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For example, future ore reserves will be based in part on market prices that may vary significantly from current levels. These may materially affect the timing and feasibility of particular developments. Other factors include the ability to produce and transport products profitably, demand for our products, changes to the assumptions regarding the recoverable value of our tangible and intangible assets, the effect of foreign currency exchange rates on market prices and operating costs, and activities by governmental authorities, such as changes in taxation or regulation, and political uncertainty.

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Supporting statements

Ore Reserves (slide 30)

Reserve grade for Oyu Tolgoi Underground – Hugo Dummett North and Hugo Dummett North Extension. Probable Ore Reserves for Hugo Dummett North and Hugo Dummett North Extension (499 Mt at 1.66% Cu, 0.35g/t Au) were released to the market in the 2016 Rio Tinto Annual Report on 2 March 2017 and can be found on p224 of that report. The Competent Person responsible for reporting of those Ore Reserves was J Dudley.

Reserve grade for Amrun (formerly South of Embley). Proved and Probable Ore Reserves (1409Mt at 52.4% Al₂O₃) for Amrun (South of Embley) were released to the market in the 2016 Rio Tinto Annual Report on 2 March 2017 and can be found on p223 of that report. The Competent Person responsible for reporting of those Ore Reserves was L McAndrew.

Rio Tinto is not aware of any new information or data that materially affects the above reserve grade estimates as reported in the 2016 Annual Report, and confirms that all material assumptions and technical parameters underpinning these estimates continue to apply and have not materially changed. The form and context in which each Competent Person’s findings are presented have not been materially modified.

Production Targets

The production target for Oyu Tolgoi shown on slide 30 is the average production 2025-2030, including open pit production. This production target was disclosed in a release to the market on 6 May 2016 (“Rio Tinto approves development of Oyu Tolgoi underground mine”). All material assumptions underpinning these production targets continue to apply and have not materially changed.
Rio Tinto

J-S Jacques
Chief executive
Our strategy is delivering

- Cash returns to shareholders of $9.7 billion declared for 2017
  - Highest ever full year dividend of $5.2 billion (290 US cents per share)
  - Additional share buy-back of $1.0 billion to be completed in 2018

- EBITDA of $18.6 billion, margin of 44%

- Reshaping the portfolio with divestment proceeds of $2.7 billion

- Invested $2.5 billion in high-return growth
  - Silvergrass commissioned, Oyu Tolgoi underground and Amrun on track

- Delivered $0.4 billion free cash flow from productivity
## Strong results delivered in 2017

### Robust financial performance
- EBITDA of **$18.6 billion**
- Operating cash flow of **$13.9 billion**
- Free cash flow of **$9.5 billion**
- **$2 billion** cost savings programme completed early

### Disciplined capital allocation
- Full year 2017 dividend of **$5.2 billion**
- Share buy-backs declared of **$4.5 billion**
- Net debt reduced to **$3.8 billion** at 31 December
- Capital expenditure of **$4.5 billion**

### Positioning for the long-term
- Silvergrass iron ore mine commissioned in Q4 2017
- Oyu Tolgoi underground development on track
- Amrun development progressing to plan
- Divestment proceeds of **$2.7 billion** in 2017
Safety and health come first

Continuing history of improvement

Fatality at Kennecott in October
Focusing on fatality elimination – 1.5 million CRM verifications in 2017

Reducing injuries – Targeted hazard elimination campaigns

Catastrophic event prevention through control of major hazards

Mental health, wellbeing and fatigue management
Connection with engagement, leadership and productivity initiatives

Critical Health Risk Management
Superior returns from world-class assets

<table>
<thead>
<tr>
<th>Margins</th>
<th>Iron Ore</th>
<th>Aluminium</th>
<th>Copper &amp; Diamonds</th>
<th>Energy &amp; Minerals</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA margin</td>
<td>68%</td>
<td>35%</td>
<td>39%</td>
<td>36%</td>
</tr>
<tr>
<td>Pilbara operations FOB</td>
<td></td>
<td>Integrated operations</td>
<td>EBITDA margin</td>
<td>EBITDA margin</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flow</th>
<th>Iron Ore</th>
<th>Aluminium</th>
<th>Copper &amp; Diamonds</th>
<th>Energy &amp; Minerals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operations of $8,466m</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Development capex of $653m</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Free cash flow of $7,265m</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from operations of $2,648m</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development capex of $654m</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Free cash flow of $1,380m</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from operations of $1,695m</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development capex of $1,159m</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free cash flow of $319m</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from operations of $1,939m</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development capex of $32m</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free cash flow of $1,467m</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Chris Lynch
Chief financial officer
Robust demand drove stronger prices in 2017

**Iron Ore**

- 2015: Average price
- 2016: Average price
- 2017: Average price

**Aluminium**

- 2015: Average price
- 2016: Average price
- 2017: Average price

**Copper**

- 2015: Average price
- 2016: Average price
- 2017: Average price

**Hard Coking Coal**

- 2015: Average price
- 2016: Average price
- 2017: Average price
Outperforming in key commodities

**Rio Tinto Iron Ore EBITDA performance**

- EBITDA margin (%)
- RTIO (LHS)
- 58% price relativity (RHS)
- Source: Bloomberg, Metal Bulletin, Platts.

**Upstream aluminium EBITDA margins**

- Rio Tinto
- Competitors

Iron Ore EBITDA FOB margin increases to 68%

Significant spread between high and low quality iron ores

Steelmakers targeting high-grade / low-impurity iron ore products

Margin gap: portfolio quality and performance delivery

Aluminium EBITDA margin increases to 35% in 2017

VAP – 57% of primary metal sold, premium of $221/t in addition to the market premium

Rio Tinto internal analysis which includes adjustments to externally reported EBITDA margins, trading, procurement and marine revenues to report performance on a comparable basis. Competitors included in the analysis are Rusal, Hydro and Alcoa.

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Higher prices driving increased earnings

Underlying earnings 2016 vs 2017

$ billion (post tax)

<table>
<thead>
<tr>
<th>Component</th>
<th>FY2016 underlying earnings</th>
<th>Price</th>
<th>Exchange rates</th>
<th>Energy &amp; inflation</th>
<th>Flexed FY16 underlying earnings</th>
<th>Volumes</th>
<th>Cash cost reductions</th>
<th>Escondida strike</th>
<th>No C&amp;A vols from Sept</th>
<th>Tax &amp; Other</th>
<th>FY2017 underlying earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying earnings 2016</td>
<td>5.1</td>
<td></td>
<td>(0.3)</td>
<td>(0.4)</td>
<td>8.5</td>
<td>0.1</td>
<td>0.4</td>
<td>(0.2)</td>
<td>(0.1)</td>
<td>(0.1)</td>
<td>8.6</td>
</tr>
</tbody>
</table>

Total cost reductions\(^1\) of $0.4bn post-tax or $0.6bn pre-tax

\(^1\) Cash cost reductions include reductions in Exploration & Evaluation costs
$2 billion cost-out programme completed

$8.3 billion cost savings achieved since 1 Jan 2013

$2.2 billion cost savings across 2016/17

- Achieved target six months ahead of schedule
- Offsetting raw material cost headwinds of $0.2 billion in 2017

Pre-tax operating cash cost improvements
Reduction vs. 2012 ($ billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Savings ($ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>3.3</td>
</tr>
<tr>
<td>2014</td>
<td>1.5</td>
</tr>
<tr>
<td>2015</td>
<td>1.3</td>
</tr>
<tr>
<td>2016</td>
<td>1.6</td>
</tr>
<tr>
<td>2017</td>
<td>0.6</td>
</tr>
<tr>
<td>Total</td>
<td>8.3</td>
</tr>
</tbody>
</table>
Focus now on delivering mine to market productivity

Post-tax mine to market (M2M) productivity programme

($ billion)

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>0.5</td>
</tr>
<tr>
<td>Volumes</td>
<td>0.2</td>
</tr>
<tr>
<td>Tax (notional 30%)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Cost and volumes</td>
<td>0.1</td>
</tr>
<tr>
<td>Cost and volumes (post-tax)</td>
<td>0.4</td>
</tr>
<tr>
<td>Adjustments*</td>
<td>0.02</td>
</tr>
<tr>
<td>Iron ore volumes adjustment</td>
<td>(0.1)</td>
</tr>
<tr>
<td>2017 M2M free cash flow</td>
<td>0.4</td>
</tr>
</tbody>
</table>

* M2M productivity programme excludes non-managed assets and assets scheduled for closure within 2017 – 2021 (refer to slide 43)
Productivity programme delivering $5 billion of additional free cash flow by 2021

Post-tax mine to market (M2M) productivity programme ($ billion)

- **$0.4 billion** mine to market free cash flow delivered in 2017
- Cumulative 2017 and 2018 mine to market forecast of **$1.1 billion**
  - **$0.3 billion** mine to market forecast in 2018 despite raw material cost headwinds
- Delivering **$1.5 billion** mine to market each year from 2021

*Based on consensus prices and exchange rates*
Disciplined capital allocation

1 Essential sustaining capex

2 Ordinary dividends

3 Iterative cycle of

Further cash returns to shareholders

Compelling growth

Debt management

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Sustaining capital and compelling growth

Maintained sustaining capital guidance of $2.0 to $2.5 billion per year, including:

- Iron Ore sustaining capex of ~$1 billion per year

Pilbara replacement capital includes Koodaideri development from 2019

Other replacement capital includes:

- South wall pushback at Kennecott
- Amrun replacement tonnes
- Zulti South

Development capital includes:

- Oyu Tolgoi, including development of power station
- Amrun
- AutoHaul™

Capital expenditure profile

<table>
<thead>
<tr>
<th>Year</th>
<th>Sustaining</th>
<th>Pilbara replacement</th>
<th>Other replacement</th>
<th>Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>4.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018F</td>
<td>~5.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019F</td>
<td>~6.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020F</td>
<td>~6.0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Adjusted net debt of $7 billion reflecting:
- $1.9 billion outstanding from Sept-2017 buy-back
- $1.2 billion tax payment in 2018 based on 2017 profits

Strong balance sheet:
- Provides stable foundation against any market volatility
- Supports superior shareholder returns through the cycle
- Enables investment in compelling growth

New leasing accounting standard to come into effect from January 2019

* Figures are prepared in $ millions, and are therefore more precise than the rounded numbers shown
Disciplined allocation of strong cash flow in 2017

Cash flow 2017
($ billion)

- Net cash generated from operating activities: $13.9 billion
- Sales of PP&E: $0.1 billion
- Disposals: $2.7 billion
- Total cash generated: $16.7 billion

Total cash from asset disposals of $2.8bn

$8.2 billion (49)% of cash generated in 2017 allocated to shareholder returns
($ billion)

- Sustaining capital: $2.0 billion
- Growth capital: $2.5 billion
- Shareholder returns: $6.3 billion
- Balance sheet strength: $5.9* billion

$1.2 billion allocated to Australian tax payment
$1.9 billion allocated to share buy-back in 2018

* Balance sheet net debt reduction of $5.8bn comprises $5.9bn of net cash movement and $(0.1)bn of non-cash, exchange and other movements
## Application of the returns policy

<table>
<thead>
<tr>
<th>Capital return considerations</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Results for 2017</strong></td>
<td>Underlying earnings up 69% to $8.6 billion  &lt;br&gt; Operating cash flow of $13.9 billion</td>
</tr>
<tr>
<td><strong>Long term growth prospects</strong></td>
<td>Commissioned Silvergrass, focused on Amrun and Oyu Tolgoi  &lt;br&gt; Ongoing exploration and evaluation programme. Rio Tinto Ventures established</td>
</tr>
<tr>
<td><strong>Balance sheet strength</strong></td>
<td>Strong balance sheet with adjusted net debt of $7 billion</td>
</tr>
<tr>
<td><strong>Strong earnings/ cash generation – supplement with additional returns</strong></td>
<td>Payout &gt;60% threshold possible because of strong performance  &lt;br&gt; One-off asset disposal proceeds of $2.7 billion</td>
</tr>
<tr>
<td><strong>40-60 per cent of underlying earnings through the cycle</strong></td>
<td>Payout &gt;60% threshold possible based on (i) strong 2017 prices (ii) disposals (iii) strong balance sheet</td>
</tr>
<tr>
<td><strong>Balanced between growth and shareholder returns</strong></td>
<td>Defined growth pipeline provides capacity to allocate more to shareholder cash return and debt reduction</td>
</tr>
<tr>
<td><strong>Outlook</strong></td>
<td>Strong global growth, strong demand for premium products  &lt;br&gt; Potential for continued price volatility</td>
</tr>
</tbody>
</table>
Delivering superior returns for shareholders

Cash returns paid to shareholders in 2017 ($ billion)*

<table>
<thead>
<tr>
<th></th>
<th>2016 final dividend</th>
<th>2017 interim dividend</th>
<th>SBB announced in Feb-17</th>
<th>SBB announced in Aug-17</th>
<th>Ltd off-market SBB in Nov-17</th>
<th>2017 paid returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 final dividend</td>
<td>2.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017 interim dividend</td>
<td>2.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share buy-back of $1.5 billion in Rio Tinto plc shares</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Share buy-back of $0.6 billion from Coal &amp; Allied sale proceeds completed in 2017 via off-market share buy-back in Rio Tinto Limited</td>
<td></td>
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</tr>
</tbody>
</table>

Final 2016 dividend paid of **125 US cents** per share, and record 2017 interim dividend of **110 US cents** per share, **$4.2 billion** in total paid to shareholders

Share buy-back of **$1.5 billion** in Rio Tinto plc shares completed in 2017

Supplementary share buy-back of **$0.6 billion** from Coal & Allied sale proceeds completed in 2017 via off-market share buy-back in Rio Tinto Limited.
Delivering superior returns for shareholders

2017 returns declared to shareholders
($ billion)

- 2017 interim dividend: 2.0
- SBB announced in Aug-17
- Paid
- 2017 final dividend: 3.2
- SBB announced in Feb-18
- Paid
- $2.5bn from Coal & Allied sale proceeds: 1.9
- Paid
- $1.0 billion in Rio Tinto plc shares: 9.7
- Announced in Aug-17 and completed by end-2017

Record full year 2017 dividend declared of $5.2 billion or 290 US cents per share, including final 2017 dividend declared of 180 US cents per share

Additional share buy-back of $1.0 billion in Rio Tinto plc shares to be completed in 2018

Share buy-back of $1.0 billion in Rio Tinto plc shares announced in August 2017 and completed by end-2017

Supplementary share buy-back of $2.5 billion from Coal & Allied sale proceeds including:
- $0.6 billion returned in 2017 via off-market share buy-back in Rio Tinto Limited
- $1.9 billion balance being returned in 2018 via on-market buy-back in Rio Tinto plc
Rio Tinto

J-S Jacques

Chief executive
Global macro indicators remain supportive

PMIs remain elevated

Global growth momentum remains healthy

US growth supported by record high consumer confidence and healthy manufacturing and investment

EU performing better than expectations on stronger manufacturing and consumer confidence

China may slow modestly over the next six months but outlook remains positive in the medium to long-term

Chinese environmental policy measures are increasing demand for higher grade iron ore and reducing new aluminium capacity

China housing sales and starts slowing modestly

Positive GDP momentum

Source: CEIC, Rio Tinto
Impact of China policy changes on steel capacity

Supply-side reform steel capacity cuts by province (excluding IFs)

- Hebei: 34 Mtpa
- Shandong: 5 Mtpa
- Jiangsu: 6 Mtpa
- Anhui: 5 Mtpa
- Others: 8 Mtpa

Cuts of **58 Mtpa** of steel capacity in 2017 and 2018
- ~5% of total Chinese steel capacity
- In addition to induction furnace (IF) capacity closures of **>100 Mtpa** in 2017
- Idled capacity is unlikely to restart

Further **52 Mtpa** of cuts from environmental winter policy in 2017 and 2018
- Offset from possible increases outside the 2+26 region or increased use of scrap

Consolidation in the steel industry expected to drive demand for high-value products

Source: MIIT, Wood Mackenzie, Rio Tinto Market Analysis

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Impact of China policy changes on aluminium capacity

<table>
<thead>
<tr>
<th>Province</th>
<th>Capacity (Mtpa)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Xinjiang</td>
<td>0.9</td>
</tr>
<tr>
<td>Inner Mongolia</td>
<td>0.4</td>
</tr>
<tr>
<td>Shandong</td>
<td>2.5</td>
</tr>
<tr>
<td>Others</td>
<td>0.1</td>
</tr>
</tbody>
</table>

**3.8 Mtpa** of illegal capacity removed in 2017 and 2018
- ~9% of total Chinese aluminium capacity
- Potential for some restarts

**0.7 Mtpa** of capacity cuts from environmental winter policy in 2017 and 2018

ROW smelters expected to ramp up activities and restart idled capacity as a result of the two policies
- Rio Tinto well placed with low carbon brownfield expansion potential

Source: Baininfo, Aladdiny, Rio Tinto Market Analysis

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Our product quality is delivering a significant competitive advantage in commodities with strong demand.

<table>
<thead>
<tr>
<th>Our premium products</th>
<th>Our product quality is delivering a significant competitive advantage in commodities with strong demand.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our 62% iron ore benefits from structural change following Chinese reforms.</td>
<td></td>
</tr>
<tr>
<td>High-quality, expandable bauxite assets in low sovereign risk jurisdictions.</td>
<td></td>
</tr>
<tr>
<td>High quality, low carbon footprint aluminium products.</td>
<td></td>
</tr>
<tr>
<td>Our copper growth profile is well positioned to benefit from EV evolution.</td>
<td></td>
</tr>
<tr>
<td>High quality niche and specialty products.</td>
<td></td>
</tr>
</tbody>
</table>

...have a significant competitive advantage

...in commodities playing a key role in urbanisation and global advancement

...with strategic options

Creating flexibility to take advantage of system capacity, subject to value over volume.

Building expandability at Amrun to grow in line with market.

Changing dynamic with strong global demand and Chinese supply curtailments. Growth through creep and low carbon brownfield expansion potential.

Significant growth at existing high-grade organic options at Oyu Tolgoi and Resolution.

Utilise latent TiO₂ capacity in line with market demand and exploring new commodity opportunities.
Developing a flexible value over volume iron ore system

Q4 2017 shipments of 90 Mt shows flexibility and potential of system

Mine capacity of ~360 Mt/a, with full Silvergrass ramp-up and productivity creep

Building excess rail capacity to provide for flexibility and sprint options

Optimise and test overall port capacity

Over 60% of train kilometres now in AutoHaul™ mode, with expected project completion by end-2018
Delivering $5 billion of additional free cash flow from productivity

Mine to market productivity…

…with a focus on four levers…

- Best practice
- Partnering with our suppliers
- Automation
- Data and technology

…delivering $5 billion of additional free cash flow
# High-return growth

<table>
<thead>
<tr>
<th><strong>Amrun</strong></th>
<th><strong>Oyu Tolgoi Underground</strong></th>
<th><strong>Significant portfolio opportunities</strong></th>
<th><strong>Longer-term growth opportunities</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating seaborne bauxite market, high-grade, expandable</td>
<td>Largest and highest quality copper development in the world</td>
<td>Pilbara iron ore, Queensland bauxite, Canadian aluminium, TiO₂</td>
<td>Extensive exploration and evaluation programme and early stage projects</td>
</tr>
<tr>
<td>&gt;20% IRR</td>
<td>&gt;20% IRR</td>
<td>&gt;15% IRR hurdle rate requirement</td>
<td>2017 E&amp;E spend of $445 million in 16 countries across 8 commodities</td>
</tr>
<tr>
<td>$1.9 billion capex, first quartile opex</td>
<td>$5.3 billion capex, first quartile opex</td>
<td>Pilbara: progressing Koodaideri FS, significant resource optionality, latent capacity and productivity opportunity</td>
<td>Project options under assessment include:</td>
</tr>
<tr>
<td>22.8 Mt/a, project ~60% complete, commissioning H1 2019</td>
<td>First drawbell production: 2020 Full production ~560 kt/a¹ (2025-2030)</td>
<td>Brownfield aluminium options: Alma, AP60, subject to market conditions</td>
<td>- Resolution copper</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bauxite expansion options</td>
<td>- Zulti South mineral sands</td>
</tr>
<tr>
<td>52.4% alumina content¹</td>
<td>1.66% Cu, 0.35g/t Au¹</td>
<td>TiO₂ latent capacity</td>
<td>- Jadad lithium/borates</td>
</tr>
</tbody>
</table>

¹ Refer to the statements supporting these reserve grades and production targets set out on slide 3 of this presentation
Strategy will deliver value through the cycle

Superior cash generation

World-class assets
Portfolio

Operating excellence
Performance

Capabilities
People & Partners

Disciplined capital allocation

Balance sheet strength

Superior shareholder returns

Compelling growth

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Continuing to deliver superior returns

- Cash returns to shareholders of $9.7 billion declared for 2017
- Operating cash flow of $13.9 billion
- Reshaping the portfolio with divestments completed of $2.7 billion
- Invested $2.5 billion in high-return growth
- Delivered $0.4 billion free cash flow from productivity
- Strong balance sheet with net debt of $3.8 billion
Appendix
Prices generally higher in 2017

Underlying earnings 2016 vs 2017
$ million (post tax)

* Aluminium includes alumina and bauxite and includes movements in market and other premia

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Lower coal sales offset by strong sales in iron ore, RTIT and aluminium

Underlying earnings 2016 vs 2017
$ million (post tax)

* Aluminium includes alumina and bauxite
Iron Ore: our low-cost advantage has been sustained over many years

2017 cash unit cost of $13.4/t (2% lower than $13.7/t in 2016)

Focus remains on maintaining consistently attractive FOB EBITDA margins (68% in 2017)

– ~10% increase in haul distance for 2018; strip ratio flat
– Cyclic maintenance costs being partly offset by new tactics
– >3,500 productivity improvement initiatives

Average realised FOB price of $59.6 per wet metric tonne ($64.8/dry metric tonne)

2018 guidance for shipments from the Pilbara remains unchanged at 330-340Mt, subject to market conditions and any weather constraints
Iron Ore: increased price, cost reductions and volumes

Underlying earnings 2016 vs 2017
$ million (post tax)

- Pilbara shipments of 330.1 million tonnes was 1% higher than in 2016, reflecting ongoing productivity improvements being made to the rail network, along with increased flexibility across the infrastructure system.
- Pilbara FOB EBITDA margins of 68% achieved in 2017 (63% in 2016).
- Pilbara cash unit costs to $13.4 per tonne in 2017, compared with $13.7 per tonne in 2016.
- Total cost reductions delivered in 2017 of $341 million pre-tax. Total pre-tax Iron Ore cost savings delivered since 2012 now total $1.7 billion.
- Pilbara iron ore revenues includes $1,464 million of freight in 2017 compared to $886 million in 2016, following increases in freight rates period-on-period.
- Approximately 67 per cent of sales in 2017 were priced with reference to the current month average, 17 per cent with reference to the prior quarter’s average index lagged by one month, five per cent with reference to the current quarter average and 11 per cent were sold on fixed terms on the spot market.
- Approximately 67 per cent of 2017 sales were made on a cost and freight (CFR) basis, with the remainder sold free on board (FOB).
The 2017 cash LME aluminium price averaged $1,969 per tonne, an increase of 23 per cent on 2016.

The average realised price per tonne averaged $2,231 in 2017 (2016: $1,849) due to higher market and product premia. This includes premia for value-added products (VAP), which represented 57% of primary metal sold in 2017 (2016: 54%) and generated attractive product premia averaging $221 per tonne of VAP sold (2016: $223 per tonne) on top of the physical market premia.

Cost improvements delivered in 2017 have largely offset the negative impact of raw material costs, which were $104m higher than 2016 after tax. The Aluminium group has now delivered $1.6 billion of cumulative savings compared with the 2012 base.

EBITDA margins were 35% in 2017, compared to 28% in 2016.

Bauxite revenues includes $266 million of freight in 2017 ($202 million in 2016).
Copper & Diamonds: higher prices and cost savings partly offset by one-offs, lower volumes and inflation

Underlying earnings 2016 vs 2017

$ million (post tax)

-250 0 250 500 750

• Copper & Diamonds underlying earnings of $263 million benefitted from higher prices and cash cost reductions, offset by lower sales volumes of copper, molybdenum and gold and the impact of the strike at Escondida.

• Pre-tax cash cost savings delivered in 2017 were $160 million bringing total pre-tax cash cost improvements delivered by Copper & Diamonds since 2012 to $1.4 billion.

• Copper & Diamonds generated net cash from operating activities of $1.7 billion and $0.3 billion of free cash flow, despite investing around $1.3 billion in development capital and exploration and evaluation. All managed operations made a positive free cash flow contribution.

• To maximise use of available smelter capacity, Kennecott tolled 161.4 thousand tonnes of third party concentrate in 2017.

• At 31 December 2017, the Group had an estimated 250 million pounds of copper sales that were provisionally priced at 304 cents per pound. The final price of these sales will be determined during the first half of 2018. This compares with 235 million pounds of open shipments at 31 December 2016, provisionally priced at 250 cents per pound.
Energy & Minerals: higher prices and further cost improvements driving earnings

- Underlying earnings of $1,242 million were significantly higher than 2016, primarily driven by higher prices and further cash cost improvements.
- Pre-tax cost reductions delivered in 2017 were $116 million bringing total pre-tax cost savings delivered by Energy & Minerals since 2012 to $1.5 billion.
- Strong operating cash flows of $1.9 billion resulted in a free cash flow contribution to the Group of $1.5 billion.
- Rio Tinto completed the sale of Coal & Allied on 1 September 2017, which included Coal & Allied's interests in the Hunter Valley Operations, Mount Thorley and Warkworth mines.
Other movements in underlying earnings

### Underlying earnings impact

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>FX/ price</th>
<th>Energy &amp; Inflation</th>
<th>Volumes</th>
<th>Cash Costs</th>
<th>Epl'n eval'n</th>
<th>Non Cash</th>
<th>Interest, tax &amp; other</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other operations</td>
<td>(88)</td>
<td>73</td>
<td>12</td>
<td>20</td>
<td>52</td>
<td>-</td>
<td>14</td>
<td>(221)</td>
<td>(138)</td>
</tr>
<tr>
<td>Exploration &amp; Evaluation (net)</td>
<td>(147)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(31)</td>
<td>-</td>
<td>-</td>
<td>(178)</td>
</tr>
<tr>
<td>Interest</td>
<td>(576)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>222</td>
<td>(354)</td>
</tr>
<tr>
<td>Other</td>
<td>(241)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(94)</td>
<td>-</td>
<td>1</td>
<td>(149)</td>
<td>(483)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(1,052)</td>
<td>73</td>
<td>12</td>
<td>20</td>
<td>(42)</td>
<td>(31)</td>
<td>15</td>
<td>(148)</td>
<td>(1,153)</td>
</tr>
</tbody>
</table>

- Other operations includes the Gove alumina refinery (curtailed in May 2014), Rio Tinto Marine and Legacy projects. The increase in net loss reflects higher spend at both Gove and Legacy projects.
- Central exploration & evaluation costs higher due to increased activity levels.
- Net interest costs were lower due to lower interest costs and higher interest income on higher cash balances.
- The increased loss in Other items includes restructuring, project and other one-off costs in 2017.
Near-term maturities further reduced in 2017

Gross debt reduced by $2.7 billion in 2017

$2.5 billion nominal value of bonds purchased or repaid with cash

Average outstanding debt maturity at ~10 years

Net interest paid of $0.3 billion associated with bond purchase programmes

No bond maturities until 2020

*Numbers based on year-end accounting value / ** The interest charge to earnings included $0.2 billion of early redemption costs from bond purchases in 2017
## Rigorous measurement of productivity gains

<table>
<thead>
<tr>
<th><strong>Accounting basis</strong></th>
<th>Free cash flow basis, Rio Tinto share, post-tax</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Price</strong></td>
<td>Actual price achieved each year – not a constant or rebased price</td>
</tr>
<tr>
<td><strong>Commercial excellence</strong></td>
<td>Variation of product mix included</td>
</tr>
<tr>
<td><strong>Volumes</strong></td>
<td>Tonnes from growth capex excluded</td>
</tr>
<tr>
<td><strong>Costs</strong></td>
<td>Adjustments for energy, inflation and exchange impacts</td>
</tr>
<tr>
<td></td>
<td>All other changes in input costs are included</td>
</tr>
<tr>
<td><strong>Grades</strong></td>
<td>No adjustment or rebasing for grade</td>
</tr>
<tr>
<td><strong>Capital savings</strong></td>
<td>Capital savings are excluded</td>
</tr>
<tr>
<td><strong>Guidance</strong></td>
<td>Consensus pricing used</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td>Assets scheduled for closure in the next 5 years are excluded</td>
</tr>
<tr>
<td></td>
<td>Target may be rebased should any assets be divested in the 5 year period</td>
</tr>
</tbody>
</table>
# Modelling earnings

<table>
<thead>
<tr>
<th>Earnings sensitivity</th>
<th>2017 average price/rate</th>
<th>($m) impact on FY 2017 underlying earnings of 10% price/rate change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copper</td>
<td>281c/lb</td>
<td>242</td>
</tr>
<tr>
<td>Aluminium</td>
<td>$1,969/t</td>
<td>592</td>
</tr>
<tr>
<td>Gold</td>
<td>$1,257/oz</td>
<td>30</td>
</tr>
<tr>
<td>Iron ore (62% Fe FOB)</td>
<td>$64.1/dmt</td>
<td>1,037</td>
</tr>
<tr>
<td>Coking coal (realised)</td>
<td>$169/t</td>
<td>69</td>
</tr>
<tr>
<td>A$</td>
<td>77USc</td>
<td>674</td>
</tr>
<tr>
<td>C$</td>
<td>77USc</td>
<td>160</td>
</tr>
<tr>
<td>Oil</td>
<td>$54/bbl</td>
<td>54</td>
</tr>
</tbody>
</table>

Note: The sensitivities give the estimated effect on underlying earnings assuming that each individual price or exchange rate moved in isolation. The relationship between currencies and commodity prices is a complex one and movements in exchange rates can affect movements in commodity prices and vice versa. The exchange rate sensitivities include the effect on operating costs but exclude the effect of revaluation of foreign currency working capital.

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## Net earnings

<table>
<thead>
<tr>
<th>Description</th>
<th>US$m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2017 underlying earnings</strong></td>
<td>8,627</td>
</tr>
<tr>
<td>Impairments</td>
<td>(481)</td>
</tr>
<tr>
<td>Net gains on disposals</td>
<td>2,022</td>
</tr>
<tr>
<td>Exchange gains/losses on debt and derivatives</td>
<td>(810)</td>
</tr>
<tr>
<td>Changes in corporate tax rates in the US and France</td>
<td>(439)</td>
</tr>
<tr>
<td>Adjustment to deferred tax assets relating to planned divestments</td>
<td>(202)</td>
</tr>
<tr>
<td>Other</td>
<td>45</td>
</tr>
<tr>
<td><strong>2017 net earnings</strong></td>
<td>8,762</td>
</tr>
</tbody>
</table>
## Grasberg metal strip thresholds

<table>
<thead>
<tr>
<th></th>
<th>Cu (m lbs)</th>
<th>Au (000 oz)</th>
<th>Ag (000 oz)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1,001</td>
<td>1,602</td>
<td>3,877</td>
</tr>
<tr>
<td>2018</td>
<td>1,008</td>
<td>1,861</td>
<td>3,825</td>
</tr>
<tr>
<td>2019</td>
<td>1,024</td>
<td>1,589</td>
<td>3,396</td>
</tr>
<tr>
<td>2020</td>
<td>1,027</td>
<td>1,593</td>
<td>3,405</td>
</tr>
<tr>
<td>2021</td>
<td>1,071</td>
<td>1,510</td>
<td>3,764</td>
</tr>
<tr>
<td>2022</td>
<td>742</td>
<td>723</td>
<td>2,114</td>
</tr>
</tbody>
</table>

Rio Tinto is entitled to 40% of all production in excess of the metal strip

Entitled to 40% of all production from ~2022

- First full year of 40% share expected in 2023

Reference numbers may be adjusted for various events over time