

RioTinto

2015 half year results

Generating value through the cycle

Al

Cu

C

Fe

B



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RioTinto

Sam Walsh

Chief executive



Cu



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

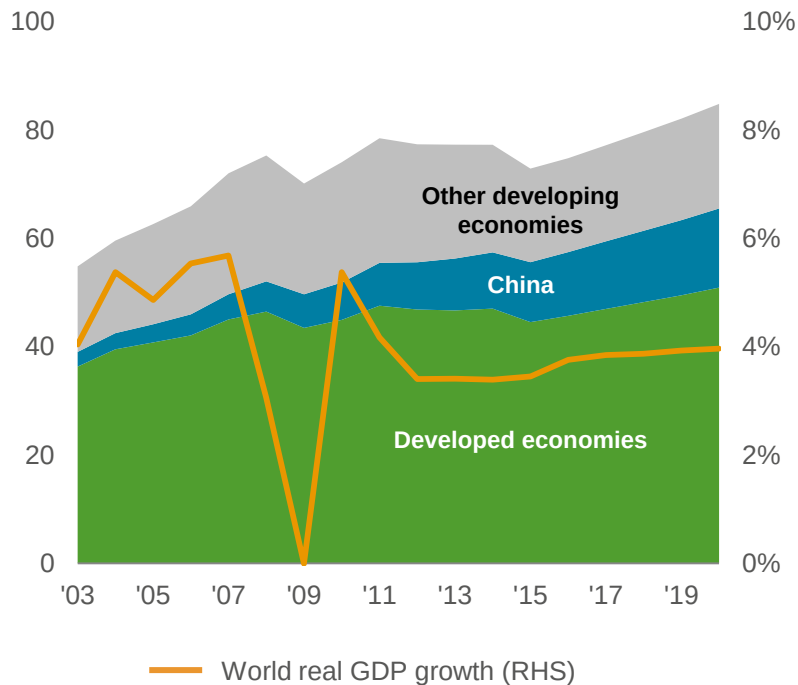
Culture of safety and integrity

The 'New Normal'

Global growth continues

Real GDP (US\$ trillion)

Real GDP growth (%)



- Period of economic adjustment
- Developed markets recovering
- China transitioning to major developed economy
 - Lower growth on a higher base
- Rising demand from other emerging market economies
- Industry focussed on costs and productivity to improve efficiency

Source: IMF (2015)

H1 2015 highlights

Underlying earnings of \$2.9 billion

Net cash from operating activities of \$4.4 billion

Returned \$3.2 billion of cash to shareholders

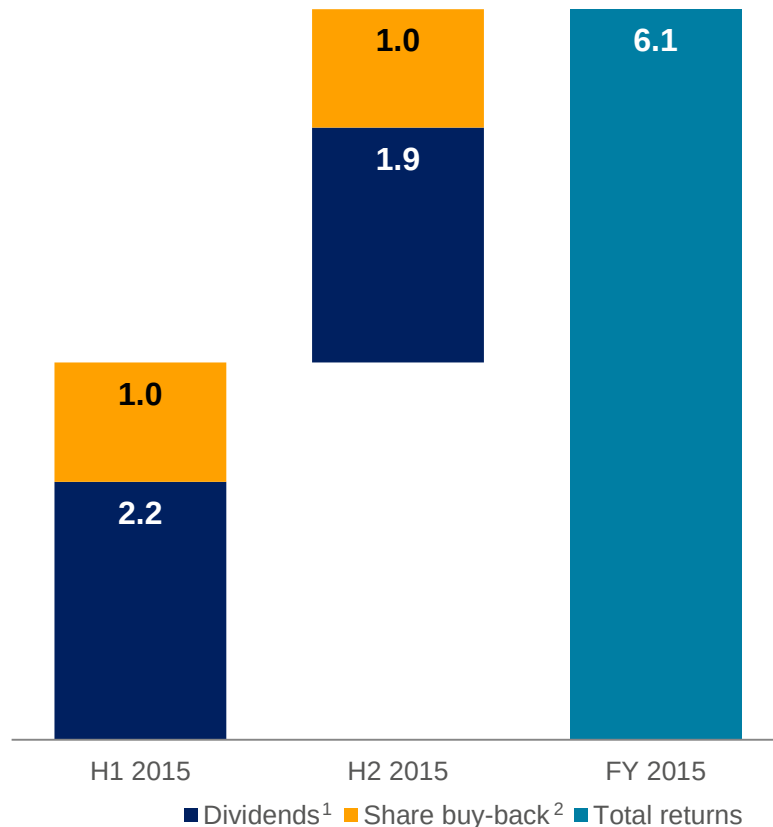
Reduced costs by \$0.6 billion

Reduced capex spend to \$2.5 billion

Strong balance sheet with net debt of \$13.7 billion

\$3.2 billion returned to shareholders in H1 2015

Total cash returns to shareholders US\$ billion



- Expected to return over \$6 billion to shareholders in 2015
- \$2 billion share buy-back on track for completion by 2015 year end
 - Funded from 2014 cash flows
- Total dividends paid in 2015 of \$4.1 billion
 - Interim dividend of 107.5 cents per share (half of FY 2014 dividend)
 - Interim dividend increased 12% year on year

¹ Dividends shown in H1 2015 are as paid in H1 2015. Dividends shown in H2 2015 as declared on 6 August 2015 and payable on 10 September 2015 (calculated based on the number of shares outstanding at 30 June 2015). ² Share buy-back shown in H1 2015 is as completed in H1 2015. Share buy-back shown in H2 2015 represents the balance of the \$2 billion share buy-back announced with Rio Tinto's full year 2014 results.

RioTinto

Chris Lynch

Chief financial officer



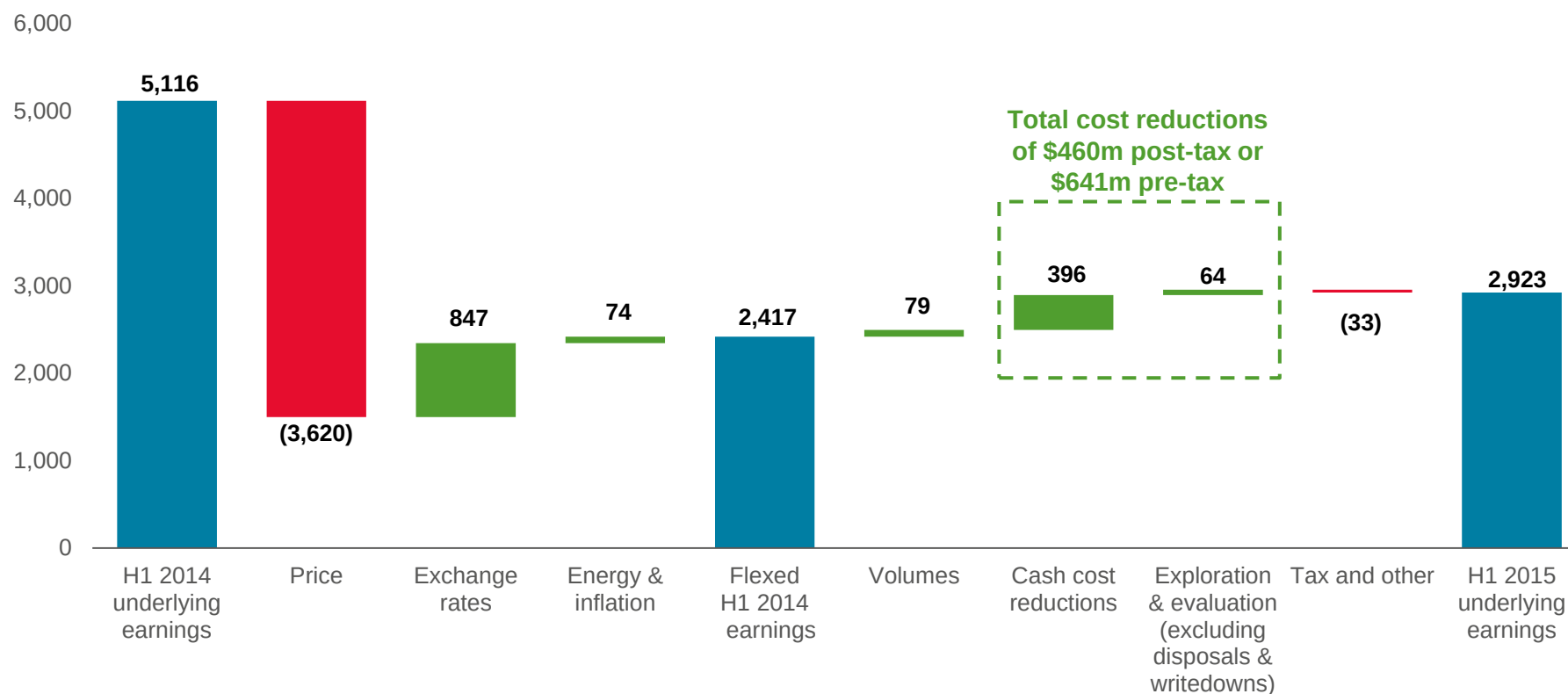
Fe



Cost reductions, exchange rates and lower energy costs have offset almost 40% of the price decline

Underlying earnings H1 2014 vs H1 2015

US\$ million (post tax)



Net earnings

	US\$m
H1 2015 underlying earnings	2,923
Impairments	(421)
Losses/gains on disposals	11
Exchange losses on debt and derivatives	(1,306)
Increased closure provision for legacy operations	(242)
Restructuring costs and global headcount reductions	(135)
Other	(24)
H1 2015 net earnings	806

Succeeding in a challenging market

Iron Ore

- Pilbara operating FOB EBITDA margins of 61%
- Cash flows from operations of \$2,065m
- Underlying earnings of \$2,099m

Aluminium

- Integrated operations EBITDA margins of 35%
- Cash flows from operations of \$1,556m
- Underlying earnings of \$793m

Copper & Coal

- Operating EBITDA margins of 36%
- Cash flows from operations of \$1,177m
- Underlying earnings of \$393m

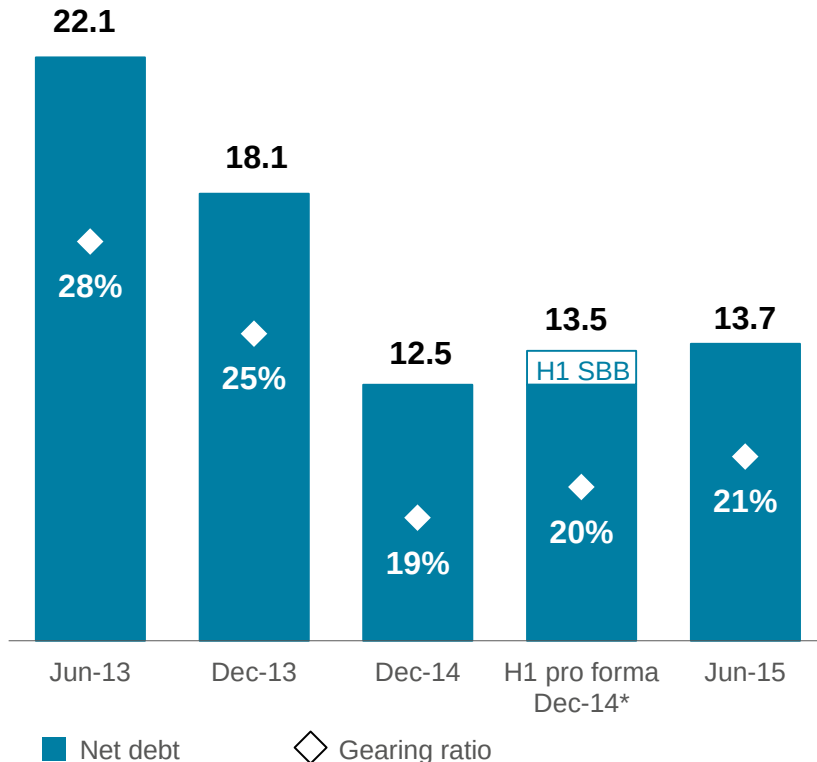
Diamonds & Minerals

- Operating FOB EBITDA margins of 28%
- Cash flows from operations of \$306m
- Underlying earnings of \$75m

Balance sheet remains strong and flexible

Net debt and gearing ratio¹

US\$ billion



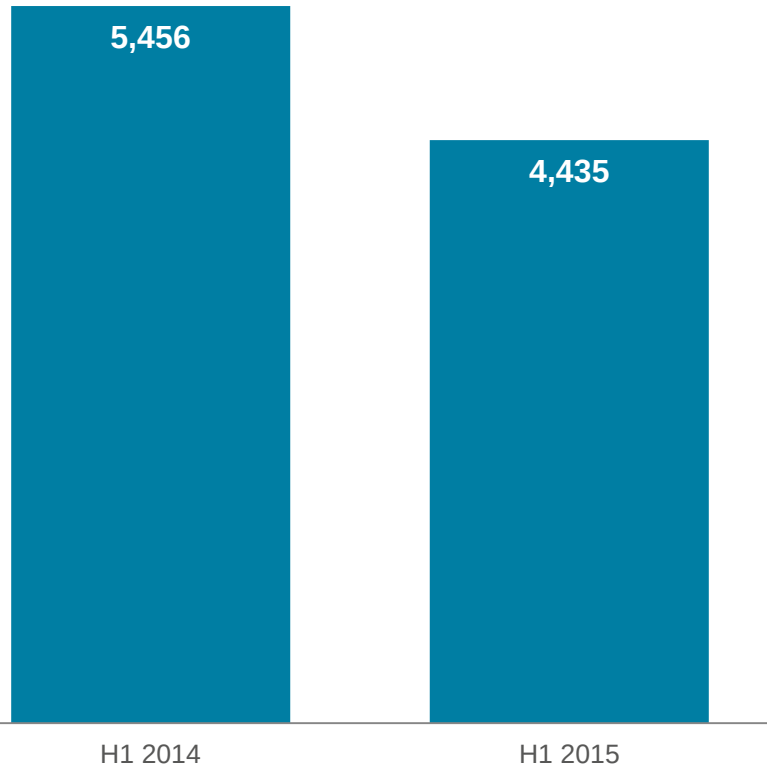
- Maintain strong balance sheet amid challenging market
- Targeting 20-30% gearing ratio through the cycle
- \$11.2 billion of cash on hand as at 30 June 2015
- Half way through \$2 billion share buy-back as at 30 June 2015
- Balance sheet headroom a key competitive advantage

¹ Gearing ratio = net debt/ (net debt + book equity).

* Post H1 2015 \$1 billion share buy-back.

Strong operating cash flows

Net cash generated from operating activities
US\$ million

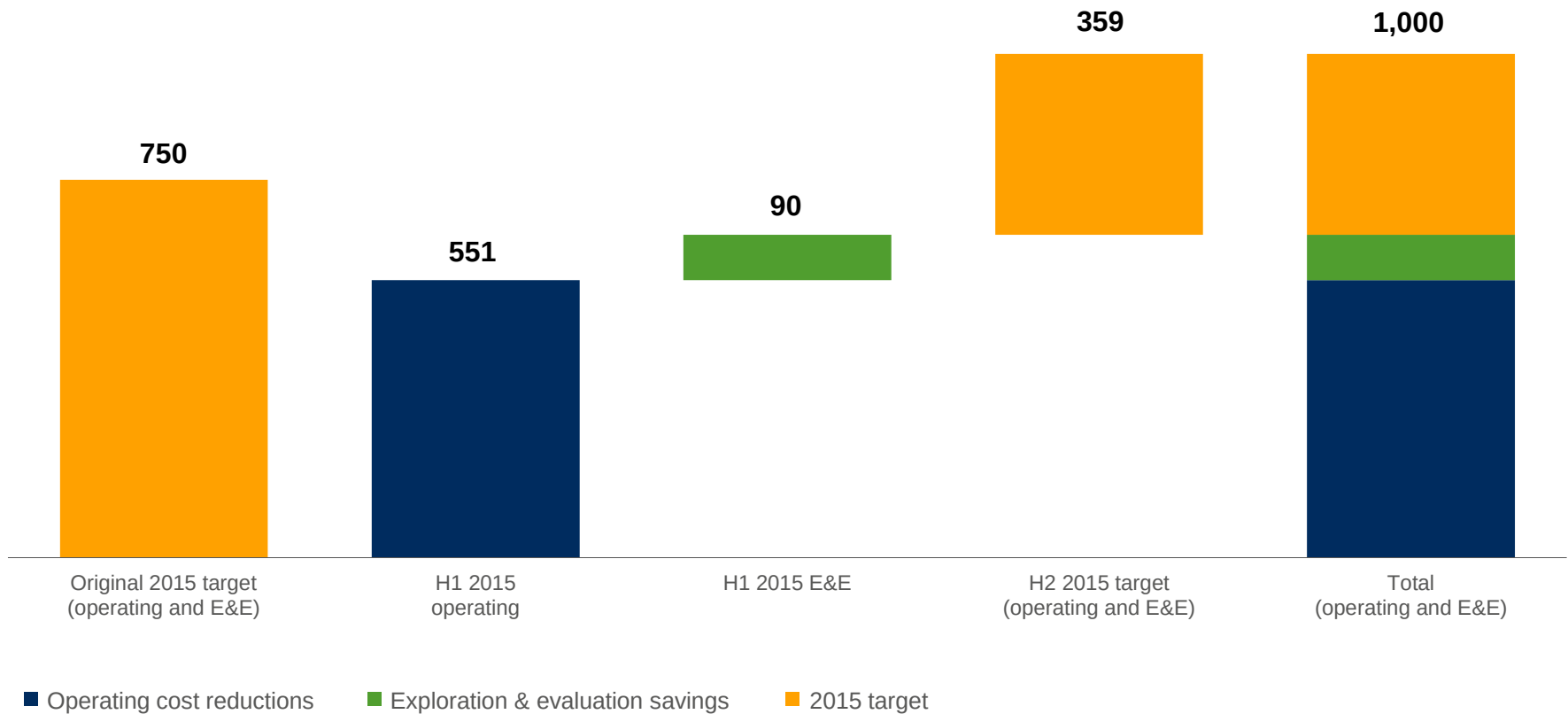


- \$1 billion reduction in cash flows, as price impact partially offset by:
 - Operating cash cost reductions
 - Working capital cash release
 - Volume increases
 - Lower taxes
 - Favourable exchange rates
- Group EBITDA margins of 38% in H1 2015 (H1 2014: 41%)

Cost culture continues – 85% of original 2015 target achieved in H1 and target increased

Pre-tax operating cash cost improvements

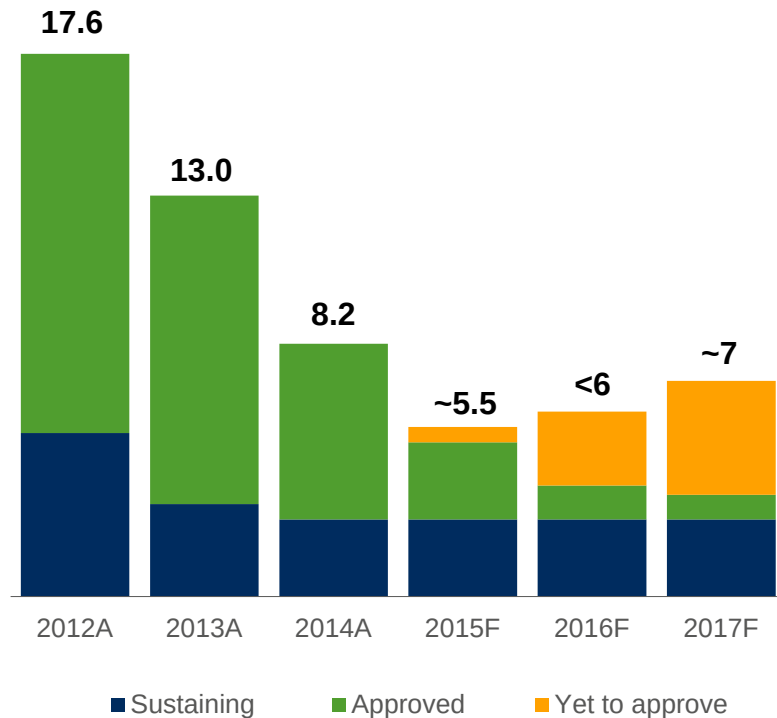
Reduction vs. 2014 (US\$ million)



Focus on capital efficiency

Capital discipline...

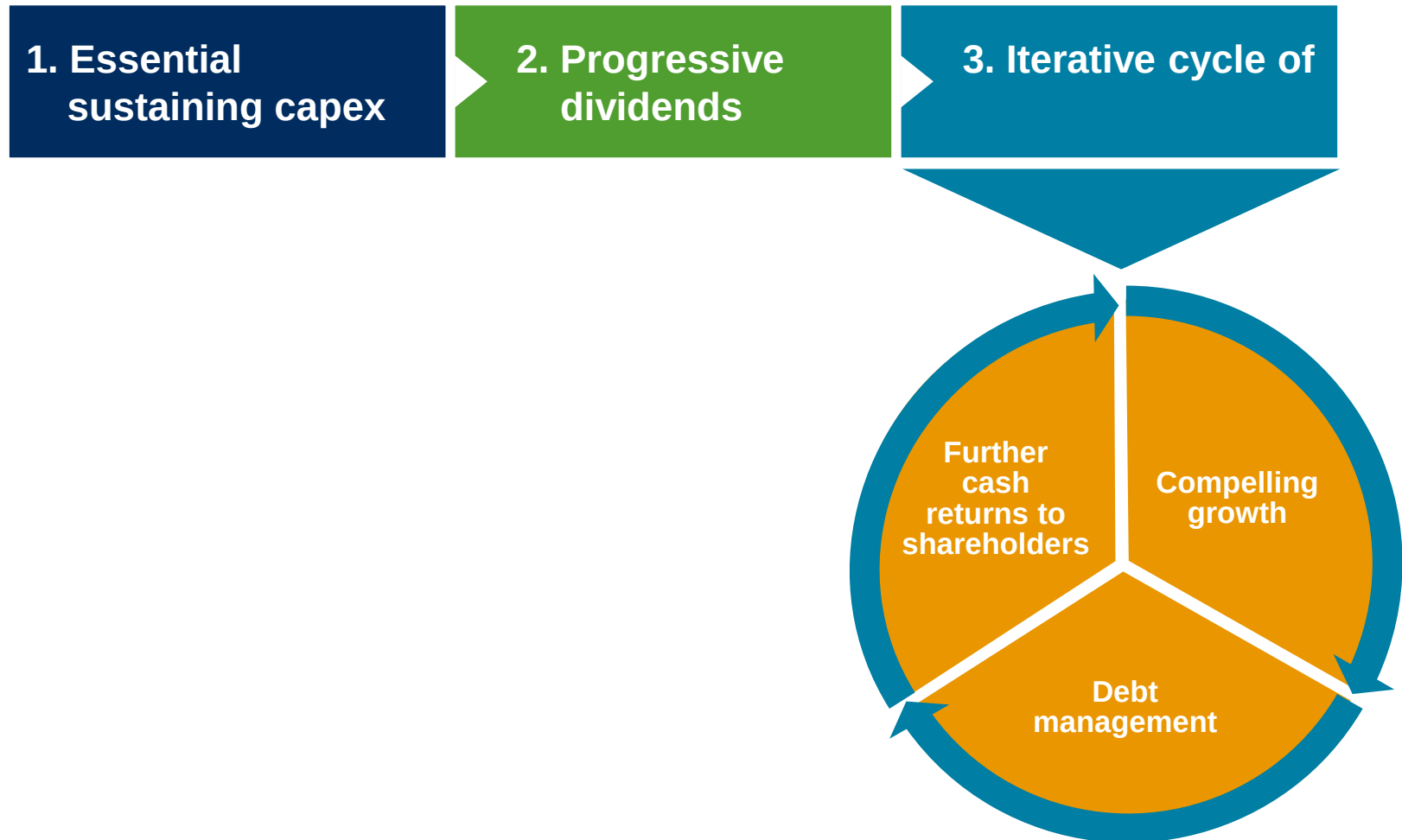
Capital expenditure profile (US\$ billion)¹



¹ Forecast capex is subject to variation in future exchange rates. Capex numbers are gross and not net of disposals.

- Capital allocation discipline requires project IRR >15%
- Two major projects completed in H1 2015:
 - Kitimat
 - Pilbara infrastructure

Our capital allocation framework maximises shareholder value



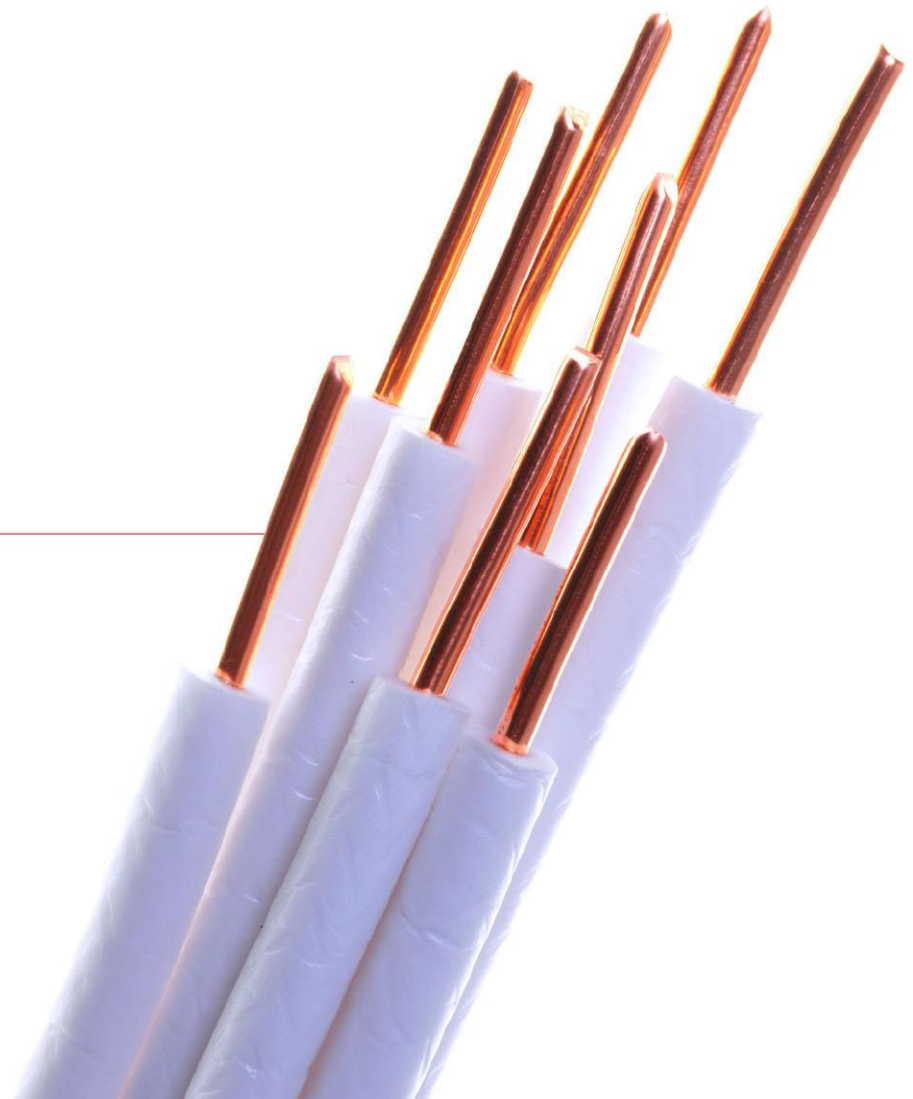
RioTinto

Sam Walsh

Chief executive



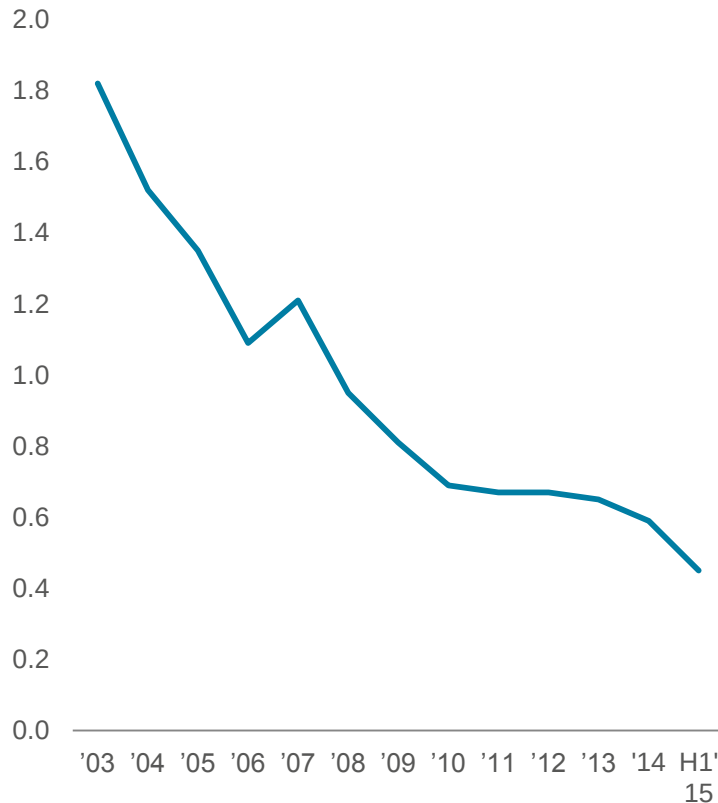
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Safety and our values are fundamental

All injury frequency rates

Per 200,000 hours worked



Accountability

- Relentless pursuit of shareholder value
- Disciplined decision-making

Respect

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

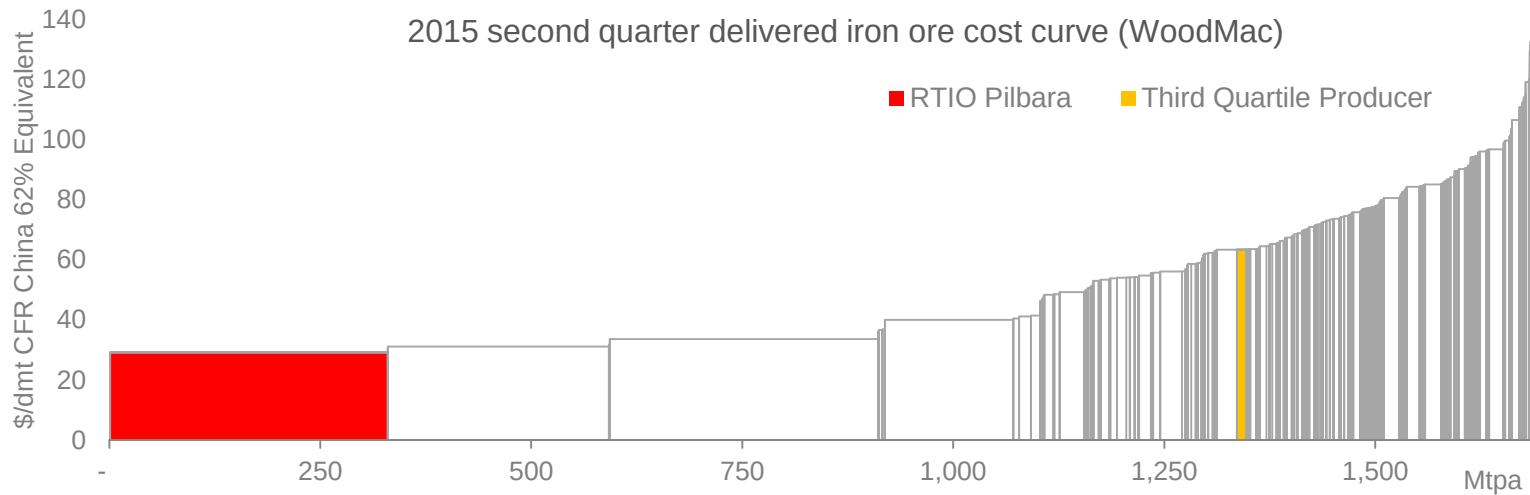
Integrity

- Transparency in what we do
- Fairness, honesty and openness

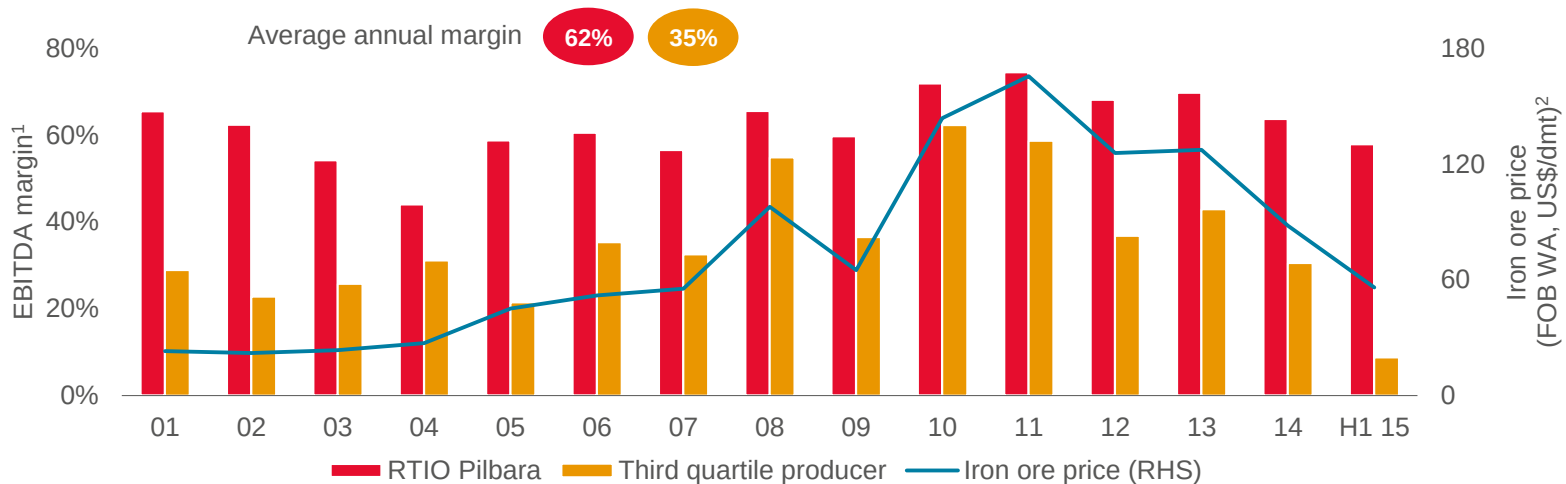
Teamwork

- Long-term partnerships
- Continuous improvement

Tier 1 iron ore assets...

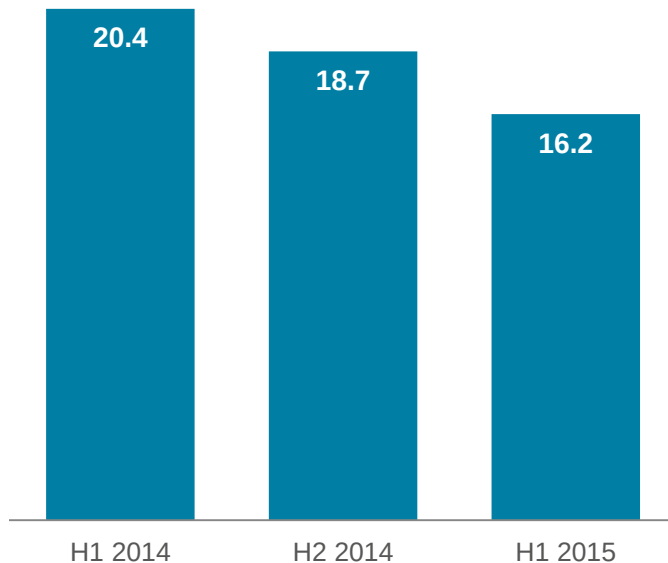


...and operational excellence deliver through the cycle



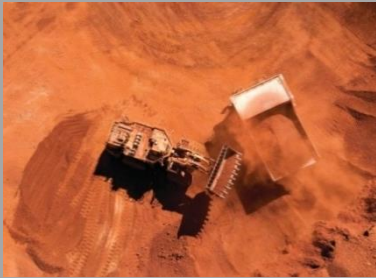
Pilbara: our low-cost advantage has been sustained over many years

Pilbara cash unit cost
US\$ per tonne



- H1 2015 cash unit cost of \$16.2/t (21% lower than \$20.4/t in H1 2014)
- Maintain consistently attractive FOB EBITDA margins (61% in H1 2015)
- Average realised FOB price of \$54.40 per wet metric tonne (\$59.13/dry metric tonne)
- Pilbara infrastructure project completed in H1 2015
- Expect global shipments of 340Mt/a in 2015

Operational and commercial excellence is embedded across our businesses

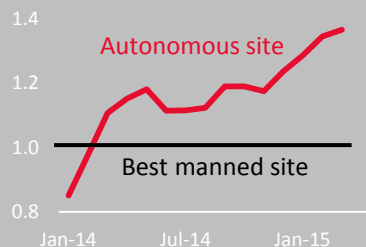


Iron ore material **rehandling reduced** by 16Mt in 2014

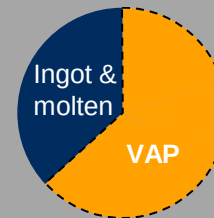
166,000 tonnes of concentrate tolled in H1 2015 at RTK to optimise smelter utilisation and increase revenues



Autonomous trucks (Utilisation)



Aluminium sales (% H1 2015)



~60% of our **aluminium is value added product** (additional H1 2015 average premium of \$259 per tonne)



Gove conveyor transport rate +7%, contributing to +11% bauxite production H1 2015 vs H1 2014

Oyu Tolgoi truck tray 'dovetails' fitted to increase load by 21 tonnes and **truck utilisation +5%** year on year



Delivering our major projects

Iron Ore	Aluminium	Copper
Fe Pilbara infrastructure Ramp up to generate maximum value from integrated system ✓	Al Kitimat expansion Ramp up to 420kt nameplate expected in early 2016 ✓	Cu OT Underground Development Plan¹ Next steps to approve of feasibility study and secure project financing ✓
Fe Pilbara mines Push mine capacity through low-cost growth to fill expanded infrastructure	Al South of Embley Feasibility study expected to complete towards the end of 2015	Cu OT Underground Mine Over 80% of the value lies in the underground development

¹ Oyu Tolgoi Underground Mine Development and Financing Plan signed 18 May 2015.

Building the world's best mining company



RioTinto

2015 half year results

Generating value through the cycle

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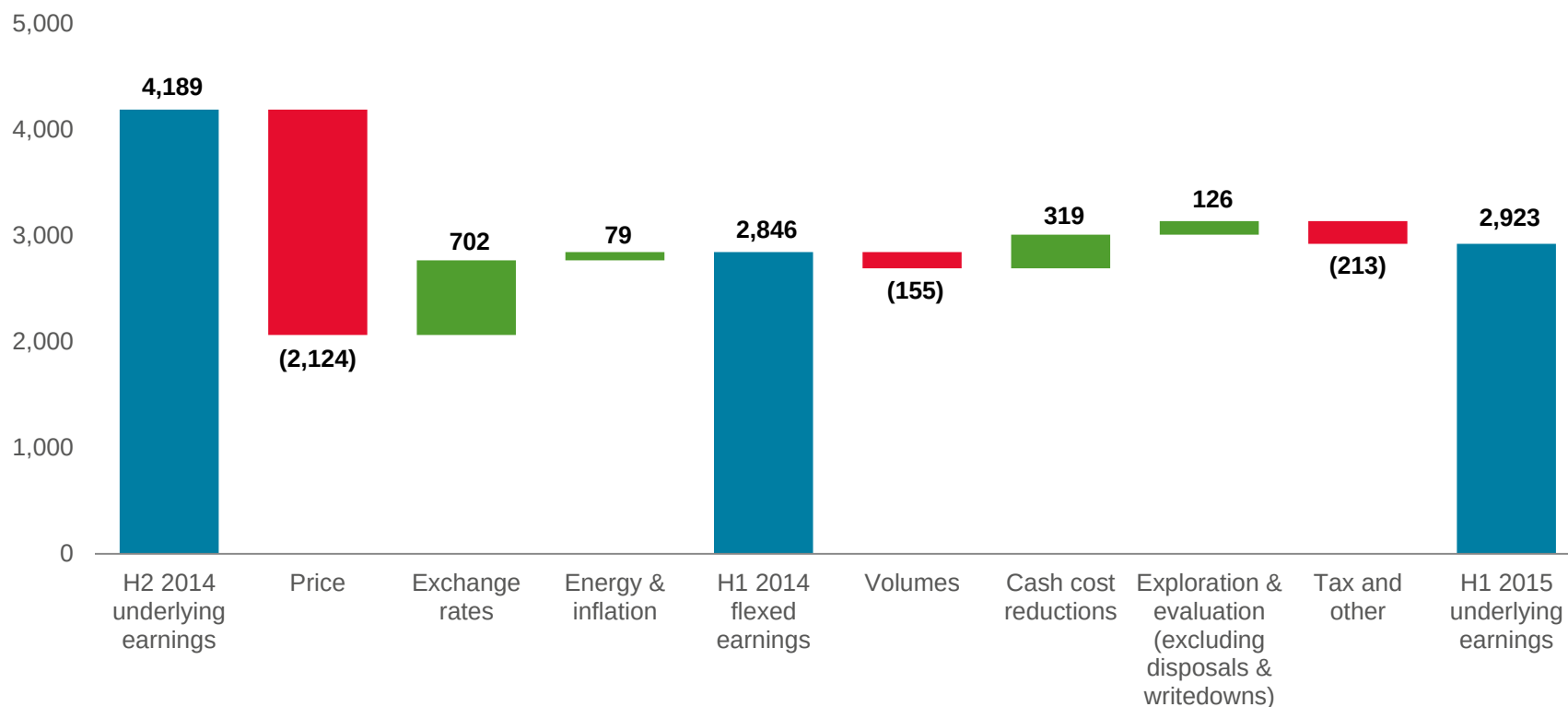
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Cost reductions, exchange rates and lower energy costs have offset over half of the price impact

Underlying earnings H2 2014 vs H1 2015

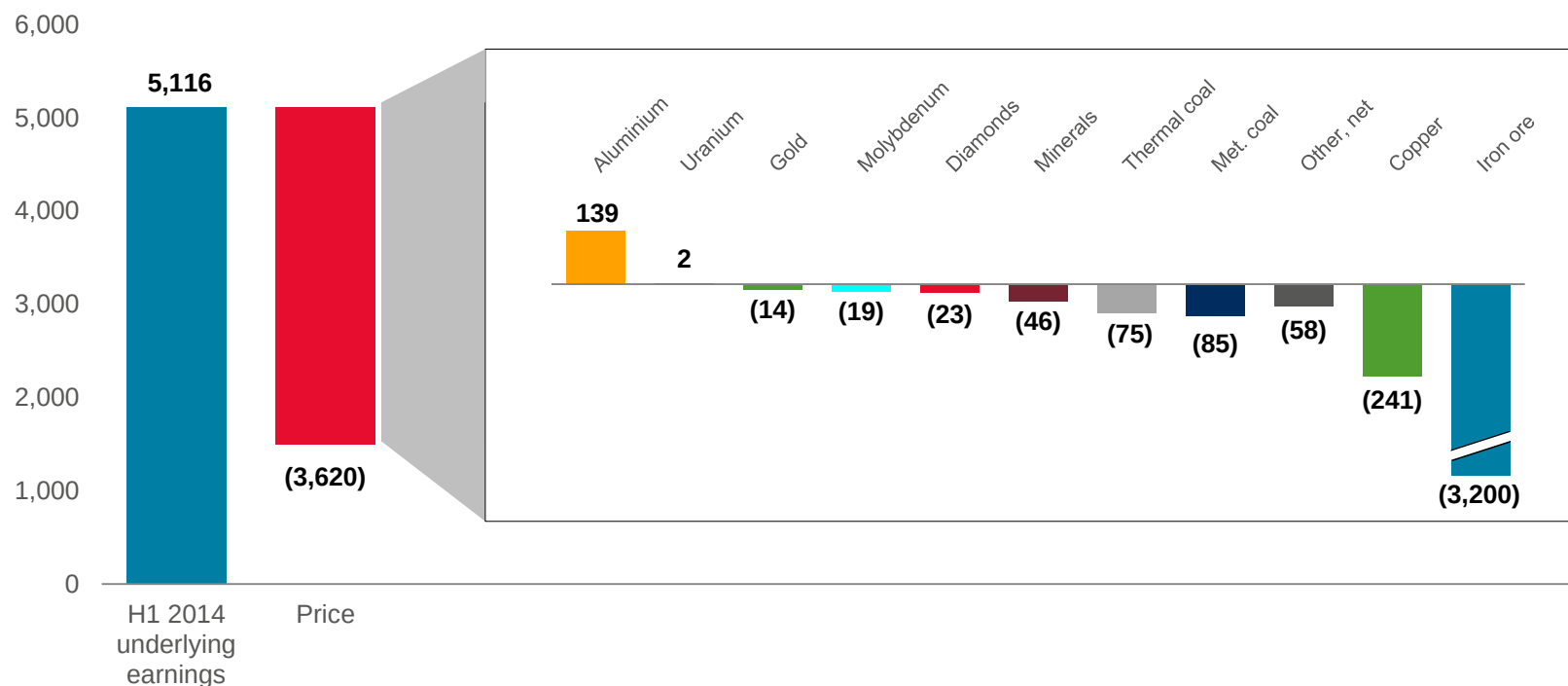
US\$ million (post tax)



Weaker prices significantly reduced underlying earnings in H1 2015

Underlying earnings H1 2014 vs H1 2015

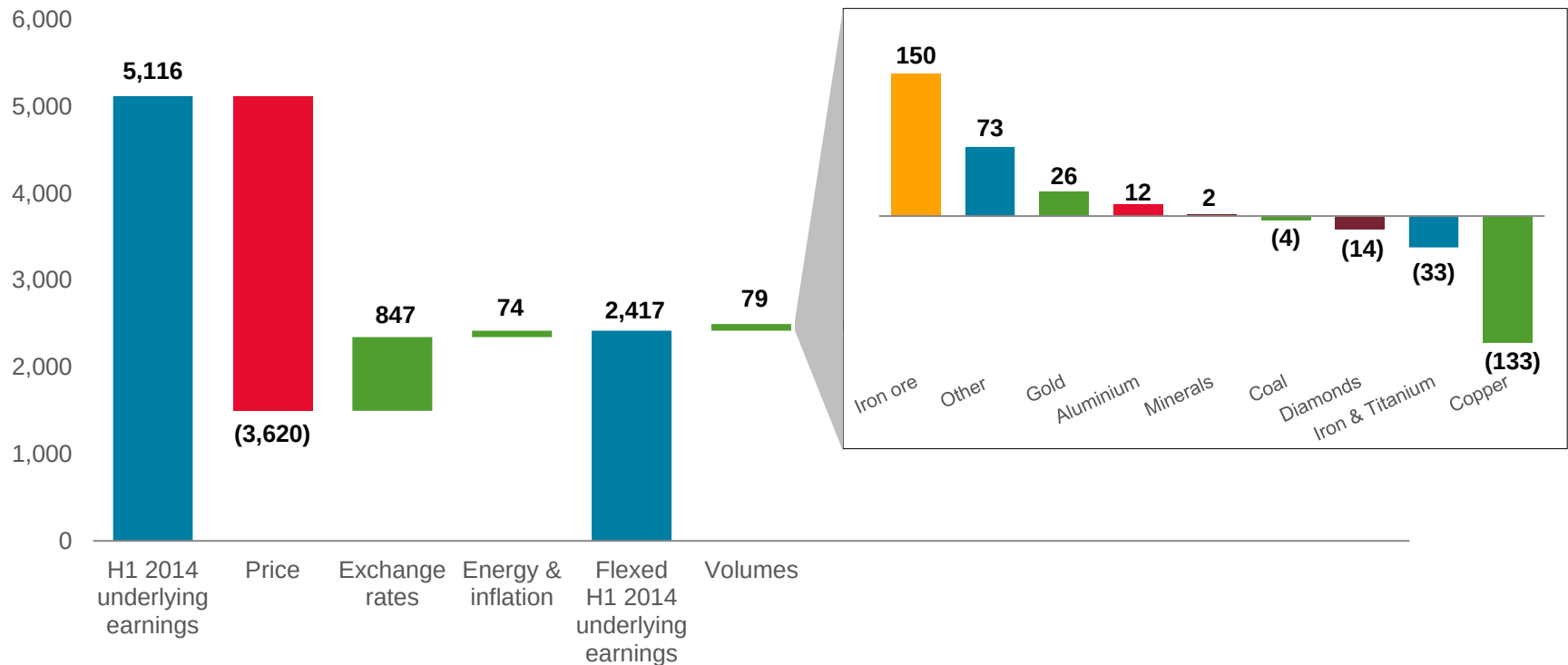
US\$ million (post tax)



... partly offset by favourable exchange rates, lower energy costs and higher volumes

Underlying earnings H1 2014 vs H1 2015

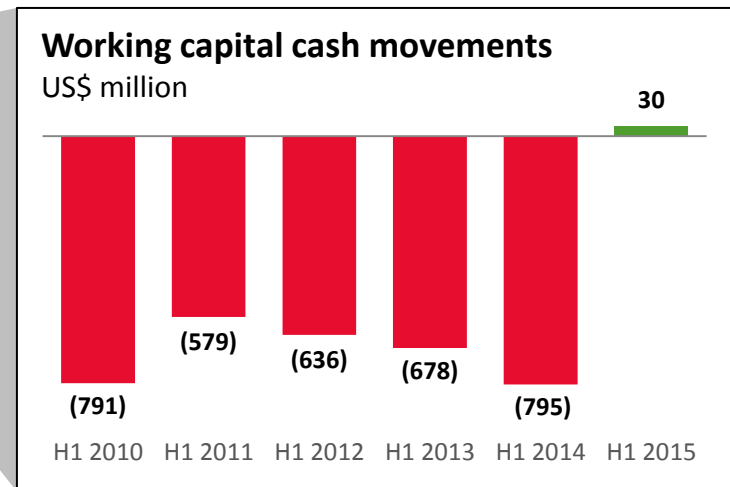
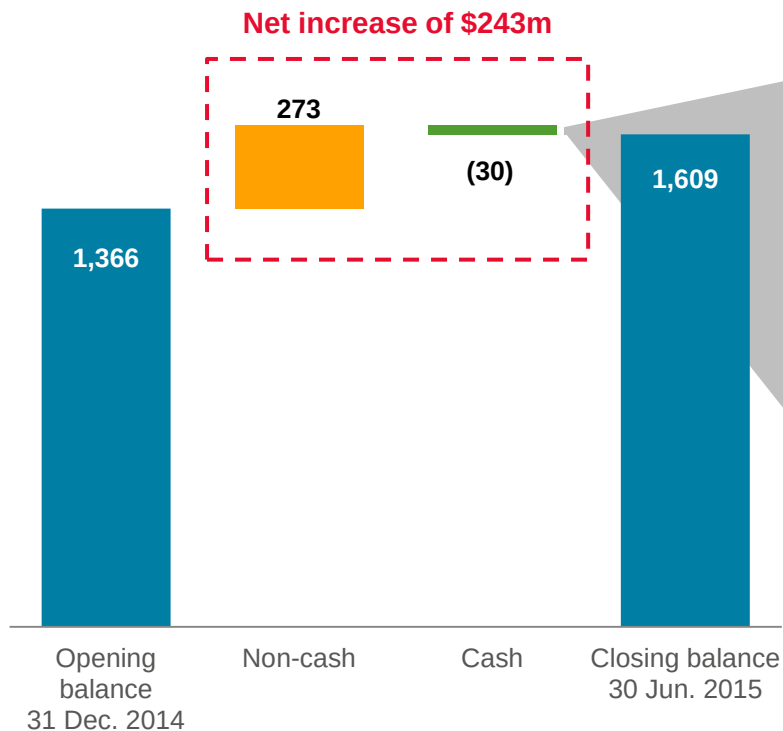
US\$ million (post tax)



Working capital cash release offset by non-cash movements and lower payables as capex reduces

Working capital balance reconciliation

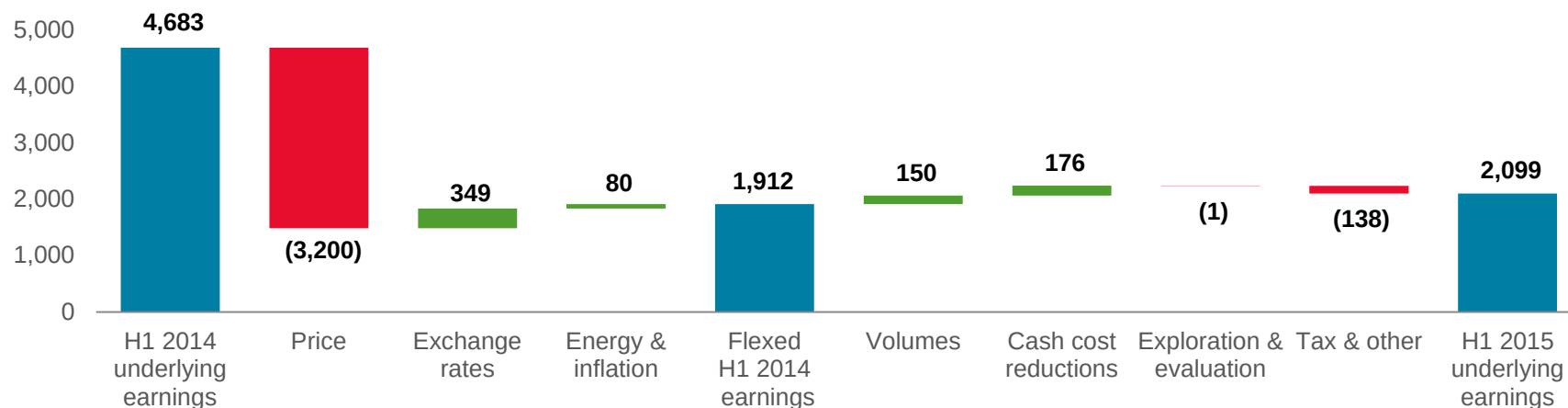
US\$ million



Iron Ore: increased volumes and cost reductions delivered against lower prices

Underlying earnings H1 2014 vs H1 2015

US\$ million (post tax)



- Global production of 154 million tonnes was 11% higher than in H1 2014 following the successful Pilbara ramp up to 290 Mt/a in May 2014.
- Pilbara FOB EBITDA margins of 61% achieved in H1 2015 (70% in H1 2014) despite a 46% decline in average 62% Fe index prices compared to H1 2014.
- Pilbara cash unit costs to \$16.20 per tonne in H1 2015, compared with \$20.40 per tonne in H1 2014.
- Total cost reductions delivered in H1 2015 of \$244 million pre-tax, through productivity improvements and lower contractor costs. Total pre-tax Iron Ore cost savings delivered since 2012 are now close to \$1 billion.
- Pilbara iron ore revenues includes \$372 million of freight in H1 2015 compared to \$635 million in H1 2014, following significant declines in freight rates period on period.

The world's best aluminium business

Clear focused strategy: Bauxite and first quartile smelters are key pillars

Bauxite



Industry-leading bauxite position

Bauxite production +5% half on half, with +29% in 3rd party sales to 13.2 million tonnes

Achieved FOB EBITDA margins of 51% in H1 2015

Market-paced growth options starting with South of Embley at Cape York

Alumina



Provides competitive security of supply for our first cost quartile smelter portfolio

Improved financial performance in H1 2015 but more to do

Alumina production +5% half on half, with ongoing ramp up at Yarwun continuing to reduce costs and improve productivity

Aluminium



Sector-leading primary metal H1 2015 EBITDA margin of 26%

H1 2015 underlying earnings +67% vs H1 2014

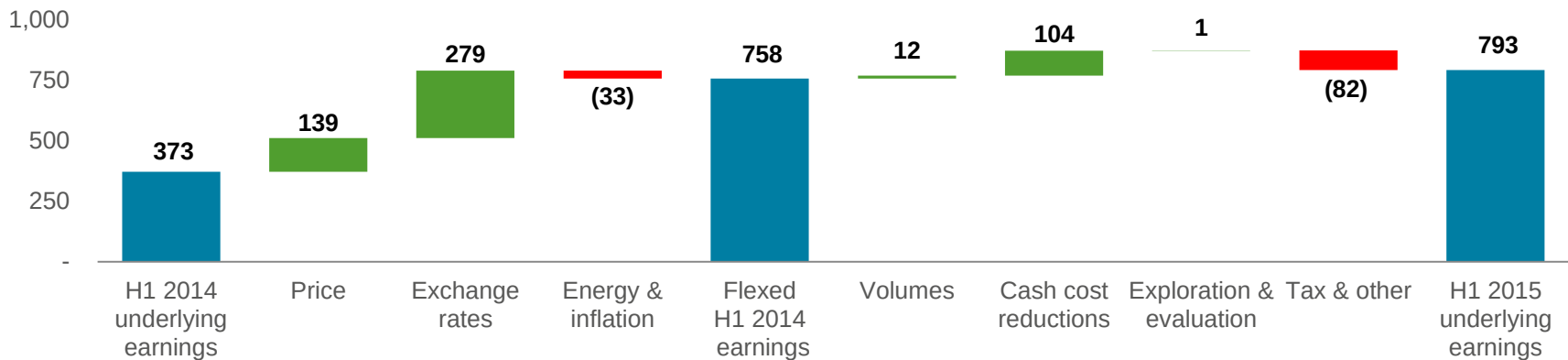
80% of smelters in first cost quartile; ~80% of power from low carbon sources

Focused on cash generation

Aluminium: exchange rates, prices and cost improvements more than doubled earnings

Underlying earnings H1 2014 vs H1 2015

US\$ million (post tax)



- Average LME prices increased 2% year on year but the significant uplift in physical delivery market premiums in early 2015 trailed off during the second quarter, leading to a 2% increase in average realised price in H1 2015 to \$2,292.
- Favourable currency movements in Canada and Australia increased underlying earnings by \$279 million.
- Total H1 2015 cost savings were \$145 million pre-tax through reduced raw material costs, increased productivity and lower labour costs. Total pre-tax Aluminium cost savings delivered since 2012 are now close to \$1 billion.
- Integrated operations EBITDA margins improved significantly to 35% in H1 2015, compared to 23% in H1 2014. Improved EBITDA and reduced working capital delivered strong operating cash flows of close to \$1.6 billion and around \$650 million of free cash flow.
- The modernised and expanded Kitimat smelter poured first hot metal in H1 2015 and will now focus on ramping up towards 420,000 tonne nameplate capacity (expected in early 2016).
- The feasibility study on South of Embley continues, with expected completion in late 2015.
- Bauxite revenues includes \$93 million of freight in H1 2015 (\$115 million in H1 2014).

Significant growth in copper ahead



Kennecott
volumes start to
recover in 2016
following
de-weighting/ de-
watering east wall



Oyu Tolgoi
underground will
deliver significant
value (>80% of total
value)

New 152 ktpd
concentrator
completed in
H1 2015 at
Escondida



Rio Tinto expects
metal share from
Grasberg in
2016/17¹



Resolution land
swap approved and
first shaft
completed in 2014
with permitting
underway



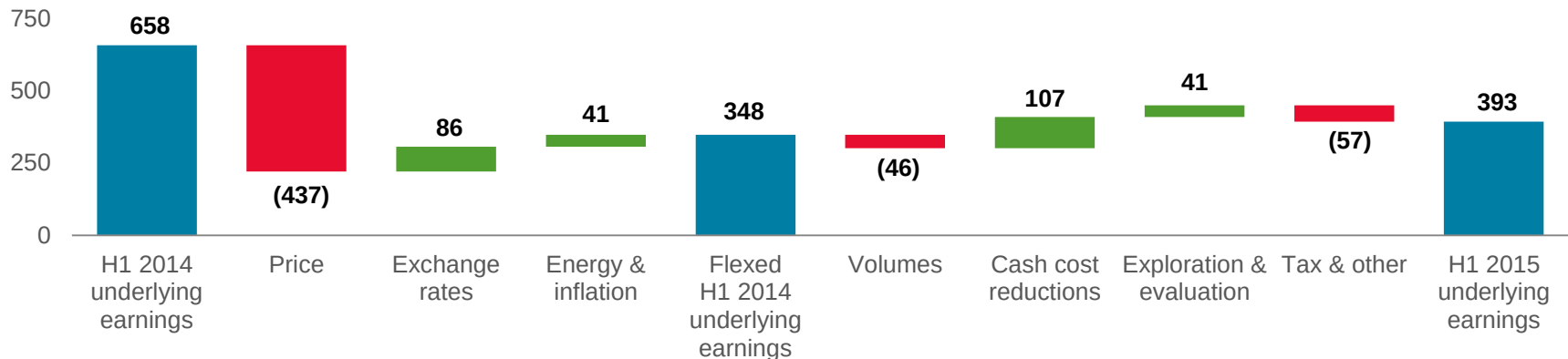
La Granja project
study continues

¹ Production rates for 2016 and 2017 based on Freeport-McMoRan first half 2015 Earnings Conference Call dated July 23, 2015 (available on the Freeport-McMoRan website) are 1.5bn lbs of copper and 1.9m ozs of gold in 2016 and 1.3bn lbs and 2.4m ozs of gold in 2017 and are based on the current JORC (2012) reserves as reported to market refer to Rio Tinto annual report 2014, released to the ASX on 6 March 2015. The Ore Reserves supporting this near term production period are 100% proved and probable ore reserves. The Competent Persons responsible for that previous reporting were Andrew Issel (APGO Professional Geoscientist-0141; SME-4147540RM) and George MacDonald (CPG-10768). Rio Tinto is not aware of any new information or data that materially affects these resource estimates, and confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The form and context in which the competent persons' findings are presented have not been materially modified. Rio Tinto shares in 40% of all metal above the metal strip (see our Chartbook for current guidance on metal strip thresholds) and will benefit from 40% of all metal produced from 2022 onwards.

Copper & Coal: cost savings and exchange rates partially offset lower prices

Underlying earnings H1 2014 vs H1 2015

US\$ million (post tax)



- The Copper & Coal group's underlying earnings of \$393 million were 13% higher than H1 2014 when adjusted for movements in prices, exchange rates and energy & inflation. This solid performance reflected increased sales volumes from Oyu Tolgoi and the ramp-up of Kestrel, and the delivery of further cash cost savings.
- Pre-tax cost reductions delivered in H1 2015 were \$150 million bringing total pre-tax cost savings delivered by Copper & Coal since 2012 to \$1.9 billion.
- Operating EBITDA margins improved in H1 2015 to 36% (up from 33% in H1 2014), driven by ramp-up at Oyu Tolgoi.
- Despite the challenging market environment all Copper & Coal operations were free cash flow positive, contributing almost \$800 million in free cash flows to the Group. Net cash generated from operating activities of \$1.2 billion was \$360 million higher than H1 2014, driven by strong operational performance and the drawdown of inventory.
- To optimise smelter utilisation, Kennecott commenced tolling third party concentrate in 2015, with 166,000 tonnes of concentrate received and smelted in H1 2015.

Diamonds & Minerals: delivering strong margins

Well positioned for consumer-driven growth

Diamonds



44% EBITDA margins

Argyle underground ramp up continues through 2015

A21 pipe project at Diavik underway

Borates



42% FOB EBITDA margins

Stable borate demand as increased Asian demand offsets lower European demand

MDDK processing plant completed in 2014

Titanium Dioxide



27% FOB EBITDA margins

Softer market conditions as industry absorbs feedstock inventories

2 of 9 furnaces at RTFT currently taken offline

Salt & Uranium



26% FOB EBITDA margins in salt

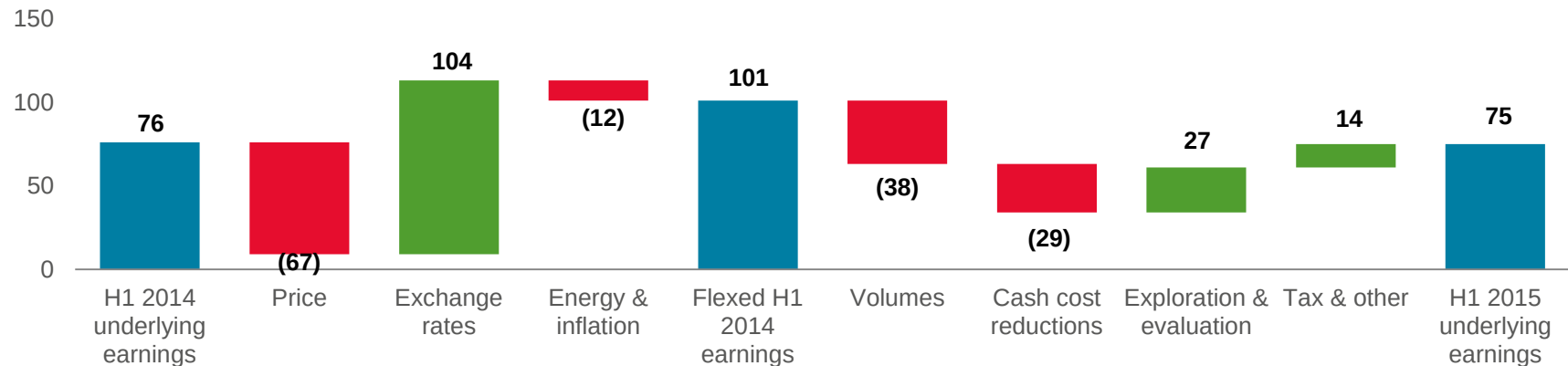
Uranium facing challenging market

ERA mining stockpiles and rehabilitating Ranger mine

Diamonds & Minerals: earnings in line with H1 2014 despite challenging market conditions

Underlying earnings H1 2014 vs H1 2015

US\$ million (post tax)



- Underlying earnings were in line with H1 2014, reflecting favourable currency moves, significantly lower prices and a decision to optimise titanium dioxide feedstock production to align with lower market demand.
- Volume reductions impacted cash costs which are calculated on a unit cash cost of production despite the fact absolute cash costs were \$228 million lower than H1 2014.
- Strong operating cash flows of \$306 million making a free cash flow contribution to the Group of over \$50 million.
- The ramp-up of the Argyle underground mine is expected to continue throughout 2015.
- On 26 June 2015, Rio Tinto announced the sale of its interest in the Murowa diamond mine in Zimbabwe.
- The \$350 million development of the A21 kimberlite pipe at Diavik (Rio Tinto share \$210 million), which will provide an important source of incremental supply to maintain existing production levels, is currently underway.
- Revenues included \$138 million of freight in H1 2015.

Other movements in underlying earnings

Underlying earnings impact

US\$ million	H1 2014	FX/ price	Energy & Inflation	Volumes	Cash Costs	Epl'n eval'n	Epl'n eval'n 2014 disp	Non Cash	Interest, tax & other	H1 2015
Other operations	(181)	(54)	(2)	1	15	-	-	47	154	(20)
Central Exploration (net)	(69)	6	-	-	-	(4)	11	-	-	(56)
Interest	(145)	-	-	-	-	-	-	-	(1)	(146)
Other	(279)	22	-	-	23	-	-	29	(10)	(215)
Total	(674)	(26)	(2)	1	38	(4)	11	76	143	(437)

- Other operations includes the Gove alumina refinery and RT Marine. The reduction in net loss reflects cash cost savings benefits and increased volumes.
- Exploration costs were largely in line with last year, excluding losses on divestments in 2014.
- Other includes savings across central functions.

Earnings reconciliations

	H1 2015
Energy Resources of Australia	US\$m
Total comprehensive loss per ERA press release (A\$255m)	(200)
Increased depreciation of closure asset	(6)
Tax and unwinding of discount ¹	155
Less: Minority interests (31.6%)	17
Other	(3)
Underlying earnings as reported by Rio Tinto	(37)

¹ Including non-cash write down of ERA's deferred tax asset, which is excluded from Rio Tinto's underlying earnings.

Modelling earnings

Earnings sensitivity	H1 2015 average price/ rate	(\$m) impact on FY 2015 underlying earnings of 10% price/rate change
Copper	268c/lb	183
Aluminium	\$1,783/t	441
Gold	\$1,206/oz	23
Iron ore (62% Fe FOB)	\$56/dmt	1,005
Coking coal (benchmark)	\$113/t	74
Thermal coal (average spot)	\$63/t	110
A\$	78USc	710
C\$	81USc	224
Oil	\$58/bbl	87

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