

Sydney Investor Seminar

Slide 1 - Sam Walsh - Delivering sustainable shareholder returns



Slide 2 - Cautionary Statement

Cautionary statement

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Forward-looking statements

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Good morning and welcome to this year's investor seminar.

It's great to see many familiar faces here today - and it's always nice to be back in Sydney.

Slide 3 - Delivering on our promises

Delivering on our promises



* Copper equivalent growth calculated at 2013 constant prices.

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Chris and I have now been in our roles for nearly two years. And I'm sure you would agree that in this time the Group has delivered some pretty stunning results.

Let me share some of the highlights with you.

We've improved our business by reducing our costs. \$4.4 billion to date, and by the end of 2015 this reduction will total \$5.4 billion.

We've also restructured the portfolio, divesting \$3.5 billion of non-core assets since the beginning of 2013.

We've strengthened our capital allocation. And as a result, our capex will be less than \$8.5 billion this year. This is a staggering 34 per cent reduction from last year. And yet, by spending wisely, we continue to progress our value-accretive opportunities.

We've also reduced our net debt by \$6 billion and reached the mid-teens target which Chris set out at this seminar last year.

These are all seriously impressive achievements, which are transforming our business into a more streamlined, accountable organisation.

Importantly, we're increasing our production by six per cent this year.

And we've increased our dividend by 15 per cent in each of the last two years.

All up, let me say there is a clear focus behind everything we're doing. Our goal is to deliver strong and sustainable shareholder returns and to continue to do what we say we'll do.

Slide 4 - Our commitment to shareholders

Our commitment to shareholders

To deliver industry-leading,
sustainable shareholder returns
through the cycle from our:

Tier 1 assets

Disciplined allocation of capital

Operating and commercial excellence

Culture of safety and integrity



Cape Lambert, Pilbara

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Today, my team and I will share with you, how we'll generate sustainable returns, from our portfolio of tier one assets, through financial discipline and operating and commercial excellence. All of which is founded on an absolute commitment to safety and to integrity.

Slide 5 – Succeeding in a challenging market**Succeeding in a challenging market**

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Although the demand fundamentals for our commodities remain sound for the long term, the near term is more challenging.

But against this backdrop, Rio Tinto thrives. These dynamics only play to our strengths. It's when our competitive advantages come into their own.

Our strategy of investing in long-life, low-cost, expandable assets means that we'll continue to generate strong cash flows from our key commodities.

We also lead our industry in technology and innovation, which is a clear competitive advantage. Operating excellence will sustain our low cost leadership position and drive our operations even further down the cost curve.

Our relationships with customers and partners have been built over many decades. Supplying high quality products, which have been developed to meet their needs, is the basis of our business. The strength of these relationships should not be underestimated.

Lastly, our strong and efficient balance sheet, gives us confidence in our ability to deliver sustainable returns throughout the cycle, and to continue investing in value-adding growth.

Slide 6 – Foundations of sustainable value creation

Foundations of sustainable value creation



Safety tasks, Dampier Salt

Accountability

- Relentless pursuit of shareholder value
- Disciplined decision-making

Respect

- For the environment and communities
- For health, safety and wellbeing

Integrity

- Transparency in all that we do
- Fairness, honesty and openness

Teamwork

- Long-term partnerships
- Continuous improvement

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But let me add that Rio Tinto is not just a set of tier one assets. Importantly, we're a company of truly world-class people – the quality, depth and commitment of all our employees around the world never fails to impress and encourage me.

Every one of our 60,000 plus employees is the foundation for our success.

Our people are committed to accountability, respect, integrity and teamwork. These values are fundamental to the way we operate and engage with those around us.

Of course, other ways of operating may produce easy short-term gains. But from my experience, I've learnt that strong values are the foundation for building a long term, reliable business, which in turn generates sustainable returns for shareholders.

Slide 7 – The Rio Tinto value proposition

The Rio Tinto value proposition



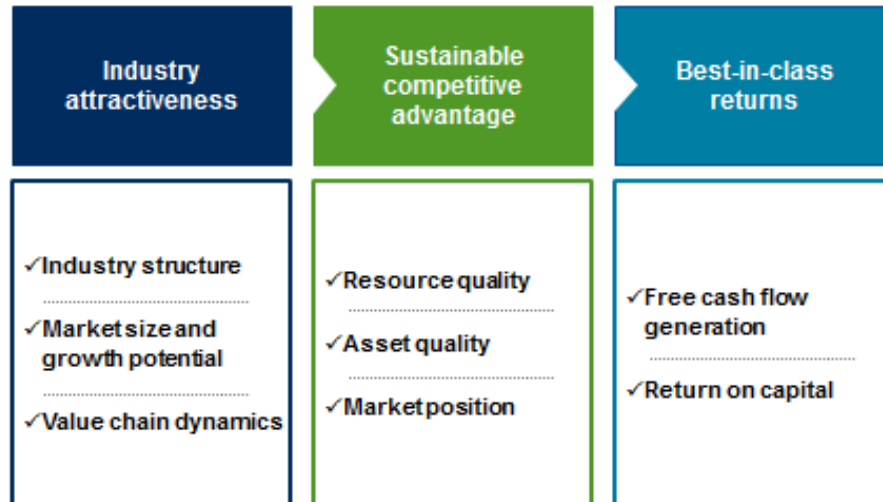
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Chris and I will now take you through the six critical drivers of value. When combined, these create a unique platform, which enables us to deliver our commitment of sustainable returns to you. Let's start with our world class portfolio.

Slide 8 - A clear strategic framework**A clear strategic framework**

Portfolio choices framed by three key principles:



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We use a clear strategic framework to assess our existing assets and new opportunities. Our decisions are based on whether we like the industry, whether the asset has a competitive advantage and if it can deliver best in class returns.

Our Pilbara assets clearly meet all three criteria and have therefore attracted significant growth capital.

Another example is our diamonds business which meets two of the three criteria. Here, we operate in a highly attractive industry, with best in-class returns but without the benefit of a long-life asset base. We are therefore running this business for cash and will only invest when there are compelling returns and short pay-back periods, such as the A21 project at Diavik that we announced yesterday.

At the heart of Rio Tinto is a set of long-life, low-cost, expandable assets. So let me now add some colour to these.

Slide 9 - A world class portfolio

A world-class portfolio...

	Iron Ore	Aluminium	Copper
Key businesses	Pilbara	Bauxite First quartile smelters	Kennecott, Oyu Tolgoi Escondida, Grasberg
Industry attractiveness	Robust long-term demand	Strong demand	Constrained supply
Competitive advantages	Lowest cost major producer Integrated infrastructure Benchmark product Technical marketing	Large, low-cost bauxite assets Low-cost renewable power Technology leadership	Tier 1 assets Attractive growth options Technology and innovation
EBITDA margins ¹	>50%	>30% ²	>40%

¹ Projected EBITDA margins at consensus prices for 2014-2016. All references to EBITDA margins are based on Rio Tinto's own production forecasts which may include production in future years from projects which are yet to be approved.

² Projected EBITDA margins for integrated bauxite, alumina and aluminium operations only, which excludes trading activities.

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We have a world class portfolio, from our Pilbara iron ore business, through to our bauxite reserves in northern Queensland, our hydro-powered smelters in Canada and our global suite of copper mines.

When you look at their EBITDA margins, the quality and longevity of their resources and reserves and their potential for expansion and growth, there is no question that these assets will generate sustainable returns for decades to come.

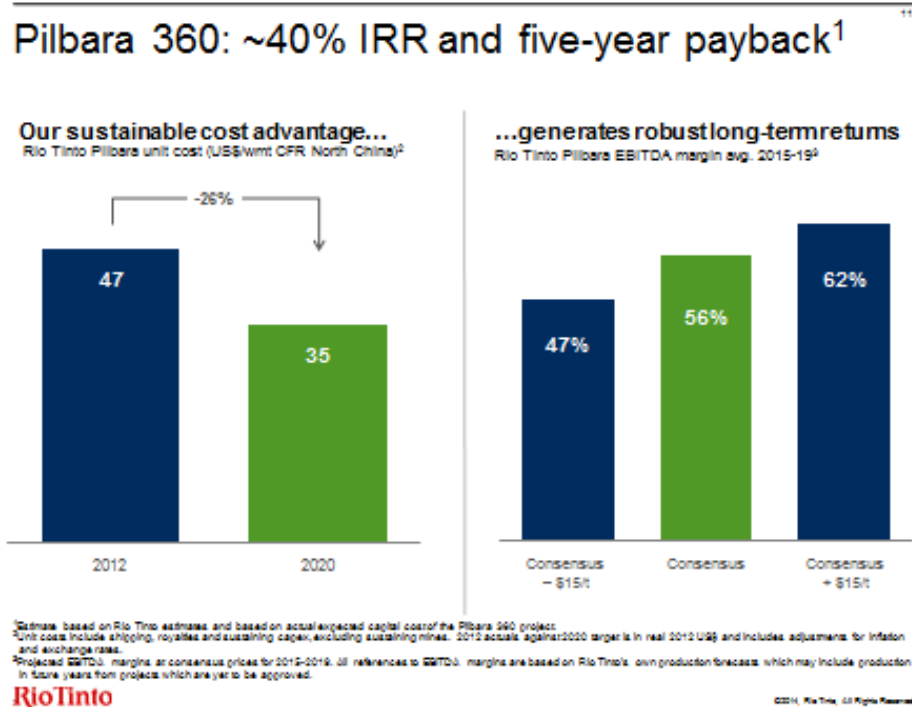
Slide 10 - ...of sector-leading assets**...of sector-leading assets**

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	Diamonds & Minerals		Energy
Key businesses	Diamonds	Iron & Titanium, Minerals	Hunter Valley Coal
Industry attractiveness	Geologically scarce	Mid- to late-cycle demand	Cyclical low but positive longer term fundamentals
Competitive advantages	Commercial excellence	Market leadership in TiO₂ and borates	World-class thermal coal assets
Strategic proposition	Strong cash flow generation and growing demand		Maximise cash generation

And this portfolio, is complemented by further sector-leading assets. Harry Kenyon-Slaney will shortly present on our thermal coal business in the Hunter Valley where, also this week, we announced a significant reserve and resource upgrade. And next week in London, Alan Davies will update you on our Diamonds & Minerals division, which provides us with exposure to later-cycle demand.

Let's now take a brief look at iron ore, aluminium and copper.

Slide 11 – Pilbara 360: ~40% IRR and five year payback

Since 1966, our Pilbara assets have generated an average EBITDA margin of 50 per cent. This is one of the most attractive businesses in the world. And I am not just referring to the mining industry.

We've created a business that will generate strong returns at ALL points of the cycle.

Global demand for iron ore will continue to increase and our view of long term pricing remains robust. We're ideally placed to meet this demand, due to Pilbara 360's exceptional combination, of low capital intensity and low operating costs.

With an IRR of around 40 per cent and payback period of 5 years, this expansion is highly value accretive.

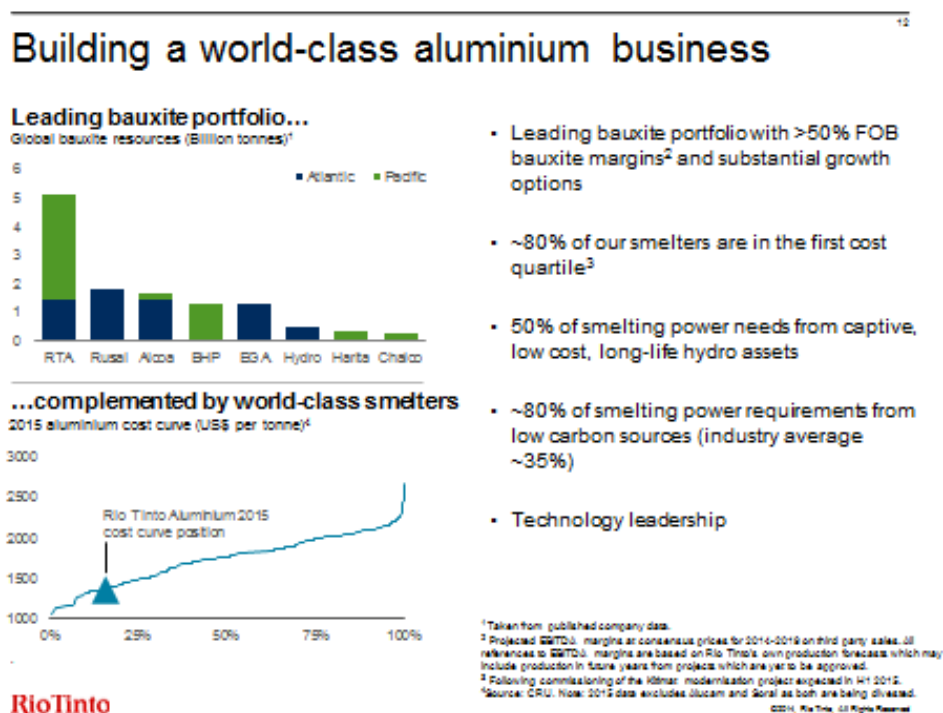
Our investment is driven by maximising value, not by market share considerations. In fact over the past ten years, we've merely maintained our position at around 20 per cent of the seaborne market.

The 360 development extends the cost advantage we have over our peers. Our all-in costs delivered to China are set to reduce to around \$35 per tonne by 2020.

And at consensus prices, our Pilbara business generates strong returns, with an average EBITDA margin of 56 per cent from 2015 to 2019.

Iron ore is an open and competitive market and we're always aware of the supply and demand drivers of the industry. Our key objective, however, is to maximise value for shareholders as you'd all expect. And delivering Pilbara 360 does exactly this.

Slide 12 – Building a world-class aluminium business



Turning now to aluminium.

As I mentioned at last year's seminar, aluminium is a core part of Rio Tinto.

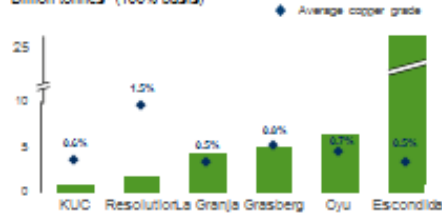
We're transforming the portfolio around our tier one bauxite assets and first quartile smelters. I believe that we will extract much more value from this business and that our shareholders stand to benefit, from exposure to this commodity. With global demand expected to grow by four per cent a year to 2025, and deficits in western markets, the fundamentals for aluminium look promising.

Alf Barrios will provide more information at our London seminar next week, and in February, when we release our full year results, for the first time we'll separate the revenues and costs of our bauxite and alumina business, which I know many of you are keen to see. So let me share just a few insights now.

We expect our bauxite exports to realise EBITDA margins in excess of 50 per cent. Part of this momentum comes from the anticipated development of South of the Embley which is one of our compelling growth projects.

Through our cost improvement initiatives and portfolio refinement, we have transformed our smelting business, and in 2015, following the re-commissioning of Kitimat, around 80 per cent of our smelters will be in the first cost quartile. This compares with just 40 per cent back in 2011. This is a story of serious improvement.

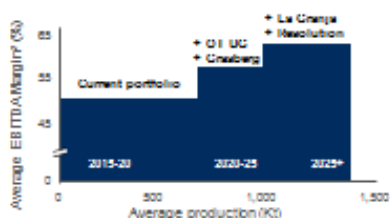
Our first quartile position is founded on technology leadership, our cost reduction efforts and having the lowest energy costs in the industry. Around 80 per cent of our power comes from low carbon sources, and about 50 per cent of our power requirements come from captive hydro assets. This is a privileged position in an increasingly carbon-constrained world.

Slide 13 – Creating a leading Copper business**Creating a leading copper business****Our position in six major copper resources...**Billion tonnes¹ (100% basis)**Driving earnings through:**

- Cost reductions
- Productivity improvements

Future growth through:

- Committed projects: Grasberg underground and Escondida OGP1
- Brownfield projects: Oyu Tolgoi Underground and KUC South Pushback
- Long-term pipeline: La Granja and Resolution

...underpins a Tier 1 portfolio

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¹ Resources for KUC, Resolution, La Granja and Escondida are JORC compliant (Escondida taken from GMR Gilson's 2014 Annual Report), while Grasberg resources are compliant with SEC Industry Guide 7 standards and Oyu Tolgoi is compliant with NI 43-101.
² Projected EBITDA margins at consensus prices for 2014-2019. All references to EBITDA margins are based on Rio Tinto's own production forecasts which may include production in future years from projects which are yet to be approved.

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Onto Copper.

Jean-Sebastien Jacques, will also be presenting in London next week. So I'll just say a few words for now.

The long term fundamentals for copper remain highly attractive with constrained supply and steady growth in demand. Our interests in six major copper resources underpin our aspirations for a tier one portfolio.

Jean-Sebastien and his team are intensely focussed on cost reductions and productivity improvements. This has driven a strong recovery in earnings and cash flow, and moved our Copper business down the cost curve.

In the Oyu Tolgoi underground project, we have what is potentially the next great copper project. And at the right time and under the right terms we will deliver a mine of exceptional value for all stakeholders. Further out, La Granja and Resolution will be well positioned to supply units into a constrained market. Resolution, in particular, is an exciting resource with copper grades averaging in excess of 1.5 per cent.

Slide 14 – Rio Tinto value proposition: Quality growth

The Rio Tinto value proposition



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I mentioned the quality of our project pipeline earlier. So let's take a closer look.

Slide 15 - Compelling project pipeline beyond iron ore**Compelling project pipeline beyond iron ore**

	Titanium	Diamonds	Bauxite	Energy	Copper
					
Near-term pipeline	Zulti South	Diavik A21	South of Embley	Mount Pleasant	Oyu Tolgoi Phase 2
Project status	Feasibility study	Approved	Feasibility study	PFS	Feasibility study
Expected cash cost position	Q1	n/a	Q1	Q1	Q2
Expected first production	2017	2018	2018	2019	2019+

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Our iron ore projects are well documented. But we also have a compelling pipeline of near-term projects beyond iron ore.

By reinforcing capital discipline, we've reduced our capex to around \$8 billion a year, whilst still retaining growth.

My team has spent a significant amount of time and effort, gaining greater line of sight as to how we best invest every dollar for an even better return.

And in some cases, this means we're reshaping our projects and undertaking value-engineering.

The pipeline is further enhanced by additional attractive options. I've already mentioned La Granja and Resolution and, of course, we also have Simandou. Despite the current challenges of Ebola, the bankable feasibility study remains in progress.

Almost all of our projects have IRRs in excess of 20 per cent and collectively represent compound annual growth, in copper equivalent terms, of around 5 per cent out to 2019.

Slide 16 – Rio Tinto value proposition: Operating and commercial excellence

The Rio Tinto value proposition

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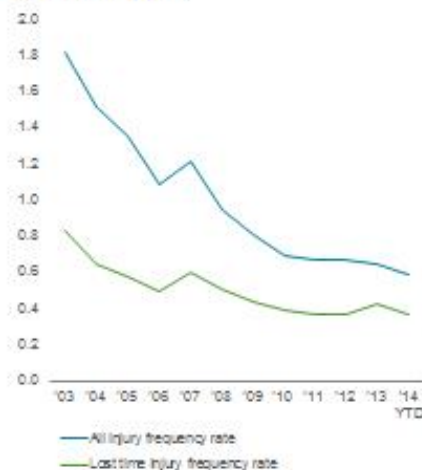
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Turning now to our operating and commercial excellence.

Slide 17 – Safety is fundamental to our business**Safety is fundamental to our business**

Injury frequency rates
Per 200,000 hours worked



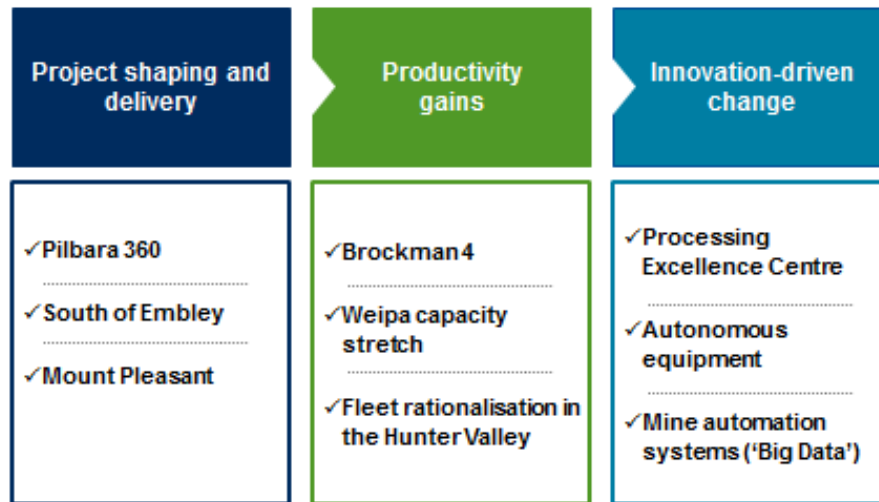
Kestrel mine rescue team training

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As you know, Safety for us is non-negotiable. We were all deeply saddened by the recent death of our Canadian colleague, Enrick Gagnon, following a railway incident. Our thoughts and prayers are with Enrick's family at this very difficult time.

For any mining company, there can be few more visible and outward signs of operational capability and integrity, than safety. Our performance, as measured by injury frequency rates, continues to improve and we intend to stay at the forefront of our industry. We believe that a zero fatality work place is attainable, and rest assured that we will continue to work harder to achieve exactly this.

Slide 18 - Operating excellence deliver significant value**Operating excellence delivers significant value**

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Over the years, Rio has established a leading position in how we use technology and innovation. And being able to deliver more tonnes, with less cost has created material value for you our shareholders.

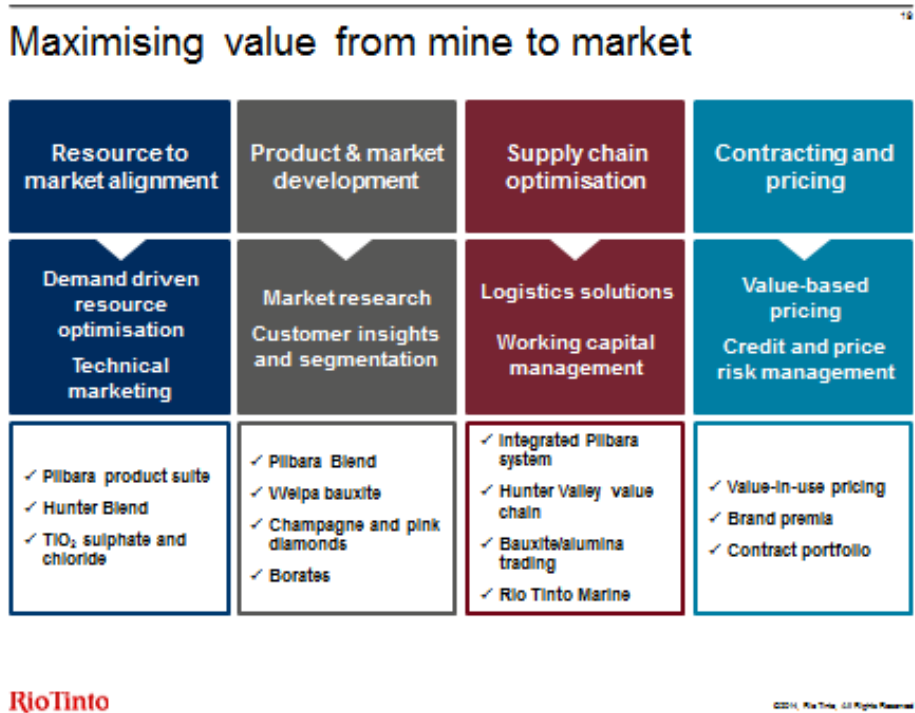
This slide shows some examples of the projects we're currently working on, to generate value now, and in the years to come. These productivity improvements are not one-off gains but flow through to the bottom line every year. And when you run multi-decade assets, that's serious value creation we're talking about.

Our Head of T&I Greg Lilleyman will be covering this in more detail later today.

But let me just add, that the industry is increasingly faced with more complex geology, environmental and cost pressures.

Our commitment to technology and innovation will continue to set us apart from our peers, and allow us to take advantage of opportunities that may not be available to others.

Slide 19 - Maximising value from mine to market



Before I hand over to Chris, let me say a few words on our commercial activities. Our marketing teams work very closely with our operations, so that our resource management is fully aligned to the market.

The Pilbara is an excellent example of such efforts. We have designed a product that prolongs the life of existing assets, by blending different grades and qualities of ore. This product – the Pilbara Blend - has also been designed with our customers’ needs in mind and, as a result, has become the benchmark product for the Asian steel industry.

The holistic approach to our marketing efforts allows us to maximise value across each of the 300 million tonnes of the product we sell.

This initiative is not limited to the Pilbara Blend.

In Resource to Market alignment, these benefits are also seen in other products, including the Hunter Blend, and the flexibility in our titanium dioxide business to supply chloride or sulphate products, depending on market demand at any given time.

Over the years we've created markets for products such as high temperature bauxite from Weipa, and champagne and pink diamonds. This is not just trading, but reflects our deep understanding of our customers' needs, and our commitment to developing new markets.

Our supply chain optimisation ensures we get the product to the right customer, at the right time, while reducing cost and working capital. We have capabilities across a variety of logistics solutions, including at Rio Tinto Marine, where we manage a fleet of 200 ships and will move close to 250 million tonnes of product this year.

Our Singapore Commercial Centre, centralises commercial best practice across product groups and other corporate functions such as legal and procurement. This includes centres of excellence for value-in-use analysis, and pricing and contracting strategies. All with a focus on managing risk and capturing value through all market conditions.

All these efforts maximise the value from our business and differentiate us from our peers.

Slide 20 – Rio Tinto value proposition: balance sheet strength

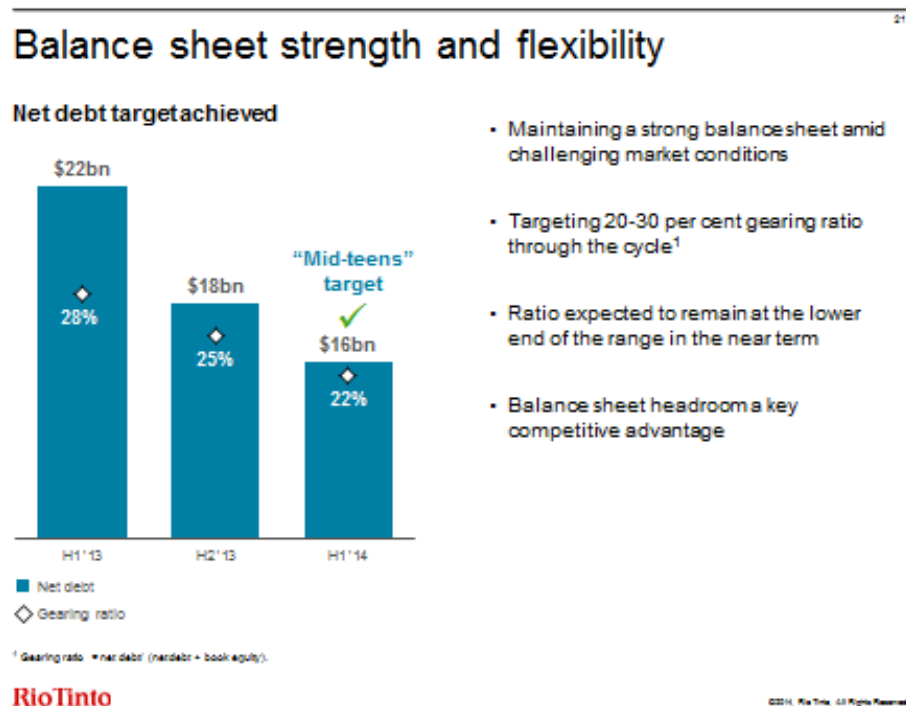
The Rio Tinto value proposition

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Today my management team and I want to share with you the depth of our experience, our capabilities and the unrivalled nature of our assets. Let me now hand over to Chris who will talk about the remaining 3 drivers of value.

Slide 21 – Balance sheet strength and flexibility



Thank you Sam

In these seminars last year, I stated a target net debt of “mid-teens” and further stated that reducing net debt would be our focus for 2014.

This has been a very strong rallying point within the company and proved very successful.

We also talked about significant reductions in capital expenditure, and in the Sydney seminar on 3rd December last year we said that it was creating a base for generating enhanced growth in our cash returns to shareholders in future periods.

I also said that we would move to a more ratio-based net debt target going forward which would recognise balance sheet capacity as our equity base grows.

We will be using a range of ratios internally, but for public communication we will be using a net gearing ratio.

We define this as net debt divided by net debt plus book equity.

We would expect this ratio to operate within a range of 20 to 30 per cent.

We continue to believe that a strong balance sheet is essential in a long term industry such as ours, so you should expect us to stay in the conservative end of that range at the current point of the cycle.

We believe that this is the best way to ensure that our capacity to generate shareholder wealth is maintained. We also believe that our planned actions are consistent with a Single A credit rating, but, at the end of the day, we acknowledge that this is a matter for the agencies to opine on.

Slide 22 – The Rio Tinto value proposition: capital allocation discipline

The Rio Tinto value proposition

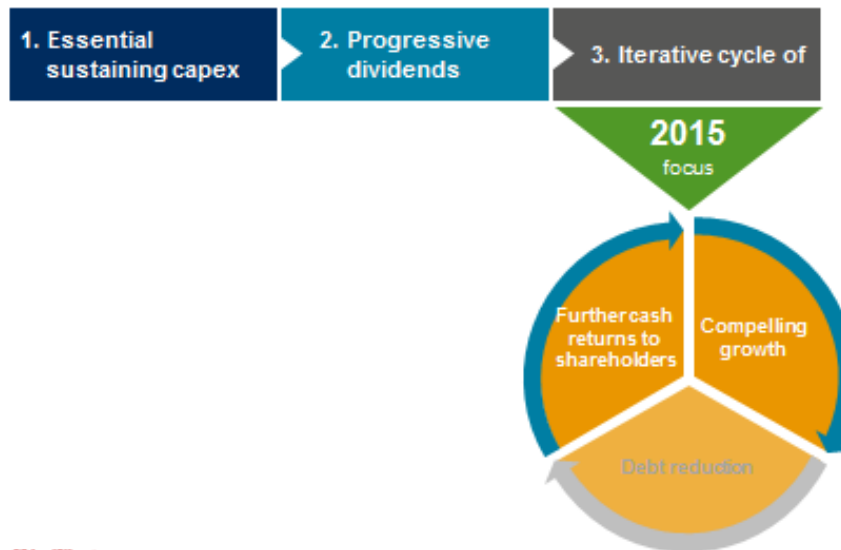
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Our capital allocation framework should, by now, be very familiar to you.

Slide 23 - Our capital allocation framework maximises shareholder value**Our capital allocation framework maximises shareholder value**

Our first allocation is to necessary sustaining capital, which we estimate at around \$3 billion per annum for the next few years.

Next, comes our primary contract with our shareholders, the progressive dividend. The full year payments this year amounted to \$3.7 billion. We expect this to increase in 2015 and the rate of increase will be decided by the Board and announced in February with our full year results.

We then enter the iterative cycle of compelling growth, debt reduction and further cash returns to shareholders.

Compelling growth will require around \$5 billion per annum, all on strong returning projects. Not all of this has been approved at this stage, but that is our expectation.

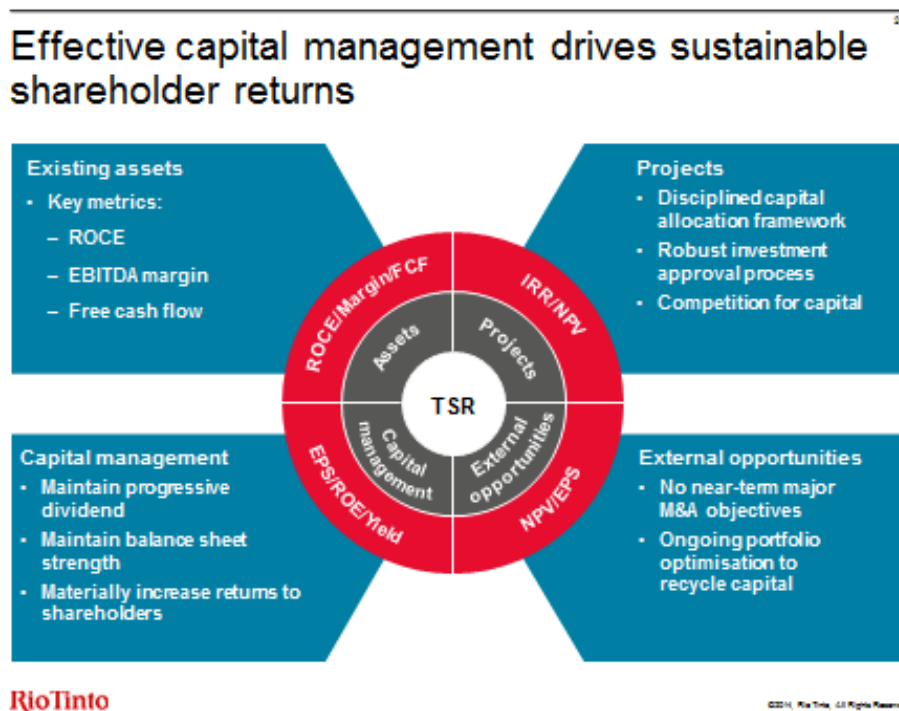
We have no further need for debt reduction in 2015, having achieved our “mid-teens” net debt target at the half year results this year.

So our focus in 2015 will be on further returns to shareholders.

This is delivering on what we said in the seminars last year, and reinforced at the half year results. This enables us to move on to enhancing cash returns to shareholders in 2015.

The quantum and form of these further returns will be decided by the Board and announced in the full year results presentation in February.

Slide 24 - Effective capital management drives sustainable shareholder returns



I want to share with you the way that we consider value creation for our shareholders.

We look at this in four quadrants.

First is the major investment that has already been made in our existing suite of top quality assets. We look to maximise value from these assets by volume growth, cost reductions, productivity improvements and efficiencies.

We focus on EBITDA margin enhancement, free cash flow generation and return on capital employed.

We believe assets must be able to achieve a suitable return throughout the cycle. If they are not currently achieving this they must have a credible path to that outcome.

As an overall company we target exceeding 20% return on capital through the cycle.

Our portfolio of growth projects has come under increased internal scrutiny in recent years. We have strengthened our investment assessment criteria, our levels of independent review of opportunities and our investment approval processes.

We treat capital as a scarce resource which must be competed for. Our minimum IRR for projects is 15%. The vast majority of our existing project suite is well beyond that threshold.

We also look at other metrics, such as NPV, Payback periods and capital invested to NPV generated.

Not all opportunities are ready for execution so in some cases we will hold these for future optionality.

Some assets or projects have considerable value but don't necessarily fit in our portfolio. These become candidates for portfolio rationalisation.

External opportunities such as acquisitions and disposals will always be considered in light of our view of value.

We are not interested in acquisition for the sake of size, it must be value accretive for our shareholders.

Equally we will not dispose of assets where we see a better overall value outcome for our shareholders by retaining them.

In regards to capital management we believe a strong balance sheet is a great asset in a long term industry such as ours.

We believe this gives maximum optionality in volatile markets.

Capital returns to our shareholders are the domain of the Board. We are committed to the progressive dividend as our primary contract with our shareholders.

The amount of this will be communicated with the full year results.

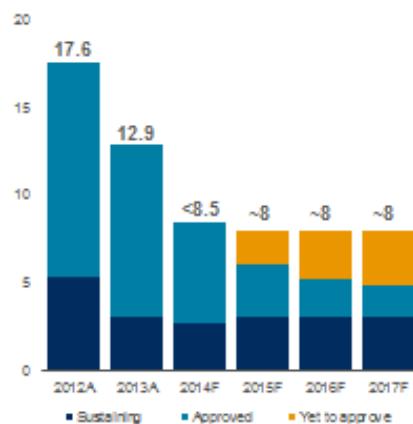
Further capital returns will also be determined by the Board in February. These decisions will include both the quantum and form of such returns.

Slide 25 - Focus on capital efficiency**Focus on capital efficiency**

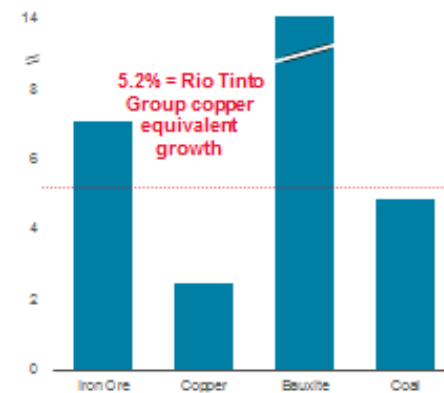
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Capital discipline...

Capital expenditure profile (US\$ billion)



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...delivers measured growth2013-19 production growth¹ (projected CAGR percentage)

Note: 2012 production data excludes assets that have been divested.
¹ Copper equivalent growth calculated at 2012 constant prices and based on Rio Tinto's own production forecasts which includes production in future years from projects which are yet to be approved.

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In the seminar last year we talked about significant reductions in capital expenditure

Having reduced by 26% in 2013 to \$12.9 billion we now expect this year to be below \$8.5 billion, a 34% reduction on last year.

As you can see, on the chart on the left, not all of the expected growth capital is formally approved as yet.

In each of the next 3 years, whilst we expect to spend at projected levels, opportunities still need to pass through robust decision making processes.

These levels of capital expenditure are not at the expense of growth. In the period from 2013 to 2019 we anticipate compound annual growth rates of copper equivalent units to average 5.2% per annum.

Slide 26 – Rio Tinto value proposition: free cash flow generation

The Rio Tinto value proposition

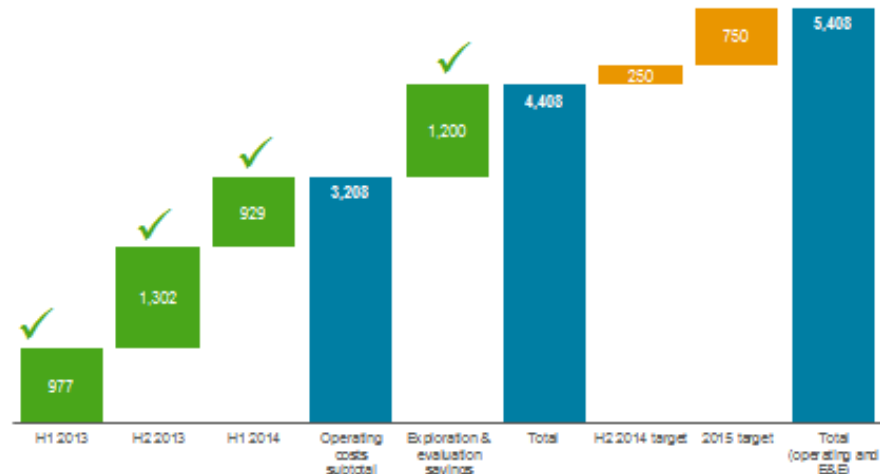
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Let's talk about the cash generation capacity of this company.

Slide 27- Continual cost improvement**Continual cost improvement**Pre-tax operating cash cost improvements
Reduction vs. 2012 (US\$ million)

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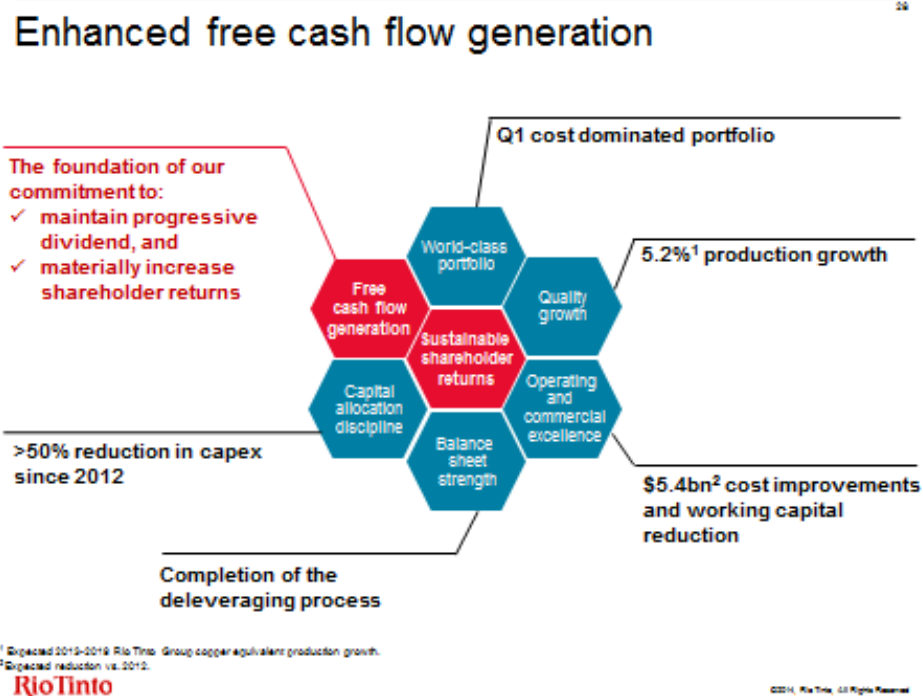
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We said we would take \$3 billion out of our unit cash cost as reported in our variance analysis, compared to 2012. And we delivered \$3.2 billion six months early.

We also said that we would reduce Exploration and Evaluation expenditure by \$750 million from 2012 levels. As at 30th June we had achieved a \$1.2 billion reduction in this item, bringing the combined saving to \$4.4 billion at that time.

We further committed to an additional \$1 billion of savings before the end of 2015, of which we expect to deliver around \$250 million in the second half of this year.

Assuming our endeavours are successful in the coming year we will have reduced our costs by \$5.4 billion by the end of 2015 compared to the 2012 base.

Slide 28 – Enhanced free cash flow generation

In summary, our world class asset portfolio is continuously being enhanced by productivity improvements, cost reductions and incremental volume expansions. Our aim is to always be in the low portion of the cost curve.

We expect to achieve average compound copper equivalent growth of 5.2% between 2013 and 2019.

Our cost savings have generated \$4.4 billion by the half year and we have committed to a further \$1 billion before the end of 2015.

We have strengthened our balance sheet by reducing net debt which came down by \$6 billion in the 12 months ended 30th of June this year. Our balance sheet is now very robust.

We have significantly reduced our capital expenditure profile. This year we now expect to spend less than \$8.5 billion which is a reduction of more than 50% from the 2012 level.

Clearly we can't control commodity prices, but all of the above actions enhance Rio Tinto's capacity to generate free cash flows, and underpins our confidence for materially increased cash returns to shareholders both now and in the future.

With that, let me hand over to Andrew.

Slide 29 – The world's best iron ore business



Slide 30 – Our iron ore business is a compelling value proposition

Our iron ore business is
a compelling value proposition



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I want to concentrate today on the compelling value proposition of the iron ore business, some of which Sam has touched on earlier.

I say compelling, because no matter which way you analyse the business, the clear conclusion is that it is world class and substantially value accretive:

- World class assets, with unencumbered optionality
- World class operating performance
- World class project management and development
- World class resources that will support quality product offerings
- World class specialist sales and marketing expertise
- And world class, leading edge application of technology and innovation

The business will sustainably deliver considerable shareholder value, which is the premise for expanding the Pilbara to 360Mt/a.

This production level rests comfortably with our consideration of the longer - term demand for iron ore.

Our view remains that the developing world will continue to be the driver, through urbanization, industrialization and increasing domestic consumption patterns.

On the supply side, we have already seen significant curtailments of iron ore supply from the Chinese domestic sector, as well as reductions from non-traditional suppliers such as Indonesia and Iran.

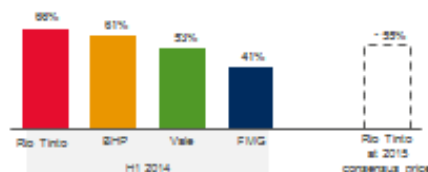
We expect around 125 million tonnes to leave the market this year in response to lower prices.

Yes, the present price compared to recent prices is depressed, but the value proposition of our iron ore business runs over decades, not today and tomorrow. _

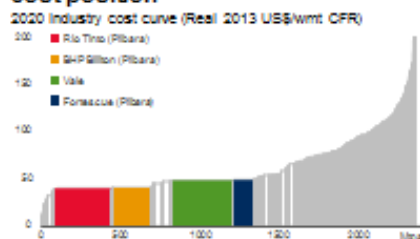
Slide 31 - Pilbara – the world's best iron ore business

Pilbara - the world's best iron ore business

Industry-leading returns... EBITDA margin (percentage)



...supported by industry-leading cost position



- Industry-leading EBITDA margins to continue
- Total supply chain competence to seamlessly deliver a future 1 Mt/day
- Sufficient resources to sustain industry reference Pilbara Blend products
- Technology and innovation leadership delivering real value
- Expected to remain the lowest cost major producer
- Anticipate a unit cost of around US\$35/t by 2020

Source (top chart): Rio Tinto; BHP; Vale and FUG financial statements.

Source (bottom chart): Rio Tinto, Wood Mackenzie. Note: Includes shipping and sustaining capital expenditure, taxes and royalties and is adjusted for inflation and exchange rates.

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Our fully operational Pilbara business is also based around robust fundamentals and value.

It is seamless, which it needs to be, as we prepare to supply one million tonnes of quality product every day to a wide range of customers.

And its economics are most persuasive.

The Pilbara EBITDA margin has been industry-leading for some time and the first half 2014 margin of 66% is no exception.

A 2015 CFR China consensus price of \$85/ t would deliver an EBITDA margin of about 55%.

Going further forward, it is also our intention to remain positioned at the very low end of the 2020 contestable market cost curve.

On a China-delivered basis, we are targeting around \$35/t unit cost.

First-mover advantage in technology and innovation has assisted in driving value, particularly with cost-outs and productivity improvements right across the supply chain.

And, in a world of increasing environmental constraints, strong steel-maker demand ensures the continued focus on our premium Pilbara Blend products, representing approximately 70 per cent of the 2020 portfolio.

We aim to produce Pilbara Blend products from multiple high grade hematite/goethite deposits, across the Pilbara, for many years to come.

I have referenced in slides appearing later in your handouts information relating to the longevity of our Pilbara resources and reserves and to our exploration targets. .

Slide 32 – Pilbara – A fully integrated system with unencumbered optionality**Pilbara - a fully integrated system
with unencumbered optionality**

22



- Unique optionality with fully owned and operated, integrated system
- Real time visibility across all assets and enhancing the value delivered to our customers
- Relentless focus on productivity optimising mining, maintenance, logistics and marketing activities
- Very experienced management team with a proven track record of value creation
- Quality people and a collaborative culture drive continued innovation and standardisation of best practice

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Rio Tinto's Pilbara presently comprises 15 mines, 1,700 kilometres of rail and 4 independently operating ports and a self- contained power grid.

All are fully owned or managed and singularly used and operated by Rio Tinto which offers unique optionality.

It is a system designed to seamlessly deliver Rio Tinto product to around 100 customers globally- with many, many differing requirements.

As some of you have seen from past visits, it is a system that offers serious competitive advantage.

Several of the next generation of mines, for example, lay proximate to existing infrastructure and can be added into the system at relatively low cost.

And of course, when at a million tonnes a day, our system will need to operate incredibly efficiently.

Which it will, having the Operations Centre oversee, fine-tune and leverage the supply chain to its optimum level and therefore best value.

It has full visibility and real time – synchronisation, meaning we can optimise our mining, maintenance and logistic activities in a way never before possible.

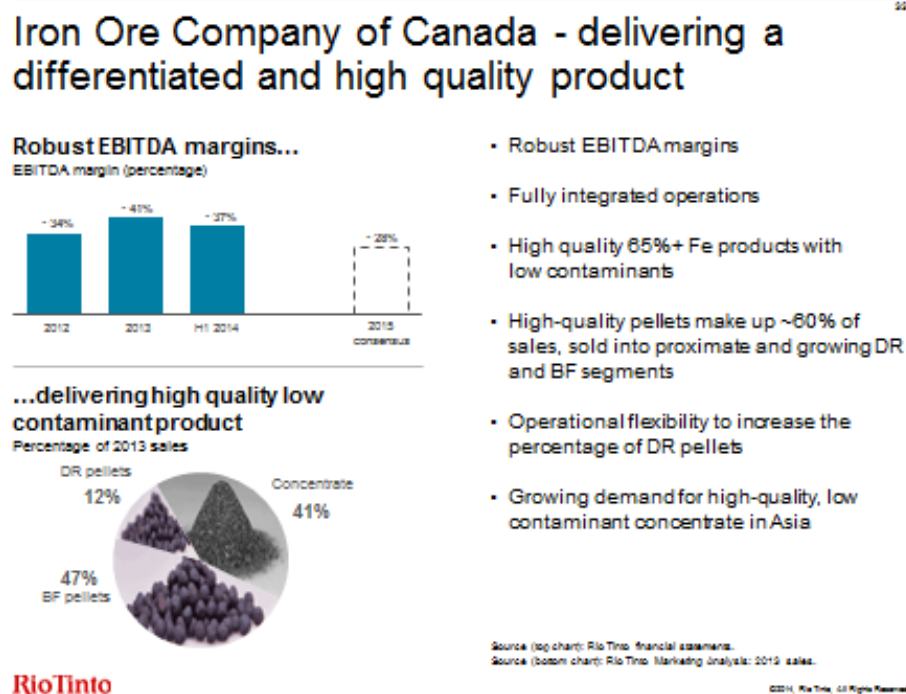
This system-wide, real-time information provides clear visibility of capabilities and issues, meaning we can protect from downside by rapidly responding to issues.

We can also provide new and clever insights into a myriad of high-return improvement opportunities across our overall supply chain.

The drive for value creation across the business is supported by an experienced executive management team with an exceptional track record.

In turn, quality people and a collaborative culture are ensuring that our world class assets are performing as they should.

Slide 33 – IOC – Delivering a differentiated and high quality product



The 2020 picture at the Iron Ore Company of Canada is similarly robust.

The increasing environmental threats to steel-makers will ensure that the demand for both IOC pellet and concentrate products remains strong.

IOC has a quality 65% Fe product and maintains a relative grade consistency, and one of the lowest phosphorus contents in the industry.

It is a quality and consistency package that we expect can be sustained for many years.

The IOC EBITDA margins have been reasonably consistent through 2012, 2013 and 1H 2014.

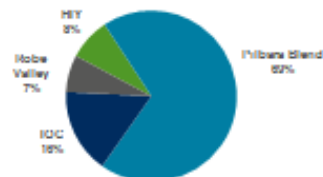
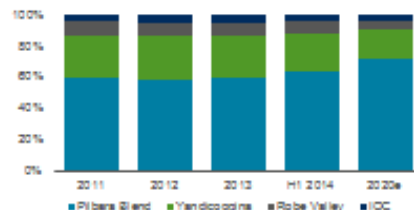
A 2015 CFR China consensus price of \$85/ t would deliver an EBITDA margin of about 28%.

The two phases of the Concentrator Expansion Project (CEP) were completed during this year, which has removed pit to plant bottlenecks and provided extra capacity to grow production.

By 2020, I would expect this to be closer to stated nameplate capacity of 23.3Mt/a.

This is a vastly improved operational performance, the metrics for which I will regularly stress- test.

Let me concentrate on the Pilbara for the remainder of the presentation.

Slide 34 – Focusing on our customers and optimising our resource base**Focusing on our customers and optimising our resource base****Product aligned to our reserves**
Percentage of Rio Tinto 2013 Ore Reserves**Optimising the value of our growth**
Percentage of annualised sales by product

- Expansion focused on our industry reference Pilbara Blend products
- Pilbara Blend offers customers long term reliable, consistent product quality
- Value-maximising mix, aligned to customer needs and our resource base
- Sequencing and blending optimises the total system
- Ore Reserves base supports a sustainable product suite
- Optimising our market placement through segmentation

Source (top chart): Rio Tinto 2013 Ore Reserves Statement

Source (bottom chart): Historical shipments and 2020 production plan.

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Competently managing such a great integrated asset base enables us to give our customers what they want, when they want it.

Much of the industry growth in seaborne supply over the past ten months has been low-quality material, leading to increased discounting by some producers.

However, Rio Tinto's focus has been, and will continue to be, on our premium Pilbara Blend products.

Pilbara Blend allows us to optimise our business size, mine development, and production planning.

It also provides our customers with certainty of product quality over the long-term.

It is consistency of product quality that customers desire and a key reason why Pilbara Blend is the reference for 62% Fe indices.

Pilbara Blend Lump and Fines represent approximately 70 per cent of our portfolio and, as with our Pisolite product offerings, have had high levels of demand across varying market conditions.

We also continuously optimize our market placement through segmentation, as well as a targeted commercial contracting approach.

This provides us with not only mitigation of credit exposure, but allows us to do business with enterprises which, like us, are here for the long-term.

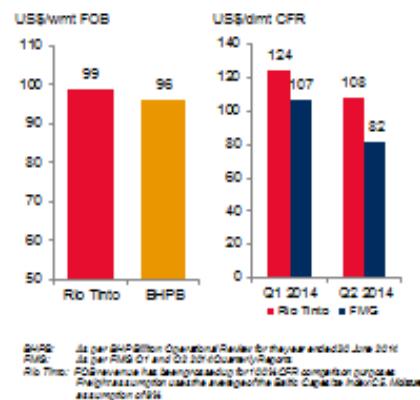
I am confident in saying that Rio Tinto is the supplier of choice to the Asian steel industry.

Slide 35 – Capturing full value from our product suite and marketing expertise

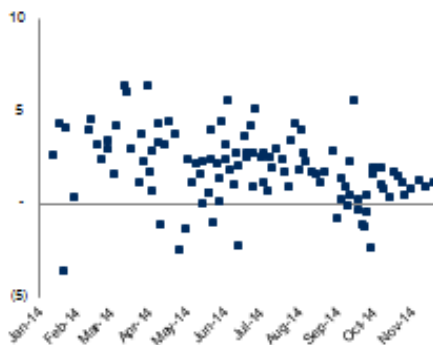
Capturing full value from our product suite and marketing expertise

- Higher average FOB price than other Pilbara producers in H1 2014
- Pilbara Blend Fines spot sales consistently achieve a premium over the Platts 62% Fe index

Comparative average price performance H1 2014



PBF spot premiums relative to Platts 62% Fe Index
US cents per dry metric tonne unit



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Let me outline the spot sales performance of our Pilbara Blend fines, relative to the Platts 62% Fe index, which is currently the starting point for the pricing of Rio Tinto products sold under long-term contracts.

Our spot sales on the right hand graph highlight that Pilbara Blend fines consistently achieve a premium.

To further illustrate that we capture full value from our product suite and marketing expertise, our analysis of public reports indicates that we received a higher average price than other Pilbara producers in the 1H 2014.

Long-term, meaningful relationships with steel mills remain paramount to our marketing strategy.

Rio Tinto's contract portfolio focuses on:

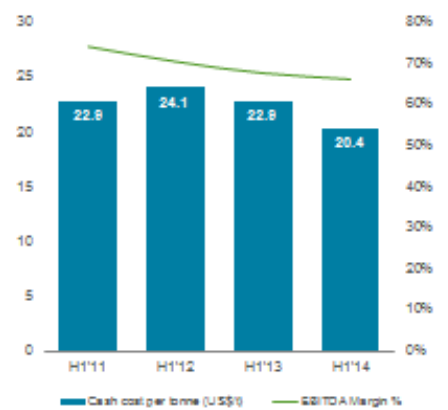
- Diversification of markets and customer segments
- Matching products to segments that value them the most
- Ensuring full offtake, and
- Close management of credit exposures

We predominately ship to large, financially-stable steel mills with large off-take capability- Nippon Steel Sumitomo Metal Corporation, Baosteel, POSCO, and JFE, to name a few.

We listen to their needs and then closely integrate these with operational demands to ensure the optimal development of our ore bodies and the highest return for our shareholders.

I am confident that our customer relationships, our technical expertise, and our market insights, none of which are easily replicable, allows for the optimal placement of product, both in terms of price and volume.

And considering the volume we ship, and the volume we will ship, I am also confident that our marketing strategy is the most value accretive strategy for Rio Tinto.

Slide 36 – Pilbara growth – delivering exceptional returns on investment**Pilbara growth - delivering exceptional returns on investment****Pilbara cash unit cost / EBITDA margin**
US\$ per tonne

Source: Rio Tinto financial statements, Rio Tinto analysis.

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- Our low-cost advantage has been sustained over many years:
 - H1 2014 cash unit cost of US\$20.4/t (11% lower than H1 2013)
 - Maintain consistent and attractive margins (66% in H1 2014)
- Further margin preservation via relentless cost discipline and productivity gains:
 - 17% improvement in employee productivity (shipped tonne basis)
 - Reducing contractor costs 4% YoY
- Sustainable position as the most profitable producer in the Pilbara

At about \$20/ t for our cash unit cost in 1H 2014, we are already where others hope to be in the future.

This is 11% lower than the first half of 2013.

We have continued to maintain attractive margins with, as stated earlier, an EBITDA margin of 66%.

Cost management is embedded in our culture and we have been intensely focused across operations, maintenance and planning to deliver sustainable operating cost savings.

As mentioned at our interim results in August, we have sustainably found savings and contributed over 600 million dollars to cost reduction targets since 2012.

Here are some examples of business initiatives:

- Increasing employee productivity this year, on a shipped tonnes basis, by 17%.
- Reducing contractor costs by 4% year on year

- Reducing by 20% year on year the use of external service providers and consultants.

Of course, we won't stop here.

We intend to remain the most profitable producer in the Pilbara.

Slide 37 – Leveraging innovation and technology to drive productivity and cost leadership

Leveraging innovation and technology to drive productivity and cost leadership

Hope Downs 4 - AHS haul truck productivity
Tonnes / hour indexed relative to best manned site



Autonomous trucks

- Improved safety, cycle time and utilisation
- At Hope Downs 4:
 - AHS is exceeding manned effective utilisation by ~14%; and
 - decreasing load and haul operating costs by ~13%

Parker Point dumping cycle times
Index relative to third quarter 2012



Low cost improvement - Parker Point

- Delivering a 20% increase in dumper capacity through the combination of:
 - Improved presentation and dumping times resulted in a 13% reduction in time taken to unload trains
 - Increased dumping rates

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I firmly believe that innovation and next generation technology are significant value-drivers for our business.

We continue our overall automation programme, as well as partner with leading global institutions to improve our human/ automation interface and our data collection and analysis.

It is a leadership position that is valuable for us to maintain and extremely difficult for others to replicate.

You would have heard me speak previously about our autonomous truck fleet.

It is not just that it is the largest in the world; It is operationally safer.

At the Hope Downs mine, autonomous haulage is exceeding manned effective utilisation by around 14%, with about a 13% decrease in load and haul operating costs.

We also continue to unlock many low- cost capacity improvements.

By way of example, over the last two years at Parker Point, the total time taken to unload a train has decreased by 13%.

It is the result of a 35% reduction in the time taken to present trains to the dumper and a 9% reduction in the time taken to dump a train.

Suffice to say that productivity and cost improvements remain a relentless quest in the overall drive for value generation.

There are so many 'pinch points' across such a big system, the overall results can and will continue to be very marked.

Slide 38 – Value maximisation continues through 360 Mt/a completion and moving into production**Value maximisation continues through 360 Mt/a completion and moving into production**

360 Mt/a infrastructure programme is ~75% complete and on nominated schedule for H1 2015

~40 Mt/a of low-cost, brownfields growth approved and in implementation at a capital intensity of ~\$9/t

On track for delivering 330 Mt in 2015 and 350 Mt by 2017

Silvergrass investment decision able to be deferred until 3Q 2015 at the earliest

Expecting 220 – 360 Mt/a delivered at an industry leading capital intensity of ~US\$110-120/t (100% basis)



Cape Lambert car dumper



Cape Lambert shiploader

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Turning now to the 360 pathway and some proof points around how we are delivering extra business value.

Our 360 infrastructure programme is about 75% complete and generally in line with the nominated budget and 1H 2015 schedule.

For a project of this size, this is world-class work by our teams.

That said, there are two projects each a little behind where we would like them to be, albeit of minor consequence in the overall scope.

They are the full fit-out of AutoHaul® and the completion of the West Angelas power station, due to the Forge Group collapse.

In the meantime, the rapid, low-cost growth pathway from existing mines, the likes of West Angelas, Brockman 2, Nammuldi and Yandicoogina, is in full swing.

We presently have around 40Mt/a approved and implemented, being achieved at an average mine production capital intensity of around US\$9 per tonne.

Together with our system debottlenecking and productivity initiatives, real business value is being driven

This value proposition has implications for when and how we develop our next greenfield mines, including Silvergrass, which is required for the ultimate pathway to a larger volume business.

An investment decision on the development of Silvergrass, which has a cost of about one billion dollars, can again be deferred, until the third quarter of 2015 at the earliest.

This maximises free cash flow and optimises value in the business.

It is fair to say that the risk profile changes with further reliance on multiple brownfield projects.

However, we have shown that we are well- equipped to handle these projects and the delivery of 330mt in 2015 and 350Mt by 2017 remains our target.

On a 100% basis, I am expecting the full 220- 360Mt/a to be delivered at an industry-leading capital intensity of between \$110 and \$120 per tonne.

Slide 39 – Significant shareholder value generated through the cycle

Significant shareholder value generated through the cycle

World-class, fully integrated system with unencumbered optionality

Pilbara Blend is the reference for 62% Fe indices and able to be sustained

Marketing expertise captures full value from our products and resources

Silvergrass deferred in favour of capital efficient options – maintains 330Mt in 2015 and 350Mt in 2017

Powerful first-mover application of technology and innovation

\$20.4/t unit cash cost and goal to remain Pilbara's lowest cost producer

The developing world will continue to drive the demand for iron ore.

Our number one business objective is to deliver the maximum amount of sustainable value to shareholders, which will continue through market cycles.

It is a business of compelling value:

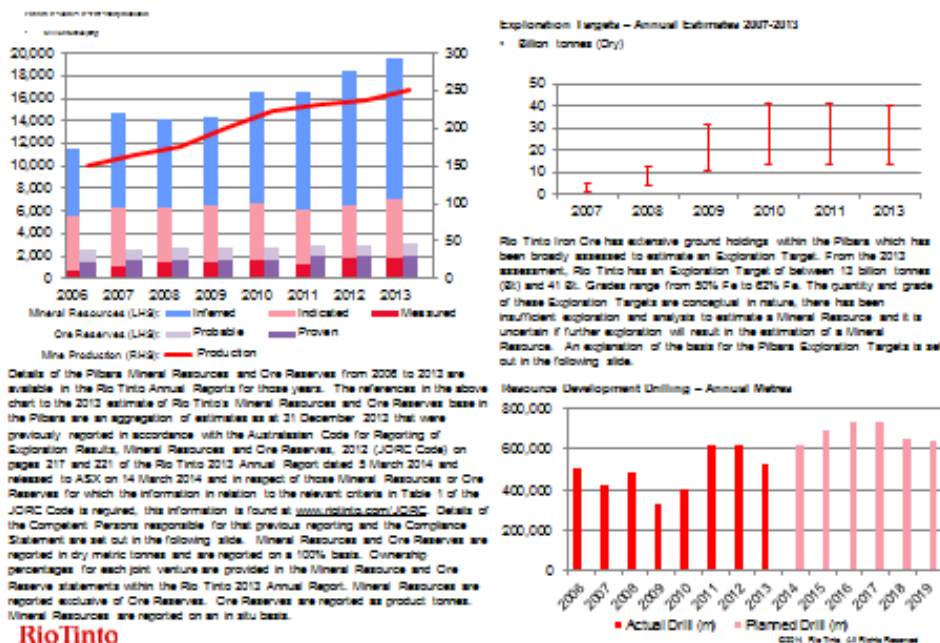
- We have world class, fully integrated systems with unencumbered optionality
- We regularly review the most optimal investment pathways, as evidenced by the deferral of Silvergrass, in favour of brownfields, debottlenecking and productivity
- Our focus on customer relationships and requirements makes Rio Tinto the supplier of choice for Asian steel producers
- Our marketing expertise is capturing full value from our premium product suite and resource base
- Commitment to and application of technology and innovation is key to Rio Tinto's competitive edge
- And finally at \$20.40/t our unit cash costs are already where others hope to be in the future

The opportunity for further upside potential is both evident and large.

Thank you

Slides 40 to 42 – Iron Ore Addendum

Pilbara longevity through leading resources and reserves



Exploration Targets

Iron ore mineralisation within the Pilbara occurs as bedded iron deposits, detrital iron deposits (DID) and channel iron deposits. The bedded iron deposits are hosted within the Brodman Iron Formation and the Marra Mamba Iron Formation. Rio Tinto commenced mining of the high grade ore in the Brodman Iron Formation in 1966 at Mt Tom Price. Since then Rio Tinto has observed that the iron ore product Fe grade in the market has fallen and this provides ongoing opportunity to redefine new Exploration Targets within both historically assessed and new areas.

From the 2013 assessment, Rio Tinto has an Exploration Target of between 13 Bt and 41 Bt. Grades range from 50% Fe to 62%. The quantity and grade of the Exploration Targets are conceptual in nature, there has been insufficient exploration and analysis to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The Exploration Target defined above is based on exploration activities carried out across the Pilbara within Rio Tinto's tenures. These activities include surface mapping, supplemented with open pit mapping where available, geophysical surveys, extensive drilling, sampling and sample assaying campaigns utilising a range of down hole logging tools, and other technical assessments including product quality assessments and metallurgical assessments. Rio Tinto drilling and sampling across the Pilbara is extensive, with 4,834 km of drilling being carried out in the 10 years ending 31 December 2013. Drill spacing can vary from 800 m x 200 m spacing through to 50 m x 50 m drilling. Drill holes have been completed over multiple time frames techniques including 1960's drilling with no quality assurance / quality control (QA/QC) programs through to modern reverse circulation and diamond drilling methods with industry standard QA/QC programs and modern database management. Geological models are then developed from this data. These geological models, and uncertainty measures, form the basis of our Exploration Targets. However, due to the fact there has been a limited assessment of these Exploration Targets and thus understanding of the ore body knowledge, further iron ore product analysis is required in the future to enable preliminary assessments to determine if there are reasonable prospects for eventual economic extraction.

Rio Tinto has ongoing programs testing our Exploration Targets in the Pilbara with the aim of increasing our resource base. These plans include metallurgical test work, market assessment of iron ore products and approximately 650 km of drilling annually over the next five years to better define known Mineral Resources and Exploration Targets. Drilling and exploration will be within our ground holdings of 13,758sq km as shown on the map titled "Pilbara Lease holding and geology" on the following page, and will target areas identified within our lease holdings over the Marra Mamba Iron Formation, Brodman Iron Formation and channel iron formations.

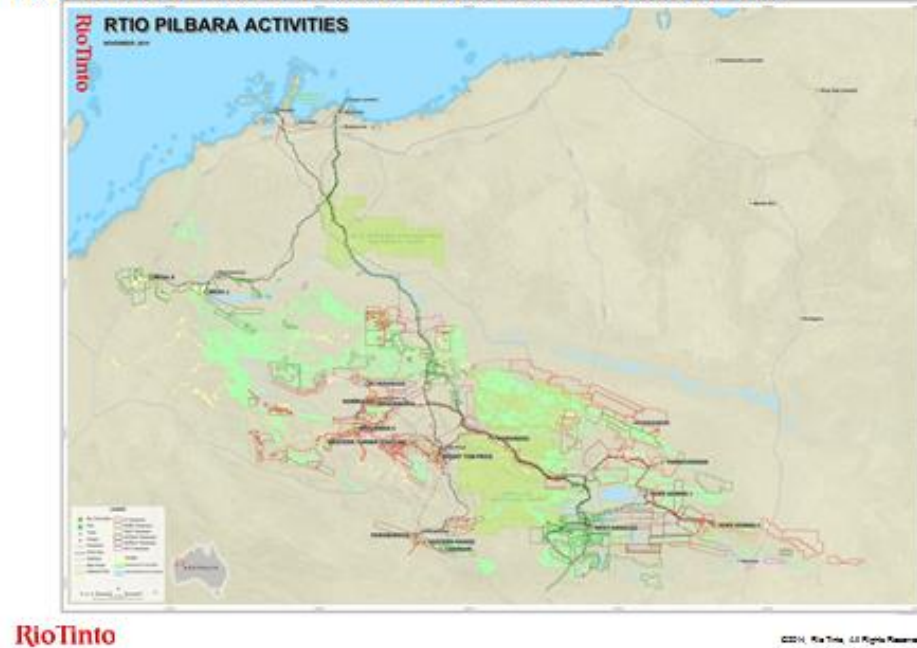
Compliance Statements

Information in this presentation that relates to the Pilbara Exploration Targets is prepared by Mr Bruce Sommerville, a Competent Person who is a Fellow of the Australian Institute of Mining and Metallurgy.

Information in this presentation that relates to the Pilbara Mineral Resources and Ore Reserves as at 31 December 2013 are an aggregation of estimates as at 31 December 2013 that were as previously published on pages 217 and 221 of Rio Tinto's 2013 Annual Report and is available to be viewed on Rio Tinto's website (riotinto.com). To the extent that the information relates to the Pilbara Mineral Resources, it was prepared by Mr Bruce Sommerville, a Competent Person who is a Fellow of the Australian Institute of Mining and Metallurgy. To the extent that the information relates to the Pilbara Ore Reserves, it was prepared by Mr Leon Fouché, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy. Mr Sommerville and Mr Fouché have overseen the aggregation of the Mineral Resources and Ore Reserves data for inclusion in this presentation.

Mr Sommerville and Mr Fouché are full-time employees of Rio Tinto Iron Ore and have sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity which each has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Sommerville and Mr Fouché consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Rio Tinto Pilbara Lease Holdings and Geology



Slide 43 – Sector-leading Energy business

28 November 2014
Sydney



Sector-leading
Energy business

Harry Kenyon-Slaney, chief executive, Energy



Thank you, Andrew, and good morning everyone.

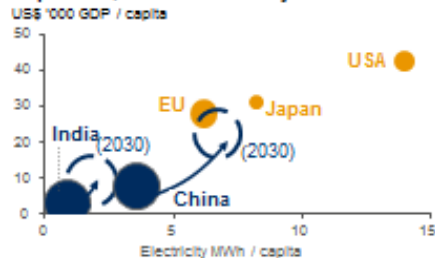
Today I'll provide you with an update on our Energy portfolio, with particular focus on our Hunter Valley operations.

Our assets in the Hunter Valley are world class, and following the deep and aggressive improvement programme undertaken over the past two years, we believe the Energy business has an important role to play in delivering long term shareholder value.

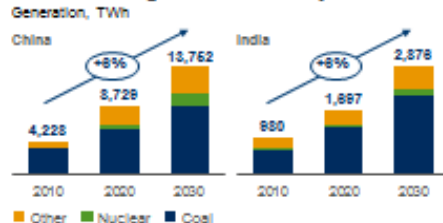
Slide 44 – Asian energy demand growth remains positive

Asian energy demand growth remains positive

Population, GDP and electricity¹



Asian demand growth for electricity¹



¹ Global thermal coal long-term outlook: IIR 2014, WoodMac Intelligence, July 2014

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- Challenging current conditions but supply response
- Emerging Asian economies driving steady increase in energy production
- Coal provides low-cost, secure and rapidly deployable base load energy
- High-quality coal increasingly demanded for efficiency and air quality
- Chinese nuclear programme economics remain significant
- Japan on a path to return to nuclear power

It's no secret that coal and uranium producers have been facing tough market conditions, and the short-term outlook remains challenging as prices remain weak.

Economic growth has slowed in China and the markets for both products are oversupplied.

However, in recent months, we have begun to see signs of a market response to correct this supply imbalance.

If we look ahead, beyond the current difficult conditions, we see a more positive outlook underpinned by strong, long-term fundamental trends.

Today, coal provides 40% of the world's electricity and supports 70% of the world's steel production. It is a cost effective and abundant energy source with an important role to play in the global energy mix.

Energy demand continues to grow. Globally, it grew by 50% between 1990 and 2011 and is expected to grow by a further 40% to 2035.

The next phase of energy demand will be driven by continuing – albeit slower – growth in China as well as through further urbanisation in India and other parts of south-east Asia.

As these nations continue to industrialise, their demand for electricity will increase, with Chinese consumption per capita expected to reach levels close to that of Europe and Japan by 2030.

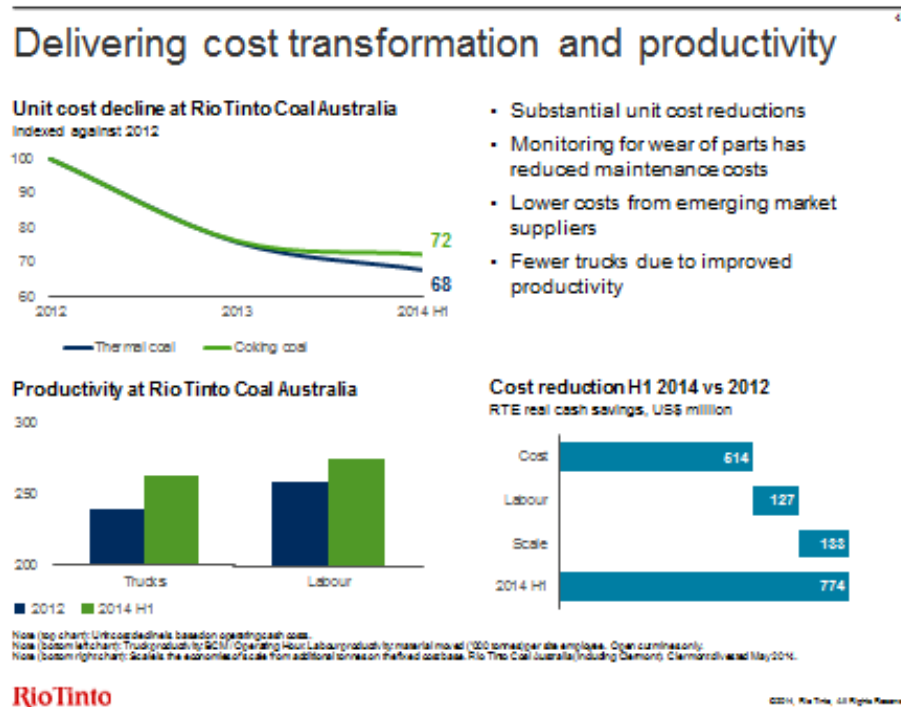
Much of this increased demand is expected to be met by coal – which is the cheapest and most readily available source of energy. We expect the drive for greater efficiency in power production and improved air quality to generate rising demand for high quality coal. This aligns with our product mix.

The economics of nuclear power are also attractive in China, but the nuclear fleet will only be able to supply a modest portion of the base load power required in coming decades.

The recent Chinese free trade agreement will offer opportunities to our Australian uranium operation, and we welcome the federal government's recent

announcement to allow supply of Australian uranium to India once appropriate regulations are in place.

Japan is also on a path to return to nuclear power with two of their reactors recently approved for restart early in 2015.

Slide 45 – Delivering cost transformation and productivity

For some time now we have been in the fight of our professional lives in energy...striving to return our coal and uranium businesses to profitability and to ensure the changes we are making are enduring and sustainable.

A number of our competitors in the thermal coal market have struggled to remain cash positive, with some forced to suspend operations.

At this seminar last year, I outlined the success of the transformation programme that had been initiated across our Australian coal business, which has delivered the bulk of our cost savings.

This work has been hugely important, and given the ongoing challenging environment, we will be targeting further improvements in productivity and costs in the year ahead.

Between 2012 and the end of the first half of 2014, \$28 a tonne in operating cash costs have been removed from our Australian coal business delivering over \$600 million in cash cost savings.

Other businesses in the Energy product group have delivered a further \$200 million in savings, bringing our contribution to Rio Tinto's overall cost saving target to just under \$800 million.

The savings have been derived from both cost reduction and productivity improvement. About 20 % of the savings are from negotiating lower prices from our suppliers, but the rest come from reducing the demand for goods and services and increasing the productivity of our people and equipment.

I would like to illustrate what we have been doing with a few of the many examples.

We have changed our maintenance tactics, locking in \$45m in annual savings by adopting new practices for monitoring the wear on parts, and then replicating these practices across every site.

We have achieved between 30 and 70% cost compression by finding alternative suppliers of parts and equipment in emerging markets.

Our employee and contractor numbers are now 22% below the peak in 2012 with reductions made right across the business. Despite these reductions, we are still delivering increased volumes of product.

And finally, since 2012, the Australian coal business has delivered a 10% increase in truck productivity and is moving more material but with 14% fewer trucks.

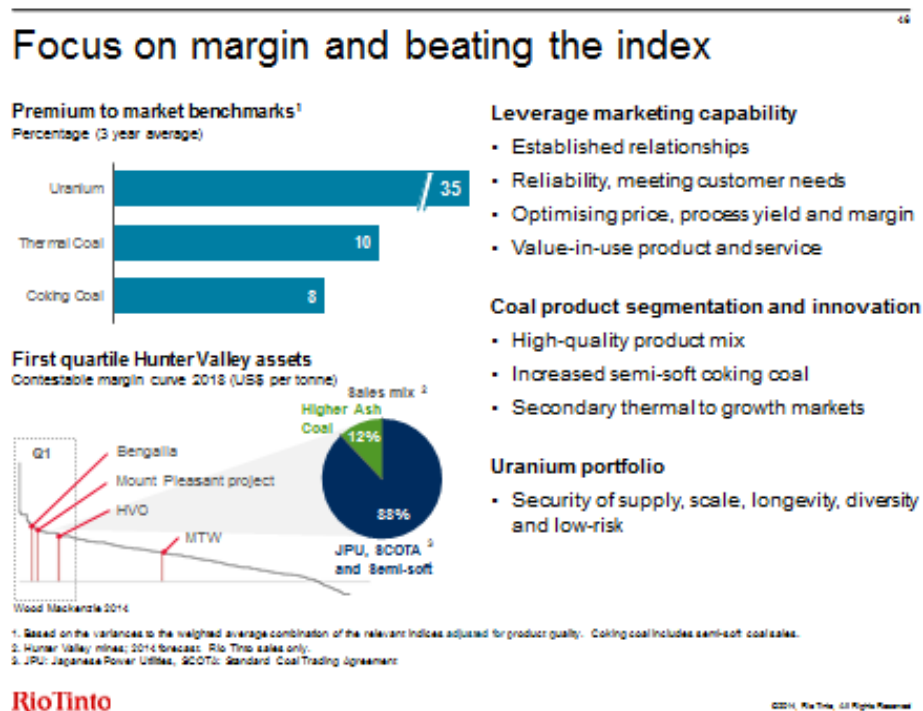
I'd like to cite one final example that demonstrates the cultural change we have made in this business through the transformation programme.

Our Hail Creek coking coal mine was faced with a very serious challenge as the coking coal market deteriorated. As prices fell the very viability of the operation was in jeopardy and the team at Hail Creek rose to the challenge and have reduced unit costs by more than 30%.

In this case it wasn't just about cost. It was about being innovative in tackling the problem. Not only has Hail Creek reduced costs and improved overall product yield, but by working closely with their marketing colleagues, they developed a new thermal coal product that we are now selling into a targeted market segment in India.

As you can see, this business-wide transformation and the commercial focus and discipline we have engendered in our people, have delivered impressive results which I believe position us very well to improve shareholder value as markets recover.

Slide 46 – Focus on margin and beating the index



The success we have achieved at Hail Creek is just one practical example of our value-driven mine-to-market approach.

Our objective is to combine excellent operational practice with smart commercial judgement so that we are able to maximise the value we derive from each step in the chain.

We've worked hard to improve our operational performance. The increases in productivity, and the associated cost reductions, mean our coal mines all remain cash flow positive and the majority sit in the lowest quartile of the cost curve.

The work of the coal and uranium marketing teams is also very important in delivering value to the business.

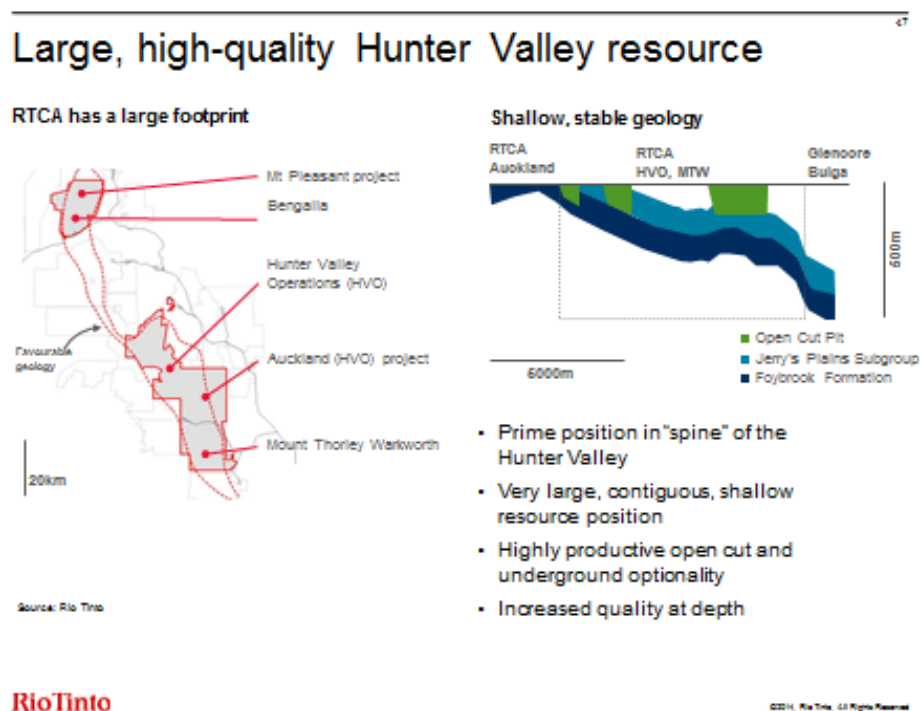
We retain deep and enduring relationships with our customers, a position that has enabled us to contract to supply product over longer terms.

Importantly, our marketing expertise has also delivered a price premium to spot market benchmarks.

On average over the past three years we estimate this premium to have been 8% for coking coal, 10% for thermal coal and 35% for uranium.

Another example of our marketing success is development of the semi-soft product, originally created by Rio Tinto for customers in Japan, Korea and Taiwan. Rio Tinto is considered a benchmark producer of semi-soft coal and on many occasions leads market pricing for this category. We have been able to adjust output of this product in recent years to deliver improved margins at our Hunter Valley sites.

Slide 47 – Large, high quality Hunter Valley resource



I'd like to turn now to our world class assets in the Hunter Valley.

Rio Tinto, through its subsidiary Coal and Allied, operates some of the best positioned assets in the region.

On the map on this slide the dotted red lines define the premium coal geology and our assets are shaded in grey. As you can see all are positioned within the premium 'spine' of the coal district.

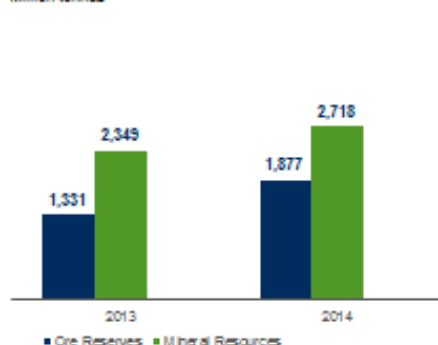
Widely regarded as the best thermal coal region in the world, our assets in the Hunter Valley are located close to existing rail and port infrastructure. Rio Tinto also owns a share in Port Waratah Coal Services, which is 80 kilometres away at the Port of Newcastle.

We operate three mines in the region: the Hunter Valley and Mount Thorley Warkworth mines near Singleton, and Bengalla near Muswellbrook. The mines are located in an area with favourable geology for open cut operations, with shallow, thick seams and little geological faulting.

Slide 48 – Significant increase in reserves vs 2013

Significant increase in reserves vs 2013

Hunter Valley coal resource upgrade^{1,2}
 Million tonnes



- Ore Reserves increase by 546 Mt to 1,877 Mt
- Mineral Resources exclusive of Ore Reserves increase by 369 Mt to 2,718 Mt
- Extensive drilling program provides high confidence level
- Continuing to examine asset base for further opportunities

[illegible]

In the last year, considerable work has been done to prove up our resource base in the Hunter Valley, and to assess opportunities for expansion.

As a result of our geological studies, we have today announced a significant increase to our thermal coal reserves and resources in the Hunter Valley.

More than 500 million tonnes of ore reserves and another 370 million tonnes of mineral resources (in addition to reserves) have been added to our Hunter Valley inventory.

These additions mean that our current reserves and resources could support 80 to 100 years of operation at current production levels.

An extensive drilling programme over many decades means we have a high confidence level, and understanding, of these assets.

This is a truly rich ore body with significant optionality to deliver value in the future and, as you would expect, we continue to examine all of the assets for further opportunities.

Slide 49 – Unlocking value through synergies

Unlocking value through synergies

Hunter Blend synergies

Working
together
as one system



- Applying a Pilbara-type network approach and operating our assets as one system
- Optimising current operations and increasing production volume at low cost
- Developing blended coal products to suit current and new market segments
- Establishing an Operations Centre and leveraging Excellence Centres

Our world class assets in the Hunter Valley present a number of low-capital, growth options for the future.

We have been working to develop a 'networked' plan for the Hunter Valley to allow us to operate our assets there as one system, unlocking value through synergies.

In a similar way to the network structure in the Pilbara, the Hunter Blend project involves optimising the current operations and increasing production volume at low cost, developing a range of blended coal products that meet the needs of current customers and enable us to target new market segments.

Under this project we are working to deliver value, equivalent to developing another mine, by leveraging our existing assets, maximising infrastructure utilisation and increasing margins.

By progressively developing existing and future mines - both open pit and underground options – we have the potential to keep our wash plants fully utilised for decades to come.

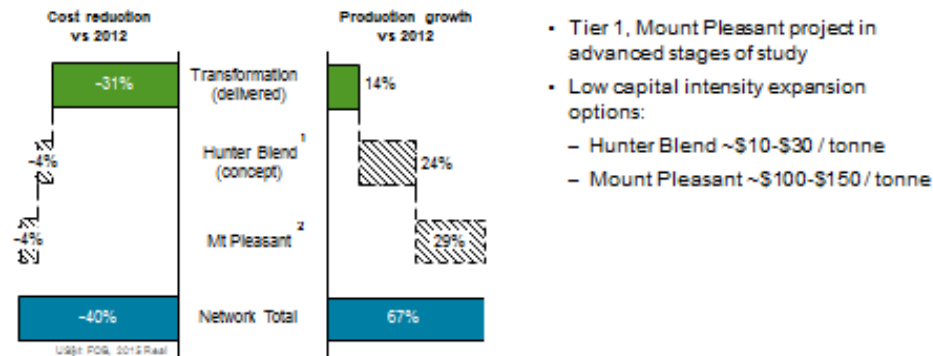
As I mentioned, the system design has parallels to how we operate in the Pilbara, and will include an Integrated Operations Centre to be established in Singleton in early 2015. This centre will manage vehicle dispatch and asset health functions initially for our Mount Thorley Warkworth and Hunter Valley Operations sites. Other open cut coal operations in NSW and QLD will be added later, allowing us to integrate and optimise performance.

We are also making use of existing in-house Rio Tinto technology capabilities, like the Processing Excellence Centre located in Brisbane, to ensure our wash plants are operating efficiently and delivering optimal yields. This work is already delivering results.

Capital expenditure requirements for the Hunter Blend project are an attractive \$10 to \$30 per saleable tonne

Slide 50 – Low capital intensity expansion options**Low capital intensity expansion options**

Rio Tinto Coal Australia expansion options



¹ Planning at concept stage only.
² Planning at Order of Magnitude stage

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Another attractive low capital expansion option is the Mt Pleasant project.

Mt Pleasant is located adjacent to the Bengalla mine and is in the advanced stages of study. It has a capital intensity of between \$100 and \$150 per saleable tonne with an expected capacity of 8.5 mtpa of saleable product.

It is the largest undeveloped deposit in the Hunter Valley and will produce high quality coal, has a low strip ratio, possesses existing consents and has secured rail and port capacity.

In addition its proximity to the Bengalla mine also presents opportunities and synergies for both operations.

The Mt Pleasant and Hunter Blend projects are both excellent opportunities to further improve the overall efficiency of our operations in the Hunter Valley and to maximise the synergies that exist across the business.

Whilst our world class resource base offers a range of further brownfields opportunities, these two projects, when combined with the existing business transformation

programme, effectively deliver 67% volume growth and a 40% cost reduction against 2012 levels.

Slide 51 - Transformed business, well-positioned to meet growing Asian demand

Transformed business, well positioned to meet growing demand from Asia

Markets at cyclical low but Asian electricity demand growth underpins recovery

Operations and marketing excellence delivering on volume, cost and price to maintain positive margins

High-quality resource bases provide options for the future

Leveraging our premium position in the Hunter Valley through further network productivity, low-cost expansions and synergies



Mount Thorley Warkworth, New South Wales



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In summary, our energy business has been transformed.

We are much leaner, more productive and more commercially-focused.

We have re-engineered our business around a simple and clear objective of maximising sustainable value to shareholders.

Demand for energy from our Asian neighbours is forecast to grow, and our businesses are well positioned to meet this increase.

Our operations and marketing teams are delivering excellent results, and our resource position is extensive and located within established, high quality coal and uranium basins.

Finally, considerable work has been done to leverage our favourable position in the Hunter Valley and to extract operating synergies from across both existing mines, and potential new production capacity.

This will be done by running our mines, and the associated coal logistics network, as one system which will improve efficiencies, offer greater value and be under-pinned by our strong and enduring relationships with customers.

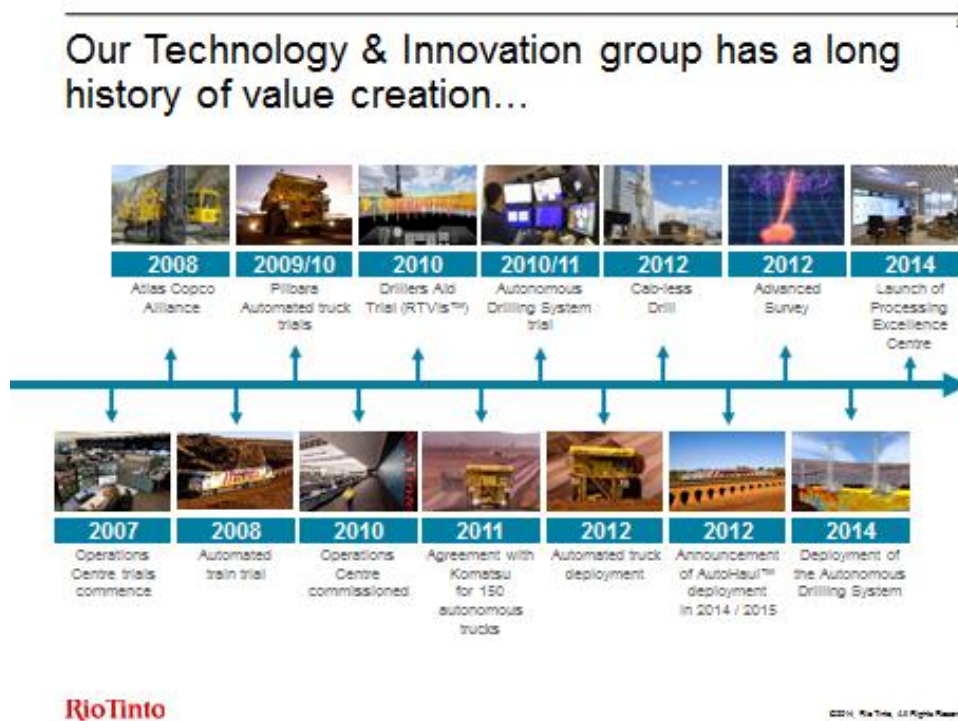
This work has started, and will be our main focus in 2015.

The business environment for coal and uranium remains tough but the actions we have, and will be taking, are delivering the desired result of a better business that is better positioned to deliver better results for shareholders when conditions improve.

Thank you.

Slide 52 – Creating value from operating excellence



Slide 53 - Our Technology & Innovation group has a long history of value creation

Thanks Harry.

I've now been at Rio Tinto for almost 25 years and my long experience in the Pilbara has given me direct involvement in many of our major new initiatives.

I am now championing the replication of such best practice across Rio Tinto. And that's entirely in line with the culture of operational and commercial excellence which runs through the whole organisation.

A number of years ago, we saw the significant innovations across other industries and asked ourselves which of these could we apply to our operations, in order to improve safety, reduce costs, and enhance productivity. This journey started back in 2007 and we believe we have built a unique first mover advantage.

Technology is changing the industry. A number of our competitors are adopting similar programmes but remain years behind us. It's not just about using technology, it's harnessing it to deliver material improvements in productivity. Our Pilbara Operations

Centre is a shining example – enabling us to optimise our rail, mines and ports across the Pilbara, delivering material value to shareholders.

This timeline here shows that we have delivered a steady stream of innovation projects. The introduction of autonomous trucks began back in 2009 and is now being rolled out across the Pilbara delivering tangible savings and utilisation improvements.

Our fleet of autonomous trucks, the largest in the world, have moved over 200 million tonnes of material.

In 2010, we began to trial automated drill rigs. These give us real-time 3D models of our resources literally at the mine face, so that we can better identify ore from waste. This step-change in technology is delivering meaningful value to the business as we roll it out across the Pilbara. At West Angelas, now the world's first fully autonomous drill site with six autonomous drills in place, we have already used this technology to increase ore recovery by 2 per cent.

Slide 54 ...and these innovation and productivity improvements continue to be rolled out across the Group

...and these innovations and productivity improvements continue to be rolled out across the Group ²⁴

Key innovation	Where deployed	Value delivered	Future applications
Productivity programmes	<ul style="list-style-type: none"> Group wide 	<ul style="list-style-type: none"> Improved asset reliability Reduced operating risk 	<ul style="list-style-type: none"> Continue to roll out across the Group
Equipment automation	<ul style="list-style-type: none"> Pilbara Hunter Valley 	<ul style="list-style-type: none"> Improved safety +14% truck utilisation -13% load and haul operating cost x3 drill labour productivity & real time ore body data 	<ul style="list-style-type: none"> Autonomous drills: Coal Australia 2016 Other Iron Ore 2016 AutoHaul™ commissioning during 2016
Mine automation systems ("Big Data")	<ul style="list-style-type: none"> Pilbara Hunter Valley Kennecott 	<ul style="list-style-type: none"> +2% high grade ore at West Angelas through RTVis™ 	<ul style="list-style-type: none"> Full Pilbara roll out 2016 Coal, Copper, Boron and other sites underway
Operations & Processing Excellence Centres	<ul style="list-style-type: none"> Perth Operations Centre Brisbane Processing Excellence Centre (PEC) Pune Analytics Centre 	<ul style="list-style-type: none"> PEC: +US\$50m cash flow 	<ul style="list-style-type: none"> Hunter Valley Coal Operations Centre 2016 Canada PEC 2016

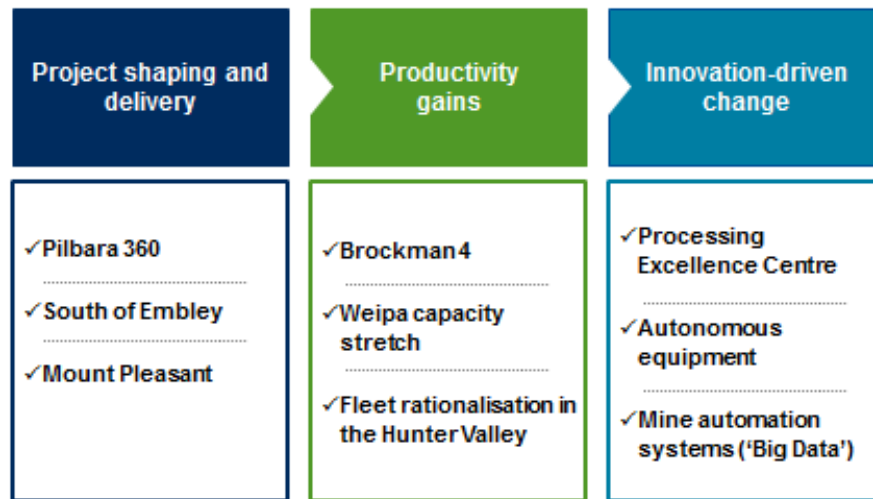
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And really, we have only scratched the surface of the possible applications of these technologies outside the Pilbara. We have taken our autonomous drills to trial at one of our coal mines in the Hunter Valley which should not only help increase drill labour productivity three times over, it will also give us real time ore body knowledge to improve coal recoveries.

Our Processing Excellence Centre in Brisbane is improving the operating efficiencies at our copper and coal sites around the world using real-time data analysed by world-class subject matter experts.

And Harry has already mentioned the potential benefits of our planned Hunter Valley operations centre.

Slide 55 – Operating excellence delivers significant value...**Operating excellence delivers significant value**

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However, let me be clear, our role is to make technology and innovation deliver real value directly to the bottom line.

Our first consideration is choosing and shaping the right projects for the business to be involved in. I'll talk more specifically about our role in this on the next slide.

The second area is delivering productivity improvements and this has been our main focus in 2014. We've worked with all the product groups to help deliver more, for less. And the real beauty of achieving productivity improvements is that they're not just one-offs, they deliver the same benefits year after year. I'll come onto a more detailed case study with Brockman 4 in a moment and Harry just mentioned the impressive improvements in truck utilisation rates in the Hunter Valley.

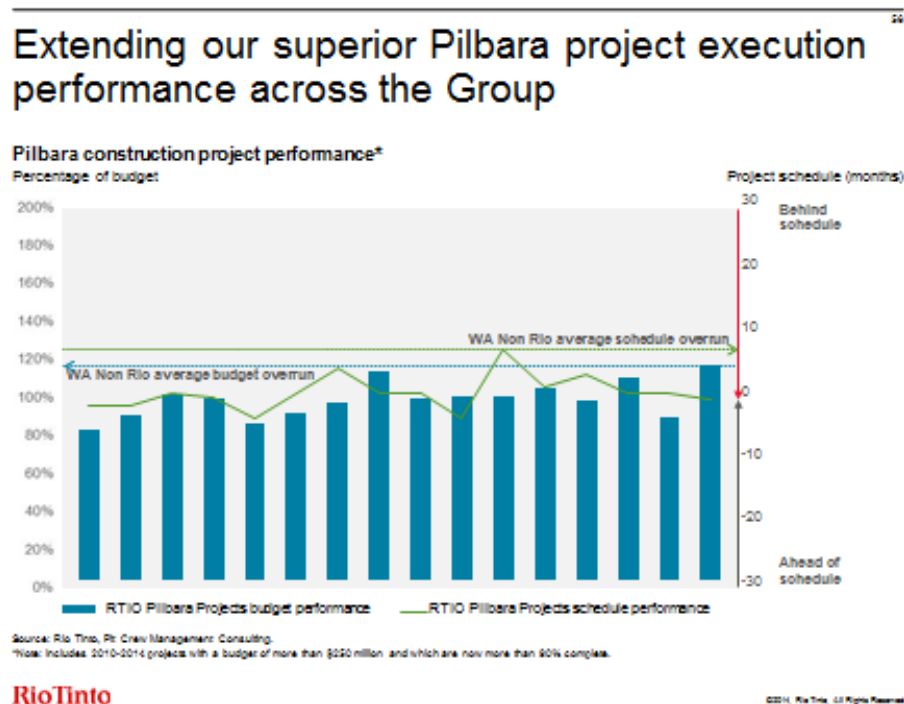
The third area focuses on using technology to create step change improvements. Our autonomous trucks in the Pilbara are a fine example. We have 57 in operation today and plan to increase to around 150 by the time we complete 360. Our autonomous trucks deliver 10 to 15 per cent higher utilisation as they don't stop for lunch or comfort breaks. They are more fuel efficient and require less supporting infrastructure. As Andrew said

earlier, they are also operationally safer and, at the Hope Downs mine, we're exceeding manned effective utilisation by 14% and have decreased load and haul operating costs by 13%.

We now have our best driver in every autonomous truck.

There are many more examples which we don't have time to go into but I'm more than happy to talk to these in Q&A or over coffee afterwards.

Slide 56 - Extending our superior Pilbara project execution performance across the Group



In early project stages, Shaping is critical and T&I has a key role to play. If a project gets off on the wrong foot, the outcome is at best wasted time and effort, at worst a missed investment or divestment opportunity.

From there, we select the optimum development pathway to maximise the project's value, which in turn will become a business proposal. Sometimes the results don't confirm

previous beliefs and projects are stopped or re-engineered as a result. This is also a valuable outcome.

Our independent Technical Assurance team also has a critical role to play as one of the gate keepers in the capital allocation process. They review all investment proposals before any approval takes place.

This is all about doing the right projects.

And now I'd like to talk about doing the projects right.

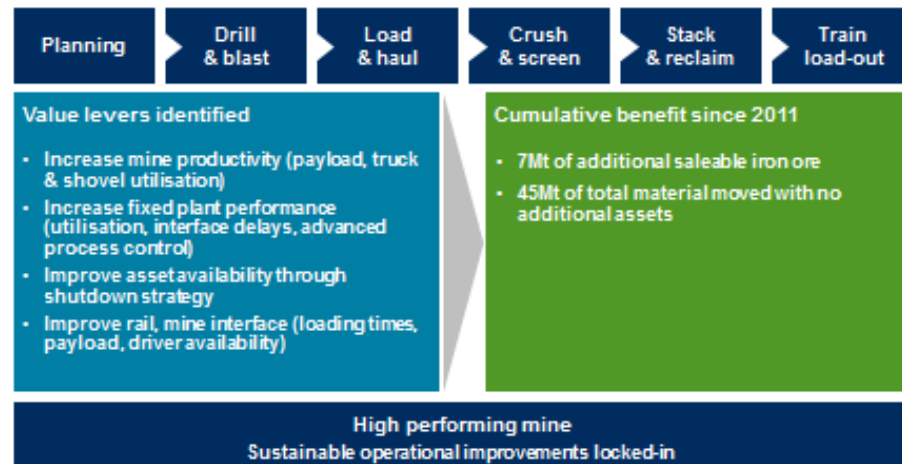
As you can see from this graph, our Pilbara projects team, headed by David Joyce have an impressive track record in delivering mega projects on time and on budget. It would be fair to say that our comparable delivery performance outside the Pilbara has not been as strong. To replicate this performance, we have now brought David and his team to head the delivery of all major projects across the Group, which now of course includes Kitimat.

This is another example of taking best practices from one part of the Group and leveraging them to the benefit of the entire company and ultimately, shareholders.

Slide 57 - Productivity case study – Brockman 4

Productivity case study - Brockman 4

Value chain analysis & prioritisation



RioTinto

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Let me take some of the productivity improvements I've been talking about down a level, to give you a bit more granularity

Mining operation involves a number of components like planning, drill & blast, load & haul, crush & screen, stack & reclaim and train loading. Improving only one component in isolation may have limited value and trying to improve all components without a focus on the real bottlenecks can be counterproductive. Our programme identified the real constraints across the entire value chain and removed them to achieve higher system throughput.

80 possible initiatives were identified at Brockman 4 and were quickly narrowed down to 14 key initiatives, to deliver 7 million tonnes of additional saleable iron ore and an additional 45 million tonnes of material moved, without introducing any new assets.

And this is just an example from one mine. Of course we have 15 mines in the Pilbara and more than double that group wide. So you can see the depth of opportunity we have and why it's been such a big focus for us.

Delivering more, with less will be a common theme across Rio Tinto for years to come.

Slide 58 – Delivering significant value to the Group

Delivering significant value to the Group

Delivering high-quality investment options from reduced spend

Embedding the Pilbara's sector-leading project capability across the Group

Relentless pursuit of productivity gains

Rolling out proven technology & productivity platforms across the Group

Continue to lead the industry in step-change innovations

Rio Tinto

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In summary, let me leave you with a few overarching messages.

We are delivering high-quality investment options at reduced levels of spending.

Our team has a superior track-record in the Pilbara and is now responsible for all project delivery across the Group. We'll leverage our expertise to achieve similar results.

We are creating significant value by leveraging technology and innovation to deliver projects, improve productivity and introduce innovations which can take us to new levels of commercial and operational excellence.

My focus is on taking best practices and rolling them out across the wider Rio Tinto Group to maximise margins and capture this value for years to come.

Our investment in step-change technology and innovation has created capability to deliver improvements and consider opportunities that are closed to many of peers.

Slide 59 – Rio Tinto value proposition

The Rio Tinto value proposition



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Thanks Greg.

Next week we will be hearing from our three remaining product group heads in London, not least our aluminium business, which we think offers exceptional returns and significant growth.

I'd like to thank my executive team for their support over the past 20 months. They each bring specific abilities and experience, and I am looking forward to reaching further milestones with them over the coming years.

Let me summarise with some key points.

Over the past two years we've invested wisely, we've taken out costs and we've transformed the business.

Last year, we said that we'd focus our efforts in 2014, on net debt reduction, and we've done exactly that. We've achieved our 'mid teens' target. Our balance sheet is strong and ideally suited to the current economic environment.

Commodity prices are subdued, but our views on the long term outlook, remain unchanged. Our Pilbara 360 project delivers exceptional value to you, our shareholders. And looking forward, we are committed to further reducing our costs.

We run Rio Tinto for the benefit of our shareholders. The delivery of our progressive dividend is a key commitment.

Looking out over the next five years, we expect to generate strong free cash flow, and we remain committed to materially increase cash returns to shareholders in a sustainable way. I truly look forward to announcing this at our annual results in February next year.

But for now over to you for questions.

Q&A transcript

SAM WALSH (Chief executive):

Perhaps with that if we could open up with questions and if you can be brave enough to state your name and organisation please. A mike is on its way.

QUESTION:

Just a couple of questions around coal, topical at the minute given what's in the background, Glencore recently took some large provisions for take-or-pay contracts, some hundreds of millions, and their claim was there is a 100 million tonne of take-or-pay in coal at the minute that's not being used, so whatever that is, 15 bucks a tonne, some 1.5 billion for the industry. Can you just remind us of Rio's position at the minute?

And secondly on Mount Pleasant, because it got some airtime today, clearly in New South Wales tough to get coal mines up, not impossible, obviously Maules Creek up and

running, but I know Mount Pleasant had some issues in the past. How do you feel about the kind of community support at the minute for that project?

SAM WALSH:

Harry, perhaps if you could help with that?

HARRY KENYON-SLANEY (Chief executive, Energy):

Yes, thank you. Firstly in respect of take-or-pay contracts we are very comfortable with our position. We have a significant suite of assets in the Hunter Valley; we carefully manage those assets. As I have explained today, we are focusing on running those in a more streamlined and sort of consolidated way and we are very comfortable with the position that we have.

In respect of Mount Pleasant, yes, Mount Pleasant has been around for a long time, it's an excellent project, it's low cost, it's large, it's got a low strip ratio, it's fully consented and it sits adjacent to our other operation, Bengalla. We are very comfortable with the position that we are in. In due course we will make sure that it goes through the appropriate rigorous approvals processes within the Company and we will be announcing in due course how that unfolds.

SAM WALSH:

Thanks Harry. The Board visited, and I visited, the Hunter Valley yesterday and it was a very impressive tour. During the presentation a colourful character, Paul Ernst, who runs the operation, talked about the issues of the local community. He pointed out his house,

and he said, 'I am the mine's closest neighbour'. And obviously it makes him extremely sensitive to how we are performing, noise level, and what-have-you. I think that sort of approach, that sort of focus, does put us in a special position.

Another question? We have one here – don't worry, we will move round.

QUESTION:

A question for Andrew on capex and iron ore capex. Andrew, just to confirm that guidance for the 360 project has dropped from \$120-130/t down to \$110-120/t and if you just talk about where the drop in capex guidance has come from - clearly some from Silvergrass - but can you maybe go into a bit more detail?

And then a question for Harry on the Hunter Valley, clearly topical and has been for the last three or four months, is the potential for a joint venture with Glencore; there are some clear synergies between tying up the assets. Now we know that you have the biggest resource base, you have got the best growth potential and clearly there is more to be done on your assets with what you have outlined today, and I would expect that Glencore would have to make an equalisation payment to Rio if the joint venture went ahead. But there is some clear value for Rio Tinto shareholders there, so I am just getting your thoughts about why this is not being progressed?

SAM WALSH:

Andrew, why don't you take the first one and, Harry, I'll take the second one.

ANDREW HARDING (Chief executive, Iron Ore):

Sure. Thanks. From last year's presentation I talked about the capital intensity being in the range \$120-130/t and this year I am talking about it being \$110-120/t, so you have got an eagle eye, and that is an improvement change that you have noted.

The reduction in capex is from many, if not most, of the projects over the full time-frame that the 360 programme has been running, and I would remind people that back a few years ago we actually took the Brockman 4 concentrator out. It made a massive difference to capex and that helped reduce capital intensity at that stage.

And using Silvergrass as an example of this most recent step-down, when I talked last year about the capital deferral that was available because of the brownfields we'd prior to that talked about \$5 billion capex, and then \$3 billion of that being deferred through pushing back Koodaideri; most of the rest of the remaining \$2 billion was associated with Silvergrass. Now I am saying that Silvergrass is a billion dollars and we are deferring that. So there has been substantial changes in those programmes over time. Not all of them get to be improved but most of them are improving and it is a programme that has been running for years. Thank you.

SAM WALSH:

Thanks Andrew. And in relation to your second question, from time to time people come to us with all sorts of proposals and the way we look at these are on the basis of value – is it actually going to generate value for our Shareholders by us continuing with the transaction?

Now we have a total open mind if there is somebody out there that's going to offer us a price that offers more value than we see in an asset but importantly, as I have said before, this is not market day at the bazaar. As Chris has pointed out, this Company does not need to generate additional cash, we are happy with our debt level and we are not about divesting of things purely and simply to tick a box or to keep someone happy out there.

We did divest \$3.5 billion of assets since the beginning of 2013. We have in fact divested \$17.5 billion over the last five years, so we have gone through and tidied up our portfolio. Now sometimes we can make a transaction work and Clermont was clearly an example of that, it was a transaction that generated value for Rio Tinto.

In other transactions, and there is a range of them, they didn't pass muster, didn't make sense. There may be synergies, well that's terrific, but if you lose your shirt going into a transaction like that then it doesn't matter what the synergies are. You have got to get the fundamentals right and then you look at the synergies beyond that. It is not a matter of just wading in because somebody thinks there is a synergy value.

Do we have another question? Why don't we take one from the back – you see, I am fair-minded.

QUESTION

Thanks Sam. The first question is for you. You made quite a point at the end there about materially improved cash returns to shareholders and I guess my question was do you believe that the Company has excess capital at the moment to actually deliver that return or would the Board be considering future free cash flow and would that return be in recognition of future cash flow as opposed to excess capital that the Company has at the moment?

And then my next question is for Andrew. Just on the \$35 a tonne target long-term for CFR delivered to China cost, you made reference to BHP going from \$26 to \$20 C1 and I am just wondering with that \$35 whether you could share the AUD assumption and the C1 cost assumption so we have got a like-for-like number to compare? Thanks.

SAM WALSH:

In relation to the first question, yes, I did emphasise, and I am pleased to hear that I made it clear, that we are committed to materially increasing shareholder returns at our announcements in February.

But somebody picked up something during the earlier discussion and issued a report saying that, well, the use of the word “sustainable” means that we are watering down our commitment. No, sustainable means ongoing, it means continuity, it means a Company very focused on shareholder returns. It does not mean we are watering down our commitment in any shape or form.

Now somebody else put out an article and said, well, they are walking away from buy-backs. The Board actually hasn’t determined exactly how much and in what form we are going to make the material increase in shareholder returns. The Board has a number of options - and we have provided that to the Board – and I am sure the Board with all of their wisdom will actually get exactly how its passed through to shareholders in the form that meets shareholders’ needs. But let me emphasise, we have made no comment about backing away from the notion of buy-backs.

In relation to, do we have the cash to do what we are doing? Yes, we do, and Chris you might add to it, but for those who have been alert during the presentation, we have

reduced our cost, we have reduced our debt, we have substantially reduced our capital and that's put us in an incredibly good position to materially increase shareholder returns. Chris, did you want to add to that?

CHRIS LYNCH (Chief financial officer):

Not a lot to add really, Sam. I think we are in a dangerous time period here because we are so close to the end of the year and so I just want to be a little bit circumspect about that but we have both generated and balance sheet capacity. The range, the gearing ratio that we are talking about, we'll move to that basis, we'll stay in the conservative end of that in the current period but you'll hear a lot more and get a lot more comfort I think in the full year announcements.

SAM WALSH:

Okay, thanks Chris. And Andrew, would you like to comment on Iron Ore costs.

ANDREW HARDING:

Yes. Back in 2012 when we were sitting at about \$47/t CFR to China cost, the target was set for \$35 and actually \$35.50 cents at the time. We are well on the pathway to that, now approaching \$40/t.

And I know you want some more granularity on the C1 costs and to date I have resisted giving it, and given that I have resisted it for two years I can't see any harm in me resisting it for several more. But we are on a good trajectory and I suppose it doesn't take much

imagination to think about the fact that if we finished at \$20.40/t in the first half then we are likely to be going under \$20/t. But I am not going to say any more than that. Thank you.

SAM WALSH:

Yeah importantly we are in a very privileged position with our Iron Ore business. It is an incredibly strong team, an incredibly committed workforce with an incredible track record of delivery. You have just heard Andrew; he is heading to below \$20 a tonne.

Do we have another question?

QUESTION:

Thanks. There are two questions from me. One for Chris: it sounded like you are pretty comfortable with the credit rating going from A down into the BBB range, and I sort of read you saying that credit rating agencies will do what they do. That seems a pretty big step back from Rio who, for the last couple of years, have been using that A rating as a sort of external measure that your capital allocation decisions have improved internally, so can you just talk us through the difference between A and BBB and if you are happy to let it drop?

And the second question was for you, Sam, just picking up on something that you said before – where did I write it down? - the views on long-term prices remain unchanged. Now it's quite interesting that we have seen you talk through some fantastic cost savings, 20/25 per cent plus reduction in unit costs, big capital intensity savings, surely that has to drive, at some point in time, some changes in expectations on long-term prices. Now it might not be there yet but is that the thought process that you are working through at the moment?

SAM WALSH:

Chris, why don't you answer that?

CHRIS LYNCH:

Look, our issue to capital management has actually not changed. The key issue, what we do with capital management, is what we think is best for this Company and this Company's shareholders. Now we actually think that, what we are talking about, will be supportive of an A rating but, as I've said, that's purely a function for the rating agencies to determine but they will do that in the fullness of time. But our process is to say we are committed to having a strong balance sheet - whether that results in an A rating or not is up to the rating agencies.

SAM WALSH:

In relation to our assumptions on long-term prices, I think most of you know we have an independent group within our corporate headquarters, Rio Tinto Economics, that establishes our long-term assumptions for commodity prices, for energy prices, for exchange rates and so on. That group, in conjunction with the Product Groups, conducts very detailed analysis not only of where supply and demand is going to go but obviously where unit costs are going to go as well. The group works to take all that into account in terms of their modelling and what-have-you.

The point that I made, long-term prices are clearly different to what prices are now, some are up, some are down, it depends on the view of Economics, but importantly as we've

moved through this past year, the group going in and re-testing prices, we have not seen any fundamental shifts in their long-term view of the market. Now these are the prices that obviously we make investment decisions on. Some people say, well, iron ore shifted today, doesn't that worry you? Well, of course it's of great interest to us but it is not on that basis that we make very long-term decisions in terms of our projects.

One more question in the room and then I have got to go to cyberspace for the next question, on the phone line.

QUESTION:

Thank you. I just have a question with respect to the short-term iron ore market, given that there is increased supply from companies like yourself and I suppose Roy Hill coming on next year, I am just wondering if you have made an assessment on where some of the other supply may be shutting? You've mentioned some of those so far.

And the second question is, a little bit more longer-term focus on the iron ore market, when do think Simandou, in terms of the development profile, could have an advantageous entry into the market place with respect to overall demand?

SAM WALSH:

Look, I think in relation to the first question, Andrew, if you can help me with that? And Alan Davies is anonymously in the audience – it will serve him right for being here – I will get Alan to answer the second question about Simandou because Alan's team is handling that. Andrew.

ANDREW HARDING:

Clearly you are right, at the moment there is a dynamic with substantial increased supply into the market place. I am not going to comment on individual companies that may be shutting down but give you a broad idea of the market response which is occurring as you would expect. In China and non-traditional supply countries the tonnage that has come out of the market is about 125 million tonnes and if you look at any sort of cost curve for the industry that's broadly a very rational response and what you'd expect. Thank you.

SAM WALSH:

Thank you. Alan, why don't you talk about Simandou?

ALAN DAVIES (Chief executive, Diamonds & Minerals):

Thank you very much, Sam. So the process with Simandou is, as you know, we have the investment framework which was passed by the Government - from the Parliament - of Guinea, have separated the infrastructure given that it will be multi-user so will serve other parties, and we are focusing on the mine investment. Now it's a very high quality resource, 66-odd per cent, very low strip ratio, so we are treating it effectively as two projects.

We have issued tenders to national construction firms including Chinese construction firms and they're in the process of assessing that, and that will determine the completion of the Bankable Feasibility Study (BFS). An outcome of that will actually be the timing that the various construction firms think that they will construct the infrastructure, so we are working through that.

But clearly in terms of Rio Tinto, it is very complementary to the Pilbara, clearly we have views on the industrialisation and development of the industry going forward, but the timing will depend on the process we are going through at the moment. But we do commit to focus our investment very rationally, based on the parameters that Chris and Sam talked about being good for our shareholders, and it will focus on the mine.

SAM WALSH:

Yes, thanks very much, Alan. And I should say that Alan and his team are doing a great job in relation to how we are handling Ebola. Clearly we have quarantined our operations both at Simandou and CBG Bauxite. The preventative measures, the training, the development, the kits for employees and their families and so on I think have been first-class. I read a couple of days' ago that the WHO is saying that Ebola is stabilising in Guinea, that's important.

Now all that Alan has talked about has not really taken into account the impact that may or may not have on the development of the BFS. We are working offshore as well as onshore in the development of that and clearly getting the balance right there is important, but a lot of work going on. And as Alan said, really the Bankable Feasibility Study will actually nominate or dictate the timing for the project as we go forward.

Perhaps if I could take a phone question? We have got a couple apparently on the line.

QUESTION:

Hi there. There are a couple of questions. First of all, just in your definition of a material step-up in returns, is a 15 per cent increase in the ordinary dividend a step-up in returns in your mind?

And secondly, with IOC, you said it was making a 20 per cent EBITDA margin at \$85 a tonne which implies that of today it is making, what, \$10 a tonne, so barely free cash flow positive after maintenance and capex. If we see no recovery in iron ore prices would you consider the mothballing of IOC?

SAM WALSH:

Okay, let me take the first question and then, Andrew, if you could comment on the second. We have deliberately used the words “material increase” in shareholder returns to flag that we are very serious about this and hopefully it will be something that indeed pleases shareholders, but standing here today I do not have the power or authority to indicate exactly what that is going to be.

This is a decision for our Board, it's a decision that they'll make in the February time-frame, however, we did have a Board meeting during this week. I re-tested the words “material increase” in shareholder returns and the Board confirmed that that wording holds. So my apologies, I can't go beyond that.

Andrew, why don't you comment on IOC?

ANDREW HARDING:

Sure, Sam. A few points I would make. First of all, IOC has been running for over 60 years I think and in those 60 years it has seen some good times and some even tougher times than we are seeing at this moment in time, so if history is any guide I think there is absolutely no reason to mothball it. But if you look forward, there are two things that I would point to that are quite strong in indicating that it's a good operation and it will have an improving margin.

The first is that we have spent the capital to allow for a big volume change in the operation and that will be a move up towards 23 million tonnes from a base of around 16 million tonnes, so that rate improvement gives some substantial changes to a business like that, which has a lot of processing and therefore fixed costs as well.

I think the other thing I would point out is that we have had an ongoing improvement programme and we have recently changed a large number of the management team as well to take that improvement programme on to a faster track going forward.

SAM WALSH:

Yes, thanks Andrew. I should just comment that IOC's product is a premium product, low impurities, high Fe content, and it also picks up a value-in-use pricing advantage in relation to the 'value-in-use' that the product generates.

Another question from the phone line.

QUESTION:

Good morning, gentlemen. We have seen a steep decline in oil prices from over \$110 a barrel and they are now well below \$80 and it looks like it is going to stay down for quite a while. Do you happen to know what the sensitivity is for your business to the oil price, say, for a \$10 a barrel move at all?

Secondly, just looking at all the comments you have made on cost out, debt reduction etc, it would imply that in the current half that you've made further improvement on your working capital position. Would that be correct?

SAM WALSH:

Chris, why don't you pick up on oil prices and I'll cover working capital because it is very dear to my heart.

CHRIS LYNCH:

I don't actually have the answer on oil price, Sam, I'm sorry. I shall be able to give it at the next briefing. We will put it up on the website but we will include it in next week's briefing.

SAM WALSH:

Okay. Thanks for that question. Now, as I hinted, working capital is something very dear to my heart. I grew up in the car industry and 'just in time' flowed through from the Japanese car industry and minimising/optimising working capital has been something

that has been very focused. I think a number of you have worked out when you actually look at our numbers we are looking to significantly reduce our working capital this year, that is true.

Harry, I was delighted when we visited Hunter Valley yesterday, as part of the presentation there was a chart that actually showed how Hunter Valley has reduced its working capital, and it's substantial. As Chris said, we are sort of six weeks out of sync in terms of being able to give you the actual number for it, but it will be significant. It is something that's very dear to my heart.

I think a number of you know that around our operations we have cash generation officers – we have one in our head office – and we have actually also developed a working capital war room which enables me to wander down at any time and see how things are going and how the trend is following, and we are seeing some seriously good work across all of the business in that area.

Let's come back to the room and take a question from the back.

QUESTION:

Yes, thanks Sam. Two questions really, the first for Andrew on iron ore. Why does it take five years for Iron Ore Company of Canada to get from 16 million tonnes to 23 million tonnes now that the capital has been spent?

And secondly with regard to Orissa, there has been no real mention of India and Orissa and iron ore. Can you just give us a little bit of colour on what's going on there?

And secondly maybe for Greg with respect to technology, about this time last year there was a Memorandum of Understanding (MOU) with Chinalco on a joint technology agreement. Can you give us some idea if that is alive and well and where that might be heading? Thank you.

SAM WALSH:

Okay, that was actually three questions, not two. Andrew, can you handle IOC and Greg if you can handle the unincorporated joint venture with Chinalco on technology? And I will have a go on India.

ANDREW HARDING:

Tim, I would agree with you five years is an extensive period of time for an increase in production to the level. It would be, from looking at it with a bit of history because I actually haven't been involved in it so I am interpreting some of the past, capital was spent to improve largely around the processing plant. After that improvement there has been some difficulties with other parts of the operation upstream of the processing plant, so we are on a programme to work our way through those and it will simply take a few years to actually achieve those sort of changes.

With Orissa, despite the election of Modi, which I think is incredibly positive and he seems to be quite charismatic and interested in taking forward the Indian economy, the reality is approval processes in the country are quite slow and laborious. I think of Orissa as, based on the past, a long-term option for us and probably by omitting it from the presentation you might get some idea of how long-term I think it may be.

SAM WALSH:

If I could just add to that, Andrew is actually currently making the odd spot sale into India which is rather bizarre – it's sort of like shipping coal to Newcastle in terms of that business. I think that Prime Minister Modi will actually make a difference, he certainly has in Gujarat, but he has got incredible inertia to actually break through and make a difference.

I was fortunate to join Prime Minister Abbott's state visit to India and then meet with Prime Minister Modi when he was here for the G20, and he is very, very focused. It is an issue of firstly, if you get the federal government right, you've then got to deal with the states and provinces and there is quite a bit of challenges there. We believe that iron ore requirements for India will continue to grow as that country does urbanise and continue to industrialise, and that's certainly part of the policies of Prime Minister Modi and his government, but as Andrew said, a lot of inertia in the system.

So Greg, why don't we talk about unincorporated joint ventures?

GREG LILLEYMAN (Group executive, Technology and Innovation):

Thanks Sam, and thanks for the question. Yes, as you mentioned, last year we announced a MOU with Chinalco to explore technology alliance, joint venture and opportunities for technologies between our organisations. In fact, last week in Beijing, after myself and my counterpart in Chinalco over the last little while sort of finalised the details, we did unveil the announcement, if you like, of the unincorporated joint venture. Our respected Chairmen in fact were with us in Beijing last week to formally finalise the arrangements around the unincorporated joint venture.

So we are looking forward now to establishing that in the New Year. We have already got some identified areas of technology that we are planning to explore together. The benefits of the large research and development and engineering resources that Chinalco have, along with our network partner model and the long history of course of innovation that I have mentioned earlier, are areas that we need to bring together and really harness. So launched last week in short.

SAM WALSH:

So under the auspices of that joint venture we are looking to develop new technologies. We have put a fence around current T&I projects that we are working on, and it's projects where we need further input in relation to R&D, importantly further work in relation to implementation, and they have thousands of people in that area that we believe can help expertise and commercialise technologies.

Do we have another question in the room? We have one over there.

QUESTION:

Just back to the capex slide, it's basically flat at about that \$8 billion or so for the next sort of three years. How do we consider that? Is that a limit you're prepared to spend up to \$8 billion a year or is that what you think your projects which cross that hurdle rate of 15 per cent will cost?

And also just on the sort of stay business, the capex side of around the \$3 billion, is that the sort of minimum that is required just to keep the business running, like that's not being cut too far and there's going to be a payback sort of down the track where, if the business

grows, that actually needs to be higher than that to keep the business running at the current level?

SAM WALSH:

Chris, why don't you pick that up?

CHRIS LYNCH:

Thanks. Obviously when you are this far out you have always got an idea about projects that are absolutely locked in and definite and others that are yet to be approved and in what form they are going to come through for final approval. So we think the guidance is a good match between an opportunity suite and an amount of capital that is committed there.

If you go back, there is an earlier chart in the presentation that showed the amount that's as yet to be approved formally. One of the changes that we have put in place, Greg mentioned some of the work that David Joyce and his team are doing now, we are doing a lot more work upfront in terms of project scoping and making sure that we have got the best path to first production established before we pull the trigger on the investment. So that probably sounds fairly mundane but there is a bit of work involved in it.

Now things will move from period to period so there is always going to be some sort of combination of factors that could have a slightly up in one year and slightly down in another etc, but I think we are comfortable with the guidance that we have put out. But if you look at this year, I mean we are going to be significantly below where we thought we would be this time last year and that's as a result of some really good work being done, some cheaper pricing and some stuff that's just not happening at the minute.

SAM WALSH:

Look, I think Chris and I are very happy with the guidance that we have provided here. You need to go back six or seven years to see that the rate we were running at back then was \$4 billion to \$5 billion a year. It is a much bigger business now, there has also been a little bit of inflation, but importantly we want to ensure that growth we talked about, the 5.2 per cent of growth through 2013 to 2019, that we actually physically deliver on that.

But I am very pleased, as Chris mentioned, by the work that is being done to ensure it is absolutely the best projects and we absolutely spend our dollars very wisely, hence the work that is going on in terms of shaping projects and value engineering projects. It is very much in line with the work we are doing in improving our operating cost base but equally improving our capital costs going forward.

Another question in the room? We have one here.

QUESTION:

A few questions. In your capital cost guidance does that include any deferred pre-strip capex, or is that additional to, or is that a material number over the next couple of years, or is that captured in the opex conversation in this presentation?

And secondly just on your cost savings, in the second half of 2014 you expect to take out \$250 million and then next year for the full year you have got the \$750 million, and so obviously you have got a slower rate in this half and then it picks up again. Can you give a bit more granularity on that or is that just the way the bottom up analysis sort of fell out?

And finally if I may just on South of Embley and, say, Mount Pleasant, there are some numbers in the market on the capex cost there. Your iron ore capex intensity has come done quite dramatically in the last 12 to 18 months. Is it a fair assumption that when you go through the machinations on those scoping and feasibility studies that the capex intensity of those projects are also coming down in a similar quantum?

SAM WALSH:

Thank you for that. Chris, why don't you hit the first couple and I will hit the third?

CHRIS LYNCH:

Okay, thanks. Those numbers do include deferred pre-strip. That number will vary from period to period, so that's another of the variables that we have to manage but it does include it.

With regard to the second item regarding the cost savings, we did talk about that at the 2014 Half Year Results, but we had known headwinds in this second half. Probably the two most fundamental are the smelter outage at Kennecott which was a 65 day maintenance shutdown, which was obviously going to affect their cost structure there, and the other one is the progressive commissioning of new systems and progressive de-commissioning of the old smelter at Kitimat. Those two substantial headwinds are really the reason why the momentum rate slows in this second half.

I would just point out too, that I think the number for next year is very much a bottom up built number, so we have got a good layer of confidence there, but again there will probably be more in the back half than the first half of next year as well.

SAM WALSH:

In relation to all of our projects going forward, not just South of Embley and Mount Pleasant, we are, through Greg's group, going in and re-analysing those projects, looking at scope, looking at value engineering, looking at ways to take advantage of the changing market dynamics as the total number of projects across our industry and oil and gas and so on reduce. So, there's very much a lot of focus in that area.

Perhaps if I could take another question from the phone line? There is not one there – let's see if we can create one.

Okay, a very shy lot on the phone. Let's come back into the room.

QUESTION:

Thanks. A question for Harry on the coal business, I was interested in the Hunter blend concept that you talked about. I recognise this is at, I guess, a concept stage but looking for a fairly significant increase in production there of 24 per cent. I'm wondering if there's any guidance you can provide on perhaps the time-frame for that? Is it something that we should expect post Mount Pleasant, which I think you flagged around 2019, or should we be looking or thinking that it can come through a bit earlier than that? Thanks.

HARRY KENYON-SLANEY:

Thank you. The Hunter blend project is underway. We are very focused on it, particularly next year. As I said, the objective of it is to ensure that we extract synergies from across the contiguous mine sites that we have in the Hunter Valley. What it will do is allow us to produce a blended suite of products, optimise the existing infrastructure that we have in the Valley and provide additional margins.

It will be a progressive project that will unfold over the next few years, but we expect to see it ramp up from 2015 and into 2016 as we make the necessary changes to deliver that additional capacity, to deliver the blended product through to customers, and also make sure that we extract the synergies from all of the different sites.

SAM WALSH:

Thanks Harry. Another question in the room? We have one over here.

QUESTION:

Good morning. The sustaining capex, we are looking at a fairly steady number going into the forward years but we have got a growing production profile. Is the implied benefit of reduced intensity in the sustaining capital coming through? Is that how we maintain a flat absolute spend?

SAM WALSH:

I think that the answer is yes, but Chris do you want to make a comment?

CHRIS LYNCH:

In essence, yes. I think the other thing that has happened is that a dollar today probably buys you a little bit more than what it has in the recent past. There's a lot of heat that has come out of that market, contracting rates are very competitively bid these days, and again it's a number that will have minor flex around the margin. But we have got a fairly stable view of where we are and there is a lot of work going into making that spend more productive as well.

SAM WALSH:

Another question? Okay. Anything on the phone? Nothing on the phone.

But perhaps with that if I could thank you all for being here and thank you for being on the phone line. Look, we really appreciate your interest; we really appreciate your support. This is a great story.

Now I know media and other people sort of try to find a quirky thing to write up on, but just keep coming back to the fundamentals of what we're actually doing here, the business and the value that we are adding here. I made the comment when I came on as CEO that I am very focused on shareholder returns – that has not changed. You are the people that we are running the business for, you are the people that we intend to deliver on our promises for, and that's physically important.

Now some people have sort of written about this, and they said, yeah, okay, the turnaround is good, what's being delivered and what-have-you. Let me assure you that you do not turn around a business in one or two years, it takes longer than that.

Now that's actually good news because it actually means there is more to come, it actually means that there is more focus, there is more delivery ahead of us, and that's why Chris and I are very excited at the prospect of continuing this journey and taking it forward because we can see the promise that this business truly offers. It truly provides us a pathway for this to be a world-class business, not just the best mining business.

Let me, just in closing, again re-emphasise - this is going to be a sort of broken record - this organisation is committed to materially increasing our shareholder returns. So don't believe whatever nonsense you might read in the paper where somebody said Sam paused as he said it or whatever, let me be absolutely clear, this is what management and the Board are aligned to deliver to you. Thank you very much.

(End of Q&A Session)