Bold Baatar, chief executive, Energy & Minerals
Bloomberg LME Week Forum, London

01 November 2017

Check against delivery

Good afternoon. It is a pleasure to be here.

History

Our relationship with the East is not new – it is a relationship that continues through time, from the past, present to future.

In 1966, we made our very first shipment of Pilbara iron ore from Western Australia to Japan. During this early period, our Japanese partners spoke of the exports creating a "long bridge" between the two countries.

Just in August, we celebrated the 40th anniversary of our first iron ore joint venture with a Chinese steel manufacture, Channar, with Sinosteel, and we proudly became part of China's once-in-a-lifetime industrialisation story.

Fifty years ago, we had ships leaving Western Australia loaded with about 50,000 tonnes of iron ore.

Today, it is nearly three times that, and we marked our five billionth tonne leaving Australia's shores earlier this year.

The long bridge that our Japanese partners spoke of, is now just one in a network that criss-crosses the globe in every direction.

With millions of people migrating to urban lifestyles, we are proud to be providing minerals and metals that are essential to human progress. Proud to have contributed to building the nations of Japan, Korea, Taiwan and China, where a piece of Australia can be found in over half of the buildings in China and with 30 per cent of the steel in a Hyundai car coming from Rio Tinto's iron ore.

Present

From those early supplier-customer relationships which were so critical to the emergence of these modern Asian economies, the resources relationship between east and west is now about much more than the buying and selling of minerals and metals.

At every step from mine to market, our Asian partners are central to our business. From the Japanese technology which allows us to automate our haul trucks, to our Joint Venture supply partnerships, to our strong procurement spend in the east.

For multinational organisations like ours, recognising and understanding global trends is important. We must be highly attuned to the world around us.

Our 44 assets are located across the world, with concentrations in Australia and North America, but also across Africa, in Asia and Europe.

Our business is increasingly east-focused. We sell approximately 70 per cent of our diverse products into the Asian markets, especially China, Japan, Korea and India.

We are not going after tonnes. Our strategy prioritises value over volume to deliver superior shareholder returns. It is built around our world class assets, the disciplined allocation of capital and a high performance culture with the safety of our people always coming first.

This year, we announced US$8.2 billion total cash returns to our shareholders. US$1.5 billion through a share buy-back and US$2 billion in our highest ever interim dividend as well as a further US2.5 billion of share buy-backs funded from the sale of our thermal coal business.

We deliver through the cycles and as at December 2016, we accounted for 50 per cent of the total cash returns of the FTSE All Share mining index.

In the first half of the year we generated EBITDA of $9.0 billion.

We also saw early delivery of US$2 billion in cash cost savings and are building momentum on our US$5 billion productivity drive.

Our balance sheet is, quite simply, the strongest in the sector. At the end of June our net debt was just $7.6 billion.

And we continue to strengthen our portfolio, both through divestments and with our growth projects, Oyu Tolgoi in Mongolia and Amrun in Australia, which are both on track.

These projects position us to continue to meet demand for key minerals and metals, iron ore, copper and bauxite, for many years to come.

Each one of our assets has a pivot into Asia. Let me start with iron ore. While the Pilbara’s development began much earlier, China’s rise in the late 1990s allowed us to expand to the huge scale we see today.

Now guaranteed growth at the previously remarkable pace is, of course, behind us. But we believe there remains today a healthy and positive outlook for China. Manufactured goods such as cars and machinery, and increasing replacement requirements, are likely to see Chinese steel production grow over the longer term.

The Chinese Government’s real and meaningful commitment to reduce pollution and improve steel mill profitability is also resulting in an increased demand for higher grade iron ore, as older, more-polluting blast furnaces are taken offline. Something we welcome and see as good for our industry.

For aluminium, there is a clear positive impact from the new policies in the medium to long-term.

And the outlook for copper continues to be strong, with Oyu Tolgoi, the most exciting copper growth story today, extremely well positioned in Asia, for Asian markets.

Moving to my product group, Energy & Minerals. We are a market-led speciality part of the business, with a firm focus on the future.

Our titanium dioxide business continues to align production to market demand. We are increasing zircon plant production and recoveries and we are now selling upgraded slag into China. At our Madagascar operation, we are starting to export the rare earth metal, monazite. We also hold leading positions in high purity ductile iron and iron and steel powders, which are used in things like 3D printing.

Our products are often called the invisible heroes. They are in everything around us, without us even knowing (or seeing) but quietly making progress possible.

Take for example a hydrogen fuel cell car, the Toyota Mirai, which I was driving in Tokyo last month. The fuel cell stack inside the car contained titanium (as well as aluminium), helping double the power density and reduce its weight by nearly one half - making it the size of a briefcase.

And then you look at our borates business in California, where we operate the second largest borates mine in the world. We have integrated mine-to-market capability, providing the minerals essential for modern life – from invisible borates in the glass in our iPhones and iPads to a critical ingredient in global agriculture, which ensures disease-free crops in regions of over-farming and extreme climatic conditions.

The Future

You will hopefully get the sense that our business is going beyond industrialisation to providing minerals and metals essential to human progress.

What you see in our business is a focus on product development, changing what we do with our ore as new demands develop in the market.

And we are also actively pursuing growth options for other minerals, those we see as being critical for human progress in the future, through Rio Tinto Ventures. The focus here is where we see opportunity beyond our core portfolio of large, low cost and long-life assets and where we can add value through partnerships, for example using our track record of engineering and operating excellence, sales and marketing channels, existing customer relationships and technical expertise.

We recently appointed Andrew Latham to head up the Ventures team. We launched Ventures because we recognise that this is a unique time in the traditionally cyclical history of our industry because of the emergence of megatrends, disruptive forces which connect the entire planet and touch every business, country and community.

We are seeing a shifting world, a crisis of the elites, a 24/7 dynamic news cycle and the rise of a networked world. In this new reality it is important that we, the mining industry, tell our story well, which we have not usually done in the past.

In a world where consumer preference for environmentally-friendly technology and clean air is no longer the preserve of the middle class in developed countries and is increasingly driving policy making worldwide, we need to shift our focus in line with this new reality.

It is this significant shift that provides us with opportunity for growth.

Already we have our potentially world-class lithium-borate deposit in Serbia, Jadar which, within the next five to ten years, could have the potential to reach annual production capacity of 50,000 tonnes of lithium carbonate equivalent, subject to study outcomes.

Lithium is the lightest metal on Earth and is used in a vast array of products, most notably, batteries for hybrid and electric cars.

The International Energy Agency estimates that there will be 140 million electric vehicles by 2030. Already, we see the Nissan Leaf, Kia Soul and the VW e-Golf driving around our streets in London. Mini has created the new Mini Electric concept, and Mercedes has launched a number of models aimed at different consumers.

Moving east, China today has the largest electric fleet in the world. Chinese OEMs produce 43 per cent of the 873,000 EVs built worldwide. But it is not stopping there .The Chinese Government recently announced that it is working on a plan to end the production and sale of all non-electric or hybrid vehicles.

So what of *our* future with the East?

The megatrends I spoke about are making the world smaller and creating more interdependence.

It means that global interconnected partnerships will become all the more important, especially in Africa as it looks to leap frog into the new world.

Africa has robust long-term economic fundamentals, a young and growing population and is the world's fastest urbanising region in the world. In the next decade, it is predicted that an additional 187 million Africans will live in cities. From a mining perspective, Africa is the largest untapped source of growth for our industry – a lot of the minerals of the future are in Africa and the reality is it will be a major part of the global mining landscape over the coming decades.

This provides us with a huge opportunity. It provides us with the opportunity, in partnership with the east, to be part of the once-in-a-lifetime transformation story of Africa. The historic era of our Australian-Chinese cooperation and growth which was born out of the Pilbara, should now continue into Africa where, together, we can make the biggest difference.

On China's side, we are seeing crucial commitment to the growth and development of the continent through its Belt and Road Initiative, specifically the 21st-century Maritime Silk Road, which is helping to facilitate connectivity and cooperation. In some cases, it is through the injection of capital to carry out substantial infrastructure projects, like the electrified rail project in Ethiopia completed earlier this year, that China is showing a commitment to the continent.

And we, Rio Tinto, have been operating across Africa for over 40 years. Today, we are 10,000 people strong in six countries across the continent and we carry years of know-how. Each operation we have is a partnership with our local employees, our host communities, governments, joint ventures, our suppliers and international bodies such as the World Bank. The multi-use deep water port in Fort Dauphin in Madagascar, for example, was built as a partnership between Rio Tinto, the World Bank, the European Union and the Malagasy government.

With China, we, the mining industry, have an important role to play in Africa's history. The key to success, however, will be the way we leverage our talents and the Belt and Road Initiative to form new ways to partner and collaborate together to contribute to the growth and development of the continent.

Our future with the east lies in Africa, where together we can be part of its transformation journey by providing building blocks for prosperity.

Summary

In summary, there are three things which will categorise the relationship between east and west in our industry in the short to medium term.

- Continued demand for imports of bulk commodities in China and beyond – with Government policy driving demand for high quality products.
- Increasing demand for niche and speciality products – the metals and minerals of the future.
- Increasingly broad partnerships – including Joint Ventures and different project financing models – particularly in Africa but also beyond.

For Rio Tinto, our long and enduring history of partnership with Asia puts us in a strong position.

As we continue to prioritise value over volume and delivering for our shareholders, we will continue to build on this shared history.

[ENDS]

RioTinto

Contacts

media.enquiries@riotinto.com

riotinto.com

Follow @RioTinto on Twitter

Media Relations
Illtud Harri
T +44 20 7781 1152
M +44 7920 503 600

David Outhwaite
T +44 20 7781 1623
M +44 7787 597 493

David Luff
T +44 20 7781 1177
M +44 7780 226 422

Investor Relations, United Kingdom
John Smelt
T +44 20 7781 1654
M +44 7879 642 675

David Ovington
T +44 20 7781 2051
M +44 7920 010 978

Nick Parkinson
T +44 20 7781 1552
M +44 7810 657 556

Investor Relations, Australia
Natalie Worley
T +61 3 9283 3063
M +61 409 210 462

Rachel Storrs
T +61 3 9283 3628
M +61 417 401 018

Rio Tinto plc
6 St James's Square
London SW1Y 4AD
United Kingdom

T +44 20 7781 2000
Registered in England
No. 719885

Rio Tinto Limited
Level 7, 360 Collins Street
Melbourne 3000
Australia

T +61 3 9283 3333
Registered in Australia
ABN 96 004 458 404