Rio Tinto

Fixed income investors update

March 2017

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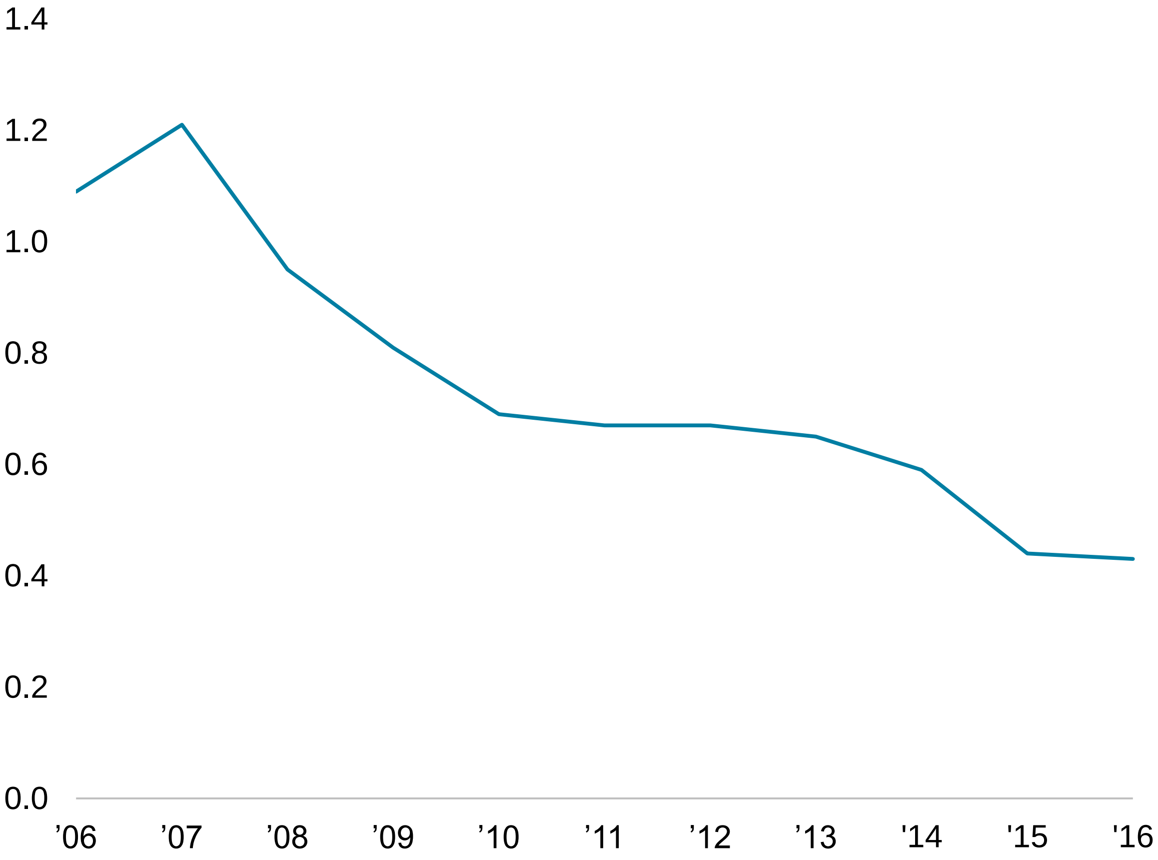
Safety comes first

A history of continual improvement in safety
AIFR per 200,000 hours worked



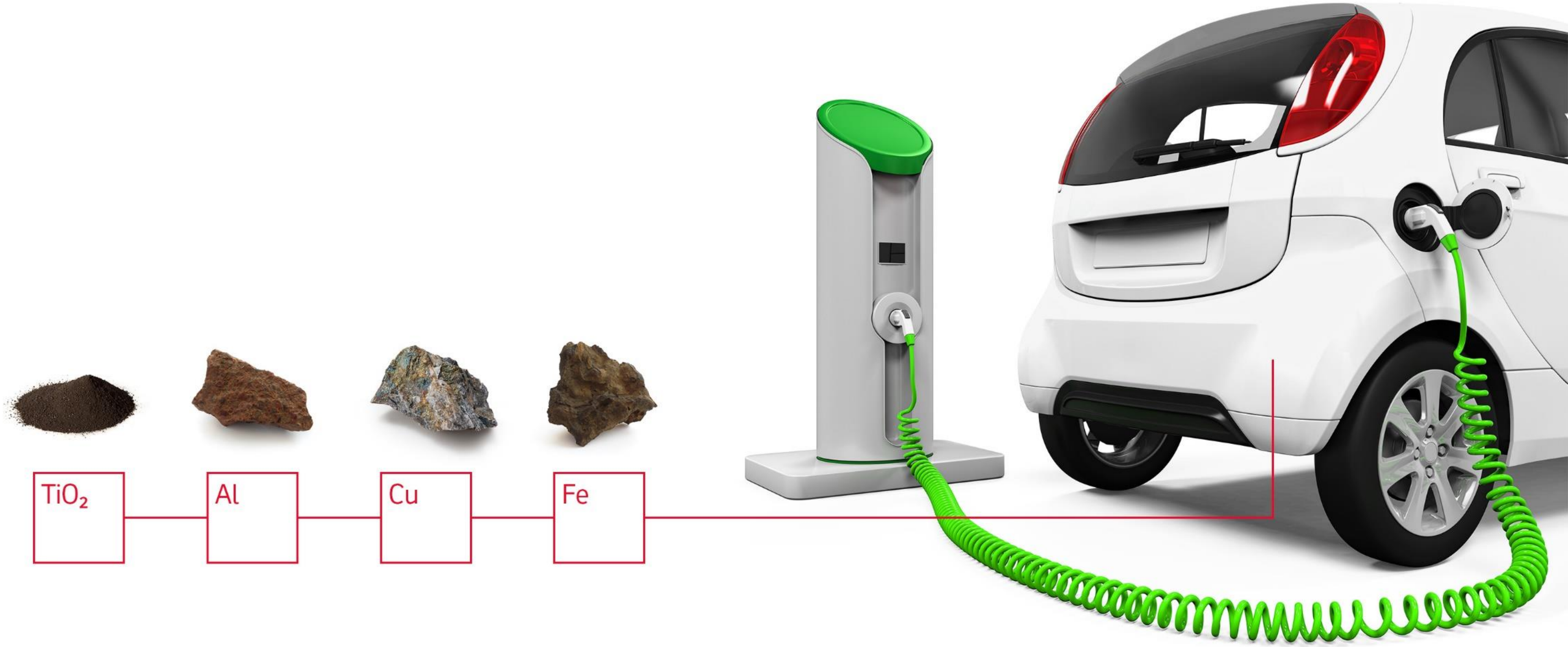
Fatality at Paraburdoo in June

Continued focus on Fatality Prevention, Illness and Injury Reduction and Catastrophic Event Prevention

Critical Risk Management (CRM) Programme

– More than 1.3 million verifications in 2016

Financial performance



Strong results delivered in 2016

Robust financial performance	Capital allocation	Positioning for the long-term
Operating cashflow of **$8.5 billion**	Full year 2016 dividend of **$3.1 billion**	Oyu Tolgoi underground approved in May
Underlying earnings of **$5.1 billion**	Share buy-back of **$0.5 billion** in 2017	Silvergrass iron ore approved in August
Free cash flow of **$5.8 billion**	Net debt reduced to **$9.6 billion** at 31 December	Amrun development progressing to plan
Cash cost reductions of **$1.6 billion**	Capital expenditure of **$3.0 billion**	Portfolio shaping progressed with divestments announced totalling **$1.3 billion** in 2016

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World-class assets delivering value

	Iron Ore	Aluminium	Copper & Diamonds	Energy & Minerals
Margins	**63%** Pilbara operations FOB EBITDA margin	**28%** Integrated operations EBITDA margin	**35%** Operating EBITDA margin	**30%** Operating FOB EBITDA margin
Cash flow	Cash flows from operations of **$5,644m** Free cash flow of **$4,776m**	Cash flows from operations of **$2,074m** Free cash flow of **$1,267m**	Cash flows from operations of **$987m** Free cash flow of **$78m**	Cash flows from operations of **$1,431m** Free cash flow of **$1,294m**

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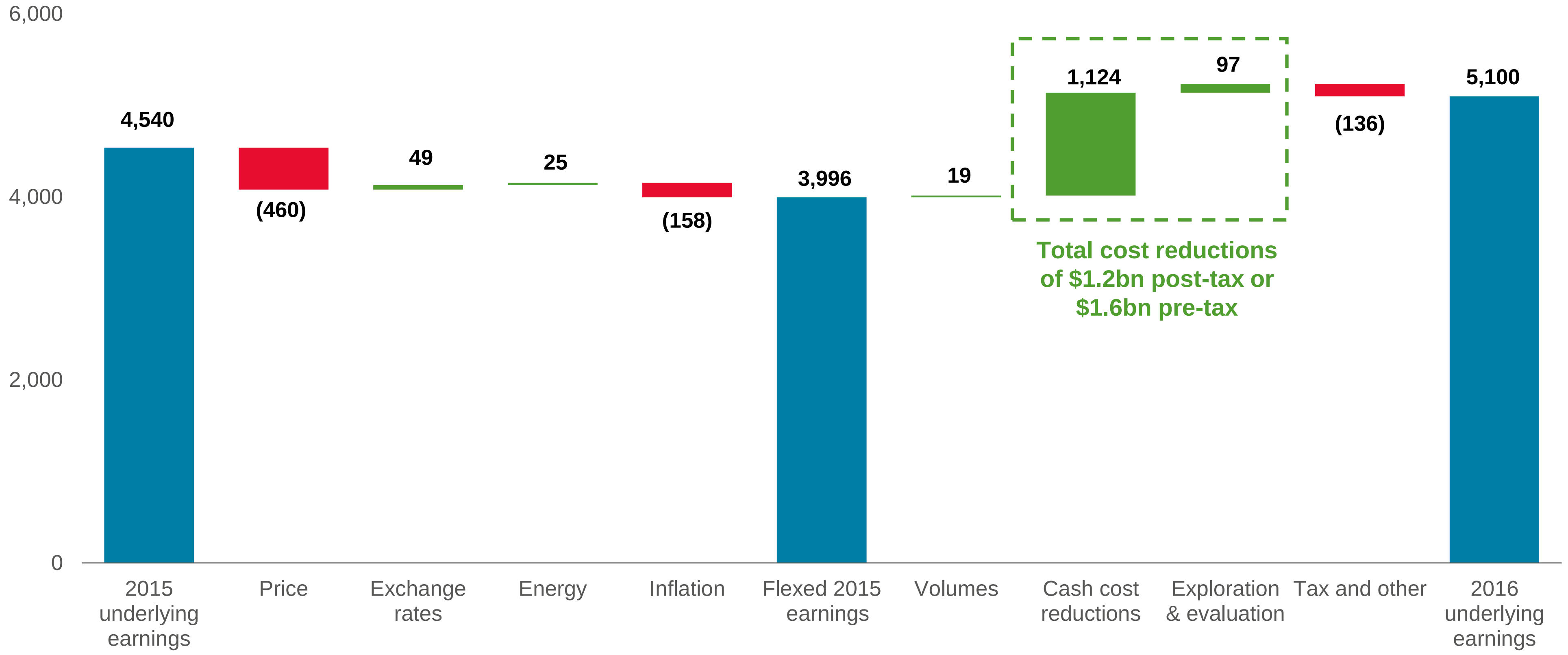
Increased underlying earnings driven by cash cost reductions

Underlying earnings 2015 vs 2016
$ million (post tax)



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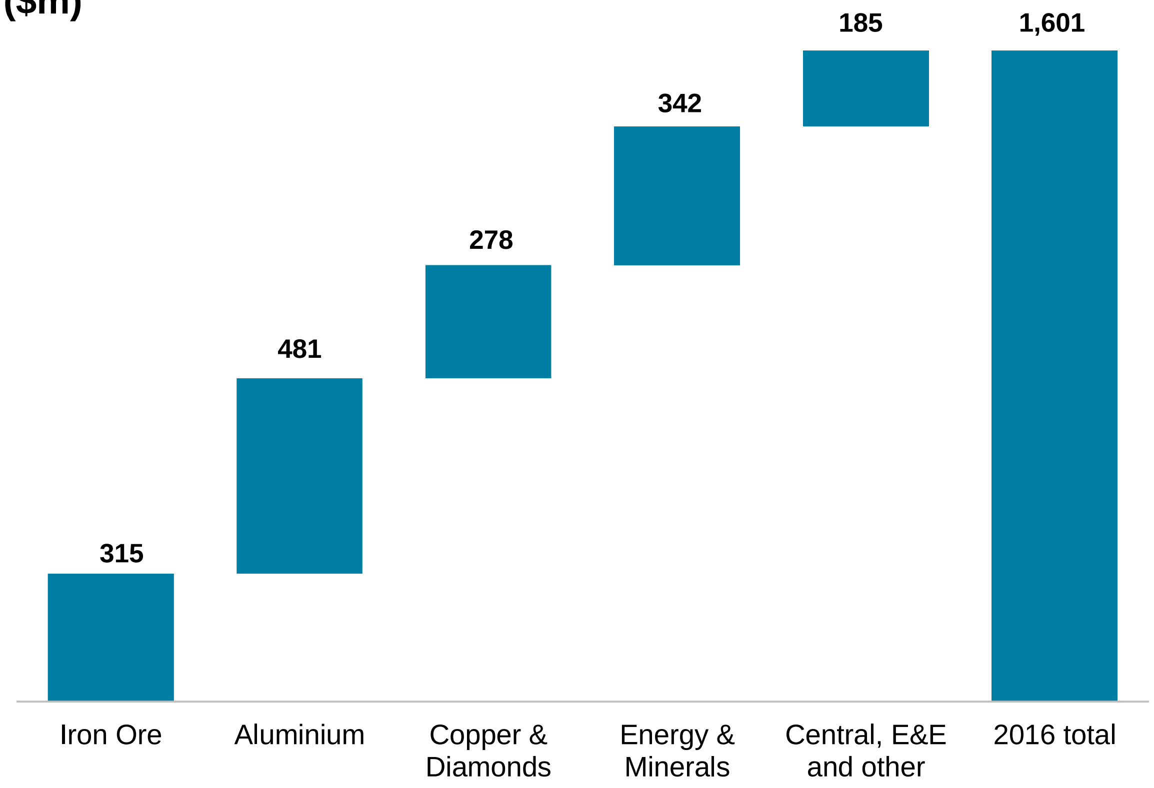
$1.6 billion of cost reductions achieved in 2016

2016 pre-tax operating cash cost improvements ($m)



$7.8 billion cost savings achieved since 2012

Cost performance helped deliver a 2016 EBITDA margin of 38% (34% in FY 2015)

Cost culture across all product groups

$2 billion cost savings target across 2016 and 2017

Improving productivity to deliver $5 billion free cash flow by the end of 2021

We aim to deliver $5 billion of free cash flow in productivity improvements over five years

Value Chain

Exploration	Major projects	Mining	Asset management	Processing	Infrastructure	Marketing

Broadening our cost saving programme to include productivity

Opportunity to improve by 30%

Haul Truck
Effective Utilisation[1]

Opportunity to improve up to 70%

Maintenance Quality –
Mean Time Between Failure[2]

Opportunity to improve by 30%

Processing Utilisation
– wet & dry[3]

All sources Rio Tinto. [1] All trucks best to worst performing, excluding autonomous trucks. [2] Across a range of key assets with utilised time representing one element of MTBF. [3] Across wet & dry mineral processing, excluding smelting

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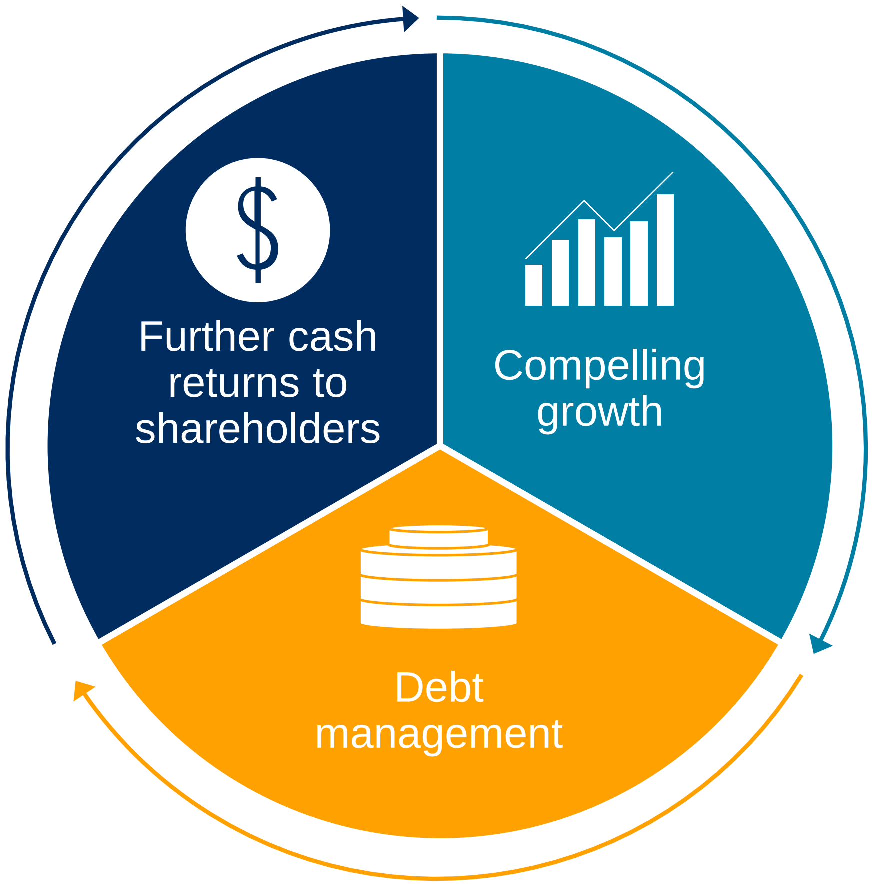
Our capital allocation framework

1 | Essential sustaining capex

2 | Ordinary dividends

3 | Iterative cycle of ❯



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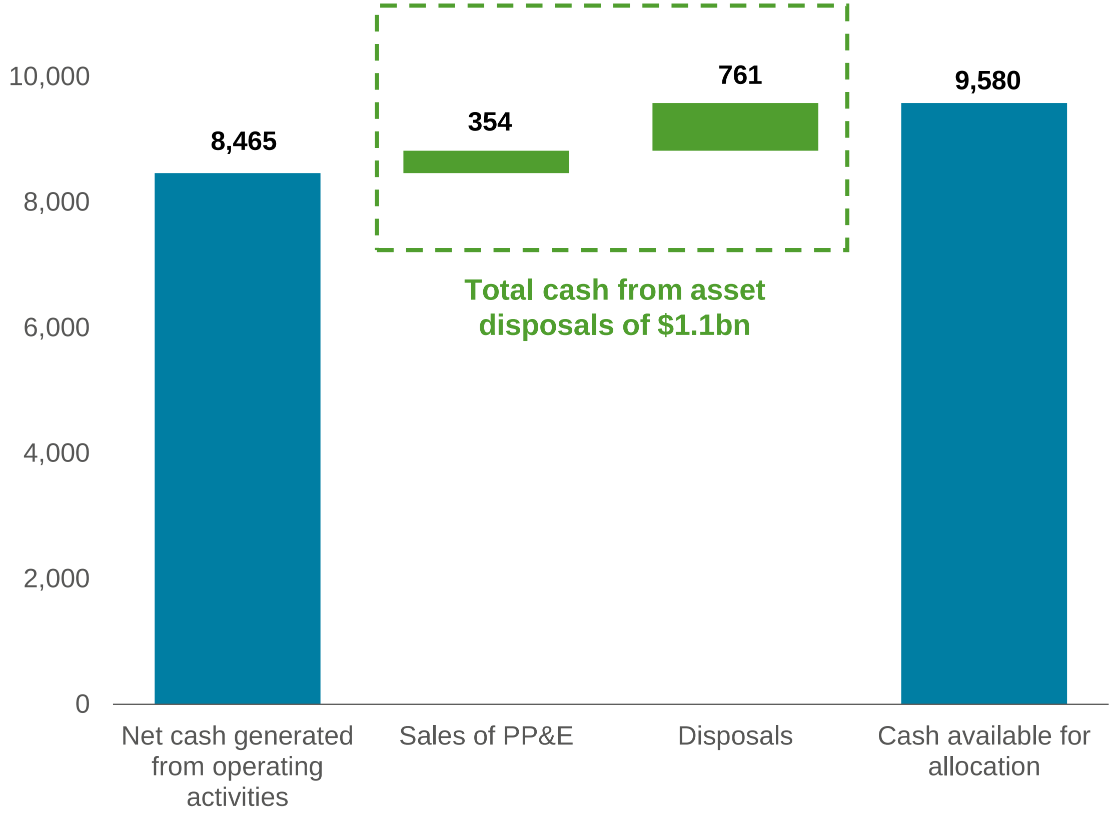
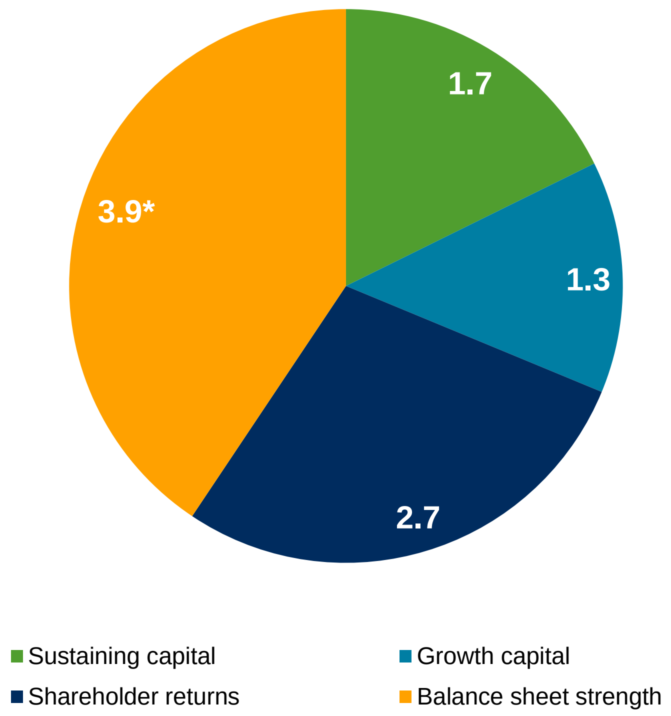
Disciplined allocation of strong cash flow

Cash flow 2016
($ million)



Disciplined allocation of capital
($ billion)



* Balance sheet net debt reduction of $4.2bn comprises $3.9bn of net cash movement and $0.3bn of non-cash or exchange movements

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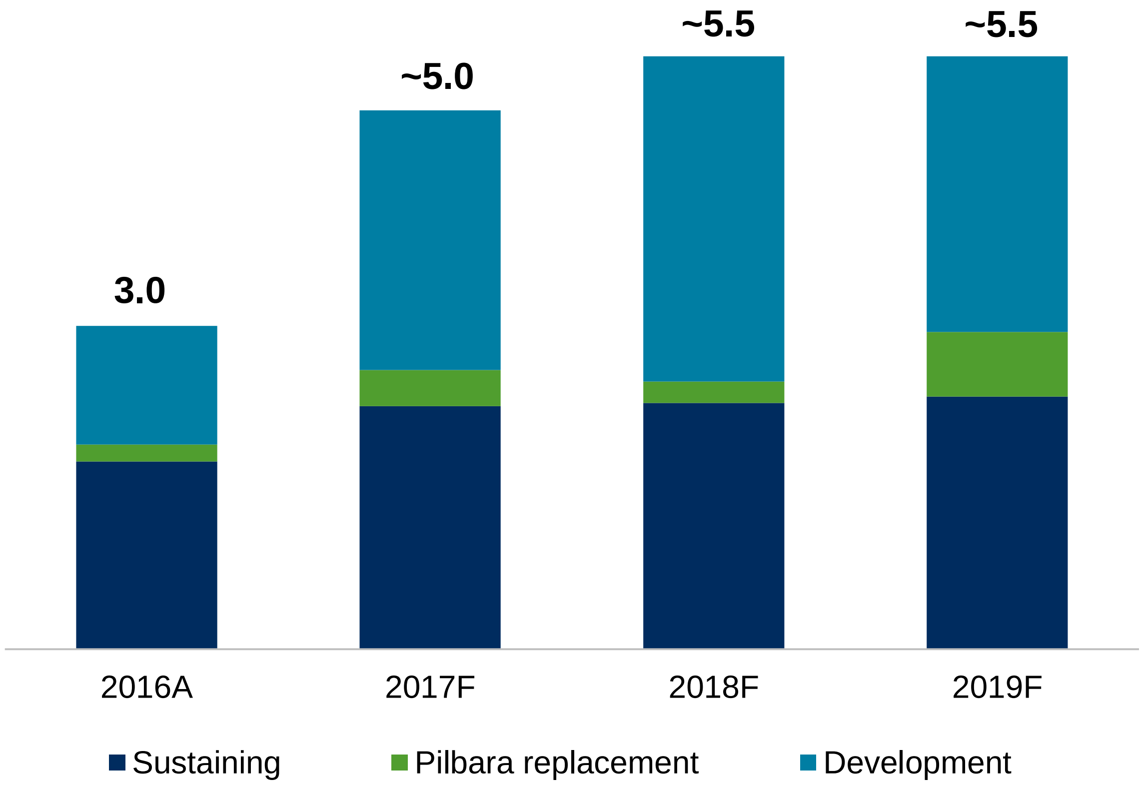
Sustaining capex and compelling growth

Capital expenditure profile
$ billion



2016 capital reduction due to project optimisation, cost improvements and timing

H2 2016 spend of $1.7 billion as projects progress

Three major projects approved and on track

Brownfields Pilbara mines replacement capital intensity of $5 - $20 / tonne

Investing in growth projects of >15% IRR

Silvergrass – delivering high-grade low, phosphorus iron ore, with system benefits, for the Pilbara Blend

On track for H2 2017, ~20Mtpa capacity

Amrun – high-quality greenfield bauxite project.

Advancing to schedule, 22.8 Mt/a[1] capacity, H1 2019

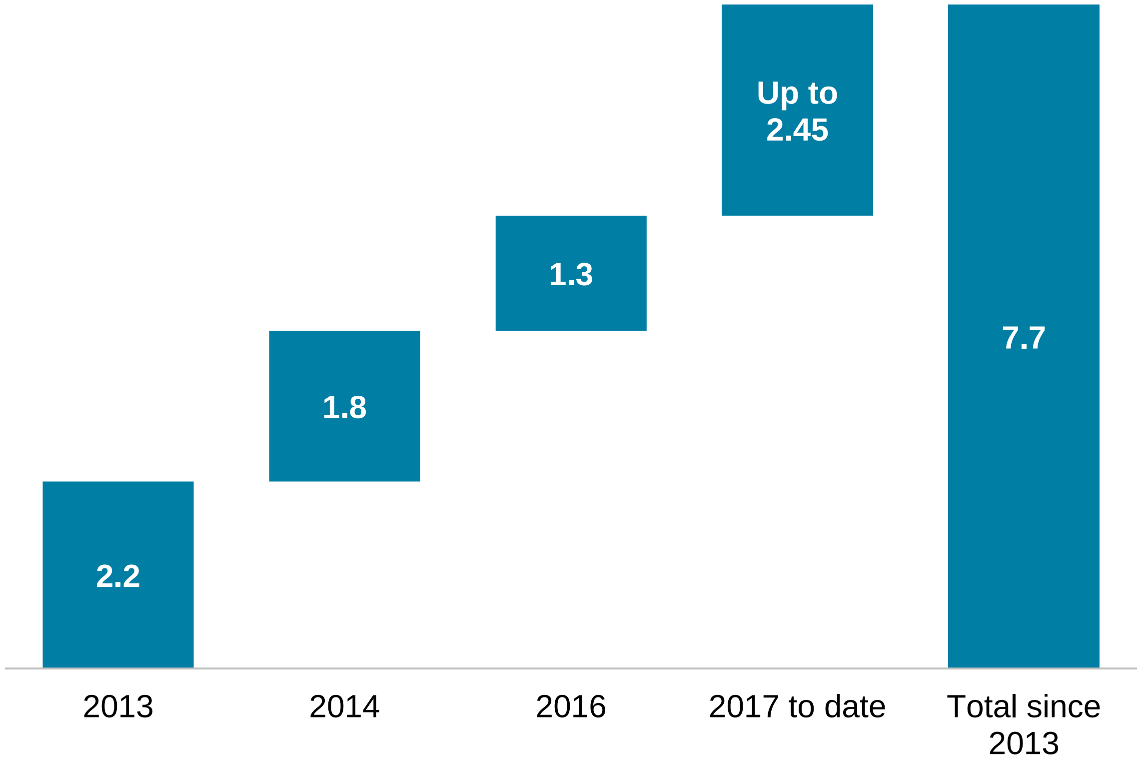
Oyu Tolgoi underground – large, high-grade, brownfield copper development

Underground mine development underway, ~560kt/a copper production (2025-2030)[2]

[1] The production target for Amrun was disclosed in a release to the market dated 27 November 2015 (“Rio Tinto approves US$1.9 billion Amrun (South of Embley) bauxite project”). [2] The production target for Oyu Tolgoi 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.

Continuing to shape our portfolio

$7.7 billion[1] disposals announced since 2013
($bn)



Value delivered through divestments

January announcement of Coal & Allied divestment for up to $2.45 billion

Proceeds expected in 2017:

– Lochaber second tranche of $0.2 billion in H1

– Coal & Allied of at least $1.95 billion in H2

[1] Based on amounts announced in Rio Tinto media releases, may vary from cash flow statement due to completion adjustments and exchange rates

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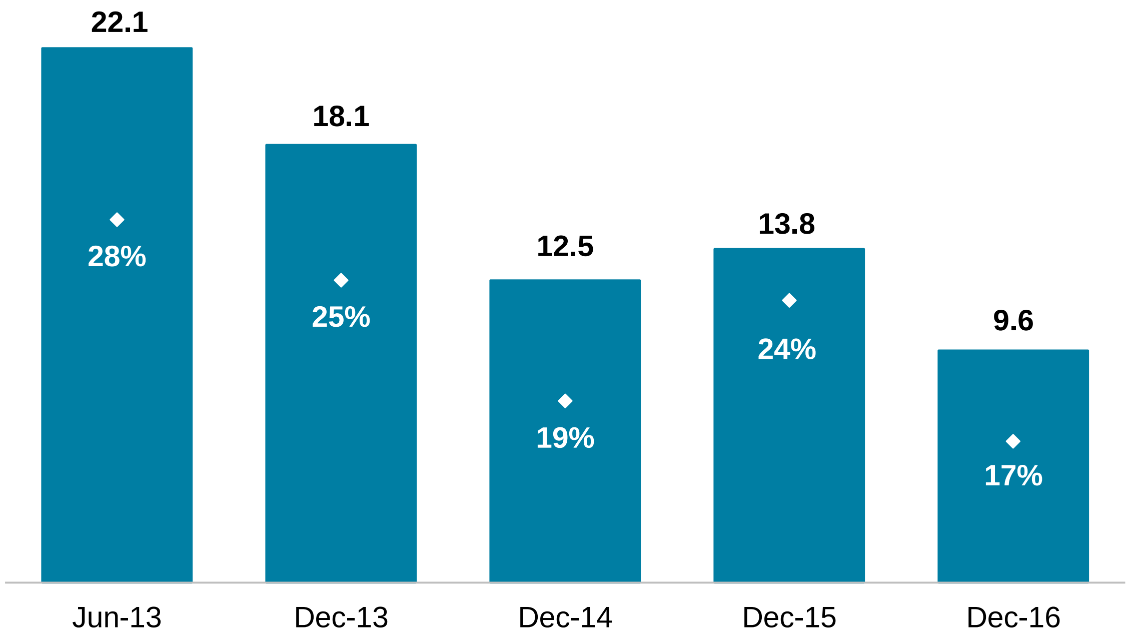
Strengthening our balance sheet

Net debt and gearing ratio[1]
($bn)



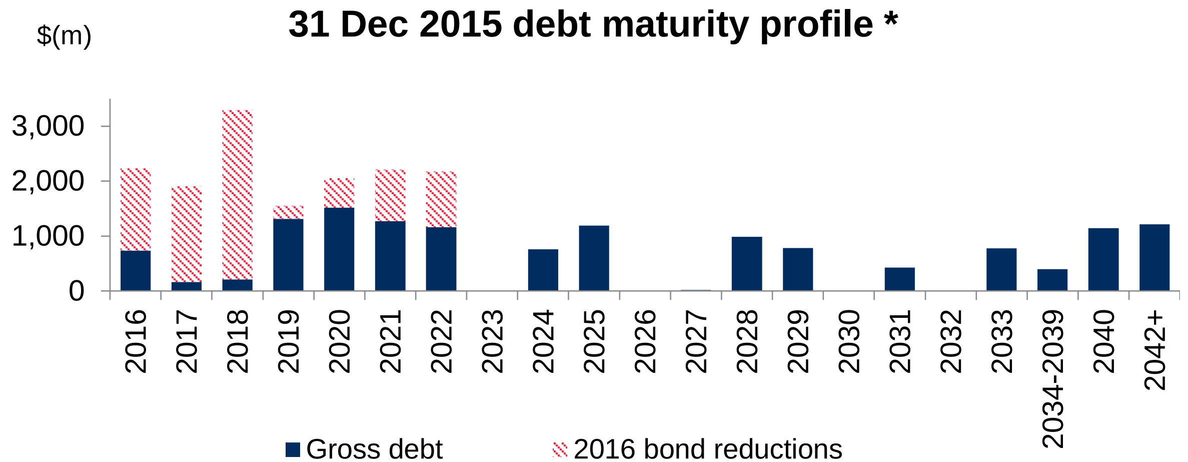
[1] Gearing ratio (◆) = net debt / (net debt + book equity)

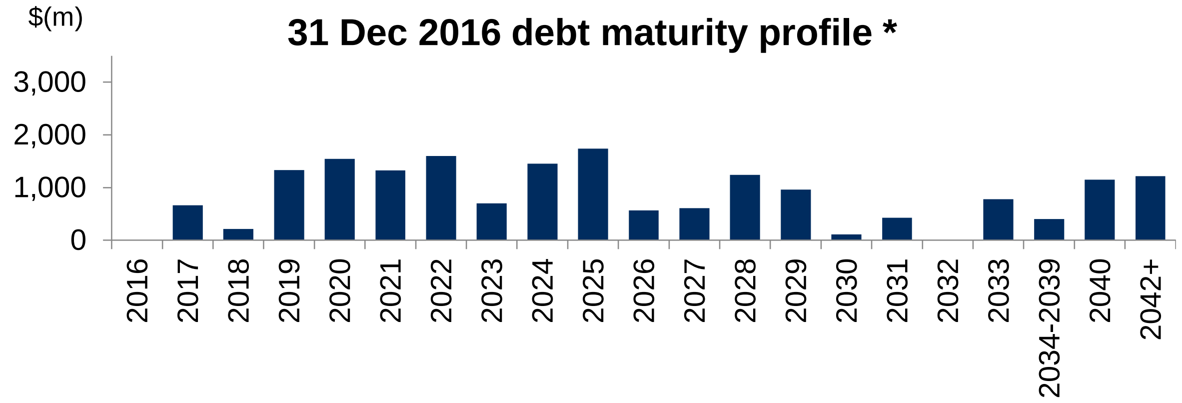
Net debt reduction of $4.2 billion in 2016

Gearing below 20%

- Provides stable foundation during uncertain economic outlook
- Supports shareholder returns through the cycle
- Enables counter-cyclical investment in compelling growth

Near-term maturities greatly reduced





*Numbers based on year-end accounting value

- Gross debt reduced by $5 billion in 2016
- $9.0 billion of bonds purchased or repaid with cash in 2016
- $4.1 billion of Oyu Tolgoi Project Finance fully consolidated in 2016
- Average outstanding debt maturity now ~10 years
- Net interest paid of $0.5 billion associated with bond purchase programmes
- No bond maturities until 2019
- Strong liquidity with year end cash and liquid investments of $8.4 billion and $7.5 billion in undrawn committed facilities

Credit rating[1]

	Standard & Poor's[2]	Moody's[3]
Long-term	A-	A3
Short-term	A-1	P-2
Outlook	Stable	Stable

[1] A rating is not a recommendation to buy, sell or hold securities, and may be subject to revision, suspension or withdrawal at any time by the assigning rating agencies. [2] Standard & Poor's Ratings Services - 30 August, 2016. [3] Moody's Investors Service - 27 February, 2017

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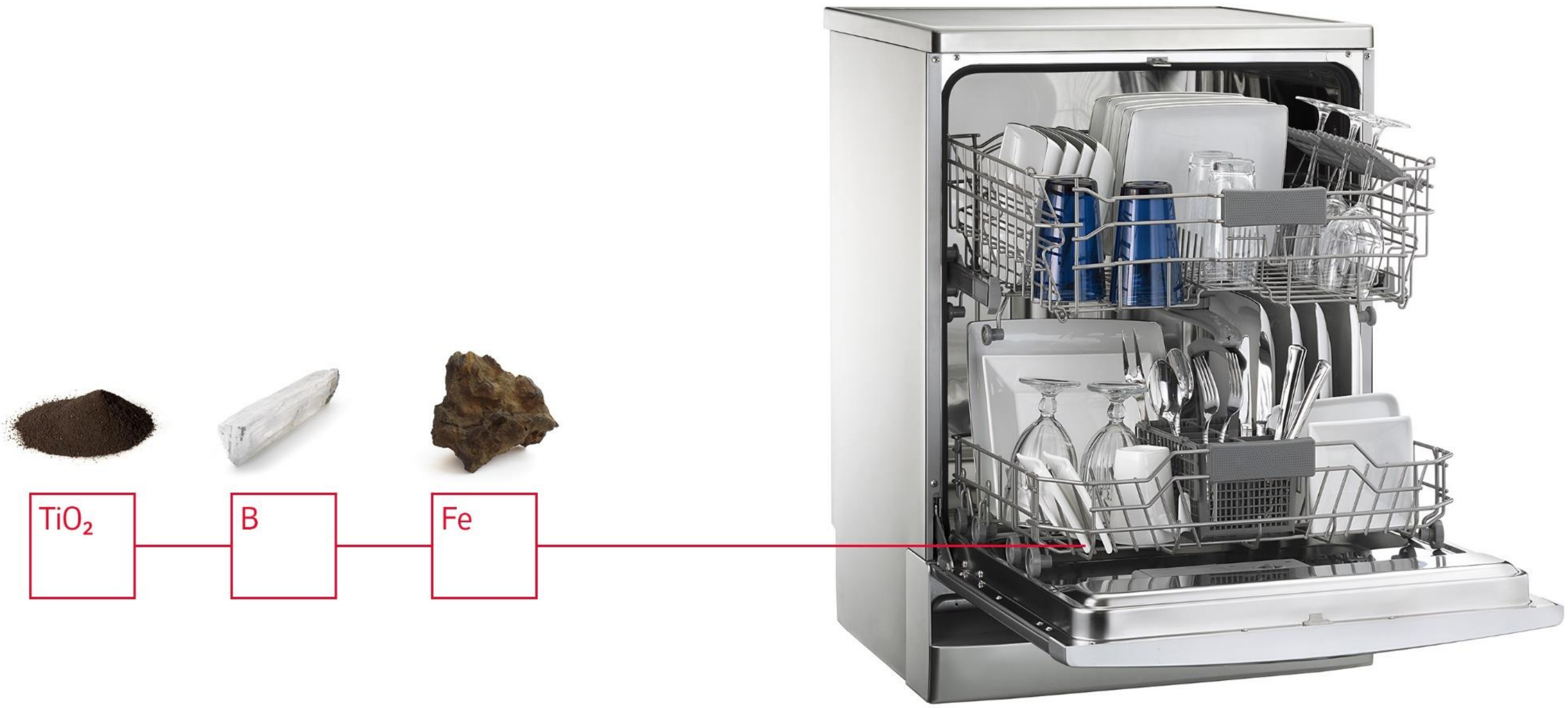
Summary

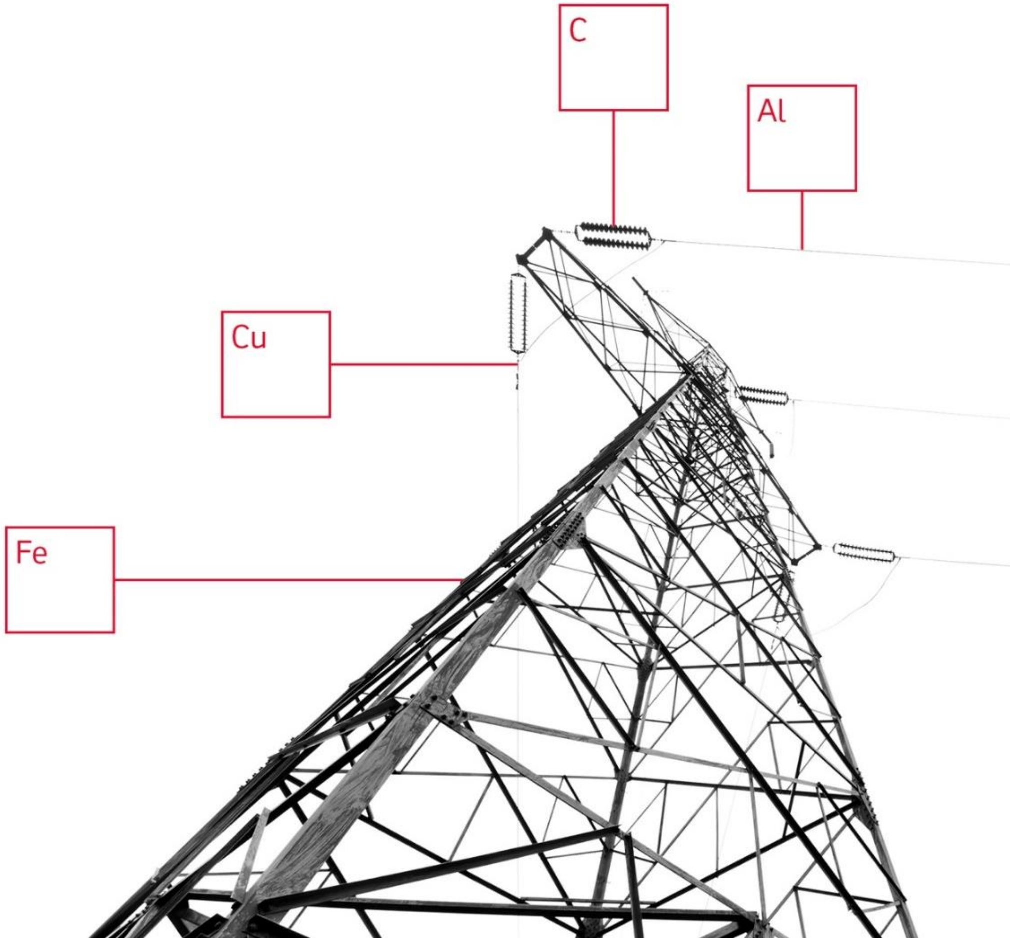


Our value proposition

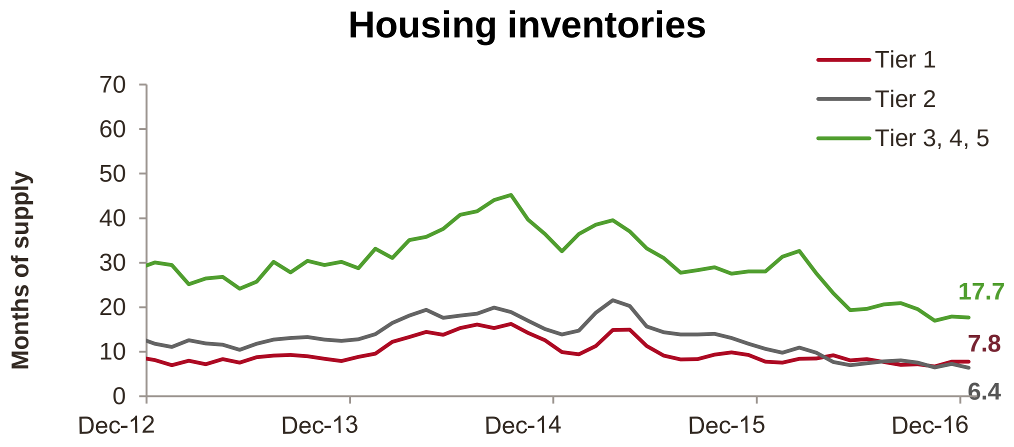
Long-term strategy	Cash focus	Capital discipline and shareholder returns	Team and performance culture
World-class assets	Value over volume	Strong balance sheet	Safety first
Delivering >2% CAGR[1] CuEq growth	$2 billion cost savings over 2016/17	40-60% returns through the cycle	Assets at the heart of our business
Licence to Operate	$5 billion free cash flow from mine to market productivity by 2021	Portfolio shaping	Commercial and operational excellence

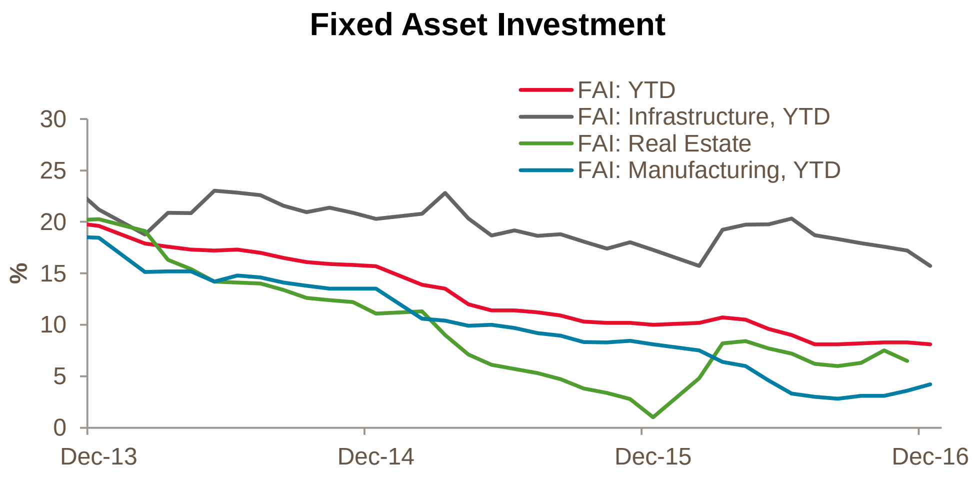
[1] Copper equivalent CAGR, 2015-2025.

Appendix



Commodity recovery led by renewed activity in China





Source: CEIC, CREIS & RT China Research

Construction and downstream industrial activity has picked up, improving profitability

Housing inventories have normalised, in particular tier 3 and below

Fixed asset investment growth has moderated but manufacturing FAI is picking up after a long slump

Market recovery supported by surge in credit growth in early 2016

PMI indicates that manufacturers remain optimistic about early 2016

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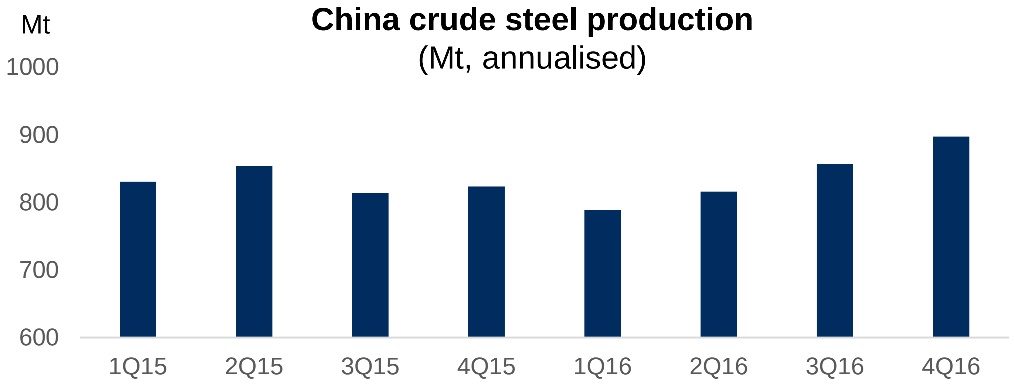
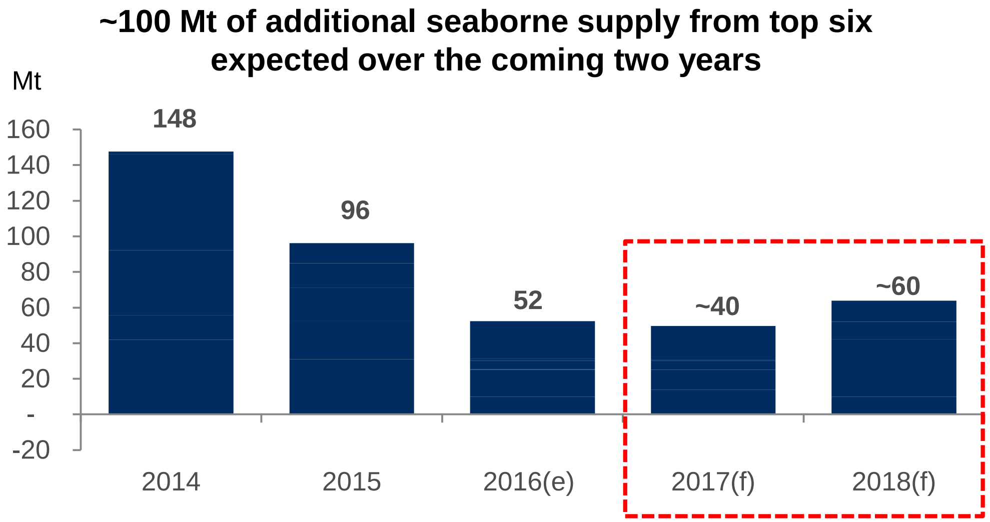
2017 steel and iron ore outlook





All data from CEIC, CREIS & RT China Research

Steel production curtailment leads to a more sustainable steel industry

– Reduction in steel mill capacity not directly linked to steel output
– Supports demand for high quality iron ore

Chinese domestic iron ore supply has been 'sticky' entering and exiting the market

– Peak of ~400mt/a
– Low point of ~230mt/a
– Currently ~260mt/a

Low cost iron ore supply growth has moderated

– 2017 growth primarily from S11D and Roy Hill
– Oversupply in low grade material

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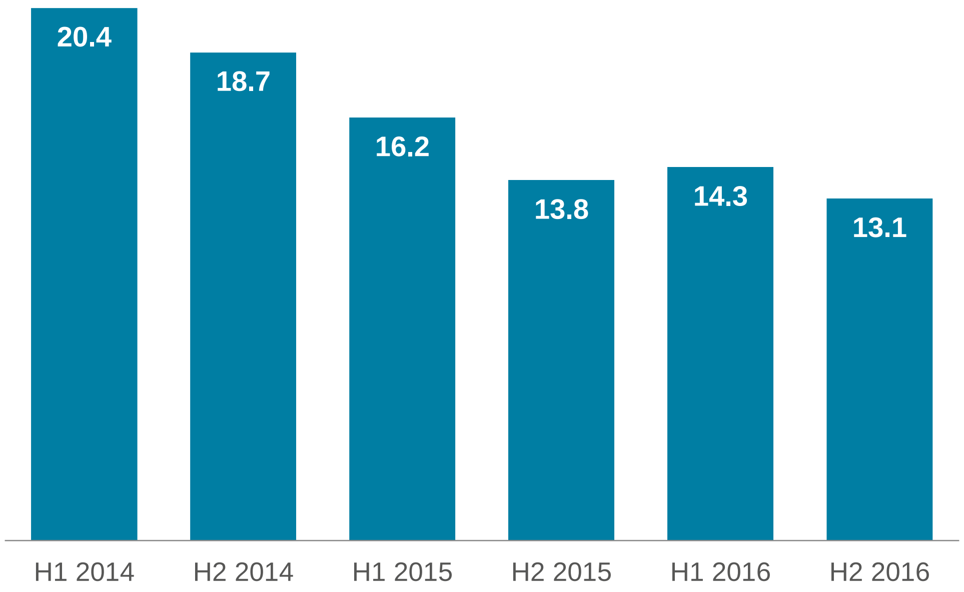
Iron Ore: our low-cost advantage has been sustained over many years

Pilbara cash unit cost
$ per tonne



2016 cash unit cost of $13.7/t (8% lower than $14.9/t in 2015)

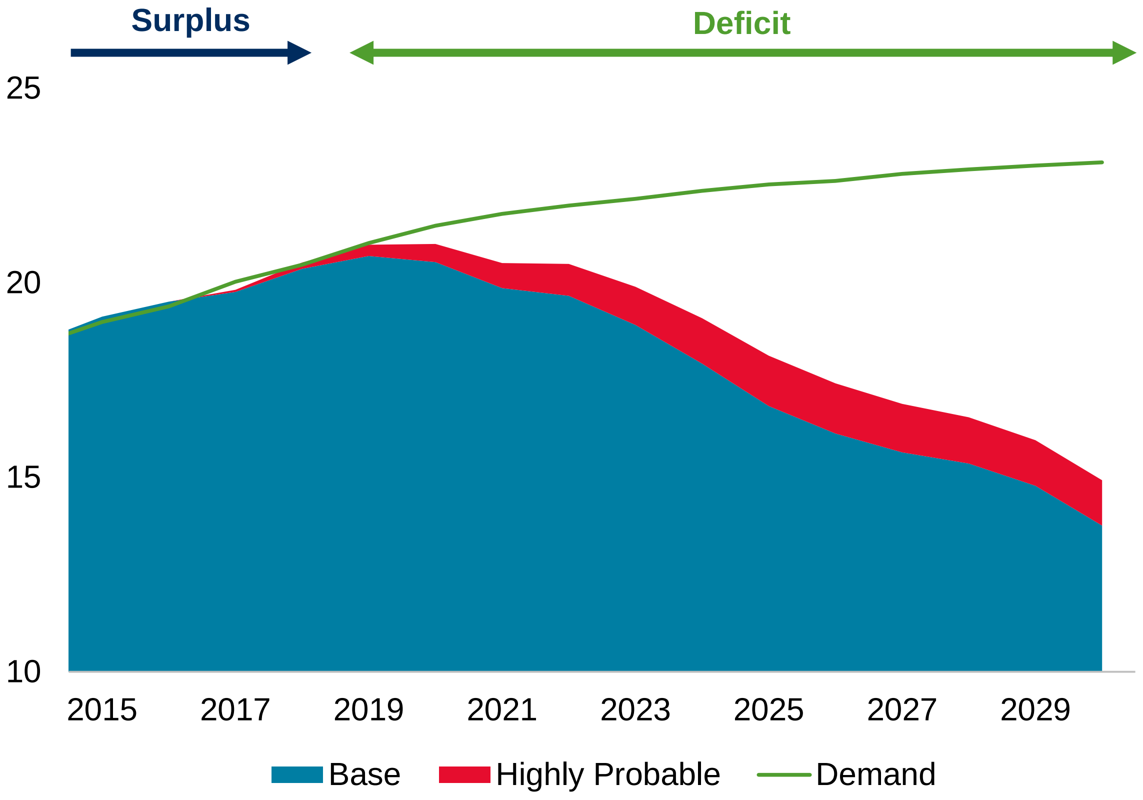
Focus remains on maintaining consistently attractive FOB EBITDA margins (63% in 2016)

Average realised FOB price of $49.3 per wet metric tonne ($53.6/dry metric tonne)

2017 guidance for shipments from the Pilbara remains unchanged at 330-340Mt

Rio Tinto well placed to benefit from copper's attractive long-term fundamentals

Copper supply/demand
(million tonnes)



Source: Wood Mackenzie Q3 2016. Rio Tinto.

New projects have moved market into oversupply driving short-term price volatility

Rio Tinto copper growth to be delivered into a supply deficient market

Further demand growth expected in China and other emerging markets

Consumer goods and new uses to provide upside

– renewable energy

– electric vehicles

Oyu Tolgoi - the leading Tier 1 copper project

Underground development – unlocks the value of Oyu Tolgoi

The highest quality, major copper project in development

~3x higher production using existing infrastructure

Experienced project management team

Highly capable and motivated workforce

Long-life resource with multiple future options

Operational excellence to maximise value

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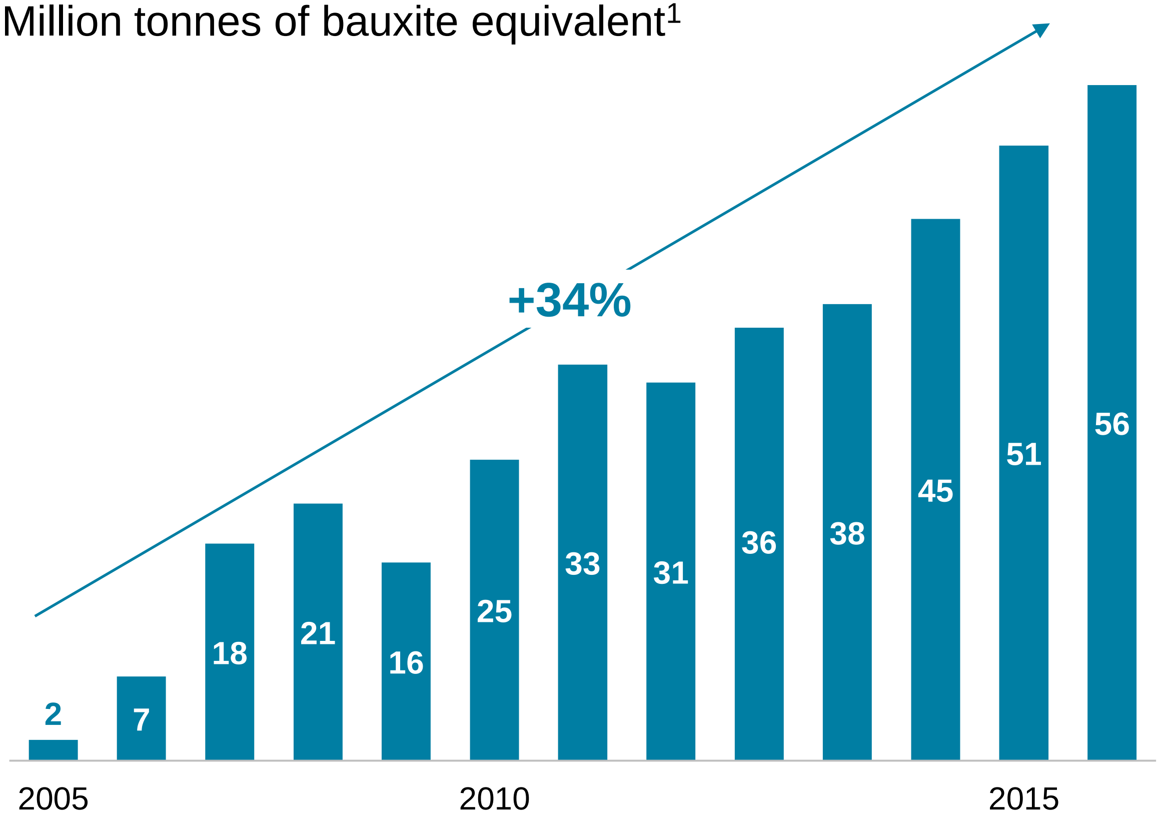
China's bauxite import demand growing rapidly

Rapid growth in bauxite imports in China
Million tonnes of bauxite equivalent[1]



Rising demand for bauxite in China driven by aluminium demand growth (6%) and alumina production growth (19%) over the last ten years

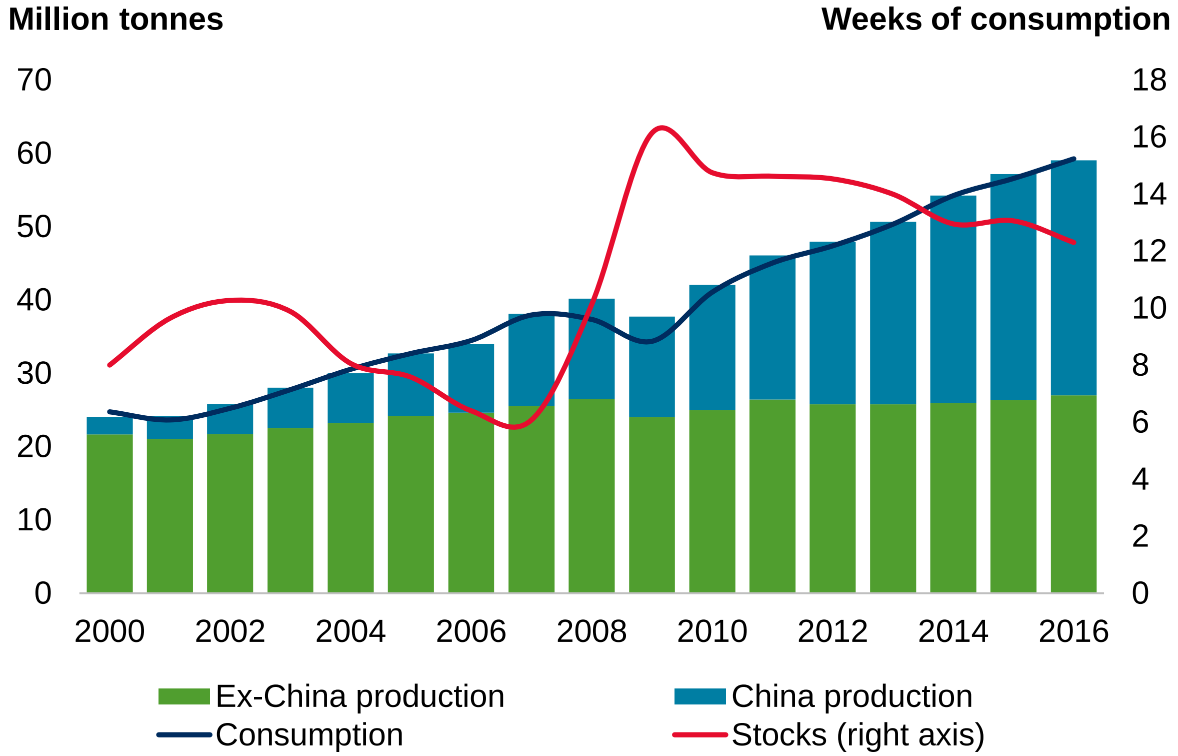
China will continue to add refining capacity, with majority of growth in Northern coastal provinces

Imports will continue to play an increasingly important role as domestic bauxite quality declines

[1]Assumes a bauxite to alumina ratio of 2.4. Imported bauxite shown after subtracting stock accumulation. Source: Rio Tinto, GTIS, CRU Group; all growth percentages are CAGR.

Aluminium gradually moving back to balance

Primary aluminium production, consumption and stocks



Source: CRU Group

Aluminium dealing with excess inventory and capacity overhang from the global financial crisis

Market rebalancing delayed by sustained Chinese capacity growth

Supply growth outside China mostly contained to India and Middle East

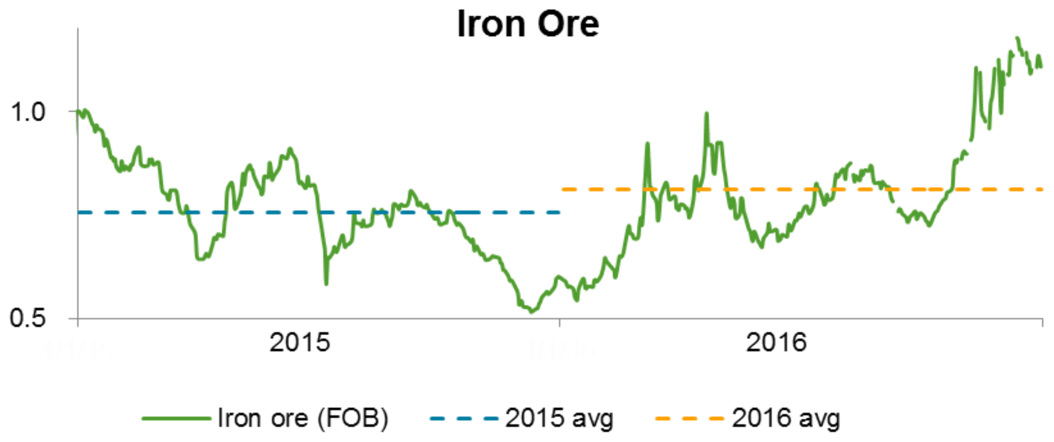
Prices cutting into cost curve

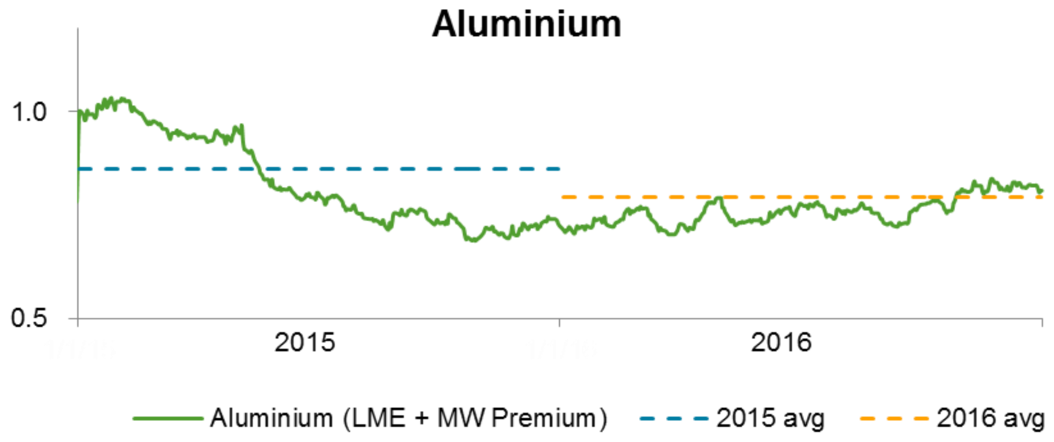
Rapid recovery unlikely and expect stocks to revert back to long-run levels over next five years

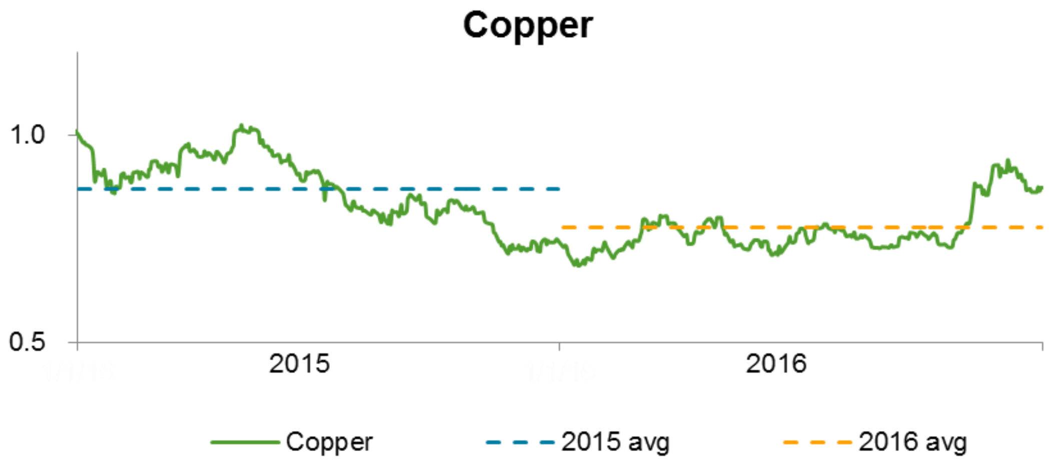
Application of the new returns policy

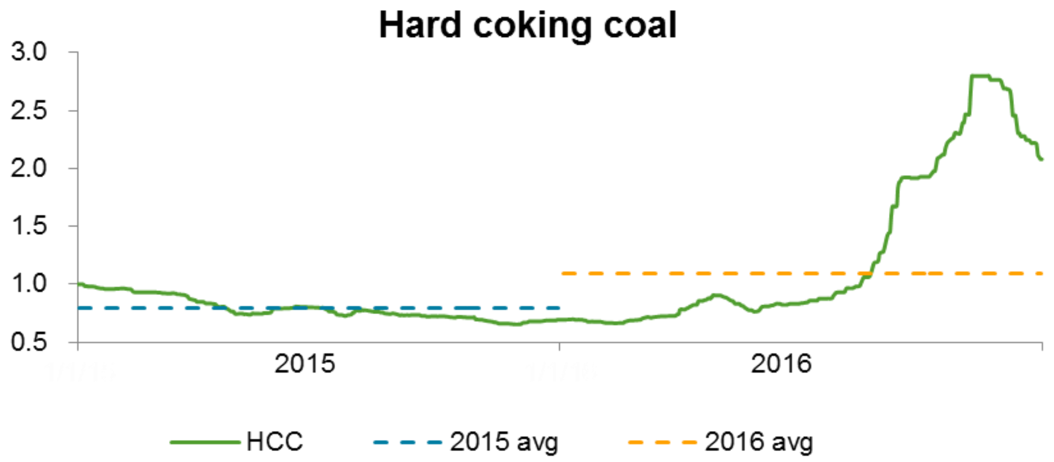
Capital return considerations	Comments	Status
Results for 2016	Underlying earnings up 12% to $5.1bn Net debt reduced to $9.6bn.	✓
Long term growth prospects	Focused on Silvergrass, Amrun and Oyu Tolgoi.	✓
Balance sheet strength	Net debt <$10bn	✓
Strong earnings/ cash generation – supplement with additional returns	Payout >60% threshold possible due to strong performance One-off asset disposal proceeds of $1.1bn	✓
40-60 per cent of underlying earnings through the cycle	Payout over the 60% upper threshold possible based on (i) strong H2 2016 prices (ii) disposals (iii) strong balance sheet	✓
Balanced between growth and shareholder returns	Defined growth pipeline provides capacity to allocate more to shareholder cash return and debt reduction	✓
Not less that 110c per share in 2016	Minimum payout can be exceeded	✓
Outlook	Potential for continued price volatility	?

Prices recovered in 2016 but were lower in aggregate than 2015









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2017 volume guidance

Iron Ore: Pilbara shipments 330-340 Mt (100% basis)

Aluminium: 48-50 Mt bauxite, 8.0-8.2 Mt alumina, 3.5-3.7 Mt aluminium

Copper & Diamonds: 525-665 kt mined copper, 185-225 kt refined copper, 19-24 Mcts diamonds

Coal: 17-18 Mt thermal, 3.3-3.9 Mt semi-soft coking, 7.8-8.4 Mt hard coking

IOC: 11.4-12.4 Mt iron ore pellets and concentrate

TiO_2, borates, uranium: 1.1-1.2 Mt TiO_2 slag, 0.5 Mt boric acid equivalent, 6.5-7.5 Mlbs uranium

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Modelling earnings

Earnings sensitivity	2016 average price/ rate	($m) impact on FY 2016 underlying earnings of 10% price/rate change
Copper	221c/lb	238
Aluminium	$1,605/t	469
Gold	$1,250/oz	36
Iron ore (62% Fe FOB)	$53.6/dmt	879
Coking coal (benchmark)	$114/t	49
Thermal coal (average spot)	$66/t	81
A$	74USc	604
C$	76USc	229
Oil	$44/bbl	53

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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