

Media release

Rio Tinto Investor Seminar

9 October 2012

Rio Tinto is holding an investor seminar in London and New York today that includes an in-depth look at its Copper product group and its Technology & Innovation group.

Highlights from the presentations:

- Rio Tinto's strategy of maximising shareholder value by investing in and operating large, long-term, cost-competitive mines and assets is unchanged.
- The short-term macroeconomic outlook remains volatile. Economic growth in China is robust but moderating, and is slow and uneven in developed economies. Rio Tinto expects China's stimulus packages to take effect progressively after the Chinese leadership change and has therefore lowered its estimates for Chinese GDP growth this year to just below eight per cent. There are some positive signs on the European debt crisis and US quantitative easing although risks remain in both economies.
- Iron ore prices have partially recovered after a period of rapid decline but Rio Tinto expects them to remain volatile in the near future. Rio Tinto analysis suggests that around 100 million tonnes of primarily Chinese iron ore production had become unprofitable, and sees evidence on the ground that a large proportion of this has already been curtailed.
- With a continuing volatile short-term environment, Rio Tinto plans further cost reductions, primarily in operating, evaluation and sustaining capital costs across the business. Its drive to reduce service and support costs has so far produced savings of \$500 million a year. Total annual capital expenditure on projects already approved is expected to peak in 2012.
- The longer term picture remains positive, with increasing urbanisation in emerging markets driving strong demand growth across a range of commodities, and a slower supply response from the industry.

Rio Tinto chief executive Tom Albanese said "Significant stimulus efforts have been announced in China, the US and Europe, but it's uncertain exactly when we will see the impact of these on our markets. Given this, and the considerable price fluctuations in recent times, we are somewhat more cautious on the outlook over the next few quarters.

"Our business remains resilient in this environment and our operations are performing better than our peers, reflecting our consistent strategy of running long-term, cost-competitive operations. We aim to maintain our single A credit rating and are driving our cost reduction efforts harder and faster.

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“Rio Tinto has the right strategy to maximise shareholder value in the long term. We are positioned to reap the benefits of long-term demand growth while withstanding short-term volatility. We have the flexibility to phase our investment projects and a disciplined and rigorous approach to capital allocation that ensures we only invest in the highest returning opportunities in the most attractive sectors and divest assets that no longer fit with our strategy.”

Other key topics that will be covered at the seminar include:

Copper

- Rio Tinto’s copper production is expected to increase from 2013 as a result of improving grades and investments at Kennecott and Escondida and by the start of production from the Oyu Tolgoi mine in Mongolia. From 2011 to 2015, Rio Tinto expects to achieve a cumulative annual growth rate of 13 per cent for copper.
- The Oyu Tolgoi project is 97 per cent complete. Negotiations with Chinese authorities on a power purchase agreement (PPA) for the Oyu Tolgoi Project are actively progressing. Rio Tinto remains optimistic that negotiations will result in a final PPA. Once a final power agreement has been concluded, first ore is expected to be processed through the concentrator within six weeks. First concentrate production will follow within one month and the start of commercial production is expected three to five months thereafter.
- The short-term outlook for copper remains volatile but Rio Tinto continues to believe that the market’s long-term fundamentals remain robust given urbanisation in emerging markets. On the supply side, annual production across the industry continues to fall short of expectations, a trend Rio Tinto expects to continue.
- Rio Tinto’s Copper product group is focused on operational excellence, cost management and using technological innovations to reduce the cost of developing new mines and improve the productivity of existing operations. Future expansions are focused on the highest value-creating projects, which are being phased to retain flexibility.

Technology & Innovation

- Rio Tinto’s Technology and Innovation group (T&I) has sector-leading capability to analyse and identify how resources can be developed with the minimum capital spend and generate the most value. This helps Rio Tinto to make better informed investment decisions that ensure that the maximum value can be generated from an ore deposit.
- The T&I group has created significant value by driving improvement in operating excellence and developing sector-leading new technologies as part of Rio Tinto’s Mine of the Future™ programme.
- The T&I function aims to create distinctive competitive advantage through operational excellence, managing, measuring and benchmarking consistent performance across the business. This approach is leading to improvements in equipment reliability and availability and in turn lower capital cost requirements.

Notes to editors

1. The seminar will be webcast at 2.30pm BST/09.30am EST and can be accessed on www.riotinto.com. Replays will be available after the close of the seminar.
2. Presentations will be made by Tom Albanese, chief executive, Guy Elliott, chief financial officer, Andrew Harding, chief executive, Copper and Preston Chiaro, group executive, Technology & Innovation.

About Rio Tinto

Rio Tinto is a leading international mining group headquartered in the UK, combining Rio Tinto plc, a London and New York Stock Exchange listed company, and Rio Tinto Limited, which is listed on the Australian Securities Exchange.

Rio Tinto's business is finding, mining, and processing mineral resources. Major products are aluminium, copper, diamonds, thermal and metallurgical coal, uranium, gold, industrial minerals (borax, titanium dioxide and salt) and iron ore. Activities span the world and are strongly represented in Australia and North America with significant businesses in Asia, Europe, Africa and South America.

For further information, please contact:

Media Relations, Australia / Asia

David Luff

Office: +61 (0) 3 9283 3620

Mobile: +61 (0) 419 850 205

Karen Halbert

Office: +61 (0) 3 9283 3627

Mobile: +61 (0) 412 119 389

Bruce Tobin

Office: +61 (0) 3 9283 3612

Mobile: +61 (0) 419 103 454

Investor Relations, Australia

Christopher Maitland

Office: +61 (0) 3 9283 3063

Mobile: +61 (0) 459 800 131

Media Relations, EMEA / Americas

Illtud Harri

Office: +44 (0) 20 7781 1152

Mobile: +44 (0) 7920 503 600

Christina Mills

Office: +44 (0) 20 7781 1154

Mobile: +44 (0) 7825 275 605

Investor Relations, London

Mark Shannon

Office: +44 (0) 20 7781 1178

Mobile: +44 (0) 7917 576597

David Ovington

Office: +44 (0) 20 7781 2051

Mobile: +44 (0) 7920 010 978

Media Relations, Canada

Bryan Tucker

Office: +1 (0) 514 848 8151

Mobile: +1 (0) 514 825 8319

Investor Relations, North America

Jason Combes

Office: +1 (0) 801 204 2919

Mobile: +1 (0) 801 558 2645

Website: www.riotinto.com

Email: media.enquiries@riotinto.com enquiries.mediaaustralia@riotinto.com

Twitter: Follow @riotinto on Twitter

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