Rio Tinto Finance (USA) Limited
ABN 84 062 129 551

General purpose financial report
31 December 2019

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Contents

Your directors present their report on Rio Tinto Finance (USA) Limited ("the Company") for the year ended 31 December 2019.

Directors

The following persons held office as directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

A Martins Alexandre
T A Paine
A S Portas (appointed 28 May 2019)
R D Atkinson (resigned 28 May 2019)

Principal activities

The principal activity of the Company is conducting financing activities for the Rio Tinto group of companies ("the Group").

There has been no significant change in the nature of the activities of the Company during the year.

Review of operations

The result for the financial year amounted to A$nil (2018: A$nil). The Company earned interest income from a related party of A$230 million (2018: A$265 million) in relation to intra-group bonds and incurred interest and finance charges of A$230 million (2018: A$265 million) in relation to US$ Yankee Bonds held.

During 2019, the Company did not issue new bonds, invest in new intra-group bonds or redeem any bonds.

During 2018, the Company redeemed early A$1,013 million (US$789 million) in aggregate, external bonds issued as part of the Group liability management programme. The Company incurred a premium charge on the early redemption of the external bonds of A$35million (US$28 million). Intra-group bonds invested with Rio Tinto Finance Limited were also redeemed on similar terms at the same time as the redemption of the external bonds.

Dividends - Rio Tinto Finance (USA) Limited

There were no dividend payments made to members in either the current year or prior year.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the financial year ended 31 December 2019.

Principal risks and uncertainties

The Company's principal risks and uncertainties, such as financial, operational and compliance risks, are integrated with those of the Group and are not managed separately.

Assessment of the potential economic and non-economic consequences of risks is undertaken by the Group's business units and functions using the framework defined by the Group's Risk policy and standard. Once identified, each principal risk and uncertainty is reviewed and monitored by the relevant internal experts and by the Risk Management Committee, the relevant board committees and the board. Full details of the Group's risk factors and policies for financial risk management are discussed in its 2019 Annual Report which does not form part of this report.

Principal risks and uncertainties (continued)

Since the issuance of the Group 2019 Annual Report, the spread and impact of the COVID-19 virus has significantly increased. It is uncertain to what extent the COVID-19 health crisis will impact the operations and financial position of the Company, however, management is closely monitoring the development of the COVID-19 outbreak and its related impact on the Company.

Matters subsequent to the end of the financial year

Subsequent to 31 December 2019, a global health crisis had emerged. In an attempt to combat the spread of the COVID-19 virus, Australia together with many nations around the world have and will continue to impose restrictions on gatherings of people in workplaces, social settings and travel. These necessary restrictions will have a significant impact on commerce and job losses. It is widely expected that global GDP will be negative in the second quarter of 2020. The extent and duration of the health crisis and recessionary business activity is unknown, although a number of leading health organisations and economists expect significant impacts on the economy to last at least 18 months.

To date, commodity supply is being disrupted as restrictions impact, for example, supply-chain, mobility, workforce, market demand and trade flow impacts. Specifically, this may impact the expected credit losses on amounts due from fellow group undertakings, and in turn the Company's ability to meet its financial obligations. Any financial impact to the Company's results of operations and financial position are considered non-adjusting post balance date events and will accordingly be reflected in periods post 31 December 2019. While the full consequences of the COVID-19 health crisis and its effect on the Company's operations and financial position cannot yet be determined, management is closely monitoring the development of the outbreak and its related impact. Due to the Group's strong balance sheet and the guarantee from Rio Tinto Limited, the directors continue to believe that the Company can continue its operations in line with its going concern statement as set out in Note 1.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future. As the principal activity for the Company is to raise external funding for the benefit of fellow group undertakings, its ability to continue as a going concern is dependent on the operational performance of the Group, and the guarantee of its debt by Rio Tinto Limited.

Additionally, the directors have considered the implications and potential risks of COVID-19 to the Company's operations. The directors have also taken into consideration the timing of liabilities falling due and the credit rating of the entities from which the receivables are due.

The directors have determined that there are no foreseeable circumstances which would indicate that the Company could not continue to operate as a going concern for at least the twelve months from the issuance of the financial statements.

Likely developments and expected results of operations

Information on likely developments in the operations of the Company and the expected results of operations have not been included in this general purpose financial report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

Insurance of officers

Insurance premiums associated with the insurance of directors against legal costs that would be incurred in defending civil or criminal proceedings that may be brought are paid by related entities of the Company.

Environmental regulation

The Company is not subject to any significant environmental regulation in respect of its activities.

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest hundred thousand dollar.

This report is made in accordance with a resolution of directors.

Director

Melbourne
28 April 2020

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Rio Tinto Finance (USA) Limited for the year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Kate L Logan

Kate L Logan
Partner
PricewaterhouseCoopers

Melbourne
28 April 2020

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Rio Tinto Finance (USA) Limited
ABN 84 062 129 551
Financial report
31 December 2019

Contents

These financial statements are the financial statements of Rio Tinto Finance (USA) Limited as an individual entity. The financial statements are presented in Australian dollars.

Rio Tinto Finance (USA) Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 7
360 Collins Street
Melbourne VIC 3000

The immediate and ultimate parent entity is Rio Tinto Limited.

A description of the nature of the Company's operations and its principal activities is included in the directors' report, which does not form part of these financial statements.

The financial statements were authorised for issue by the directors on 28 April 2020. The directors have the power to amend and reissue the financial statements.

Rio Tinto Finance (USA) Limited
Statement of comprehensive income
For the year ended 31 December 2019

	Notes	**31 December 2019 $'000**	31 December 2018 $'000
Revenue	3	**230,086**	265,192
Finance costs	4	**(230,086)**	(265,192)
Result before income tax		**-**	-
Income tax expense	5	**-**	-
Result for the year		**-**	-
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**-**	-
Total comprehensive income for the year is attributable to:			
Owners of Rio Tinto Finance (USA) Limited		**-**	-

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Rio Tinto Finance (USA) Limited
Balance sheet
As at 31 December 2019

	Notes	31 December 2019 $'000	31 December 2018 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6	**667**	561
Receivables	7	**52,034**	51,737
Intercompany tax receivables		**-**	106
Total current assets		**52,701**	52,404
Non-current asset			
Receivables	8	**4,408,479**	4,385,826
Total non-current asset		**4,408,479**	4,385,826
Total assets		**4,461,180**	4,438,230
LIABILITIES			
Current liability			
Payables	9	**52,034**	51,737
Total current liability		**52,034**	51,737
Non-current liability			
Interest bearing liabilities	10	**4,408,479**	4,385,826
Total non-current liability		**4,408,479**	4,385,826
Total liabilities		**4,460,513**	4,437,563
Net assets		**667**	667
EQUITY			
Contributed equity	12	**-**	-
Retained earnings		**667**	667
Total equity		**667**	667

The above balance sheet should be read in conjunction with the accompanying notes.

Rio Tinto Finance (USA) Limited
Statement of changes in equity
For the year ended 31 December 2019

	Contributed Equity $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2019	-	667	667
Result for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
Balance at 31 December 2019	**-**	**667**	**667**

	Contributed Equity $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2018	-	667	667
Result for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
Balance at 31 December 2018	**-**	**667**	**667**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Rio Tinto Finance (USA) Limited
Statement of cash flows
For the year ended 31 December 2019

	Notes	**31 December 2019 $'000**	31 December 2018 $'000
Cash flows from operating activities			
Interest paid		**(226,410)**	(267,693)
Interest received		**226,410**	267,693
Income taxes received/(paid)		**106**	(106)
Net cash inflow/ (outflow) from operating activities	17	**106**	(106)
Cash flows from investing activities			
Repayment of loans by related parties		**-**	1,012,564
Net cash inflow from investing activities		**-**	1,012,564
Cash flows from financing activities			
Repayment of borrowings		**-**	(1,012,564)
Net cash outflow from financing activities		**-**	(1,012,564)
Net increase/ (decrease) in cash and cash equivalents		**106**	(106)
Cash and cash equivalents at the beginning of the year		**561**	667
Cash and cash equivalents at end of year	6	**667**	561

The above statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for Rio Tinto Finance (USA) Limited.

(a) Basis of preparation
(i) General purpose financial report

These general purpose financial statements have been prepared on a going concern basis and in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Rio Tinto Finance (USA) Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements of the Company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

(ii) Historical cost convention
The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) - measured at fair value
- assets held for sale - measured at fair value less cost to sell, and
- defined benefit pension plant - plan assets measured at fair value.

(iii) Going concern
In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future. As the principal activity for the Company is to raise external funding for the benefit of fellow group undertakings, its ability to continue as a going concern is dependent on the operational performance of the Group, and the guarantee of its debt by Rio Tinto Limited.

Additionally, the directors have considered the implications and potential risks of COVID-19 to the Company's operations. The directors have also taken into consideration the timing of liabilities falling due and the credit rating of the entities from which the receivables are due.

The directors have determined that there are no foreseeable circumstances which would indicate that the Company could not continue to operate as a going concern for at least the twelve months from the issuance of the financial statements.

(iv) New and amended standards adopted by the Company
The Company has applied the following interpretations, standards and amendments for first time in their annual reporting period commencing 1 January 2019:

- AASB 16 *Leases*
- AASB 2017-6 *Amendments to Australian Accounting Standards - Prepayment Features with Negative Compensation*
- AASB 2017-7 *Amendments to Australian Accounting Standards - Long-term Interests in Associates and Joint Ventures*

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

- AASB 2018-1 *Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle*
- AASB 2018-2 *Amendments to Australian Accounting Standards - Plan Amendment, Curtailment or Settlement*
- Interpretation 23 *Uncertainty over Income Tax Treatments.*

The adoption of these amendments did not have a material impact on the current or any prior period and is not likely to affect future periods.

The Company has also early adopted "Amendments to Interest Rate Benchmark Reform to AASB 9, AASB 139 and AASB 7" for the year ended 31 December 2019. This pronouncement allows temporary relief from applying specific hedge accounting requirements to hedging arrangements directly impacted by reform of the London Interbank Offered Rate (LIBOR) and other benchmark interest rates.

(v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Company. The Company is currently evaluating the impact of these pronouncements:

Mandatory in 2020

- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Material.*
- AASB 2018-6 *Amendments to Australian Accounting Standards - Definition of a Business.*
- Revised Conceptual Framework for Financial Reporting AASB 2019-1 *Amendments to Australian Accounting Standards - References to the Conceptual Framework.*

Mandatory in 2021

- AASB 17 *Insurance Contracts*

Mandatory in 2022

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current [AASB 101].*

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable transactions.

(b) Foreign currency

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Australian dollars, which is Rio Tinto Finance (USA) Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the investment in a foreign operation.

1 Summary of significant accounting policies (continued)

(c) Revenue recognition

Interest revenue

Interest revenue is recognised on a time proportionate basis using the effective interest method.

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(e) Income tax

The income tax expense or benefit for the period is the tax payable or receivable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Until 31 December 2018, the company establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. From 1 January 2019, where the amount of tax payable or recoverable is uncertain, the Company establishes provisions based on either: the Company's judgment of the most likely amount of the liability or recovery; or, when there is a wide range of possible outcomes, a probability weighted average approach.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1 Summary of significant accounting policies (continued)

(e) Income tax (continued)

(i) Tax Consolidation Legislation

The Company is a member of a tax consolidated group, of which Rio Tinto Limited is the head entity.

The head entity and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

The Company has entered into a tax sharing and funding agreement with the head entity of the tax consolidated group in relation to their participation in the tax consolidation regime. Under the terms of this agreement, the subsidiary entities in the tax consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. The reimbursements are payable at the same time as the associated income tax liability falls due and have therefore been recognised as a "current intercompany payable/receivable in respect of tax" by the Company.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and with Rio Tinto Finance Limited and other short-term, highly liquid investment (mainly money market funds) that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts and amounts owing to Rio Tinto Finance Limited are disclosed within current liabilities in the balance sheet.

For the purposes of the statement of cash flows, bank overdrafts and movements in the Rio Tinto Finance Limited payable or receivable balance have been accounted for as cash movements.

(g) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Details about the Company's impairment policies and the calculation of the loss allowance are provided in note 1(h).

(h) Investments and other financial assets

Classification and measurement
The Company classifies its financial assets in the following categories:

- financial assets held at amortised cost
- financial assets held at fair value through other comprehensive income ('FVOCI')
- financial assets held at fair value through profit or loss ('FVPL').

1 Summary of significant accounting policies (continued)

(h) Investments and other financial assets (continued)

Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of financial assets at initial recognition. Generally, the Company does not acquire financial assets for the purpose of selling in the short term. The Company's business model is primarily that of 'Hold to collect' (where assets are held in order to collect contractual cash flows). When the Company enters into derivative contracts, these transactions are designed to reduce exposures relating to assets and liabilities, firm commitments or anticipated transactions.

(i) Financial assets held at amortised cost

This classification applies to debt instruments which are held under a hold to collect business model and which have cash flows that meet the "Solely payments of principal and interest" (SPPI) criteria.

At initial recognition, trade receivables that do not have a significant financing component, are recognised at their transaction price. Other financial assets are initially recognised at fair value plus related transaction costs; they are subsequently measured at amortised cost using the effective interest method. Any gain or loss on de-recognition or modification of a financial asset held at amortised cost is recognised in profit or loss.

(ii) Financial assets held at fair value through other comprehensive income ('FVOCI')

This classification applies to the following financial assets:

- Debt instruments that are held under a business model where they are held for the collection of contractual cash flows and also for sale ('Collect and sell') and which have cash flows that meet the SPPI criteria. An example would be where trade receivable invoices for certain customers were factored from time to time.

  All movements in the fair value of these financial assets are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue (including transaction costs by applying the effective interest method), gains or losses arising on derecognition and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative fair value gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

- Equity investments where the Company has irrevocably elected to present fair value gains and losses on revaluation in other comprehensive income. The election can be made for each individual investment however it is not applicable to equity investments held for trading.

  Fair value gains or losses on revaluation of such equity investments, including any foreign exchange component, are recognised in other comprehensive income. When the equity investment is derecognised, there is no reclassification of fair value gains or losses previously recognised in other comprehensive income to profit or loss. Dividends are recognised in profit or loss when the right to receive payment is established.

(iii) Financial assets held at fair value through profit or loss ('FVPL')

This classification applies to the following financial assets, in all cases, transactions costs are immediately expensed to profit or loss:

- Debt instruments that do not meet the criteria of amortised cost or fair value through other comprehensive income. The Company has a significant proportion of trade receivables with embedded derivatives for provisional pricing. These receivables are generally held to collect but do not meet the SPPI criteria and as a result must be held at FVPL.

  Subsequent fair value gains or losses are taken to profit or loss.

1 Summary of significant accounting policies (continued)

(h) Investments and other financial assets (continued)

- Equity Investments which are held for trading or where the FVOCI election has not been applied.

  All fair value gains or losses and related dividend income are recognised in profit or loss.

- Derivatives which are not designated as a hedging instrument.

  All subsequent fair value gains or losses are recognised in profit or loss.

Impairment
A forward looking expected credit loss (ECL) review is required for; debt instruments measured at amortised cost or held at fair value through other comprehensive income; loan commitments and financial guarantees not measured at fair value through profit or loss; lease receivables and trade receivables that give rise to an unconditional right to consideration.

As permitted by AASB 9, the Company applies the 'simplified approach' to trade receivable balances and the 'general approach' to all other financial assets. The general approach incorporates a review for any significant increase in counterparty credit risk since inception. The ECL reviews include assumptions about the risk of default and expected loss rates. For trade receivables, the assessment takes into account the use of credit enhancements, for example, letters of credit. Impairments for undrawn loan commitments are reflected as a provision.

Cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

(i) Payables

Payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid and interest accrued which is unpaid.

(j) Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(k) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at the end of the reporting period.

(l) Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, the nearest hundred thousand dollar.

2 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

Management are not aware of any estimates and assumptions concerning the future and have not applied any critical judgements in applying the Company's accounting policies that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

3 Revenue

	31 December 2019 $'000	31 December 2018 $'000
Interest income from related party	**230,086**	265,192
	230,086	265,192

4 Finance costs

	31 December 2019 $'000	31 December 2018 $'000
Interest and finance charges payable	**230,086**	265,192
	230,086	265,192

5 Income tax expense

	31 December 2019 $'000	31 December 2018 $'000
Net income tax expense attributable to wholly owned tax consolidated entities	**-**	-
	-	-

(a) Tax consolidation legislation

Rio Tinto Finance (USA) Limited has entered into tax sharing and funding agreements with the head entity of the tax consolidated group, Rio Tinto Limited, in relation to their participation in the tax consolidation regime. Under the terms of this agreement, the entities in the tax consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the Company. The reimbursements are payable when the associated income tax liability or asset falls due and are therefore recognised as a current tax related payable/receivable by the Company until this date (note1(e)).

6 Cash and cash equivalents

	31 December 2019 $'000	31 December 2018 $'000
Related party receivables treated as cash	**667**	561
	667	561

7 Current assets - Receivables

	31 December 2019 $'000	31 December 2018 $'000
Related party interest receivable	**52,034**	51,737
	52,034	51,737

Further information relating to the fair value of related party receivables is set out in note 8.

8 Non-current assets - Receivables

	31 December 2019 $'000	31 December 2018 $'000
Related party receivables	**4,408,479**	4,385,826
	4,408,479	4,385,826

Related party receivables consist of three intra-group bonds invested with Rio Tinto Finance Limited, a Group company, consisting of US$1,200 million 3.75% bond due 2025, US$750 million 7.125% bond due 2028 and US$1,150 million 5.2% bond due 2040 (2018: three bonds consisting of US$1,200 million 3.75% bond due 2025, US$750 million 7.125% bond due 2028 and US$1,150 million 5.2% bond due 2040).

The year-end exchange rate is A$1: US$0.70 (31 December 2018: A$1: US$0.70).

The Company did not invest in new intra-group bonds in 2019.

The intra-group bonds are back-to-back with the listed Yankee bonds and have a carrying value of A$4,408 million (2018: A$4,386 million) and a fair value of A$5,448 million (2018: A$4,843 million) and are categorised as level 2 in the fair value hierarchy. The fair values are based off the external Yankee bond listed market bond price, a quoted price from a comparable instrument from active markets.

8 Non-current assets - Receivables (continued)

During 2019 the Company did not redeem any bonds. During 2018, Rio Tinto Finance Limited redeemed A$1,013 million (US$789 million) in aggregate, external bonds issued as part of the Group liability management programme. As a result, A$560 million (US$436 million 4.125% bond due 2021) and A$453 million (US$353 million 3.750% bond due 2021), were redeemed, resulting in an aggregate cash outflow of A$1,049 million (US$817 million) before fees.

These intra-group bonds have been classified as financial asset held at amortised cost.

9 Current liabilities - Payables

	31 December 2019 $'000	31 December 2018 $'000
Interest payable	**52,034**	51,737
	52,034	51,737

10 Non-current liabilities - Interest bearing liabilities

	31 December 2019 $'000	31 December 2018 $'000
US$ Yankee Bonds	**4,408,479**	4,385,826
	4,408,479	4,385,826

The Company has issued three bonds consisting of US$1,200 million 3.75% bond due 2025, US$750 million 7.125% bond due 2028 and US$1,150 million 5.2% bond due 2040 (2018: three bonds consisting of US$1,200 million 3.75% bond due 2025, US$750 million 7.125% bond due 2028 and US$1,150 million 5.2% bond due 2040).

The year-end exchange rate was A$1: US$0.70 (31 December 2018: A$1: US$0.70).

The Company did not issue new bonds in 2019. These intra-group bonds have been classified as loans and receivables.

These bonds are classified as financial liabilities and are guaranteed by Rio Tinto plc and Rio Tinto Limited.

US$ Yankee Bonds with a carrying value of A$4,408 million (2018: A$4,386 million) relate to listed bonds with a fair value of A$5,448 million (2018: A$4,843 million) and are categorised as level 1 in the fair value hierarchy. The fair values were calculated based listed market prices. They are classified as level 1 fair values in the fair value hierarchy due to the availability of listed market prices.

During 2019 the Company did not redeem any bonds. During 2018, the Company redeemed A$1,013 million (US$789 million) in aggregate, external bonds issued as part of the Group liability management programme. As a result, A$560 million (US$436 million 4.125% bond due 2021), and A$453 million (US$353 million 3.750% bond due 2021), were redeemed, resulting in an aggregate cash outflow of A$1,049 million (US$817 million) before fees.

11 Financial risk management

This note explains the Company's exposure to financial risks and how these risks could affect the Company's future financial performance.

11 Financial risk management (continued)

Objectives and policy

The Company's policies on financial risk management are integrated with those of the Group and are defined such that the Group has a capital structure in place to manage the organisation through the commodity cycle.

The Company is exposed to liquidity, credit, and foreign exchange risk. Group Treasury oversees the management of these risks along with the cash management and investment activities of the Company. It performs its activities in a strong control environment, within board-approved limits.

The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. The Company does not apply hedge accounting.

(a) Market risk

(i) Foreign exchange risk

The Company's foreign exchange risk arises when assets and liabilities are denominated in a currency that is not the entity's functional currency. The exposure on US dollar denominated liabilities have a natural hedge of an equal and offsetting US dollar denominated asset held with related entities.

(ii) Interest rate risk

The Company does not have any exposure to interest rates as all long term borrowings are fixed-rate and intra-group bonds invested with Rio Tinto Finance Limited have the same terms.

(b) Credit risk

Credit risk arises from long-term financial assets due from a related entity, Rio Tinto Finance Limited. Credit risk is managed by Group Treasury in accordance with a board-approved policy.

All liabilities of Rio Tinto Finance Limited is guaranteed by Rio Tinto Limited.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

The Company has access to financing through its European Debt Issuance Programme. The Company jointly with Rio Tinto Finance (USA) plc has a A$14,279 million (US$10,000 million) (2018: A$14,279 million (US$10,000 million)) European Debt Issuance Programme against which the cumulative amount utilised was A$2,285 million (US$1,600 million) equivalent at 31 December 2019 (2018: A$2,285 million (US$1,600 million)).

The Company did not issue any listed debt in 2019 under these programmes.

Net debt increased from A$4,385 million at 31 December 2018 to A$4,408 million at 31 December 2019.

(i) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows, these balances will not necessarily agree with the amounts disclosed in the balance sheet.

11 Financial risk management (continued)

(c) Liquidity risk (continued)

At 31 December 2019	Less than 6 months $'000	6 - 12 months $'000	1 - 2 years $'000	2 - 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
Non-derivatives						
Borrowings	**(112,974)**	**(112,974)**	**(225,947)**	**(677,842)**	**(6,130,046)**	**(7,259,783)**
At 31 December 2018						
Non-derivatives						
Borrowings	(112,329)	(112,329)	(224,657)	(673,972)	(6,281,776)	(7,405,063)

12 Contributed equity

(a) Share capital

	Notes	**31 December 2019 Shares**	31 December 2018 Shares	**31 December 2019 $'000**	31 December 2018 $'000
Ordinary shares					
Fully paid - issue price A$1.00	12(b)	**5**	5	**-**	-

(b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(c) Capital management

The Company's objectives, policies and processes for managing capital are integrated with those of the Group and are not managed separately. The Group's capital management policy is discussed in the financial instrument and risk policies of the Group's 2019 Annual report which does not form part of this report.

13 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company:

13 Remuneration of auditors (continued)

(a) PricewaterhouseCoopers Australian firm

	31 December 2019 $	31 December 2018 $
Audit and other services		
Audit and review of financial statements	**29,744**	27,768
Other assurance services relating to EMTN renewal	**26,845**	26,059
Total remuneration of PricewaterhouseCoopers	**56,589**	53,827

(b) PricewaterhouseCoopers LLP UK firm

Audit and other services		
Audit and review of financial statements	**175,975**	164,283
Other assurance services relating to EMTN renewal	**28,143**	19,147
Total remuneration of PricewaterhouseCoopers LLP UK firm	**204,118**	183,430
Total auditor's remuneration	**260,707**	237,257

The audit and non-audit fees paid by Rio Tinto Finance Limited above are on behalf of Rio Tinto Finance Limited, Rio Tinto Finance (USA) Limited and Rio Tinto (Commercial Paper) Limited.

14 Contingencies

The Company has no contingent liabilities.

15 Commitments

The Company currently has no commitments which require disclosure other than the liabilities that have been recognised in the balance sheet (2018: no commitments).

16 Parent entity guarantee

Rio Tinto Limited has guaranteed all the borrowings of the entity.

17 Reconciliation of result after income tax to net cash inflow from operating activities

	31 December 2019 $'000	31 December 2018 $'000
Result for the year	**-**	-
Increase/(decrease) in interest payable	**297**	(2,424)
(Increase)/decrease in related party interest receivable	**(297)**	2,424
Decrease/(increase) in intercompany tax receivable	**106**	(106)
Decrease in other liabilities	**-**	(4,776)
Decrease in other assets	**-**	4,776
Net cash inflow/(outflow) from operating activities	**106**	(106)

18 Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

Net debt	**31 December 2019 $'000**	31 December 2018 $'000
Cash and cash equivalents	**667**	561
Borrowings - repayable after one year	**(4,408,479)**	(4,385,826)
Net debt	**(4,407,812)**	(4,385,265)
Cash and liquid investments	**667**	561
Gross debt - fixed interest rates	**(4,408,479)**	(4,385,826)
Net debt	**(4,407,812)**	(4,385,265)

	Cash and cash equivalents $'000	**Borrowings due after 1 year $'000**	**Total $'000**
Net debt as at 1 January 2019	**561**	**(4,385,826)**	**(4,385,265)**
Cash flows	**106**	**-**	**106**
Foreign exchange adjustments	**-**	**(20,401)**	**(20,401)**
Other non-cash movements	**-**	**(2,252)**	**(2,252)**
Net debt as at 31 December 2019	**667**	**(4,408,479)**	**(4,407,812)**

18 Net debt reconciliation (continued)

	Cash and cash equivalents $'000	Borrowings due after 1 year $'000	Total $'000
Net debt as at 1 January 2018	667	(4,971,858)	(4,971,191)
Cash flows	(106)	1,012,364	1,012,258
Foreign exchange adjustments	-	(423,589)	(423,589)
Other non-cash movements	-	(2,743)	(2,743)
Net debt as at 31 December 2018	561	(4,385,826)	(4,385,265)

19 Economic dependency

The Company depends on the guarantee issued by Rio Tinto Limited in order to raise bonds. The Company also depends on Rio Tinto Finance Limited, a commonly controlled entity of Rio Tinto Limited, for a significant amount of interest revenue and funding if required.

20 Events occurring after the reporting period

Subsequent to 31 December 2019, a global health crisis had emerged. In an attempt to combat the spread of the COVID-19 virus, Australia together with many nations around the world have and will continue to impose restrictions on gatherings of people in workplaces, social settings and travel. These necessary restrictions will have a significant impact on commerce and job losses. It is widely expected that global GDP will be negative in the second quarter of 2020. The extent and duration of the health crisis and recessionary business activity is unknown, although a number of leading health organisations and economists expect significant impacts on the economy to last at least 18 months.

To date, commodity supply is being disrupted as restrictions impact, for example, supply-chain, mobility, workforce, market demand and trade flow impacts. Specifically, this may impact the expected credit losses on amounts due from fellow group undertakings, and in turn the Company's ability to meet its financial obligations. Any financial impact to the Company's results of operations and financial position are considered non-adjusting post balance date events and will accordingly be reflected in periods post 31 December 2019. While the full consequences of the COVID-19 health crisis and its effect on the Company's operations and financial position cannot yet be determined, management is closely monitoring the development of the outbreak and its related impact. Due to the Group's strong balance sheet and the guarantee from Rio Tinto Limited, the directors continue to believe that the Company can continue its operations in line with its going concern statement as set out in Note 1.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in note1(a).

In the directors' opinion:

(a) the financial statements and notes set out on pages 5 to 23 are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
- (ii) giving a true and fair view of the entity's financial position as at 31 December 2019 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Director

Melbourne
28 April 2020

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Independent auditor's report

To the members of Rio Tinto Finance (USA) Limited

Our opinion

In our opinion:

The accompanying financial report of Rio Tinto Finance (USA) Limited (the Company) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the balance sheet as at 31 December 2019
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon.

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Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Kate L Logan

Kate L Logan
Partner

Melbourne
28 April 2020