RIO TINTO PLC
Form 20-F
May 27, 2010

Table of Contents

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 20-F

(Mark One)

o Registration statement pursuant to Section 12 (b) or 12(g) of the Securities Exchange Act of 1934
or

x **Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the financial year ended: 31 December 2009
or

o Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from: __________ to __________
or

o Shell company report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of event requiring this shell company report __________

Commission file number: 1-10533	Commission file number: 0-20122
Rio Tinto plc	**Rio Tinto Limited** **ABN 96 004 458 404**
(Exact name of Registrant as specified in its charter)	(Exact name of Registrant as specified in its charter)
England and Wales	**Victoria, Australia**
(Jurisdiction of incorporation or organisation)	(Jurisdiction of incorporation or organisation)
2 Eastbourne Terrace **London, W2 6LG, United Kingdom**	**Level 33, 120 Collins Street** **Melbourne, Victoria 3000, Australia**
(Address of principal executive offices)	(Address of principal executive offices)

Julie Parent, T: 514-848-8519, E: julie.parent@riotinto.com
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**	**Name of each exchange on which registered**	**Title of each class**
American Depositary Shares*	New York Stock Exchange		
Ordinary Shares of 10p each**	New York Stock Exchange		
7.125% Notes due 2013	New York Stock Exchange	New York Stock Exchange	7.125% Notes due 2013
5.875% Notes due 2013	New York Stock Exchange	New York Stock Exchange	5.875% Notes due 2013

6.500% Notes due 2018	New York Stock Exchange	New York Stock Exchange	6.500% Notes due 2018
7.125% Notes due 2028	New York Stock Exchange	New York Stock Exchange	7.125% Notes due 2028
8.900% Notes due 2014	New York Stock Exchange	New York Stock Exchange	8.900% Notes due 2014
9.250% Notes due 2019	New York Stock Exchange	New York Stock Exchange	9.250% Notes due 2019

* Evidenced by American Depositary Receipts. Each American Depositary Share Represents one Rio Tinto plc Ordinary Shares of 10p each.

** Not for trading, but only in connection with the listing of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Title of each class	**Title of each class**
None	Shares

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None None

Indicate the number of outstanding shares of each of the Issuer s classes of capital or common stock as of the close of the period covered by the annual report:

Title of each class	**Number**	**Number**	**Title of each class**
Ordinary Shares of 10p each	1,529,003,871	606,831,240	Shares
DLC Dividend Share of 10p	1	1	DLC Dividend Share
Special Voting Share of 10p	1	1	Special Voting Share

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in rule 405 of the Securities Act.

Yes x No o

If this report is an annual or transition report, indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes o No x

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrants: (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days:

Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).* Yes x No o

* This requirement does not apply to the registrant until its fiscal year ending December 31, 2011.

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, or non-accelerated filers. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer o Non-accelerated filer o Smaller reporting companyo

(Do not check if a smaller reporting company)

Indicate by check mark which basis of accounting the registrants have used to prepare the financial statements included in this filing:

US GAAP o International Financial Reporting Standards as issued by the International Accounting Standards Board x Other o

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrants have elected to follow:

Item 17 o Item 18 o

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No x

EXPLANATORY NOTE

The Rio Tinto Group is a leading international mining group, combining Rio Tinto plc and Rio Tinto Limited in a dual listed companies (DLC) merger which was designed to place the shareholders of both Companies in substantially the same position as if they held shares in a single enterprise owning all of the assets of both Companies. This annual report on Form 20-F, including the financial statements, is presented on a combined basis for the Rio Tinto Group.

TABLE OF CONTENTS

		Page
PART I		
Item 1.	Identity of Directors, Senior Management and Advisers	4
Item 2.	Offer Statistics and Expected Timetable	4
Item 3.	Key Information	4
Item 4.	Information on the Company	11
Item 4A.	Unresolved Staff Comments	46
Item 5.	Operating and Financial Review and Prospects	46
Item 6.	Directors, Senior Management and Employees	94
Item 7.	Major Shareholders and Related Party Transactions	143
Item 8.	Financial Information	144
Item 9.	The Offer and Listing	145
Item 10.	Additional Information	146
Item 11.	Quantitative and Qualitative Disclosures about Market Risk	156
Item 12.	Description of Securities other than Equity Securities	156
PART II		
Item 13.	Defaults, Dividend Arrearages and Delinquencies	157
Item 14.	Material Modifications to the Rights of Security Holders and Use of Proceeds	157
Item 15.	Controls and Procedures	158
Item 16A.	Audit Committee Financial Expert	158
Item 16B.	Code of Ethics	158
Item 16C.	Principal Accountant Fees and Services	158

Item 16D.	Exemptions from the Listing Standards for Audit Committees	159
Item 16E.	Purchases of Equity Securities by the Issuer and Affiliated Purchasers	159
Item 16F	Change in Registrant s Certifying Accountant	160
Item 16G	Corporate Governance	160
PART III		
Item 17.	Financial Statements	160
Item 18.	Financial Statements	160
Item 19.	Exhibits	160

Exhibit 1.1
Exhibit 1.2
Exhibit 3.2
Exhibit 3.3
Exhibit 3.4
Exhibit 4.15
Exhibit 8.1
Exhibit 12.1
Exhibit 13.1
Exhibit 15.1
Exhibit 15.2

Table of Contents

Rio Tinto
PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

SELECTED FINANCIAL DATA

The selected consolidated financial data below has been derived from the historical audited consolidated financial statements of the Rio Tinto Group. The selected consolidated financial data should be read in conjunction with, and qualified in their entirety by reference to, the *2009 Financial statements* and notes thereto. The financial statements as included on pages A-1 to A-82 have been prepared in accordance with International Financial Reporting Standards both as adopted by the EU (EU IFRS) and as issued by the International Accounting Standards Board (IFRS).

RIO TINTO GROUP

Income Statement Data

For the years ending 31 December **Amounts in accordance with IFRS**	**2009** **US$m**	2008 US$m	2007 US$m	2006 US$m	2005 US$m
Consolidated revenue	**41,825**	54,264	29,700	22,465	19,033
Group operating profit (a)	**7,506**	10,194	8,571	8,974	6,922
Profit for the year from continuing operations	**5,784**	5,436	7,746	7,867	5,498
Loss after tax from discontinued operations	**(449)**	(827)			
Profit for the year	**5,335**	4,609	7,746	7,867	5,498
Basic earnings per share (b)					
Profit from continuing operations (US cents)	**301.7**	286.8	464.9	456.2	312.6
Loss after tax from discontinued operations (US cents)	**(25.5)**	(52.7)			
Profit for the year per share (US cents)	**276.2**	234.1	464.9	456.2	312.6
Diluted earnings per share (b)					
Profit from continuing operations (US cents)	**300.7**	285.5	462.9	454.3	311.6
Loss after tax from discontinued operations (US cents)	**(25.4)**	(52.4)			
Profit for the year per share (US cents)	**275.3**	233.1	462.9	454.3	311.6

Dividends per share		2009	2008	2007	2006	2005
Dividends declared during the year (b)						
US cents						
interim			55.6	42.5	32.7	31.5
final and special		**45.0**	55.6	68.7	52.3	124.0
UK pence						
interim			29.6	20.9	17.5	17.8
final and special		**28.8**	37.9	35.3	26.7	69.8
Australian cents						
interim			63.3	49.6	42.9	41.4
final and special		**51.6**	83.0	76.1	67.8	163.9
Dividends paid during the year (US cents) (b)						
ordinary and special		**55.6**	124.3	94.8	156.7	68.3
Weighted average number of shares	basic (millions) (b)	**1,763.6**	1,570.1	1,572.9	1,630.5	1,668.2
Weighted average number of shares	diluted (millions) (b)	**1,769.6**	1,577.3	1,579.6	1,637.1	1,673.9

Statement of Financial Position Data at 31 December Amounts in accordance with IFRS	2009 US$m	2008 US$m	Restated (c) 2007 US$m	2006 US$m	2005 US$m
Total assets	**97,236**	89,616	101,091	34,494	29,803
Share capital / premium	**9,344**	5,826	3,323	3,190	3,079
Total equity / Net assets	**45,925**	22,461	26,293	19,385	15,739
Equity attributable to Rio Tinto shareholders	**43,831**	20,638	24,772	18,232	14,948

Notes

(a) Group operating profit under IFRS includes the effects of charges and reversals resulting from impairments and profit and loss on disposals of interests in businesses. Group operating profit amounts shown above exclude equity accounted operations,

finance items, tax and discontinued operations.

(b) The rights issues were at a discount to the then market price. Accordingly, earnings per share and dividends per share for all periods up to the date on which the shares were issued have been adjusted for the bonus element of the issue. The bonus factor for Rio Tinto plc was 1.2105 and for Rio Tinto Limited was 1.2679.

(c) The 31 December 2007 balance sheet has been restated for the revisions to Alcan s fair value accounting which were finalised in 2008.

Table of Contents

Principal risks and uncertainties

The following describes some of the material risks that could affect Rio Tinto. There may be additional risks unknown to Rio Tinto and other risks, currently believed to be immaterial, which could turn out to be material. These risks, whether they materialise individually or simultaneously, could significantly affect the Group s business and financial results. It also outlines the exposure to risk without explaining the detail of how each is managed and mitigated, or how some risks could result in either a positive (upside) or negative (downside) impact. They should also be considered in connection with any forward looking statements in this document and the cautionary statement on page 10.

External

Commodity prices and global demand for the Group s products are expected to remain uncertain, which could have a positive or negative impact on the Group s business.

Commodity prices and demand for the Group s products are cyclical and strongly influenced by world economic growth. This is particularly so for our key customers, especially in the US and Asia (notably China). There is potential volatility in short to medium term commodity prices as various national stimulus packages are reduced. Muted consumer spending may result from concerns over unemployment. The Group s normal policy is to sell its products at prevailing market prices and not to enter into price hedging arrangements. The recent improvement in commodity prices and demand for the Group s products may not remain as strong, which would have an impact on Group revenues, earnings, cash flows, asset values and growth.

Continued growth in demand for the Group s products in China could be affected by future developments in that country.

The Group s iron ore is sold to Chinese customers predominantly at fixed prices rather than at spot rates. The 2009 benchmark prices were never officially agreed. Failure to agree on prices remains a source of tension between China and all the major iron ore suppliers.

The slowdown of China s economy in 2009 contributed to a contraction in demand for aluminium and lower aluminium prices. If Chinese customers demand for the Group s products fails to continue to recover or Chinese customers source such products from elsewhere, the Group s business, financial condition and prospects could be affected.

Rio Tinto is exposed to fluctuations in exchange rates that could have an adverse impact on its overall business results.

The Group uses US dollars to denominate most of its sales, hold surplus cash, finance its operations, and present its external and internal results. Although many costs are incurred in US dollars, significant costs are influenced by the local currencies of the countries where the Group operates, principally the Australian dollar, Canadian dollar and Euro. The Group s normal policy is to avoid hedging arrangements relating to changes in foreign exchange rates. Appreciation in the value of these currencies against the US dollar or prolonged periods of exchange rate volatility may adversely affect the Group s business results.

Political, legal and commercial instability or community disputes in the countries and territories in which the Group operates could affect the viability of its operations.

The Group has operations in jurisdictions with varying degrees of political, legal and commercial stability. Commercial instability can be influenced by bribery and corruption in their various guises. Administrative change, policy reform, and changes in law or governmental regulations can result in civil unrest, increased regulation and potentially expropriation, or nationalisation. Renegotiation or nullification of existing agreements, leases and permits, changes in fiscal policies (including increased tax or royalty rates) or currency restrictions as well as significantly increased costs or impediments to operation are all possible consequences. Such instability could have an adverse effect on the profitability, the ability to finance or, in extreme cases, the viability of an operation.

Some of the Group s current and potential operations are located in or near communities that may regard the operation as being detrimental to their environmental, economic or social circumstances. Community reaction could have an adverse impact on the cost, profitability, ability to finance or even the viability of an operation. Such events could lead to disputes with national or local governments or with local communities and give rise to reputational damage. If the Group s operations are delayed or shut down as a result of political and community instability, its

revenue growth may be constrained and the long term value of its business could be adversely impacted.

The Group s land and resource tenure could be disputed resulting in disruption to the operation or development of a resource.

The Group operates in several countries where title to land and rights in respect of land and resources (including indigenous title) may be unclear and may lead to disputes over resource development. Such disputes could disrupt or delay relevant mining projects, impede the Group s ability to develop new mining properties, and may have an adverse effect on the Group s results of operations or its prospects.

Changes in the cost and/or interruptions in the supply of energy, water, fuel or other key inputs could adversely affect the economic viability of the Group s operations.

The Group s operations are resource intensive and, as a result, its costs and net earnings may be adversely affected by the availability or cost of energy, water, fuel or other key inputs. If the prices of key inputs rise significantly more than expected, or if the Group experiences interruptions in, or constraints on, its supply of key inputs, the Group s costs could increase and its results could be adversely affected.

Table of Contents

Strategic

Failure of the Group to make or successfully integrate acquisitions could have an adverse effect on the business and results of operations.

Business combinations entail a number of risks including the effective integration of acquisitions (including the realisation of synergies), significant one time write-offs or restructuring charges, and unanticipated costs and liabilities. All of these may be exacerbated by the diversion of management s attention away from other ongoing business concerns. The Group may also be liable for the past acts, omissions or liabilities of companies or businesses or properties it has acquired, which may be unforeseen or greater than anticipated.

The Group s business and growth prospects may be negatively affected by reductions in its capital expenditure programme.

The Group requires substantial capital to invest in greenfield and brownfield projects, and to extend the life and capacity of its existing operations. Reductions in capital expenditure (including sustaining capital) have resulted in the cancellation, slowing or deferral of projects until market conditions and commodity prices recover, and sufficient cash is available for investment. If significant variations in commodity prices or demand for our products occurs, the Group may reduce its capital expenditure further, which may negatively impact the timing of its growth and future prospects.

With the volatility of the commodity markets, the Group s ability to take advantage of improvements may be constrained by earlier capital expenditure restrictions and the long term value of its business could be adversely impacted.

The Group s exploration and development of new projects might be unsuccessful, expenditures may not be fully recovered and depleted ore reserves may not be replaced.

The Group develops new mining properties and expands its existing operations as a means of generating shareholder value. The Group seeks to identify new orebodies and mining properties through its exploration programme and has also undertaken the development or expansion of other major operations. There is a high degree of competition for opportunities to develop such orebodies. Certain competitors, such as state run interests, have access to significant resources and may be motivated by political or other non economic factors. The Group may be unable to find willing and suitable joint venture partners to share the cost of developing large projects. There is no assurance, therefore, that the Group s investment in exploration and project development will be recouped, or that depleted ore reserves will be replaced.

The Group s proposed iron ore production joint venture with BHP Billiton in Western Australia may not yield the synergies anticipated, or may fail to be completed as currently envisaged.

Rio Tinto and BHP Billiton have proposed a production joint venture covering the entirety of both companies Western Australian iron ore assets. The binding agreements on the proposed joint venture were signed on 5 December 2009, and cover all aspects of how the joint venture would operate and be governed. The estimated US$10 billion net present value of the synergies may not be realised or may take longer to realise than expected. The proposed production joint venture requires regulatory approvals in a number of jurisdictions which may not be secured. Regulators may require the Group to relinquish ownership or control over certain assets prior to approving the production joint venture. Any or all of these could reduce the value anticipated from forming the production joint venture or result in a failure to implement the venture as currently envisaged.

Financial

The Group s reported results could be adversely affected by the impairment of assets and goodwill.

An asset impairment charge may result from the occurrence of unexpected adverse events that impact the Group s expected performances. In accordance with IFRS, the Group does not amortise goodwill but rather tests it annually for impairment: such impairments cannot be reversed.

The Group will continue to test goodwill and may, in the future, record additional impairment charges. This could result in the recognition of impairment provisions (which are non cash items) that could be significant and could have an adverse effect on the Group s reported results.

The Group s net earnings are sensitive to the assumptions used for valuing defined benefit pension plans and post retirement healthcare plans.

Certain of the Group s businesses sponsor defined benefit pension plans. The pension expense reported for these plans is sensitive to the assumptions used to value the pension obligations, and also to the underlying economic conditions that influence the assumptions. The sensitivity of earnings to key assumptions is described in more detail in the Financial review on pages 87 to 93. Changing economic conditions, particularly poor pension investment returns, may require the Group to make substantial cash contributions to its pension plans.

Actual investment returns achieved compared to the amounts assumed within the Group s reported pension expense are reported in the table below (amounts for prior years have been adjusted to exclude defined contribution assets as explained in note 50 to the *2009 Financial statements*).

As at 31 December 2009, the Group had estimated pension liabilities (on an IAS19 accounting basis) of US$16.2 billion and assets of US$12.4 billion. After excluding those pension arrangements deliberately operated as unfunded arrangements, representing liabilities of US$1.1 billion, the global funding level for pension liabilities (on an IAS19 basis) was approximately 82 per cent. If the funding level materially deteriorates further, cash contributions from the Group may be needed, subject to local requirements.

Table of Contents

Pension plan investment returns

US$ millions	**2009**	2008	2007	2006	2005
Expected return on plan assets	**581**	857	438	261	249
Actual return on plan assets	**1,472**	(2,451)	309	517	365
Difference between the expected and actual return on plan assets (loss)/gain (US$ million)	**891**	(3,308)	(129)	256	116
Difference as a percentage of plan assets	**7%**	(36%)	(1%)	5%	3%

Note 50 to the 2009 Financial statements provides detailed information on the financial impact of these plans, including the expected return on assets as used for financial reporting purposes; how actual returns have compared to the expected rate historically; and the level of contributions expected during the year after the statement of financial position date.

The total provision for post-retirement costs is set out in note 27 to the *2009 Financial statements*.

Operational

Estimates of ore reserves are based on many assumptions and changes in the assumptions could lead to reported ore reserves being restated.

There are numerous uncertainties inherent in estimating ore reserves including subjective judgements and determinations based on available geological, technical, contract and economic information. Assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may result in the reserves ceasing to be economically viable. Ultimately this may result in the reserves needing to be restated. Such changes in reserves could also affect depreciation and amortisation rates, asset carrying values, deferred stripping calculations and provisions for close down, restoration and environmental clean up costs.

Labour disputes could lead to lost production and/or increased costs.

Some of the Group s employees, including employees in non managed operations, are represented by labour unions under various collective labour agreements. The Group may not be able satisfactorily to renegotiate agreements when they expire and may face tougher negotiations or higher wage demands. In addition, existing labour agreements may not prevent a strike or work stoppage, which could have an adverse effect on the Group s earnings and financial condition.

Some of the Group s technologies are unproven and failures could adversely impact costs and/or productivity.

The Group has invested in and implemented information systems and operational initiatives including new technologies. Some aspects of these technologies are unproven and the eventual operational outcome or viability cannot be assessed with certainty. The costs, productivity, value in securing business opportunities and other benefits from these initiatives, and the consequent effects on the Group s future earnings and financial results may vary from expectations. If the Group s technology systems fail to realise the anticipated benefits, there is no assurance that this will not result in increased costs, interruptions to supply continuity, failure of the Group to realise its production or growth plans or some other adverse effect on operational performance.

The Group s mining operations are vulnerable to natural disasters, operating difficulties and infrastructure constraints, not all of which are covered by insurance, which could have an impact on its productivity.

Mining operations are vulnerable to natural events, including earthquakes, drought, floods, fire, storms and the possible effects of climate change. Operating difficulties such as unexpected geological variations that could result in significant failure, could affect the costs and viability of operations for indeterminate periods, including smelting and refining.

The Group requires reliable roads, rail networks, ports, power sources and power transmission facilities, water supplies and IT systems to access and conduct its operations. The availability and cost of infrastructure affects capital and operating costs, and the maintenance of planned levels of production and sales. In particular, the Group transports

a large proportion of its products by sea. Limitations, or interruptions in, rail or shipping capacity at any port, including as a result of third parties gaining access to the Group s integrated infrastructure, could impede the Group s ability to deliver its products on time. This could have an adverse effect on the Group s business and results of operations.

The Group uses an extensive information technology system and infrastructure. A significant failure of major parts of the system or malicious actions could result in significant interruption that could affect the Group s reputation and operating results.

The Group s insurance does not cover every potential risk associated with its operations. Adequate coverage at reasonable rates is not always obtainable. In addition, the Group s insurance may not fully cover its liability or the consequences of any business interruptions such as equipment failure or labour dispute. The occurrence of a significant event not fully covered by insurance could have an adverse effect on the Group s business, results of operations, financial condition and prospects.

Joint ventures and other strategic partnerships may not be successful and non managed projects and operations may not comply with the Group s standards, which may adversely affect its reputation and the value of such projects and operations.

The Group participates in several joint venture arrangements and it may enter into further joint ventures. Although the Group has sought to protect its interests, existing and future joint ventures necessarily involve special risks. Whether or not the Group holds majority interests or maintains operational control in its joint ventures, its partners may:

have economic or business interests or goals that are inconsistent with, or opposed to, those of the Group

exercise veto rights to block actions that the Group believes are in its or the joint venture s best interests;

take action contrary to the Group s policies or objectives with respect to its investments; or

Table of Contents

be unable or unwilling to fulfil their obligations under the joint venture or other agreements, such as contributing capital to expansion or maintenance projects.

Where projects and operations are controlled and managed by the Group s partners, the Group may provide expertise and advice but it has limited control with respect to compliance with its standards and objectives. Improper management or ineffective policies, procedures or controls could adversely affect the value of related non managed projects and operations and, by association, damage the Group s reputation thereby harming the Group s other operations and access to new assets.

The Group may be exposed to major failures in the supply chain for specialist equipment and materials.

Rio Tinto operates within a complex supply chain depending on suppliers of raw materials, services, equipment and infrastructure to ensure its mines and process plants can operate, and on providers of logistics to ensure products are delivered. Failure of significant components of this supply chain due to strategic factors such as business failure or serious operational factors, could have an adverse effect on the Group s business and results of operations.

Sustainable development

Increased regulation of greenhouse gas emissions could adversely affect the Group s cost of operations.

Rio Tinto s operations are energy intensive and depend heavily on fossil fuels. There is increasing regulation of greenhouse gas emissions, progressive introduction of carbon emissions trading mechanisms and tighter emission reduction targets, in numerous jurisdictions in which the Group operates. These are likely to raise energy and production costs to a material degree over the next decade. Regulation of greenhouse gas emissions in the jurisdictions of the Group s major customers and suppliers as well as in relation to international shipping could also have an adverse effect on the demand for the Group s products.

The Group depends on the continued services of key personnel.

The Group s ability to maintain its competitive position and to implement its business strategy is dependent on the services of key engineering, managerial, financial, commercial, marketing and processing people. Loss or diminution in the services of key employees, particularly as a result of an inability to attract and retain staff, or the Group not maintaining a competitive remuneration structure, could have an adverse effect on the Group s business, financial condition, results of operations and prospects.

Competition for experienced people with international engineering, mining, metallurgy and geological expertise is high, due to a small pool of individuals against medium to high demand. This may affect the Group s ability to retain its existing senior management, marketing and technical personnel and to attract qualified personnel on appropriate terms. Similar competition may be felt by the Group s key contractors and equipment suppliers that, in turn, could affect the Group s expansion plans.

The Group s costs of close down, restoration, and rehabilitation could be higher than expected due to unforeseen changes in legislation, standards and techniques, or underestimated costs.

Close down and restoration costs include the dismantling and demolition of infrastructure and the remediation of land disturbed during the life of mining and operations. Estimated costs are provided for over the life of each operation and updated annually but the provisions might prove to be inadequate due to changes in legislation, standards and the emergence of new restoration techniques. Furthermore the expected timing of expenditure could change significantly due to changes in commodity prices that might curtail the life of an operation. Total provisions at 31 December 2009 amounted to US$6,916 million (2008 restated: US$6,011 million) as set out in note 27 to the *2009 Financial statements*. These provisions could prove insufficient compared to the actual cost of restoration, or the cost of remediating or compensating for damage beyond the site boundary. Any underestimated or unidentified close down, restoration and environmental rehabilitation costs could have an adverse effect on the Group s reputation as well as its asset values, earnings and cash flows.

Health, safety, environment and other regulations, standards and expectations evolve over time and unforeseen changes could have an adverse effect on the Group s earnings and cash flows.

Rio Tinto operates in an industry that is subject to numerous health, safety and environmental laws, regulations and standards as well as community and stakeholder expectations. The Group is subject to extensive governmental regulations in all jurisdictions in which it operates. Operations are subject to general and specific regulations governing mining and processing, land tenure and use, environmental requirements (including site specific

environmental licences, permits and statutory authorisations), workplace health and safety, social impacts, trade and export, corporations, competition, access to infrastructure, foreign investment and taxation. Some operations are conducted under specific agreements with respective governments and associated acts of parliament but unilateral variations could diminish or even remove such rights. Evolving regulatory standards and expectations can result in increased litigation and/or increased costs, all of which can have an adverse effect on earnings and cash flows.

Table of Contents

Cautionary statement about forward looking statements

This document contains certain forward looking statements with respect to the financial condition, results of operations and business of the Rio Tinto Group. The words intend , aim , project , anticipate , estimate , plan , b expects , may , should , will , or similar expressions, commonly identify such forward looking statements.

Examples of forward looking statements in this *Annual report* include those regarding estimated ore reserves, anticipated production or construction dates, costs, outputs and productive lives of assets or similar factors. Forward looking statements involve known and unknown risks, uncertainties, assumptions and other factors set forth in this document that are beyond the Group s control. For example, future ore reserves will be based in part on market prices that may vary significantly from current levels. These may materially affect the timing and feasibility of particular developments. Other factors include the ability to produce and transport products profitably, demand for our products, the effect of foreign currency exchange rates on market prices and operating costs, and activities by governmental authorities, such as changes in taxation or regulation, and political uncertainty.

In light of these risks, uncertainties and assumptions, actual results could be materially different from projected future results expressed or implied by these forward looking statements which speak only as to the date of this report. Except as required by applicable regulations or by law, the Group does not undertake any obligation to publicly update or revise any forward looking statements, whether as a result of new information or future events. The Group cannot guarantee that its forward looking statements will not differ materially from actual results.

Table of Contents

Item 4. Information on the Company

INTRODUCTION

Rio Tinto

Rio Tinto is a leading international business involved in each stage of metal and mineral production. The worldwide Group produces aluminium, copper, diamonds, coal, iron ore, uranium, gold and industrial minerals (borates, titanium dioxide, salt, talc and zircon). With production mainly from Australia and North America, we operate in more than 50 countries. We employ about 102,000 people whose health and safety is a key priority and integral part of placing sustainable development at the heart of every activity. We operate as a global organisation with one set of standards and values, sharing best practices across the Group.

The Rio Tinto Group combines Rio Tinto plc, which is listed on the London Stock Exchange and headquartered in London, and Rio Tinto Limited, which is listed on the Australian Securities Exchange and has executive offices in Melbourne.

Businesses include open pit and underground mines, mills, refineries and smelters as well as a number of research and service facilities. The Group consists of wholly and partly owned subsidiaries, jointly controlled assets, jointly controlled entities and associated companies, the principal entities being listed in notes 37 to 40 of the *2009 Financial Statements.*

Operational structure

The Group consists of a number of wholly and partly owned subsidiaries, joint ventures and associated companies. Rio Tinto s management structure is designed to facilitate a clear focus on business performance and is structured into five product groups and two global support groups:

Aluminium

Copper

Diamonds & Minerals

Energy

Iron Ore

Exploration

Technology & Innovation

The chief executive of each product group and the global head of each business support group report to the chief executive of Rio Tinto.

Nomenclature and financial data

Rio Tinto plc and Rio Tinto Limited operate as one business organisation, referred to in this report as Rio Tinto, the Rio Tinto Group or, more simply, the Group. These collective expressions are used for convenience only, since both Companies, and the individual companies in which they directly or indirectly own investments, are separate and distinct legal entities.

Limited , plc , Pty , Inc , Limitada , L.L.C. , A.S. or SA have generally been omitted from Group compa names,except to distinguish between Rio Tinto plc and Rio Tinto Limited. Financial data in United States dollars (US$) is derived from, and should be read in conjunction with, the *2009 Financial statements*. In general, financial data in pounds sterling (£) and Australian dollars (A$) have been translated from the consolidated financial statements and have been provided solely for convenience; exceptions arise where data can be extracted directly from source records. Certain key information has been provided in all three currencies in the *2009 Financial statements*.

Rio Tinto Group sales revenue, profit before finance items and tax, net earnings and operating assets for 2008 and 2009 attributable to the product groups and geographical areas are shown in notes 31 and 32 to the *2009 Financial statements*. In the Performance section, operating assets and sales revenue for 2008 and 2009 are consistent with the

financial information by business unit in the *2009 Financial statements*.

The tables on pages 25 to 28 show production for 2007, 2008 and 2009 and include estimates of proven and probable ore reserves. Words and phrases, often technical, have been used which have particular meanings; definitions of these terms are in the Glossary on pages 164 to 165. The weights and measures used are mainly metric units; conversions into other units are shown on page 165.

History

Rio Tinto s predecessor companies were formed in 1873 and 1905. The Rio Tinto Company was formed by investors in 1873 to mine ancient copper workings at Rio Tinto, near Seville in southern Spain. The Consolidated Zinc Corporation was incorporated in 1905 to treat zinc bearing mine waste at Broken Hill, New South Wales, Australia.

The RTZ Corporation (formerly The Rio Tinto-Zinc Corporation) was formed in 1962 by the merger of The Rio Tinto Company and The Consolidated Zinc Corporation.

CRA Limited (formerly Conzinc Riotinto of Australia Limited) was formed at the same time by a merger of the Australian interests of The Consolidated Zinc Corporation and The Rio Tinto Company.

Between 1962 and 1995, both RTZ and CRA discovered important mineral deposits, developed major mining projects and also grew through acquisition.

RTZ and CRA were unified in 1995 through a dual listed companies structure. This means the Group, with its common board of directors, is designed to place the shareholders of both Companies in substantially the same position as if they held shares in a single enterprise owning all of the assets of both Companies.

In 1997, the RTZ Corporation became Rio Tinto plc and CRA Limited became Rio Tinto Limited, together known as the Rio Tinto Group. Over the past decade, the Group has continued to invest in developments and acquisitions in keeping with its strategy.

Table of Contents

In 2007, Rio Tinto completed an agreed takeover of the Canadian aluminium producer Alcan Inc. in a US$38 billion transaction that transformed the Group s aluminium product group into a global leader in aluminium. With copper and iron ore, this gave the Group a major role in the production of the three key metals associated with the growth and urbanisation of China and other developing countries.

In 2009, the Group completed rights issues that were fully underwritten. The net proceeds from the rights issues of US$14.8 billion were used to pay down Group borrowings.

Contact details

Rio Tinto plc is registered in England and Wales under company number 719885 with its registered office at 2 Eastbourne Terrace, London, W2 6LG (telephone: +44 20 7781 2000). Rio Tinto Limited is registered in Victoria, Australia under ABN 96 004 458 404 with its registered office at Level 33, 120 Collins Street, Melbourne, Victoria 3000 (telephone: +61 3 9283 3333). Rio Tinto s agent for service in the US is Shannon Crompton, secretary of Rio Tinto s US holding companies, who may be contacted at Rio Tinto Services Inc., 80 State Street, Albany, New York, 12207-2543.

Strategy

Summary

Rio Tinto s vision is to be the global mining leader.

Our vision shapes our core objective, which is to maximise total shareholder return by sustainably finding, developing, mining and processing natural resources.

To deliver this objective, the Group follows a strategy of investing in and operating large, long term, cost competitive mines and businesses, driven not by choice of commodity but rather by the quality of each opportunity. We have five business priorities for 2010 to enable us to deliver our strategy and improve our long term financial performance:

- Focus on operational delivery
- Pursue our growth path
- Complete the iron ore production joint venture
- Prudent balance sheet management
- Strengthen our relationship with China

Given our geographical reach, strong assets and reputation we believe we are well positioned for success.

Vision

Our vision of being the global mining leader means maintaining or achieving sector leadership, including operational excellence, sustainable development, exploration and innovation.

We are well placed to achieve this vision through our ownership of some of the world s best assets. We focus on the development of Tier 1 orebodies those that will give us large scale, long term and cost competitive operations. This will safeguard our future cash flow and ensure we can operate profitably at every stage of the commodity cycle.

The global reach of our operations and projects gives us the ability to respond to rising demand for metals and minerals from developed and emerging economies. We will use the advantages that our assets bring to deliver options for future growth.

Our diverse portfolio, high quality assets, and expertise in technology and marketing give us the capability to supply a wide spectrum of customers and markets. We can supply the raw materials needed for basic infrastructure and the high performance mineral grades needed for high tech applications. This gives us exposure to markets worldwide at various stages of the development cycle. By understanding what our customers value, we develop offerings which meet their needs and generate superior returns for Rio Tinto.

Effective supply chain integration with our operations and Rio Tinto Marine ensures that we meet customer needs and create value for ourselves by supplying the right products and services at the right time to the right place.

Rio Tinto has a strong reputation for operational excellence and sustainable development. This reputation gives us our licence to operate, and it is essential that we uphold it and build upon it.

Long term sustainable development is at the heart of everything we do. We must build upon recent improvements in our safety performance, and we must also continue, and extend, our leadership in areas such as community and government engagement; biodiversity; and land, carbon, water and energy management.

Our assets and reputation give us the capabilities to operate and grow our business on a global scale. And as we do so, we also have the scope and expertise to bring long term benefits to our local communities and host countries.

Priorities for 2010

The Group is focusing on five business priorities, which are the pathway to delivering our strategy and achieving our vision.

Focus on operational delivery

We will pursue cost reductions and productivity improvements in order to strengthen our focus on operational delivery.

A key activity will be the continued transformation of the Aluminium business. Rio Tinto Alcan is now sharing common safety, internal compliance and human resource systems. As we complete the financial integration of Alcan, we expect to exceed US$1.1 billion per year in synergies.

Our capacity for innovation is an important driver of operational delivery improvements. We will continue to capitalise on our leading technologies and develop our capabilities in areas such as automation.

Table of Contents

The delivery of capacity improvements along the supply chain is also a key part of this priority. This includes the mining, processing and shipping of our commodities.

Pursue our growth path

Our second priority is to grow our business through disciplined capital expenditure. The improved strength of our balance sheet in 2009 positions us well for growth. We have confidence in the projected increase in long term demand for our products, particularly from emerging markets, which will be the driver of this growth.

The growth opportunities that we focus on are aligned with our strategy, and so we will make investment decisions based on the quality of each opportunity rather than the choice of commodity. This may mean considering new commodities, as well as capitalising on the expansion potential that is held within our existing assets.

Complete the iron ore production joint venture

A key achievement this year would be the completion of the proposed Western Australian Iron Ore production joint venture with BHP Billiton. After signing the binding agreements in December 2009, covering all aspects of how the joint venture will operate and be governed, we are now addressing the approvals required and integration planning. This transaction would enable us to deliver substantial synergies and unlock the true value of our significant assets in the Pilbara.

Prudent balance sheet management

We will focus on prudent management of our balance sheet, building on the successful measures we undertook to alleviate our debt position in 2009. We will continue with our operating and capital cost reduction initiatives as well as our asset divestment programme in order to optimise our financial position. Our objective in this area is towards achieving a single A credit rating. This priority links closely to the pursuit of growth through disciplined capital expenditure.

Strengthen our relationship with China

We will seek to strengthen our relationship with China: our largest trading partner, the home of our largest shareholder, and a market that will be one of the major drivers of future demand. China is strategically important to Rio Tinto and it is essential that we build durable and ongoing relationships there.

Key performance indicators

Rio Tinto s core objective and strategy dictate key performance indicators (KPIs) that the Group monitors, targets and measures. These KPIs fulfil three roles:

To give senior management a means to evaluate the Group s overall performance from an operational, growth and sustainable development perspective.

To provide managers and their teams with clarity and focus on the areas that are critical for the successful achievement of the Group s goals.

To give guidance to the *Remuneration committee* in framing the Group s remuneration policy.

Notes

(a) The accounting information in these charts is drawn up in accordance with IFRS.

(b) Underlying earnings is the key financial performance indicator which

management uses internally to assess performance. It is presented here as an additional measure of earnings to provide greater understanding of the underlying business performance of the Group s operations. Items excluded from net earnings to arrive at underlying earnings are explained in note 2 to the 2009 *Financial statements*. Both net earnings and underlying earnings deal with amounts attributable to equity shareholders of Rio Tinto. However, IFRS requires that the profit for the year reported in the income statement should also include earnings attributable to outside shareholders in subsidiaries.

All injury frequence rate (AIFR)

Rio Tinto s continuous focus on safety in the workplace means that the AIFR is one of the Group s most important non financial KPIs.

It is calculated based on the number of injuries per 200,000 hours worked. This includes medical treatment cases, restricted work day and lost day injuries for employees and contractors.

All injury frequency rate	**Per 200,000 hours worked**
2005	1.35
2006	1.10
2007	1.21[(1)]
2008	0.98
2009	0.82

(1) Rio Tinto including former Alcan

At the end of 2009 our AIFR was 0.82, an improvement of 16 per cent from 2008.

Table of Contents

Underlying earnings

Underlying earnings is the key financial performance indicator used across the Group. It is a measure of earnings that provides insight into the underlying business performance of the Group s operations. Items excluded from net earnings to arrive at underlying earnings are explained in note 2 of the *2009 Financial statements*.

Underlying earnings [(a)] [(b)]	**US$ m**
2005	4,955
2006	7,338
2007	7,443
2008	10,303
2009	6,298

Underlying earnings in 2009 of US$6,298 million were US$4,005 million below the comparable measure for 2008. This was largely due to a US$6,879 million decrease due to price movements on all major commodities, partially offset by a US$484 million increase due to favourable movements in foreign exchange rates; a US$652 million increase from greater iron ore, copper and gold volumes; a US$742 million increase due to a reduction in cash costs; and an US$890 million increase from the reduction of exploration and evaluation expenditure.

Total shareholder return

TSR measures the Group s performance in terms of shareholder wealth generation through dividends and the share price. Rio Tinto s TSR is calculated by an independent third party. The Group s TSR performance compared to the FTSE 100 Index, the ASX All Ordinaries Index and the HSBC Global Mining Index, as well as the relationship between TSR and executive remuneration, is shown on pages 111.

Total shareholder return (TSR)	**%**
2005	78.5
2006	7.5
2007	92.7
2008	(71.5)
2009	172.5

Due to the rights issues in 2009, the adjusted share prices of Rio Tinto plc and Rio Tinto Ltd have changed, so the TSR values in the 2009 *Annual report* do not match up to the TSR values in the 2008 *Annual report*. At the end of 2009, the Group s TSR was an increase of 172.5%, compared with a decrease of 71.5% for 2008.

Net debt

In December 2008, Rio Tinto announced its commitment to reduce net debt by US$10 billion in 2009.

Net debt is calculated as: the net total of borrowings, cash and cash equivalents, other liquid resources and derivatives related to net debt.

Net debt [(a)]	**US$ m**
2005	1,313
2006	2,437
2007	45,191
2008	38,672
2009	18,861

During 2009, net debt decreased from US$38.7 billion to US$18.9 billion following the proceeds from the divestment programme, strong operating cash flows and net proceeds of US$14.8 billion from the rights issues. Net debt to total capital was significantly reduced to 29.1 per cent at 31 December 2009, compared with 63.3 per cent at 31 December 2008.

Capital expenditure

Capital expenditure tracks new and continuing investment in value adding sustaining and growth projects.

The Group s capital projects are listed on page 22 in the Capital projects section.

Capital expenditure [a]	**US$ m**
2005	2,554
2006	3,988
2007	4,968
2008	8,488
2009	5,356

Capital expenditure was US$5,356 million in 2009, a decrease of US$3,132 million over 2008. Capital expenditure included the Brockman 4 and Mesa A iron ore mine developments in Western Australia, the expansion of the Yarwun alumina refinery, the construction of the Clermont thermal coal mine, the expansion of the Kestrel coking coal mine, the development of the underground diamond mines at Diavik and Argyle and the completion of the Madagascar ilmenite mine.

Table of Contents

Operating cash flows

Operating cash flows were introduced as a key element of the short term incentive plan in 2009. This measure is the same as that in the consolidated cash flow statement.

Operating cash flows [(a)]	US$ m
2005	8,031
2006	10,923
2007	12,569
2008	20,668
2009	13,834

Operating cash flows, including dividends from equity accounted units, was US$13,834 million, 33 per cent lower than 2008, primarily as a consequence of lower commodity prices.

Greenhouse gas emissions intensity

Rio Tinto accepts the urgent need for climate change action. Improvement in intensity is a reduction in total greenhouse gas emissions per unit of commodity production over time. Broadly consistent with the WBCSD/ WRI Greenhouse Gas Protocol, we calculate total greenhouse gas emissions as direct emissions (Scope 1) plus emissions from imports of electricity (Scope 2) minus electricity and steam exports and net carbon credits voluntarily purchased from, or sold to, recognised sources. We index our performance relative to 2008 as the base year.

Greenhouse gas emissions intensity

Indexed relative to 2008	**Group intensity**
2005	109.4
2006	110.8
2007	110.2
2008	113.1[(1)]
	100.0[(2)]
2009	92.5[(2)]

(1) Excluding former Alcan

(2) Including former Alcan

During 2009 we achieved a 7.5 per cent reduction in total greenhouse gas emissions intensity. This was largely as a result of divesting the Ningxia aluminium smelter in China, which is powered by coal based electricity, and reduced production at a number of operations with a higher than average emissions intensity.

Group overview

We have major operations in Australia and North America which account for approximately 85 per cent of the value of our assets, as well as significant businesses in South America, Europe, southern Africa and Asia.

All injury frequency rate reduced to 0.82 from 0.98

Set iron ore production and sales records

Progressed transformation of our aluminium business

Exceeded targeted controllable operating cost savings

Notes

(1) This is the average Rio Tinto share of employees for managed businesses, excluding contractors and employees in businesses classified as assets held for sale during 2009.

Aluminium

Rio Tinto Alcan is a global leader in the aluminium industry. It mines high quality bauxite, refines alumina for both primary aluminium production and specialty alumina markets, and produces primary aluminium at some of the lowest cost, most technologically advanced smelters in the industry. The group is renowned for its technology leadership as well as its advantaged renewable energy assets.

Number of employees: 22,919 (1)

Products

Bauxite, Alumina, Specialty aluminas, Aluminium

Key facts

Integration synergies expected to exceed US$1.1 billion in 2010

Achieved rapid cost reductions and production curtailments

Business being transformed in readiness for the economic recovery

During the course of the year, aluminium prices plummeted by as much as 70 per cent from 2008

Table of Contents

Contribution to gross sales revenue: 27%

Copper

The Copper group is one of the world s largest producers of copper, with valuable by-products of gold and molybdenum. A diverse mix of operations and projects are located in North and South America, Africa, Asia and Australia. In addition to interests in some of the world s largest copper mines, it is taking the lead in the development of three of the world s largest new copper projects.

Number of employees: 7,612 [1]

Products

Copper, Gold, Molybdenum, Silver, Nickel

Key facts

Strong operating performance in 2009 supported by recovering market

Kennecott Utah Copper production up 37 per cent from 2008

Copper industry faces future supply challenges

Breakthrough agreement for development of major Mongolian copper-gold mine

Contribution to gross sales revenue: 14%

Diamonds & Minerals

The group comprises Rio Tinto Diamonds (RTD), Rio Tinto Minerals (RTM) and Rio Tinto Iron & Titanium (RTIT). RTD accounts for about six per cent of the world s production of rough diamonds by value. RTM is a global leader in borates and talc supply and of the science behind their use, and RTIT is a market leader in titanium dioxide feedstock, used in the manufacture of pigments for paints and plastics.

Number of employees: 7,375 [1]

Products

Diamonds, Borates, Titanium dioxide feedstocks, Talc, High purity iron, Metal powders, Zircon, Rutile

Key facts

Businesses oriented to OECD demand hence difficult conditions

Businesses showing signs of recovery, particularly in Asian markets

Diavik Diamonds underground mine starts production in 2010

Commencement of ramp up of Madagascar mineral sands mine

Contribution to gross sales revenue: 6%

Energy

Rio Tinto is a leading supplier of thermal and coking coal to the Asian seaborne market as well as being one of the world s largest uranium producers supplying uranium oxide to electric power utilities worldwide. Rio Tinto Coal Australia manages eight coal mines in Queensland and New South Wales. In the US, the group operates the Colowyo coal mine and has a 48 per cent interest in Cloud Peak Energy.

Number of employees: 7,613 [1]

Products

Thermal coal, Coking coal, Uranium

Key facts

More robust seaborne coal markets emerging

De-bottlenecking of Australian coal export ports under way

New Clermont mine and Kestrel mine expansion on track

Nuclear power comeback spells promise for uranium

Contribution to gross sales revenue: 15%

Iron Ore

Rio Tinto Iron Ore is the second largest supplier to the world s seaborne iron ore trade and produces direct saleable lump and fines ore, pellets and concentrates. It has a global supply capacity to serve both the Pacific and Atlantic markets, operating an integrated platform of mines, rail and port infrastructure including development projects designed to respond rapidly to changes in demand. It operates Dampier Salt located near its iron ore mines in Australia as well as Rio Tinto Marine.

Number of employees: 11,375 [(1)]

Table of Contents

Products

Iron ore and Salt

Key facts

- Operated at full run rate of 220 million tonnes capacity in second half of 2009
- Developing plans to produce 330 million tonnes per year
- Uses automated mining technologies including driverless haul trucks

Contribution to gross sales revenue: 29%

Global functions

Activities that support our businesses

Exploration

The role of the Exploration group is to add value to Rio Tinto by discovering or acquiring resources that can increase future cash flows. It is organised into regional multi-commodity teams, with head offices in the UK, the US and Australia, supported by commodity and commercial specialists. Programmes are prioritised on a global basis, with investment decisions driven not by location or choice of commodity but rather by the quality of each opportunity.

Technology & Innovation

Technology & Innovation has offices in Australia, Canada, the UK and the US. Its role is to identify, develop and promote best operational technology practice across the Group and to pursue step change innovation of strategic importance to ore bodies of the future.

Product overview

No one can spend a day without using a metal or mineral. In the production and supply of metals and minerals, Rio Tinto is one of the world s most diversified companies. Major products are aluminium, iron ore, copper, molybdenum, coal, uranium, diamonds, gold, borates, titanium dioxide, salt and talc.

Segmental analyses of sales revenue by product and by destination have been included in Note 32 to the *2009 Financial statements*.

Bauxite, alumina, aluminium

In a closely integrated value chain, the mineral bauxite is refined into alumina which is smelted into aluminium metal. Aluminium is one of the most widely used metals from tennis racquets to aircraft. Rio Tinto is a leading global supplier of bauxite, alumina and primary aluminium.

Silver

Silver is a good conductor of electricity and does not corrode. It is used in many electrical and electronic applications and is the principal ingredient of photographic and x-ray film. Silver is also a metal of beauty, used to make lasting products for the home and person. Rio Tinto produces silver as a by-product of its copper production.

Molybdenum

Molybdenum is a metallic element frequently used in alloys with stainless steel and other metals. It enhances the metal s toughness, high temperature strength and corrosion resistance. We produce molybdenum as a by-product from the Kennecott Utah Copper operations.

Gold

Gold has enjoyed a mystique and value unrivalled by other metals. Most gold that is not stored as bullion for investment purposes goes into jewellery. Gold s conductivity and non corrosive properties make it a vital fabrication material in technology, electronics, space exploration and dentistry. We produce gold as a by-product from our copper mines.

Coal

Coal is plentiful, relatively inexpensive, and safe and easy to transport. We are one of the world s largest producers of thermal coal, used for electricity generation in power stations. We also produce higher value coking, or metallurgical, coal which, when treated into coke, is used in furnaces with iron ore to produce steel.

Uranium

Uranium is one of the most powerful natural energy sources known, used in the production of clean, stable, base load electricity. After uranium ore is mined, it is milled into uranium oxide, the mine product that is sent away for further processing into fuel rods for nuclear power stations.

Table of Contents

Iron ore

Iron is the key ingredient in the production of steel, one of the most fundamental and durable products for modern day living, from railways to paperclips. Our mines are located in Australia and Canada.

Copper

About two thirds of copper production is used in electrical applications due to its high conductivity. It helps power our lives, in homes and factories, cars, computers, phones and equipment. Further major uses are in air conditioning and refrigeration, plumbing and roofing.

Borates

Mineral borates are used in hundreds of products and processes. They are a vital ingredient of many home and automotive applications, and are essential nutrients for crops. They are commonly used in vitreous applications such as fibreglass products, ceramics, LCD television screens, pharmaceutical and heat resistant glass.

Diamonds

Gem diamonds share the role with gold as a luxury commodity in jewellery. Rio Tinto offers diamond products across a wide range, from the pink, champagne and cognac stones from Argyle in Australia, to the spectacular whites of Diavik in Canada and Murowa in Zimbabwe.

Salt

Salt is one of the basic raw materials for the chemicals industry and is indispensable to a wide array of automotive, construction and electronic products, as well as for water treatment, food and healthcare.

Talc

Talc is hydrated magnesium silicate and is the softest rock in the world. It is an important ingredient in the manufacture of paper, paints, moulded plastics for cars and other familiar products. Rio Tinto produces various grades of talc for niche markets.

Gypsum

Gypsum is a key ingredient in wallboard, plaster, cement and is used in agriculture markets. Rio Tinto s Dampier Salt operations at Lake MacLeod, Australia, provide high quality natural gypsum to the markets in Africa, Asia and Australia.

Titanium dioxide

The minerals ilmenite and rutile, together with titanium slag, can be transformed into a white titanium dioxide pigment or titanium metal. The white pigment is a key component in paints, plastics, paper, inks, textiles, food, sunscreen and cosmetics. Titanium metal s key properties of lightweight, chemical inertness and high strength make it ideal for use in medical applications and in the aerospace industry.

Table of Contents

Market review

Competitive environment

Rio Tinto is a major producer in all of the metals and minerals markets in which it operates. It is generally among the top five global producers by volume in each such market. It has market shares for different commodities ranging from five per cent to 40 per cent. Rio Tinto s activities are spread across the globe. Most of Rio Tinto s competitors are private sector companies which are publicly quoted. Several are, like Rio Tinto, diversified in terms of commodity exposure, but others are focused on particular commodities.

High quality, long life mineral resources, the basis of attractive financial returns, are relatively scarce. Nevertheless, Rio Tinto holds interests in some of the world s largest deposits. Rio Tinto expects world production volumes to grow in line with global economic growth. In addition, higher demand from China and potentially India, as a result of high rates of economic growth and urbanisation trends in those countries, could contribute further to increases in world production volumes in the long term.

Economic overview

Global economy

Following more than four years of rapid expansion the global economy started to deteriorate rapidly during the third quarter of 2008 as financial markets became increasingly unstable. The bankruptcy of Lehman Brothers became the defining moment of this period sparking significant increases in risk premiums and a sharp contraction in availability of finance. Governments around the world took action to restore confidence in financial markets but a decline in global economic growth became unavoidable with most major developed economies moving into recession by the end of 2008.

The deterioration in global economic activity continued into 2009, leading to the greatest contraction in industrial production for over 30 years. Global trade ground to a halt, consumer confidence collapsed with rising fears about unemployment, and businesses responded to the credit crunch by cutting spending and reducing output in order to pare back high inventory levels. However, the introduction of large fiscal and monetary stimuli by governments around the world started to take effect towards the middle of the year, averting a second Great Depression.

Global trade started to recover during the second half of 2009, led by activity in Asia. Major developed economies gradually stabilised with most experiencing renewed GDP growth by the third quarter of 2009.

Most OECD economies are now in the early stages of recovery initially driven by inventory rebuilding, government spending and in some cases net trade. The normal pattern of recovery is that the process of inventory rebuilding and economic stimulus would generate job growth, increase business confidence, and create the basis for increased consumption. However at this stage there remain risks that the pace of recovery may not be sustained. This is mainly because consumer confidence has been so heavily weighed upon by high unemployment rates, the loss in wealth and the prospect of increased taxes to fund the current stimulus.

Table of Contents

China

The collapse in global trade affected many developing economies including China. The lagged impact of policy tightening by the Chinese government in early 2008 and a correction in a slightly overheating property market contributed to the slowdown in the pace of economic growth in China during the second half of 2008. By the first quarter of 2009 the annualised pace of GDP growth had fallen to nearly six per cent, a sharp contrast to the double digit growth that the Chinese economy had become accustomed to over the previous four years.

The Chinese Government reacted strongly and rapidly to the economic slowdown, announcing a Rmb 4 trillion stimulus package, equivalent to about 12 per cent of GDP, to be spent over two years. The Government also introduced a set of measures aimed at supporting demand in key sectors and boosting consumption in rural areas. The stimulus was accompanied by a massive surge in bank lending during the first half of 2009 with significant investment going into the development of infrastructure projects. All these measures were successful in boosting economic growth as early as the second quarter of 2009.

The growth momentum continued to build up during the second half of the year with activity in the property sector also starting to bounce back strongly. All of these developments bode well for the strength of China s economy in 2010.

Commodity markets

The sharp fall in global economic activity has had a significant impact on the demand for metals and minerals. Contractions in end-use consumption have been amplified by heavy destocking at all stages of the supply chains. Metals such as aluminium, which tend to be more exposed to the construction and transport sectors of developed economies, have been affected most strongly leading to very rapid increases in excess stocks. Prices, which in many cases were trading well in excess of the marginal costs of production prior to the economic downturn, reacted quickly to falling demand and rising inventories. The price falls were especially steep for exchange traded commodities as the turbulence in the financial sector forced investors out of these markets.

Aluminium and copper experienced a peak- to-trough variation of about 60 per cent and 70 per cent respectively within just a couple of quarters. Meanwhile the iron ore contract price settled with Japanese customers in the second quarter of 2009 was about one third lower than the previous benchmark. The hard coking coal contract price also fell substantially by close to 60 per cent, whilst spot thermal coal prices fell 65 per cent between July 2008 and the end of the first quarter of 2009. Such price declines put significant pressure on mining companies, with, for some commodities, significant portions of the industry showing negative margins. This led to a shift in focus from maximising output to capital management, production curtailment and cost saving. These recent developments reinforced Rio Tinto s strategy of investing in Tier 1 assets, which are generally able to generate positive margins over the whole of the economic cycle. The sharp price falls and credit restrictions also led to the cancellation or postponement of many mining projects.

The start of a stabilisation in the global economy from the second quarter of 2009 and more importantly the rapid turnaround of the Chinese economy triggered a sharp bounce back in commodity prices. Chinese imports of metals and minerals soared to new highs as a result of recovering underlying demand, restocking, closure of high cost domestic capacity and some speculative activity facilitated by rising liquidity. Falls in scrap supplies as a result of slower industrial activity and lower prices also created a need for Chinese consumers to use and import a higher proportion of primary metals. This was especially acute in the case of copper throughout the first half of 2009. These high levels of Chinese imports absorbed some of the surpluses building up outside China, keeping some markets relatively tight.

Copper experienced one of the strongest rebounds with prices rising 140 per cent between the start and the end of the year, moving to within less than 20 per cent of the pre-crisis 2008 peak. Meanwhile, spot iron ore prices almost doubled over the second half of 2009 and aluminium recovered from a low of near US$1,300 per tonne during the first quarter of 2009 to just over US$2,200 per tonne by year end despite historically high visible stock levels. Movements in coal prices were more subdued during 2009 but started to trend up again towards the very end of the year.

Outlook for 2010

Forecasters have become progressively more optimistic about economic growth in 2010. The IMF is predicting global growth of nearly four per cent and Chinese GDP is expected to grow at between nine and ten per cent. Economy wide

inventory rebuilding in the OECD should provide a short term boost to activity. Such growth acceleration would have positive implications for metals and minerals markets. Although it is still unclear whether a sustainable recovery in private sector confidence and economic activity will emerge as the fiscal and monetary stimulus wanes or is removed over time.

Some risks to the outlook include the possibility of an aggressive tightening of monetary policies in Asian economies in response to concerns about consumer and/or asset price inflation. Also it is possible that consumer spending in the OECD will remain constrained due to concerns about employment prospects, housing wealth and increased tax burdens. Economic data releases and news flow will affect investors perceptions about the likelihood of such risks compared with the strength of the more positive forces on the markets. This will lead to negative and positive swings in sentiment affecting commodity prices through speculation.

Marketing channels

All sales and marketing activity is conducted by Rio Tinto s Product Groups who utilise a range of sales and marketing channels to interact with customers. These channels include direct sales, sales via distributors and sales via agents. No customer facing sales and marketing activity is handled outside of the Product Groups.

Governmental regulation

Rio Tinto is subject to extensive governmental regulations affecting all aspects of its operations and consistently seeks to apply best practice in all of its activities. Due to Rio Tinto s product and geographical spread, there is unlikely to be any single governmental regulation that could have a material effect on the Group s business.

Rio Tinto s operations in Australia and New Zealand are subject to state and federal regulations of general application governing mining and processing, land tenure and use, environmental requirements, including site specific environmental

Table of Contents

licences, permits and statutory authorisations, workplace health and safety, trade and export, corporations, competition, access to infrastructure, foreign investment and taxation. Some operations are conducted under specific agreements with the respective governments and associated acts of parliament.

In addition, Rio Tinto s uranium operations in the Northern Territory, Australia and Namibia are subject to specific regulation in relation to mining and the export of uranium.

US and Canada based operations are subject to local, state, provincial and national regulations governing land tenure and use, environmental aspects of operations, product and workplace health and safety, trade and export administration, corporations, competition, securities and taxation. In relation to hydro electric power generation in Canada, water rentals and royalties, as well as surplus power sales, are regulated by the Quebec and British Columbia provincial governments.

Rio Tinto s South African based operations are subject to black economic empowerment legislation which includes the requirement to transfer (for fair value) 26 per cent of the Group s South African mining assets to historically disadvantaged South Africans by 2014.

Environmental regulation

Rio Tinto measures its performance against environmental regulation by rating incidents on a low, moderate, high, or critical scale of likelihood and consequence of impacting the environment. High and critical ratings are reported to the executive management team and the Committee on social and environmental accountability, including progress with remedial actions. Prosecutions and other breaches are also used to gauge Rio Tinto s performance.

In 2009, there were 12 high or critical environment incidents at Rio Tinto managed operations compared with 17 in 2008.

These incidents were of a nature to impact the environment or may have concerned local communities. Of these, eight resulted from water discharge and four were spills. Examples of these include:

- Spillage of caustic soda on to soil and into the adjacent river following overflow from a truck at port facilities in Saguenay, Canada.
- Release of untreated water from the treatment plant to a lake at Diavik, Canada.
- Discharge of water from a dam into a local creek in excess of licence conditions at Hail Creek, Australia.
- Hydrocarbon leakage to soil and groundwater at Havre St Pierre, Canada.
- Overflow of a storm water tank releasing leachate and surface run off into the surrounding environment at Alucam, Cameroon.
- Processing liquor releases to a sea water channel at Gove, Australia.
- Loss of lubrication oil into the local river following a valve failure on a generator at Kemano, Canada.
- Overflow of process water containing red mud from a holding pond into a local stream at Gardanne, France.

Trend information

Demand for the Group s products is closely aligned with levels of, and changes in, global GDP. Changes in the GDP of developing countries will generally have a greater impact on demand for commodities such as iron ore and coking coal, which are significant inputs in the development and improvement of infrastructure. Conversely, changes in the GDP of developed countries will have a greater impact on industrial minerals, which have many applications in consumer products. Aluminium and copper are used in a wide range of applications from infrastructure to consumer products and demand for these metals has tended to grow in line with or slightly faster than global GDP. Trends in production of the Group s minerals and metals, gross sales revenue and underlying earnings are set out in the Performance reviews starting on page 51.

Table of Contents

Capital projects

Capital and major evaluation projects

Capital expenditure for 2010 is expected to be at least US$5 billion with potential for a further US$1 billion for new investments. The focus for 2010 will be on the following capital projects:

Capital project Rio Tinto share 100% unless stated US$ billion	**Approved project funding US$bn**	**Estimated capital spend in 2010 US$bn**	**Status/milestones**
Iron ore sustaining and expansion of Pilbara iron ore mines and infrastructure capacity beyond 220mtpa	3.6	1.1	Expansion of Hope Downs from 22mtpa to 30mtpa (US$350 million on 100% basis Rio Tinto share is 50%) was completed during the first half of 2009. Work progressed on or ahead of schedule on the Mesa A and Brockman 4 mines. Mesa A came onstream in early February 2010 and Brockman 4 is expected to commence production in the second quarter of 2010.
Alumina expansion of Yarwun alumina refinery from 1.4 to 3.4mtpa	1.8	0.3	Work has been slowed in response to market demand. The change to the construction schedule will result in a completion date in the fourth quarter of 2012.
Aluminium construction of a new 225MW turbine at the Shipshaw power station in Saguenay, Quebec, Canada	0.2	0.1	Approved in October 2008, the project remains on budget and on schedule to be completed in December 2012.
Aluminium modernisation of the Kitimat smelter in British Columbia, Canada	0.5	0.1	The project timing has been slowed. Intensive value improvement exercise exploring all options for reducing cost, and optimising project capital expenditures and returns.

Aluminium AP50 pilot plant in Saguenay, Quebec, Canada	0.4	0.1	The project has been slowed. Construction of the electrical substation to be completed along with site preparation for potrooms and foundation of the busbars room.
Coking coal Kestrel (Rio Tinto share 80%) extension and expansion	1.0	0.4	The project continues to target scheduled production of coal in 2012.
Thermal coal Clermont (Rio Tinto 50.1%) replacement of Blair Athol	1.3	0.2	The project remains on track with first coal expected in the first half of 2010, ramping up to full capacity of 12.2mtpa by 2013.
Diamonds Argyle underground development, extending life to 2018	1.5	0.1	The project has been slowed to critical development activities. The project continues through 2010 and is being reviewed to determine the appropriate ramp-up timing.
Diamonds Diavik (Rio Tinto 60%) underground development	0.8		The project has been largely completed with first production expected in the first half of 2010

Sustaining capital expenditure for 2010 is estimated to be US$2.1 billion (Rio Tinto funded). In addition to these capital projects, the Group will continue to fund a number of major evaluation projects in 2010. Studies will continue into the step change expansion of iron ore production capacity in the Pilbara to 330 million tonnes per annum by 2015. Detailed design and engineering work of the Cape Lambert port expansion are scheduled to be completed by the end of 2010. Other major evaluation projects include the Simandou iron ore project and the La Granja and Resolution copper projects.

Table of Contents

Capital projects

Completed in 2009	Capital Expenditure US$ million (100% basis)	
Diamonds Diavik underground development (Rio Tinto 60%)	787	Capital investment of $563 million was approved in November 2007 in addition to $224 million invested in 2006-2007 for the feasibility studies and related capital projects. The underground mine produced its first ore in the first quarter of 2010.
Iron ore expansion of Hope Downs mine from 22 million tonnes per annum to 30 million tonnes per annum (Rio Tinto 50%).	350	Approved in August 2007, the expansion work was completed during the first half of 2009.
Iron ore construction of the Mesa A mine in the Pilbara region of Western Australia (Rio Tinto 53%). The mine is expected to have an initial production of 20 million tonnes per annum, increasing to 25 million tonnes by 2011.	901	Approved in November 2007, first production took place in the first quarter of 2010.
Completed in 2008		
Aluminium Development of the 360,000 tonne per annum greenfield Sohar smelter in Oman (Rio Tinto 20%).	1,700	Approved in February 2005, first hot metal was produced in June 2008.
Aluminium Aluminium Spent potlining recycling plant in Quebec (Rio Tinto 100%)	225	Approved in September 2006, the plant commenced operations in June 2008.
Titanium dioxide Construction by QMM (Rio Tinto 80%) of a greenfield ilmenite operation in Madagascar and associated upgrade of processing facilities at QIT in Canada.	1,000	Construction is substantially complete. First production of ilmenite took place at the end of 2008.

952

Iron ore Cape Lambert port expansion (Rio Tinto 53%) from 55 to 80 million tones per annum and additional rolling stock and infrastructure.		Approved in January 2007, the project was completed at the end of 2008, ahead of time and within budget.
Completed in 2007		
Iron ore Expansion of Hamersley s (Rio Tinto share 100%) Mount Tom Price mine to 28 million tonnes per annum capacity.	226	Project completed in March 2007.
Iron ore Brownfields mine expansion of Hamersley s (Rio Tinto 100%) Yandicoogina mine from 36 million tonnes per annum to 52 million tonnes per annum.	530	First ore was produced in May 2007, with the project completed at the end of the third quarter of 2007 on time and on budget.
Iron ore Expansion of Hamersley s (Rio Tinto 100%) Dampier port (Phase B) from 116 million tonnes per annum to 140 million tonnes per annum capacity and additional rolling stock and infrastructure.	803	This project was completed at the end of 2007 on schedule and on budget.
Iron ore Hope Downs development (Rio Tinto share: 50% of mine and 100% of infrastructure). Construction of 22 million tonnes per annum mine and related infrastructure.	980	First production occurred in November 2007, three months ahead of schedule. The first train load took place in December 2007.

Table of Contents

Acquisitions and divestments

During 2009 Rio Tinto acquired an additional interest in Ivanhoe Mines, owner of the Oyu Tolgoi copper-gold project in Mongolia. The Group announced asset sales totalling US$7.2 billion of which US$3.7 billion completed in 2009. Since February 2008, Rio Tinto has announced agreed asset sales of US$10.3 billion.

Acquisitions

Asset		Cost US$m	Status
Acquired in 2009			
Copper	Ivanhoe Mines	388	The purchase of an additional 9.8% interest increasing the Group s total holding to 19.7%
Acquired in 2008			
None			
Acquired in 2007			
Aluminium	Alcan Inc.	38,652	Acquisition of Alcan Inc announced in July 2007 and completed in October 2007
Energy	Hydrogen Energy (Rio Tinto: 50%)	35	Joint venture with BP
Iron Ore	Dampier Salt (Rio Tinto: 3%)	19	The purchase of a 3% interest in Dampier Salt from a minority shareholder that increased the Group s total interest to 68.4%

Divestments

Asset	Proceeds US$m	Status
Divested in 2009		

Energy Jacobs Ranch	764	Sold to Arch Coal, Inc
Iron Ore Corumbá mine	814	Sold to Vale
Diamonds & Minerals Exploration projects in Argentina and Canada	850	Sold to Vale
Aluminium Ningxia smelter (Rio Tinto: 50%)	125	Sold to Qingtongxia Aluminium Group
Exploration sundry assets	68	Sold to multiple parties
Energy Cloud Peak	741	IPO and connected debt offering
Alcan Engineered Products composites	349	Sold to Schweiter Technologies
Divested in 2008		
Energy Kintyre project	495	Sold to a joint venture
Copper Greens Creek mine (Rio Tinto: 70%)	750	Sale completed to Hecla Mining, the Group s minority partner
Copper Cortez Joint Venture (Rio Tinto: 40%)	1,695	Sold to Barrick Gold, the Group s majority partner, for cash plus a deferred bonus payment and contingent royalty interest
Exploration sundry assets	134	Sold to multiple parties
Divested in 2007		
Diamonds & Minerals Lassing and Ennsdorf	6	Rio Tinto Minerals disposed of its operations at Lassing and Ennsdorf in Austria

During the first quarter of 2010, Rio Tinto completed a further $3.5 billion of divestments comprising the sale of the majority of the Alcan Packaging businesses to Amcor for $1.95 billion, the sale of Alcan Packaging Food

Americas to Bemis Company, Inc for $1.2 billion and the sale of two undeveloped coal properties in Australia for $0.3 billion.

In March 2010 Rio Tinto acquired an additional 15 million shares in Ivanhoe Mines Ltd, increasing its ownership in Ivanhoe Mines by 2.7 per cent to 22.4 per cent. The total consideration for this acquisition was US$241 million.

Table of Contents

Metals and minerals production

	Rio Tinto % share (a)	Total	2009 Production Rio Tinto share	Total	2008 Production Rio Tinto share	Total	2007 Production Rio Tinto share
ALUMINA (000 tonnes)							
Gardanne (France) (b) (c)	100.0			38	38	21	21
Gove (Australia) (b)	100.0	**2,519**	**2,519**	2,325	2,325	405	405
Jonquière (Vaudreuil) (Canada) (b)	100.0	**1,125**	**1,125**	1,370	1,370	252	252
Queensland Alumina (Australia) (b) (d)	80.0	**3,959**	**3,167**	3,842	3,074	3,816	1,766
São Luis (Alumar) (Brazil) (b)	10.0	**1,657**	**166**	1,504	150	288	29
Yarwun (Australia)	100.0	**1,347**	**1,347**	1,293	1,293	1,260	1,260
Specialty Plants (Canada/France/Germany) (b) (c)	100.0	**492**	**492**	758	758	144	144
Rio Tinto total			**8,815**		9,008		3,877
ALUMINIUM (000 tonnes)							
Alma (Canada) (b)	100.0	**435**	**435**	424	424	80	80
Alouette (Sept-Îles) (Canada) (b)	40.0	**573**	**229**	572	229	109	44
Alucam (Edéa) (Cameroon) (b)	46.7	**73**	**34**	91	43	19	9
Anglesey (UK) (e)	51.0	**106**	**54**	118	60	147	75
Arvida (Canada) (b)	100.0	**171**	**171**	172	172	32	32
Beauharnois (Canada) (b) (f)	100.0	**11**	**11**	50	50	10	10
Bécancour (Canada) (b)	25.1	**420**	**105**	415	104	80	20
Bell Bay (Australia)	100.0	**177**	**177**	178	178	177	177
Boyne Island (Australia)	59.4	**556**	**331**	556	330	548	325
Dunkerque (France) (b)	100.0	**244**	**244**	254	254	49	49
Grande-Baie (Canada) (b)	100.0	**215**	**215**	212	212	40	40
ISAL (Reykjavik) (Iceland) (b)	100.0	**190**	**190**	187	187	35	35
Kitimat (Canada) (b)	100.0	**224**	**224**	247	247	47	47
Lannemezan (France) (b) (g)	100.0			5	5	5	5
Laterrière (Canada) (b)	100.0	**235**	**235**	234	234	44	44
Lochaber (UK) (b)	100.0	**38**	**38**	43	43	8	8
Lynemouth (UK) (b)	100.0	**109**	**109**	165	165	33	33
Ningxia (Qingtongxia) (China) (b) (h)		**10**	**5**	163	81	31	15
Sebree (US) (b)	100.0	**193**	**193**	197	197	37	37
Shawinigan (Canada) (b)	100.0	**99**	**99**	100	100	18	18
Sohar (Oman) (i)	20.0	**351**	**70**	49	10		
SORAL (Husnes) (Norway) (b)	50.0	**98**	**49**	171	86	32	16
Saint-Jean-de-Maurienne (France) (b)	100.0	**101**	**101**	130	130	25	25
Tiwai Point (New Zealand)	79.4	**271**	**215**	316	250	351	279
Tomago (Australia) (b)	51.6	**528**	**272**	523	270	97	50

Rio Tinto total			**3,808**		4,062		1,473
BAUXITE (000 tonnes)							
Awaso (Ghana) (b) (j)	80.0	**440**	**352**	796	637	216	173
Gove (Australia) (b)	100.0	**7,185**	**7,185**	6,245	6,245	985	985
Porto Trombetas (MRN) (Brazil) (b)	12.0	**15,645**	**1,877**	18,063	2,168	3,392	407
Sangaredi (Guinea) (b)	(k)	**11,216**	**5,047**	13,181	5,931	2,502	1,126
Weipa (Australia)	100.0	**16,235**	**16,235**	20,006	20,006	18,209	18,209
Rio Tinto total			**30,696**		34,987		20,900
BORATES (000 tonnes) (l)							
Rio Tinto Minerals Boron (US)	100.0	**411**	**411**	591	591	541	541
Rio Tinto Minerals Tincalayu (Argentina)	100.0	**13**	**13**	19	19	19	19
Rio Tinto total			**424**		610		560
COAL HARD COKING (000 tonnes)							
Rio Tinto Coal Australia							
Hail Creek Coal (Australia)	82.0	**6,308**	**5,173**	6,049	4,960	5,012	4,110
Kestrel Coal (Australia)	80.0	**2,868**	**2,294**	3,089	2,471	2,586	2,069
Rio Tinto total hard coking coal			**7,467**		7,431		6,179

Table of Contents

Metals and minerals production (continued)

	Rio Tinto % share (a)	2009 Production Total	2009 Production Rio Tinto share	2008 Production Total	2008 Production Rio Tinto share	2007 Production Total	2007 Production Rio Tinto share
COAL OTHER* (000 tonnes)							
Rio Tinto Coal Australia							
Bengalla (Australia)	30.3	**5,466**	**1,655**	5,357	1,622	5,155	1,561
Blair Athol (Australia)	71.2	**11,325**	**8,068**	10,194	7,262	7,924	5,645
Hunter Valley Operations (Australia)	75.7	**11,232**	**8,504**	10,751	8,139	10,094	7,642
Kestrel Coal (Australia)	80.0	**849**	**679**	929	744	1,035	828
Mount Thorley Operations (Australia)	60.6	**3,342**	**2,024**	2,949	1,786	2,924	1,771
Tarong Coal (Australia) (m)				262	262	4,510	4,510
Warkworth (Australia)	42.1	**5,162**	**2,172**	6,039	2,540	5,775	2,430
Total Australian other coal			**23,103**		22,356		24,388
US Coal							
Antelope (US) (n)	48.3	**30,865**	**29,031**	32,474	32,474	31,267	31,267
Colowyo (US) (o)	100.0	**3,214**	**3,214**	4,446	4,446	5,077	5,077
Cordero Rojo (US) (n)	48.3	**35,687**	**33,361**	36,318	36,318	36,712	36,712
Decker (US) (n)	24.1	**4,161**	**2,017**	5,939	2,970	6,340	3,170
Jacobs Ranch (US) (p)		**26,537**	**26,537**	38,206	38,206	34,565	34,565
Spring Creek (US) (n)	48.3	**16,035**	**15,360**	16,341	16,341	14,291	14,291
Total US coal			**109,520**		130,755		125,083
Rio Tinto total other coal			**132,623**		153,111		149,471
COPPER (mined) (000 tonnes)							
Bingham Canyon (US)	100.0	**303.5**	**303.5**	238.0	238.0	212.2	212.2
Escondida (Chile)	30.0	**1,061.2**	**318.3**	1,281.7	384.5	1,405.5	421.6
Grasberg Joint Venture (Indonesia) (q)	40.0	**269.3**	**107.7**	17.8	7.1	70.9	28.4
Northparkes (Australia)	80.0	**34.3**	**27.4**	24.8	19.8	43.1	34.5
Palabora (South Africa)	57.7	**82.6**	**47.6**	85.1	49.1	71.4	41.2
Rio Tinto total			**804.7**		698.5		737.9
COPPER (refined) (000 tonnes)							
Escondida (Chile)	30.0	**327.2**	**98.2**	257.5	77.3	238.4	71.5
Kennecott Utah Copper (US)	100.0	**274.2**	**274.2**	200.6	200.6	265.6	265.6
Palabora (South Africa)	57.7	**69.4**	**40.0**	75.9	43.8	91.7	52.9
Rio Tinto total			**412.4**		321.6		390.0

DIAMONDS (000 carats)							
Argyle (Australia)	100.0	**10,591**	**10,591**	15,076	15,076	18,744	18,744
Diavik (Canada)	60.0	**5,565**	**3,339**	9,225	5,535	11,943	7,166
Murowa (Zimbabwe)	77.8	**124**	**97**	264	205	145	113
Rio Tinto total			**14,026**		20,816		26,023
GOLD (mined) (000 ounces)							
Barneys Canyon (US)	100.0	**2**	**2**	5	5	11	11
Bingham Canyon (US)	100.0	**582**	**582**	368	368	397	397
Cortez/ Pipeline (US) (r)				72	29	538	215
Escondida (Chile)	30.0	**144**	**43**	144	43	187	56
Grasberg Joint Venture (Indonesia) (q)	40.0	**1,072**	**429**			1,058	423
Greens Creek (US) (s)				18	12	68	48
Northparkes (Australia)	80.0	**34**	**27**	32	26	79	63
Rawhide (US) (t)	100.0	**19**	**19**	18	9	19	10
Others		**13**	**8**	14	8	19	11
Rio Tinto total			**1,111**		501		1,233
GOLD (refined) (000 ounces)							
Kennecott Utah Copper (US)	100.0	**479**	**479**	303	303	523	523

* Coal other includes thermal coal and semi-soft coking coal.

Metals and minerals production (continued)

	Rio Tinto % share (a)	2009 Production Total	2009 Production Rio Tinto share	2008 Production Total	2008 Production Rio Tinto share	2007 Production Total	2007 Production Rio Tinto share
IRON ORE (000 tonnes)							
Corumbá (Brazil) (u)		**1,509**	**1,509**	2,032	2,032	1,777	1,777
Hamersley Iron six wholly owned mines (Australia)	100.0	**106,808**	**106,808**	95,553	95,553	94,567	94,567
Hamersley Channar (Australia)	60.0	**11,041**	**6,625**	10,382	6,229	10,549	6,330
Hamersley Eastern Range (Australia)	(v)	**9,318**	**9,318**	8,186	8,186	6,932	6,932
Hope Downs (Australia) (w)	50.0	**20,634**	**10,317**	10,936	5,468	64	32
Iron Ore Company of Canada (Canada)	58.7	**13,844**	**8,129**	15,830	9,295	13,229	7,768
Robe River (Australia)	53.0	**54,417**	**28,841**	50,246	26,631	51,512	27,301
Rio Tinto total			**171,547**		153,394		144,707
LEAD (000 tonnes)							
Greens Creek (US) (s)				4.6	3.2	17.0	11.9
MOLYBDENUM (000 tonnes)							
Bingham Canyon (US)	100.0	**11.3**	**11.3**	10.6	10.6	14.9	14.9
PIG IRON (000 tonnes)							
HIsmelt® (Australia)	60.0			144	87	115	69
SALT (000 tonnes)							
Dampier Salt (Australia) (x)	68.4	**8,555**	**5,848**	8,974	6,135	7,827	5,242
SILVER (mined) (000 ounces)							
Bingham Canyon (US)	100.0	**4,871**	**4,871**	3,414	3,414	3,487	3,487
Escondida (Chile)	30.0	**5,424**	**1,627**	6,167	1,850	7,870	2,361
Grasberg Joint Venture (Indonesia) (q)	40.0	**3,685**	**1,474**	549	220	1,193	477
Greens Creek (US) (s)				1,815	1,275	8,646	6,075
Others		**757**	**596**	655	417	914	602
Rio Tinto total			**8,569**		7,176		13,002
SILVER (refined) (000 ounces)							
Kennecott Utah Copper (US)	100.0	**4,050**	**4,050**	3,252	3,252	4,365	4,365
TALC (000 tonnes)							
Rio Tinto Minerals talc (Australia/Europe/North America) (y)	100.0	**888**	**888**	1,163	1,163	1,281	1,281

TITANIUM DIOXIDE FEEDSTOCK (000 tonnes)							
Rio Tinto Iron & Titanium (Canada/South Africa) (z) (aa)	100.0	**1,147**	**1,147**	1,524	1,524	1,458	1,458
URANIUM (000 lbs U_3O_8)							
Energy Resources of Australia (Australia)	68.4	**11,500**	**7,865**	11,773	8,052	11,713	8,011
Rössing (Namibia)	68.6	**9,150**	**6,275**	8,966	6,149	6,714	4,605
Rio Tinto total			**14,140**		14,200		12,616
ZINC (000 tonnes)							
Greens Creek (US) (s)				13.9	9.8	50.8	35.7

Table of Contents

Metals and minerals production (continued)

Production data notes:

Mine production figures for metals refer to the total quantity of metal produced in concentrates, leach liquor or doré bullion irrespective of whether these products are then refined onsite, except for the data for bauxite and iron ore which represent production of marketable quantities of ore.

(a) Rio Tinto percentage share, shown above, is as at the end of 2009 and has applied over the period 2007 2009 except for those operations where the Rio Tinto ownership has varied during the year; the weighted average ownership for each year is shown below. The Rio Tinto share varies at individual mines and refineries in the others category and thus no value is shown.

Rio Tinto share % Operation	See Note	**2009**	2008	2007
Queensland Alumina	(d)	**80.0**	80.0	46.3
Antelope	(n)	**94.0**	100.0	100.0
Cordero Rojo	(n)	**94.0**	100.0	100.0
Decker	(n)	**47.0**	50.0	50.0
Spring Creek	(n)	**94.0**	100.0	100.0
Dampier Salt Limited	(x)	**68.4**	68.4	67.0

(b) Rio Tinto acquired the operating assets of Alcan with effect from 24 October 2007; production is shown

as from that date. The Rio Tinto assets and the Alcan assets have been combined under the Rio Tinto Alcan name.

(c) Production of smelter grade alumina at Gardanne ceased at the end of 2008. Production continues from the Gardanne specialty alumina plant.

(d) Rio Tinto held a 38.6 per cent share in Queensland Alumina until 24 October 2007; this increased to 80.0 per cent following the Alcan acquisition.

(e) The Anglesey smelter ceased smelting operations at the end of the third quarter of 2009.

(f) The Beauharnois smelter ceased smelting operations in the second quarter of 2009.

(g) The Lannemezan smelter closed in the first quarter of 2008.

(h) Rio Tinto sold its 50 per cent interest in the Ningxia aluminium smelter with an effective date of 26 January 2009.

(i)

Production at the Sohar smelter commenced in the third quarter of 2008.

(j) Rio Tinto Alcan had an 80 per cent interest in the Awaso mine but purchased the additional 20 per cent of production. Rio Tinto Alcan sold its interest in Ghana Bauxite Company, owner of the Awaso mine, with an effective date 1 February 2010.

(k) Rio Tinto has a 22.95 per cent shareholding in the Sangaredi mine but receives 45.0 per cent of production under the partnership agreement.

(l) Borate numbers refer to B_2O_3 quantities in thousands of tonnes.

(m) Rio Tinto sold its 100 per cent interest in Tarong Coal with an effective date of 31 January 2008; production data are shown up to that date.

(n) As a result of the initial public offering of Cloud Peak Energy Inc. on 20 November 2009,

Rio Tinto now holds a 48.3 per cent interest in the Antelope, Cordero Rojo and Spring Creek mines and a 24.1 per cent interest in the Decker mine. These interests were formerly reported under Rio Tinto Energy America but are now managed by Cloud Peak Energy.

(o) During 2008, Rio Tinto acquired a 100 per cent interest in the Colowyo mine, having previously held a partnership interest. All of Colowyo s production was already included in Rio Tinto s share of production.

(p) Rio Tinto sold its 100 per cent interest in the Jacobs Ranch mine with an effective date of 1 October 2009. Production data are shown up to that date.

(q) Through a joint venture agreement with Freeport-McMoRan Copper & Gold (FCX), Rio Tinto is entitled to 40 per cent of additional material mined as a consequence of expansions and developments of the Grasberg facilities

since 1998. Total production reflects the total quantities attributable to the joint venture.

(r) Rio Tinto sold its 40 per cent interest in the Cortez/Pipeline joint venture with an effective date of end of February 2008. Production data are shown up to that date.

(s) Rio Tinto sold its 70.3 per cent share in the Greens Creek joint venture with an effective date of 16 April 2008. Production data are shown up to that date.

(t) On 28 October 2008, Rio Tinto increased its shareholding in the Rawhide Joint Venture from 51 per cent to 100 per cent. The previous Joint Venture shareholder continued to be entitled to 49 per cent of production until 31 December 2008; thereafter Rio Tinto has been entitled to 100 per cent.

(u) Rio Tinto sold its 100 per cent interest in the Corumbá mine with an effective date of 18 September 2009. Production data are

shown up to that date.

(v) Rio Tinto s share of production includes 100 per cent of the production from the Eastern Range mine. Under the terms of the joint venture agreement (Rio Tinto 54 per cent), Hamersley Iron manages the operation and is obliged to purchase all mine production from the joint venture.

(w) Hope Downs started production in the fourth quarter of 2007.

(x) Rio Tinto increased its shareholding in Dampier Salt Limited to 68.4 per cent at the beginning of July 2007.

(y) Talc production includes some products derived from purchased ores.

(z) Quantities comprise 100 per cent of Rio Tinto Fer et Titane and 50 per cent of Richards Bay Minerals (RBM) production until late 2009 when RBM concluded a Broad Based Black Economic Empowerment transaction. Rio

Tinto Iron & Titanium s share of RBM production reflects a decrease from 50 to 37 per cent with effect from 9 December 2009.

(aa) Ilmenite mined in Madagascar is being processed in Canada with effect from June 2009.

Production figures are sometimes more precise than the rounded numbers shown, hence an apparent small difference may result where the Rio Tinto share is totalled.

Table of Contents

Ore reserves (under Industry Guide 7)

For the purposes of this combined Annual report on Form 20-F estimates of ore reserves have been prepared in accordance with the SEC s Industry Guide 7 under the United States Securities Act of 1933 and the following definitions:

An Ore Reserve means that part of a mineral deposit that can be economically and legally extracted or produced at the time of the reserves determination. To establish this, studies appropriate to the type of mineral deposit involved have been carried out to estimate the quantity, grade and value of the ore mineral(s) present. In addition, technical studies have been completed to determine realistic assumptions for the extraction of the minerals including estimates of mining, processing, economic, marketing, legal, environmental, social and governmental factors. The degree of these studies is sufficient to demonstrate the technical and economic feasibility of the project and depends on whether or not the project is an extension of an existing project or operation. The estimates of minerals to be produced include allowances for ore losses and the treatment of unmineralised materials which may occur as part of the mining and processing activities. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proven Ore Reserves as defined below.

The term economically , as used in the definition of reserves, implies that profitable extraction or production under defined investment assumptions has been established through the creation of a mining plan, processing plan and cash flow model. The assumptions made must be reasonable, including costs and operating conditions that will prevail during the life of the project.

Ore reserves presented in accordance with SEC Industry Guide 7 do not exceed the quantities that, it is estimated, could be extracted economically if future prices were to be in line with the average of historical prices for the three years to 30 June 2009, or contracted prices where applicable. For this purpose, contracted prices are applied only to future sales volumes for which the price is predetermined by an existing contract; and the average of historical prices is applied to expected sales volumes in excess of such amounts. Moreover, reported ore reserve estimates have not been increased above the levels expected to be economic based on Rio Tinto s own long term price assumptions.

The term legally , as used in the definition of reserves, does not imply that all permits needed for mining and processing have been obtained or that other legal issues have been completely resolved. However, for reserves to exist, there is reasonable assurance of the issuance of these permits or resolution of legal issues. Reasonable assurance means that, based on applicable laws and regulations, the issuance of permits or resolution of legal issues necessary for mining and processing at a particular deposit will be accomplished in the ordinary course and in a timeframe consistent with the Company s current mine plans.

The term proven reserves means reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling; and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well established. Proven reserves represent that part of an orebody for which there exists the highest level of confidence in data regarding its geology, physical characteristics, chemical composition and probable processing requirements.

The term probable reserves means reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation. This means that probable reserves generally have a wider drill hole spacing than for proven reserves.

The amount of proven and probable reserves shown below does not necessarily represent the amount of material currently scheduled for extraction, because the amount scheduled for extraction may be derived from a life of mine plan predicated on prices and other assumptions which are different to those used in the life of mine plan prepared in accordance with Industry Guide 7.

The estimated ore reserve figures in the following tables are as of 31 December 2009. Metric units are used throughout. The figures used to calculate Rio Tinto s share of reserves are often more precise than the rounded numbers shown in the tables, hence small differences might result if the calculations are repeated using the

tabulated figures. Commodity price information is given in footnote (a).
Where operations are not managed by Rio Tinto the reserves are published as received from the managing company.

Table of Contents

Ore reserves (under Industry Guide 7)

	Type of mine (b)	Total ore reserves at end 2009 Tonnage	Grade	Interest %	Rio Tinto share
BAUXITE (c)		millions of tonnes	% Al_2O_3		Recoverable mineral millions of tonnes
Reserves at operating mines					
Gove (Australia)	O/P	186	49.4	100.0	186
Porto Trombetas (Brazil)	O/P	214	49.6	12.0	26
Sangaredi (Guinea)	O/P	130	52.4	23.0	30
Weipa (Australia)	O/P	1,699	52.7	100.0	1,699
Rio Tinto total					**1,941**

	Type of mine	millions of tonnes	Interest %	Marketable product millions of tonnes
BORATES (d)				
Reserves at operating mine				
Rio Tinto Minerals - Boron (US) (e)				
mine	O/P	**22.3**	100.0	22.3
stockpiles (f)	S/P	**2.3**	100.0	2.3
Rio Tinto total				**24.6**

	Type of mine	Coal type (h)	Marketable reserves	Marketable coal quality (i)	(i)	Interest %	Marketable reserves
COAL (g)			millions of tonnes	Calorific value MJ/kg	Sulphur content %		millions of tonnes
Reserves at operating mines							
Rio Tinto Coal Australia							
Bengalla (Australia)	O/C	SC	126	28.21	0.47	30.3	38
Blair Athol (Australia) (j)	O/C	SC	18	26.17	0.31	71.2	13
Hail Creek (Australia) (k)	O/C	MC	209	32.20	0.35	82.0	172

Hunter Valley Operations (Australia) (l)	O/C	SC + MC	278	28.99	0.54	75.7	210
Kestrel (Australia)	U/G	SC + MC	128	31.60	0.59	80.0	102
Mount Thorley Operations (Australia)	O/C	SC + MC	24	29.41	0.43	60.6	14
Warkworth (Australia)	O/C	SC + MC	270	30.68	0.44	42.1	114
Total Australian coal							**663**
US Coal							
Antelope (US) (m) (n)	O/C	SC	265	20.59	0.24	48.3	128
Colowyo (US) (o)	O/C	SC	17	23.92	0.44	100.0	17
Cordero Rojo (US) (m)	O/C	SC	372	19.54	0.29	48.3	180
Decker (US) (m) (p)	O/C	SC	2	21.87	0.40	24.1	1
Spring Creek (US) (m)	O/C	SC	272	21.75	0.33	48.3	131
Total US coal							456
Rio Tinto total reserves at operating mines							1,119
Undeveloped reserves (q)							
Rio Tinto Coal Australia							
Clermont (Australia)	O/C	SC	189	27.90	0.33	50.1	95
Mount Pleasant (Australia)	O/C	SC	350	26.73	0.51	75.7	265
Rio Tinto total undeveloped reserves							**360**

Table of Contents

Ore reserves (under Industry Guide 7)

	Type of mine	Total ore reserves at end 2009		Average mill		Rio Tinto share
	(b)	Tonnage	Grade	recovery %	Interest %	
COPPER		Millions of tonnes	% Cu			Recoverable metal millions of tonnes
Reserves at operating mines						
Bingham Canyon (US) (r)						
mine	O/P	484	0.48	85	100.0	1.992
stockpiles (f)	S/P	40	0.33	85	100.0	0.113
Escondida (Chile)						
sulphide mine	O/P	1,652	1.07	82	30.0	4.352
sulphide leach mine	O/P	2,289	0.53	33	30.0	1.198
oxide mine (s)	O/P	73	0.94	68	30.0	0.140
sulphide stockpiles (f)	S/P	7	1.26	82	30.0	0.023
sulphide leach stockpiles (f)	S/P	88	0.88	33	30.0	0.076
oxide stockpiles (f)	S/P	49	0.62	68	30.0	0.062
Grasberg (Indonesia)	O/P+ U/G	2,590	1.00	89	(t)	7.061
Northparkes (Australia) (u)						
mine	O/P+ U/G	74	0.87	89	80.0	0.460
stockpiles (f)	S/P	6	0.36	85	80.0	0.014
Palabora (South Africa) (v)	U/G	75	0.60	88	57.7	0.228
Rio Tinto total reserves at operating mines						**15.719**
Undeveloped reserves (q)						
Eagle (US)	U/G	4	2.93	95	100.0	0.102
Oyu Tolgoi (Mongolia) (w)	O/P	930	0.50	87	19.7	0.794
Rio Tinto total undeveloped reserves						**0.896**
DIAMONDS (c)		Millions of tonnes	carats per tonne			Recoverable diamonds millions of carats
Reserves at operating mines						
Argyle (Australia)						
AK1 pipe mine	O/P+ U/G	83	2.1		100.0	174.9
AK1 pipe stockpiles (f)	S/P	2	1.6		100.0	3.2

Diavik (Canada)	O/P+ U/G	20	3.0		60.0	35.8
Murowa (Zimbabwe)						
mine	O/P	20	0.7		77.8	10.8
stockpiles (f)	S/P	0.02	1.2		77.8	0.02
Rio Tinto total						**224.7**

GOLD		**millions of tonnes**	**grammes per tonne**			**Recoverable metal millions of ounces**
Reserves at operating mines						
Bingham Canyon (US) (r)						
mine	O/P	484	0.25	62	100.0	2.471
stockpiles (f)	S/P	40	0.20	62	100.0	0.159
Grasberg (Indonesia)	O/P+ U/G	2,590	0.86	69	(t)	13.006
Northparkes (Australia) (u)						
mine	U/G	74	0.35	74	80.0	0.489
stockpiles (f)	S/P	5.9	0.20	76	80.0	0.023
Rio Tinto total reserves at operating mines						**16.149**
Undeveloped reserves (q)						
Eagle (US) (x)	U/G	4	0.29	73	100.0	0.025
Oyu Tolgoi (Mongolia) (w)	U/G	930	0.36	71	19.7	1.497
Rio Tinto undeveloped reserves						**1.522**

Table of Contents

Ore reserves (under Industry Guide 7)

	Type of mine (b)	Total ore reserves at end 2009 Tonnage	Grade	Average mill recovery %	Interest %	Rio Tinto share
IRON ORE (c)						Marketable product millions
		Millions of tonnes	%Fe			of tonnes
Reserves at operating mines						
Hamersley wholly owned (Australia)						
Brockman 2 (Brockman ore) (y)	O/P	15	62.7		100.0	15
Brockman 4 (Brockman ore)	O/P	621	62.0		100.0	621
Marandoo (Marra Mamba ore) (z)	O/P	49	61.5		100.0	49
Mt Tom Price (Brockman ore)	O/P					
mine		76	63.7		100.0	76
stockpiles (f)	S/P	17	63.0		100.0	17
Mt Tom Price (Marra Mamba ore) (aa)	O/P	23	61.1		100.0	23
Nammuldi (Marra Mamba ore) (bb)	O/P	18	61.2		100.0	18
Paraburdoo (Brockman ore)	O/P	15	63.1		100.0	15
Turee Syncline Central (Brockman Ore (cc)	O/P	74	61.9		100.0	74
Western Turner Syncline (Brockman ore)	O/P	314	61.9		100.0	314
Yandicoogina (Pisolite ore HG)						
mine	O/P	206	58.5		100.0	206
stockpiles (f)	S/P	3	58.5		100.0	3
Yandicoogina (Process product) (dd)	O/P	102	58.9		100.0	102
Hamersley Channar (Australia)						
Brockman ore	O/P	81	63.0		60.0	48
Hamersley Eastern Range (Australia)						
Brockman ore (ee)	O/P	71	62.8		54.0	38
Hope Downs 1 (Australia)						
Marra Mamba ore (ff)	O/P	353	61.4		50.0	176
Iron Ore Company of Canada (Canada) (gg)	O/P	584	65.0		58.7	343
Robe River (Australia)						
Pannawonica (Pisolite ore)						
mine	O/P	246	57.3		53.0	130
stockpiles (f)	S/P	21	56.8		53.0	11
West Angelas (Marra Mamba Ore)						
mine	O/P	340	61.8		53.0	180
stockpiles (f)	S/P	7	58.3		53.0	4
Rio Tinto total		**614**				**2,464**

MOLYBDENUM		Millions of tonnes	%Mo			Recoverable metal millions of tonnes
Reserves at operating mine						
Bingham Canyon (US) (r) (hh)						
mine	O/P	484	0.046	69	100.0	0.154
stockpiles (f)	S/P	40	0.023	69	100.0	0.006
Rio Tinto total						**0.160**

NICKEL		millions of tonnes	%Ni			Recoverable metal millions of tonnes
Undeveloped reserves (q)						
Eagle (US)	U/G	4	3.47	87	100.0	**0.110**

Table of Contents

Ore reserves (under Industry Guide 7)

	Type of mine (b)	Total ore reserves at end 2009 Tonnage	Grade	Average mill recovery %	Interest %	Rio Tinto share
SILVER						Recoverable metal
		millions of tonnes	grammes per tonne			millions of ounces
Reserves at operating mines						
Bingham Canyon (US) (r)						
mine	O/P	484	2.11	73	100.0	23.982
stockpiles (f)	S/P	40	1.82	73	100.0	1.733
Grasberg (Indonesia)	O/P+ U/G	2,590	4.18	70	(t)	79.698
Rio Tinto total						**105.413**

	Type of mine (b)	Tonnage	Grade	Average mill recovery %	Interest %	Rio Tinto share
TALC (d)						Marketable product
		millions of tonnes				millions of tonnes
Reserves at operating mines						
Rio Tinto Minerals talc						
(Europe/N. America/Australia)	O/P+ U/G					
mine		33.2			100.0	33.2
stockpiles		0.3			100.0	0.3
Rio Tinto total						**33.5**

	Type of mine (b)	Tonnage	Grade	Average mill recovery %	Interest %	Rio Tinto share
TITANIUM DIOXIDE FEEDSTOCK (d)						Marketable product
		millions of tonnes				millions of tonnes
Reserves at operating mines						
QIT (Canada)	O/P	51.4			100.0	51.4
QMM (Madagascar)	D/O	11.9			80.0	9.5
RBM (South Africa) (ii)						
mine	D/O	24.4			37.0	9.0
stockpiles (f)	S/P	0.6			37.0	0.2
Rio Tinto total						**70.1**

URANIUM		**millions of tonnes**	**%$U_3 0_8$**			**Recoverable metal millions of tonnes**
Reserves at operating mines						
Energy Resources of Australia (Australia)						
Ranger #3 mine	O/P	6.3	0.242	83	68.4	0.009
Ranger #3 stockpiles (f)	S/P	21.4	0.104	83	68.4	0.013
Rössing (Namibia)						
mine	O/P	186.7	0.031	85	68.6	0.033
stockpiles (f)	S/P	6.0	0.034	85	68.6	0.001
Rio Tinto total						**0.056**

Table of Contents

Ore reserves (under Industry Guide 7)

	Type of mine (b)	Proven ore reserves at end 2009 Tonnage	Grade	Drill hole Spacing(jj)	Probable ore reserves at end 2009 Tonnage	Grade	Drill hole Spacing(jj)
BAUXITE (c)		millions of tonnes	%Al_2O_3		millions of tonnes	%Al_2O_3	
Reserves at operating mines							
Gove (Australia)	O/P	140	49.4	50m x 100m	46	49.2	200m x 200m
Porto Trombetas (Brazil)	O/P	150	49.7	200m x 200m	64	49.2	Max 400m
Sangaredi (Guinea)	O/P				130	52.4	75m x 75m
Weipa (Australia)	O/P	339	51.9	150m x 150m	1,360	53.0	300m x 300m

	Type of mine	Proven Tonnage	Drill hole Spacing(jj)	Probable Tonnage	Drill hole Spacing(jj)
BORATES (d)		millions of tonnes		millions of tonnes	
Reserves at operating mine					
Rio Tinto Minerals - Boron (US) (e)					
mine	O/P	14.8	120m x 120m	7.5	445m x 445m
stockpiles (f)	S/P			2.3	

	Type of mine	Recoverable reserves total	% Yield to give marketable reserves	Marketable Reserves Proven	Drill hole spacing(jj)	Probable	Drill hole spacing(jj)
COAL (g)		millions of tonnes		millions of tonnes		millions of tonnes	
Reserves at operating mines							
Rio Tinto Coal Australia							
Bengalla (Australia)	O/C	167	75	64	350m	62	500m
Blair Athol (Australia) (j)	O/C	22	82	18	150m	0.3	150m
Hail Creek (Australia) (k)	O/C	410	51	61	1000m	149	2000m
Hunter Valley Operations (Australia) (l)	O/C	403	69	218	300m	60	500m
Kestrel (Australia)	U/G	153	83	47	500m	81	1000m
Mount Thorley Operations (Australia)	O/C	37	65	21	125m	3	500m

Warkworth (Australia)	O/C	413	65	149	450m	121	1000m
US Coal							
Antelope (US) (m) (n)	O/C	265	100	255	300m	10	500m
Colowyo (US) (o)	O/C	17	100	14	140m	3	300m
Cordero Rojo (US) (m)	O/C	372	100	289	250m	84	400m
Decker (US) (m) (p)	O/C	2	100	2	250m		
Spring Creek (US) (m)	O/C	272	100	234	300m	38	400m
Undeveloped reserves (q)							
Rio Tinto Coal Australia							
Clermont (Australia)	O/C	197	96	185	220m	4	150 to 300m
Mount Pleasant (Australia)	O/C	459	76			350	125m to 500m

Table of Contents

Ore reserves (under Industry Guide 7)

	Type of mine (b)	Proven ore reserves at end 2009 Tonnage	Grade	Drill hole spacing (jj)	Probable ore reserves at end 2009 Tonnage	Grade	Drill hole spacing (jj)
COPPER		millions of tonnes	%Cu		millions of tonnes	%Cu	
Reserves at operating mines							
Bingham Canyon (US) (r)							
mine	O/P	285	0.54	88m	199	0.40	106m
stockpiles (f)	S/P	32	0.37		8	0.19	
Escondida (Chile)							
sulphide mine	O/P	718	1.15	55m x 55m	933	1.00	85m x 85m
sulphide leach mine	O/P	552	0.53	60m x 60m	1,738	0.53	100m x 100m
oxide mine (s)	O/P	17	0.87	45m x 45m	56	0.96	50m x 50m
sulphide stockpiles (f)	S/P	7	1.26				
sulphide leach stockpiles (f)	S/P	88	0.88				
oxide stockpiles (f)	S/P	49	0.62				
Grasberg (Indonesia)	O/P + U/G	816	1.12	13m to 47m	1,774	0.95	42m to 97m
Northparkes (Australia) (u)							
mine	O/P + U/G	4	0.65	25 x 25 x 50m	70	0.88	50 x 50 x 100m
stockpiles (f)	S/P	6	0.36				
Palabora (South Africa) (v)	U/G	75	0.60	76m			
Undeveloped reserves (q)							
Eagle (US)	U/G				3.6	2.93	25m
Oyu Tolgoi (Mongolia) (w)	O/P	127	0.58	50m	803	0.48	75m x 100m
DIAMONDS (c)		millions of tonnes	carats per tonne		millions of tonnes	Carats per tonne	
Reserves at operating mines							
Argyle (Australia)							
AK1 pipe mine	O/P + U/G	23	1.1	50m x 50m	61	2.5	50m x 50m

AK1 pipe stockpiles (f)	S/P	0.7	2.9		1.2	0.8	
Diavik (Canada)	O/P + U/G	9	3.1	24m to 40m	11	2.9	24m to 40m
Murowa (Zimbabwe)							
mine	O/P				20	0.7	50m
stockpiles (f)	S/P				0.02	1.2	

GOLD		millions of tonnes	grammes per tonne		millions of tonnes	grammes per tonne	
Reserves at operating mines							
Bingham Canyon (US) (r)							
mine	O/P	285	0.28	88m	199	0.22	106m
stockpiles (f)	S/P	32	0.22		8	0.11	
Grasberg (Indonesia)	O/P + U/G	816	1.07	13m to 47m	1,774	0.77	42m to 97m
Northparkes (Australia) (u)							
mine	O/P + U/G	4	0.52	25 x 25 x 50m	70	0.34	50 x 50 x 100m
stockpiles (f)	S/P	6	0.20				
Undeveloped reserves (q)							
Eagle (US) (x)	UG				3.6	0.29	25m
Oyu Tolgoi (Mongolia) (w)	O/P	127	0.93	50m	803	0.27	75m to 100m

Table of Contents

Ore reserves (under Industry Guide 7)

	Type of mine (b)	Proven ore reserves at end 2009			Probable ore reserves at end 2009		
		Tonnage	Grade	Drill hole spacing (jj)	Tonnage	Grade	Drill hole spacing (jj)
IRON ORE (c)		millions of tonnes	%Fe		millions of tonnes	%Fe	
Reserves at operating mines							
Hamersley wholly owned (Australia)							
Brockman 2 (Brockman Ore) (y)	O/P	13	62.7	50m x 50m	3	62.8	Max 100m
Brockman 4 (Brockman Ore)	O/P	366	62.2	50m x 50m	255	61.9	200m x 100m
Marandoo (Marra Mamba Ore) (z)	O/P	39	61.8	75m x 75m	10	60.3	Max 150m
Mt Tom Price (Brockman Ore)							
mine	O/P	34	63.8	30m x 30m	42	63.6	60m x 30m
stockpiles (f)	S/P				17	63.0	
Mt Tom Price (Marra Mamba Ore) (aa)	O/P	20	61.4	60m x 30m	3	59.0	60m x 30m
Nammuldi (Marra Mamba Ore) (bb)	O/P	16	61.4	50m x 50m	2	60.1	100m x 50m
Paraburdoo (Brockman ore)	O/P	9	63.1	30m x 30m	5	63.1	60m x 30m
Turee Syncline Central (Brockman Ore) (cc)	O/P				74.0	61.9	120m x 120m
Western Turner Syncline (Brockman ore)	O/P	222	62.5	60m x 60m	92	60.5	60m x 60m
Yandicoogina (Pisolite ore HG)							
mine	O/P	206	58.5	50m x 50m			
stockpiles (f)	S/P				3	58.5	
Yandicoogina (Process product) (dd)	O/P	102	58.9	50m x 50m			
Hamersley Channar (Australia)							
(Brockman Ore)	O/P	59	63.1	60m x 60m	21	62.7	Max 120m
Hamersley Eastern Range (Australia)							
(Brockman ore) (ee)	O/P	55	62.8	60m x 60m	16	62.9	Max 120m
Hope Downs 1 (Australia)							
(Marra Mamba Ore) (ff)	O/P	26	61.7	50m x 50m	327	61.4	50m x 50m
Iron Ore Company of Canada (Canada) (gg)	O/P	440	65.0	122m x 61m	144	65.0	122m x 122m
Robe River (Australia)							
Pannawonica (Pisolite Ore)							
mine	O/P	227	57.3	max 70m x 70m	18	57.0	max 100m x 100m
stockpiles (f)	S/P	3	57.0		19	56.8	

West Angelas (Marra Mamba Ore)							
mine	O/P	173	62.1	max 50m x 50m	167	61.4	max 200m x 50m
stockpiles (f)	S/P	1	59.7		7	58.1	

MOLYBDENUM		**millions of tonnes**	**%Mo**		**millions of tonnes**	**%Mo**	
Reserves at operating mine							
Bingham Canyon (US) (r) (hh)							
mine	O/P	285	0.047	88m	199	0.046	106m
stockpiles (f)	S/P	32	0.025		8	0.015	

NICKEL		**millions of tonnes**	**%Ni**		**millions of tonnes**	**%Ni**	
Undeveloped reserves (q)							
Eagle (US)	U/G				3.6	3.47	25m

Table of Contents

Ore reserves (under Industry Guide 7)

	Type of mine (b)	Proven ore reserves at end 2009			Probable ore reserves at end 2009		
		Tonnage	Grade	Drill hole spacing (jj)	Tonnage	Grade	Drill hole spacing (jj)
SILVER		**millions of tonnes**	**grammes per tonne**		**millions of tonnes**	**grammes per tonne**	
Reserves at operating mines							
Bingham Canyon (US) (r)							
mine	O/P	285	2.36	88m	199	1.75	106m
stockpiles (f)	S/P	32	2.06		8	0.90	
Grasberg (Indonesia)	O/P + U/G	816	4.24	13m to 47m	1,774	4.16	42m to 97m
TALC (d)		**millions of tonnes**				**millions of tonnes**	
Reserves at operating mines							
Rio Tinto Minerals talc (Europe/N.America/Australia)							
mine	O/P + U/G	24.2		10m to 50m		9.0	15m to 100m
stockpiles	S/P	0.3					
TITANIUM DIOXIDE FEEDSTOCK (d)		**millions of tonnes**				**millions of tonnes**	
Reserves at operating mines							
QIT (Canada)	O/P	27.9		max 60m x 60m		23.5	min 60m x 60m
QMM (Madagascar)	D/O	11.4		200m x 100m		0.5	400m x 100m
RBM (South Africa) (ii)							
Mine	D/O	8.9		50m x 50m		15.5	800m x 100m
stockpiles (f)	S/P	0.6					
URANIUM		**millions of tonnes**	**$\%U_30_8$**		**Millions of tonnes**	**$\%U_30_8$**	
Reserves at operating mines							
Energy Resources of Australia (Australia)							
Ranger #3 mine	O/P	3.2	0.242	25m x 25m	3.1	0.242	50m x 50m
Ranger #3 stockpiles (f)	S/P	21.4	0.104				
Rössing (Namibia)							
mine	O/P	19.4	0.029	20m x 20m	167.2	0.031	120m x 120m

stockpiles (f)	S/P	6.0	0.034

Table of Contents

Ore reserves (under Industry Guide 7)

Notes

(a) Commodity prices (based on a three year average historical price to 30 June 2009) used to test whether the reported reserve estimates could be economically extracted, include the following benchmark prices:

Ore reserve	Unit	US$
Aluminium	pound	1.09
Copper	pound	2.99
Gold	ounce	779
Iron Ore		
Australian benchmark (fines)	dmtu*	1.01
Atlantic benchmark (fines)	dmtu*	1.03
Molybdenum	pound	25.18
Nickel	pound	12.13
Silver	ounce	13.71

* dry metric tonne unit

Prices for all other commodities are determined by individual contract negotiation. The reported reserves for these commodities have been tested to confirm that they could be economically extracted using a combination of existing contract prices until expiry and thereafter three year historical prices.

(b) Type of mine: O/P = open pit, O/C = open cut, U/G = underground, D/O = dredging operation

(c) Reserves of iron ore, bauxite and diamonds are shown as recoverable reserves of marketable product after accounting for all mining and processing losses. Mill recoveries are therefore not shown.

(d) Reserves of industrial minerals are expressed in terms of marketable product, i.e. after all mining and processing losses. In the case of borates, the marketable product is B_2O_3.

(e) RTM Boron reserve tonnage increased due to conversion of mineralised material as part of a pit design update.

(f) Stockpile components of reserves are shown for all operations at the relevant mine.

(g) Coal reserves are shown as both recoverable and marketable. The yield factors shown reflect the impact of further processing, where necessary, to provide marketable coal. All reserves at operating mines are assigned, all undeveloped reserves are unassigned. By assigned and unassigned, we mean the following: assigned reserves means coal which has been committed by the coal company to operating mine shafts, mining equipment, and plant facilities, and all coal which has been leased by the company to others; unassigned reserves represent coal which has not been committed, and which would require new mineshafts, mining equipment, or plant facilities before operations could begin in the property.

(h) Coal type: SC: steam/thermal coal, MC: metallurgical/coking coal.

(i) Analyses of coal from the US were undertaken according to American Standard Testing Methods (ASTM) on an As Received moisture basis whereas the coals from Australia have been analysed on an Air Dried moisture basis according to Australian Standards. MJ/kg = megajoules per kilogramme. 1 MJ/kg = 430.2 Btu/lb.

(j) Blair Athol reserve depletions were due to production.

(k) Hail Creek reserves increased as a result of a major model update including an upgrade of some mineralised material to reserves.

(l) Hunter Valley Operations reserves decreased due to production and mine design updates.

(m) As a result of the IPO of Cloud Peak Energy Inc. on 20 November 2009, Rio Tinto now holds a 48.3 per cent interest in the Antelope, Cordero Rojo and Spring Creek mines and a 24.1 per cent interest in the Decker mine. These interests were formerly reported under Rio Tinto Energy America but are now managed by Cloud Peak Energy.

(n) Antelope reserves decreased following production as well as a model update.

(o) Colowyo reserves were depleted through production.

(p) Decker reduced reserves through production and a contract buy out.

(q) The term undeveloped reserves is used here to describe material that is economically viable on the basis of technical and economic studies but for which mining and processing permits may have yet to be requested or obtained. There is a reasonable, but not absolute, certainty that the necessary permits will be issued and that mining can proceed when required.

(r) Bingham Canyon reserve tonnages decreased through production and mine design changes including updated geotechnical inputs.

(s) Escondida oxide reserve changes followed updating of economic considerations, geometallurgical inputs and material reclassification.

(t) Under the terms of a joint venture agreement between Rio Tinto and FCX, Rio Tinto is entitled to a direct 40 per cent share in reserves discovered after 31 December 1994 and it is this entitlement that is shown.

(u) Northparkes underground reserves declined due to production and revision of the mining model.

(v) The reduction in Palbora reserves follows production.

(w) Rio Tinto increased its interest in the Oyu Tolgoi project from 9.9 per cent to 19.7 per cent.

(x) The Eagle gold reserve is reported for the first time following a model update.

(y) Brockman 2 (Brockman ore) reserves reduced due to production.

(z) Marandoo (Marra Mamba ore) reserves declined after production and updating of the geological model.

(aa) Mt Tom Price (Marra Mamba ore) reserves declined following production as well as incorporation of a new geological model and pit design changes.

(bb) Nammuldi (Marra Mamba ore) reserve tonnage lessened following production.

(cc) Turee Syncline Central (Brockman ore) is reported for the first time following economic and geological studies.

(dd) Yandicoogina (Process Product) reserve tonnage reduced from production and model updates incorporating new factors based on reconciliation.

(ee) Hamersley Eastern Range (Brockman Ore) reserve tonnes have reduced following production, update of the geological model, inclusion of reconciliation data and subsequent pit design revisions.

(ff) Hope Downs 1 (Marra Mamba ore) was reported as Hope Downs in 2008.

(gg) Reserves at Iron Ore Company of Canada are reported as marketable product, at a natural moisture content of 2 per cent using process upgrade factors derived from current IOCC concentrating and pellet operations and a modelling cut off grade of 16 per cent concentrate weight yield. The in situ mined material equivalent is 1,369 million tonnes at 38.0 per cent iron; made up of proven ore reserves of 1,028 million tonnes at 38.1 per cent iron and probable ore reserves of 341 million tonnes at 37.5 per cent iron.

(hh) Molybdenum grades interpolated from exploration drilling assays have been factored based on a long reconciliation history to blasthole and mill samples.

(ii) During the fourth quarter of 2009, Richards Bay Minerals concluded a Broad Based Black Economic Empowerment transaction. The table above reflects a change from 50 per cent to 37 per cent in Rio Tinto s interest in RBM, with effect from 9 December 2009.

(jj) Drill hole spacings are either average distances, a specified grid distance (a regular pattern of drill holes the distance between the drill holes along the two axes of the grid will be aligned to test the size, shape and continuity of the mineral deposit; as such there may be different distances between the drill holes along the two axes of a grid) or the maximum drill hole spacing that is sufficient to determine the reserve category for a particular deposit. As the continuity of mineralisation varies from deposit to deposit, the drill hole spacing required to categorise a reserve varies between and within deposit types.

Table of Contents

Mines and production facilities
Group mines

(Rio Tinto s interest 100% unless otherwise shown)

Mine	Location	Access	Title/lease
BAUXITE			
CBG Sangaredi (23%)	Conakry, Guinea	Road and air	Lease expires in 2038
Gove	Gove, Northern Territory, Australia	Road, air and port	100% Leasehold (held in trust by the Commonwealth on behalf of the Traditional Owners until end of mine life)
MRN Porto Trombetas (12%)	Porto Trombetas, Brazil	Air or port	Mineral rights granted for undetermined period
Weipa/Ely	Weipa, Queensland, Australia	Road, air and port	The Weipa Queensland Government lease expires in 2041 with an option of 21 year extension, then two years notice of termination; the Ely Alcan Queensland Pty. Limited Agreement Act 1965 expires in 2048 with 21 year right of renewal with a two year notice period
COPPER			
Escondida (30%)	Atacama Desert, Chile	Pipeline and road to deep sea port at Coloso; road and rail	Rights conferred by Government under Chilean Mining Code

Grasberg joint venture (40% of production)	Papua, Indonesia	Pipeline, road and port	Indonesian Government Contracts of Work expire in 2021 with option of two ten year extensions
Kennecott Utah Copper Bingham Canyon	Near Salt Lake City, Utah, US	Pipeline, road and rail	Owned
Northparkes (80%)	Goonumbla, New South Wales, Australia	Road and rail	State Government mining lease issued in 1991 for 21 years. Development consent approved in 2009 for extension of mine life to 2025
Palabora (57.7%)	Phalaborwa, Limpopo Province, South Africa	Rail and road	Lease from South African Government until deposits depleted. Base metal claims owned by Palabora
DIAMONDS & MINERALS			
Diamonds			
Argyle Diamonds	Kimberley Ranges, Western Australia	Road and air	Mining tenement held under Diamond (Argyle Diamond Mines Joint Venture) Agreement Act 1981-1983; lease extended for 21 years from 2004
Diavik (60%)	Northwest Territories, Canada	Air, ice road in winter	Mining leases from Canadian Federal Government expiring in 2017 and 2018

Murowa (77.8%)	Zvishavane, Zimbabwe	Road and air	Claims and mining leases
Industrial Minerals			
Rio Tinto Minerals Boron	California, US	Road, rail and port	Owned
Rio Tinto Minerals Talc	Trimouns, France (other smaller operations in Australia, Europe and North America)	Road and rail	Owner of ground (orebody) and long term lease agreement to 2012
Rio Tinto Fer et Titane Lac Tio	Havre-Saint-Pierre, Quebec, Canada	Rail and port (St Lawrence River)	Mining covered by two concessions granted by State in 1949 and 1951 which, subject to certain Mining Act restrictions, confer rights and obligations of an owner
QIT Madagascar Minerals (80%)	Fort-Dauphin, Madagascar	Road and port	Mining lease
Richards Bay Minerals (37%)	Richards Bay, KwaZulu-Natal, South Africa	Rail, road and port	Long term renewable mineral leases; State lease for Reserve 4 initially runs to end 2022; Ingonyama Trust lease for Reserve 10 runs to 2022. Application made for both mineral leases to be converted to new order mining rights following transfer in December 2009 of 26% interest to investor groups of previously disadvantaged South Africans in terms of Mining Charter Legislation

Table of Contents

Group mines (continued)

Mines	History	Type of mine	Power source
BAUXITE			
CBG Sangaredi (23%)	Bauxite mining commenced in 1973. Shareholders are 51% Halco and 49% Government of Guinea. Rio Tinto Alcan has held 45% of Halco since 2004. Current annual capacity is 13 million tonnes	Open cut	On site generation (fuel oil)
Gove	Bauxite mining commenced in 1970 feeding both the Gove refinery and export market capped at two million tonnes per annum. Bauxite export ceased in for the expanded Gove refinery. Bauxite exports recommenced in 2008. Current production capacity about ten million tonnes per annum with mine life estimated to 2030	Open cut	Central power station located at the Gove refinery
MRN Porto Trombetas (12%)	Mineral extraction commenced in April 1979. Initial production capacity 3.4 million tonnes annually. From October 2003, production capacity up to 16.3 million tonnes per year. Capital structure currently: Vale	Open cut	On site generation (heavy oil, diesel)

	(40%), BHP Billiton (14.8%), Rio Tinto Alcan (12%), CBA (10%), Alcoa/Abalco (18.2%) and Norsk Hydro (5%). Production 18 million tonnes of wet and dry bauxite annually		
Weipa/Ely	Bauxite mining commenced in 1961 at Weipa. Major upgrade completed at Weipa in 1998. Rio Tinto interest increased from 72.4% to 100% in 2000 at Weipa. In 1997, Ely Bauxite Mining Project Agreement signed with local Aboriginal land owners. Bauxite Mining and Exchange Agreement signed in 1998 with Comalco to allow for extraction of ore at Ely. In 2004 a mine expansion was completed at Weipa that has lifted annual capacity to 21.5 million tonnes. Mining commenced on the adjacent Ely mining lease in 2006, in accordance with the 1998 agreement with Alcan. A second shiploader that increases the shipping capability was commissioned in 2006 at Weipa. First ore extracted at Ely in 2007.	Open cut	On site generation; new power station commissioned in 2006
COPPER			
Escondida (30%)	Production started in 1990 and expanded in phases to 2002 when new concentrator was completed; production	Open pit	Supplied from SING grid under various contracts with local generating companies

	from Norte started in 2005 and the sulphide leach produced the first cathode during 2006		
Grasberg joint venture (40% of production)	Joint venture interest acquired 1995. Capacity expanded to over 200,000 tonnes of ore per day in 1998. Addition of underground production of more than 35,000 tonnes per day in 2003. Expansion to 50,000 tonnes per day in mid 2007 and target to increase to 80,000 tonnes by mid 2010	Open pit and underground	Long term contract with US-Indonesian consortium operated purpose built coal fired generating station
Kennecott Utah Copper Bingham Canyon	Interest acquired in 1989. Modernisation includes smelter complex and expanded tailings dam	Open pit	On site generation supplemented by long term contracts with Rocky Mountain Power
Northparkes (80%)	Production started in 1995; interest acquired in 2000	Open pit and underground	Supplied from State grid
Palabora (57.7%)	Development of 20 year underground mine commenced in 1996 with open pit closure in 2003	Underground	Supplied by ESKOM via grid network
DIAMONDS & MINERALS			
Diamonds			
Argyle Diamonds	Interest increased from 59.7% following purchase	Open pit to underground in future	Long term contract with Ord Hydro Consortium and on

	of Ashton Mining in 2000. Underground mine project approved in 2005 to extend mine life to 2018		site Generation
Diavik (60%)	Deposits discovered 1994-1995. Construction approved 2000. Diamond production started 2003. Second dike closed off in 2005 for mining of additional orebody. The underground mine is expected to start production in 2010, ramping up to full production in 2013	Open pit to underground in future	On site diesel generators; installed capacity 27MW with an upgrade under way
Murowa (77.8%)	Discovered in 1997. Small scale production started in 2004	Open pit	Supplied by ZESA with diesel generator back up
Industrial Minerals			
Rio Tinto Minerals Boron	Deposit discovered in 1925 and acquired by Rio Tinto in 1967	Open pit	On site co-generation units
Rio Tinto Minerals Talc	Production started in 1885; acquired in 1988. Australian mine Three Springs acquired in 2001	Open pit	Supplied by Atel and on site generation units. Australian Three Springs mine power supplied by Western Power
Rio Tinto Fer et Titane Lac Tio	Production started 1950; interest acquired in 1989	Open pit	Long term contract with Hydro-Quebec
		Mineral sand dredging	On site diesel generators

QIT Madagascar Minerals (80%)	Began as exploration project 1980s; construction approved 2005; ilmenite production started end of 2008		
Richards Bay Minerals (37%)	Production started 1977; interest acquired 1989. Fifth mining plant commissioned in 2000. One mining plant decommissioned in 2008	Beach sand dredging	Contract with ESKOM

Table of Contents

Group mines (continued)

(Rio Tinto s interest 100% unless otherwise shown)

Mine	Location	Access	Title/lease
ENERGY			
Energy Resources of Australia (68.4%) Ranger	Northern Territory, Australia	Road	Mining tenure granted by Federal Government
Rio Tinto Coal Australia Bengalla (30.3%) Blair Athol (71.2%) Hail Creek (82%) Hunter Valley Operations (75.7%) Kestrel (80%) Mount Thorley Operations (60.6%) Warkworth (42.1%)	New South Wales and Queensland, Australia	Road, rail, conveyor and port	Leases granted by state
Cloud Peak Energy Antelope (48.3%) Cordero Rojo (48.3%) Decker (24.1%) Spring Creek (48.3%)	Wyoming, Montana, US	Rail and road	Leases from US and state governments and private parties, with minimum coal production levels, and adherence to permit requirements and statutes
Colowyo (100%)	Colorado, US	Rail and road	Leases from US and state governments and private parties, with minimum coal production levels, and adherence to permit requirements and statutes
	Namib Desert, Namibia	Rail, road and port	Federal lease

Rössing Uranium (68.6%)			
IRON ORE			
Hamersley Iron Brockman Marandoo Mount Tom Price Nammuldi Paraburdoo Yandicoogina Channar (60%) Eastern Range (54%)	Hamersley Ranges, Western Australia	Railway and port (owned by Hamersley Iron and operated by Pilbara Iron)	Agreements for life of mine with Government of Western Australia
Hope Downs joint venture (50% mine, 100% infrastructure)	Pilbara region, Western Australia	Railway owned and operated by Rio Tinto	Agreements for life of mine with Government of Western Australia
Iron Ore Company of Canada (58.7%)	Labrador City, Province of Labrador and Newfoundland	Railway and port facilities in Sept-Iles, Quebec (owned and operated by IOC)	Sublease with the Labrador Iron Ore Royalty Income Fund which has lease agreements with the Government of Newfoundland and Labrador that are due to be renewed in 2020 and 2022
Robe River Iron Associates (53%) Mesa J West Angelas	Pilbara region, Western Australia	Railway and port (owned by Robe River and operated by Pilbara Iron)	Agreements for life of mine with Government of Western Australia
Dampier Salt (68.4%)	Dampier, Lake MacLeod and Port Hedland, Western Australia	Road and port	State agreements (mining leases) expiring in 2013 at Dampier, 2018 at Port Hedland and 2021 at Lake MacLeod with options to

renew in each case

Table of Contents

Group mines (continued)

Mine	History	Type of mine	Power source
ENERGY			
Energy Resources of Australia (68.4%) Ranger	Mining commenced 1981. Interest acquired through North in 2000. Life of mine extension to 2020 announced in 2007	Open pit	On site diesel/steam power generation
Rio Tinto Coal Australia Bengalla (30.3%) Blair Athol (71.2%) Hail Creek (82%) Hunter Valley Operations (75.7%) Kestrel (80%) Mount Thorley Operations (60.6%) Warkworth (42.1%)	Production started for export at Blair Athol in 1984. Kestrel was acquired and recommissioned in 1999. Hail Creek started in 2003. Coal & Allied shares were first acquired in 1977, and management control gained in 1993. Successive acquisitions of surrounding assets results in the current portfolio	Open cut and underground (Kestrel)	State owned grid
Cloud Peak Energy Antelope (48.3%) Cordero Rojo (48.3%) Decker (24.1%) Spring Creek (48.3%)	Cloud Peak Energy formed in 2009 and includes the Cordero Rojo, Antelope and Spring Creek mines from the former Rio Tinto Energy America	Open cut	Supplied by IPPs and Cooperatives through national grid service

Colowyo (100%)	Colowyo was acquired in 1995	Open cut	Supplied by IPPs and Cooperatives through national grid service
Rössing Uranium (68.6%)	Production began in 1978	Open pit	Namibian National Power
IRON ORE			
Hamersley Iron Brockman Marandoo Mount Tom Price Nammuldi Paraburdoo Yandicoogina Channar (60%) Eastern Range (54%)	Annual capacity increased to 68 million tonnes during 1990s. Yandicoogina first ore shipped in 1999 and port capacity increased. Eastern Range started 2004	Open pit	Supplied through the integrated Hamersley and Robe power Network operated by Pilbara Iron
Hope Downs joint venture (50% mine, 100% infrastructure)	Joint venture venture between Rio Tinto and Hancock Prospecting. Construction of Stage 1 to 22 million tonnes per annum commenced April 2006 and first production occurred November 2007. Stage 2 to 30 million tonnes per annum completed 2009	Open pit	Supplied through the integrated Hamersley and Robe power network operated by Pilbara Iron
Iron Ore Company of Canada (58.7%)	Interest acquired in 2000 through North. Current	Open pit	Supplied by Newfoundland Hydro under long term

	operation began in 1962 and has processed over one billion tonnes of crude ore since. Annual capacity 17.5 million tonnes of concentrate of which 13.5 million tonnes can be pelletised		contract
Robe River Iron Associates (53%) Mesa J West Angelas	First shipment in 1972. Annual sales reached 30 million tonnes in late 1990s. Interest acquired in 2000 through North. West Angelas first ore shipped in 2002 and mine expanded in 2005. Current sales more than 50 million tonnes per year	Open pit	Supplied through the integrated Hamersley and Robe power network operated by Pilbara Iron
Dampier Salt (68.4%)	Construction of the Dampier field started in 1969; first shipment in 1972. Lake MacLeod was acquired in 1978 as an operating field. Port Hedland was acquired in 2001 as an operating field.	Solar evaporation of seawater (Dampier and Hedland) and underground brine (Lake MacLeod); dredging of gypsum from surface of Lake MacLeod	Dampier supply from Hamersley Iron Pty Ltd; Lake MacLeod from Western Power and on site generation units; Port Hedland from Western Power

Table of Contents

Information on Group power plants

(Rio Tinto s interest 100% unless otherwise shown)

	Location	Title/lease	Plant type/product	Capacity as of 31 December 2009 (based on 100% ownership)
ALUMINIUM				
Gladstone power station (42%)	Gladstone, Queensland, Australia	100% freehold	Thermal power station	1,680 megawatts
Highlands power stations	Lochaber, Kinlochleven, UK	100% freehold	Hydroelectric power	80 megawatts
Lynemouth power station	Lynemouth, UK	100% freehold	Thermal power station	420 megawatts
Kemano power station	Kemano, British Columbia, Canada	100% freehold	Hydroelectric power	896 megawatts
Quebec power stations	Saguenay, Quebec, Canada (Chute-à-Caron, Chute-à-la-Savane, Chutes-des-Passes, Chute-du-Diable, Isle-Maligne, Shipshaw)	100% freehold except Péribonka lease to 2058	Hydroelectric power	2,919 megawatts
Vigelands power station	Nr Kristiansand, Norway	100% freehold	Hydroelectric power	26 megawatts

COPPER

Phalaborwa power station (57.7%)	Phalaborwa, Limpopo Province, South Africa	100% freehold	Steam turbine running off waste heat boilers at the copper smelter	8 megawatts
Puncakjaya Power (22.12%)	Grasberg, Papua, Indonesia	Lease	Diesel power plant Coal fired power plant	193 megawatts
Kennecott Utah Copper	Magna, Salt Lake City, Utah, US	100% freehold	Thermal power station	175 megawatts

Table of Contents

Group smelters and refineries

(Rio Tinto s interest 100% unless otherwise shown)

Smelter/Refinery	Location	Title/lease	Plant type/product	Capacity as of 31 December 2009 (based on 100% ownership)
ALUMINIUM				
Alma	Alma, Quebec, Canada	100% freehold	Aluminium smelter producing aluminium rod, t-foundry, molten metal, remelt	437,000 tonnes per year aluminium
Alouette (40%)	Sept-Îles, Quebec, Canada	100% freehold	Aluminium smelter producing aluminium high purity, remelt	600,000 tonnes per year aluminium
Alucam (46.7%)	Edéa, Cameroon	100% freehold	Aluminium smelter producing aluminium slab, remelt	100,000 tonnes per year aluminium
Arvida	Saguenay, Quebec, Canada	100% freehold	Aluminium smelter producing aluminium billet, molten metal, remelt	176,000 tonnes per year aluminium
Bécancour (25.1%)	Bécancour, Quebec, Canada	100% freehold	Aluminium smelter producing aluminium slab, billet, t-foundry, remelt	430,000 tonnes per year aluminium

Bell Bay	Bell Bay, Northern Tasmania, Australia	100% freehold	Aluminium smelter producing aluminium slab, molten metal, small form and t-foundry, remelt	180,000 tonnes per year aluminium
Boyne Smelters (59.4%)	Boyne Island, Queensland, Australia	100% freehold	Aluminium smelter producing aluminium, billet, EC grade, small form and t-foundry, remelt	559,000 tonnes per year aluminium
Dunkerque	Dunkerque, France	100% freehold	Aluminium smelter producing aluminium slab, small form foundry, remelt	262,000 tonnes per year aluminium
Gardanne	Gardanne, France	100% freehold	Refinery producing specialty aluminas and smelter grade aluminas	635,000 tonnes per year specialty aluminas (including 133,000 tonnes of smelter grade aluminas)
Gove	Gove, Northern Territory, Australia	100% leasehold. (Commonwealth land held in trust on behalf of Traditional Owners). Numerous lots with varying expiry dates starting 2011	Refinery producing alumina	2,519,000 tonnes per year alumina
Grande-Baie	Saguenay, Quebec, Canada	100% freehold	Aluminium smelter producing	217,000 tonnes per year aluminium

			aluminium slab, molten metal, remelt	
ISAL	Reykjavik, Iceland	100% freehold	Aluminium smelter producing aluminium slab, remelt	188,000 tonnes per year aluminium
Jonquière (Vaudreuil)	Jonquière, Quebec, Canada	100% freehold	Refinery producing specialty aluminas and smelter grade aluminas	1,500,000 tonnes per year aluminas
Kitimat	Kitimat, British Columbia, Canada	100% freehold	Aluminium smelter producing aluminium billet, slab, remelt	252,000 tonnes per year aluminium
Laterrière	Saguenay, Quebec, Canada	100% freehold	Aluminium smelter producing aluminium slab, remelt, molten metal	238,000 tonnes per year aluminium
Lochaber	Fort William, Scotland, UK	100% freehold	Aluminium smelter producing aluminium slab, remelt	44,000 tonnes per year aluminium
Lynemouth	Lynemouth, Northumberland, UK	100% freehold	Aluminium smelter producing aluminium slab, remelt	181,000 tonnes per year aluminium
Queensland Alumina (80%)	Gladstone, Queensland,	73.3% freehold; 26.7% leasehold	Refinery producing alumina	3,959,000 tonnes per year alumina

	Australia	(of which more than 80% expires in 2026 and after)		
São Luis (Alumar) (10%)	São Luis, Maranhão, Brazil	100% freehold	Refinery producing alumina	3,500,000 tonnes per year alumina
Saint-Jean-de-Maurienne	Saint-Jean-de-Maurienne, France	100% freehold	Aluminium smelter producing aluminium slab, rod, remelt	138,000 tonnes per year aluminium
Sebree	Robards, Kentucky, US	100% freehold	Aluminium smelter producing aluminium billet, small form foundry, remelt	196,000 tonnes per year aluminium
Shawinigan	Shawinigan, Quebec, Canada	100% freehold	Aluminium smelter producing aluminium billet, remelt	101,000 tonnes per year aluminium
Sohar (20%)	Sohar, Oman	100% leasehold expiring 2039	Aluminium smelter producing aluminium remelt	362,000 tonnes per year aluminium
SORAL (50%)	Husnes, Norway	100% freehold	Aluminium smelter producing aluminium billet, remelt	171,000 tonnes per year aluminium
Tiwai Point (New Zealand Aluminium Smelters) (79.4%)	Invercargill, Southland, New Zealand	19.6% freehold 80.4% leasehold (expiring in 2029 and use of	Aluminium smelter producing aluminium, billet, slab, small form	365,000 tonnes per year aluminium

		certain Crown land)	foundry, super purity, remelt	
Tomago (51.6%)	Tomago, New South Wales, Australia	100% freehold	Aluminium smelter producing aluminium billet, slab, remelt	532,000 tonnes per year aluminium
Yarwun	Gladstone, Queensland, Australia	97% freehold. 3% leasehold (expiring 2101 and after)	Refinery producing alumina	1,400,000 tonnes per year alumina

Table of Contents

Group smelters and refineries (continued)

(Rio Tinto s interest 100% unless otherwise shown)

Smelter/Refinery	Location	Title/lease	Plant type/product	Capacity as of December 31, 2009 (based on 100% ownership)
COPPER				
Kennecott Utah Copper	Magna, Salt Lake City, Utah, US	100% freehold	Flash smelting furnace/Flash convertor furnace copper Refinery	335,000 tonnes per year refined copper
Palabora (57.7%)	Phalaborwa, South Africa	100% freehold	Reverberatory Pierce Smith copper Refinery	90,000 tonnes per year refined copper
DIAMONDS & MINERALS				
Boron	California, US	100% freehold	Borates Refinery	565,000 tonnes per year boric oxide
Rio Tinto Fer et Titane Sorel Plant	Sorel-Tracy, Quebec, Canada	100% freehold	Ilmenite smelter	1,100,000 tonnes per year titanium dioxide slag, 900,000 tonnes per year iron
Richards Bay Minerals (37%)	Richards Bay, South Africa	100% freehold	Ilmenite smelter	1,060,000 tonnes per year titanium dioxide slag
IRON ORE				

HIsmelt® (60%)	Kwinana, Western Australia	100% leasehold (expiring in 2010 with rights of renewal for further 25 year terms)	HIsmelt® ironmaking plant producing pig iron	800,000 tonnes per year pig iron
IOC Pellet Plant (59%)	Labrador City, Newfoundland and Labrador, Canada	100% leaseholds (expiring in 2020, 2022 and 2025 with rights of renewal for further terms of 30 years)	Pellet induration furnaces producing multiple iron ore pellet types	13,500,000 tonnes per year pellet

Item 4A. Unresolved Staff Comments

There are no unresolved written comments from the SEC staff regarding its periodic reports under the Exchange Act received more than 180 days before 31 December 2009.

Item 5. Operating and Financial Review and Prospects

This Item contains forward looking statements and attention is drawn to the Cautionary statement on page 10.

This Item includes a discussion of the main factors affecting the Group s Profit for the year , as measured in accordance with International Financial Reporting Standards (IFRS). In monitoring its financial performance, the Group also focuses on that part of the Profit for the year attributable to equity shareholders of Rio Tinto, which is referred to as Net earnings , and on an additional measure called Underlying earnings . The latter measure, which is also based on the amounts attributable to Rio Tinto shareholders, is reported to provide greater understanding of the underlying business performance of Rio Tinto operations. This measure is used by management to track the performance of the Group on a monthly basis. The earnings of the Group s product groups as reviewed by management exclude amounts that are outside the scope of underlying earnings. Net earnings and underlying earnings have been reconciled on page 51 and the exclusions in arriving at underlying earnings have been analysed on page 53.

In this report, the sales revenue of the parent companies and their subsidiaries is referred to as Consolidated sales revenue . Rio Tinto also reports a sales revenue measure that includes its share of jointly controlled entities and associates, which is referred to as Gross sales revenue . This latter measure is considered informative because a significant part of the Group s business is conducted through operations that are subject to equity accounting.

This Item is comprised of the following:

- Chairman s statement providing a high level review of the Group
- Chief executive s statement providing a high level review of the Group s operations
- Group financial performance
- Operating reviews for each of the principal product groups and global support groups
- Financial review of the Group

Chairman s statement

Thanks to a number of significant decisions on our part and assisted by a more favourable external environment, we have recovered our poise and steadied the ship.

During what was clearly a historic and tumultuous year for the global community, Rio Tinto found 2009 to be particularly testing. It certainly felt at times as if we were experiencing an amplified version of the global financial crisis and its knock-on effect on business confidence, demand for commodities and availability of credit.

However, despite the early trauma, for Rio Tinto it turned out to be a year of two halves. After the particularly difficult first few months, characterised by our balance sheet challenges, very weak demand, low product pricing and the contentious Chinalco transaction, our fortunes improved considerably as the year progressed. As a result of shareholder support for our rights issues, together with the success of our disposal programme and improved operating conditions, we ended the year with a much stronger balance sheet. In short, thanks to a number of significant decisions on our part and assisted by a more favourable external environment, we have recovered our poise and steadied the ship.

Chinalco

Looking at the year as a whole, our attempt to establish a strategic partnership with the largest Chinese resources group and our largest shareholder, Chinalco, was undeniably a very significant event for Rio Tinto. The proposed transaction would have allowed us to establish a highly important strategic link with the Chinese market, whilst at the same time enabling us to significantly recapitalise our balance sheet. Especially in the context of the situation prevailing at that time, the board considered the Chinalco proposition both strategically and financially attractive.

The transaction was nevertheless highly controversial. On becoming chairman in April it was evident to me that I needed to look for guidance from our shareholders. During the ensuing consultation process, I met with a large

number of shareholder groups in the UK, Australia and elsewhere. It became clear to me that many shareholders had considerable misgivings about the proposed transaction.

These concerns related not only to the financial terms of the transaction, but there were high levels of discomfort about the structure of our relationship with Chinalco. The board could not ignore the strength and depth of these feelings although, in deciding not to proceed with that transaction, we deeply regretted the loss of a unique opportunity to establish a strategic partnership that would have fundamentally changed our relationship with our largest customer base. We will continue to work towards extending our relationship with Chinalco and to pursue business opportunities that may be to our mutual benefit.

Table of Contents

Improving prospects

In deciding that we were not able to pursue the transaction with Chinalco, the board was nevertheless delighted that it was able to announce the proposed production joint venture with BHP Billiton in relation to our respective iron ore assets in Western Australia. The joint venture will allow us to capture the enormous long term synergy benefits that would result from the integration of our production facilities. The value that could be captured has been estimated to be at least US$10 billion.

We simultaneously announced major rights issues which took place in the UK and Australia in June and July. These raised net proceeds of US$14.8 billion which were used to repay debt, well ahead of our original US$10 billion target. The rights issues attracted an extraordinary vote of confidence in Rio Tinto, with 97 per cent of shareholders taking up their rights in Rio Tinto plc, and a 95 per cent take up in Rio Tinto Limited. All of Rio Tinto s directors, as well as Chinalco, took up their full entitlement of shares.

These decisions brought relief from some of the pressures of the earlier months of the year. It put the period of unusual corporate activity behind us and finally gave us a firm foothold to advance into the second half of the year. As we saw markets improve in the subsequent months, I was particularly pleased to see the executive team focused on first class operational delivery as a priority for the Group. We ended the year with a strong set of production figures and the achievement of a number of production and sales records. This of course also signalled a significant pickup in physical demand for our products.

Results and dividend

The strong production numbers, coupled with improved commodity prices, translated into a significant improvement in operating cash flow in the second half. This, together with the proceeds of our rights issues and the disposal of assets, significantly strengthened our balance sheet. Rio Tinto started 2009 with net debt of US$38.7 billion and a debt to equity ratio of 63 per cent. We had made the commitment in December 2008 to reduce net debt by US$10 billion during 2009. Net debt at the end of 2009 stood at US$18.9 billion with gearing much reduced to 29 per cent.

The Group s underlying earnings in 2009 were US$6.3 billion, 39 per cent below 2008. Net earnings were US$4.9 billion compared with US$3.7 billion in 2008. Cash flow from operations decreased 33 per cent to US$13.8 billion.

With our balance sheet significantly strengthened and our prospects much improved, we are pleased to be able to reinstate the dividend. Total dividends declared for 2009 were 45 US cents per share. The Group expects that the total cash dividend for the 2010 financial year will be at least equal to the total cash dividend of US$1.75 billion paid in respect of 2008, albeit spread over an increased number of shares. From 2010 on, we are committed to a progressive dividend policy over the longer term.

Sustainable development

Rio Tinto conducts business in an ethical and socially responsible manner aimed at building a positive reputation and ensuring ongoing access to people, capital and mineral resources. Delivering on our commitment means making sustainable development considerations an integral part of our business plans and decision making processes.

Rio Tinto was again identified as a sustainable development leader during the year by retaining its listing on the Dow Jones Sustainability Index (DJSI) World Index and DJSI STOXX Index as well as the FTSE4Good. We have been included in the DJSI series since 2002 and the FTSE4Good since becoming eligible for inclusion in 2007. Rio Tinto s long standing commitment to sustainable development and the quality of our sustainable development web pages have been recognised in the CSR Online Awards Global Leaders 2009 , published by Dow Jones Newswires and an Italian business daily.

Our recently completed mineral sands mine in Madagascar won South Africa s prestigious 2009 Nedbank Environmental Award in the environmental category, for significant effort in protecting or improving the biophysical environment in which it operates.

Rio Tinto became a signatory to the UN Global Compact in 2000 and we were one of its early supporters. We also remain an active member of the World Business Council for Sustainable Development and the International Council on Mining and Metals, whose members are committed to superior business practices in sustainable development.

Governance and board

The board is committed to high standards of governance as the foundation of our ethical approach to business. In 2009, we strengthened our governance system by renewing our global code of conduct, *The way we work*, establishing a common Group wide code to replace business unit codes of conduct. The code serves to spread our values of accountability, respect, teamwork and integrity throughout the organisation by providing guidance on how employees should conduct themselves at work and when representing Rio Tinto. Our confidential whistleblowing programme, Speak-OUT, is a key element of *The way we work*, available in the language of the employee s choice to alert senior management to any serious issues or inappropriate behaviour that employees do not feel able to discuss with management on site.

Your boards enjoy a balanced representation of viewpoints and a wealth of business experience. Sir David Clementi and David Mayhew will retire as directors at the conclusion of the 2010 annual general meetings. The boards thank them for their valuable contributions over many years. We welcomed Ann Godbehere, who has 25 years experience in the financial services industry, to the board on 9 February 2010. She will be chairman of the Audit committee. Robert Brown, who has considerable global business experience in the aerospace industry, will join the boards on 1 April 2010. Ann and Bob will be standing for election at the annual general meetings, along with Sam Walsh, chief executive, Rio Tinto Iron Ore and Australia, who joined the boards effective 5 June 2009.

Table of Contents

Outlook

The outlook for mining and metals is improving but remains volatile and uncertain in the short term. The latest leading indicators for developed economies imply that we may have returned to expansionary territory, although no one knows to what extent or for how long. The pick up in metals demand at mid year was primarily driven by government stimulus measures and a recovery in economic activity which caused producers to return to buying raw materials.

The key driver for the mining industry continues to be demand from China. Record Chinese metals imports have served to offset weakness in other markets. However, we will also need to see OECD economies improve and a resumption in international trade flows to fully support a global economic recovery.

Similarly, there are concerns about the sustainability of Chinese demand in the short term. Longer term, China is likely to move towards more domestic, consumption led development.

Our people

Our year of two halves demonstrated commendable perseverance as we moved from difficulty to success. Facing up to setbacks and promoting recovery has shown Rio Tinto to be a high performing organisation. We have come through these testing times thanks in no small measure to the quality and commitment of our people. The downturn unfortunately necessitated a reduction of about 16,000 employees and contractors across the Group which took place mainly in the early months of the year. Since then we have stabilised the organisation and a renewed management structure has been introduced. These steps will provide the platform to mobilise and energise the workforce and give us the momentum to resume growth.

The board and I would like to express our collective appreciation to Group employees and contractors around the world for their strong commitment and unflagging efforts in 2009; for their focus on safety, operational excellence and delivery to customers, as well as for conducting our business in a socially responsible way.

Jan du Plessis Chairman
5 March 2010

Chief executive s statement

During 2009 we made some good decisions to improve our financial position. We have emerged from this testing year as a stronger and fitter business.

Over the course of 2009 management s focus has been on strengthening the business after a period of prolonged corporate activity and a severe downturn. We are grateful for the support we received from shareholders in recapitalising the company and helping us regain our momentum. We were also helped by the capacity of our organisation to deliver strong operational performance in challenging economic circumstances.

The successful injection of US$14.8 billion from our rights issues, the efficiencies derived from our cash preservation measures, and significant progress with our divestment programme which realised sales and binding offers of US$5.7 billion in the year, have given Rio Tinto greater financial strength and flexibility.

I am proud of the way in which our employees have persevered in delivering the commitments we made during these demanding times. Unfortunately, these achievements have been overshadowed by four fatalities during the year at managed operations. Three of these took place in Africa and we have renewed our focus on embedding our safety systems in developing countries. I am pleased to say our key performance indicators for safety continued to improve during 2009 with a reduction in our all injury frequency rate of 16 per cent.

Reaching agreement to form the Western Australian iron ore production joint venture with BHP Billiton was an important highlight of the year. We expect it will achieve substantial benefits for stakeholders by delivering synergies and unlocking the full potential of the valuable Western Australian iron ore assets in an era of increasing demand for this vital commodity.

During 2009 we took steps to improve our aluminium business which was significantly affected by the economic downturn. Rio Tinto Alcan surpassed targeted integration synergies, adopted Rio Tinto HSE policies and standards, improved safety performance, implemented cost reductions, progressed with the permanent closure and divestment of high cost facilities and made temporary production curtailments. Taken together, these measures amount to a strong start to the transformation of that business.

To prepare ourselves for the next stage of Rio Tinto s growth and to develop the next generation of leaders, I made changes to the structure of my senior management team. This included the reinstatement of the Diamonds & Minerals product group. Our structure ensures a tight focus on our core objective and allows for a broad range of investment opportunities to be generated, regardless of our portfolio.

Market conditions

A year ago, I said that we hoped to see some recovery in China s gross domestic product (GDP) in the second half of 2009. The effect of the Chinese Government s monetary stimulus package exceeded most commentators expectations actual growth surpassed eight per cent and we expect this strong growth to continue through 2010.

The improvements we have seen in most of our markets were primarily driven by this stronger Chinese GDP growth and its attendant effects on Chinese construction and infrastructure development. Whilst we remain cautious about the recovery in our markets, we believe that these trends are likely to continue for some time as China continues to urbanise and industrialise.

By contrast, the continuing strong China story was offset by a stagnant demand picture in OECD countries where consumer spending remains relatively weak. Australia was an exception, with its economy bolstered by the strong demand for commodities. In the US, Japan and Europe, pervasive economic concerns mean that we will continue to be cautious, especially as we begin to see the effects of the winding down of stimulus programmes.

Financial recovery

The speed and severity of the downturn in late 2008 exposed our levels of debt and made it more difficult to achieve the asset disposals we had planned for the repayment of debt. During 2009 we made some good decisions in difficult circumstances to improve our financial position and achieve a reduction in controllable cash costs of US$2.6 billion. We have emerged from this testing year as a stronger and fitter business.

Regarding divestments, we chose to postpone a number of sales. We made good progress with completion of the sale of our potash assets in the first half and the Brazilian iron ore operation in the second half. More importantly, in the second half we made significant progress with announced divestments on most of the former Alcan s Packaging businesses, and our US coal operations. By the end of 2009, we had announced sales transactions of more than US$10 billion over the past two years.

Strategic direction and markets

We completed a thorough review of our strategy with our board and executive committee, leading to the reaffirmation of our longstanding core objective. This is to maximise our long term return to shareholders by investing in and operating large, long life, cost competitive mines and assets, driven not by choice of commodity but rather by the quality of each opportunity. This strategy will of course be recognisable to our long term shareholders. We will ensure that our structure and capabilities are tailored to meet the requirements of our customers and the marketplace.

Our diverse portfolio, high quality assets, people and expertise in technology and marketing give us the capability to supply a wide spectrum of customers and markets. This gives us exposure to worldwide markets at various stages of the development cycle. We will continue to improve our understanding of market dynamics and how we fit into the global picture, and apply this to our planning and investment proposals.

To deliver on our objective, the Group will continue to concentrate on developing Tier 1 assets. These are assets that will safeguard our future cash flow and will operate profitably at every stage of the commodity cycle. Key to our way of operating is a commitment to sustainable development. It is an essential part of the way we work and is at the heart of everything we do.

This commitment is key to maintaining our licence to operate. We have a comprehensive sustainable development programme. Carbon, water use and biodiversity are becoming increasingly topical in this context. We have taken a pro-active approach in all three areas and are progressively building them into our planning, especially as we see these three issues becoming increasingly inter-linked.

Priorities for growth

One of our key objectives for 2010 is to put the Group back on a growth path following the rights issues and strengthening of the balance sheet. We continued to invest in growth throughout 2009. Capital expenditure was US$5.4 billion of which US$3 billion was on major construction projects. In 2010, capital expenditure is expected to be US$5 to US$6 billion.

The strong demand for iron ore clearly provides the most obvious option for production growth. We are continuing work on staged growth projects in the Pilbara. We used the past 12 months to optimise our planned growth pathway, finding ways to ease input costs, capture savings from reduced lead times, and refining project design. We have commenced initiatives to expand capacity to 280 million tonnes per year by 2013 and 330 million tonnes per annum by 2015.

In 2009, we completed an unprecedented and technologically sophisticated integration of our iron ore operations in Western Australia through our Mine of the Future™ programmes and the opening of our new Operations Centre in Perth. This will contribute to the US$10 billion synergy savings we expect to reap from the proposed production joint venture with BHP Billiton. The benefits from the production joint venture would be without equal in the mining industry, applied broadly across production and development activities, including combining adjacent mines into single operations, more efficient use and allocation of infrastructure and ore blending opportunities to maximise product recovery.

In Aluminium we completed the start up of the Sohar smelter in Oman, to which we contributed our benchmark AP36 smelting technology. This is a good example of how Rio Tinto Alcan s technology leadership can position us as a partner of choice. The portfolio will enable us to leverage our technology advantage, extensive project management expertise and strong operating capabilities.

Current projects involve investment in the Clermont thermal coal and Kestrel coking coal projects in Queensland, Australia, reflecting strong energy markets. We have options to expand at both of our uranium operations. Construction of the Yarwun 2 alumina refinery continues, albeit at a slower rate than originally anticipated in response to market conditions. In Diamonds, the Diavik and Argyle underground projects also continued at a slower rate. Each of these projects was approved before the global financial crisis, and we have continued to invest in them. We expect to see production begin at both Clermont and Diavik underground in 2010.

We increased our stake in the Oyu Tolgoi project through additional investment in Ivanhoe Mines. Rio Tinto has responsibility for developing and operating the mine. Following the signing of the Investment Agreement with the Government of Mongolia in October 2009, a project budget was agreed that covers the resumption in 2010 of shaft sinking, construction of a shaft headframe, continuation of underground development and installation of infrastructure. The size of the resource is consistent with our strategy of investing in large, long term, cost competitive mines and businesses.

China

An objective for 2010, and one that I am particularly focused on, is to strengthen our relationship with China. China is our largest source of short term demand growth. In 2009, it became the most important destination for our products and influences global pricing of most metals. It is also the home of our largest shareholder, Chinalco.

We were pleased to see Chinalco take up its full entitlement of shares in our rights issues and maintain its shareholding at 12 per cent of Rio Tinto plc and 9.3 per cent of the dual listed company overall.

Outlook

Our markets and our balance sheet are much improved from last year, but we recognise that major short term uncertainties remain. Long term however, given continued growth and urbanisation of the developing world, the outlook for our industry is attractive.

Table of Contents

The exponential growth of China s demand for iron ore, copper, coal and aluminium is expected to continue over the next 15 years, as the average wealth of many millions of people increases. Their consumption of raw materials will rise accordingly. As China nears the top of the commodity intensity usage curve, India is expected to follow, supporting a further potential wave of strong commodity demand.

For Rio Tinto, 2009 marked a positive turning point from which we have emerged with our options for growth enhanced. Nevertheless, major challenges remain. The Tier 1 deposits that are the focus of our strategy are becoming harder to find and more technologically difficult to develop. There are pressures in countries well endowed with minerals for governments to gain a greater proportion of resource rents.

Together with the executive committee, I wish to join our chairman in expressing appreciation to all who work for Rio Tinto for their contribution to a very busy and successful year. All have played a part in strengthening the business for our next stage of growth. With our strong assets, growth options and great people, we can look forward to an exciting future for the Group.

Tom Albanese Chief executive

5 March 2010

Recent Developments

On 29 March 2010 four Rio Tinto employees who were detained on 5 July 2009 were convicted by the Shanghai Number One Intermediate People s Court on charges of receiving bribes and obtaining commercial secrets. Internal investigations were carried out that did not uncover any evidence to substantiate the wrongdoing, but Rio Tinto was informed that clear evidence was presented in court that showed beyond doubt that the four convicted employees had accepted bribes. As the actions of the four employees were in direct violation of Chinese law and Rio Tinto s code of conduct their employment with the company has been terminated. Three defendants appealed, but the Shanghai Higher People s Court upheld the trial court s decision and sentences for all four defendants on 17 May 2010.

On 2 May 2010 the Australian Federal Government announced proposals to implement a new resource super tax that would see profits generated from Australia s non-renewable resources taxed at 40 per cent. A consultative period has commenced with the proposed tax currently scheduled to come into effect on 1 July 2012. We are currently evaluating the impact of this proposed tax on our operations and projects in Australia.

Rio Tinto has been negotiating contracts with its iron ore customers for pricing on a quarterly rather than an annual basis. The Group has recently signed agreements with the majority of Asian customers which to date account for close to 40 per cent of the Group s total iron ore sales volumes. This development reflects the recent structural shift away from annual benchmark pricing.

Table of Contents

Group financial performance

The Group uses a number of key performance indicators (KPI s) to monitor financial performance. These are summarised and discussed on pages 13 to 17 of this report.

Acquisition of Alcan

During 2007, the Group acquired 100 per cent of the issued share capital of Alcan Inc. Alcan s results have been included for the entire years ended 31 December 2008 and 2009, whereas in 2007, Alcan s results were included from 24 October 2007. This has had a significant effect on comparability of the periods.

Net earnings and underlying earnings

Both net earnings and underlying earnings deal with amounts attributable to equity shareholders of Rio Tinto. However, IFRS requires that the profit for the period reported in the income statement should also include earnings attributable to outside shareholders in subsidiaries. The profit for the period is reconciled to net earnings and to underlying earnings as follows:

	2009 US$m	2008 US$m	2007 US$m
Profit from continuing operations	**5,784**	5,436	7,746
Loss after tax from discontinued operations	**(449)**	(827)	
Profit for the year	**5,335**	4,609	7,746
Less: attributable to outside equity shareholders	**(463)**	(933)	(434)
Attributable to equity shareholders of Rio Tinto (net earnings)	**4,872**	3,676	7,312
Exclusions from underlying earnings	**1,426**	6,627	131
Underlying earnings attributable to shareholders of Rio Tinto	**6,298**	10,303	7,443

2009 financial performance compared with 2008

2009 underlying earnings of $6,298 million and net earnings of $4,872 million were $4,005 million below and $1,196 million above the comparable measures for 2008. The principal factors explaining the movements are set out in the table below.

Changes from 2008 to 2009		Underlying earnings US$m	Net earnings US$m
2008		10,303	3,676
Prices	(6,879)		
Exchange rates	484		
Volumes	652		
General inflation	(172)		
Energy	318		
Other cash costs	742		
Exploration and evaluation costs (including disposals of undeveloped properties)	890		
Interest, tax, other	(40)		
Total changes in Underlying earnings		(4,005)	(4,005)
Profits on disposal of interests in businesses			(971)

Net impairment charges		6,854
Exchange differences and gains/(losses) on derivatives		(815)
Chinalco break fee		(182)
Restructuring/severance costs from global headcount reduction		(174)
Other		489
2009	**6,298**	**4,872**

(a) See Note 2 on page A-25 of the *2009 Financial statements* for a reconciliation of underlying earnings to net earnings.

The table below shows average prices and year-end prices, for 2009 and 2008 and the 2009 year end price for the principal commodities for which the Group receives payments based on spot market pricing:

	Year end price 2009	**Year end price 2008**	**Average price 2009**	**Average price 2008**
Copper (US$/lb)	3.33	1.32	2.32	3.20
Aluminium (US$/tonne)	2,207	1,454	1,665	2,572
Gold (US$/oz)	1,104	865	970	872
Molybdenum (US$/lb)	11	10	11	31

The effect of price movements on all major commodities in 2009 was to decrease earnings by $6,879 million compared with 2008. Prices declined for nearly all of Rio Tinto s major commodities: average copper and aluminium prices were 28 per cent and 35 per cent lower, respectively, while average molybdenum prices were 65 per cent lower than 2008. Gold prices in 2009 were 11 per cent higher than 2008. Diamond prices were severely impacted by the global economic downturn.

During 2009, Rio Tinto settled 2009 iron ore supply contracts with customers in Japan, Korea and Taiwan, with prices for

fines declining 33 per cent and prices for lump declining 44 per cent on the prior year. Approximately half of the iron ore that Rio Tinto produced in the first six months of 2009 was sold on a spot market basis. In the second half of the year deliveries to Chinese customers were priced primarily on a provisional basis in line with settlements with other Asian customers.

Thermal coal contracts for the 2009 fiscal year (twelve months commencing 1 April 2009) were settled in the US$70-72 per tonne range, a decrease of approximately 44 per cent on the record levels of the previous year. Coking coal contracts for the 2009 fiscal year were settled in the US$115-130 per tonne range, a decline of approximately 60 per cent on the record levels of the 2008 fiscal year.

There was significant movement in the US dollar in 2009 relative to the currencies in which Rio Tinto incurs the majority of its costs. Compared with 2008, on average, the US dollar strengthened by eight per cent against the Australian dollar and by six per cent against the Canadian dollar. The effect of all currency movements was to increase underlying earnings relative to 2008 by $484 million.

Higher sales volumes from the expansion of iron ore capacity in the Pilbara region of Western Australia and higher copper and gold grades at Kennecott Utah Copper and Grasberg were partly offset by production cutbacks at Rio Tinto Alcan, Alcan Engineered Products, Diamonds, Iron & Titanium and Minerals in response to the economic downturn. The overall impact of volume movements was an increase in underlying earnings of $652 million relative to 2008.

A reduction in cash costs during 2009 increased underlying earnings by $742 million compared with 2008. Controllable operating cost savings of $2.6 billion were achieved in 2009, exceeding the target set in December 2008 and delivered one year in advance. Lower unit costs in the Copper group, notably at Kennecott Utah Copper, were driven by higher production and a bottom-up cost reduction programme. The Iron Ore group benefited from lower unit cash costs in line with higher sales volumes and a reduction in contractor and maintenance costs. Decreased costs at Rio Tinto Alcan were driven by the major cost cutting initiatives undertaken in response to the global financial crisis including reduction of all non-critical, discretionary spend along with programmes to reduce operating costs across the production sites.

Lower energy costs across the Group boosted underlying earnings by a further $318 million, reflecting the impact of a lower oil price. Evaluation work at many of the Group s advanced projects was scaled back in 2009 and the central exploration budget was reduced by 60 per cent, which, together with the divestment of some exploration and evaluation properties, resulted in a favourable impact to underlying earnings of $890 million compared with 2008. In line with Rio Tinto s exploration policy, the $797 million gain on disposal of the undeveloped potash properties in Argentina and Canada has been recognised within underlying earnings. This is reflected in the exploration variance in the table above net of the $483 million gain on disposal of the undeveloped Kintyre uranium project in 2008.

The effective tax rate on underlying earnings, excluding equity accounted units, was 24.8 per cent compared with 31.6 per cent in 2008. The decrease largely related to the one-off non-taxable profit on disposal of the potash assets which was recognised in 2009. The group interest charge was $452 million lower than in 2008, mainly reflecting a decline in interest rates, and lower debt in 2009 following completion of the rights issues.

2008 financial performance compared with 2007

2008 underlying earnings of US$10,303 million and net earnings of US$3,676 million were, respectively, US$2,860 million above and US$3,636 million below the comparable measures for 2007. The principal factors explaining the movements are set out in table below:

Changes from 2007 to 2008		Underlying earnings US$m	Net earnings US$m
2007		7,443	7,312
Effect of changes in:			
Prices	4,983		
Exchange rates	299		

Volumes	233		
General inflation	(336)		
Energy	(219)		
Other cash costs	(882)		
Exploration and evaluation costs (net of disposals of exploration properties)	(47)		
Interest, tax, other	(1,171)		
Total change in Underlying earnings		2,860	2,860
Profits on disposal of interests in businesses			1,469
Impairment (charges) less reversals			(8,293)
Exchange differences and gains/(losses) on derivatives			653
Other, including divestment and takeover defence costs			(325)
2008		**10,303**	**3,676**

(a) See Note 2 on page A-25 of the *2009 Financial statements* for a reconciliation of underlying earnings to net earnings.

The effect of price movements on all major commodities during 2008 was to increase earnings by US$4,983 million compared with 2007. Prices for the Group s major traded products remained strong for the first nine months of 2008 in an environment of favourable economic conditions and strong demand. However, these favourable market conditions came to an end at the end of the third quarter of 2008, as significant financial turbulence led to sharp declines in the rate of global demand for commodities and in the price of most of the Group s principal products.

Rio Tinto negotiated strong benchmark pricing levels for its iron ore production, with effect from 1 April 2008. Agreements were reached with major iron ore customers for a 96.5 per cent increase for lump ore and 79.9 per cent increase for fines for the 2008 contract year, representing an 85.7 per cent weighted average increase. Since the beginning of the third quarter

of 2008, the spot price for iron ore suffered a decline similar to the commodities listed above. However Rio Tinto s exposure to this decline was ameliorated by its long term contract portfolio.

Contract prices for the seaborne thermal and coking coal markets reflected strong demand and tight supply. Aluminium inventories were written down by US$185 million at the year end to reflect realisable values.

There was a sharp appreciation of the US dollar in late 2008 relative to the currencies in which Rio Tinto incurs the majority of its costs. However, the effect on average exchange rates for 2008 was not significant compared with 2007. In 2008, the Australian and Canadian dollars strengthened in the first half of the year and then weakened sharply in the second half such that the average exchange rate for both currencies for 2008 was within one per cent of the prior year. The effect of all currency movements was to increase underlying earnings relative to 2007 by US$299 million.

Higher sales volumes from iron ore growth projects, coking and thermal coal and the inclusion of a full year of Alcan s operations were partly offset by lower copper and gold volumes at Escondida, Kennecott Utah Copper, Grasberg and Northparkes. The overall impact of all volume movements was an increase of US$233 million relative to 2007.

The Group continued to invest further in the future development of the business with an increased charge to underlying earnings of US$530 million from exploration and evaluation costs. In line with Rio Tinto s policy, the US$483 million gain on disposal of the Kintyre undeveloped property was recognised within underlying earnings. The net impact on underlying earnings from the change in exploration and evaluation costs was a decrease of US$47 million compared with 2007. Increased energy costs reduced underlying earnings by US$219 million. Higher freight, contractor, maintenance and input costs were experienced throughout the Group, notably in the Energy, Copper and Diamonds & Minerals product groups, as industry supply constraints persisted.

The effective tax rate on underlying earnings, excluding equity accounted units was 31.6 per cent compared with a rate of 25.7 per cent in 2007. The increase compared with 2007 relates to the absence of the 2007 Canadian tax rate benefit, the adverse impact in 2008 of foreign exchange movements, particularly the revaluation of Canadian dollar denominated tax balances, and increased expenditure in 2008 on growth projects on which no tax relief is recognised.

The Group interest charge was US$765 million higher than in 2007, mainly reflecting a full year of increased net debt following the acquisition of Alcan. The debt under the Alcan acquisition facilities continued to incur an interest rate of 30 to 40 basis points over US$ LIBOR during 2008.

Exclusions from underlying earnings 2007-2009

Earnings contributions from Group businesses and business segments are based on underlying earnings. Amounts excluded from net earnings in arriving at underlying earnings are summarised in the discussion of year on year results below.

	2009 US$m	2008 US$m	2007 US$m
Profit less losses on disposal of interests in businesses	**499**	1,470	1
Net impairment charges[1]	**(1,552)**	(8,406)	(113)
Exchange differences and gains/(losses) on derivatives (including those relating to equity accounted units)	**28**	843	190
Chinalco break fee[2]	**(182)**		
Restructuring/severance costs from global headcount reduction	**(231)**	(57)	
Other exclusions	**12**	(477)	(209)
Total excluded in arriving at underlying earnings	**(1,426)**	(6,627)	(131)

1. Net impairment charges include impairment charges of

US$1,103 million (2008: US$7,579 million; 2007: US$113 million) and loss after tax of discontinued operations of US$449 million (2008: US$827 million; 2007; nil).

2. The Chinalco break fee was US$195 million pre-tax.

2009

In 2009, the Group completed the divestments of its interests in the Ningxia aluminium smelter, the Corumbá iron ore operation, the Jacobs Ranch coal mine, Alcan Composites and the sale of 52 per cent of the Group s interest in Cloud Peak Energy Resources LLC. Net gains on these transactions totalling $0.5 billion have been excluded from underlying earnings as divestments of interests in businesses are considered to be outside the underlying activities of the Group.

The sale of the majority of the Alcan Packaging businesses to Amcor was completed on 1 February 2010. The sale of the Alcan Packaging Food Americas division to Bemis Company, Inc for a total all cash consideration of US$1.2 billion was completed on 1 March 2010. The sale of Maules Creek to Aston Resources was completed on 18 February 2010. The sale of the Alcan Packaging Medical Flexibles operations remains subject to regulatory approvals and other customary closing conditions. These divestments have not been reflected in the 2009 results and will be reflected in the period in which the sales are complete.

Of the Group s total post-tax impairment charge of $1.6 billion, $0.5 billion relates to Alcan Engineered Products, $0.5 billion relates to Alcan Packaging, $0.2 billion relates to the Group s aluminium businesses and $0.4 billion relates to the Group s diamond businesses. All impairments have been measured based upon an assessment of fair value less costs to sell. These impairments have been caused by continued weakness in the economic environment.

In 2009, Rio Tinto paid a break fee of $195 million ($182 million post-tax) to Chinalco which has been excluded from underlying earnings.

During 2009, the Group incurred restructuring and severance costs of $231 million associated with its global headcount reduction programme.

2008

Profit on disposal relates to the disposal of the Cortez gold mine and the Greens Creek silver/zinc/lead mine. These disposals were part of the previously announced divestment programme.

Table of Contents

During 2008 the Group incurred advisory and other costs related to the rejection by the board of the pre-conditional takeover proposal from BHP Billiton which was withdrawn in November. These costs totalled US$270 million (net of tax) in 2008 and were excluded from underlying earnings. Other charges excluded from underlying earnings comprise costs relating to non recurring acquisitions, disposals and similar corporate projects.

Of the Group s total post tax impairment charge of US$8.4 billion (which includes US$0.8 million in respect of discontinued operations) US$7.9 billion relates to the Group s aluminium businesses including the Packaging unit.

The acquisition price of Alcan anticipated significant growth in smelter and refinery capacity, but following the significant weakening in economic and market circumstances during 2008, many of these growth projects were deferred. These deferrals, together with the weak economic environment and increases in input costs, resulted in the impairment charge.

In measuring the amount of the impairment, the Group compared the carrying value of the upstream aluminium business with its value in use, assessed using discounted cash flow techniques. This follows the requirements of the accounting standards as, in the Group s view, the upstream aluminium business fair value less cost to sell was lower than its value in use. For the purposes of the annual goodwill impairment test, goodwill was allocated to a group of cash generating units that included both Alcan and the aluminium activities previously owned by Rio Tinto which are now managed as a single business.

The impairment charge did not trigger the covenant under the Alcan acquisition facilities, which requires that the ratio of net debt to underlying EBITDA be no greater than 4.5 times.

Exchange differences and gains/(losses) on derivatives of US$843 million relates to a gain of US$1.9 billion on Australian dollar intragroup liabilities, held by Group entities with a US dollar functional currency offset by a loss of US$1.7 billion on external US dollar debt held by an entity with an Australian dollar functional currency. The weakening of the Australian dollar against the US dollar, particularly towards the end of 2008, led to these significant movements. The tax on exchange gains and losses includes a benefit of US$254 million through recovery of tax relating to the prior years. It also includes tax relief for losses on US dollar denominated debt. The pre-tax loss is offset by gains on intragroup balances which are largely not subject to tax.

An impairment of discontinued operations of US$827 million relating to Packaging was recognised outside of underlying earnings. As required by IFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations, the amount of this impairment was determined by reference to the Group s best estimate of expected proceeds to be realized on the sale of Packaging, less an estimate of remaining costs to sell. The Packaging business was valued based upon an assessment of its fair value, which is required because this business was presented as an Asset Held for Sale in the Group balance sheet. Engineered Products was also valued based upon an assessment of its fair value, as the Group s intention is to sell this group of businesses.

2007

In 2007 an impairment charge of US$328 million after tax was recognised at Argyle following a decline in value as a result of large increases in the estimated capital costs of the underground project. This was partly offset by the reversal of the residues of the impairments of Tarong Coal and Palabora.

Other exclusions from underlying earnings in 2007, a charge of US$209 million, mainly comprised non recurring consequences of the Alcan acquisition, including Integration costs. Of this total, US$146 million resulted from the sale of Alcan inventories that were revalued based on selling prices at the date of acquisition

Group financial results by product group 2007 2009

	2009 US$m	2008 US$m	2007 US$m
Iron Ore	**4,126**	6,017	2,664
Aluminium	**(578)**	1,271	1,051
Copper	**1,866**	1,597	3,373
Energy	**1,420**	2,581	498
Diamonds & Minerals	**800**	474	475

Other operations	**(188)**	(133)	167
Inter-segment transactions	**(28)**	25	
Other items	**(547)**	(366)	(540)
Exploration and evaluation	**5**	(133)	20
Net interest	**(578)**	(1,030)	(265)
Group underlying earnings	**6,298**	10,303	7,443
Exclusions from underlying earnings	**(1,426)**	(6,627)	(131)
Net Earnings	**4,872**	3,676	7,312

Table of Contents

Sustainable development

Performance data

Rio Tinto s sustainable development data are reported for calendar years and, unless otherwise stated, our inventories represent 100 per cent of the parameter at each managed operation, even though Rio Tinto may have only partial ownership.

Data reported in previous years may be modified if verification processes detect material errors, or if changes are required to ensure comparability over time.

Wherever possible, data for operations acquired prior to 1 October of the reporting period are included. Divested operations are included in data collection processes up until the transfer of management control.

We report in line with the Global Reporting Initiative (GRI) G3 guidelines at Application level A+.

Environmental stewardship

We continue to proactively manage climate change, water, land stewardship, biodiversity, mineral and non mineral waste, air quality and closure. These programmes include input from our local communities as well as from experts in these fields, and are supported by our external partnerships with BirdLife, Earthwatch, Fauna & Flora International and Royal Botanic Gardens, Kew.

In 2009 we set new five year targets for a range of environmental metrics, including greenhouse gas emissions intensity, which is discussed in the section below. We also made progress with the development of a formal relationship with IUCN.

Greenhouse gas emissions

We accept the urgent need for climate change action and recognise the issue as being one of our greatest challenges and opportunities. Reducing the greenhouse gas (GHG) emissions intensity of our production is a key performance indicator for the Group and we aim to improve the energy intensity of all our operations. We are also working to identify step change opportunities to improve our performance over the longer term.

Greenhouse gas emissions intensity

Indexed relative to 2008	**Group intensity**
2005	109.4
2006	110.8
2007	110.2
2008	113.1(1)
	100.0(2)
2009	92.5(2)

(1) Rio Tinto excluding former Alcan

(2) Rio Tinto including former Alcan

As a result of the Alcan integration, the emissions intensity of our production decreased by ten per cent between 2007 and 2008, reflecting the high percentage of low carbon energy within Alcan s smelter portfolio. Removing the effect of this acquisition, our intensity would have increased in 2008.

In 2009 we set a new target to reduce our total GHG emissions intensity by six per cent between 2008 and 2013. A further four per cent reduction is targeted to give an overall ten per cent reduction by 2015 as a result of the expected completion of planned capital projects. We index our performance relative to 2008 as the base year.

During 2009, our GHG emissions intensity reduced by 7.5 per cent, largely as a result of divesting the Ningxia aluminium smelter in China, which is powered by coal based electricity, and reduced production at a number of operations with a higher than average emissions intensity. We expect some reversal of this positive performance in future years as production levels increase.

Our total GHG emissions, defined as the sum of on site emissions and those from the net purchase of electricity and steam minus net carbon credits voluntarily purchased from, or sold to, recognised sources, were 41.0 million tonnes of carbon dioxide equivalent, nearly nine million tonnes lower than in 2008. This is the result of asset divestments and reduced levels of production at some operations. Rio Tinto s on site emissions were 26.1 million tonnes in 2009.

We operate in an energy intensive sector and we seek to improve the greenhouse gas emissions over the full life cycle of our products. For instance, Rio Tinto Alcan is a leader in the development of energy efficient aluminium smelting technology. While it represents 71 per cent of the Group s energy use, it only produces 64 per cent of our total GHG emissions due to its low carbon energy portfolio.

We recognise that there are significant GHG emissions associated with the transportation, processing and use of Rio Tinto s products. In 2009, the three most significant sources of indirect emissions associated with our products were:

Approximately 4.5 million tonnes of CO_2-e associated with third party transport of our products and raw materials.

An estimated 120 million tonnes of CO_2-e associated with customers using our coal in electricity generation and steel production.

Approximately 330 million tonnes of CO_2-e associated with customers using our iron ore to produce steel. These emissions are not in addition to the coal use emissions above, as some customers use both our iron ore and our coal to produce steel.

Emissions associated with third party transport and combustion of our coal reduced significantly in 2009 with the divestment of Rio Tinto Energy America.

Table of Contents

Due to global demand, coal is likely to remain a significant source of energy for the foreseeable future. We are therefore investing in developing and commercialising carbon capture and storage (CCS) technology. In particular, we continued to progress our studies on the Hydrogen Energy California project, a joint venture with BP. Rio Tinto is a founding member of the Global CCS Institute and supports other collaborative efforts to deploy the technology, such as the CO2CRC s Otway Basin geosequestration project in Australia.

Where we can influence our customers, we work to develop efficient downstream processes, and our metals and minerals can bring energy and emissions benefits. For example:

Uranium is used in low carbon power generation.

Our high purity ductile iron is used in the production of wind turbines.

Aluminium makes cars lighter, reducing the amount of fuel used during their operation, and it can be efficiently recycled.

During 2009 climate change legislation was debated in a number of jurisdictions in which we operate. In Australia the Carbon Pollution Reduction Scheme cap and trade bill was brought before, but not passed by, the Senate. Australian legislation was enacted for reporting energy use and GHG emissions, and legislation for the use of renewable energy may be expanded. The requirement to purchase Renewable Energy Certificates will increase operating costs. The US House of Representativea passed a cap and trade bill. In the EU, some of Rio Tinto s operations are subject to the second phase of the EU emissions trading scheme. This exposure will increase when the third phase starts in 2013. The proposed legislation will increase operating costs as the Group will have to purchase emissions permits, the number of which would increase over time. Rio Tinto continued to participate in collaborative efforts to promote effective public policy frameworks to address climate change, including the US Climate Action Partnership and submissions on proposed legislation to governments in Australia, the US, the EU and Canada. A comprehensive programme is under way to prepare the Group for climate legislation. All Australian legislated reporting requirements were met in 2009.

Rio Tinto s operations are exposed to the physical risks of climate change. In 2009 our Energy & Climate Strategy group commenced a review of progress in identifying, managing and communicating these risks to better coordinate and support the integration of projected physical climate change risks in project planning and operations.

Energy use

Rio Tinto both consumes energy in its operations and produces it, with significant electricity generation at our hydropower facilities in Canada and in other locations. Our smelting and mineral processing operations are energy intensive and depend on hydroelectricity, nuclear power, coal, oil, diesel and gas to keep them running.

This year our energy use decreased from 553 to 497 petajoules. This change has been influenced by the divestment of the energy intensive Ningxia aluminium smelter and reduced production for some commodities. Depending on the mix of commodity production, we would expect some reversal of this positive performance in future years as production levels increase.

Rio Tinto uses a significant portfolio of hydro, nuclear and other renewable power sources in its energy mix, which represented 70 per cent of our electricity use in 2009. A number of new projects and technology upgrades that are either under way or planned will ensure that we use electricity available from our hydroelectric sources with greater efficiency.

Total energy use	**Petajoules**
2005	245(1)
2006	257(1)
2007	540(2)
2008	553(2)
2009	497(2)

(1) Rio Tinto

(2) Rio Tinto including former Alcan

To drive improvement in energy efficiency our businesses have set a range of local energy targets that cover nearly three quarters of the Group s energy use.

The Group is working to reduce the energy intensity of new projects through demand reduction using asset design and the development of alternative sources of energy supply. We are also currently developing step change technologies for several of our products, including the drained cathode cell for aluminium production. This has the potential to significantly reduce the amount of energy required to produce aluminium.

Assurance

We engaged an independent external assurance organisation, PricewaterhouseCoopers (PwC), to provide the board of directors of Rio Tinto plc and Rio Tinto Limited assurance on selected sustainable development subject matter. Their full assurance statement is on page 33 of the 2009 *Annual report.*

Table of Contents

Aluminium

Transforming the Aluminium business

The Aluminium product group, Rio Tinto Alcan, is a global leader in the aluminium industry. Its operations are closely integrated across the globe, and include mining high quality bauxite, refining alumina for both primary aluminium production and specialty alumina markets, and producing primary aluminium at some of the lowest cost, most technologically advanced smelters in the industry. Rio Tinto Alcan is renowned for its technology leadership as well as its advantaged position among aluminium producers in generating clean, renewable hydroelectricity.

2009 Operational highlights

US$ million	
Revenue	12,038
Operating cash flow	688
Underlying earnings	(578)
Capital expenditure	1,690
Net operating assets	35,992

Operating cash flow contribution: 5%

Underlying earnings contribution* 2007-2009	**US$m**
2007 Underlying earnings	1,040
Effect of changes in:	
Prices and exchange	(207)
Inflation	(55)
Volumes	1,073
Costs	(86)
Tax and other	(495)
2008 Underlying earnings	1,271
Effect of changes in:	
Prices and exchange	(2,243)
Inflation	(4)
Volumes	(41)
Costs	233
Tax and other	206
2009 Underlying earnings	(578)

2007 comparatives have been restated to remove Engineered Products.

* See note 31 on page A-44 and note 51 on page A-80 of the *2009 Financial statements* for a reconciliation of underlying earnings by

product group to consolidated net profit for the year as determined under IFRS. All amounts presented by the product groups exclude net interest and other centrally reported items.

Strategy

Deliver on our baseline commitments including customer service, sustainable development, and ensuring the safety of our employees.

Continue our journey of transformation and deliver on cost improvements.

Surpass our synergy target and complete the integration process, which includes accelerating our cultural integration.

Protect and enhance our superior growth options while preserving cash.

Achievements

Reduction of 22 per cent in the all injury frequency rate from 2008 to 2009.

Delivered after tax synergy benefits of US$924 million during 2009 with an annualised sustainable run rate of US$1.1 billion at the end of 2009.

Transformational change to both administrative and production costs drove further efficiencies across the entire organisation.

Strategically managed sustaining capital expenditure allocations, and completed value improvement exercises at major capital project sites to improve long term costs.

Adjusted production of bauxite, alumina and aluminium to align with the downturn in market demand.

Key Priorities

Improve safety performance towards the objective of zero harm.

Maintain focus on transformational change to enhance margins, reduce operating costs and optimise efficiencies at all operations worldwide.

Continue to align production levels with market requirements.

Drive additional value growth initiatives such as capital efficiency projects and research and development programmes.

Strategically progress key projects including the Yarwun 2 expansion project (Australia), Kitimat Modernisation Project, AP50 pilot plant and Shipshaw optimisation (Canada).

Outlook

Rio Tinto Alcan remains committed to delivering on operational efficiencies and improving its baseline cost structure.

Major cost reduction measures and further aligning production with market demands are expected to position Rio Tinto Alcan to continue to lead the restructured global aluminium industry going forward.

To build stronger margins and remain long in bauxite and alumina, the group holds the world s largest bauxite reserves and a competitive position in the alumina sector.

Carbon trading and emissions regulations will factor strongly in the coming years, particularly in OECD countries, and the group s AP technology and clean energy sources are expected to provide advantages in a carbon constrained marketplace.

Performance

In 2009, Rio Tinto Alcan s annual bauxite production was 30.7 million tonnes, down from 35.0 million tonnes in 2008 mainly due to production curtailments at Weipa, Australia. The group has a leading position in alumina refining and full ownership or participation in 21 aluminium smelters with a total annual capacity of nearly 4.0 million tonnes (Rio Tinto s share), the vast majority of which are located in OECD countries.

In the current environment of weaker than average demand, the group retains a competitive advantage, as about 80 per cent of its aluminium is produced in the first half of the industry cost curve and it has curtailed higher cost production. Rio Tinto Alcan s favourable cost position, especially with regard to energy inputs, has benefited the business during the current global economic downturn.

In 2009, Rio Tinto Alcan s contribution to underlying earnings was a negative US$578 million, a decrease of US$1,849 million from 2008. This is mainly due to the sharp decline in LME prices experienced during the first half of 2009, coupled with the continuing economic downturn in most markets. The effects of the LME and market conditions were partially reduced by improved raw material costs through negotiation of prices, lower oil prices, and lower cash costs due to cash initiatives, production curtailments, and ongoing synergy benefits. Second half EBITDA improved by over US$1 billion compared to the first half as transformational initiatives enabled Rio Tinto Alcan to be well positioned for the aluminium price recovery.

The average aluminium market price in 2009 was US$1,701 per tonne compared with US$2,620 per tonne in 2008. The group s average realised price for ingot products in 2009 was US$1,833 compared to US$2,753 in 2008.

Strategy

Rio Tinto Alcan will continue to deliver on its baseline commitments, including customer service, sustainable development and ensuring employee safety. The group will also remain focused on delivering value through large scale, long term cost competitive assets.

Financial performance will be founded on continued transformational change, a reduced cost structure, and robust cash management. Cash preservation and optimisation of working capital remain key ongoing priorities. Synergy targets and completing integration, including cultural integration by aligning systems and exchanging personnel with other Rio Tinto businesses, will also be key.

Strategically protecting and enhancing our superior growth options has meant slowing growth oriented capital expenditures. Value improvement projects at selected sites are targeting 20-30 per cent reductions in capital costs for major projects. In the medium term, previously announced modernisations or closures are expected to move our portfolio even further down the industry cost curve. This will allow us to create value throughout future economic cycles and reduce our global carbon footprint.

Our business strategy also includes being long in bauxite and alumina. This supports our growth and ensures that the group is not exposed to the asymmetric alumina pricing risk when the global alumina market falls into deficit. Expansion of the Yarwun refinery in Australia will increase alumina production by two million tonnes per annum.

Slowing of construction has resulted in a revised completion date for the second half of 2012.

Key achievements

Synergies from the integration of Alcan were delivered ahead of target despite economic pressures and capital constraints. This was achieved using only 70 per cent of the planned operational expenditure, and 23 per cent of the planned capital expenditure. Furthermore, full recurring synergies delivered are expected to exceed the previously stated US$1.1 billion target.

At the end of 2009, Rio Tinto Alcan had closed, sold or curtailed approximately ten per cent of its aluminium smelting production, which represents the removal of a significant portion of its capacity in the top half of the cost curve. The group has also slowed selected projects, using the delay to complete value improvement exercises aimed at improving costs for the long term.

Transformational change to both administrative and production costs drove further efficiencies across the entire organisation.

In addition to completion of the Ningxia joint venture sales transaction in China, strategic divestments included the sale of the group s 80 per cent interest in the Ghana Bauxite Company, including the Awaso bauxite mine, as it was not aligned with our long term strategy. The sale was completed on 1 February 2010.

The Sohar Aluminium smelter in Oman, which poured its first metal in 2008, reached its full capacity of 360,000 tonnes per annum in 2009. The state of the art smelter uses Rio Tinto Alcan s benchmark AP36 technology a highly efficient and environmentally friendly smelting technology.

Energy efficiency improved by one per cent over last year in North America due to aggressive improvement targets at each of the group s smelters, energy self audits to reduce natural gas consumption at anode baking furnaces, and auxiliary natural gas consumption reductions. These initiatives required no additional investment from Rio Tinto Alcan.

Table of Contents

Despite economic pressures, safety was a top priority and overall, the group achieved a 22 per cent reduction in the all injury frequency rate from 2008 to 2009.

Safety

Rio Tinto Alcan and its employees have integrated Rio Tinto safety performance standards and risk management practices throughout its businesses. The ultimate goal remains zero harm. Regrettably, one fatality occurred at the Ghana Bauxite Company site in August 2009.

A key priority has been the reduction of major risks through the implementation of Rio Tinto HSE performance standards and risk management practices. At critical sites, Process Safety Management to prevent collapse, fire, and explosion as well as the release of toxic, reactive, flammable, or explosive materials has progressed significantly.

During 2009, the integration process was successfully completed including key elements of the Rio Tinto HSEQ management system and deployment of the Safety Leadership Development Programme.

Completion of this work lays the foundation for establishing clear global priorities and common business standards.

Rio Tinto Alcan s all injury frequency rate (AIFR) of 1.04 at the end of 2009 represented a 38 per cent reduction over the 2007 integrated former Rio Tinto Aluminium and Alcan baseline.

All injury frequency rate	**Per 200,000 hours worked**
2005	1.41
2006	1.45
2007	1.67[1]
2008	1.33
2009	1.04

(1) Including former Alcan

Greenhouse gas emissions

Total greenhouse gas emission intensity at Rio Tinto Alcan reduced by 9.9 per cent for aluminium. This is the result of the divestment of the Ningxia joint venture smelter in China, closure of some older operations, curtailment of production at selected facilities and increased operational efficiency.

Rio Tinto Alcan is a leader in the generation of low GHG intensity power, with projects in place to continue improvements to overall site performance, as well as leverage energy efficiency, best practice sharing, and research and development efforts to achieve both GHG reductions and low carbon targets.

Aluminium greenhouse gas emissions intensity

Indexed relative to 2008	**Group intensity**
2005	117.7
2006	119.4
2007	117.0
2008	118.7[1]
	100.0[2]
2009	90.1[2]

(1) Rio Tinto excluding former Alcan

(2) Rio Tinto including former Alcan

Rio Tinto Alcan contributes 64 per cent of Rio Tinto s total GHG emissions. Our achieved and continued reductions also contribute significantly to the Rio Tinto Group s overall intensity improvements.

Furthermore, Rio Tinto Alcan products play an important role in attaining sustainable downstream GHG savings across numerous commercial and civilian sectors, notably in automobiles, trucks, buses and trains. Aluminium can also be recycled indefinitely without compromising its quality.

Integration Of Alcan

The integration of Alcan delivered after tax synergy benefits of US$924 million during 2009 with an annualised sustainable run rate of US$1.1 billion at the end of 2009. Despite economic turbulence and capital constraints, the integration programme has successfully achieved its US$1.1 billion target for 2010 using only 70 per cent (US$173 million) of the planned operational expenditure, and 23 per cent (US$122 million) of the planned capital expenditure. As remaining projects realise their full potential in 2010, the full recurring synergies delivered are expected to be US$1.2 billion per year, which exceeds the stated target of US$1.1 billion.

The delivered benefits are derived from a range of business areas such as logistics and operations. The operating synergies are driven primarily by cost reduction initiatives in procurement and combining knowledge and resources between business units, by optimising Australian bauxite production which, when ramped up, is expected to result in synergies of US$24 million annually.

Within the worldwide Primary Metal Research & Development function, optimisation and coordination of research project streams generated annualised savings of US$22 million.

As we conclude the integration programme, synergies will become embedded into normal business operations. Deferred projects will be transferred to Business Improvement teams for future realisation, and best practices will continue to be shared across Rio Tinto.

Review of operations

In addition to meeting synergies and integration targets, cash preservation and optimisation of working capital remain key priorities. Improvement programmes and reductions have targeted both structural and cyclical elements such as the cost of key inputs including coke, caustic and pitch. To sustain input cost reductions over the longer term, Rio Tinto Alcan widened its

---

specification ranges, capitalised on logistic opportunities, and leveraged its position as a part of the Rio Tinto Group during procurement negotiations.

Rio Tinto Alcan permanently closed or divested higher cost facilities to centre its asset base on top tier, large scale assets. The Beauharnois smelter in Quebec ceased smelting operations in April and the Anglesey Aluminium Metal joint venture in the UK closed in September. Regional industrial development teams have assisted both sites to reduce the impact of the closure on the community and identify potential long term projects such as a remelt and recycling centre at Beauharnois and a standalone casting centre at Anglesey. The sale of Rio Tinto Alcan s share of the Ningxia smelter in China was completed in 2009.

The group also temporarily curtailed production capacity at selected facilities worldwide. Globally, the business has closed, sold or curtailed approximately ten per cent of its aluminium smelting production as at the end of 2009, which represents the removal of a significant portion of its capacity in the first half of the cost curve.

Bauxite and alumina production was also adjusted to align with market demand and internal requirements. Bauxite production was curtailed by 12 per cent globally, including a 3.8 million tonne reduction at Weipa, and alumina capacity was curtailed by two per cent. Cost reduction and cash conservation initiatives included slowing construction of the Yarwun alumina refinery expansion in Australia, introducing a flexible production model at the Jonquière (Vaudreuil) refinery in Canada and lowering operating costs. At year end, 76 per cent of bauxite production and 36 per cent of alumina production were situated in the lower half of their respective cost curves.

Primary Metal operations in North America delivered 182 per cent on anticipated synergies and integration targets. Efficiency was greatly improved by a strong commitment to Business Improvement and quick, integrated deployment of Improving Performance Together (IPT) asset management and LEAN methodologies. Primary Metal, Asia Pacific also exceeded its synergy targets by 47 per cent at its smelting operations.

To further global competitiveness, a restructuring programme is under way in France to improve productivity by 20 per cent and align production costs with the global industry average. This will position both the smelters and alumina operations to take advantage of potential carbon constraints and the benefits of nuclear electricity.

After registering a low of US$1,367 per tonne in February, average monthly LME prices trended upward during the rest of the year, reaching US$2,213 per tonne in December. Automobile production in the US, Japan and Western Europe has begun to increase. Industrial production and semis shipments in these regions have also moved upward since reaching a trough in the April-June 2009 period.

The Chinese aluminium market moved from being a slight net exporter during the last five years to a net importer. But as a result of slower economic growth earlier in the year and dramatic capacity curtailments in the domestic aluminium industry, an energy surplus has emerged, pushing down the cost of production and encouraging restarts of aluminium capacity. It is likely that the energy situation will prove to be temporary. Ongoing urbanisation and increases in standards of living will drive competition for energy, moving China back into an energy deficit and placing upward pressure on costs.

Because the aluminium industry took a significant amount of high cost capacity offline in 2009, average industry costs have declined, resulting in a flattening of the aluminium cost curve. This is likely to be temporary and to reverse as demand picks up and causes some restarts of higher cost smelters. If this occurs, a steeper cost curve will emerge, favouring low cost producers such as Rio Tinto Alcan.

The group has therefore prioritised the protection and enhancement of its superior growth initiatives, although no new capacity is planned before 2012 and large scale projects worldwide have been slowed. This delay has been used to complete value improvement exercises aimed at reducing costs for the long term. Both the AP50 pilot plant in Quebec and the Kitimat Modernisation Project in British Columbia are working to implement the latest in low energy consumption technology, maximise their use of existing infrastructure, and apply lean construction principles in the years ahead.

Rio Tinto Alcan has also signed a memorandum of understanding with the Government of Cameroon in preparation for a greenfield project that includes a hydropower dam, aluminium smelter and port facilities. Construction is expected to begin toward the end of 2011, with first metal in 2016.

The Shipshaw power station optimisation is on budget and on schedule, and is expected to improve this major component of Rio Tinto Alcan s extensive hydroelectric network in Quebec, which has a total installed capacity of

approximately 2,900 megawatts.

Outlook

In the short term, Rio Tinto Alcan remains committed to delivering on operational excellence and improving its baseline cost structure. By maintaining major cost reduction measures made in 2009, we expect that the business will be in a strong position to lead the restructured global aluminium industry going forward. Rio Tinto Alcan will continue aligning production with sales and marketing needs. As part of an ongoing reorganisation of its operating structure in France, the group will adopt cost reduction measures for selected European aluminium and specialty alumina operations.

Global aluminium consumption growth is expected to grow in the range of four to six per cent during the next decade, supported by China s continued urbanisation, industrialisation and economic development, as well as that of developing economies such as India, Indonesia and Brazil. Our analysis suggests that by 2020, meeting increased demand will require the equivalent of one new Quebec smelting system every nine months, as well as the equivalent of a fully expanded Yarwun every year, and a Weipa every three years.

Because Rio Tinto Alcan s energy costs are believed to be less linked to pricing on the London Metal Exchange than other large producers, we are well positioned to capture value when prices rise. The group intends to leverage this advantage through growth and additional efficiency initiatives.

Carbon trading and emissions regulations will factor strongly for aluminium in the coming years, particularly in OECD countries. The New Zealand government has a legislated Emissions Trading Scheme, expected to include the NZAS joint venture from July 2010, and the Australian government has proposed a carbon pollution reduction scheme to commence in July 2011. As of 2013, Rio Tinto Alcan sites within the European Union will join the European Trading Scheme and therefore be covered by all applicable regulations.

Table of Contents

Rio Tinto Alcan s growth portfolio includes projects that centre on clean energy sources as well as high performance technologies as means of reducing emissions. Our comprehensive, proprietary AP technology suite also makes Rio Tinto Alcan a partner of choice for project development, driven by a disciplined, proven engineering and technology delivery process. We continue to develop the next generation of our smelting technology as an ideal complement to strong, renewable power assets. An AP50 pilot plant is under construction in the Saguenay, Quebec, Canada, and the AP-Xe suite is being designed to be retrofitted to previous AP series cells.

In addition to its modern, low cost smelting fleet, Rio Tinto Alcan is a fully integrated aluminium producer. The group can leverage various supply chain benefits from mine to metal, and expects sufficient supplies to sustain its long term growth strategy. It holds interests in three of the four largest bauxite mines in the world (Weipa, Porto Trombetas and Sangaredi), situated in the top three bauxite reserve countries (Australia, Brazil and Guinea). This provides optionality through size, expandability and proximity to key growth markets.

Rio Tinto Alcan s bauxite reserves in north eastern Australia, Weipa and Gove mines, and alumina refineries at Gove, Yarwun, and Queensland Alumina have made this region in particular a hub for future optimisation opportunities.

Table of Contents

Copper

Growth Through Innovation

Rio Tinto s Copper group is a world leader in copper production. Operations include Kennecott Utah Copper in the US and interests in the producing copper mines of Escondida in Chile, Grasberg in Indonesia, Northparkes in Australia and Palabora in South Africa. In 2009, the group produced approximately 800,000 tonnes of copper, which places it among the top five copper producers in the world. Gold and molybdenum are also valuable by-products of the group s mines. In addition to its producing assets, the group has interests in three of the world s largest undeveloped greenfield copper projects. The group also includes major nickel deposits in the US and Indonesia.

2009 Operational Highlights

US$ million	
Revenue	6,206
Operating cash flow	2,223
Underlying earnings	1,866
Capital expenditure	553
Net operating assets	5,028

Operating cash flow contribution: 16%

Underlying earnings contribution* 2007-2009	**US$m**
2007 Underlying earnings	3,479
Effect of changes in:	
Prices and exchange	(185)
Inflation	(49)
Volumes	(963)
Costs	(620)
Tax and other	(66)
2008 Underlying earnings	1,597
Effect of changes in:	
Prices and exchange	(487)
Inflation	(40)
Volumes	556
Costs	304
Tax and other	(64)
2009 Underlying earnings	1,866

* See note 31 on page A-44 and

note 51 on page A-80 of the *2009 Financial statements* for a reconciliation of underlying earnings by product group to consolidated net profit for the year as determined under IFRS. All amounts presented by the product groups exclude net interest and other centrally reported items.

Strategy

Deliver shareholder value by significantly increasing copper production in the medium term.

Be an innovative, disciplined acquirer and developer of value creating assets.

Optimise and develop the group s existing assets.

Continue to invest in innovative technologies such as block caving and sulphide leaching to maintain leadership in the mines of the future.

Leverage the diverse portfolio of producing and developing mines to adapt to changing economic conditions.

Achievements

At Kennecott Utah Copper (KUC), the concentrator set multiple plant production records, including total ore milled and copper in concentrate produced.

Also at KUC, the resource development team identified a new copper-molybdenum-gold porphyry system.

KUC and Escondida both successfully negotiated new mutually beneficial collective bargaining agreements with their work forces in 2009.

A landmark investment agreement with the Government of Mongolia progressed the development of the Oyu Tolgoi project. Rio Tinto increased its stake in Ivanhoe Mines to 19.7 per cent.

Kennecott Eagle Nickel successfully addressed certain key legal challenges to its mine permits in the US.

Key Priorities

Exceed the improved safety performance in 2009 with a focus on embedding process safety risk reviews.

Development of the world class Oyu Tolgoi copper-gold deposit in Mongolia.

At KUC, progress the molybdenum autoclave project and continue life of mine extension through local drilling programmes.

Complete the Northparkes E48 development and ramp up to full production.

The Copper Projects function will maintain and maximise options around key projects and pursue opportunities to accelerate the start of production.

Outlook

Industry fundamentals support a strong outlook on price, with robust long term demand and supply side constraints.

Continued price volatility with upside potential.

Industry will be challenged by mines of increasing depth, decreasing grade profiles and increasing exposure to higher risk regions.

Gradual transition to underground mines which require higher capital costs and investment in innovative technologies.

Performance

As markets recovered from the turbulence of 2008, the Copper group achieved an increase in underlying earnings of 17 per cent in 2009. This was achieved through cost reductions and higher volumes. Performance highlights included mined copper production in 2009 up 15 per cent over 2008 and refined copper production up 28 per cent over 2008, following higher grades and a further improvement in performance at Kennecott Utah Copper.

The Copper group s contribution to underlying earnings increased by US$269 million to US$1,866 million due to higher production at Kenncott Utah Copper and Grasberg as well as cost improvements across the product group. This was offset by lower copper and molybdenum prices.

Strategy

The Copper group s strategy is to deliver shareholder value through significantly increasing copper production in the medium term. This will be achieved by continuing to optimise and develop the group s existing assets and by proactively seeking opportunities to grow the copper portfolio. Key components of the strategy include exploring opportunities to improve and expand existing operations, accelerating the development of key projects, maintaining an emphasis on exploration activities, and pursuing other opportunities for growth.

The group s strategy is based on industry fundamentals that support a strong outlook on prices, particularly in the medium term. Emerging economies, particularly China and India, are expected to continue to drive copper demand over the coming decade. On the supply side, the challenges associated with finding and developing new projects will mean that copper supply will likely be constrained in the medium to long term.

The group has a set of world class operating assets and a strong portfolio of long term greenfield projects that allows it the flexibility to adapt to changing economic conditions. Investment plans are rigorously evaluated in light of evolving market conditions.

While certain investments have been delayed in response to recent macro-economic conditions, Rio Tinto believes it has the capability and experience to develop and expand its portfolio of assets when economic conditions improve further. Rio Tinto is investing in the application of innovative technologies including block caving, automation, flash converter smelting and sulphide leaching. As copper mining shifts from open pit to underground, Rio Tinto s block caving expertise will enable mine life extensions through access to new high grade deposits at greater depths. Rio Tinto has developed its block caving expertise through its interests in Northparkes, Palabora and Grasberg. Future developments are expected to rely on large scale block caving and include Oyu Tolgoi, Resolution and Bingham Canyon.

The Copper group is not constrained by geographic considerations and can work where development opportunities exist. It is committed to the principles of Rio Tinto s code of conduct *The way we work*, with a focus on responsible environmental performance and a commitment to strong community relations.

Key Achievements

The group saw significant achievements at operations and projects during 2009. At KUC, the Copperton concentrator set multiple plant production records, including total ore milled (7.6 per cent increase) and copper in concentrate

produced (28 per cent increase over the previous year). Gold and silver in concentrate exceeded 2008 levels by 58 per cent and 43 per cent respectively.

KUC and Escondida both successfully negotiated new mutually beneficial collective bargaining agreements with their workforces in 2009.

At Grasberg, expansion of the currently producing Deep Ore Zone mine to 80,000 tonnes per day is essentially complete.

At the Oyu Tolgoi project, the Investment Agreement with the Government of Mongolia was completed in October and subsequently Rio Tinto increased its stake in Ivanhoe Mines to 19.7 per cent with fixed price options to further increase the stake to 43 per cent.

At Palabora, the Broad Based Black Economic Empowerment transaction required under South Africa s new Mining Charter is progressing well. In April, Palabora submitted a Transaction Framework Agreement bearing the signatures of its Broad Based Black Economic Empowerment partners.

At the Kennecott Eagle nickel project, a judge affirmed the Michigan Department of Environmental Quality s issuance of key permits for the mine. This put all of the necessary state permits for the project into effect. Production is being targeted for 2013.

Safety

Safety continued to be a major focus in 2009 at all operations. Despite the continued emphasis, there was one fatality at Copper group managed operations during the year, which occurred at Palabora. Overall, the group realised a significant improvement in the all injury frequency rate (AIFR) in 2009 with an annual rate of 0.67 compared to 1.06 in 2008.

At KUC, the safety strategy is defined in a three year safety plan which is supported by improvement action plans at the plant, department and individual level. Key safety improvement achievements during 2009 included implementation of the Rio Tinto Significant Potential Incident (SPI) reporting and investigation process; development and roll out of a substantial front line

Table of Contents

safety leadership skills improvement programme; and implementation of new safety controls for delivery drivers. During 2010, KUC will continue safety improvement efforts with specific focus on process safety and contractor safety.

All injury frequency rate	**Per 200,000 hours worked**
2005	1.26
2006	1.31
2007	1.24
2008	1.06
2009	0.67

Greenhouse gas emissions
The Copper group is committed to continual improvements in energy management and efficiency. Spending on improvement projects in 2009 led to substantial progress on embedding behavioural energy management initiatives such as reductions in idling of light duty vehicles and improving electrical energy demand management systems at KUC.

In 2009, KUC reported for the first time to the Climate Registry, a multi-state voluntary greenhouse gas reporting system. KUC s overall greenhouse gas emissions intensity decreased, primarily due to efficiencies associated with higher copper production.

In 2010, the Copper group anticipates additional progress in greenhouse gas and energy management across the business portfolio.

Copper cathode greenhouse gas emissions intensity

Indexed relative to 2008	**Group intensity**
2005	74.6
2006	84.6
2007	72.7
2008	100.0
2009	81.3

Operations
Kennecott Utah Copper (Rio Tinto: 100 per cent)
KUC operates the Bingham Canyon mine, Copperton concentrator and Garfield smelter and refinery complex near Salt Lake City, Utah.

In 2009 the Copperton concentrator set multiple plant production records. Milled ore of just under 53 million tonnes topped the record established in 2008 by 7.6 per cent. Copper in concentrate also reached a new high in 2009 of 303,536 tonnes, a 28 per cent increase over the previous year. Gold and silver in concentrate improved in 2009, exceeding 2008 levels by 58 per cent and 43 per cent respectively, whilst molybdenum concentrate production increased 11 per cent.

Recent exploration at the Bingham Canyon mine has identified a new copper- molybdenum-gold porphyry system beneath the current open pit (disclosed in March 2009). The molybdenum mineralisation is substantial and has a grade

which is higher than the average grade of the open pit reserve.

Current ore reserves are expected to enable open pit operations to continue until 2020 with additional mineralised material potentially extending the open pit mine life to 2032.

Evaluation of open pit expansion options at the mine continued through the Keystone project. A pre-feasibility study is expected to be completed in 2010 potentially allowing conversion of significant open pit mineralised material to reserve. Study of the underground expansion option was temporarily halted in 2009 due to the global economic downturn.

Escondida (Rio Tinto: 30 per cent)

The Escondida copper mine located in Chile s Atacama Desert is the largest copper mine in the world in terms of annual production. BHP Billiton owns 57.5 per cent of Escondida and is the operator and product sales agent.

During the first half of 2009, concentrate production was impacted by the Laguna Seca SAG mill being operated at a reduced rate to limit the risk of failures. These problems were successfully resolved during a 32 day full stoppage of the concentrator in July and August. The combined effect of lower ore head grade and increased ore hardness resulted in lower recoveries and reduced concentrate production. This was partially offset by an increase in cathode production due to improved recoveries and increased ore stacking on the leach stockpiles.

Future growth options at Escondida are driven by current brownfield exploration activities. There is a significant exploration drilling programme on a number of potential deposits around the Escondida lease area, with positive results already announced at Pampa Escondida.

Grasberg (Rio Tinto: 40 per cent of joint venture production)

Grasberg, located in the province of Papua in Indonesia, is one of the world s largest copper and gold mines in terms of reserves and production. It is owned and operated by Freeport Indonesia (PTFI), which is 91 per cent owned by US based Freeport-McMoRan Copper & Gold Inc. The Government of Indonesia owns the remaining nine per cent of PTFI. The joint venture gives Rio Tinto a 40 per cent share of production above specified levels until 2021 and 40 per cent of all production after 2021, as well as representation on operating and technical committees.

Table of Contents

Operations in 2009 accelerated mining higher grade sections of the Grasberg pit, resulting in higher grades than in 2008. Grasberg s 2009 production levels were well above the level at which metal becomes attributable to Rio Tinto, and were substantially higher than in 2008. The expansion of the currently producing Deep Ore Zone mine to 80,000 tonnes per day is essentially complete.

Palabora (Rio Tinto: 57.7 per cent)

Palabora Mining Company is a publicly listed company on the Johannesburg Stock Exchange and operates a mine and smelter complex in South Africa. Palabora achieved a 42 per cent rate of employing historically disadvantaged South Africans in management positions. This key milestone is a crucial step in securing New Order Mineral Rights in terms of the Mining Charter. The Minerals and Petroleum Resource Development Act required mines in South Africa to be at least 15 per cent owned by historically disadvantaged South Africans by April 2009. This requirement will increase to 26 per cent by 2014. On 30 April, 2009 Palabora signed and submitted a Transaction Framework Agreement bearing the signatures of its Broad Based Black Economic Empowerment partners. Palabora is working with the other parties to the transaction to finalise this agreement and present it to shareholders of Palabora for approval in the first half of 2010.

Copper concentrate production was 5.5 per cent lower than 2008 mainly due to a 58 per cent decrease in tonnes of low grade concentrate reclaimed from settling ponds. Diamond drilling has been re-initiated to delineate the copper reserves immediately below the current mining horizon.

Northparkes Mines (Rio Tinto: 80 per cent)

The Northparkes copper-gold mine in central New South Wales, Australia, operates both underground block cave mines and open-cut mines on its mining leases. Northparkes is a joint venture with the Sumitomo Group (20 per cent). In November 2006, the joint venture partners approved the development of the E48 block cave project, which is expected to cost US$160 million and extend the mine s life to 2023. As a response to economic conditions at the end of 2008 the completion of the E48 project was deferred but restarted in October 2009. Copper production at Northparkes exceeded 2008 production by 38 per cent. Underground production was largely sourced from the E26 Lift 2 North block cave, with production from the E48 block cave project in the last quarter. Open cut production was used to maintain full mill capacity. The E22 open pit produced 6.8 million tonnes, which exceeded plan by 14 per cent during the year. The E22 mining sequence is expected to be completed by August 2010. Higher volumes of ore were processed in 2009 due to a higher proportion of softer underground ore.

Development Projects

Resolution Copper (Rio Tinto: 55 per cent)

The Resolution copper deposit is located in Arizona, US and within the most prolific copper producing belt in North America. Though evaluation is ongoing, the Resolution project appears to host the largest copper deposit in North America, capable of producing an estimated 600,000 tonnes of copper per annum. Although the ultimate size of the deposit has not been fully defined, it is characterised by consistent plus one per cent copper mineralisation over an area of at least two kilometres in an east-northeast direction and 1.5 kilometres in a north-northwest direction. Before the pre-feasibility studies can be completed and the mine developed, Resolution Copper needs to acquire title to the small Oak Flat area that lies adjacent to existing unpatented mining claims hosting the mineralisation. In return for this land, Resolution Copper will transfer to the US government over 2,200 hectares of high priority conservation lands. The Southeast Arizona Land Exchange and Conservation Act has been formally introduced in both houses of Congress to achieve this goal. The 2010 work programme will focus primarily on completing studies to support the preparation of an environmental impact study in order to satisfy the terms of the land exchange bill.

La Granja (Rio Tinto: 100 per cent)

The La Granja copper project is located in the Cajamarca region of northern Peru and is in the pre-feasibility study phase.

As part of the pre-feasibility study that is in progress, recent drilling results at La Granja further confirm the mineralised material estimate and enable a wider range of mining and processing options than previously considered. The full extent of the porphyry, breccia and skarn-hosted deposit has yet to be determined, and drilling is planned to continue during 2010 with investigation of the options, both to improve the business case and to define the potential size and life of a mining operation.

Previously the pre-feasibility study focused on demonstrating the possibility of recovering copper metal from various porphyry systems in which chalcopyrite dominant ore would use heap leach technology. The study wound down in 2009 due to financial constraints, and evaluation work entered a divergent phase to assess the potential of the new geological discoveries and to identify higher value, lower risk options for development. Other options now being investigated include concentrator only and hybrid (heap leach and concentrator) concepts, with initial indications of enhanced value.

Kennecott Eagle Minerals (Rio Tinto: 100 per cent)

The Eagle deposit located in Michigan, US, is nearing readiness to commence construction and has the potential to form the foundation of a profitable long term nickel business for Rio Tinto. The project is located in North America near well developed infrastructure. Rio Tinto s privately owned mineral title of about 182,000 hectares in this region is extensive and is highly prospective for the discovery of additional deposits of greater size and equal or better mineralisation. By late 2009, Eagle was successful in addressing legal challenges to issued mine permits by local opponents and received final approval of all necessary state permits.

Sulawesi Nickel (Rio Tinto: 100 per cent)

The Sulawesi Nickel project is on the island of Sulawesi in Indonesia. Rio Tinto was granted a mining permit (IUP) from the Indonesian Ministry of Energy and Mineral Resources on 25 February 2010. This tenure was granted under the new mining law (Minerba) which came into effect in mid January 2009.

Table of Contents

Rio Tinto will now move forward with reviewing development options for the project with increased certainty. Rio Tinto is also working closely with the regional governments and communities as planning for the project progresses.

Oyu Tolgoi (Rio Tinto: 19.7 per cent interest in Ivanhoe Mines Limited)

In October 2006 Rio Tinto purchased a stake of just under ten per cent in Ivanhoe Mines Limited in order to jointly develop the Oyu Tolgoi copper-gold resource in Mongolia s South Gobi region. Ivanhoe Mines owns 66 per cent of Oyu Tolgoi. In October 2009 Rio Tinto completed its second tranche with Ivanhoe Mines Limited to increase its ownership by 9.8 per cent to 19.7 per cent. On 1 March 2010 Rio Tinto agreed to acquire a further 2.7 per cent to bring its ownership to 22.4 per cent. Rio Tinto has the right to progressively increase its stake to 43 per cent over the next three years at pre-determined prices.

Also in October 2009 Rio Tinto signed an Investment Agreement with the Mongolian Government. The agreement outlines substantial benefits to the local community and the people of Mongolia. Since the initial discovery, more than 4,000 Mongolians have been employed and currently 90 per cent of the project workforce is Mongolian as promised in the agreement. Oyu Tolgoi has a potential average production rate of 450,000 tonnes of copper per year over the mine life with significant gold by-products. It is also geographically positioned to supply growing Asian copper markets. Refer to note 48 of the *2009 Financial statements*.

Outlook

There is significant opportunity for a long term increase in copper demand, with growth in China being a major driver. Prices may be volatile, but this highlights the value of long life assets. Copper supply will be constrained in the long term and trends in copper mining may also lend support to higher prices. The industry will be challenged by decreasing grade profiles, new developments in higher risk regions and deeper deposits, leading to increased production from underground workings.

Although global copper reserves and mineralised materials are sufficient for several decades, grades are progressively declining. Greenfield exploration in under explored countries offers some potential to reverse this trend through new surface copper discoveries. However, the full potential of these countries to support major production may be undermined by sovereign risk factors.

Deeper discoveries are appearing in known districts as exploration occurs around surface deposits such as Bingham Canyon. Some of these brownfield discoveries have unusually high copper and by-product grades. Innovation in mining and processing technology may reduce the costs of production from underground resources.

Given future demand forecasts, future copper prices will depend on the relative success of greenfield discovery, brownfield discovery and innovation in mining and processing. With Rio Tinto s portfolio of world class assets, combined with its strategy of significantly increasing copper production, the group is expected to remain an industry leader for years to come.

Table of Contents

Diamonds and Minerals

Differentiation in the marketplace

The Diamonds & Minerals group comprises diamonds, borates, talc, titanium dioxide feedstock, high purity iron, metal powders, zircon and rutile mining and refining operations. Rio Tinto Diamonds (RTD) accounts for about six per cent of the world s production of rough diamonds by value. Its business model is to be the preferred supplier of rough diamonds. The Minerals part of the group comprises Rio Tinto Minerals (RTM), a global leader in borates and talc supply and of the science behind their use, and Rio Tinto Iron & Titanium (RTIT), a market leader in titanium dioxide feedstock, high purity iron, zircon, rutile and metal powders production.

2009 Operational highlights

US$ million	
Revenue	2,618
Operating cash flow	528
Underlying earnings	800
Capital expenditure	519
Net operating assets	4,612

Operating cash flow contribution: 4%

Underlying earnings contribution* 2007-2009	**US$m**
2007 Underlying earnings	483
Effect of changes in:	
Prices and exchange	331
Inflation	(50)
Volumes	(49)
Costs	(167)
Tax and other	(74)
2008 Underlying earnings	474
Effect of changes in:	
Prices and exchange	(298)
Inflation	(24)
Volumes	(245)
Costs	88
Tax and other	805
2009 Underlying earnings	800

* See note 31 on page A-44 and

note 51 on page A-80 of the *2009 Financial statements* for a reconciliation of underlying earnings by product group to consolidated net profit for the year as determined under IFRS. All amounts presented by the product groups exclude net interest and other centrally reported items.

Strategy

To safely and efficiently maximise shareholder value.

To be the preferred supplier of natural rough diamonds, borates, talc and titanium dioxide.

To be responsible and transparent in relations with neighbouring communities.

To differentiate in the marketplace through superior service and technical support.

To continue to invest in growth projects in the existing businesses and seek Tier 1 development opportunities in new mineral sectors.

Key Achievements

First shipments of ilmenite from QIT Madagascar Minerals (QMM).

Broad Based Black Economic Empowerment restructuring completed at Richards Bay Minerals.

Underlying EBITDA for RTM maintained at 2008 levels through strong cost reductions and positive pricing despite significantly lower volumes.

Licences renewed for Jadar lithium-borate development project in Serbia.

Potasio Rio Colorado (PRC) project in Argentina and a second potash project near Regina in Canada sold to Vale for a combined gain of US$797 million, included in underlying earnings.

Construction of Diavik Diamonds underground mine in Canada substantially completed.

Progressed the Bunder hard rock diamond discovery in India

Business improvement programmes delivered significant cost reductions in response to global economic conditions.

Key Priorities

Continue to strive for zero harm to people across all operations.

Manage production and maximise cash flow in line with global economic recovery.

Continue to operate in a responsible and sustainable manner.

Table of Contents

Continue to differentiate Rio Tinto from other diamond and industrial minerals suppliers by providing superior product quality, supply reliability and customer service.

Retain and continue to develop the best people.

Outlook

The diverse markets being served by the group s operations continue to be affected by the health of the global economy.

In Diamonds, rough prices are expected to improve during 2010 although this is dependent on the recovery in the US and consumption from emerging markets.

Market weakness in the minerals business in 2009 is expected to slowly reverse in 2010, with more rapid recovery in Asia and emerging economies.

Declines in the housing and automotive sectors will be offset to some degree by government incentive programmes, but will continue to affect sales.

Strategy

The Diamonds & Minerals group s core purpose is to safely and efficiently maximise shareholder value from mining and marketing diamonds and minerals. The group focuses its resources on efficiency and sustainability in its operations and developments; responsibility and transparency in its relations with neighbouring communities; and differentiation in the marketplace through superior services and technical support. The group has a long and successful track record in developing large scale, long life, cost competitive assets.

Our business model focuses on being the preferred supplier of natural rough diamonds, borates, talc and titanium dioxide and associated by-products of high purity iron, steel, metal powders and zircon. We intend to continue to invest in growth projects in the existing businesses and seek Tier 1 development opportunities in new mineral sectors.

Diamonds

Rio Tinto s strategy is to be the preferred global supplier of natural rough diamonds and to continue to operate, manage and develop world class diamond resources safely, efficiently and to the highest possible environmental standards.

Rio Tinto has been in the diamond business for 25 years, following the discovery and development of the Argyle mine in Western Australia. Rio Tinto Diamonds is managed from London with a facility in Antwerp undertaking the sale and marketing of rough diamonds. Rio Tinto Diamonds also has representative offices in Mumbai and New York. Rio Tinto s high value pink diamond sales from the Argyle mine are managed from Perth in Western Australia.

Rio Tinto is essentially a wholesaler of rough diamonds, providing support for its customers in their downstream activities.

In 2009 the unprecedented financial turmoil severely affected demand for rough diamonds which is highly reliant on the US economy. Rio Tinto acted quickly to minimise operating and capital costs and slowed the transition to underground mining at both the Argyle and Diavik mines, as well as reducing production.

In the second half of 2009 the diamond market began to recover as both prices and sales volumes improved. The medium to long term fundamentals for the diamond industry are positive with an anticipated material supply shortfall which will drive future price growth.

Minerals

The strategy of the minerals businesses focuses on optimising volumes and product mix to supply high value growth sectors in both mature and emerging markets. RTM s foundation businesses have been leaders in the borate and talc industries for more than a century while RTIT s subsidiary, QIT, was the first company to produce titanium dioxide slag at its site in Sorel, Quebec in 1950.

Minerals markets include automotive, construction, telecommunications, agriculture and consumer products industries. This close tie to consumer purchasing patterns resulted in a 30 per cent decline in demand for minerals products in 2009. The businesses reduced production and instituted stringent cost control and business improvement efforts early in the year to maintain their resilience in response to the downturn. Economic recovery and government subsidies helped to stabilise these markets toward the end of 2009.

The group maintains R&D facilities in Europe, Canada and the US to develop new products and support customers.

Key Achievements

Diamonds

Construction of the Diavik underground mine was substantially completed during 2009. First ore production from the new mine is expected in 2010. Argyle successfully implemented a major cost cutting exercise.

A bulk sample processing plant was commissioned at the Bunder project in Madhya Pradesh, India. Capable of processing ten tonnes per hour, the plant will help further assess the value and grade of the diamond deposit.

The completion of a new processing module at the Murowa mine will ensure the continued viability of the mining operation in the face of hardening ore.

Minerals

The first shipments of ilmenite ore from QMM to Canada, and of finished titanium slag product to a customer, were made in 2009. These were major landmarks in a project which, notwithstanding many complex environmental, social and technical challenges, could become a model for future projects in the developing world.

In December 2009, RTIT concluded a Broad Based Black Economic Empowerment transaction at Richards Bay Minerals (RBM) in South Africa. Under this transaction, 24 per cent of the equity of RBM was sold to a consortium of historically disadvantaged groups, with a further two per cent transferred to a trust for the benefit of RBM employees. The remaining 74 per cent is split equally between BHP Billiton and Rio Tinto with Rio Tinto having been appointed as the manager. Through this

Table of Contents

transaction, RBM has met the ownership requirements of South Africa s Mining Industry Charter five years ahead of the required empowerment date of 2014.

The greenfield Potasio Rio Colorado (PRC) project in Argentina and a second potash project near Regina in Canada were sold to Vale for a combined gain of US$797 million, included in underlying earnings.

Efforts to divest the borate and talc businesses were constrained by economic conditions in 2009; the talc divestment process will be renewed in 2010. Rio Tinto intends to retain ownership of the borates business.

Safety

Safety performance and awareness continued to be a major focus of all operations. In 2009 the all injury frequency rate (AIFR) was 0.71 compared to 0.58 in 2008. The group mourned the loss of a colleague at Richards Bay Minerals who died in a fatal incident in December 2009.

RTIT s Rio Tinto Fer et Titane (RTFT) improved its safety performance with AIFR improving by six per cent. QMM and RTM s injury rates deteriorated year on year, but remain low.

All injury frequency rate	**Per 200,000 hours worked**
2005	1.43
2006	0.92
2007	0.92
2008	0.58
2009	0.71

For Diamonds, the AIFR improved to 0.66 compared to 0.93 in 2008. The Diavik mine with an AIFR of 0.72 achieved its best Performance safety performance since the mine began production in 2003. The Bunder project in India remained injury free in 2009.

Greenhouse gas emissions

As part of the group planning process each business unit submits a greenhouse gas (GHG) performance review.

Titanium slag and iron greenhouse gas emissions intensity

Indexed relative to 2008	**Group intensity**
2005	101.1
2006	102.7
2007	102.3
2008	100.0
2009	110.7

RTM s global operations reduced greenhouse gas emissions by three per cent per tonne of product from 2003 to 2008 and set new reduction targets in 2009. During 2009 RTIT sites undertook audits to identify opportunities for GHG and energy reduction.

At Argyle, greenhouse gas intensity per carat produced increased in 2009 as a result of processing lower grade ore. Argyle is investigating increasing the use of hydroelectricity in mine operations and improving the diesel efficiency of the power station. Greenhouse gas intensity per carat produced at Diavik increased in 2009 as construction of the underground mine continued. Diavik is working on various projects focused on reducing fuel consumption.

Review of operations

Sales revenue of the Diamonds & Minerals group was US$2,618 million in 2009, US$1,202 million less than in 2008 largely as a result of the global economic downturn and the impact it had on consumer confidence and spending. Underlying earnings of US$800 million (US$474 in 2008) included a contribution of US$797 million from the sale of potash assets in Argentina and Canada.

The borates and talc businesses secured price increases which partially offset the 20 to 30 per cent declines in demand related to the sluggish housing and automotive sectors. Titanium dioxide feedstock prices held steady, however RTIT s revenue decreased by 33 per cent mainly due to lower volumes of titanium dioxide and a reduction in the price of metallics resulting in reduced margins on iron, steel and powder products. The minerals businesses experienced a significantly stronger fourth quarter as major markets started to show signs of economic recovery. Decreased rough diamond prices and sales volumes across all producing diamond assets adversely affected earnings and cashflow during 2009. All operations implemented stringent cost reduction efforts through the year.

An impairment charge of US$348 million after tax was recognised on the diamonds portfolio assets to reduce their carrying value to an estimated recoverable amount. This is not included in underlying earnings.

Rio Tinto Diamonds

Argyle (Rio Tinto: 100 per cent)

The Diamonds group owns and operates the Argyle diamond mine in Western Australia. Argyle owns a niche polished pink diamonds business which sells and markets the loose polished pink diamonds. Production from Argyle s open pit mine is expected to continue through to 2012 after which it is anticipated that the mine will transition to underground operations. Underground mining is expected to operate until at least 2018.

During 2009 construction of the underground project was slowed by reducing the project workforce and delaying completion of development under a programme referred to as the Low Cost Continuation Plan. First production from the

underground operation is now expected in 2012. In addition, processing in the surface operations was suspended for 12 weeks due to the deterioration in global market conditions.

Diavik (Rio Tinto: 60 per cent)

The Diamonds group operates the Diavik Diamond Mine, located approximately 300 kilometres north east of Yellowknife, Northwest Territories, Canada. It is an unincorporated joint venture between Rio Tinto and Harry Winston Diamond Corporation. Production from Diavik s open pit operations will continue through to 2012 after which the mine will transition to full production from the underground. Construction on the underground project was substantially completed during 2009. First ore is expected during the first quarter of 2010 with full production expected to be achieved in 2013.

In 2009, operations at Diavik were suspended for six weeks in July as a result of the deterioration in global market conditions.

This suspension, together with lower grade feed ore reduced diamond production in 2009 to 3.3 million carats (Rio Tinto share) from 2008 production of 5.5 million carats. Open pit mining in A154 neared completion in 2009, with activity transitioning to the lower grade A418 pipe. A successful winter road transportation season saw the movement of 2,779 truck loads of supplies and materials to the site.

Murowa (Rio Tinto: 77.8 per cent)

The Murowa mine has been operating as a small open pit since 2004 and is owned by Rio Tinto (77.8 per cent) and Rio Zim Limited (22.2 per cent), a listed entity.

The Diamond group s share of production in 2009 of 97,000 carats was below the 205,000 in 2008 as a result of lower ore grade and a delayed project to deal with changing ore characteristics.

Murowa is considering expanding the existing open pit to increase production. The previous feasibility study for this expansion is currently being reviewed and discussions are being held with the Zimbabwean Government on the investment environment that is required to underpin this project.

Bunder (Rio Tinto: 100 per cent)

The Bunder diamond project in India was transferred from Rio Tinto Exploration to the Diamonds group in November 2008 upon completion of the order of magnitude study. During 2009 a ten tonnes per hour bulk sampling treatment plant was commissioned. The plant has commenced processing of bulk samples for further evaluation work.

RIO TINTO MINERALS

Rio Tinto Minerals (Rio Tinto: 100 per cent)

The business comprises borates and talc mines, refineries, and shipping and packing facilities on five continents that operate under the Rio Tinto Minerals banner.

Approximately 815,000 tonnes of refined borates are produced at Boron Operations, the principal borate mining and refining operation in California s Mojave Desert.

The business operates talc mines including the world s largest, in southern France and processing facilities in Austria, Australia, Belgium, Canada, France, Italy, Japan, Mexico, Spain and the US.

In 2009 total borates production fell by 30 per cent from 610,000 tonnes of boric oxide in 2008 to 424,000 tonnes in 2009, with reduced demand in Asia Pacific and in the North American housing industry. Total talc production declined by 24 per cent from 1,163,000 tonnes in 2008 to 888,000 tonnes in 2009, with sales in Europe offsetting volume declines in North America.

Rio Tinto Iron and Titanium

Rio Tinto Fer et Titane

(formerly QIT) (Rio Tinto: 100 per cent),

Richards Bay Minerals

(Rio Tinto: 37 per cent)

QIT Madagascar Minerals

(Rio Tinto: 80 per cent)

RTIT comprises the wholly owned Rio Tinto Fer et Titane (RTFT) in Quebec, Canada, an 80 per cent share in the QMM ilmenite project in Madagascar and a 37 per cent interest in and management of Richards Bay Minerals (RBM) in KwaZulu-Natal, South Africa.

Both RTFT and RBM produce titanium dioxide feedstock used by customers to manufacture pigments for paints and surface coatings, plastics and paper and the production of titanium metal. They also produce iron, steel and zircon co- products. QMM produces ilmenite from beach sands which is shipped to Canada for onward processing into titanium dioxide slag.

The QMM project was completed on schedule; however, cost inflation and foreign exchange effects increased the cost to US$1.16 billion from the original estimate of US$1.03 billion. First ilmenite production occurred at the end of 2008 and in 2009 the first shipments were made to RTIT s facilities in Canada for processing into titanium dioxide feedstocks.

In 2009, titanium dioxide production decreased by 25 per cent compared with 2008 as RTIT responded to reduced demand in its markets following the knock on effect of the slump in construction activity and the weak automotive sector in the second half of the year. This included an eight week summer shutdown of the ilmenite mine and smelting operations at RTFT.

Markets for iron and steel co-products weakened from 2008, resulting in a significant decrease in earnings. A modest recovery in metallics pricing has been evident in late 2009 and early 2010.

Table of Contents

Outlook

The diverse markets being served by the group s operations continue to be affected by the health of the global economy albeit differentially due to both geography and market sector. However, steps towards recovery have been seen in a number of these market sectors.

Diamonds

Rough prices recovered in the second half of 2009 though not to the high levels seen in the middle of 2008. The market will continue to be dependent on the recovery of US consumer sentiment though the robust growth of jewellery consumption in the smaller but important Chinese and Indian markets will provide some underlying support to both prices and volumes.

Minerals

The minerals businesses experienced a significant slowdown during 2009, and this market weakness is expected to slowly reverse in 2010.

Sales volumes are forecast to partially recover, with more rapid demand recovery in Asia and emerging economies. Demand is improving in electronics (eg flat panel displays, circuit boards, and other components) and insulation fibreglass, paints and coatings. Building products are expected to improve slowly in terms of both volumes and prices as the housing and automotive markets recover.

Table of Contents

Energy

Strong production and sales

The Energy group comprises thermal coal, coking coal and uranium operations. Its coal interests are located in Australia and the US and supply the seaborne traded and Australian and US domestic markets. These interests comprise: Rio Tinto Coal Australia (RTCA) which manages the group s interests in eight coal mines in Queensland and New South Wales; and the open cut mine Colowyo in Colorado, US and an interest in Cloud Peak Energy in Montana and Wyoming, US. Rio Tinto Uranium produces uranium oxide from its majority owned mines in Australia and Namibia for electric power utilities worldwide.

2009 Operational highlights

US$ million	
Revenue	6,709
Operating cash flow	2,576
Underlying earnings	1,420
Capital expenditure	686
Net operating assets	2,538

Operating cash flow contribution: 19%

Underlying earnings contribution* 2007-2009	**US$m**
2007 Underlying earnings	498
Effect of changes in:	
Prices and exchange	1,623
Inflation	(51)
Volumes	177
Costs	257
Tax and other	77
2008 Underlying earnings	2,581
Effect of changes in:	
Prices and exchange	(592)
Inflation	(54)
Volumes	(67)
Costs	136
Tax and other	(584)
2009 Underlying earnings	1,420

* See note 31 on page A-44 and

note 51 on page A-80 of the *2009 Financial statements* for a reconciliation of underlying earnings by product group to consolidated net profit for the year as determined under IFRS. All amounts presented by the product groups exclude net interest and other centrally reported items.

Strategy

The Energy group s core purpose is to maximise the value it creates for shareholders from supplying the world s mineable energy needs.

The group focuses its resources on excellence in operations; large scale, long life, cost competitive assets.

Opportunities for brownfield expansions are being progressed across the business.

Achievements

Australian thermal and semi soft coal production of 37.4 million tonnes (Rio Tinto share 23.1 million tonnes) a five per cent increase on 2008.

Record production and sales results throughout the year from many operations.

Safety performance improved at most operations.

Successful divestment of numerous energy assets in line with the Group divestment strategy.

Separation from Rio Tinto Energy America (RTEA) and transition to a standalone business in 2009 by Colowyo Coal Company.

A milestone achievement of 100 indigenous employees at Energy Resources of Australia (ERA), representing almost 20 per cent of ERA s workforce.

Continued delivery of operational excellence programmes in all businesses to systematically eliminate waste, reduce process variability, and engage and empower our workforce.

Key Priorities

Continuing to improve HSE performance, including contractor safety.

Maximising free cash flow and continuing to operate in a responsible and sustainable manner.

Timely delivery of current expansion projects.

Continuing work with industry, government and infrastructure providers to resolve coal supply chain bottlenecks and increase export capacities.

Positioning the group as the supplier of choice as the global economy recovers.

Retaining and continuing to develop the best people.

Aligning business growth strategies with climate change and energy strategy.

Outlook

Rio Tinto believes the outlook for seaborne coal remains very positive.

The supply-demand balance for both thermal and metallurgical coals remains tight and towards the end of 2009 prices were increasing across all types of coal.

The rising domestic prices in China have supported the demand for imported coal, while traditional importing markets continue to increase imports in line with a broader economic recovery.

A global resurgence in nuclear power is under way, driven in large part by the need for energy security and baseload electricity generation that minimises emissions of greenhouse gases.

Uranium prices are likely to increase if many new uranium projects, which were looking less financially attractive due to the effect of weaker uranium prices, are delayed.

Performance

The Energy group s 2009 sales revenue was US$6,709 million and its contribution to underlying earnings was US$1,420 million, a reduction of 45 per cent from 2008, due to lower realised Australian coal prices which were partially offset by an increase in US thermal coal price.

Rio Tinto Coal Australia s (RTCA) 2009 contribution to underlying earnings was US$1,013 million, US$708 million lower than in 2008, attributable to lower prices and a changed sales mix partly compensated by a weaker Australian dollar and increased efficiencies. RTCA s total coal production was 46.6 million tonnes (Rio Tinto share 30.6 million tonnes).

Hard coking coal production was 9.2 million tonnes, in line with 2008. Higher production of other coal was achieved at Blair Athol despite loss of volume in January and February due to severe flooding.

In the Hunter Valley total production in 2009 was slightly higher than 2008 levels. Production of semi soft coal recovered strongly in the second half of 2009 in response to firming global demand, and was one per cent lower than the rate of semi soft coking coal production in 2008. Vessel queues in New South Wales (NSW) were relatively stable in 2009, but began to increase in the second half of the year.

In the US, earnings from all coal interests of US$257 million were US$110 million above 2008, with improved prices and lower cash costs offsetting the impact of lower volumes in line with Rio Tinto s reduced ownership. Colowyo Coal Company s 2009 production totalled 3.2 million tonnes. The reduction was a result of the need to have adequate reserves to satisfy the remaining long term sales contracts out to 2017 from its existing reserve base.

The contribution of Energy Resources of Australia (ERA) in 2009 to underlying earnings was US$138 million, US$3 million below 2008. Higher market prices and the expiration of older contracts containing price caps contributed to an average realised price at ERA in 2009 of US$50.84 per pound, an increase of 56 per cent compared to 2008. In 2009 ERA also increased sales of 12.1 million pounds compared to the 2008 volume of 11.6 million pounds.

Rössing Uranium earnings of US$24 million were US$77 million below 2008 attributable to lower realised prices, due to a decline in the uranium price over the year, and adverse exchange rate movements. Earnings recovered in the second half of the year when some sales occurred from volumes deferred from the first half. Rössing has continued on its growth path, producing 9.15 million pounds in 2009, which was slightly higher than the 2008 production (8.97 million pounds), which was a 20 year high.

Strategy

Rio Tinto believes the abundance, reliability and affordability of coal will see it continue to be a major part of the global energy mix, and a key source of energy for many developed and developing countries. A key part of the Energy group s strategy is to ensure it is a leading advocate of, and investor in, the sustainable future uses of coal. In 2009 the group continued to dedicate resources and funds to the development of low emission coal technology through

investment in the carbon capture and storage technology on the Hydrogen Energy California project, the COAL21 voluntary levy to support low emission coal projects managed by Technology & Innovation in Australia, and in several low emission coal research organisations in the US and Australia.

A resurgence globally in nuclear power is under way, driven in large part by the need for energy security and baseload electricity generation that minimises emissions of greenhouse gases. Rio Tinto aims to maintain its position as one of the world s leading uranium suppliers to power this growth.

A number of opportunities for brownfield expansions exist at the Coal & Allied operations in the Hunter Valley and the Hail Creek mine in Queensland.

A number of opportunities for further low cost brownfield expansions are under consideration at ERA s Ranger mine and at Rössing. ERA owns the Jabiluka deposit; the second largest undeveloped uranium deposit in the world, while adjacent to the Rössing lease, a significant new discovery has been made by Extract Resources Ltd in which Rio Tinto has a stake through its 14.7 per cent interest in Extract Resources Ltd and 13.5 per cent interest in Kalahari Minerals plc.

Key achievements

Australian thermal and semi soft coal production was up five per cent on 2008. Australian hard coking coal production in 2009 and full year uranium production was comparable with the prior year.

Significant progress was made on the development of the Clermont coal mine, which is on track to meet its first scheduled production in 2010, while construction continued on an extension of the Kestrel underground coal mine.

ERA s Ranger mine achieved a total sales milestone of 100,000 tonnes of uranium oxide since commencing operations. The Rössing mine is the only other mine in the world to reach this level of total sales.

Table of Contents

ERA has begun preparing an Environmental Impact Statement for a proposed heap leach facility at the Ranger mine, targeting the extraction of 33 million to 44 million pounds of uranium oxide from low grade ores, and has started planning for an underground exploration decline to further define the Ranger 3 Deeps mineralisation.

During 2009 the group successfully sold a number of its energy assets in line with Rio Tinto s divestment strategy. Transactions included:

The sale of Rio Tinto Energy America s (RTEA) Jacobs Ranch mine to Arch Coal for a cash consideration of US$764 million, completed on 1 October 2009.

The balance of RTEA s assets (excluding Colowyo) were transferred to Cloud Peak Energy Resources LLC (CPER). Rio Tinto received total proceeds of US$741 million in connection with Cloud Peak Energy Inc s initial public offering and related transactions. As a result, Rio Tinto now indirectly holds a 48.3 per cent interest in the Antelope, Cordero Rojo and Spring Creek mines and a 24.1 per cent interest in the Decker mine.

The sale of Coal & Allied s Maules Creek project to Aston Resources, a private Australian company, for A$480 million (US$379 million) was completed on 18 February 2010.

Coal & Allied s Vickery asset was sold to Whitehaven Coal (ASX listed) for A$31.5 (US$26.5) million, with an effective date of 4 February 2010.

Safety

All injury frequency rate	**Per 200,000 hours worked**
2005	1.31
2006	0.89
2007	0.90
2008	0.87
2009	0.71

Safety performance and awareness continued to be a major focus for all operations. The group s all injury frequency rate (AIFR) in 2009 improved, and was 0.71 compared to 0.87 in 2008.

RTCA recorded a 11 per cent improvement on its AIFR compared with 2008; ERA achieved a 39 per cent improvement; and Rössing achieved a 20 per cent improvement. Colowyo s AIFR increased in 2009 however it achieved a significant reduction in injury severity rate.

Greenhouse gas emissions

The Energy group is continuing to dedicate resources to the development of clean coal technology.

On a life cycle basis, nuclear power generation emits very low levels of greenhouse gases. Rio Tinto is positioning its uranium business for the strong demand for uranium which will arise as the world moves to lower greenhouse gas emissions.

As part of the group planning process each business unit submits a greenhouse gas (GHG) performance review. This includes a discussion on targets and performance and a list of proposed and implemented projects noting project progress, savings, costs and NPV (net present value). All businesses have a number of NPV positive optimisations and energy reduction projects being researched or implemented. For example, Colowyo Coal began design and implementation of haul road optimisation work with a targeted reduction in GHG of two per cent, while Coal & Allied s Mount Thorley Warkworth operation is conducting a coal seam methane trial to assess the potential to significantly reduce greenhouse gas emissions.

Greenhouse gas emissions intensity remained flat across the Australian coal businesses.

Australian coal greenhouse gas emissions intensity

Indexed relative to 2008	**Group intensity**
2005	82.8
2006	86.2
2007	95.7
2008	100.0
2009	98.6

Review of operations

Rio Tinto Coal Australia (Rio Tinto: 100 per cent)

Rio Tinto Coal Australia manages the group s Australian coal interests. These include, in Queensland: the Blair Athol (Rio Tinto: 71 per cent), Kestrel (Rio Tinto: 80 per cent), and Hail Creek (Rio Tinto: 82 per cent) coal mines and the Clermont mine development (Rio Tinto: 50.1 per cent).

RTCA also provides management services to Coal & Allied Industries (Coal & Allied) for operation of its four mines located in the Hunter Valley in NSW. Coal & Allied (Rio Tinto: 75.7 per cent) is publicly listed on the Australian Securities Exchange and had a market capitalisation of A$6.9 billion (US$6.2 billion) at 31 December 2009. Coal & Allied wholly owns Hunter Valley Operations, has an 80 per cent interest in Mount Thorley Operations, a 55.6 per cent interest in the contiguous Warkworth mine, and a 40 per cent interest in the Bengalla mine which abuts its wholly owned Mount Pleasant development

project. Coal & Allied also has a 36.5 per cent interest in Port Waratah Coal Services which operates the Kooragang Coal Terminal and Carrington Coal Terminal in Newcastle.

The global economic crisis impacted traditional markets for thermal coal, reducing demand within the Asian region in the first half of the year. The second half saw demand in developed nations begin to recover.

China s demand for imported coal in 2009 was particularly strong and this supported improved prices by year end, however prices were lower than the records achieved in 2008. Global steel demand was also weak in the first half of 2009 for most markets other than China, but improved in the second half of the year and has led to strong demand for coking and semi soft coking coal.

Hard coking coal production was comparable with 2008, despite a planned longwall changeover at the Kestrel mine in October 2009. There was a five per cent increase in the production of other coal in 2009 compared with 2008, primarily attributable to an increase in port allocation in the fourth quarter of 2009.

The group s main coal development projects in Australia are the extension of the Kestrel mine, and the construction of the new Clermont mine to replace the nearby Blair Athol mine which will cease operations in 2016. Both projects have supply contracts in place. Due to the economic slowdown, work on the Kestrel mine extension was slowed in 2009 however the project remains on track to meet its first scheduled production in 2012. Clermont is due to start production in mid 2010.

In 2008, Coal & Allied completed an engineering feasibility study on the Mount Pleasant coal mine project located adjacent to the Bengalla coal mine near Muswellbrook in the Hunter Valley. As certainty regarding infrastructure capacity has grown significantly, Coal & Allied is initiating a revised pre-feasibility study to define a development path with lower capital demand.

An investment programme by the owners and operators of the coal ports at Newcastle and Dalrymple Bay on the eastern seaboard of Australia is expected to result in additional capacity from 2010.

Coal & Allied has entered into long term take or pay contracts for port allocation with Port Waratah Coal Services which take effect from 1 January 2010. It follows the signing of new port access agreements between the state government, Port Waratah Coal Services and Newcastle Infrastructure Group which provide for long term contracts to underpin future expansion. Similar long term take or pay contracts to secure equivalent rail track access and rail freight are still being negotiated.

Colowyo Coal Company (Rio Tinto: 100 per cent)

Colowyo Coal Company produces thermal coal in north west Colorado. The company intends to fulfil long term contracts with two power generators located in north west Colorado until 2017, with the intention to cease production in 2018.

Energy Resources of Australia (Rio Tinto: 68.4 per cent)

Energy Resources of Australia (ERA) is a publicly listed company and had a market capitalisation of A$4.6 billion (US$4.1 billion) at 31 December 2009.

Since 1980 ERA has mined ore and produced uranium oxide at its Ranger open pit mine, 250 kilometres east of Darwin in Australia s Northern Territory. ERA also has title to the adjacent Jabiluka mineral lease, which in 2003 was put on long term care and maintenance. Ranger and Jabiluka are surrounded by, but remain separate from, the World Heritage listed Kakadu National Park. ERA s operations are subject to stringent environmental requirements, and governmental oversight.

The Ranger mine is the second largest uranium mine in the world and ERA is the fourth largest producer.

ERA s capital expansion projects to radiometrically sort low grade ores and process laterite ore were commissioned during 2008 and 2009 respectively. The laterite processing plant will contribute approximately 0.88 million pounds per annum of uranium oxide to production from 2008 through to 2014. The radiometric sorter will upgrade lower grade ore and allow an additional 2.4 million pounds of uranium oxide to be produced over a five year period from 2008.

ERA continued to work with the Mirarr, traditional owners of the land on which the mining lease is located. The Mirarr continued delivery of a cultural awareness programme to all new ERA employees and participated in environmental and cultural heritage management programmes. Increasing indigenous employment is a significant focus including the provision of training and employment opportunities.

ERA continued studies into a proposed heap leach facility at Ranger, targeting the recovery of 33 million to 44 million pounds of uranium oxide from low grade ores. ERA commenced the formal environmental approval processes for the proposed facility with the Australian and Northern Territory governments and intends to lodge an Environmental Impact Statement during 2010.

The company also began detailed planning for a proposed underground exploration decline, to conduct close spaced exploration drilling to further define the extent of the Ranger 3 Deeps mineralized material identified in late 2008.

Rössing Uranium (Rio Tinto: 68.6 per cent)

Rössing Uranium produces and exports uranium oxide from Namibia to power utilities globally. Its core purpose is to maximise the value delivered to shareholders by being a safe, significant and growing long term supplier of uranium.

Rössing continues to play a major role in the Namibian economy, both in terms of GDP contribution of around 3.8 per cent as well as employment, education and training opportunities. Through the various education and training programmes of the Rössing Foundation, the company is recognised as a major contributor to national human capital development.

In August 2009 the Rössing board of directors approved the latest Life of Mine operating plan, which extends the mine life to 2023.

A technical improvement project was initiated during 2009 to secure improvements in resource estimation, grade control and operational throughput. In parallel, the construction of a heap leach pilot plant is close to completion, with commissioning planned for 2010. The heap leach project will remain a key focus as a way of reducing operating costs. Associated projects to support this include a new tailings facility and a new acid plant.

Deep drilling commenced in 2009 to investigate the extent of ore below the current pit and to firm up geological/geotechnical knowledge that will improve the mine plan and design.

Table of Contents

In response to the financial crisis the company implemented numerous efficiency improvements and significantly reduced capital expenditure and reduced costs on a number of key major consumables, whilst continuing with key projects which will provide for future growth.

Outlook

Energy markets have been adversely affected by the global economic downturn, however this has been muted compared to other commodity sectors due to electric power demand being relatively inelastic. This is especially true for low cost, base load power stations such as those fired by uranium or low cost thermal coal.

The Energy group continues to respond to the economic downturn by focusing management attention on cash conservation. Non essential capital expenditures have been deferred wherever possible, and a range of initiatives are in place which focus on working capital reductions, operating cost efficiencies, procurement efficiencies, and some head count reductions.

Demand for thermal and coking coal in both domestic (US) and seaborne traded coal markets, and globally for uranium remains robust. Prices for seaborne traded coals, both thermal and coking, are expected to be higher for 2010 than for 2009. Outlook for the uranium market remains positive, with uranium prices in the longer term expected to remain well above the levels seen for most of the last two decades.

Table of Contents

Iron Ore

Record performance, strong outlook

Rio Tinto s Iron Ore group is the second largest producer supplying the global seaborne iron ore trade, having expanded its capacity over the past decade in tandem with the rise of China as the world s largest and fastest growing single market. The group is the largest single contributor to Rio Tinto s earnings, and remains ideally placed to take advantage of the continued recovery and growth of the world s leading economies.

2009 Operational highlights

US$ million	
Revenue	12,598
Operating cash flow	7,389
Underlying earnings	4,126
Capital expenditure	2,148
Net operating assets	11,263
Operating cash flow contribution: 53%	

Underlying earnings contribution* 2007-2009	**US$m**
2007 Underlying earnings	2,664
Effect of changes in:	
Prices and exchange	3,654
Inflation	(71)
Volumes	165
Costs	(446)
Tax and other	51
2008 Underlying earnings	6,017
Effect of changes in:	
Prices and exchange	(2,920)
Inflation	(22)
Volumes	694
Costs	352
Tax and other	5
2009 Underlying earnings	4,126

* See note 31 on page A-44 and note 51 on page A-80 of the *2009 Financial statements* for a

reconciliation of underlying earnings by product group to consolidated net profit for the year as determined under IFRS. All amounts presented by the product groups exclude net interest and other centrally reported items.

Strategy

The strategy is to maximise the return to shareholders from iron ore assets worldwide.

Focus will remain on reducing costs and building on cash generation initiatives.

Increasing or maintaining return from existing assets through brownfield developments where possible, particularly to contribute to sustaining capacity.

Advancement of expansions under study to achieve 330 million tonnes per annum capacity in the Pilbara by 2015, within ongoing capital expenditure constraints.

Continue detailed planning on integration for implementation of the proposed Pilbara production joint venture with BHP Billiton, as various regulatory approvals are sought.

Achievements

Global iron ore production of more than 217 million tonnes (Rio Tinto share 171.5 million tonnes), a 12 per cent increase on 2008.

Maintained integrity of operations despite weather and global financial crisis setbacks.

Milestone of three billion tonnes exported from Rio Tinto s operations in the Pilbara.

Yandicoogina became the first mine in Australia to record 50 million tonnes annual production.

Operations Centre established for remote control of mines, rail and ports.

Key Priorities

Achieving a proper, expeditious and fair resolution of the case of the four Shanghai colleagues detained by China in July 2009.

Building on 2009 s success in removing bottlenecks to achieve sustained production at or above nameplate capacity.

Fully extracting benefits from operations integration though advances such as the Operations Centre and improved planning and scheduling.

Continuing to improve the business safety performance, notwithstanding the escalation of business activity and expansion work.

Securing approval for and implementing the proposed production joint venture in the Pilbara with BHP Billiton.

Table of Contents

Advancing the Orissa, India, and Simandou, Guinea, development projects.

Outlook

The outlook for global iron ore remains very positive, with seaborne iron ore trade continuing to expand to meet major Asian demand.

Growth fundamentals remain unchanged from before the financial crisis, and continue to be dominated by the rise of China, where urbanisation continues apace.

China s increase in steel intensity is following or exceeding market expectations, and Rio Tinto expects steel consumption to double by 2020. India is expected to follow that same path, though at a less rapid pace.

Growth in the more stable markets of Japan, Korea, Taiwan, Western Europe and North America should remain relatively constant.

Performance

Rio Tinto s global iron ore business achieved a record performance in 2009, despite the severe and sudden impact of the global financial crisis and significant weather related interruptions in the Pilbara early in the year.

Across operations, rapid measures were taken to reduce expenditure in the face of the downturn in markets, putting in place cash preservation efficiencies and managing operations so as to enable a quick ramp up as markets recovered. Pilbara iron ore production managed to run in excess of nameplate capacity throughout the second half of the year, despite the disruptions.

Iron Ore s contribution to 2009 underlying earnings was US$4,126 million, US$1,891 million lower than in 2008, mainly due to lower benchmark and spot prices, partly offset by higher volumes from the recently completed expansions and lower unit cash costs.

Sales volumes from the Pilbara region of Western Australia set a new record in 2009 at 204 million tonnes (100 per cent basis), an increase of 19 per cent on 2008. Shipments to all major markets, including the largest single market, China, were maintained at a high level throughout 2009. In the first half of the year approximately half of Rio Tinto s iron ore production was sold on a spot market basis. In the second half, sales were primarily priced on a benchmark or its equivalent basis.

In September 2009, Rio Tinto completed the sale of the Corumbá operation and the associated river logistics operations in Paraguay for US$750 million. The profit on disposal from this divestment has been excluded from underlying earnings.

The Iron Ore Company of Canada (Rio Tinto 58.7 per cent) completed a five week Summer shutdown and all pellet lines have resumed production. The HIsmelt® plant in Kwinana, south of Perth, remained on care and maintenance throughout 2009.

Strategy

The 2010 strategy is linked to the pace of recovery in world iron ore markets. The business will aim to achieve superior returns and cash flow, focusing on continuous improvement to build on the previous year s record performance.

As China continues to comprise more than 90 per cent of the global iron ore trade, Rio Tinto will seek to protect and enhance its market share in this and other key markets, seeking an improvement in relationships with China. Expansion options will be identified to optimise the development sequence of mines, for example using brownfield developments to increase or maintain return from existing assets.

An ongoing priority will be the early identification and adoption of technologies that improve performance and deliver value from operations, as was the case with the Operations Centre in 2009. Early returns from the Autonomous Haulage System trial (with Komatsu) of driverless trucks and the autonomous drill and blast projects at West Angelas mine show great promise. Rio Tinto remains committed to establishing its Mine of the Future™ vision in the Pilbara and elsewhere.

Planning for the implementation of an integrated production joint venture with BHP Billiton remains the most important strategic consideration of 2010.

Key Achievements

Besides the binding agreement to form a production joint venture with BHP Billiton which required a massive commitment of organisational resources the key achievement of 2009 was maximising efficiency through a year of unprecedented change.

Not only were new production and sales records set notably global iron ore production in excess of 217 million tonnes (Rio Tinto share 171.5 million tonnes), a 12 per cent increase on 2008 but they were achieved despite a very challenging first half. Major flooding through the west Pilbara cut off most mines from ports, necessitating a significant reconstruction effort. Operations were able to make up the shortfall allowing in bound ore supply to meet all contractual obligations.

The first stage of the Operations Centre in Perth was successfully completed, enabling the management of all mine, port and rail assets from a single location for the first time.

The finalisation of the sale of the Corumbá iron ore mine to Vale was also a significant achievement. The group completed negotiations for a mine gate sales agreement with Pilbara junior company Iron Ore Holdings (IOH) for up to 1.5 million tonnes a year from its Phil s Creek project to be fed into production. The agreement also included a six months exclusive right to examine IOH s Iron Valley asset strategically placed near the Yandicoogina mine.

Efforts were intensified to maximise the participation of Traditional Owners and other indigenous Australians in the Pilbara operations. Already among the largest private sector employers of Aboriginals, a historic decision late in 2009 saw Rio Tinto award a A$200 million contract for the Western Turner Syncline project to a joint venture involving the Eastern Guruma people.

Rio Tinto continued its longstanding support for community organisations as well as launching new partnerships with the Kings Park Botanical Gardens and the Royal Flying Doctor Service, the latter to provide the first aeromedical jet to service remote Western Australia.

Table of Contents

Safety

There was a significant improvement in safety performance for the Iron Ore group in 2009, with the all injury frequency rate (AIFR) dropping to 0.81, an 11 per cent improvement on 2008. The AIFR achieved was better than the year s target of 0.86, and compares with the 0.91 AIFR achieved in 2008.

All injury frequency rate	Per 200,000 hours worked
2005	1.58
2006	1.27
2007	0.98
2008	0.91
2009	0.81

A Chief Executive s Safety Award was presented to the Expansion Projects division for achieving an outstanding all injury frequency rate (AIFR) of 0.57 and implementing a number of safety initiatives. One of these was reporting and recording significant potential incidents (SPIs), a programme started at Iron Ore operating divisions in 2009.

Expansion Projects achieved the outstanding rate of three SPIs reported per 100 site employees, and started the Fatality Prevention Programme to identify, eliminate or control potentially fatal events. Management worked with construction contractors to provide a strong focus on safety leadership, including safety forums and inductions with a focus on group interaction and learning.

The Safety Leadership Development Programme was implemented across iron ore sites in Western Australia.

Greenhouse gas emissions

The Iron Ore group s total greenhouse gas (GHG) emissions intensity improved to 9.1 kilograms of carbon dioxide equivalent per tonne of iron ore in 2009, from 10.5 in the previous year.

Australian coal greenhouse gas emissions intensity

Indexed relative to 2008	Group intensity
2005	77.6
2006	76.1
2007	81.4
2008	100.0
2009	87.3

Progress continued on the replacement of ageing power infrastructure in the Pilbara, with a new generation plant ready for commissioning in 2010. Implementation of the cleaner technology will result in 25 per cent less GHG at the same production level compared with the existing steam power generation. Four gas turbines will be progressively commissioned in 2010 with the option to retrofit combined cycle equipment to further reduce GHG emissions.

Another technological improvement occurred with the integration of 51 Evolution Series locomotives into the Pilbara railway fleet. The new generation General Electric diesel electric locomotives replace the less efficient Dash 7 and 8 locomotives.

A number of localised innovative projects to reduce GHG emissions continued across the group. At the Tom Price mine, locally produced biodiesel has been secured to provide fuel for drilling blasts in 2010. Energy efficient devices

continue to be introduced to housing and buildings on sites and in towns. Research into electricity generation, hybrid engines and alternative fuels continue through the Mine of the Future programme.

Review of Operations

From November 2008 through to February 2009, the sudden impact of the global financial crisis on world iron ore demand forced the business to re-cast its options and priorities for the year ahead.

Rio Tinto s Iron Ore business rapidly implemented a series of measures designed to curtail operating costs and capital expenditure, as its customers liquidity challenges and its own corporate priorities demanded.

Most expansion work was suspended, and a number of assets were put on temporary shutdown or prolonged care and maintenance to preserve cash and protect shareholder value.

The proposed strategic relationship with Chinalco, announced in February, involved a significant commitment of management resources, as did from June the agreement for an operational joint venture with BHP Billiton.

An early priority of the realignment of the business was the focus on preserving operations in good shape for market recovery, and therefore a number of maintenance projects were brought forward to capitalise on the downturn. For example, a new ship loader was installed at the East Intercourse Island terminal at Dampier, several months ahead of schedule.

The focus on maximising the return from existing assets continued through the year, with the ramping up of Hope Downs mine (Rio Tinto share 50 per cent) the most significant single development, feeding 20.6 million tonnes into overall production.

The rapid repair of the rail track that was flood damaged in February allowed the Mesa J mine at Pannawonica to produce 25.2 million tonnes in 2009, a marginal increase on the previous year.

Expansion work continued on two new mines in the Pilbara Mesa A in the Robe Valley (Rio Tinto share 53 per cent) and Brockman 4 near Tom Price (Rio Tinto share 100 per cent). Both mines are expected to be producing ore by mid 2010.

Work continued on the US$500 million power station at Dampier and work started on adding incremental tonnage at Dampier port.

Hearings before the Australian Competition Tribunal on the issue of third party rail access to Rio Tinto s rail operations in the Pilbara continued through the latter part of 2009, with a decision expected in 2010.

Table of Contents

In September state authorities upheld the validity of Rio Tinto s tenure of the Rhodes Ridge joint venture (Rio Tinto share 50 per cent), confirming its claim of occupancy rights on a key project for future development of the Pilbara.

Studies were completed on the Hope Downs 4 project in the east Pilbara, and environmental approval is being sought as the 50:50 joint venture partners Rio Tinto and Hancock Prospecting consider development options.

In late 2009 Rio Tinto relaunched its expansion plans, covering two incremental five million tonne expansions in Dampier port capacity, and outlining a two step process to arrive at an overall Pilbara annual capacity of 330 million tonnes by 2015. The key components include a second wharf at Cape Lambert, six new mine developments or expansions and a major increase in supporting infrastructure and workforce developments.

At Iron Ore Company of Canada the sale of pellets was lower than the previous year, reflecting the summer shutdown and the slower recovery of traditional markets. Improved production later in the year followed the resumption of pellet lines and the benefit of additional heavy mobile equipment.

The Orissa joint venture project (Rio Tinto share 51 per cent) in India is close to finalisation, providing a potentially valuable foothold in an under explored world class province, with great capacity to service India s growing domestic market. The Simandou project (Rio Tinto share 95 per cent) in the west African nation of Guinea, a potential development of world class significance and one which would confirm its status as a Pilbara class iron ore province, remains a work in progress. A number of issues related to security of tenure remain to be resolved with the new Government of Guinea. On 19 March 2010, Rio Tinto signed a memorandum of understanding with Chinalco to establish a joint venture covering the development and operation of the Simandou iron ore project in Guinea of which Rio Tinto owns 95 per cent. Chinalco will acquire a 47 per cent interest in the new joint venture by providing US$1.35 billion on an earn-in basis through sole funding of ongoing development work over the next two to three years. Once the funding is complete Rio Tinto and Chinalco s effective interests in the Simandou project will be 50.35 per cent and 44.65 per cent respectively.

Discussions continue following the negotiation of a binding agreement with BHP Billiton in December 2009 for a production joint venture. A series of regulatory approvals and related processes is under way. The joint venture, to be chaired by Iron Ore chief executive Sam Walsh, is a critical project for both partners, aiming to unlock more than US$10 billion in synergies and realise the full potential of their iron ore assets in the Pilbara.

The joint venture encompasses the iron ore mineralised materials, capabilities and infrastructure of both companies, but marketing arrangements will remain completely separate and competitive.

Minerals

Dampier Salt (Rio Tinto: 68.4 per cent)

In 2008 Iron Ore took responsibility for Dampier Salt (DSL). DSL achieved record underlying earnings of US$88 million in 2009, up from US$40 million in 2008.

Salt production for DSL was 8.6 million tonnes (100 per cent), marginally down on nine million tonnes in 2008. The downturn was mainly attributable to the softening in Asian markets in response to the global financial crisis.

The Dampier site achieved record shipments of four million tonnes despite a first quarter impacted by bad weather. The site also established a new nameplate capacity of 4.4 million tonnes per annum resulting from various process improvements. At the end of the year the 100 millionth tonne of salt was shipped from Dampier since salt production began there in 1972.

A new 3,500 tonnes per hour shiploader and feed conveyor system was installed at Port Hedland to replace the original port infrastructure. The salt transport function in the harvest process at Port Hedland was successfully brought in house from a contractor, improving the business risk profile.

In April Lake MacLeod celebrated 40 years of salt and gypsum production.

Marine

In early 2009, the Iron Ore business assumed responsibility for Rio Tinto Marine operations (Group ship ownership and contracting).

The centralised Marine group consists of approximately 75 shipping professionals, located principally in Melbourne, Singapore, London and Montreal, supporting Rio Tinto businesses globally in assisting with vessel selection, operational safety, scheduling, port efficiency and cost management. During 2009, Rio Tinto Marine managed 168 million tonnes of seaborne volume consisting of iron ore, coal, salt, bauxite, alumina and other dry

cargo, a 68 per cent increase on 2008 volume.

Rio Tinto Marine leverages the Group s substantial cargo base to obtain a low cost mix of short, medium and long term freight cover. It seeks to create value by improving the competitive position of the Group s products through freight optimisation. Rio Tinto s product diversity and global coverage affords Rio Tinto Marine the ability to combine internal and complementary external trade flows to increase vessel utilisation and profitability.

The group s HSE and vessel assurance standards for freight are set and maintained by Rio Tinto Marine, one of three equal shareholders in RightShip, a ship vetting specialist, promoting safety and efficiency in the global maritime industry. Rio Tinto Marine will continue safety improvement efforts to instil a high standard of safety performance aboard vessels under management and throughout the organisation.

During 2009 Rio Tinto Marine took possession of two new bulk carriers, RTM *Twarra* and RTM *Gladstone*, being the final two vessels in a series of five. These vessels will be used principally for the transportation of bauxite from Rio Tinto Alcan s mine at Weipa, Queensland. The purpose built ships deliver volume and efficiency advantages on niche trade routes, guaranteeing supply and eliminating freight cost variability.

Outlook

Rio Tinto remains positive about the outlook for iron ore in 2010 as markets continue their recovery in the medium and longer term. It is important to retain some caution, as the recovery is strong but not without fragility. In particular, the sustaining benefit of the various government stimulus packages remains to be seen.

Table of Contents

Despite this, the outlook remains far better than it appeared this time a year ago. Not only has China weathered the financial crisis better than other major markets, its greater steel consumption as a result of demographic shifts towards urbanisation has resulted in continued strong underlying demand for iron ore.

While the near future will see steel consumption stimulated by financial measures focused on infrastructure development and exports, longer term growth is expected to continue to be driven by urbanisation in coastal provinces, later spreading inland to the rural economy.

This strong demand has left China increasingly reliant on lower cost iron ore imports, emphasising the importance of Rio Tinto s position in the lowest quartile of cost per tonne for iron ore production.

There has been a resurgence in the iron ore spot price, however Rio Tinto has emphasised its willingness to align with customers supply requirements. While Rio Tinto has long been an advocate for a robust benchmark pricing system one able to accommodate the realities of the demand-supply balance while helping support future expansions of capacity it does not limit itself to one preferred avenue of delivery.

The outlook for pellets is improving as the steel industry capacity utilisation has started rising at IOC s traditional North American and European markets.

Table of Contents

Exploration

Adding value through discovery

The Group has had a sustained commitment to exploration since 1946 and considers exploration to be one of its core competencies. Mature Group operations, such as Weipa, the Pilbara and Rössing, were Tier 1 greenfield discoveries by Rio Tinto. The value of these discoveries is still being realised by both mine production and successful brownfield exploration after more than 40 years.

Continuing this legacy, since 2000, the Exploration group has identified two of the largest copper opportunities in the world at Resolution in Arizona, US and La Granja in Peru. Exploration has also delivered one of the world s largest known undeveloped high grade iron ore deposits, at Simandou in Guinea, as well as the Caliwingina channel iron deposits in the Pilbara, Australia. Exploration identified the Sulawesi nickel laterite deposit in Indonesia, the Mutamba titanium deposit in Mozambique and the potash deposits at Potasio Rio Colorado and Regina, in Argentina and Canada respectively, which Rio Tinto sold to Vale in 2009. In 2009, Exploration handed over to the Diamonds & Minerals product group for further evaluation the Jadar lithium borate deposit in Serbia.

A significant proportion of the Exploration group s expenditure is returned to Rio Tinto through the sale of Tier 2 discoveries. Over the ten year period 2000 to 2009, divestment of Exploration group projects has returned US$1,209 million for a net pre tax spend of approximately US$78 million. Over the period this translates to an average Tier 1 discovery cost of less than US$10 million per deposit.

The following table shows the Exploration group s Tier 1 discoveries since 2000:

Year	Discovery	Commodity	Location
2000	Potasio Rio Colorado	Potash	Argentina
2002	Resolution	Copper	US
2004	Simandou	Iron ore	Guinea
2005	La Granja	Copper	Peru
2005	Caliwingina	Iron ore	Australia
2008	Sulawesi	Nickel	Indonesia
2008	Mutamba	Titanium	Mozambique
2009	Jadar	Lithium / Borates	Serbia

At the end of 2009, the Exploration group was actively exploring in 17 countries, and assessing opportunities in a further five, for a broad range of commodities including bauxite, copper, coking coal, iron ore, diamonds, nickel and uranium.

Strategy

The purpose of Exploration is to add value to the Group by discovering or acquiring resources that can increase future cash flows. A fundamental element of the Group s business strategy is a clear focus on finding and mining only the largest, lowest cost, resources that are profitable at all parts of the natural price cycle and that deliver a sustainable competitive advantage. These are described as Tier 1 resources.

The Exploration group is organised geographically into regional multi-commodity teams, with head offices in London, Salt Lake City and Brisbane. Greenfield exploration, which aims to establish completely new operating business units, involves geographic or commodity diversification away from existing Group operations. Brownfield exploration is directed at sustaining or growing existing Group business units. The Exploration group manages and is accountable for greenfield programmes and provides technical assistance to the business units on brownfield programmes.

Greenfield exploration programmes are prioritised on a global basis so that only the most attractive opportunities are pursued. Investment decisions are driven not by location or choice of commodity but rather by the quality of each opportunity.

Safety

The Exploration group all injury frequency rate has fallen from 0.97 at the end of 2008 to 0.61 at the end of 2009. This improvement has in part come from a reduction in the scope of field activities, but also reflects a focus on reducing injuries through enhanced contractor management.

All injury frequency rate	Per 200,000 hours worked
2005	0.55
2006	0.88
2007	1.25
2008	0.97
2009	0.61

2009 Operating Performance

The Tier 1 greenfield lithium borate deposit at Jadar, Serbia, was transferred to the Diamonds & Minerals product group for further evaluation. The Crowsnest coking coal deposit in British Columbia, Canada, was identified as a non core asset and has been prepared for divestment. Options for progressing the Altai Nuurs coking coal deposit in Mongolia continue to be assessed.

In response to Group cost reduction targets for 2009, activity at order of magnitude projects Tamarack in the US (nickel-copper) and Amargosa in Brazil (bauxite) was curtailed. These projects have now been reinvigorated and are expected to be advanced to a decision point in 2010.

In the brownfield environment, Exploration handed over the Leisker iron ore deposit in the Pilbara, Australia, to Rio Tinto Iron Ore. In Utah, US, drilling within three kilometres of the Bingham Canyon copper mine identified a new copper-

Table of Contents

molybdenum-gold porphyry system. Delineation drilling is now under way with numerous other geophysical targets within the Bingham mine orbit to be tested in 2010.

Gross cash expenditure on exploration and evaluation in 2009 was US$514 million. The decrease of US$620 million over 2008 gross expenditure reflects steps taken across the Group to reduce controllable costs. Gross expenditures are offset by US$894 million (pre-tax) proceeds from the divestment of exploration properties, including US$818 million pre-tax (US$797 million post-tax) from the divestment of undeveloped potash assets in Argentina and Canada.

Outlook

The Exploration group will explore for a range of commodities across at least 17 countries in 2010. Continued improvement in commodity demand forecasts will underpin the reactivation of major drilling programmes on the Tamarack nickel-copper and Amargosa bauxite projects. Focus will also be placed on reinvigorating the early stage target generation and testing required for sustained exploration success.

Divestment of Tier 2 assets will continue where real value can be realised, with a target of 100 per cent of the annual greenfield exploration budget being returned to the Group.

The next crop of potential discoveries:

Project	**Commodity**	**Country**	**Stage**
Tamarack	Nickel/copper	US	Order of magnitude
Amargosa	Bauxite	Brazil	Order of magnitude

Table of Contents

Technology and Innovation

Step change to confer advantage

Technology & Innovation (T&I) consists of a central team of technology professionals and a number of technology centres that develop leading practice and promote improvements in mining, processing, asset management, strategic production planning, energy use, and project development, execution and evaluation. Emphasis is given to shared and visible measures of operational effectiveness, the improvement of analytical tools and development of staff capabilities.

Most work is focused on improving current technologies and operations. In addition, the Innovation Centre focuses on technology step changes that will confer competitive advantage in development of orebodies likely to be available to the Group in the future. The Energy & Climate Strategy Centre focuses on improving the Group s use of energy, reducing greenhouse gas emissions and understanding the effects of climate change on the Group s operations and prospects.

The total number of employees in T&I at year end was 267 compared with 351 at year end 2008. As a result of the global downturn T&I has focused staff on delivery of the most value accretive opportunities.

Strategy

T&I s strategy is to:

Maintain and promote a safe working environment.

Continue to embed operational excellence in business units.

Maximise the contribution of technology to the Group s vision of industry leadership.

Deploy technology solutions that increase earnings.

Design and build valuable new investment projects.

Position the Group to unlock orebodies that require innovative mining solutions.

Lead the Group s response to climate change.

Safety

T&I is committed to the safe operation of its facilities and to the safe deployment of its personnel. As a consequence of a single, low severity medical treatment case, the T&I 2009 all injury frequency rate was 0.32 compared with 0.24 in 2008.

2009 Operating Performance

Key Achievements

The Improving Performance Together (IPT) asset management programme was key to Rio Tinto Alcan cultural integration and value delivery in 2009, resulting in significant improvement in maintenance work management performance, higher plant reliability and lower maintenance costs.

The IPT processing programme was instrumental in improving operational performance at processing plants across the Group by focusing on core metallurgical capability and delivery. For example at Kennecott Utah Copper, the collaborative IPT engagement improved underlying concentrator performance by up to 14 per cent through a combination of sustainable improvements in throughput, recovery and cost reductions.

The IPT payload management initiative delivered further improvements across many of the Group s mines in 2009. The average load carried by the Group s haul truck fleet increased by an annualised rate of more than 100 million tonnes more than the annual tonnes mined by the Mount Tom Price iron ore mine. The initiative reduced load variability by five per cent from 2008. At several of the Pilbara Iron sites this improved control of loading was the key factor in increasing the design capacity of new truck bodies.

The T&I gross cost in 2009 was US$134 million, compared with US$158 million in 2008.

Innovation

T&I s Innovation Centre identifies, evaluates and implements value accretive step change mining technologies with Group wide application.

The Group continues to pursue the strategic Mine of the Future™ programme, which is a set of interlinking projects aimed at delivering demonstrable step change improvements in productivity, cost and environmental performance, and product quality in surface and underground mining operations and associated mineral recovery technologies.

A breakthrough delivered through the Mine of the Future™ programme is the development and deployment of autonomous blast hole drilling technologies in the Pilbara. The programme had three autonomous drill rigs at the end of 2009 and remains an exciting test programme with the potential to deploy a world first autonomous drilling solution Rio Tinto wide. Results indicate a significant improvement in blast drill accuracy plus associated hole quality, lower cost of consumables, and the ability to better utilise skilled operator resources by remotely supervising multiple autonomous drills.

The surface Mine of the Future™ programme is currently focused on the operation of the first significantly autonomous iron ore mine, designated Pit A , which is located at the West Angelas mine in the Pilbara. Pit A combines autonomous drilling, semi- autonomous blast loading with autonomous trucks, and a wide range of advanced sensing and telecommunications technologies. The Pit A site is fully integrated with the Iron Ore Operations Centre in Perth. The Pit A trial programme moved into full trial operation in the second quarter of 2009 and continued throughout 2009 with a zero lost time injury record. The autonomous haul fleet moved approximately 16.2 million tonnes in 2009.

In September 2009, Rio Tinto announced the formation of the Río de Cobre technology alliance with the Chilean copper producer Codelco. The alliance allows for an unparalleled level of technical collaboration to take place between the two companies, which will help develop solutions to tackle the challenges posed by the need for massive, increasingly underground, copper production in the decades to come.

The Group s capabilities in the field of mineral recovery were enhanced by the formation of a long term partnership with the Julius Kruttschnitt Mineral Research Centre in Brisbane, Australia. The Rio Tinto Centre for Advanced Mineral Sorting will continue work on advancing breakthrough technology targeted to remove barren material, initially from copper ore, in order to either significantly lift current head grades or recover economically viable head grade feed from mineralised waste streams.

ENERGY & CLIMATE STRATEGY

The Energy & Climate Strategy Centre was established in 2008 to lead the Group s response to the challenges of climate change. The team engages with governments and other stakeholders on the design of climate policy, develops internal strategies to reduce energy usage and greenhouse gas emissions, and identifies low carbon pathways for the Group s products.

The Group recognises that climate policy will require significant business changes, but believes that concerted government action in the near term will allow a transition which minimises long term costs. Clarity on the direction of climate policy will also reduce risks associated with long term investment in new assets.

The year 2009 was an important one for climate policy, with the Copenhagen Climate talks in December, and legislative proposals in Australia, New Zealand, the US and Europe. The Group continued actively to support the development of legislation through direct engagement with governments and involvement in advocacy groups such as the US Climate Action Partnership.

The Energy & Climate Strategy team also supported the business units in preparing for future emissions trading systems. The quality of the Group s reporting was again recognised by the Carbon Disclosure Project. Rio Tinto scored top in the FTSE 350 materials sector and second in the Global 500 materials sector.

The Energy & Climate Strategy team manages the Group s work on carbon capture and storage (CCS). In late 2009 the Group decided to focus the majority of its investment in carbon capture and storage (CCS) technology on the Hydrogen Energy California project, a proposed new hydrogen powered electricity facility that will capture and store most of its carbon related emissions to produce clean electricity. This decision necessitated a restructuring of the broader Hydrogen Energy joint venture with BP. Rio Tinto sold its 50 per cent interest in Hydrogen Energy International Ltd, which owns an interest in the Hydrogen Power Abu Dhabi project, to BP for an undisclosed sum.

MINERAL TECHNOLOGY SERVICES

The Mineral Technology Services Centre comprises a central team of technology professionals deployed from six regional offices in North America, Australia and the UK who partner with business units in the delivery of large, measurable increases in earnings and value. This team provides technical service to business units in the areas of geology, mining, mineral processing, geotechnics, hydrometallurgy, process control, asset management and the environment.

The Centre is also responsible for the delivery of the IPT processing solution that focuses on identifying, understanding and reducing product losses that occur during mineral processing. The sustainability of improvements is monitored through the use of shared, global performance measures for concentrators and other fixed plants. The IPT processing programme continued to deliver strong results in 2009 and assisted the operating units in realising over US$300 million in pre-tax cash flow benefits.

ASSET MANAGEMENT

The Asset Management Centre focuses on the effective choice and deployment of the Group s equipment for mining and processing. During 2009, it focused on the continued reliability and performance of equipment across the Group, including the implementation of asset management standards, standard business processes and work practices, technical systems and global metrics to compare and monitor the performance of both heavy mobile equipment and fixed plant equipment.

The IPT programme for Asset Management continued to deliver strong results in 2009, assisting the business units to realise over US$200 million in pre-tax cash flow benefits. There was also a significant effort to work jointly with Rio Tinto Alcan to deploy the programme across sites in North America, Europe and Australia resulting in additional pre-tax cash flow benefits of over US$50 million.

MINING TECHNOLOGY

The focus of the Mining Technology Centre is to establish leading practice and develop, share and implement Group wide solutions in the core mining production processes of surface mining, underground mining, strategic resource development, resource and reserve estimation, orebody knowledge and mine planning. IPT mining initiatives in 2009 included payload management, drill and blast and off road tyre demand reduction. The IPT programme for mining technology continued to deliver strong results in 2009 and assisted business units in realising over US$150 million in pre-tax cash flow benefits in 2009.

The Mining Technology Centre also includes a Strategic Production Planning (SPP) team, which focuses on developing and establishing leading practice. A key element of the SPP process is cooperation with business units to develop comprehensive plans and valuations of strategic development options. Results from SPP provide a logical resource development framework for more detailed studies and investment decision making. The Centre also oversees the Group s resource and reserves estimation and reporting process as well as the core technical systems.

PROJECT DEVELOPMENT

The Project Development Centre provides guidance, support and training for all aspects of capital projects, from pre-feasibility through to execution and commissioning. It also performs a governance function by conducting project reviews and reporting back to Group operations. The Centre manages feasibility studies and the execution of capital projects on behalf of the business units. At the end of 2009 it was responsible for the implementation of the Argyle Diamonds underground project, Kestrel mine extension, Clermont coal mine project, Yarwun 2 project and the feasibility study for the Energy Resources of Australia heap leach project. During 2009, the Centre continued to make improvements in overall safety performance at these projects.

TECHNICAL RISK EVALUATION

The Technical Risk Evaluation Centre ensures that Rio Tinto s investment decisions are based on independent, thorough technical review and evaluation and provides advice on the adequacy of risk identification and management at key points in the project

Table of Contents

approvals process. The Centre also sets standards for Risk Analysis and Management more generally across the Group. In 2009 it began implementation of a Group wide risk management and reporting system that will ensure the Group understands, manages and reports its risk effectively.

OUTLOOK

In 2010 T&I will continue to maintain a culture that places a high priority on safety and safety improvements. T&I will continue to work with Group businesses to deliver measurable increases in earnings and will continue to assist from a technology viewpoint in the selection of the most attractive investment opportunities. T&I will continue to focus on the safe and efficient implementation of projects and will build systems to support management of projects across the Group. The pursuit of the Mine of the Future programme and the development of innovative alliances and relationships that will create competitive advantage for the Group remain a significant focus in the coming year. T&I will also focus efforts on delivering improvements in the Group s energy efficiency, long term business decarbonisation options, compliance processes and performance, and carbon markets participation.

Table of Contents

Financial review

Cash flow

2009 compared with 2008

A full consolidated cash flow statement is contained in the *2009 Financial statements*. Cash flow from operations, including dividends from equity accounted units, was US$13,834 million, 33 per cent lower than 2008, primarily as a consequence of lower prices.

Tax paid for 2009 decreased to US$3,076 million, US$823 million lower than for 2008 largely due to the decrease in taxable profits. Net interest paid of US$1,136 million for 2009 was US$402 million lower than 2008, largely due to lower amounts of debt, following the repayment of part of the US$40 billion Alcan acquisition facility, using the US$14.8 billion net proceeds from the rights issues in July 2009.

Capital expenditure on property, plant and equipment and intangible assets was US$5,388 million in 2009, a decrease of US$3,186 million over 2008. This included the Brockman 4 and Mesa A iron ore mine developments in Western Australia, the expansion of the Yarwun alumina refinery, the construction of the Clermont thermal coal mine, the expansion of the Kestrel coking coal mine, the development of the underground diamond mines at Diavik and Argyle, and the completion of the Madagascar ilmenite mine.

Net cash proceeds from disposals and acquisitions in 2009 were US$2,028 million, and related to the disposal of Corumba, Jacob s Ranch mine and Alcan Composites; along with the proceeds from the initial public offering of Cloud Peak Energy Inc and related transactions; partly offset by the payment to acquire an additional 9.8 per cent in Ivanhoe Mines. Net disposals were US$2,563 million in 2008 and related to Cortez, Greens Creek and Alcan s aerospace service centres business.

Dividends paid in 2009 of US$876 million were US$1,057 million lower than dividends paid in 2008, following the cancellation of the interim dividend. Other financing cash flows include the net proceeds of the rights issues of US$14.8 billion, repayments of borrowings of US$22.2 billion and proceeds from additional borrowings of US$5.8 billion.

2008 compared with 2007

Cash flow from operations, including dividends from equity accounted units, was a record US$20,668 million, 64 per cent higher than 2007 due to the effect of higher commodity prices for the first nine months of the year.

Tax paid for 2008 increased to US$3,899 million, US$478 million higher than for 2007 largely due to the increase in taxable profits and the payment of tax on the disposal of the Greens Creek and Cortez mines. Net interest paid of US$1,538 million for 2008 was US$1,049 million higher than 2007, arising mostly from interest paid on the Alcan debt.

The Group invested at record levels, in particular in expansion projects. Capital expenditure on property, plant and equipment and intangible assets was US$8,574 million in 2008, an increase of US$3,574 million over 2007. This included the expansion of the Cape Lambert port and the Hope Downs mine in Western Australia, the expansion of the Yarwun alumina refinery and the construction of the Clermont thermal coal mine in Queensland, the A418 dike at the Diavik diamond mine and the completion of the Madagascar ilmenite mine. Certain major capital projects were deferred or slowed to bring capital expenditure down to US$4 billion in 2009.

The net cash proceeds of disposals in 2008 were US$2,563 million, and related to Cortez, Greens Creek and Alcan s aerospace service centres business. Acquisitions less disposals were US$37,526 million in 2007 mainly relating to the acquisition of Alcan.

Dividends paid in 2008 of US$1,933 million were US$426 million higher than dividends paid in 2007, following the 31 per cent increase in the 2007 final dividend which was paid in 2008. The share buyback programme was discontinued after the announcement of the Alcan acquisition on 12 July 2007: returns to shareholders from the on-market buyback of Rio Tinto plc shares in 2007 totalled US$1,648 million.

Statement of financial position

Net debt decreased from US$38.7 billion to US$18.9 billion following receipt of the proceeds from the divestment programme, strong operating cash flows and net proceeds of US$14.8 billion from the rights issues. Net debt to total capital was 29.1 per cent at 31 December 2009 (2008: 63.3 per cent), and interest cover was nine times compared to ten times in 2008.

In addition, the Group s share of the third party net debt of equity accounted units totalled US$1.1 billion at 31 December 2009. Provisions for post-retirement benefit plans increased owing to an increase in the value of the obligations resulting from lower discount rates, as well as liabilities relating to Alcan Packaging s pension plans that were reclassified from Assets Held For Sale into continuing operations. This was offset, to some extent, by the increase in the value of assets held in the pension plans. This increase in the provision resulted in an actuarial loss of US$1.0 billion being recognised directly in equity. Net assets attributable to Rio Tinto shareholders increased by US$23.2 billion. The increase reflected the net proceeds from the rights issues of $14.8 billion, profit after tax attributable to Rio Tinto shareholders of US$4.9 billion, less US$0.9 billion of dividends paid. In addition, there was a positive currency translation effect of US$4.9 billion as the Australian dollar, the Canadian dollar and the Euro all strengthened against the US dollar at year end, compared with 2008.

Financial risk management

The Group s policies with regard to financial risk management are clearly defined and consistently applied. They are a fundamental part of the Group s long term strategy covering areas such as foreign exchange risk, interest rate risk, commodity price risk, credit risk, liquidity risk and capital management. Further details of our financial risk management are disclosed in note 33 Financial risk management , to the *2009 Financial statements*.

The Group s *2009 Annual report and financial statements* show the full extent of its financial commitments, including debt. The principal risks and uncertainties, to which the Group is subject, that are thought to be of particular importance are summarised on pages 6 to 9. The effectiveness of internal control procedures continues to be a high priority in the Rio Tinto

Table of Contents

Group. The boards statement on internal control is set out on page 158.

Liquidity and capital risk management

Details of our Liquidity and Capital risk management are contained within note 33 Financial risk management , part (v), to the *2009 Financial statements*.

Dividends and capital management

Dividends paid on Rio Tinto plc and Rio Tinto Limited shares are equalised on a net cash basis; that is without taking into account any associated tax credits. Dividends are determined in US dollars. Rio Tinto plc dividends are declared and paid in pounds sterling and Rio Tinto Limited dividends are declared and paid in Australian dollars, converted at exchange rates applicable to the US dollar two days prior to the announcement of dividends. Holders of American Depositary Receipts (ADRs) receive a US dollar dividend at the rate declared. Changes in exchange rates could result in a reduced sterling or Australian dollar dividend in a year in which the US dollar value is maintained or increased.

On announcing the US$15.2 billion rights issues on 5 June 2009, the Group stated that the interim dividend for 2009 had been cancelled. Following satisfactory trading results, good progress with the divestment programme and prevailing market conditions, the boards have approved a final dividend for 2009 of 45 US cents per share, a total payout of US$882 million. Rio Tinto Limited shareholders will be paid dividends which will be fully franked. The boards expect Rio Tinto Limited to be in a position to pay fully franked dividends for the reasonably foreseeable future.

The boards expect that the total cash dividend for the 2010 financial year will be at least equal to the total cash dividend payment for 2008 of US$1.75 billion, albeit over an increased number of shares. The interim dividend for 2010 is expected to be 45 US cents per share. From that point on, the boards are committed to a progressive dividend policy over the longer term.

Treasury management and financial instruments

Details of our Treasury management and financial instruments are contained within the introductory paragraphs of note 33 Financial risk management, to the *2009 Financial statements*.

Off balance sheet arrangements and contractual commitments

Information in relation to our material off balance sheet arrangements, principally contingent liabilities, commitments for capital expenditure and other expenditure, and commitments under operating leases at 31 December 2009, is provided in note 35 Contingent Liabilities and Commitments to the *2009 Financial statements*. We expect that these contractual commitments for expenditure, together with other expenditure and liquidity requirements will be met from internal cash flow and, to the extent necessary, from the existing facilities described in note 33 Financial risk management, part (v), to the *2009 Financial statements*.

Information regarding the Group s pension commitments and funding arrangements is provided in note 50 to the *2009 Financial statements*.

As at 31 December 2009, the Group had contractual cash obligations arising in the ordinary course of business as follows:

Contractual cash obligations	Total US$m	Less than 1 year US$m	Between 1 and 3 years US$m	Between 3 and 5 years US$m	After 5 years US$m
Expenditure commitments in relation to:					
Operating leases	1,850	484	628	287	451
Other (mainly capital commitments)	3,875	2,439	1,050	308	78

Long-term debt and other financial obligations					
Debt (a)	23,189	878	9,550	6,036	6,725
Interest payments (b)	8,024	942	1,794	1,431	3,857
Unconditional purchase obligations (c)	12,807	1,339	2,167	1,897	7,404
Other (mainly trade payables)	7,291	4,979	1,798	269	245
Total	**57,036**	**11,061**	**16,987**	**10,228**	**18,760**

Notes

(a) Debt obligations include bank borrowings repayable on demand.

(b) Interest payments have been projected using the interest rate applicable at 31 December 2009, including the impact of currency and interest rate swap agreements where appropriate. Much of the debt is subject to variable interest rates. Future interest payments are subject, therefore, to change in line with market rates.

(c) Unconditional purchase obligations relate to commitments

to make payments in the future for fixed or minimum quantities of goods or services at fixed or minimum prices. The future payment commitments have not been discounted and mainly relate to commitments under take or pay power and freight contracts. They exclude unconditional purchase obligations of jointly controlled entities apart from those relating to the Group s tolling arrangements

Information regarding the Group s closedown and restoration obligations is provided in note 27 to the *2009 Financial statements*.

Foreign Exchange

The following sensitivities give the estimated effect on underlying earnings assuming that each exchange rate moved in isolation. The relationship between currencies and commodity prices is a complex one and movements in exchange rates can cause movements in commodity prices and vice versa. Where the functional currency of an operation is that of a country for which

production of commodities is an important feature of the economy, such as the Australian dollar, there is a certain degree of natural protection against cyclical fluctuations, in that the currency tends to be weak, reducing costs in US dollar terms, when commodity prices are low, and vice versa.

Earnings sensitivities-exchange rates

	Average exchange rate for 2009 US cents	Effect on underlying earnings of 10% change in full year average +/- US$m
Australian dollar	79	444
Canadian dollar	88	171
Euro	139	22
Chilean peso	US$1= 558 pesos	20
New Zealand dollar	64	14
South African rand	12	43
UK sterling	157	19

The effect on net earnings, of a 10% change in the full year average exchange rate, is not materially different to the effect on underlying earnings as disclosed above. The exchange rate sensitivities quoted above include the effect on operating costs of movements in exchange rates but exclude the effect of the revaluation of foreign currency financial assets and liabilities. They should therefore be used with care.

The sensitivities below are presented on financial assets and liabilities, and non-financial instruments, such as pensions provisions, and deferred tax and include the Rio Tinto share of the sensitivities of equity accounted units, and give the estimated effect on underlying earnings, net earnings and equity of a ten per cent strengthening in the full year closing US dollar exchange rate, assuming that each exchange rate moved in isolation. These balances will not remain constant throughout 2010, however, and therefore these numbers should be used with care.

Earnings sensitivities-exchange on financial assets/liabilities

	Closing exchange rate US cents	Effect on net earnings of 10% strengthening of US dollar US$m	Of which amount impacting underlying earnings US$m	Effect of items impacting directly on equity US$m

Functional currency of business unit				
Australian dollar	89	190	80	(1)
Canadian dollar	95	(64)	(6)	114
South African rand	14	13	2	(42)
Euro	144	254	15	12
New Zealand dollar	73	17	18	

Notes

(a) The sensitivities show the net sensitivity of US dollar exposures in Australian dollar functional currency companies, for example, and Australian dollar exposures in US dollar functional currency companies.

(b) Rio Tinto Alcan Inc., which has a US functional currency for accounting purposes, has a significant amount of US dollar denominated external and intragroup debt held in Canada and is taxed on a Canadian currency basis. The above sensitivities as at 31 December 2009 for a 10 per cent strengthening of the US dollar do

not include any tax benefit related to this debt because the capital losses generated would not be recognised. If the US dollar weakened below 97 Canadian cents then tax charges would begin to be recognised at 15 per cent.

The functional currency of many operations within the Rio Tinto Group is the local currency in the country of operation. The former Alcan aluminium and alumina producing operations primarily use a US dollar functional currency. Foreign currency gains or losses arising on translation to US dollars of the net assets of non US dollar functional currency operations are taken to equity and, with effect from 1 January 2004, recorded in a currency translation reserve. A weakening of the US dollar would have a positive effect on equity. The approximate translation effects on the Group s net assets of ten per cent movements from the year end exchange rates are as follows:

Net assets sensitivities-exchange on translation

	Closing exchange rate US cents	Effect on net assets of 10% change in closing rate +/- US$m
Australian dollar	89	2,366
Euro	144	678
Canadian dollar	95	219

Further details of our exposure to foreign currency fluctuations and currency derivatives, and our approach to currency hedging, are contained within note 33 Financial risk management, part (i), to the *2009 Financial statements*.

Interest rates

Details of our exposure to interest rate fluctuations are contained within note 33 Financial risk management, part (ii), to the *2009*

Table of Contents

Financial statements.

Commodity prices

The approximate effect on the Group s underlying and net earnings of a ten per cent change from the full year average market price in 2009 for the following products would be:

Exchange sensitivities-commodity prices

	Unit	Average market price for 2009 US$	Effect on underlying and net earnings of 10% change in full year average +/- US$m
Copper	Pound	2.32	268
Aluminium	Tonne	1,665	465
Gold	Ounce	970	63
Molybdenum	Pound	11	20
Iron ore	dmtu		638

The sensitivities give the estimated impact on net earnings of changes in prices assuming that all other variables remain constant. These should be used with care. As noted previously, the relationship between currencies and commodity prices is a complex one and changes in exchange rates can influence commodity prices and vice versa.

The table below summarises the impact of changes in the market price on the following commodity derivatives including the Rio Tinto share of equity accounted units, and those aluminium forward and option contracts embedded in electricity purchase contracts outstanding at 31 December 2009. The impact is expressed in terms of the resulting change in the Group s net earnings for the year or, where applicable, the change in equity. The sensitivities are based on the assumption that the market price increases by ten per cent with all other variables held constant. The Group s own use contracts are excluded from the sensitivity analysis below as they are outside the scope of IAS 39. Own use contracts are contracts to buy or sell non financial items that can be net settled but were entered into and continue to be held for the purpose of the receipt or delivery of the non financial item in accordance with the business unit s expected purchase, sale or usage requirements.

Earnings sensitivities-commodity price on financial assets/liabilities

	Effect on net earnings of 10% increase from year-end price US$m	Effect of items impacting directly on Rio Tinto share of equity of 10% increase from year-end price US$m

Copper	(1)	(18)
Aluminium	(74)	(24)
Oil	3	
	(72)	(41)

These sensitivities should be used with care. The relationship between currencies and commodity prices is a complex one and changes in exchange rates can influence commodity prices and vice versa.

Further details of our exposure to commodity price fluctuations are contained within note 33 Financial risk management, part (iii), to the *2009 Financial statements*.

Credit risks

Details of our exposure to credit risks relating to receivables, financial instruments and cash deposits, are contained within note 33 Financial risk management, part (iv), to the *2009 Financial statements*.

Sales revenue

Commodity	Source	Unit	2009 US$	2008 US$	2007 US$
Aluminium	LME	Tonne (c)	1,665	2,572	2,638
Copper	LME	Pound	2.32	3.20	3.24
Gold	LBMA	Ounce	970	872	691
Iron ore	Australian benchmark (fines) (a)	dmtu (b)	1.09	1.29	0.79
Molybdenum	Metals Week: quote for dealer oxide price	Pound	11	31	30

Notes

(a) average for the calendar year

(b) dry metric tonne unit

(c) restated from Pound to Tonne

The above table shows published benchmark prices for Rio Tinto s commodities for the last three years where these are publicly available, and where there is a reasonable degree of correlation between the benchmark and Rio Tinto s realised prices. The prices

set out in the table are the averages for each of the calendar years, 2007, 2008 and 2009.

The Group s sales revenue will not necessarily move in line with these benchmarks for a number of reasons which are discussed below.

The discussion of revenues below relates to the Group s gross revenue from sales of commodities, including its share of the revenue of equity accounted units, as included in Note 51 Financial Information by Business Unit to the *2009 Financial statements*.

Iron Ore

The sales revenues of the Iron Ore group decreased by 24 per cent in 2009 compared with 2008. There was a 37 per cent weighted average decrease in the benchmark price, mainly effective from 1 April 2009, which resulted in a 15 per cent decrease in the average Australian iron ore fines price received for the calendar year. In the first half of 2009, approximately half of Rio Tinto s iron ore production was sold on a spot market basis. In the second half, sales were primarily priced on a benchmark or its equivalent provisional basis.

There was an 86 per cent weighted average increase in the benchmark price for 2008 compared with 2007, mainly effective from 1 April 2008 which resulted in a 63 per cent increase in the average Australian iron ore fines price received for the 2008 calendar year. In addition, spot market sales had a significant positive impact. Although the price for iron ore on the spot market decreased in the last quarter of 2008, the impact on Rio Tinto was limited since the vast majority of its iron ore spot market sales were made in the first nine months of the year when spot prices were in excess of long term contracts. IOC enjoyed a more stable operating environment in 2008 after the resolution of the industrial action in 2007.

Aluminium

The Aluminium group s sales revenues are from aluminium and related products such as alumina and bauxite. The 2009 sales revenues of the Aluminium group decreased by 34 per cent against 2008. The average aluminium market price in 2009 was US$1,665 per tonne compared with US$2,572 per tonne in 2008. The decline in LME prices that commenced in mid 2008 continued into 2009, with some improvement in the second half of 2009, resulting in a year-end price of US$2,207 per tonne.

Aluminium production for 2009 was four per cent lower than 2008, as production was closed or curtailed due to market conditions; while bauxite production decreased by 12 per cent from 2008, mainly due to production curtailments at Weipa, Australia; and alumina production was two per cent lower in 2009, following production cuts at the Vaudreuil (Jonquiere) and Gardanne alumina refineries announced in early 2009.

The 2008 sales revenues of the Aluminium group decreased by one per cent against 2007 on a combined adjusted basis and increased by 195 per cent on a non adjusted basis due to the inclusion of a full year of Alcan. The average aluminium price of US$2,572 per tonne was two per cent lower than the 2007 average price. Aluminium prices were strong for the first nine months of the year. The fourth quarter of 2008 saw a sharp fall in aluminium prices. The decline in prices underlined the weakness in demand, which caused a build-up of LME stocks during 2008. Despite the fact that the fall in aluminium prices was accompanied by a fall in costs, producers also responded to the downturn and the weakness in demand by cutting back output. However, these have not been of sufficient magnitude to support prices as LME stocks rose during 2008.

Aluminium production for 2008 was unchanged overall from the prior year, while bauxite and alumina production rose by 12 per cent and six per cent respectively over 2007. The bauxite production increase reflected investment in increased capacity at Weipa and the alumina production reflected a 23 per cent increase at the Gove refinery as it continued to increase capacity.

Energy

A significant proportion of Rio Tinto s coal production is sold under long term contracts. In Australia, the prices applying to sales under the long term contracts are generally renegotiated annually; but prices are fixed at different times of the year and on a variety of bases. For these reasons, average realised prices will not necessarily reflect the movements in any of the publicly quoted benchmarks. Moreover, there are significant product specification differences between mines. Sales volumes will vary during the year and the timing of shipments will also result in differences between average realised prices and benchmark prices.

As a result, of the initial public offering (IPO) of Cloud Peak Energy Inc on November 20, 2009, Rio Tinto now holds a 48.3 per cent interest in the Antelope, Cordero Rojo and Spring Creek mines and a 24.1 per cent interest in the Decker mine. These interests were formerly reported under Rio Tinto Energy America and are now managed by Cloud Peak Energy. Rio Tinto completed the sale of its 100 per cent interest in the Jacobs Ranch mine on 1 October 2009.

Sales revenues for the Energy group decreased by 16 per cent in 2009 compared with 2008 due to lower realised Australian coal prices, partially offset by an increase in the US thermal coal price. China s demand for imported coal in 2009 was particularly strong and this supported improved prices by year end, however prices were lower than the records achieved in 2008. Global steel demand was also weak in the first half of 2009 for most markets other than China, but improved in the second half of the year and has led to strong demand for coking and semi soft coking coal. Hard coking coal production from the Group s Australian operations was comparable with 2008.

Sales revenues for the Energy group increased by 72 per cent in 2008 compared with 2007 due to higher prices and sales volumes. Asian seaborne thermal coal spot prices came off their highs in the second half of 2008 due to the general slump in demand across all economies in reaction to the global economic downturn. Published 2008 market indications for Australian thermal coal showed an increase of 93 per cent and an increase of 145 per cent in the coking coal benchmark price. Revenues of the Group s Australian coal operations increased by 126 per cent in 2008 due to higher thermal coal prices and higher coking prices. Hard coking coal production from the Queensland coal operations increased by 20 per cent compared with 2007 as a result of higher demand and increasing port capacity.

Rio Tinto Energy America s 2008 revenues benefited from new contracts at higher prices. Volumes in 2008 were higher than 2007 due to investment and expansion at Antelope, Jacobs Ranch and Spring Creek mines to meet the robust market demands of Powder River Basin coal. In the US, published market indications of spot prices for Wyoming Powder River Basin thermal coal 8800 BTU (0.80 sulphur) showed an increase of 36 per cent for the average spot price in 2008 compared with 2007.

Copper

The Copper group also produces gold and molybdenum as significant by-products. The 2009 average copper price of 232

Table of Contents

US cents per pound was 28 per cent below the 2008 average price. The 2009 gold price averaged US$970 per ounce, an increase of 11 per cent on the prior year, whilst the average molybdenum price was US$11 per pound, a decrease of 65 per cent compared with 2008.

Sales revenues for the Copper group in 2009 increased by eight per cent compared with 2008. The effect of provisional pricing of copper sales resulted in a benefit to underlying earnings of $213 million in 2009, compared to a charge of $207 million in 2008. At the end of 2009 the Group had 267 million pounds of copper sales that were provisionally priced at 335 US cents per pound. The final price of these sales will be determined during the first half of 2010. This compared with 183 million pounds of open shipments at 31 December 2008 provisionally priced at 133 US cents per pound.

The 2008 average copper price of 320 US cents per pound was one per cent below the 2007 average price. The gold price averaged US$872 per ounce, an increase of 26 per cent on the prior year, whilst the average molybdenum price was US$31 per pound, an increase of three per cent compared with 2007.

Sales revenue for the Copper group in 2008 decreased by 30 per cent compared with 2007. Higher by-product prices were more than offset by lower volumes of copper, gold and molybdenum. Kennecott Utah Copper sales were impacted by a scheduled smelter shutdown during the second half of 2008. Escondida experienced lower volumes due to lower grades and operational difficulties at the Laguna Seca SAG mill, and Grasberg was adversely impacted by a pit wall failure in September 2008. Diamond prices realised by Rio Tinto depend on the size and quality of diamonds in the product mix.

Diamonds & Minerals

Diamond prices realised by Rio Tinto depend on the size and quality of diamonds in the product mix. Sales revenue for Diamond in 2009 decreased by 46 per cent compared with 2008, primarily due to the global economic slowdown, as demand for luxury items decreased. However, there was an improvement in prices for rough diamonds in the latter half of 2009. Sales revenue decreased by 18 per cent in 2008 against 2007, primarily due to lower grades processed.

The prices applying to industrial minerals are generally negotiated with individual customers, based on a variety of factors such as product specification, volumes, etc. Therefore, average realised prices will not necessarily reflect the movements in any publicly quoted benchmarks. Sales revenue for Minerals in 2009 decreased by 27 per cent compared with 2008, due to a decline in demand resulting from the global economic crisis. Borates production fell by 30 per cent, and Talc production declined by 24 per cent, compared with 2008.

Disposals and acquisitions

Information regarding disposals and acquisitions is provided in note 41 Purchases and sales of subsidiaries, joint ventures, associates and other interests in businesses, to the *2009 Financial statements* and on page A-62.

Critical accounting policies and estimates

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management s best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in the financial statements.

Information about such judgements and estimation is contained in note 1 Principal accounting policies to the *2009 Financial statements*, and/or the other notes to the *2009 Financial statements*. The key areas are summarised below.

Dual listed company reporting

Asset carrying values

Asset lives

Ore reserve estimates

Close down, restoration and clean up obligations

Overburden removal costs

Deferred tax on fair value adjustments

Exploration

Functional currency

Underlying earnings

Post retirement benefits

Deferred tax potentially recoverable on Group tax losses

Contingencies

Acquisition accounting

Alcan businesses earmarked for divestment

The following businesses, which were acquired as part of Alcan Inc., have been identified for divestment, and therefore, are not included within the analyses relating to the Aluminium product group. Alcan Engineered Products is included within Other operations, and Alcan Packaging is included within assets held for sale.

Alcan Engineered Products

Alcan Engineered Products is a global sector-leading business, with 73 operating sites in 30 countries, strongly committed to developing innovative, value-added aluminium products for a broad range of markets and applications.

The current portfolio consists of four downstream manufacturing businesses: Global Aerospace, Transportation & Industry; Specialty Sheet; Extrusions & Automotive Structures; and Cable, as well as a global sales organisation, International Network.

On November 30, 2009, Rio Tinto completed the sale of Alcan Composites to Schweiter Technologies of Switzerland for a total consideration of US$349 million. The sale process for the remaining Alcan Engineered Product businesses is ongoing.

Table of Contents

The rapid collapse in market conditions experienced in the latter stages of 2008, persisted through most of 2009. Sales revenues fell 35% year on year, as demand reached historically low levels, with those businesses serving the aerospace, automotive, road transport, and industrial markets being the hardest hit. Alcan Engineered Products responded to the difficult environment by aggressively pursuing a wide range of countermeasures that generated approximately $300 million of cost savings.

Alcan Packaging

Alcan Packaging is a global leader in value-added specialty packaging, with 130 operating sites in 31 countries around the world. It ranks first in flexible food, flexible pharmaceutical, plastic cosmetics and tobacco packaging. Alcan Packaging s strategy is to achieve operating excellence, moving towards fewer, larger, more specialised plants and to grow its business through innovation, partnership with multinational customers and development in emerging countries and regions. The business delivers innovative packaging solutions using plastics, engineered films, aluminium, paper, paperboard and glass to customers worldwide.

On February 1, 2010, Rio Tinto announced that it had completed the sale of the Alcan Packaging global pharmaceuticals, global tobacco, food Europe and food Asia divisions, to Amcor. A binding offer was made by Amcor on August 16, 2009, and it was accepted by Rio Tinto on December 23, 2009.

On 31 March 2010 Rio Tinto received a binding offer from Sun Capital Partners to acquire the Alcan Beauty Packaging business. A period of exclusivity with Sun Capital Partners has been agreed, and Rio Tinto will respond to the binding offer following consultation with the relevant European works councils.

Table of Contents

Item 6. Directors, Senior Management and Employees

Board of directors

1. Jan du Plessis Chairman B.Com, LLB, CA(SA), age 56

Appointment and election: Director of Rio Tinto plc and Rio Tinto Limited effective 1 September 2008. Jan was elected by shareholders at the 2009 annual general meetings. He was appointed chairman at the conclusion of the 2009 annual general meetings.

Skills and experience: Jan was appointed chairman of the board of British American Tobacco plc in 2004 having been a non executive director since 1999. A former non executive director of Lloyds Bank Group plc, Jan was previously Group finance director of Richemont from 1988 until April 2004 and chairman of RHM plc between June 2005 and March 2007.

External appointments (current and recent): Non executive director of Marks and Spencer Group plc since November 2008, chairman of the board of British American Tobacco plc from 2004 until October 2009, non executive director and chairman of the Audit committee of Lloyds Banking Group plc from 2005 and 2008 respectively until April 2009, chairman of RHM plc from 2005 until March 2007.

2. Tom Albanese Chief executive BS (Mineral Economics), MS (Mining Engineering), age 52

Appointment and election: Director of Rio Tinto plc and Rio Tinto Limited since 2006. Tom was last re-elected in 2008.

Skills and experience: Tom joined Rio Tinto in 1993 on Rio Tinto s acquisition of Nerco and held a series of management positions before being appointed chief executive of the Industrial Minerals group in 2000, after which he became chief executive of the Copper group and head of Exploration in 2004. He took over as chief executive with effect from May 2007.

External appointments (current and recent): Director of Ivanhoe Mines Limited from 2006 to 2007, director of Palabora Mining Company from 2004 to 2006, member of the executive committee of the International Copper Association from 2004 to 2006.

3. Robert Brown Non executive director BSc, age 65

Appointment and election: Appointed a director of Rio Tinto plc and Rio Tinto Limited on 9 February 2010, with effect since 1 April 2010. Bob was elected by shareholders at the 2010 annual general meetings.

Skills and experience: Bob is chairman of Groupe Aeroplan Inc and serves on the board of Bell Canada Enterprises (BCE Inc), the holding company for Bell Canada. He was previously president and chief executive officer of CAE Inc, a world leader in flight simulation and training. Before that he spent 16 years at Bombardier Inc where he was first head of the Aerospace Group and then president and chief executive officer. He has also served as chairman of Air Canada and of the Aerospace Industries Association of Canada.

Bob was inducted to the Order of Canada as well as l Ordre National du Québec. He has been awarded honorary doctorates from five Canadian universities.

External appointments (current and recent): Non executive director of Groupe Aeroplan Inc since 2005 and chairman since January 2008, non executive director of Bell Canada Enterprises (BCE Inc) since May 2009, president and chief executive officer of CAE Inc from August 2004 until September 2009, non executive director of Nortel Corporation from 2000 to 2006, Allen Vanguard Corporation from 2003 to 2005 and Ace Aviation Holdings Inc from 2004 to April 2009.

4. Vivienne Cox Non executive director MA (Oxon), MBA (INSEAD), age 50

Appointment and election: Director of Rio Tinto plc and Rio Tinto Limited since 2005. Vivienne was last re-elected in 2008.

Skills and experience: Vivienne was executive vice president and chief executive officer, Alternative Energy for BP plc until June 2009. She became a member of the BP group chief executive s committee when she became chief executive of the Gas, Power and Renewables business. During her career at BP she worked in chemicals, exploration, finance and refining and marketing. Vivienne holds degrees in chemistry from Oxford University and in business administration from INSEAD.

External appointments (current and recent): Non executive director of Climate Change Capital Limited since May 2008 and non executive chairman since November 2009, member of the supervisory board of Vallourec since 23

February 2010, member of the board of INSEAD since May 2009, executive vice president for BP plc between 2004 and 2009.

5. Sir Rod Eddington Non executive director B Eng, M Eng, D Phil (Oxon), age 60

Appointment and election: Director of Rio Tinto plc and Rio Tinto Limited since 2005. Sir Rod was last re-elected by shareholders in 2009.

Table of Contents

Skills and experience: Sir Rod was chief executive of British Airways plc until the end of September 2005. Prior to his role with British Airways, Sir Rod was managing director of Cathay Pacific Airways from 1992 until 1996 and executive chairman of Ansett Airlines from 1997 until 2000.
External appointments (current and recent): Non executive chairman of JPMorgan Australia and New Zealand since 2006, director of CLP Holdings since 2006, director of News Corporation plc since 1999, director of John Swire & Son Pty Limited since 1997, chairman Infrastructure Australia since February 2008, director of Allco Finance Group Limited from 2006 until 2009, chief executive British Airways plc from 2000 until 2005, chairman of the EU/Hong Kong Business Co- operation Committee of the Hong Kong Trade Development Council from 2002 until 2006.
6. Guy Elliott Chief financial officer MA (Oxon), MBA (INSEAD), age 54
Appointment and election: Chief financial officer of Rio Tinto plc and Rio Tinto Limited since 2002. Guy was last re- elected by shareholders in 2007 and stands for re-election in 2010.
Skills and experience: Guy joined the Group in 1980 after gaining an MBA having previously been in investment banking. He has subsequently held a variety of commercial and management positions, including head of Business Evaluation and president of Rio Tinto Brasil.
External appointments (current and recent): Non executive director and senior independent director of Cadbury plc from 2007 and 2008 respectively until Mar 2010. Chairman of the Audit committee until April 2009.
7. Michael Fitzpatrick Non executive director B Eng, BA (Oxon), age 57
Appointment and election: Director of Rio Tinto plc and Rio Tinto Limited since 2006. Michael was elected by shareholders in 2007 and stands for re-election in 2010.
Skills and experience: Michael sold his interest in, and ceased to be a director of, Hastings Funds Management Ltd during 2005, the pioneering infrastructure asset management company which he founded in 1994. He is chairman of Treasury Group Limited, an incubator of fund management companies. He is chairman of the Australian Football League, having previously played the game professionally, and is a former chairman of the Australian Sports Commission.
External appointments (current and recent): Chairman of Treasury Group Limited since 2005, director of the Walter & Eliza Hall Institute of Medical Research since 2001, chairman of the Victorian Funds Management Corporation from 2006 to 2008, managing director of Hastings Funds Management Ltd from 1994 to 2005, director of Australian Infrastructure Fund Limited from 1994 to 2005.
8. Yves Fortier Non executive director CC, OQ, QC, LLD, Av Em, age 74
Appointments and election: Director of Rio Tinto plc and Rio Tinto Limited since 2007. Yves was elected by shareholders in 2008.
Skills and experience: Yves Fortier was ambassador and permanent representative of Canada to the United Nations from 1988 to 1992. He is chairman emeritus and a senior partner of the law firm Ogilvy Renault and was chairman of Alcan from 2002 until 2007.
External appointments (current and recent): Chairman emeritus and senior partner of Ogilvy Renault since June 2009, chairman of Ogilvy Renault from 1992 until May 2009, director of NOVA Chemicals Corporation from 1998 until April 2009, chairman and director of Alcan Inc. from 2002 until 2007, director of Royal Bank of Canada from 1992 to 2005, director of Nortel Corporation from 1992 to 2005, governor of Hudson s Bay Company from 1998 to 2006, trustee of the International Accounting Standards Committee from 2000 to 2006.
9. Ann Godbehere Non executive director FCGA, age 55
Appointment and election: Appointed a director of Rio Tinto plc and Rio Tinto Limited on 9 February 2010. Ann was elected by shareholders at the 2010 annual general meetings and was appointed chairman of the Audit Committee at the conclusion of the 2010 annual general meetings.
Skills and experience: Ann has more than 25 years experience in the financial services industry. She spent 10 years at Swiss Re, latterly as chief financial officer from 2003 until 2007 and from 2008 until January 2009 she was chief financial officer and executive director of Northern Rock.
External appointments (current and recent): Non executive director of UBS AG since April 2009, non executive director of Atrium Underwriting Group Limited and Ariel Group Limited since November 2007, non executive director of Prudential since August 2007 and chairman of the Audit committee since October 2009, chief financial

officer and executive director of Northern Rock from 2008 to 2009.

Table of Contents

10. Richard Goodmanson Non executive director MBA, BEc and BCom, B Eng (Civil), age 62
Appointment and election: Director of Rio Tinto plc and Rio Tinto Limited since 2004. He was last re-elected by shareholders in 2008 and is chairman of the Committee on social and environmental accountability.
Skills and experience: Richard was executive vice president and chief operating officer of DuPont until the end of September 2009. He was responsible for a number of the global functions, and for the non US operations of DuPont, with particular focus on growth in emerging markets. During his career he has worked at senior levels for McKinsey & Co, PepsiCo and America West Airlines, where he was president and CEO.
External appointments (current and recent): Non executive director of Qantas Airways Limited since June 2008, economic adviser to the governor of Guangdong Province, China since 2003, executive vice president and chief operating officer of DuPont from 1999 until September 2009, director of the United Way of Delaware between 2002 and June 2009 (chairman between January 2006 and June 2007).
11. Andrew Gould Non executive directorBA, FCA, age 63
Appointment and election: Director of Rio Tinto plc and Rio Tinto Limited since 2002. Andrew was appointed the senior independent non executive director and chairman of the Remuneration committee at the conclusion of the 2008 annual general meetings. Andrew was last re-elected by shareholders in 2009.
Skills and experience: Andrew is chairman and chief executive officer of Schlumberger Limited, where he has held a succession of financial and operational management positions, including that of executive vice president of Schlumberger Oilfield Services and president and chief operating officer of Schlumberger Limited. He has worked in Asia, Europe and the US. He joined Schlumberger in 1975. He holds a degree in economic history from Cardiff University and qualified as a chartered accountant with Ernst & Young.
External appointments (current and recent): Chairman and chief executive officer of Schlumberger Limited since 2003, member of the board of trustees of King Abdullah University of Science and Technology in Jeddah, Saudi Arabia since October 2008, member of the advisory board of the King Fahd University of Petroleum and Minerals in Dhahran, Saudi Arabia since 2007, member of the commercialisation advisory board of Imperial College of Science Technology and Medicine, London since 2002, member of the UK prime minister s Council of Science and Technology from 2004 to 2007.
12. Lord Kerr of Kinlochard Non executive director GCMG, MA, age 68
Appointment and election: Director of Rio Tinto plc and Rio Tinto Limited since 2003. He was last re-elected by shareholders in 2007 and stands for re-election in 2010.
Skills and experience: Lord Kerr was in the UK Diplomatic Service for 36 years and headed it from 1997 to 2002 as permanent under secretary at the Foreign Office. Previous postings included being principal private secretary to two chancellors of the Exchequer, serving in the Soviet Union and Pakistan, and spells as ambassador to the European Union (1990 to 1995), and the US (1995 to 1997). He has been an independent member of the House of Lords since 2004.
External appointments (current and recent): Director of Scottish Power Limited since July 2009, deputy chairman of Royal Dutch Shell plc since 2005, director of The Scottish American Investment Trust plc since 2002, advisory board member, BAE Systems since 2008, chairman of the Centre for European Reform (London) since 2008, vice president of the European Policy Centre (Brussels) since 2007, chairman of the Court and Council of Imperial College, London since 2005, trustee of the Rhodes Trust since 1997 and the Carnegie Trust for the Universities of Scotland since 2005, director of The Shell Transport and Trading Company plc from 2002 to 2005, advisory board member, Scottish Power (Iberdrola) from 2007 to July 2009, trustee of The National Gallery from 2002 to February 2010.
13. Hon. Paul Tellier Non executive director LL.L, B.Litt(Oxon), LL.D, C.C. age 70
Appointment and election: Director of Rio Tinto plc and Rio Tinto Limited since 2007. Paul was elected by shareholders at the 2008 annual general meetings.
Skills and experience: Paul was clerk of the Privy Council Office and secretary to the Cabinet of the Government of Canada from 1985 to 1992 and was president and chief executive officer of the Canadian National Railway Company from 1992 to 2002. Until 2004, he was president and chief executive officer of Bombardier Inc.
External appointments (current and recent): Chairman of Global Container Terminals since 2007, director of BCE Inc since 1999, director of McCain Foods since 1996, director of Bell Canada since 1996, trustee of the International

Accounting Standards Foundation since 2007, co-chair of the Prime Minister of Canada s Advisory Committee on the Renewal of the Public Service since 2006, strategic advisor to Société Générale (Canada) since 2005, member of the advisory board of General Motors of Canada since 2005, non executive director of Alcan Inc. from 1998 to 2007.

14. Sam Walsh Executive director B Com (Melbourne), age 60
Appointment and election: Director of Rio Tinto plc and Rio Tinto Limited effective 5 June 2009. Sam was elected by shareholders at the 2010 annual general meetings.
Skills and experience: Sam was appointed executive director and chief executive Iron Ore and Australia in June 2009. He joined Rio Tinto in 1991, following 20 years in the automotive industry at General Motors and Nissan Australia. He has held a number of management positions within the Group, including managing director of Comalco Foundry Products, CRA Industrial Products, Hamersley Iron Sales and Marketing, Hamersley Iron Operations, vice president of Rio Tinto Iron Ore (with responsibility for Hamersley Iron and Robe River) and from 2001 to 2004 chief executive of the Aluminium group and from 2004 to 2009 chief executive of the Iron Ore group. Sam is also a Fellow of the Australian Institute of Management, the Australasian Institute of Mining and Metallurgy and the Australian Institute of Company Directors.
External appointments (current and recent): Director of Western Australian Newspaper Holdings Limited since December 2008, chair of Black Swan State Theatre Company Limited since March 2009, chair of WA chapter of Australian Business Arts Foundation since 2008, director of the Committee for Perth Ltd between 2006 and August 2009, director of the Australian Mines and Metals Association, between 2001 and 2005, director of the Australian Chamber of Commerce and Industry, between 2003 and 2005.

Directors who left the Group during 2009 and 2010

Paul Skinner BA (Hons) (Law), DpBA (Business Administration) Director of Rio Tinto plc and Rio Tinto Limited from 2001. Paul was chairman of the Group until his retirement at the conclusion of the 2009 annual general meetings.
Skills and experience: He was previously a managing director of The Shell Transport and Trading Company plc and group managing director of The Royal Dutch/Shell Group of Companies, for whom he had worked since 1966.
External appointments (current and recent) upon leaving the Group: Director of Air Liquide SA since 2006, director of the Tetra Laval Group since 2005, director of Standard Chartered plc since 2003, chairman of the Commonwealth Business Council since 2007, non executive member of the Defence Board of the UK Ministry of Defence since 2006, chairman of the International Chamber of Commerce (UK) from 2005 to 2008.

Dick Evans BS (Industrial Engineering), MS Management Director of Rio Tinto plc and Rio Tinto Limited from 2007 until his retirement at the conclusion of the 2009 annual general meetings.
Skills and experience: Dick joined Rio Tinto following the acquisition of Alcan where he had held several senior management positions since 1997 including executive vice president and president and chief executive officer from 2006 to 2007.
External appointments (current and recent) upon leaving the Group: Director of AbitibiBowater Inc. since 2003 and its chairman since February 2009, director of the International Aluminium Institute since 2001 and chairman since 2008, director of the Conference Board of Canada since 2007.

Jim Leng
Appointment and election: Director of Rio Tinto plc and Rio Tinto Limited from January 2009 until February 2009. He resigned from the boards of Rio Tinto prior to his election at the 2009 annual general meetings.
Skills and experience: Jim was chairman of Tata Steel Europe Limited and deputy chairman of Tata Steel of India, following the Corus takeover by Tata in April 2007. He was also chairman of Doncasters Group Ltd, an international specialist engineering company and a non executive director of Alstom SA, a senior adviser of HSBC and a member of their European Advisory Council and chairman of the European Advisory Board of AEA, a New York based Private Equity Partnership.
External appointments (current and recent) upon leaving the Group: Director of TNK-BP since January 2009, chairman of Tata Steel Europe Limited since November 2008, deputy chairman of Tata Steel of India since 2007, chairman of Doncasters Group Limited since 2006, non executive director Alstom SA since 2003 and director of Corus Group Limited from 2001 to 2008.

Sir David Clementi MA, MBA Director of Rio Tinto plc and Rio Tinto Limited from 2003 until his retirement at the conclusion of the 2010 annual general meetings.
Skills and experience: Sir David was chairman of Prudential plc until December 2008, prior to which he was deputy governor of the Bank of England. His earlier career was with Kleinwort Benson where he spent 22 years, holding

various positions including chief executive and

Table of Contents

vice chairman. A graduate of Oxford University and a qualified chartered accountant, Sir David also holds an MBA from Harvard Business School.
External appointments (current and recent) upon leaving the Group: Non executive director of Foreign & Colonial Investment Trust plc since May 2008, chairman, King s Cross Central General Partnership since October 2008, chairman of Prudential plc from 2002 until 2008, member of the Financial Reporting Council between 2003 and 2007.
David Mayhew Director of Rio Tinto plc and Rio Tinto Limited from 2000 until his retirement at the conclusion of the 2010 annual general meetings.
Skills and experience: David joined Cazenove in 1969 and in 1986 he became the partner in charge of the firm s Capital Markets Department. He became chairman of Cazenove Group Limited in 2001 and JPMorgan Cazenove in 2005 until January 2010 when he became vice chairman of JPMorgan.
External appointments (current and recent) upon leaving the Group: Vice chairman of JPMorgan effective January 2010, chairman of Cazenove Group Limited between 2001 and January 2010, chairman of JPMorgan Cazenove Holdings Limited (formerly Cazenove Group plc) between 2005 and January 2010.

Notes

(a) Audit committee
(Vivienne Cox, Michael Fitzpatrick, Ann Godbehere, Lord Kerr and Paul Tellier)

(b) Remuneration committee
(Michael Fitzpatrick, Richard Goodmanson, Andrew Gould, and Paul Tellier)

(c) Nominations committee
(Jan du Plessis, Robert Brown, Vivienne Cox, Sir Rod Eddington, Michael Fitzpatrick, Yves Fortier, Richard Goodmanson, Andrew Gould, Lord Kerr and Paul Tellier)

(d) Committee on social and environmental accountability
(Robert Brown, Sir Rod Eddington, Yves Fortier, Richard Goodmanson and Lord Kerr)

(e) Independent
(Robert Brown, Vivienne Cox, Sir Rod Eddington, Michael Fitzpatrick, Yves Fortier, Ann Godbehere, Richard Goodmanson, Andrew Gould, Lord Kerr and Paul Tellier)

Executive committee members

1. Hugo Bague MA (Linguistics), age 49

Skills and experience: Hugo Bague was appointed Group executive, People and Organisations in October 2009 having joined Rio Tinto as global head of Human Resources in 2007. Previously he worked for six years for Hewlett-Packard where he was the global vice president Human Resources for the Technology Solutions Group, based in the US. Prior to this he worked for Compaq Computers, Nortel Networks and Abbott Laboratories based in Switzerland, France and Germany.

External appointments (current and recent): Member of the Advisory Council of United Business Institute in Brussels, Belgium since 1995.

2. Preston Chiaro BSc (Hons) (Environmental Engineering), Meng (Environmental Engineering), age 56

Skills and experience: Preston was appointed Group executive, Technology & Innovation in October 2009. He joined the Group in 1991 at Kennecott Utah Copper s Bingham Canyon mine as vice president, Technical Services. In 1995 he became vice president and general manager of the Boron operations in California and was chief executive of Rio Tinto Borax from 1999 to 2003. Preston then became chief executive of the Energy group and in November 2007, upon a management re-organisation, he also assumed responsibility for the Industrial Minerals group.

External appointments (current and recent): Director of Rössing Uranium Limited from 2004 to 2009, director of the World Coal Institute between 2003 and 2009 (chairman from 2006 to 2008), chairman of the Coal Industry Advisory Board to the International Energy Agency between 2004 and 2006, director of Energy Resources of Australia Limited between 2003 and 2006, director of Coal & Allied Industries Limited between 2003 and 2006.

3. Bret Clayton BA (Accounting), age 48

Skills and experience: Bret was appointed Group executive, Business Support & Operations in October 2009. He joined the Group in 1995 and has held a series of management positions, including chief executive of the Copper and Diamonds groups, president and chief executive officer of Rio Tinto Energy America and chief financial officer of Rio Tinto Iron Ore. Prior to joining the Group, Bret worked for PricewaterhouseCoopers for nine years, providing auditing and consulting services to the mining industry.

External appointments (current and recent): Director of Ivanhoe Mines Limited between 2007 and 2009, member of the executive committee of the International Copper Association between 2006 and 2009, member of the Coal Industry Advisory Board to the International Energy Agency (IEA) between 2003 and 2006, member of the board of directors of the US National Mining Association between 2002 and 2006.

4. Jacynthe Côté BChem, age 53

Skills and experience: Jacynthe became chief executive, Rio Tinto Alcan on 1 February 2009. She joined Alcan in 1988 and has significant operational and international experience in the aluminium industry. She was chief executive officer, Primary Metal, Rio Tinto Alcan, where she was responsible for all primary metal facilities and power generation installation worldwide. Her previous roles in Alcan include president and chief executive officer, Bauxite & Alumina business group and senior management roles in business planning, human resources and environment, health and safety. Jacynthe has a bachelor s degree in chemistry from Laval University in Quebec.

External appointments (current and recent): Member of the Hautes Etudes Commerciales Board since June 2009, member of the Quebec Council of Manufacturers since April 2008, member of the International Aluminium Institute since 2006.

5. Andrew Harding BEng (Mining Engineering), MBA, age 43

Skills and experience: Andrew was appointed chief executive of Rio Tinto Copper in October 2009. He joined Rio Tinto in 1992, initially working for Hamersley Iron. Andrew went on to hold operating roles within the Energy, Aluminium and Iron Ore product groups, including at the Mount Thorley, Hunter Valley, Weipa, Mount Tom Price, Marandoo and Brockman mines. In 2007, he became global practice leader, Mining within Rio Tinto s Technology & Innovation group. Prior to his current role, Andrew was president and chief executive officer, Kennecott Utah Copper.

External appointments (current and recent): Director of Ivanhoe Mines Limited since November 2009.

6. Harry Kenyon-Slaney BSc (Hons) (Geology), age 49

Skills and experience: Harry was appointed chief executive of Rio Tinto s Diamonds & Minerals product group in

October 2009. He joined the Group in 1990 from Anglo American Corporation and has held management positions in South Africa, Australia and the UK. Harry spent

his early career at Rio Tinto in marketing and operational roles in the uranium, copper and industrial minerals business. In 2004, he was appointed chief executive of Energy Resources of Australia, and prior to his current role, became managing director of Rio Tinto Iron & Titanium in 2007.

External appointments (current and recent): Chairman of the Australian Uranium Association from 2006 to 2007, chairman of the Copper Development Association, South Africa from 2000 to 2003, director of Energy Resources of Australia Limited from 2004 to 2007.

7. Doug Ritchie LLB, FAusIMM, FAIM, FAICD, age 53

Skills and experience: Doug was appointed chief executive of Rio Tinto s Energy group in October 2009. He has been with the Group since 1986 when he joined CRA as corporate counsel. Since then he has held various legal, commercial, business analysis, strategy, operational and project evaluation and development roles, including in the Aluminium, Energy and Diamonds & Minerals product groups, and within corporate functions. Doug s previous roles have included managing director of Dampier Salt, Rio Tinto Coal Australia and Rio Tinto Diamonds. Prior to his current role, he was managing director, Strategy of Rio Tinto.

External appointments (current and recent): Director of Australian Coal Association from 2006 to 2008, director of Dalrymple Bay Coal Terminal Pty Ltd from 2006 to 2007, director of Port Waratah Coal Services Ltd from 2006 to 2007, director of Queensland Resources Council from 2006 to 2007, member of the Coal Industry Advisory Board to the IEA from 2006 to 2008, director of Coal & Allied Industries Limited between 2006 and 2007 and since 2008, director of Rössing Uranium Limited since November 2009.

8. Debra Valentine BA (History) JD, age 57

Skills and experience: Debra was appointed Group executive, Legal & External Affairs in October 2009 having joined Rio Tinto as global head of Legal in January 2008. Debra previously worked at United Technologies Corporation in the US where she was vice president, deputy general counsel and secretary. Before then, she was a partner with the law firm O Melveny & Myers, in Washington DC. Debra served as general counsel at the US Federal Trade Commission from 1997 to 2001.

External appointments (current and recent): Member, Council on Foreign Relations since 1993, American Law Institute 1991, commissioner, Congressional Antitrust Modernisation Commission from 2004 to 2007.

Tom Albanese, Guy Elliott and Sam Walsh were also members of the executive committee in 2009 through their positions as chief executive, chief financial officer and chief executive of the Iron Ore group respectively. Their biographies are shown on pages 94, 95 and 97.

Company secretaries

Ben Mathews BA (Hons), FCIS, age 43

Skills and experience: Ben joined as company secretary of Rio Tinto plc during 2007. Prior to joining Rio Tinto, he spent five years with BG Group plc, two of them as company secretary. He has previously worked for National Grid plc, British American Tobacco plc and PricewaterhouseCoopers LLP. Ben is a fellow of the Institute of Chartered Secretaries and Administrators.

External appointments (current and recent): None.

Stephen Consedine B Bus, CPA, age 49

Skills and experience: Stephen joined Rio Tinto in 1983 and has held various positions in Accounting, Treasury, and Employee Services before becoming company secretary of Rio Tinto Limited in 2002. He holds a bachelor of business degree and is a certified practising accountant.

External appointments (current and recent): None.

Employees

Information on the Group s employees including their costs, is in notes 4 and 36 to the *2009 Financial statements.*

In September 2009, Rio Tinto Minerals` (RTM) borate business, U.S. Borax, began negotiating with International Warehouse & Longshore Union, Local 30 (Union), to reach a new labour agreement at Boron Operations. The Union refused to extend the existing labor agreement after it expired on November 4, 2009, though bargaining continued no agreement was reached and RTM operations initiated a lock out of 560 represented members of its Boron California Operations workforce on 31 January 2010. An agreement was reached with a new six year contract in place with effect from 17 May 2010.

Table of Contents

Remuneration

The Remuneration report to shareholders dated 5 March 2010 has been reproduced below, except that the page numbers have been revised to reflect those in this combined Annual report on Form 20-F, Tables 3, 4 a, 4b, and 5 have been augmented to show share interests as at the latest practicable date.

Remuneration report

INTRODUCTION

This report to Rio Tinto s shareholders is aimed at helping to explain the activities of the Remuneration committee, its role and responsibilities and the implementation of measures so as to ensure that the Group s biggest asset its people are appropriately focused on driving continuous improvements in performance.

The report has been drawn up in accordance with the Combined Code on Corporate Governance, Schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, the UK Listing Authority Listing Rules, the Australian Corporation Act 2001 and Principle 8 of the revised Australian Securities Exchange Corporate Governance Principles and Recommendations 2nd edition (the ASX Principles).

International accounting standards require disclosures in respect of key management personnel , being those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors. In addition the Australian legislation requires disclosures in respect of the five highest paid executives below board level selected from the senior managers who make, or participate in making, decisions that affect the whole, or a substantial part, of the business of the Group, or have the capacity to affect significantly the Group s financial standing. The Committee has determined that below board level, only members of the Executive committee constitute the group of senior managers that make decisions that affect the whole, or a substantial part, of the business of the Group. The Executive committee comprises the executive directors, product group chief executive officers (PGCEOs) and Group executives.

For the purposes of this report, the Committee has determined that the key management personnel are, in addition to the directors, those members of the Executive committee who served during 2009.

Throughout this report, the members of the Executive committee, including the executive directors, are collectively referred to as executives . The name, position and date of appointment of each executive is set out in the executive services contract section on page 114.

Remuneration committee responsibilities

The Remuneration committee s role is to fulfil the board s responsibilities to shareholders in relation to the establishment and implementation of executive remuneration policy. The Committee s responsibilities are set out in its terms of reference which may be viewed in the corporate governance section of the website.

These responsibilities include:

- monitoring the effectiveness and appropriateness of executive remuneration policy and practice;
- recommending executive remuneration policy to the board;
- reviewing and determining the terms of service, including remuneration and any termination arrangements, for the chairman, executive directors, PGCEOs, Group executives and the company secretary of Rio Tinto plc;
- reviewing and confirming the remuneration and conditions of employment for other senior managers; and
- recommending share-based long term incentive plans to the board.

The Committee considers the level of pay and conditions throughout the Group when determining executive directors remuneration.

The Committee is committed to ensuring that remuneration policy and practices reward fairly and responsibly with a clear link to corporate and individual performance.

During 2009, the Committee met eight times. The membership and meeting attendances are detailed in the corporate governance section on page 136. The Committee reviewed its terms of reference in 2009 and concluded that its responsibilities had been met and that these terms of reference remain appropriate.

The chairman and chief executive participated in meetings at the invitation of the Committee during 2009. In addition, the Committee is supported by members of senior management who regularly attend meetings to provide information as requested by the Committee. These people included Hugo Bague (Group executive People & Organisation), Jane Craighead (Global practice leader, Total Rewards) and Ben Mathews (company secretary, Rio Tinto plc). None of the attendees mentioned above were present when matters associated with their own remuneration were considered.

Advisers

The independent advisers engaged by and reporting to the Committee during 2009 were Deloitte LLP. In addition to specialist remuneration advice, Deloitte LLP provided taxation advice related to Rio Tinto s share plans and other taxation matters. Deloitte LLP did not provide advice on executive remuneration matters other than to the Committee. The Committee has also drawn on the services and publications of a range of external service providers and remuneration consultants such as Towers Watson, Hay Group, Mercer and Port Jackson Partners in relation to market data and external validation of total shareholder return (TSR) performance.

Table of Contents

EXECUTIVE REMUNERATION

Remuneration philosophy

Rio Tinto operates in global, as well as local markets, where it competes for a limited resource of talented executives. It recognises that to achieve its business objectives, the Group needs high quality, committed people. Rio Tinto s remuneration philosophy is that its executive remuneration policy should support its business goals by enabling it to attract, retain and appropriately reward executives of a necessary calibre. Our B-E-S-T approach set out below aims to align this philosophy with our policy:

Business alignment	Ensure remuneration directly supports the ultimate goal of meeting Rio Tinto s business objectives including superior long term_shareholder value creation in a healthy, safe and environmentally appropriate way. This means providing remuneration, including incentive plans, that: Drive and reward behaviours to achieve annual, mid and long term business priorities consistent with shareholder value creation Are competitive to attract and retain with stretching performance targets from a shareholder perspective Align executives with shareholders through shareholding requirements
Empowerment	Reward employees for doing their jobs well by differentiating top performers who deliver shareholder value and behave consistently with *The way we work*. This means providing incentive plan features that: Reward employees based on what they can control Create a direct relationship between the payout from the plan and the individual s performance Promote the right level of risk-taking from a shareholder perspective
Simplicity	Keep the remuneration arrangements, including incentive plan design, simple. This means providing: Plan features that are easy to understand Communication that is concise and comprehensive
Transparency	Demonstrate internal equity to employees for greater buy-in and to ensure global mobility between businesses of key management. This means providing: Clear direction on the behaviour Rio Tinto is seeking Open and timely information on performance targets and how rewards are determined

Remuneration policy

During 2009, Rio Tinto undertook a review of its short term incentive plan and the performance condition for its Mining Companies Comparative Plan. During the review process, the Company consulted with shareholders in

making changes to remuneration arrangements to enhance alignment with business strategy and shareholder value creation over the short, medium and long term and to be market competitive. Rio Tinto will review its long term incentive plan during 2010.

Offering remuneration which is appropriately competitive is an important part of Rio Tinto s remuneration policy. Rio Tinto s primary comparator market, for executives, is the median remuneration offered by other large global organisations as represented by the FTSE 30 (excluding financial services). Consideration is also given to remuneration practices in the local market where each role is based.

Table of Contents

The following provides details of the operation of the current remuneration arrangements and details of how they will operate from 2010 onwards:

	Objective of component	2009 policy	2010 onwards
Salary (fixed)	Provides the fixed element of the remuneration package Target median of international companies of similar size, global reach and complexity, including other large natural resource companies	Salaries frozen since March 2008	Salaries will remain frozen in 2010 for executives
Short term incentive plan (STIP) (at risk)	Focuses participants on achieving calendar year performance goals which contribute to sustainable shareholder value	Maximum STIP opportunity of 120 per cent of salary and 60 per cent of salary awarded for target performance Payable wholly in cash Performance targets include earnings, cash flow, safety and individual performance objectives	Maximum STIP opportunity of 200 per cent of salary with 50 per cent payable in cash and 50 per cent delivered in shares (generally subject to continued employment) deferred for a three year period Increased focus on financial (earnings and cash flow) targets Safety continues to be an integral part of the STIP framework
Performance Options Share Option Plan (SOP) (at risk)	Rewards participants for increasing the share price and delivering strong TSR performance against other companies	Market value share options vest based on TSR performance against the HSBC Global Mining Index as at 31 December of the third year after grant Target (and maximum) face value of 300 per cent of salary	No changes Whilst options will be granted to members of the Executive committee in 2010, the longer-term use of the SOP will be reviewed in the context of changing tax legislation in Australia

		Before awards vest the Committee must also satisfy itself that TSR performance is an appropriate reflection of the underlying performance of the business and can adjust vesting accordingly	
Performance Shares Mining Companies Comparative Plan (MCCP) (at risk)	Rewards participants for increasing the share price and delivering strong TSR performance against other companies	Conditional share awards vest based on TSR ranking against a bespoke comparator group of eight other mining companies as at 31 December of the fourth year after grant Target award equal to face value of 200 per cent of base salary 150 per cent of target award vesting for being ranked first (ie a maximum award of 300 per cent of base salary) 23 per cent of the maximum potential award vests for median performance Before awards vest the Committee must also satisfy itself that TSR performance is an appropriate reflection of the underlying performance of the business and can adjust vesting accordingly	No changes to the length of the performance period or the overall individual/plan limits Performance measures amended to: 50 per cent performance relative to the HSBC Global Mining Index 50 per cent performance relative to the Morgan Stanley Capital World Index (MSCI) 150 per cent of target award vesting for outperformance of the relevant index by eight per cent per annum (top quartile) 23 per cent of the maximum potential award vesting for index performance 0 per cent vesting below Index performance Before awards vest the Committee must also satisfy itself that TSR performance is an appropriate reflection of the underlying performance of the business and can adjust vesting accordingly

Service Awards Management Share Plan (MSP) (usually service based)	Enhance the Group s ability to attract and retain key staff in an increasingly tight and competitive labour market	Executive directors and PGCEOs are not eligible to participate in awards under this plan as a regular component of remuneration. Special awards, if any, will generally have performance conditions Shares to satisfy the awards are purchased in the market and no new shares are issued to satisfy awards	From 2010, MSP awards granted to Group executives will be subject to performance criteria, other than in exceptional circumstances (eg recruitment)
Post-employment Benefits (fixed)	Provides locally competitive post-employment benefits for participants in a cost efficient manner	Post-employment benefit arrangements offered	No change
Shareholding requirement	Provides alignment with shareholders interests	Two times salary over a five year period for executive directors and PGCEOs	Requirement extended to the Executive committee

Remuneration mix

Consistent with the Group s business strategy to utilise and develop high quality long term mining assets, the Group seeks to achieve a remuneration mix which best reflects the long term nature of the business. The total remuneration package is designed to provide an appropriate balance between fixed and variable components. Fixed pay is base salary and the value of the MSP awards that are not related to Company performance. Variable pay is the STIP, SOP and MCCP respectively.

Table of Contents

For 2010, the revised remuneration structure shifts the remuneration mix more towards variable pay for all executives. For Group executives in particular, the Committee has taken steps during the year to align the fixed and variable elements of the total package with those of the other executives. The following tables illustrate the remuneration mix which is identical for each group of identified executives.

1. MSP, Performance options, Performance shares constitute long term incentives as detailed above.

2. Annual bonus constitutes STIP.

3. The performance options are the percentage of each executives remuneration that consists of options.

Remuneration components

Base salary

In order to reflect the prevailing economic climate and to move the mix of the package towards more variable pay, executive salaries will be frozen again in 2010.

Short Term Incentive Plan (STIP)

The STIP is an annual bonus plan, designed to support overall remuneration policy by focusing participants on achieving annual financial, strategic and operational goals which contribute to sustainable shareholder value.

2009 STIP

For 2009, the maximum annual bonus opportunity under the STIP for the executives is 120 per cent of salary (target opportunity of 60 per cent of salary). This amount is payable wholly in cash.

Bonuses payable under the STIP are based on performance against financial, safety and individual business objectives. Outcomes are based on a multiplicative approach. The financial objectives are balanced equally between earnings performance and cash flow performance. The Committee selected these measures as they are key performance indicators (KPIs) used in managing the business. Cash flow was added as a metric in 2009 in recognition of the importance of this measure to the business in more challenging economic times. In addition, the all injury frequency rate is also a KPI under the STIP.

As the potential impact of fluctuations in exchange rates and some prices are outside the control of the Group, for earnings and cash flow metrics, the Committee compares on an equal weighting the actual results (unflexed) and underlying performance flexed for prices and exchange rates.

Safety is an important Rio Tinto value. Its inclusion in STIP (measured in relation to all injury frequency rates, significant potential incidents rate and semi- quantitative risk assessment) is a strong reminder that employees are not to be put at risk when businesses target superior earnings and cash flow.

Individual performance metrics for executives are calibrated to be specific, measurable objectives which are aligned with Rio Tinto s strategy. These objectives are set with the Committee in the first quarter of each year. They consist of three to five performance objectives that are directly linked to strategic business priorities for the year. The individual objectives for 2009 are summarised on pages 109 and 110.

Table of Contents

The table below illustrates the balance of performance measures for 2009.

STIP measures 2009

	Executive directors and Group executives %	PGCEOs %
Business measures Rio Tinto Group	**50.00**	**20.00**
Earnings flexed / unflexed (50% / 50%)	25.00	10.00
Cash flow flexed / unflexed (50% / 50%)	25.00	10.00
Business measures Product group		**30.00**
Earnings flexed / unflexed (50% / 50%)		15.00
Cash flow flexed / unflexed (50% / 50%)		15.00
Total business weighting	**50.00**	**50.00**
Individual objectives	**37.50**	**37.50**
Safety Rio Tinto Group / Product group	**12.50**	**12.50**
All Injury Free Rate (AIFR)	6.25	6.25
Semi Quantitative Risk Assessment (SQRA)	3.75	3.75
Significant Potential Incidents (SPI)	2.50	2.50
Total individual weighting	**50.00**	**50.00**
TOTAL (business + individual)	**100.00**	**100.00**

Policy for 2010 onwards

In consultation with shareholders, the Committee reviewed the framework for the STIP and has decided to increase the maximum opportunity for executives under the STIP to 200 per cent of base salary from an existing maximum of 120 per cent. For the 2010 STIP and onwards, half of any bonus earned will be payable in cash with the remaining 50 per cent being deferred into shares which vest, generally subject to continued employment, three years after the deferral. The objective of this change to the STIP is to increase its competitiveness and to strengthen the link between the Group s short term strategic objectives and the medium term delivery of shareholder value.

The performance metrics for the STIP described above will be maintained as the Committee continues to believe that these are most appropriate for our business. Going forward, however, an additive model will be used for determining STIP awards with 70 per cent based on earnings, cash flow and safety and 30 per cent on individual measures. This represents an increased focus on financial and safety measures at this level. The Committee believes that this approach will increase simplicity and line of sight for participants. In the future, the Committee will consider supplementing the safety metrics to include measures relating to environmental factors in keeping with the responsibility that mining companies such as Rio Tinto have to limit the impact of mining on the environment.

The table below illustrates the balance of performance measures for 2010.

STIP measures 2010 onwards

	Executive directors and Group executives %	PGCEOs %

Business measures Rio Tinto Group*	**52.50**	**21.00**
Earnings flexed / unflexed (50% / 50%)*	26.25	10.50
Cash flow flexed / unflexed (50% / 50%)*	26.25	10.50
Business measures Product group*		**31.50**
Earnings flexed / unflexed (50% / 50%)*		15.75
Cash flow flexed / unflexed (50% / 50%)*		15.75
Safety Rio Tinto Group / Product group**	**17.50**	**17.50**
All Injury Free Rate (AIFR)**	8.75	8.75
Semi Quantitative Risk Assessment (SQRA)**	5.25	5.25
Significant Potential Incidents (SPI)**	3.50	3.50
Total business weighting	**70.00**	**70.00**
Individual objectives	30.00	30.00
Total individual weighting	**30.00**	**30.00**
TOTAL (business + individual)	**100.00**	**100.00**

* Financial measures are 75 per cent of the total business measures.

** Safety is 25 per cent of the total business measures.

Sam Walsh is considered a PGCEO with regard to STIP performance measures.

Table of Contents

Long term incentives

The Group operates three long term incentive plans:

- The 2004 Share Option Plan a market value share option plan which is subject to TSR performance and has been approved by shareholders.
- The 2004 Mining Companies Comparative Plan a performance share plan which is subject to TSR performance and has also been approved by shareholders.
- The Management Share Plan a plan which generally provides service based awards.

Share Option Plan (SOP)

Under the SOP, options are granted to purchase shares at an exercise price based on the share price at the date of grants. The maximum face value of grants under the SOP is three times base salary.

The vesting of options is subject to the achievement of a stretching total shareholder return performance condition, comparing Rio Tinto s TSR performance to that of the HSBC Global Mining Index as at 31 December of the third year after grant. If Rio Tinto s TSR performance is equal to the performance of the index, then the higher of one third of the actual grant or 20,000 options may vest. The full award will only vest if TSR performance is equal to or greater than the HSBC Global Mining Index plus five per cent per annum. Between these points, options will become exercisable on a sliding scale.

The Committee considers that TSR is an appropriate performance measure as it captures the return Rio Tinto delivers to shareholders.

Given the market nature of the performance condition for SOP awards, the Committee recognises the importance of ensuring that the level of vesting is commensurate with the underlying performance of the business. Therefore, when approving vesting, the Committee will look to satisfy itself that TSR performance is a genuine reflection of the value available to shareholders and the underlying performance of the Group and will adjust levels accordingly.

Rio Tinto believes that common remuneration arrangements should be used throughout the Group and while options are still considered to be an important part of the package for the Executive committee in 2010, a review of the SOP will be undertaken in 2010 in light of the potential changes to the taxation of option awards in Australia.

Mining Companies Comparative Plan (MCCP)

Rio Tinto s performance share plan, the MCCP, is designed to incentivise management to drive shareholder value creation. Awards under the plan can be made with a face value of up to 200 per cent of base salary. Awards vest subject to Rio Tinto s TSR performance compared to a bespoke comparator group as at 31 December of the fourth year after grant. The comparator group for MCCP awards has been reconstituted several times over the last few years due to continued consolidation in the comparator group.

The comparator group for the 2009 awards includes:

- Alcoa
- Anglo American
- Barrick Gold
- BHP Billiton
- Freeport-McMoRan
- Newmont Mining
- Vale do Rio Dolce
- Xstrata

The vesting profile for awards is as follows:

Rank in group	Percentage vesting %
1st	150
2nd	121.3
3rd	92.5
4th	63.8

5th	35
6th 9th	0

The comparator group and the vesting profile for awards granted in 2005 2008 are broadly similar.

Where applicable, participants receive the cash amount of the dividends that would have been received had the recipient owned the shares between the grant date and the vesting date.

Due to the small number of comparator companies and the impact of corporate transactions, on such a small group, the Committee has decided to move away from a bespoke comparator group to two recognised market indices for awards made from 2010 onwards.

Vesting of MCCP awards will be subject to Rio Tinto TSR performance compared:

50 per cent to the performance of the HSBC Global Mining Index; and

50 per cent to the performance of the Morgan Stanley Capital World Index.

The use of the MSCI World Index reflects the fact that Rio Tinto competes against a global market for investors as well as within the mining sector and is consistent with rewarding executives for providing stable returns over the long term relative to the broader market as well as the mining sector.

Table of Contents

Vesting for awards is as follows:

Outperformance of the index by 8% per annum	150% of initial award vests
Performance between index and 8% out performance	Straight-line vesting
Performance equal to index	23% of maximum award

The outperformance required for maximum vesting has been calibrated to be equivalent to upper quartile performance against these indicies and, as such, is considered by the Committee to be particularly stretching. Independent analysis carried out on behalf of the Committee illustrates that, over the last fifteen years, eight per cent per annum out performance against both of these indices would have led to maximum vesting occurring less than 15 per cent of the time.

The Committee believes that the revised performance condition provides a more robust approach to assessing the performance of Rio Tinto compared to key peers and are better aligned with our core business strategy of providing stable long term returns to investors.

Given the market nature of the performance condition for MCCP awards, the Committee recognises the importance of ensuring that the level of vesting is commensurate with the underlying performance of the business. Therefore, when approving vesting, the Committee will look to satisfy itself that TSR performance is a genuine reflection of the value available to shareholders and the underlying performance of the Group and will adjust levels accordingly.

Management Share Plan (MSP)

The primary focus of the MSP is to support the Group s ability to attract and retain key staff in an increasingly tight and competitive labour market. MSP awards are conditional awards which vest subject to continued employment and thus act as a strong retention tool. Generally, these awards do not have performance conditions. Executive directors and PGCEOs are not eligible to participate in the service based MSP awards. From 2010, MSP awards granted to Group executives will be subject to performance criteria, other than in exceptional circumstances (eg recruitment of key talent).

All employee share plans

Executives may participate in broad based share and share option plans which are available to Group employees generally and for which performance conditions do not apply. These plans form part of standard remuneration practice whereby employees are offered participation in plans to encourage alignment with the long term performance of the Company. Executives may participate in the Rio Tinto plc Share Savings Plan or the Rio Tinto Limited Share Savings Plan depending on whether they are employed by Rio Tinto plc or Rio Tinto Limited. The Plans require the participant to save for a defined period before exercising options granted at a discount of up to twenty per cent to the market value at the time of grant. Grants made to executives under these plans are set out in Table 5 on pages 126 to 133.

The Share Ownership Plan is available to eligible employees in the UK who may receive an annual award of shares up to five per cent of salary, subject to a cap of £3,000. Under this plan, employees may also make contributions from salary each month to purchase shares at the prevailing market price subject to a cap of £1,500 per annum. The Company matches the purchases on a one for one basis.

Where, under an employee share plan operated by the Company, participants are the beneficial owners of the shares, but not the registered owner, the voting rights are normally exercised by the registered owner at the direction of the participant.

Dilution

Awards under the SOP and MCCP may be satisfied by treasury shares, the issue of new shares or the purchase of shares in the market. Currently, Rio Tinto plc satisfies awards by the issue of new shares or the transfer of shares from treasury. Rio Tinto Limited satisfies awards by the purchase on market and delivery of shares to plan participants. Rio Tinto plc complies with the ABI guidelines in relation to the issue of new shares. All other share awards are satisfied by the use of shares which are purchased in the market. Further information in respect of the number of shares issued

under plan arrangements can be found in note 49 to the financial statements.

Post-employment benefits

Executives may participate in post-employment benefit arrangements offered by the Group. No post-employment benefits are provided to non executive directors. The following table details the post-employment benefit components for Rio Tinto s executive director population.

Details of executives pension entitlements are set out in Table 2 on pages 119 and 120.

Table of Contents

Country / Executive director	Post-employment benefit
UK	
	Plan membership UK employer pension plans as provided to other UK-based employees. Pension is indexed to the UK Retail Price Index to a maximum of ten per cent per annum.
Tom Albanese	Tom Albanese specific provision: Target defined benefit of 2/3rds of basic salary at age 60, inclusive of benefits accrued in the US.
Guy Elliott	Guy Elliott specific provision: Target defined benefit of 2.3 per cent of basic salary for each year of service with the Company to age 60.
Dick Evans	Retirement date 31 December 2009. Unfunded defined contribution benefit. Company s contribution was 20 per cent of basic salary, plus interest. Unfunded benefit will be used to purchase an annuity at retirement. Also participated in the Alcan Employee Savings Plan (Canada) to which the Company pays a maximum contribution of 60 per cent of any employee contribution up to four per cent of base salary.
Australia	
Sam Walsh	Plan membership Australian employer funded superannuation plan as provided to other Australian based employees. Target defined benefit is a lump sum multiple of 4.05 times final basic salary at age 62. Additional Company contribution on a defined contribution basis of 20 per cent of the lesser of 50 per cent of the annual STIP award or 20 per cent of basic salary. This is in line with typical market practice in Australia.

2010 performance payment potential

Provided below is the minimum and maximum performance payment potential for each current member of the Executive committee in 2010 based on the new remuneration framework.

Executive	Annual bonus Potential range of cash bonus payments in March 2011 in respect of 2010		Annual bonus Potential range of bonus deferral in March 2011 in respect of 2010		Performance options (SOP) (% of March 2010 salary)		Performance shares (MCCP) (% of March 2010 salary)	
	Min	Max	Min	Max	Min	Max	Min	Max[2]
Tom Albanese	0	£ 907,500	0	£ 907,500	0	300	0	300
Guy Elliott	0	£ 675,500	0	£ 675,500	0	300	0	300
Sam Walsh	0	A$1,475,000	0	A$1,475,000	0	300	0	300
Hugo Bague	0	£ 360,000	0	£ 360,000	0	300	0	300

Preston Chiaro	0	US$725,000	0	US$725,000	0	300	0	300
Bret Clayton	0	US$700,000	0	US$700,000	0	300	0	300
Jacynthe Côté[1]	0	US$825,000	0	US$825,000	0	300	0	300
Andrew Harding	0	US$650,000	0	US$650,000	0	300	0	300
Harry Kenyon-Slaney	0	£ 360,000	0	£ 360,000	0	300	0	300
Doug Ritchie	0	A $850,000	0	A $850,000	0	300	0	300
Debra Valentine	0	US$570,000	0	US$570,000	0	300	0	300

1. In addition to the payments above, Jacynthe Côté has two special MSP grants which vest in 2010 as part of her legacy Alcan arrangements. See page 123.

2. Maximum reflects potential under the plan to vest 150 per cent of the original award for outstanding performance.

REMUNERATION RECEIVED IN 2009

The table below provides a summary of the executives remuneration actually received in 2009 stated in the currency in which they were paid. This information is provided by way of additional disclosure to assist shareholders in understanding actual remuneration outcomes. Tables 1a and 1b on pages 117 to 118 provide the statutory disclosures.

Table of Contents

Actual remuneration received in 2009

Executive	Base salary paid	Other payments and benefits [1]	2009 STIP [7] payment	Total short term pay	Value of LTIP awards granted in 2009 [2]	Remuneration received for 2009
Tom Albanese	£ 907,500	£ 884,522	£ 589,285	£ 2,381,307	£ 1,415,700	£ 3,797,007
Guy Elliott	£ 675,500	£ 370,035	£ 552,444	£ 1,597,979	£ 1,053,780	£ 2,651,759
Dick Evans	US$1,500,000	US$5,278,915	US$976,037	US$7,754,952	US$2,340,000	US$10,094,952
Sam Walsh	A$1,475,000	A$510,860	A$1,307,534	A$3,293,394	A$2,301,000	A$5,594,394
Hugo Bague	£ 360,000	£ 437,251	£ 284,336	£ 1,081,587	£ 396,000	£ 1,477,587
Preston Chiaro	US$725,000	US$792,322	US$389,955	US$1,907,277	US$1,131,000	US$3,038,277
Bret Clayton	US$700,000	US$574,426	US$534,492	US$1,808,918	US$1,092,000	US$2,900,918
Jacynthe Côté [3]	US$813,125		US$686,116	US$1,499,241	US$1,287,000	US$2,786,241
		C$2,200,049		C$2,200,049		C $2,200,049
Andrew Harding [4]	US$421,373	US$559,259	US$401,653	US$1,382,285	US$386,131	US$1,768,416
Harry Kenyon-Slaney [5]	£ 266,933	£ 258,475	£ 113,997	£ 639,405	£ 174,843	£ 814,248
Keith Johnson	£ 245,000	£ 1,029,954	£ 178,322	£ 1,453,276		£ 1,453,276
Doug Ritchie [6]	A$734,333	A$873,286	A$540,161	A$2,147,780	A$606,900	A$2,754,680
Grant Thorne	A$920,000	A$243,722	A$662,890	A$1,826,612	A$1,012,000	A$2,838,612
Debra Valentine	US$570,000	US$712,799	US$467,541	US$1,750,340	US$627,000	US$2,337,340

1. Includes superannuation, pension, health care, expatriate payments, car allowances or cars, other perquisite payments and any special one time bonus payments as detailed in Table 1a.

2. The LTIP value is the expected value of the LTIP award granted in 2009.

3. Total pay received for time as both CEO Rio Tinto Alcan primary metal and CEO Rio Tinto Alcan. C$ amount includes the one time special bonus payments as detailed in Table 1a.

4. Total pay received in US$ for time as both CEO KUC and CEO Copper.

5. Total pay received in £ for time as both CEO RTI&T and CEO Diamonds & Minerals.

6. Total pay received in A$ for time as both managing director strategy within Rio Tinto Australia and CEO Energy.

7. STIP payment made in 2010 in respect of 2009 performance.

Short Term Incentive Plan

Performance evaluation process for individual executives

Rio Tinto conducts an annual performance evaluation process for all of its senior executives. In the case of members of the Executive committee, the chief executive conducts the review. In the case of the chief executive, the chairman of the Committee conducts the review in conjunction with the chairman of the board.

The key objectives of the performance evaluation process are to:

Improve organisational effectiveness by creating alignment between the executives individual objectives and Rio Tinto s business strategy.

Provide a consistent, transparent and balanced approach to measure, recognise and reward executive performance.

Annual individual objectives are finalised at the beginning of the calendar year. Performance evaluations are completed during early January of the following year.

Individual objectives and awards in respect of 2009 for the executives are set out below. As outlined above, there is a rigorous annual evaluation process undertaken during which performance against stated objectives is assessed. Personal performance for Messrs Albanese, Elliott, Bague, Chiaro, Kenyon-Slaney and Jacynthe Côté was adversely affected due to fatalities in the Group.

Annual Bonus (STIP) Performance Assessment for 2009

Tom Albanese

Based on individual objectives related to the strengthening of the balance sheet, achieving significant cost reductions brought on by the economic downturn and the reorganisation of the product groups and Executive committee, the Committee assessed personal performance, including Group safety, as 92.5 per cent of target. The overall STIP award is 108 per cent of target which is 65 per cent of salary.

Guy Elliott

Based on individual objectives related to the strengthening of the balance sheet, leadership of the CFO function, and divestments, the Committee assessed personal performance, including Group safety, as 117 per cent of target. The overall STIP award is 136 per cent of target which is 82 per cent of salary.

Sam Walsh

Based on individual objectives related to the proposed iron ore production joint venture, leadership of Rio Tinto China/Asia and Rio Tinto India and West Africa, effective implementation of the Planning and Rio Tinto Iron Ore operations centre, and the business sustainability and joint venture management, the Committee assessed personal performance, including product group safety, as 123 per cent of target. The overall STIP award is 148 per cent of target which is 89 per cent of salary.

Table of Contents

Dick Evans

Based on individual objectives related to the transition of duties to new leadership and the delivery of integration activities and financial synergies, the Committee assessed personal performance, including product group safety, as 92 per cent of target. The overall STIP award is 108 per cent of target which is 65 per cent of salary.

Hugo Bague

Based on individual objectives related to talent retention and engagement, organisational and workforce management, development of a business driven communities practice, and improvement on the focus and intensity of internal communications, the Committee assessed personal performance, including Group safety, as 117 per cent of target. The overall STIP award is 136 per cent of target which is 79 per cent of salary.

Preston Chiaro

Based on individual objectives related to management of asset divestments, progression of the climate and energy strategy and cash flow initiatives, the Committee assessed personal performance, including product group safety, as 83 per cent of target. The overall STIP award is 90 per cent of target which is 54 per cent of salary.

Bret Clayton

Based on individual objectives related to the progress of development projects and identification of new opportunities and the successful management of the slowdown of major projects in Diamonds group and its impact on the business units, the Committee assessed personal performance, including product group safety, as 105 per cent of target. The overall STIP award is 127 per cent of target which is 76 per cent of salary.

Jacynthe Côté

Based on individual objectives related to the delivery of integration goals, cash initiatives, and management of business sustainability and key stakeholders, the Committee assessed personal performance, including product group safety, as 117 per cent of target. The overall STIP award is 139 per cent of target which is 83 per cent of salary.

Andrew Harding

Based on individual objectives related to the successful transition of business unit managing director duties and the objectives of his previous role as president KUC, the Committee assessed personal performance, including business unit safety, as 134 per cent of target. The overall STIP award is 174 per cent of target which is 95 per cent of salary.

Harry Kenyon-Slaney

Based on individual objectives related to the successful transition of business unit managing director duties and the objectives of his previous role as managing director RTIT, the Committee assessed personal performance, including business unit safety, as 94 per cent of target. The overall STIP award is 88 per cent of target which is 43 per cent of salary.

Doug Ritchie

Based on individual objectives related to the successful transition of his managing director strategy duties and the objectives of his previous role as managing director strategy, the Committee assessed personal performance, including Group safety, as 119 per cent of target. The overall STIP award is 141 per cent of target which is 74 per cent of salary.

Grant Thorne

Based on individual objectives related to the major project execution, progression of key technology initiatives and leadership of T&I Group, the Committee assessed personal performance, including T&I safety, as 103 per cent of target. The overall STIP award is 120 per cent of target which is 72 per cent of salary.

Debra Valentine

Based on individual objectives related to the leadership of the legal, external relations, security and compliance functions, delivery on key corporate projects and cost management, the Committee assessed personal performance, including Group safety, as 119 per cent of target. The overall STIP award is 139 per cent of target which is 82 per cent of salary.

Long term incentive programmes

Performance of Rio Tinto

The Companies share price showed strong improvement in 2009 as a result of Rio Tinto s cost containment measures, completion of divestments and the strengthening of the balance sheet.

The graph illustrates the performance of the Company against the FTSE 100, the ASX All Ordinaries Index, and the HSBC Global Mining Index. These indexes have been chosen as they represent major markets and the mining sector in which the Group competes for investors.

Table of Contents

The effect of this performance on shareholder wealth, as measured by TSR delivered during the relevant calendar year, is detailed in the table below.

TSR (US$) - Rio Tinto Group vs FTSE100, ASX All Share and HSBC Global Mining Index	**Rio Tinto DLC**	**FTSE 100**	**ASX All share**	**HSBC Index**
Total return basis Index 2004 = 100				
2004	100	100	100	100
2005	162	108	113	142
2006	194	141	152	197
2007	395	154	200	312
2008	85	80	95	129
2009	272	114	170	266

Rio Tinto shareholder return 2005-2009

Year	Dividends paid during the year US cents per share	Share price - Rio Tinto plc pence		Share price - Rio Tinto Limited A$		Total shareholder return (TSR) %		
		1 Jan	31 Dec	1 Jan	31 Dec	plc	Ltd	Group
2009	68.0	1,231	3,390	29.97	74.89	182.2	156.7	172.5
2008	152.0	4,392	1,231	105.65	29.97	(71.5)	(71.1)	(71.5)
2007	116.0	2,245	4,392	58.60	105.65	99.5	82.9	92.7
2006	191.5	2,193	2,245	54.42	58.60	6.2	9.2	7.5
2005	83.5	1,266	2,193	30.86	54.42	77.4	80.2	78.5

LTIP Award Results

Rio Tinto Group and product group performance during 2009, and over the performance periods of the long term incentive plans which ended on 31 December 2009, affected executives remuneration as follows:

MCCP

Plan Period	Plan period that ended 31 December 2009
Comparator Companies	Alcoa, Anglo American, Barrick Gold, BHP Billiton, Cameco, Freeport-McMoRan, Gmexico B , Newmont Mining, Peabody Energy, Teck Cominco, Vale do Rio Dolce, Xstrata
TSR Ranking	6th (44.8 per cent TSR)
% of Shares Vested	39.60 per cent of initial award (26.4 per cent of maximum) for executive directors and participants who were PGCEOs at the time of the grant and 57.1 per cent for all other plan participants based on TSR results. The Committee believes that this is consistent

with the Company s underlying performance over the four year vesting period. The vesting matrix for the 2006 award which vested in 2010 was adjusted in 2007 by the Committee to reflect industry consolidation.

SOP

Plan Period	Plan period that ended 31 December 2009
HSBC Mining Index TSR	10.20 per cent
Rio Tinto TSR	-6.20 per cent
% of shares vested	0 per cent vested based on TSR results as reviewed and approved by the Committee and were cancelled

Despite a strong share price recovery in 2009, the share price for each performance period included baseline prices from periods of very strong commodity markets that existed prior to the 2008-9 downturn therefore share options granted in 2007 did not vest and were cancelled.

MSP

Plan Period	**Plan period that ended 31 December 2009**
% of shares vested	100.00 per cent

Executive directors and PGCEOs are not eligible for awards under this plan. From 2010, MSP awards granted to Group executives will be subject to performance criteria, other than in exceptional circumstances, for example the recruitment of key talent.

Bonus and LTIP vested in respect of 2009

			Bonus		SOP (Performance Options)		MCCP (Performance Shares)		MSP (Service Awards)
Executive	% of maximum STIP awarded	% of maximum STIP forfeited	% of target STIP awarded	% vested	% forfeited	% vested	% forfeited	% vested	% forfeited
Tom Albanese	54.00	46.00	108		100	39.6	60.4	N/A	N/A
Guy Elliott	68.00	32.00	136		100	39.6	60.4	N/A	N/A
Dick Evans	54.00	46.00	108	N/A	N/A	N/A	N/A	N/A	N/A
Sam Walsh	74.00	26.00	148		100	39.6	60.4	N/A	N/A
Hugo Bague	79.00	21.00	136		100	N/A	N/A	100	N/A
Preston Chiaro	45.00	55.00	90		100	39.6	60.4	N/A	N/A
Bret Clayton	64.00	36.00	127		100	57.1	42.9	N/A	N/A
Jacynthe Côté	69.00	31.00	139	N/A	N/A	N/A	N/A	N/A	N/A
Andrew Harding	91.00	9.00	174		100	57.1	42.9	100	
Keith Johnson	35.00	65.00	122		100	39.6	60.4	N/A	N/A
Harry Kenyon-Slaney	44.00	56.00	88		100	57.1	42.9	100	
Doug Ritchie	70.50	29.50	141		100	57.1	42.9	100	
Grant Thorne	60.00	40.00	120		100	57.1	42.9	100	
Debra Valentine	68.00	32.00	139	N/A	N/A	N/A	N/A	N/A	N/A

Long term incentives granted in 2009

SOP

Options over either Rio Tinto plc or Rio Tinto Limited shares, as appropriate, were granted to each executive under the SOP on 17 March 2009. The performance condition for these awards is as outlined in the policy section above.

MCCP

A conditional award of performance shares in either Rio Tinto plc or Rio Tinto Limited shares was made to each executive under the MCCP on 17 March 2009. The performance condition for these awards is as outlined in the policy section above.

MSP

The objective of service based awards, when they are used for employees, is to enhance retention. Each year, for senior management below the Executive committee level, the Committee will determine the make-up of the long term incentive grant by employee level. Given market and industry conditions in 2009, the Committee decided to use service-based awards for a portion of each employee s award below the level of executive director and PGCEO. The awards are service-based with no performance conditions and vest subject to continuous employment, on 1 January 2012. Executive directors and PGCEOs are not eligible for service-based awards other than in relation to bonus deferrals (as occurred in 2009 for the 2008 bonus).

Other payments during 2009

This section provides information on any one-time payments made during the year which are not a core element of the remuneration package.

Retention of key talent - In 2007, at the time of the pre-conditional offer from BHP Billiton, Rio Tinto introduced a retention programme for key executives below the level of executive director and PGCEO. Retention payments under this programme were made in December 2008 and July 2009. Hugo Bague, Andrew Harding, Harry Kenyon-Slaney and Doug Ritchie received payments under this programme as detailed in Table 1. The retention

programme was put in place prior to Messrs Harding, Kenyon-Slaney and Ritchie becoming PGCEOs. Doug Ritchie received an additional award of A$835,000 in recognition of his particular contribution to the business as managing director, strategy. Of this, A$275,550 was paid in cash and A$559,450 as MSP shares as detailed in Table 1a.

Integration bonuses - As disclosed in the 2008 remuneration report, Dick Evans was eligible for a Rio Tinto Alcan integration bonus of up to 426 per cent of salary (US$6,397,500) at target and 640 per cent of salary (US$9,596,250) at maximum. The Committee determined that this bonus was justified in order to lock in the essential skills and knowledge of Dick Evans and to incentivise him to deliver synergies and accelerate the integration of Rio Tinto Alcan into the Group. The Committee has reviewed performance against the objectives set for this bonus and determined that Dick Evans should receive 71 per cent of the target reward or 301 per cent of salary (US$4,515,036). This reflects the exceptional synergy savings generated over the past two years, the strong progress in developing and appointing a successor and the organisational and cultural integration of Rio Tinto Alcan into the wider Group.

Alcan Inc long term cash plan - Consistent with its normal granting schedule, in September 2007 the human resources committee of the board of the former Alcan Inc approved the final long term incentive award made prior to Alcan Inc being acquired by Rio Tinto. To encourage retention of Alcan Inc employees, the last award did not vest at the change of control in October 2007 and was made in the form of a long term cash award that vested on 15 December 2009 subject to participants remaining in employment. Jacynthe Côté was granted an award under the 2007 Alcan long term cash plan in September 2007 and received payment of the award when it vested in December 2009 as reported in Table 1a. Dick Evans

was not eligible for a payment in December 2009. There are no further payments to be made under the 2007 Alcan long term cash plan.

One-off long term incentive grant - Upon promotion to the role of PGCEO Rio Tinto Alcan, and based on the terms of her legacy Alcan Inc. contract, Jacynthe Côté was granted a one-time conditional award of shares equal to 25 per cent of her current annual base salary to incentivise her to deliver synergy savings and to promote the effective integration of Rio Tinto Alcan from an organisational and cultural perspective. The award is subject to performance conditions which provide for 50 per cent of the award to vest on 1 February 2010 and 50 per cent on 1 February 2011 if the performance conditions are met. Effective from October 2007, Jacynthe Côté was also granted a one-off service based, special retention grant as part of her legacy Alcan Inc. arrangements on assuming the role of president and CEO Primary Metals, Rio Tinto Alcan. Forty per cent of the award vested on 25 January 2009 and 60 per cent vests on 25 October 2010. The payment made under this award is detailed in Table 1a.

Termination - As disclosed in the 2008 remuneration report, Keith Johnson s position was deemed redundant and he left the Group on 31 July 2009 after many valued years of service. Consistent with policy, Keith Johnson received a redundancy payment equal to 12 months base salary plus car allowance. This payment was in addition to the 12 months notice period provided for in his contract. In addition, Keith Johnson will be reimbursed for taxation and finance planning advice not to exceed £10,000 for 2009 and 2010. The payments are detailed in Table 1a. The payments detailed above are in line with his contract and local policy. Given Keith Johnson s many years of service and performance the Committee considers these payments appropriate.

OTHER REMUNERATION DISCLOSURES

Rio Tinto rights issue

In July 2009 the Group undertook a capital raising as discussed in the Directors report on page 160. As permitted under the rules of the Rio Tinto share plans, adjustments were made to ensure that the value of options and awards held by participants was not significantly impacted by the rights issue. These adjustments are shown in Tables 4a, 4b and 5. The adjustments reflected the plan rules and governing laws and involved the award of additional shares or options and the adjustment of the exercise price of outstanding options.

Shareholding policy for executives

The Company recognises the importance of aligning directors and executives interests with those of shareholders and they are therefore expected to build up a shareholding. The Committee has determined that executive directors should aim to reach a holding equivalent in value to two times their base salary over three years and other members of the Executive committee should aim to achieve this over five years.

Share dealing policy

Key management personnel and employee insiders are bound by the Rules for dealing in Rio Tinto securities (Rules) which are available on the Rio Tinto website. Directors and executives are required to certify that they do not hold any price sensitive information when seeking clearance to deal in Rio Tinto securities. Executives participate in long term incentive plans which involve the award of Rio Tinto securities at a future date. The board has a policy contained in the Rules prohibiting an executive from limiting his or her exposure to risk in relation to the securities. The grants of shares and options under the incentive plans are conditional upon compliance with the Rules. All employees subject to the Rules receive regular training and information.

Executives external and other appointments

Executives may be invited to become non executive directors of other companies. It is Rio Tinto s policy that such appointments can broaden their experience and knowledge, to the benefit of the Group. This policy limits each executive s external directorships to one FTSE 100 company or equivalent. Consequently, where there is no likelihood that such a directorship will give rise to a conflict of interest, the boards will normally give their consent to the appointment. The executive is permitted to retain the fees earned.

In the course of 2009 the following executives received fees from external appointments: Guy Elliott received US$124,000 (2008: US$89,000) and Sam Walsh A$120,000.00 (2008: A$10,000).

Company secretary remuneration

The executive remuneration policy applies to the company secretary of each of Rio Tinto plc and Rio Tinto Limited. They participate in the same performance- based remuneration arrangements as the executives. The individual

performance- measures for the company secretaries STIP comprise Group and individual objectives. Their personal measures reflect the key responsibilities of the company secretarial role and include ensuring compliance with regulatory requirements, oversight of good corporate governance practice and the provision of corporate secretarial services.

EXECUTIVE SERVICE CONTRACTS

All executives have service contracts that can be terminated by the Company giving 12 months notice in writing, or immediately by paying base salary only in lieu of any unexpired notice period with the following exceptions: for Debra Valentine, the Company must provide six months notice in writing and for Jacynthe Côté where the 12 months notice includes salary and target bonus opportunity in line with typical market practice in Canada and her legacy Alcan Inc. contract.

Table of Contents

If termination is a result of a redundancy, then the terms of the relevant policy would apply in the same way it would apply to other local employees. In the case of involuntary termination, Jacynthe Côté would receive 24 months salary and bonus inclusive of notice as per her entitlement in her legacy Alcan Inc. contract.

In the case of dismissal for cause, employment may be terminated by the Company without notice and without payment of any salary or compensation in lieu of notice. The annual bonus and outstanding awards under the long term incentive programme are forfeited.

The rules of the STIP and the long term incentive plans cover any entitlements participants may have on termination. If termination is due to any reason besides cause or resignation, then participants are eligible to receive a pro-rata STIP paid based on the portion of the performance period worked. Options or performance shares will vest at the normal vesting date subject to performance against the performance condition. Options or performance shares held for less than 12 months at the date of termination are reduced pro-rata. MSP awards vest pro-rata upon termination. No awards vest if a participant resigns or is terminated for cause.

Contractual entitlements to severance are not triggered by a change of control. All of the Company s share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control on a pro-rata basis, subject to the satisfaction of any performance conditions at that time.

From 1 November 2009, Grant Thorne stood down from the Executive committee and became a special adviser to undertake a knowledge transfer prior to his intended retirement on 1 November 2011. A new contract was entered into with Grant Thorne that continues his current employment conditions until his retirement on 1 November 2011.

Name	Position(s) held	Date of appointment	Notice period/ Contract end date	2010 Base salary
Executive directors				
Tom Albanese	Chief executive	1-May-07	12 months	£907,500
Guy Elliott	Chief financial officer	19-Jun-02	12 months	£675,500
Dick Evans[1]	Special adviser ED & CEO Rio Tinto Alcan	1-Feb-09 25-Oct-07	31-Dec-09	N/A
Sam Walsh	ED & CEO Iron Ore and Australia CEO Iron Ore	5-Jun-09 1-Nov-04	12 months	A$1,475,000
Other members of executive committee				

Hugo Bague	Group executive People & Organisation Support	1-Aug-07	12 months	£360,000
Preston Chiaro	Group executive Technology & Innovation CEO Energy & Minerals	1-Nov-09 15-Nov-07	12 months	US$725,000
Bret Clayton	Group executive Business Support & Operations CEO Copper & Diamonds	1-Nov-09 15-Nov-07	12 months	US$700,000
Jacynthe Côté	CEO Rio Tinto Alcan CEO Primary Metal RTA	1-Feb-09 25-Oct-07	12 months	US$825,000
Andrew Harding	CEO Copper CEO KUC	1-Nov-09 1-Nov-07	12 months	US$650,000
Keith Johnson				N/A
Harry Kenyon-Slaney	CEO Diamonds & Minerals MD RTI&T	1-Nov-09 1-Mar-07	12 months	£360,000
Doug Ritchie	CEO Energy MD Strategy	1-Nov-09 19-Nov-07	12 months	A$850,000
Grant Thorne	Special adviser Group executive Technology & Innovation	1-Nov-09 1-Jun-07	31-Oct-11	A$920,000
Debra Valentine	Group executive Legal & External Affairs	15-Jan-08	6 months	US$570,000

1.

Dick Evans was not entitled to receive any termination payment at the cessation of his contract on 31 December 2009.

CHAIRMAN AND NON EXECUTIVE DIRECTORS REMUNERATION

Remuneration policy

Chairman

The Remuneration committee determines the terms of service, including remuneration, of the chairman.

It is Rio Tinto s policy that the chairman should be remunerated on a competitive basis and at a level which reflects his contribution to the Group, as assessed by the board. The chairman is not present at any discussion regarding his own remuneration and he does not participate in the Group s incentive plans or pension arrangements. The chairman receives a fixed fee and does not receive additional payment for committee membership or overseas travel.

Non executive directors

The Chairman s committee comprising the chairman, the chief executive and the chief financial officer, annually reviews the level of non executive directors fees, including fees for committee work and overseas travel. Fees paid to non executive directors reflect their respective duties and responsibilities and the time required to be spent by them so as to make a meaningful and effective contribution to the affairs of Rio Tinto. Non executive directors receive a fixed annual fee comprising a base fee, committee membership or committee chairmanship fees, as applicable, and fees for attending meetings which involve medium or long distance air travel. Rio Tinto does not pay retirement benefits or allowances to non executive directors, nor do any of them participate in any of the Group s incentive plans.

The Chairman s committee reviewed the non executive directors fees during 2009 to take account of market and related developments and made no increase to annual base fees or committee fees. The fees are detailed in the table on page 115.

Table of Contents

Remuneration components

The table below sets out the annual fees payable to the chairman and the non executive directors in £/A$, as appropriate.

Remuneration paid during 2009

Details of each element of remuneration paid to the chairman and non executive directors during 2009 is set out in Table 1b non executive directors remuneration. No post employment, long term or termination payments were paid and no share based payments made. The total payments made to the chairman and non executive directors come within the maximum aggregate annual amount of £3 million set out in the Group s constitutional documents and which was approved by shareholders at the 2009 annual general meetings.

Shareholding policy

In 2006, the board recommended that non executive directors be encouraged to build up a shareholding within three years of their appointment equal in value to one year of the base fee. To help facilitate this, the Group put in place a non executive directors share purchase plan through which non executive directors could elect to invest a proportion of their fees net of tax on a regular basis to acquire shares on the open market. Details of non executive directors share interests in the Group are set out in Table 3 on page 120.

Letters of appointment

Non executive directors have formal letters of appointment setting out their duties and responsibilities. These letters are available for inspection at Rio Tinto plc s registered office, and at the annual general meeting. Each non executive director is appointed by the boards subject to their subsequent election and periodic re-election by shareholders as detailed on page 136. Ann Godbehere and Robert Brown were appointed with effect from 9 February 2010 and 1 April 2010 respectively and will stand for election at the 2010 annual general meetings. There are no provisions for compensation payable on termination of any non executive director s appointment.

Jim Leng was appointed as a non executive director and chairman designate on 14 January 2009. His letter of appointment provided for an annual fee upon his appointment as chairman of £650,000. In the interim period, his fee as a non executive director and chairman designate was set at 50 per cent of this amount. Jim Leng resigned from the board on 9 February 2009. No termination payments were payable and the amounts disclosed in Table 1b on page 119 reflect amounts paid for Jim Leng s services during this period.

Paul Skinner retired as chairman on 20 April 2009 and was succeeded by Jan du Plessis. Mr Skinner remained as an adviser to the board on his existing terms and conditions until 14 July 2009. The amounts shown Table 1b on page 119 reflect amounts paid to Paul Skinner until that date.

Jan du Plessis letter of appointment stipulates his duties as chairman of the Group. His appointment may be terminated without liability on the part of Rio Tinto in accordance with the constitutional documents dealing with retirement by rotation, disqualification from office or other vacation from office. Otherwise his appointment may be terminated by giving 12 months notice. The chairman receives a base fee and no additional committee, attendance or travel fees. He is provided with a car and driver for business purposes, private medical insurance and participates in the Rio Tinto Medical Expenses Plan which Group employees are eligible to join. He is also covered under the Group s accident policy. These are disclosed as benefits in Table 1 on page 119.

	As at 31 Dec 2009	As at 31 Dec 2008
Director fees		
Non executive director base fee	**£70,000/A$160,000**	£70,000/A$160,000
Chairman s fee	**£700,000**	£693,000
Senior independent director	**£35,000**	£35,000
Committee fees		
Audit committee chairman	**£30,000**	£30,000

Audit committee member	**£15,000/A$37,500**	£15,000/A$37,500
Remuneration committee chairman	**£20,000**	£20,000
Remuneration committee member	**£10,000/A$25,000**	£10,000/A$25,000
Nominations committee member	**£7,500**	£7,500
Committee on social and environmental accountability chairman	**£20,000**	£20,000
Committee on social and environmental accountability member	**£7,500/A$18,750**	£7,500/A$18,750
Overseas meeting allowances		
Long distance (flights over 10 hours per journey)	**£4,000/A$10,000**	£4,000/A$10,000
Medium distance (flights of 5-10 hours per journey)	**£2,000/A$5,000**	£2,000/A$5,000

Auditable information

Under Schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, the information included in respect of the non executive directors and the directors short term employee benefits and termination benefits in Tables 1a and 1b, and the information included in respect of the directors accrued benefits, transfer values and defined contribution pension in Table 2, Tables 4a and 4b and Table 5 are all auditable.

The Australian Securities and Investments Commission issued an order dated 27 January 2006 (and amended on 22 December 2006) under which the information included in the Remuneration report to comply with paragraph 25 of Australian Accounting Standard AASB 124 Related Party Disclosures (relating to key management personnel compensation) is also auditable. This information comprises Tables 1, (executive and non executive directors set out in Table 1a and 1b respectively), 3,

Table of Contents

4 and 5 and the disclosures provided under the headings executive remuneration and chairman and non executive director remuneration.

Annual general meetings

Shareholders will be asked to vote on this Remuneration report at the Companies 2010 annual general meetings.

By order of the board

Ben Mathews

Secretary

Remuneration committee

5 March 2010

Table of Contents

Table 1a Executives remuneration

		Short term benefits		Other cash based benefits[3]			Long term benefits			
								Value of share based awards[6]		
	Year	Base salary	Cash bonus[2]		Non monetary benefits[4]	**Total short term benefits[5]**	Other long term benefits	Deferred shares[7]	CCA[8]	MCCP
Stated in US$ '000										
Executive directors										
Tom Albanese	**2009**	**1,421**	**947**	**8**	**323**	**2,699**		**186**		**3,915**
	2008	1,664		10	329	2,003		169		(2,837)
Guy Elliott	**2009**	**1,057**	**888**	**24**	**168**	**2,137**		**122**		**2,862**
	2008	1,239		28	166	1,433		111		(2,518)
Dick Evans	**2009**	**1,500**	**5,491**		**422**	**7,413**		**505**		**4,013**
	2008	1,500	1,350		413	3,263		139		48
Sam Walsh	**2009**	**1,167**	**1,170**	**71**	**20**	**2,428**		**184**		**2,697**
	2008	1,245		77	37	1,359		163		(2,434)
Other key management personnel										
Hugo Bague	**2009**	**564**	**752**	**139**	**210**	**1,665**		**36**	**59**	**344**
	2008	663	462	107	216	1,448		32		8
Preston Chiaro	**2009**	**725**	**390**	**83**	**492**	**1,690**		**125**		**2,265**
	2008	714		21	693	1,428		110		(2,092)
Bret Clayton	**2009**	**700**	**534**		**444**	**1,678**		**34**		**1,486**
	2008	680			651	1,331		30		(698)
Jacynthe Côté	**2009**	**813**	**2,226**		**27**	**3,066**		**60**	**97**	**556**
Andrew Harding	**2009**	**421**	**596**		**298**	**1,315**		**26**	**47**	**415**
Keith Johnson	**2009**	**383**	**287**	**78**	**19**	**767**				**2,340**
	2008	774	317	24	30	1,145				(1,655)
Harry Kenyon-Slaney	**2009**	**418**	**362**	**77**	**61**	**918**		**37**	**41**	**455**

Doug Ritchie	**2009**	**581**	**986**	**23**	**2**	**1,592**	**31**	**57**	**756**
Grant Thorne	**2009**	**728**	**593**	**4**	**1**	**1,326**	**60**	**74**	**1,232**
	2008	773	178	4	1	956	52		(763)
Debra Valentine	**2009**	**570**	**468**		**543**	**1,581**	**50**	**67**	**203**
	2008	548	146		721	1,415	43		18

Notes to Table 1a

1. The total remuneration is reported in US dollars. The amounts can be converted into sterling at the rate of US$1 = £0.6389, into Australian dollars at the rate of US$1 = A$1.2637 or alternatively into Canadian dollars at the rate of US$1 = C$1.13740, each being the average exchange rate for 2009. The annual cash bonus is payable under the STIP and this may be converted at the 2009 year end exchange rate of US$1 = £0.6222 to ascertain the sterling equivalent, US$1 = A$1.1179 to calculate the Australian dollar value or alternatively, US$1=C$1.0546 to calculate the Canadian dollar value. The 2009

figures reported in this table are less than the 2008 figures due to exchange rate variation.

2. Cash bonus includes STIP and other special one-off bonuses as described in the Remuneration report on page 101 to 116. It includes a retention payment for Andrew Harding, Hugo Bague, Doug Ritchie and Harry Kenyon-Slaney. For Jacynthe Côté, it also includes the 2007 Alcan LTI payout and the COC award payment. For Doug Ritchie, it also includes a one-off recognition award cash payment.

3. Other cash based benefits include cash in lieu of a car and fuel and cash in lieu of holiday. For Hugo Bague and Harry Kenyon-Slaney, it also includes a cash supplement equal to 20 per cent of the amount by which their

Contributory Salary exceeds the Earning Cap as defined in the Rio Tinto Pension Fund. Cash in lieu of company share dividend payments is included for Hugo Bague.

4. Non monetary benefits for executives include healthcare, the provision of a car, flexible perquisites and secondment costs comprising housing, education, professional advice, tax equalisation and relocation payments made to and on behalf of executives living outside their home country. For Harry Kenyon-Slaney and Andrew Harding, it includes a 2008 tax payable that was paid by the Company in 2009. For Tom Albanese and Guy Elliott, it includes the cost of spouse travel and the value of company provided transport. Rio

Tinto provides accident cover for employee members of the Rio Tinto Pension Fund. Some of the executive directors and key management personnel are members of the Rio Tinto Pension Fund; the total premium paid in 2009 was US$7,827.

5. Total short term benefits represents the short term benefits total required by the UK Companies Act 2006 and total remuneration under the Australian Corporations Act 2001 and applicable accounting standards.
6. The value of share based awards has been determined in accordance with the recognition and measurement requirements of IFRS2 Share-based Payment . The fair value of awards granted under the Share Option Plan (SOP), the

Management Share Plan (MSP), the Bonus Deferral Plan (BDP) and the Share Savings Plan (SSP) have been calculated at their dates of grant using an independent lattice-based option valuation model provided by external consultants, Lane Clark and Peacock LLP Some of these awards will be settled in cash, rather than the transfer of shares, and so the fair value of these cash settled awards has been calculated based on Rio Tinto s share price at 31 December 2009. The fair value of awards granted under the Mining Companies Comparative Plan (the MCCP) has been calculated using a Monte Carlo valuation model based on the market price of shares and their relative TSR performance at 31 December 2009. Over 2009, the increase in Rio

Tinto s share price, has led to a significant increase in the value attached to the MCCP under the IFRS2 accounting standard. Further details of the valuation methods and assumptions used for these awards are included in note 49 (Share Based Payments) in the *2009 financial statements*. The fair value of other share based awards is measured at the purchase cost of the shares from the market. The non executive directors do not participate in the long term incentive share schemes.

7. Deferred shares represents the deferral of the 2008 bonus under STIP into Rio Tinto shares.
8. CCA (Company Contributed Awards) represents the shares provided to employees below the executive directors and PGCEO level under the 2008 bonus deferral

programme to
provide and
enhance
retention.

Table of Contents

Table 1a Executives remuneration (continued)

		Long term benefits Value of share based awards[6]			Post employment benefits[10]				
Stated in US$'000[1]	Year	MSP	SOP	Others[9]	Pension and superannuation	Other post employment benefits	Termination benefits	Total remuneration	Currency[11] of actual payment
Executive directors									
Tom Albanese	**2009**		**1,179**	**4**	**1,056**			**9,039**	**£**
	2008		1,327	5	1,443			2,110	£
Guy Elliott	**2009**		**691**	**5**	**389**			**6,206**	**£**
	2008		840	9	534			409	£
Dick Evans	**2009**		**1,838**		**342**			**14,111**	**US$/C$**
	2008		621		338			4,409	US$
Sam Walsh	**2009**		**636**		**313**			**6,258**	**A$**
	2008		718	4	327			137	A$
Other key management personnel									
Hugo Bague	**2009**	**341**	**39**	**2**	**41**			**2,527**	**£**
	2008	835	44	3	46			2,416	£
Preston Chiaro	**2009**		**550**	**1**	**218**			**4,849**	**US$**
	2008		717	2	177	8		350	US$
Bret Clayton	**2009**		**494**	**1**	**129**	**1**		**3,823**	**US$**
	2008		484	1	79	2		1,229	US$
Jacynthe Côté	**2009**	**990**	**75**		**364**	**3**		**5,211**	**US$/C$**
Andrew Harding	**2009**	**144**	**36**	**3**	**67**			**2,053**	**US$**
Keith Johnson	**2009**		**689**	**2**	**158**		**1,357**	**5,313**	**£**
	2008		551	8	384			433	£
Harry Kenyon-Slaney	**2009**	**114**	**44**	**1**	**88**			**1,698**	**£**

Doug Ritchie	**2009**	**247**	**69**	**3**	**164**		**2,919**	**A$**
Grant Thorne	**2009**	**280**	**101**	**3**	**188**		**3,264**	**A$**
	2008	125	136	3	195		704	A$
Debra Valentine	**2009**	**427**	**29**	**1**	**163**	**8**	**2,529**	**US$**
	2008	281			123	8	1,888	US$

9. Others include the Share Savings Plan and Share Ownership Plan as described in the section on other share awards on page 107.
10. The costs shown for defined benefit pension plans and post retirement medical benefits are the service costs attributable to the individual, calculated in accordance with IAS19. The cost for defined contribution plans is the amount for Dick Evans, contributed in the year by the Company. American PGCEOs enjoy a Company matching of personal contribution for shares under the 401K arrangements up to a maximum of US $14,700 for: Preston

Chiaro, Bret Clayton and Debra Valentine.

11. For Jacynthe Côté and Dick Evans, base salary is paid in US dollars. All other short term benefits received are paid in Canadian Dollars.

Table of Contents

Table 1b Non executive directors remuneration

Stated in US$'000[1]	Year	Fees	Short term benefits Other cash based benefits[2]	Non monetary benefits[3]	Total remuneration[4]	Currency of actual payment
Chairman						
Jan du Plessis	**2009**	**808**		**37**	**845**	**£**
	2008	53			53	£
Non executive directors						
Sir David Clementi	**2009**	**172**	**9**		**181**	**£**
	2008	196	7	2	205	£
Vivienne Cox	**2009**	**133**	**9**		**142**	**£**
	2008	158	7	21	186	£
Sir Rod Eddington	**2009**	**143**	**29**		**172**	**A$**
	2008	155	24	11	190	A$
Michael Fitzpatrick	**2009**	**162**	**29**		**191**	**A$**
	2008	175	24	2	201	A$
Yves Fortier	**2009**	**133**	**22**		**155**	**£**
	2008	158	26	37	221	£
Richard Goodmanson	**2009**	**157**	**13**	**6**	**176**	**£**
	2008	186	26	15	227	£
Andrew Gould	**2009**	**200**			**200**	**£**
	2008	231	11		242	£

Lord Kerr	**2009**	**168**	**9**		**177**	**£**
	2008	200	11	54	265	£
Jim Leng	**2009**	**37**		**13**	**50**	**£**
David Mayhew	**2009**	**197**			**197**	**£**
	2008	158	7	26	191	£
Paul Skinner	**2009**	**584**	**14**	**82**	**680**	**£**
	2008	1,310	31	197	1,538	£
Paul Tellier	**2009**	**149**	**22**		**171**	**£**
	2008	**177**	**22**	**41**	**240**	**£**

Notes to Table 1b

1. The total remuneration is reported in US dollars. The amounts can be converted into sterling at the rate of US$1 = £0.6389 or alternatively into Australian dollars at the rate of US$1 = A$1.2637, each being the average exchange rate for 2009. The 2009 figures reported in this table are less than the 2008 figures due to exchange rate variation.
2. The Other cash based benefits for non executive directors comprise overseas meeting allowances. The values of car and fuel allowances are included for Paul Skinner.
3. Non monetary benefits include for Jim Leng the cost of accompanied travel in 2009. For Richard Goodmanson, it includes the value of professional advice received. For Paul Skinner and Jan du Plessis, it includes the value of company provided transport and medical insurance premiums. The value of a retirement gift is also included for Paul Skinner. Rio Tinto plc provides accident cover for non executive directors; the total premium paid in 2009 was US$6,418.
4. Represents short term benefits total required under the UK Companies Act 2006 and total remuneration under Australian Corporations Act 2001 and applicable accounting standards.

Table 2 Directors pension entitlements (as at 31 December 2009)
Defined Benefit pensions

			Accrued benefits				Transfer values			
	Age	Years of service completed	At 31 Dec 2008	At 31 Dec 2009	Change in accrued benefits during the year ended 31 Dec 2009	Change in accrued Benefit net of inflation[1]	At 31 Dec 2008	At 31 Dec 2009	Change, net of personal contributi-ons	Transfer value of change in accrued Benefit net of inflation[1]
			£ 000 pa	£ 000 pa	£ 000 pa	£ 000 pa	£ 000	£ 000	£ 000	£ 000

			pension	pension	pension	pension				
UK Directors										
Tom Albanese [2, 3, 4]	52	28	286	336	50	43	2,836	4,060	1,224	692
Guy Elliott [3]	54	29	434	456	22	12	6,728	7,706	978	196
			A$ 000 lump sum	A$ 000 lump sum	A$ 000 lump sum	A$ 000 lump sum	A$ 000	A$ 000	A$ 000	A$ 000
Australian Director										
Sam Walsh	60	18	4,904	5,203	299	237	4,904	5,203	218	237

Notes to Table 2

1. Price inflation is calculated as the increase in the relevant retail or consumer price index over the year to 31 December 2009, except for Australia where a September to September change is used.
2. Tom Albanese became a director of Rio Tinto plc and Rio Tinto Limited with effect from 7 March 2006. He accrued pension benefits in the US plans for service up to 30 June 2006, and is accruing benefits under the UK fund for subsequent service.
3. The transfer value of benefits

in the UK plans is calculated in a manner consistent with Retirement Benefit Schemes Transfer Values (GN11) published by the Institute of Actuaries and the Faculty of Actuaries.

4. The transfer value of benefits in the US plans is represented by the Accumulated Benefit Obligation calculated on the accounting assumptions used for the Group s post-retirement benefits disclosures.

Table of Contents

Table 2 Directors pension entitlements (as at 31 December 2009) (continued)

Defined contribution pensions

	Age	Years of service completed	Company Contributions Year to 31 Dec 2008	Year to 31 Dec 2009
			US$ 000	US$ 000
UK Director				
Dick Evans[5]	62	2	338	342
			A$ 000	A$ 000
Australian Director				
Sam Walsh	60	18	54	59

Notes to Table 2

5. Dick Evans became a director of Rio Tinto plc and Rio Tinto Limited with effect from 25 October 2007 and has a UK unfunded Defined contribution Benefit. He also participated in the Alcan Employee Savings Plan. He ceased to be an executive director on 20 April 2009 and retired on 31 December 2009.

Table 3 Directors and executives beneficial interests in Rio Tinto shares

	Rio Tinto plc			Rio Tinto Limited			Movements		
	1 Jan 2009[1]	31 Dec 2009[2]	14 May 2010[2]	1 Jan 2009[1]	31 Dec 2009	14 May 2010[2]	Exercise of options[3]	Compensation[4]	Other[5]

Directors									
Tom Albanese [6, 7]	**57,176**	**129,438**	227,798				276,059	54,094	(159,531)
Robert Brown	**n/a**	**n/a**	2,200						2,200
Sir David Clementi	**454**	**1,024**	1,173						719
Vivienne Cox	**826**	**2,912**	2,912						2,086
Jan du Plessis		**30,000**	30,000						30,000
Sir Rod Eddington									
Guy Elliott [7]	**60,771**	**95,099**	96,384				34,431	19,795	(18,613)
Dick Evans		**40,000**	n/a						40,000
Michael Fitzpatrick				**2,100**	**6,252**	6,252			4,152
Yves Fortier		**2,697**	3,045						3,045
Ann Godbehere									
Richard Goodmanson	**2,307**	**4,990**	5,646						3,339
Andrew Gould[7]	**1,077**	**1,642**	2,642						1,565
Lord Kerr	**3,000**	**12,000**	12,000						9,000
Jim Leng			n/a						
David Mayhew	**2,500**	**3,812**	3,812						1,312
Paul Skinner	**5,795**	**9,920**	N/A						4,125
Paul Tellier		**10,396**	10,956						10,956
Sam Walsh				**43,033**	**66,950**	66,950	601	16,132	7,184
Executives									
Hugo Bague [7]	**5,950**	**16,296**	16,383					7,282	3,151
Preston Chiaro [6]	**64,849**	**79,776**	90,989				207,507	11,102	(192,469)
Bret Clayton [6]	**8,502**	**18,927**	22,470				197	7,441	6,330
Jacynthe Côté			2,760					2,760	
Andrew Harding				**5,184**	**5,184**	8,802	21,331	5,212	(22,925)
Harry Kenyon-Slaney	**15,802**	**15,818**	15,941					6,742	(6,603)
Keith Johnson	**25,330**	**25,346**	n/a					16	
Doug Ritchie				**6,825**	**6,825**	15,595	455	8,532	(217)
Grant Thorne				**7,213**	**25,016**	n/a	22,560	8,883	(13,640)
Debra Valentine			2,800						2,800

Notes to Table 3

1. Or date of appointment, if later.
2. Or date of retirement, or resignation or at date no longer a

KMP, if earlier.

3. Shares obtained through the exercise of options under the Rio Tinto Share Savings Plan or the Rio Tinto Share Option Plan. The number of shares retained may differ from the number of options exercised.
4. Shares obtained through the Rio Tinto Share Ownership Plan and / or vesting of awards under the Mining Companies Comparative Plan or Management Share Plan.
5. Share movements due to sale or purchase of shares, shares received under the Dividend Reinvestment Plan, shares purchased / sold through the Rio Tinto America Savings Plan or non executive directors share purchase plan.
6. The shareholdings of Tom Albanese, Preston Chiaro and Bret Clayton include Rio Tinto plc

ADRs held through the Rio Tinto America Savings Plan.

7. The balances at 31 December 2008 for the following individuals were understated in the 2008 Remuneration report: Tom Albanese by 97 Rio Tinto plc shares; Hugo Bague by 50 Rio Tinto plc shares; Guy Elliott by 52 Rio Tinto plc shares and Andrew Gould by 77 Rio Tinto plc shares.

Table of Contents

Table 4a Executives with awards under long term incentive plans 2009

	Conditional award granted	Market price at award	1 Jan 2009[1]	Awarded	Rights Issue adjustment or Top Up (Jul-09)	Lapsed cancelled	Vested	31 Dec 2009[2]	Performance period concludes	Date of vesting	Market price at vesting	Monetary value of vested award US$ 000
Rio Tinto plc Bonus Deferral Plan												
Tom Albanese[9]	17-Mar-09	£ 19.82		23,361	4,917			28,278	31-Dec-11			
Hugo Bague[10]	17-Mar-09	£ 19.82		1,917	403			2,320	31-Dec-10			
	17-Mar-09	£ 19.82		1,917	404			2,321	31-Dec-11			
	17-Mar-09	£ 19.82		2,248	473			2,721	31-Dec-10			
	17-Mar-09	£ 19.82		2,249	473			2,722	31-Dec-11			
Preston Chiaro[9]	17-Mar-09	£ 19.82		15,764	3,318			19,082	31-Dec-11			
Bret Clayton[9]	17-Mar-09	£ 19.82		4,320	909			5,229	31-Dec-11			
Jacynthe Côté[10] (Disclosure from 1/2/09)	17-Mar-09	£ 19.82		3,183	670			3,853	31-Dec-10			
	17-Mar-09	£ 19.82		3,183	670			3,853	31-Dec-11			
	17-Mar-09	£ 19.82		3,708	780			4,488	31-Dec-10			
	17-Mar-09	£ 19.82		3,709	781			4,490	31-Dec-11			
Guy Elliott[9]	17-Mar-09	£ 19.82		15,402	3,242			18,644	31-Dec-11			
Dick Evans[9] (Disclosure	17-Mar-09	£ 19.82		19,925				19,925	31-Dec-11			

to 20/4/09)

Harry Kenyon-Slaney[10]	17-Mar-09	£	19.82	2,396			2,396	30-Dec-10
(Disclosure	17-Mar-09	£	19.82	2,396			2,396	30-Dec-11
from 1/11/09)	17-Mar-09	£	19.82	1,888			1,888	30-Dec-10
	17-Mar-09	£	19.82	1,888			1,888	30-Dec-11
Debra Valentine[10]	17-Mar-09	£	19.82		2,630	553	3,183	30-Dec-10
	17-Mar-09	£	19.82		2,630	554	3,184	30-Dec-11
	17-Mar-09	£	19.82		2,562	539	3,101	30-Dec-10
	17-Mar-09	£	19.82		2,563	539	3,102	30-Dec-11

Rio Tinto Limited Bonus Deferral Plan

Andrew Harding[10]	17-Mar-09	A$52.01	1,112			1,112	30-Dec-10
(Disclosure	17-Mar-09	A$52.01	1,113			1,113	30-Dec-11
from 1/11/09)	9-Jul-09	A$47.60	234			234	30-Dec-10
	9-Jul-09	A$47.60	234			234	30-Dec-11
	17-Mar-09	A$52.01	1,486			1,486	30-Dec-10
	17-Mar-09	A$52.01	1,486			1,486	30-Dec-11
	9-Jul-09	A$47.60	312			312	30-Dec-10
	9-Jul-09	A$47.60	313			313	30-Dec-11
Doug Ritchie[10]	17-Mar-09	A$52.01	1,368			1,368	30-Dec-10
(Disclosure	17-Mar-09	A$52.01	1,368			1,368	30-Dec-11
from 1/11/09)	9-Jul-09	A$47.60	287			287	30-Dec-10
	9-Jul-09	A$47.60	288			288	30-Dec-11
	17-Mar-09	A$52.01	1,800			1,800	30-Dec-10
	17-Mar-09	A$52.01	1,801			1,801	30-Dec-11
	9-Jul-09	A$47.60	379			379	30-Dec-10
	9-Jul-09	A$47.60	379			379	30-Dec-11
Grant Thorne[10]	17-Mar-09	A$52.01		2,591		2,591	30-Dec-10
(Disclosure	17-Mar-09	A$52.01		2,592		2,592	30-Dec-11
to 31/10/09)	9-Jul-09	A$47.60			545	545	30-Dec-10
	9-Jul-09	A$47.60			546	546	30-Dec-11
	17-Mar-09	A$52.01		2,320		2,320	30-Dec-10
	17-Mar-09	A$52.01		2,320		2,320	30-Dec-11
	9-Jul-09	A$47.60			488	488	30-Dec-10

	9-Jul-09		A$47.60			488	488	31-Dec-11
Sam Walsh[9]	17-Mar-09		A$52.01		19,022		19,022	31-Dec-11
	9-Jul-09		A$47.60			4,004	4,004	31-Dec-11

Rio Tinto plc Mining Companies Comparative Plan

Tom Albanese	7-Mar-06	£	26.30	45,007		9,473	54,480	31-Dec-09
	13-Mar-07	£	26.81	44,124		9,288	53,412	31-Dec-10
	10-Mar-08	£	52.58	49,040		10,322	59,362	31-Dec-11
	17-Mar-09	£	19.82		39,669	8,350	48,019	31-Dec-12
Hugo Bague	13-Mar-07	£	26.81	6,035		1,270	7,305	31-Dec-10
	10-Mar-08	£	52.58	11,672		2,456	14,128	31-Dec-11
Preston Chiaro	7-Mar-06	£	26.30	34,182		7,195	41,377	31-Dec-09
	13-Mar-07	£	26.81	25,679		5,405	31,084	31-Dec-10
	10-Mar-08	£	52.58	19,569		4,119	23,688	31-Dec-11
	17-Mar-09	£	19.82		17,269	3,635	20,904	31-Dec-12
Bret Clayton	7-Mar-06	£	26.30	10,767		2,266	13,033	31-Dec-09
	13-Mar-07	£	26.81	22,566		4,750	27,316	31-Dec-10
	10-Mar-08	£	52.58	18,894		3,977	22,871	31-Dec-11
	17-Mar-09	£	19.82		16,673	3,509	20,182	31-Dec-12
Jacynthe Côté (Disclosure from 1/2/09)	10-Mar-08	£	52.58	18,422		3,877	22,299	31-Dec-11
	17-Mar-09	£	19.82		19,651	4,136	23,787	31-Dec-12
Guy Elliott	7-Mar-06	£	26.30	40,670		8,561	49,231	31-Dec-09
	13-Mar-07	£	26.81	30,837		6,491	37,328	31-Dec-10
	10-Mar-08	£	52.58	25,552		5,378	30,930	31-Dec-11
	17-Mar-09	£	19.82		29,528	6,215	35,743	31-Dec-12

Dick Evans	10-Mar-08	£	52.58	40,489			40,489	31-Dec-11
(Disclosure	17-Mar-09	£	19.82		35,729		35,729	31-Dec-12
to 20/4/09)								
Keith Johnson	7-Mar-06	£	26.30	26,508			26,508	31-Dec-09
(Disclosure	13-Mar-07	£	26.81	19,805			19,805	31-Dec-10
to 1/2/09)	10-Mar-08	£	52.58	15,887			15,887	31-Dec-11
Harry Kenyon-Slaney	7-Mar-06	£	26.30	6,028			6,028	31-Dec-09
(Disclosure	13-Mar-07	£	26.81	8,514			8,514	31-Dec-10
from 1/11/09)	10-Mar-08	£	52.58	7,210			7,210	31-Dec-11
Debra Valentine	10-Mar-08	£	52.58	11,539		2,428	13,967	31-Dec-11

Table of Contents

Table 4a Executives with awards under long term incentive plans 2009 (continued)

	Conditional award granted	Market price at award	1 Jan 2009[1]	Awarded	Rights issue adjustment or Top Up (Jul-09)	Lapsed/ cancelled	Vested	31 Dec 2009[2]	Performance period concludes	Date of vesting	Market price at vesting	Monetary value of vested award US$ 000
Rio Tinto Limited Mining Companies Comparative Plan												
Andrew Harding	7-Mar-06	A$69.60	5,253					5,253	31-Dec-09			
(Disclosure	9-Jul-09	A$47.60	1,105					1,105	31-Dec-09			
from 1/11/09)	13-Mar-07	A$74.50	3,777					3,777	31-Dec-10			
	9-Jul-09	A$47.60	795					795	31-Dec-10			
	10-Mar-08	A$126.48	6,485					6,485	31-Dec-11			
	9-Jul-09	A$47.60	1,365					1,365	31-Dec-11			
Doug Ritchie	7-Mar-06	A$69.60	7,308					7,308	31-Dec-09			
(Disclosure	9-Jul-09	A$47.60	1,538					1,538	31-Dec-09			
from 1/11/09)	13-Mar-07	A$74.50	10,200					10,200	31-Dec-10			
	9-Jul-09	A$47.60	2,147					2,147	31-Dec-10			
	10-Mar-08	A$126.48	8,691					8,691	31-Dec-11			
	9-Jul-09	A$47.60	1,829					1,829	31-Dec-11			
Grant Thorne	7-Mar-06	A$69.60	14,568					14,568	31-Dec-09			
(Disclosure	9-Jul-09	A$47.60			3,066			3,066	31-Dec-09			
to 31/10/09)	13-Mar-07	A$74.50	13,037					13,037	31-Dec-10			
	9-Jul-09	A$47.60			2,744			2,744	31-Dec-10			
	10-Mar-08	A$126.48	16,658					16,658	31-Dec-11			
	9-Jul-09	A$47.60			3,506			3,506	31-Dec-11			
Sam Walsh	7-Mar-06	A$69.60	33,655					33,655	31-Dec-09			
	9-Jul-09	A$47.60			7,084			7,084	31-Dec-09			
	13-Mar-07	A$74.50	25,103					25,103	31-Dec-10			
	9-Jul-09	A$47.60			5,284			5,284	31-Dec-10			
	10-Mar-08	A$126.48	21,366					21,366	31-Dec-11			

	9-Jul-09		A$47.60			4,497		4,497	31-Dec-11			
	17-Mar-09		A$52.01		26,670			26,670	31-Dec-12			
	9-Jul-09		A$47.60			5,614		5,614	31-Dec-12			

Rio Tinto plc Management Share Plan

Hugo Bague	9-Sep-07	£	35.94	10,000		2,105	12,105		31-Jul-09	9-Aug-09	26.10	495
	10-Mar-08	£	52.58	1,509		317		1,826	31-Dec-10			
	17-Mar-09	£	19.82		13,853	2,916		16,769	31-Dec-11			
Jacynthe Côté	10-Mar-08	£	52.58	6,028		1,268		7,296	23-Oct-10			
(Disclosure	17-Mar-09	£	19.82		4,513	949		5,462	1-Feb-10			
from 1/2/09)	17-Mar-09	£	19.82		4,513	950		5,463	1-Feb-11			
Harry Kenyon-Slaney	13-Mar-07	£	26.81	3,026				3,026	31-Dec-09			
(Disclosure	10-Mar-08	£	52.58	932				932	31-Dec-10			
from 1/11/09)	17-Mar-09	£	19.82	7,403				7,403	31-Dec-11			
Debra Valentine	10-Mar-08	£	52.58	1,504		316		1,820	31-Dec-10			
	10-Mar-08	£	52.58	5,000		1,052		6,052	1-Jan-11			
	10-Mar-08	£	52.58	5,000		1,053		6,053	1-Jan-12			
	17-Mar-09	£	19.82		15,785	3,322		19,107	31-Dec-11			

Rio Tinto Limited Management Share Plan

Andrew Harding	13-Mar-07		A$74.50	1,250				1,250	31-Dec-09			
(Disclosure	9-Jul-09		A$47.60	263				263	31-Dec-09			
from 1/11/09)	10-Mar-08		A$126.48	837				837	31-Dec-10			
	9-Jul-09		A$47.60	176				176	31-Dec-10			
	17-Mar-09		A$52.01	8,490				8,490	31-Dec-11			
	9-Jul-09		A$47.60	1,787				1,787	31-Dec-11			
Doug Ritchie	13-Mar-07		A$74.50	2,750				2,750	31-Dec-09			
(Disclosure	9-Jul-09		A$47.60	578				578	31-Dec-09			
from 1/11/09)	10-Mar-08		A$126.48	1,252				1,252	31-Dec-10			

	9-Jul-09	A$47.60	263			263	31-Dec-10
	17-Mar-09	A$52.01	8,572			8,572	31-Dec-11
	9-Jul-09	A$47.60	1,804			1,804	31-Dec-11
	14-Sep-09	A$58.05	9,879			9,879	31-Dec-11
Grant Thorne	13-Mar-07	A$74.50	2,750			2,750	31-Dec-09
(Disclosure	9-Jul-09	A$47.60			578	578	31-Dec-09
to 31/10/09)	10-Mar-08	A$126.48	2,056			2,056	31-Dec-10
	9-Jul-09	A$47.60			432	432	31-Dec-10
	17-Mar-09	A$52.01		14,293		14,293	31-Dec-11
	9-Jul-09	A$47.60			3,008	3,008	31-Dec-11

Notes to Tables 4a and 4b

1. Or at date of appointment, if later. Balances relate to awards granted for service prior to being designated a KMP for remuneration report disclosure purposes.
2. Or at date of resignation, or at date no longer a KMP, if earlier.
3. Awards denominated in pounds sterling were for Rio Tinto plc ordinary shares of 10p each and awards denominated in Australian dollars were for Rio Tinto Limited shares.
4. The weighted fair value per share of conditional awards granted in 2009 was as follows: Bonus Deferral Plan was £17.32 (adjusted for rights issue) for Rio Tinto plc and A$41.75 (adjusted for rights issue) for Rio Tinto Limited; Mining Companies Comparative Plan was £13.56 (adjusted for rights issue) for Rio Tinto plc and A$32.74 (adjusted for rights issue) for Rio Tinto Limited; Management Share Plan was £17.32 (March 2009 grant as adjusted for rights issue) and £26.17 (September 2009 grant) for Rio Tinto plc and A$41.77 (March 2009 grant as adjusted for rights issue) and A$59.15 (September 2009 grant) for Rio Tinto Limited.
5. Conditional awards are awarded at no cost to the recipient and no amount remains unpaid on any shares granted.
6. The transaction value shown is based on share price being the respective closing prices for Rio Tinto plc and Rio Tinto Limited shareson date of election.
7. The amount in US dollars has been converted from sterling at the rate of £1 = US1.5652 and Australian dollars at the rate of A$1 = US$0.7913, being the average exchange rate for 2009 used elsewhere in this Annual report.
8. For information on the rights issue please see Other remuneration disclosures in the Remuneration report.
9. 100 per cent of the 2008 bonus under STIP was deferred into Rio Tinto shares.
10. 50 per cent of the 2008 bonus under STIP was deferred into Rio Tinto shares which vests equally in 2010 and 2011. In addition, a Company Contribution Award was made which vests equally in 2010 and 2011.

Table of Contents

Table 4b Executives with awards under long term incentive plans 2010

	Conditional award granted		Market price at award	1 Jan 2010[1]	Awarded	Lapsed cancelled	Dividend shares entitlement	Vested	14 May 2010[2]	Date of vesting	Market price at vesting	Monetary value of vested award US$ 000
Rio Tinto plc Bonus Deferral Plan												
Tom Albanese[9]	17-Mar-09	£	19.82	28,278					28,278			
Hugo Bague[10]	17-Mar-09	£	19.82	2,320					2,320			
	17-Mar-09	£	19.82	2,321					2,321			
	17-Mar-09	£	19.82	2,721					2,721			
	17-Mar-09	£	19.82	2,722					2,722			
Preston Chiaro[9]	17-Mar-09	£	19.82	19,082					19,082			
Bret Clayton[9]	17-Mar-09	£	19.82	5,229					5,229			
Jacynthe Côté[10]	17-Mar-09	£	19.82	3,853					3,853			
	17-Mar-09	£	19.82	3,853					3,853			
	17-Mar-09	£	19.82	4,488					4,488			
	17-Mar-09	£	19.82	4,490					4,490			
Guy Elliott[9]	17-Mar-09	£	19.82	18,644					18,644			
Harry Kenyon-Slaney[10]	17-Mar-09	£	19.82	2,396					2,396			
	17-Mar-09	£	19.82	2,396					2,396			
	17-Mar-09	£	19.82	1,888					1,888			
	17-Mar-09	£	19.82	1,888					1,888			
Debra Valentine[10]	17-Mar-09	£	19.82	3,183					3,183			
	17-Mar-09	£	19.82	3,184					3,184			
	17-Mar-09	£	19.82	3,101					3,101			
	17-Mar-09	£	19.82	3,102					3,102			

Rio Tinto Limited Bonus Deferral Plan

Andrew Harding[10]	17-Mar-09	A$52.01	1,112	1,112
	17-Mar-09	A$52.01	1,113	1,113
	9-Jul-09	A$47.60	234	234
	9-Jul-09	A$47.60	234	234
	17-Mar-09	A$52.01	1,486	1,486
	17-Mar-09	A$52.01	1,486	1,486
	9-Jul-09	A$47.60	312	312
	9-Jul-09	A$47.60	313	313
Doug Ritchie[10]	17-Mar-09	A$52.01	1,368	1,368
	17-Mar-09	A$52.01	1,368	1,368
	9-Jul-09	A$47.60	287	287
	9-Jul-09	A$47.60	288	288
	17-Mar-09	A$52.01	1,800	1,800
	17-Mar-09	A$52.01	1,801	1,801
	9-Jul-09	A$47.60	379	379
	9-Jul-09	A$47.60	379	379
Sam Walsh[9]	17-Mar-09	A$52.01	19,022	19,022
	9-Jul-09	A$47.60	4,004	4,004

Table 4b Executives with awards under long term incentive plans 2010 (continued)

	Conditional award granted	Market price at award	1 Jan 2010[1]	Awarded	Lapsed/cancelled	Dividend shares entitlement	Vested	14 May 2010[2]	Date of vesting	Market price at vesting	Monetary value of vested award US$ 000
Rio Tinto plc Mining Companies Comparative Plan											
Tom Albanese	7-Mar-06	£ 26.30	54,480		32,906		21,574		3-Mar-10	£ 36.410	1,229
	13-Mar-07	£ 26.81	53,412					53,412			
	10-Mar-08	£ 52.58	59,362					59,362			
	17-Mar-09	£ 19.82	48,019					48,019			
	22-Mar-10	£ 37.30		79,486				79,486			
Hugo Bague	13-Mar-07	£ 26.81	7,305					7,305			
	10-Mar-08	£ 52.58	14,128					14,128			
	22-Mar-10	£ 37.30		31,531				31,531			
Preston Chiaro	7-Mar-06	£ 26.30	41,377		24,992		16,385		24-Feb-10	£ 33.625	862
	13-Mar-07	£ 26.81	31,084					31,084			
	10-Mar-08	£ 52.58	23,688					23,688			
	17-Mar-09	£ 19.82	20,904					20,904			
	22-Mar-10	£ 37.30		40,559				40,559			
Bret Clayton	7-Mar-06	£ 26.30	13,033		5,592		7,441		15-Feb-10	£ 32.750	381
	13-Mar-07	£ 26.81	27,316					27,316			
	10-Mar-08	£ 52.58	22,871					22,871			
	17-Mar-09	£ 19.82	20,182					20,182			
	22-Mar-10	£ 37.30		39,160				39,160			
Jacynthe Côté	10-Mar-08	£ 52.58	22,299					22,299			
	17-Mar-09	£ 19.82	23,787					23,787			
	22-Mar-10	£ 37.30		46,153				46,153			
Guy Elliott	7-Mar-06	£ 26.30	49,231		29,736		19,495		1-Mar-10	£ 34.685	1,058
	13-Mar-07	£ 26.81	37,328					37,328			
	10-Mar-08	£ 52.58	30,930					30,930			

	17-Mar-09	£ 19.82	35,743				35,743			
	22-Mar-10	£ 37.30		59,166			59,166			
Harry Kenyon-Slaney	7-Mar-06	£ 26.30	6,028		2,587	3,441		18-Feb-10	£ 34.410	185
	13-Mar-07	£ 26.81	8,514				8,514			
	10-Mar-08	£ 52.58	7,210				7,210			
	22-Mar-10	£ 37.30		31,531			31,531			
Debra Valentine	10-Mar-08	£ 52.58	13,967				13,967			
	22-Mar-10	£ 37.30		31,887			31,887			

Rio Tinto Limited Mining Companies Comparative Plan

Andrew Harding	7-Mar-06	A$69.60	5,253		2,254	2,999		22-Feb-10	A$72.510	172
	9-Jul-09	A$47.60	1,105		475	630		22-Feb-10	A$72.510	36
	13-Mar-07	A$74.50	3,777				3,777			
	9-Jul-09	A$47.60	795				795			
	10-Mar-08	A$126.48	6,485				6,485			
	9-Jul-09	A$47.60	1,365				1,365			
	22-Mar-10	A$75.03		31,064			31,064			
Doug Ritchie	7-Mar-06	A$69.60	7,308		3,136	4,172		12-Mar-10	A$75.960	250
	9-Jul-09	A$47.60	1,538		660	878		12-Mar-10	A$75.960	52
	13-Mar-07	A$74.50	10,200				10,200			
	9-Jul-09	A$47.60	2,147				2,147			
	10-Mar-08	A$126.48	8,691				8,691			
	9-Jul-09	A$47.60	1,829				1,829			
	22-Mar-10	A$75.03		32,180			32,180			
Sam Walsh	7-Mar-06	A$69.60	33,655		20,328	13,327		19-Feb-10	A$71.000	749
	9-Jul-09	A$47.60	7,084		4,279	2,805		19-Feb-10	A$71.000	158
	13-Mar-07	A$74.50	25,103				25,103			
	9-Jul-09	A$47.60	5,284				5,284			
	10-Mar-08	A$126.48	21,366				21,366			
	9-Jul-09	A$47.60	4,497				4,497			
	17-Mar-09	A$52.01	26,670				26,670			
	9-Jul-09	A$47.60	5,614				5,614			
	22-Mar-10	A$75.03		55,842			55,842			

Table of Contents

Table 4b Executives with awards under long term incentive plans 2010

	Conditional award granted	Market price at award	1 Jan 2010[1]	Awarded	Lapsed cancelled	Dividend shares entitlement	Vested	14 May 2010[2]	Date of vesting	Market price at vesting	Monetary value of vested award US$ 000
Rio Tinto plc Management Share Plan											
Hugo Bague	10-Mar-08	£ 52.58	1,826					1,826			
	17-Mar-09	£ 19.82	16,769					16,769			
Jacynthe Côté	10-Mar-08	£ 52.58	7,296					7,296			
	17-Mar-09	£ 19.82	5,462				5,462		26-Feb-10	£ 33.640	288
	17-Mar-09	£ 19.82	5,463					5,463			
Harry Kenyon-Slaney	13-Mar-07	£ 26.81	3,026			136	3,162		18-Feb-10	£ 34.410	170
	10-Mar-08	£ 52.58	932					932			
	17-Mar-09	£ 19.82	7,403					7,403			
Debra Valentine	10-Mar-08	£ 52.58	1,820					1,820			
	10-Mar-08	£ 52.58	6,052					6,052			
	10-Mar-08	£ 52.58	6,053					6,053			
	17-Mar-09	£ 19.82	19,107					19,107			
Rio Tinto Limited Management Share Plan											
Andrew Harding	13-Mar-07	A$74.50	1,250			70	1,320		22-Feb-10	A$72.510	76
	9-Jul-09	A$47.60	263				263		22-Feb-10	A$72.510	15
	10-Mar-08	A$126.48	837					837			
	9-Jul-09	A$47.60	176					176			
	17-Mar-09	A$52.01	8,490					8,490			
	9-Jul-09	A$47.60	1,787					1,787			

Doug Ritchie	13-Mar-07	A$74.50	2,750	154	2,904		1-Mar-10	A$71.400	164
	9-Jul-09	A$47.60	578		578		1-Mar-10	A$71.400	33
	10-Mar-08	A$126.48	1,252			1,252			
	9-Jul-09	A$47.60	263			263			
	17-Mar-09	A$52.01	8,572			8,572			
	9-Jul-09	A$47.60	1,804			1,804			
	14-Sep-09	A$58.05	9,879			9,879			

Table of Contents

Table 5a Executives holding options to acquire Rio Tinto plc and Rio Tinto Limited shares 2009

	Date of grant	1 Jan 2009[1]	Granted	Vested during 2009	Exercised	Lapsed/ cancelled	Rights issue adjustment (Jul-09)
Rio Tinto plc Share Savings Plan							
Tom Albanese	6-Oct-06	791					166
Hugo Bague	17-Oct-08	238					50
	20-Oct-09		84				
Preston Chiaro	6-Oct-06	298		298	298		
	17-Oct-08	304					63
Bret Clayton	5-Oct-07	163					34
Guy Elliott	7-Oct-03	1,431		1,431	1,431		
	17-Oct-08	520					109
Keith Johnson (Disclosure to 1/2/09)	6-Oct-06	456					
Harry Kenyon-Slaney (Disclosure from 1/11/09)	5-Oct-07	280					
	20-Oct-09	434					
Debra Valentine	17-Oct-08	304					63
Rio Tinto plc Share Option Plan							
Tom Albanese	6-Mar-01	102,718					21,622
	13-Mar-02	125,336					26,383

	7-Mar-03	139,165			29,294
	22-Apr-04	84,020		84,020	17,686
	9-Mar-05	83,926			17,666
	7-Mar-06	67,511		67,511	14,211
	13-Mar-07	66,186			13,931
	10-Mar-08	73,561			15,484
	17-Mar-09		59,504		12,525
Hugo Bague	9-Sep-07	8,835			1,858
	17-Mar-09		12,982		2,732
Preston Chiaro	7-Mar-03	37,160			7,822
	22-Apr-04	70,490		70,490	14,838
	9-Mar-05	63,527			13,372
	7-Mar-06	51,274		51,274	10,793
	13-Mar-07	38,519			8,108
	10-Mar-08	29,354			6,179
	17-Mar-09		25,903		5,452
Bret Clayton	22-Apr-04	13,315		13,315	2,802
	9-Mar-05	11,539			2,428
	7-Mar-06	10,767		10,767	2,266
	13-Mar-07	33,850			7,125
	10-Mar-08	28,342			5,965
	17-Mar-09		25,010		5,264
Jacynthe Côté (Disclosure from 1/2/09)	17-Mar-09		29,476		6,204
Guy Elliott	13-Mar-02	61,703			12,988
	7-Mar-03	97,387			20,499
	22-Apr-04	73,700		73,700	15,513
	9-Mar-05	72,972			15,360
	7-Mar-06	58,100		58,100	12,230
	13-Mar-07	44,052			9,272
	10-Mar-08	36,503			7,683
	17-Mar-09		44,292		9,323
Dick Evans (Disclosure to 20/4/09)	10-Mar-08	60,733			
	17-Mar-09		53,594		
Keith Johnson (Disclosure to 1/2/09)	22-Apr-04	43,500			

	9-Mar-05	47,937		
	7-Mar-06	37,869		
	13-Mar-07	28,294		
	10-Mar-08	22,696		
Harry Kenyon-Slaney (Disclosure from 1/11/09)	13-Mar-07	9,103		
	17-Mar-09	6,938		
Debra Valentine	17-Mar-09		11,201	2,357

Table of Contents

Table 5a Executives holding options to acquire Rio Tinto plc and Rio Tinto Limited shares 2009 (continued)

	Vested and exercisable on 31 Dec 2009[2]	31 Dec 2009[2]	Pre rights issue option price	Post rights issue option price	Value options exercised during 2009[7]	Market price on date of exercise	Date from which first exercisable	Expiry date
Rio Tinto plc Share Savings Plan								
Tom Albanese		957	£ 20.68	£ 17.084			1-Jan-12	1-Jul-12
Hugo Bague		288	£ 32.17	£ 26.576			1-Jan-12	1-Jul-12
		84	N/A	£ 21.480			1-Jan-13	1-Jul-13
Preston Chiaro			£ 20.88	N/A	(£1,054.92)	£ 17.34	1-Jan-09	17-Jan-09
		367	£ 20.50	£ 16.935			1-Jan-11	17-Jan-11
Bret Clayton		197	£ 35.57	£ 29.385			1-Jan-10	16-Jan-10
Guy Elliott			£ 11.07	N/A	£ 11,118.87	£ 18.84	1-Jan-09	1-Jul-09
		629	£ 32.17	£ 26.576			1-Jan-14	1-Jul-14
Keith Johnson (Disclosure to 1/2/09)		456	£ 20.68	N/A			1-Aug-09	1-Feb-10
Harry Kenyon-Slaney (Disclosure from 1/11/09)		280	N/A	£ 23.850			1-Jan-13	1-Jul-13
		434	N/A	£ 21.480			1-Jan-15	1-Jul-15
Debra Valentine		367	£ 20.50	£ 16.935			1-Jan-11	18-Jan-11
Rio Tinto plc Share Option Plan								

Tom						
Albanese	124,340	124,340	£ 12.656	£ 10.455	6-Mar-04	6-Mar-11
	151,719	151,719	£ 14.586	£ 12.050	13-Mar-05	13-Mar-12
	168,459	168,459	£ 12.630	£ 10.434	7-Mar-06	7-Mar-13
	101,706	101,706	£ 13.290	£ 10.979	22-Apr-07	22-Apr-14
	101,592	101,592	£ 18.262	£ 15.086	9-Mar-08	9-Mar-15
	81,722	81,722	£ 27.112	£ 22.397	7-Mar-09	7-Mar-16
		80,117	£ 27.012	£ 22.315	13-Mar-10	13-Mar-17
		89,045	£ 57.232	£ 47.280	10-Mar-11	10-Mar-18
		72,029	£ 20.010	£ 16.530	17-Mar-12	17-Mar-19
Hugo						
Bague		10,693	£ 34.506	£ 28.506	9-Sep-10	9-Sep-17
		15,714	£ 20.010	£ 16.530	17-Mar-12	17-Mar-19
Preston						
Chiaro	44,982	44,982	£ 12.630	£ 10.434	7-Mar-06	7-Mar-13
	85,328	85,328	£ 13.290	£ 10.979	22-Apr-07	22-Apr-14
	76,899	76,899	£ 18.262	£ 15.086	9-Mar-08	9-Mar-15
	62,067	62,067	£ 27.112	£ 22.397	7-Mar-09	7-Mar-16
		46,627	£ 27.012	£ 22.315	13-Mar-10	13-Mar-17
		35,533	£ 57.232	£ 47.280	10-Mar-11	10-Mar-18
		31,355	£ 20.010	£ 16.530	17-Mar-12	17-Mar-19
Bret						
Clayton	16,117	16,117	£ 13.290	£ 10.979	22-Apr-07	22-Apr-14
	13,967	13,967	£ 18.262	£ 15.086	9-Mar-08	9-Mar-15
	13,033	13,033	£ 27.112	£ 22.397	7-Mar-09	7-Mar-16
		40,975	£ 27.012	£ 22.315	13-Mar-10	13-Mar-17
		34,307	£ 57.232	£ 47.280	10-Mar-11	10-Mar-18
		30,274	£ 20.010	£ 16.530	17-Mar-12	17-Mar-19
Jacynthe						
Côté (Disclosure						
from 1/2/09)		35,680	£ 20.010	£ 16.530	17-Mar-12	17-Mar-19
Guy						
Elliott	74,691	74,691	£ 14.586	£ 12.050	13-Mar-05	13-Mar-12
	117,886	117,886	£ 12.630	£ 10.434	7-Mar-06	7-Mar-13
	89,213	89,213	£ 13.290	£ 10.979	22-Apr-07	22-Apr-14
	88,332	88,332	£ 18.262	£ 15.086	9-Mar-08	9-Mar-15
	70,330	70,330	£ 27.112	£ 22.397	7-Mar-09	7-Mar-16
		53,324	£ 27.012	£ 22.315	13-Mar-10	13-Mar-17
		44,186	£ 57.232	£ 47.280	10-Mar-11	10-Mar-18
		53,615	£ 20.010	£ 16.530	17-Mar-12	17-Mar-19
Dick						
Evans (Disclosure						
to 20/4/09)		60,733	£ 57.232	N/A	10-Mar-11	10-Mar-18
		53,594	£ 20.010	N/A	17-Mar-12	17-Mar-19

Keith Johnson (Disclosure to 1/2/09)		43,500	£ 13.290	N/A	22-Apr-09	31-Jul-10
	47,937	47,937	£ 18.262	N/A	9-Mar-08	31-Jul-10
		37,869	£ 27.112	N/A	7-Mar-09	31-Jul-10
		28,294	£ 27.012	N/A	13-Mar-10	13-Mar-11
		22,696	£ 57.232	N/A	10-Mar-10	10-Mar-12
Harry Kenyon-Slaney (Disclosure from 1/11/09)		9,103	N/A	£ 22.315	13-Mar-10	13-Mar-17
		6,938	N/A	£ 16.530	17-Mar-12	17-Mar-19
Debra Valentine		13,558	£ 20.010	£ 16.530	17-Mar-12	17-Mar-19

Table of Contents

Table 5a Executives holding options to acquire Rio Tinto plc and Rio Tinto Limited shares 2009 (continued)

	Date of grant	1 Jan 2009[1]	Granted	Vested during 2009	Exercised	Lapsed/ cancelled	Rights issue adjustment (Jul-09)
Rio Tinto Limited Share Savings Plan							
Andrew Harding (Disclosure from 1/11/09)	6-Oct-06	455					N/A
	20-Oct-09	723					N/A
Doug Ritchie (Disclosure from 1/11/09)	6-Oct-06	455					N/A
	20-Oct-09	422					N/A
Grant Thorne (Disclosure to 31/10/09)	05-Oct-07	567					N/A
Sam Walsh	7-Oct-05	601		601	601		N/A
	17-Oct-08	505					N/A
	20-Oct-09		125				N/A
Rio Tinto Limited Share Option Plan							
Andrew Harding (Disclosure from 1/11/09)	13-Mar-02	2,894					N/A
	7-Mar-03	9,383					N/A
	22-Apr-04	1,526					N/A
	9-Mar-05	2,275					N/A
	7-Mar-06	5,253					N/A
	13-Mar-07	3,777					N/A
	17-Mar-09	6,268					N/A
Doug Ritchie (Disclosure from 1/11/09)	7-Mar-06	7,308					N/A
	13-Mar-07	10,200					N/A
	17-Mar-09	8,230					N/A

Grant Thorne (Disclosure to 31/10/09)	13-Mar-02	939			939	N/A
	7-Mar-03	11,159			11,159	N/A
	22-Apr-04	10,462		10,462	10,462	N/A
	9-Mar-05	10,665				N/A
	7-Mar-06	14,568		14,568		N/A
	13-Mar-07	13,037				N/A
	17-Mar-09		13,724			N/A
Sam Walsh	22-Apr-04	54,400		54,400		N/A
	9-Mar-05	58,823				N/A
	7-Mar-06	48,079		48,079		N/A
	13-Mar-07	35,861				N/A
	10-Mar-08	30,523				N/A
	17-Mar-09		40,005			N/A

Notes to Table 5

1. Or at date of appointment, if later. Balances relate to awards granted for service prior to being designated a KMP for Remuneration report disclosure purposes.

2. Or at date of resignation, or at date no longer a KMP, if earlier.

3. All options granted over ordinary shares. Rio Tinto plc ordinary shares of 10p each stated in sterling; Rio Tinto Limited shares stated in Australian dollars. Each option is granted over one share.

4. The closing price of Rio Tinto plc ordinary shares at 31 December 2009 was £33.90 (2008: £14.90) and the closing price of Rio Tinto Limited shares at 31 December 2009 was A$74.89 (2008: A$133.50). The adjusted high and low prices during 2009 of Rio Tinto plc and Rio Tinto Limited shares were £34.20 and £11.40 and A$74.89 and A$29.38 respectively.

5. The option prices represents the exercise price payable on the options. No amounts are unpaid on any shares allocated on the exercise of options.

6. The weighted fair value per option granted in 2009 was as follows: Rio Tinto plc Share Savings Plan two year contract £7.96; three year contract £9.70; four year contract £9.30 and five year contract

£9.28; Rio Tinto Limited Share Savings Plan three year contract A$21.09 and five year contract A$20.63. Rio Tinto plc Share Option Plan £5.47 (March 2009 grant as adjusted for the rights issue) and £8.29 (September 2009 grant); Rio Tinto Limited Share Option Plan A$13.36 (March 2009 grant as adjusted for the rights issue).

7. The value of options exercised during 2009 is calculated by multiplying the number of options exercised by the difference between the market price and the option price on date of exercise.

8. For information on the rights issue please see Other remuneration disclosures on page 113.

Table 5a Executives holding options to acquire Rio Tinto plc and Rio Tinto Limited shares 2009 (continued)

	Vested and exercisable on 31 Dec 2009[2]	31 Dec 2009[2]	Pre rights issue option price	Post rights issue option price	Value of options exercised during 2009[7]	Market price on date of exercise	Date from which first exercisable	Expiry date
Rio Tinto Limited Share Savings Plan								
Andrew Harding (Disclosure from 1/11/09)		455	A$56.80	A$40.691			1-Jan-10	1-Jul-10
		723	N/A	A$48.730			1-Jan-15	1-Jul-15
Doug Ritchie (Disclosure from 1/11/09)		455	A$56.80	A$40.691			1-Jan-10	1-Jul-10
		422	N/A	A$48.730			1-Jan-15	1-Jul-15
Grant Thorne (Disclosure to 31/10/09)		567	N/A	A$63.161			1-Jan-13	1-Jul-13
Sam Walsh			A$40.92	N/A	A$3,804.33	A$47.25	1-Jan-09	1-Jul-09
		505	A$82.19	A$66.081			1-Jan-14	1-Jul-14
		125	N/A	A$48.730			1-Jan-15	1-Jul-15
Rio Tinto Limited Share Option Plan								
Andrew Harding (Disclosure from 1/11/09)	2,894	2,894	N/A	A$23.762			13-Mar-05	13-Mar-12
	9,383	9,383	N/A	A$17.227			7-Mar-06	7-Mar-13
	1,526	1,526	N/A	A$18.297			22-Apr-07	22-Apr-14
	2,275	2,275	N/A	A$30.933			9-Mar-08	9-Mar-15
	5,253	5,253	N/A	A$54.951			7-Mar-09	7-Mar-16

		3,777	N/A	A$58.479			13-Mar-10	13-Mar-17
		6,268	N/A	A$33.451			17-Mar-12	17-Mar-19
Doug Ritchie (Disclosure from 1/11/09)	7,308	7,308	N/A	A$54.951			7-Mar-09	7-Mar-16
		10,200	N/A	A$58.479			13-Mar-10	13-Mar-17
		8,230	N/A	A$33.451			17-Mar-12	17-Mar-19
Grant Thorne (Disclosure to 31/10/09)			A$39.8708	A$23.762	A$33,304.45	A$59.23	13-Mar-05	13-Mar-12
			A$33.3360	A$17.227	A$468,711.48	A$59.23	7-Mar-06	7-Mar-13
			A$34.4060	A$18.297	A$428,241.05	A$59.23	22-Apr-09	22-Apr-14
	10,665	10,665	A$47.0420	A$30.933			9-Mar-08	9-Mar-15
	14,568	14,568	A$71.0600	A$54.951			7-Mar-09	7-Mar-16
		13,037	A$74.5880	A$58.479			13-Mar-10	13-Mar-17
		13,724	A$49.5600	A$33.451			17-Mar-12	17-Mar-19
Sam Walsh	54,400	54,400	A$34.4060	A$18.297			22-Apr-09	22-Apr-14
	58,823	58,823	A$47.0420	A$30.933			9-Mar-08	9-Mar-15
	48,079	48,079	A$71.0600	A$54.951			7-Mar-09	7-Mar-16
		35,861	A$74.5880	A$58.479			13-Mar-10	13-Mar-17
		30,523	A$134.1760	A$118.067			10-Mar-11	10-Mar-18
		40,005	A$49.5600	A$33.451			17-Mar-12	17-Mar-19

Table of Contents

Table 5b Executives holding options to acquire Rio Tinto plc and Rio Tinto Limited shares 2010

	Date of grant	1 Jan 2010[1]	Granted	Vested during 2010	Exercised	Lapsed/ cancelled	Vested and exercisable on 14 May 2010[2]
Rio Tinto plc Share Savings Plan							
Tom Albanese	6-Oct-06	957					
Hugo Bague	17-Oct-08	288					
	20-Oct-09	84					
Preston Chiaro	17-Oct-08	367					
Bret Clayton	5-Oct-07	197			197		
Guy Elliott	17-Oct-08	629					
Harry Kenyon-Slaney	5-Oct-07	280					
	20-Oct-09	434					
Debra Valentine	17-Oct-08	367					
Rio Tinto plc Share Option Plan							
Tom Albanese	6-Mar-01	124,340			124,340		
	13-Mar-02	151,719			151,719		
	7-Mar-03	168,459					168,459
	22-Apr-04	101,706					101,706
	9-Mar-05	101,592					101,592
	7-Mar-06	81,722					81,722
	13-Mar-07	80,117				80,117	
	10-Mar-08	89,045					
	17-Mar-09	72,029					
	22-Mar-10		119,230				

Hugo Bague	9-Sep-07	10,693				
	17-Mar-09	15,714				
	22-Mar-10		47,297			
Preston Chiaro	7-Mar-03	44,982		44,982		
	22-Apr-04	85,328		85,328		
	9-Mar-05	76,899		76,899		
	7-Mar-06	62,067				62,067
	13-Mar-07	46,627			46,627	
	10-Mar-08	35,533				
	17-Mar-09	31,355				
	22-Mar-10		60,838			
Bret Clayton	22-Apr-04	16,117				16,117
	9-Mar-05	13,967				13,967
	7-Mar-06	13,033				13,033
	13-Mar-07	40,975			40,975	
	10-Mar-08	34,307				
	17-Mar-09	30,274				
	22-Mar-10		58,740			
Jacynthe Côté	17-Mar-09	35,680				
	22-Mar-10		69,230			
Guy Elliott	13-Mar-02	74,691		33,000		41,691
	7-Mar-03	117,886				117,886
	22-Apr-04	89,213				89,213
	9-Mar-05	88,332				88,332
	7-Mar-06	70,330				70,330
	13-Mar-07	53,324			53,324	
	10-Mar-08	44,186				
	17-Mar-09	53,615				
	22-Mar-10		88,749			
Harry Kenyon-Slaney	13-Mar-07	9,103			9,103	
	17-Mar-09	6,938				
	22-Mar-10		47,297			
Debra Valentine	17-Mar-09	13,558				
	22-Mar-10		47,831			

Table of Contents

Table 5b Executives holding options to acquire Rio Tinto plc and Rio Tinto Limited shares 2010 (continued)

	14 May 2010[2]		Post rights issue option price		Value of options exercised during 2010[7]		Market price on date of exercise	Date from which first exercisable	Expiry date
Rio Tinto plc Share Savings Plan									
Tom Albanese	957	£	17.084					1-Jan-12	1-Jul-12
Hugo Bague	288	£	26.576					1-Jan-12	1-Jul-12
	84	£	21.480					1-Jan-13	1-Jul-13
Preston Chiaro	367	£	16.935					1-Jan-11	17-Jan-11
Bret Clayton		£	29.385	£	1,046.07	£	34.695	1-Jan-10	6-Jan-10
Guy Elliott	629	£	26.576					1-Jan-14	1-Jul-14
Harry Kenyon-Slaney	280	£	23.850					1-Jan-13	1-Jul-13
	434	£	21.480					1-Jan-15	1-Jul-15
Debra Valentine	367	£	16.935					1-Jan-11	18-Jan-11
Rio Tinto plc Share Option Plan									
Tom Albanese		£	10.455	£	3,227,244.70	£	36.410	6-Mar-05	6-Mar-11
		£	12.050	£	3,695,874.84	£	36.410	13-Mar-05	13-Mar-12
	168,459	£	10.434					7-Mar-06	7-Mar-13
	101,706	£	10.979					22-Apr-09	22-Apr-14
	101,592	£	15.086					9-Mar-08	9-Mar-15
	81,722	£	22.397					7-Mar-09	7-Mar-16
		£	22.315					13-Mar-10	13-Mar-17
	89,045	£	47.280					10-Mar-11	10-Mar-18
	72,029	£	16.530					17-Mar-12	17-Mar-19

	119,230	£	37.050					22-Mar-13	22-Mar-20
Hugo Bague	10,693	£	28.506					9-Sep-10	9-Sep-17
	15,714	£	16.530					17-Mar-12	17-Mar-19
	47,297	£	37.050					22-Mar-13	22-Mar-20
Preston Chiaro		£	10.434	£	972,780.73	£	32.060	7-Mar-06	7-Mar-13
		£	10.979	£	1,798,799.57	£	32.060	22-Apr-09	22-Apr-14
		£	15.086	£	1,305,283.63	£	32.060	9-Mar-08	9-Mar-15
	62,067	£	22.397					7-Mar-09	7-Mar-16
		£	22.315					13-Mar-10	13-Mar-17
	35,533	£	47.280					10-Mar-11	10-Mar-18
	31,355	£	16.530					17-Mar-12	17-Mar-19
	60,838	£	37.050					22-Mar-13	22-Mar-20
Bret Clayton	16,117	£	10.979					22-Apr-09	22-Apr-14
	13,967	£	15.086					9-Mar-08	9-Mar-15
	13,033	£	22.397					7-Mar-09	7-Mar-16
		£	22.315					13-Mar-10	13-Mar-17
	34,307	£	47.280					10-Mar-11	10-Mar-18
	30,274	£	16.530					17-Mar-12	17-Mar-19
	58,740	£	37.050					22-Mar-13	22-Mar-20
Jacynthe Côté	35,680	£	16.530					17-Mar-12	17-Mar-19
	69,230	£	37.050					22-Mar-13	22-Mar-20
Guy Elliott	41,691	£	12.050	£	845,460	£	37.67	13-Mar-05	13-Mar-12
	117,886	£	10.434					7-Mar-06	7-Mar-13
	89,213	£	10.979					22-Apr-09	22-Apr-14
	88,332	£	15.086					9-Mar-08	9-Mar-15
	70,330	£	22.397					7-Mar-09	7-Mar-16
		£	22.315					13-Mar-10	13-Mar-17
	44,186	£	47.280					10-Mar-11	10-Mar-18
	53,615	£	16.530					17-Mar-12	17-Mar-19
	88,749	£	37.050					22-Mar-13	22-Mar-20
Harry Kenyon-Slaney		£	22.315					13-Mar-10	13-Mar-17
	6,938	£	16.530					17-Mar-12	17-Mar-19
	47,297	£	37.050					22-Mar-13	22-Mar-20
Debra Valentine	13,558	£	16.530					17-Mar-12	17-Mar-19
	47,831	£	37.050					22-Mar-13	22-Mar-20

Table of Contents

Table 5b Executives holding options to acquire Rio Tinto plc and Rio Tinto Limited shares 2010 (continued)

	Date of grant	1 Jan 2010[1]	Granted	Vested during 2010	Exercised	Lapsed/ cancelled	Vested and exercisable on 14 May 2010[2]
Rio Tinto Limited Share Savings Plan							
Andrew Harding	6-Oct-06	455					455
	20-Oct-09	723					
Doug Ritchie	6-Oct-06	455			455		
	20-Oct-09	422					
Sam Walsh	17-Oct-08	505					
	20-Oct-09	125					
Rio Tinto Limited Share Option Plan							
Andrew Harding	13-Mar-02	2,894			2,894		
	7-Mar-03	9,383			9,383		
	22-Apr-04	1,526			1,526		
	9-Mar-05	2,275			2,275		
	7-Mar-06	5,253			5,253		
	13-Mar-07	3,777				3,777	
	17-Mar-09	6,268					
	22-Mar-10		46,597				
Doug Ritchie	7-Mar-06	7,308					7,308
	13-Mar-07	10,200				10,200	
	17-Mar-09	8,230					
	22-Mar-10		48,270				
Sam Walsh	22-Apr-04	54,400					54,400
	9-Mar-05	58,823					58,823
	7-Mar-06	48,079					48,079
	13-Mar-07	35,861				35,861	
	10-Mar-08	30,523					

17-Mar-09	40,005	
22-Mar-10		83,763

Table 5b Executives holding options to acquire Rio Tinto plc and Rio Tinto Limited shares 2010 (continued)

	14 May 2010[2]	Post rights issue option price	Value of options exercised during 2010[7]	Market price on date of exercise	Date from which first exercisable	Expiry date
Rio Tinto Limited Share Savings Plan						
Andrew Harding	455	A$40.691			1-Jan-10	1-Jul-10
	723	A$48.730			1-Jan-15	1-Jul-15
Doug Ritchie		A$40.691	A$14,218.30	A$71.940	1-Jan-10	1-Jul-10
	422	A$48.730			1-Jan-15	1-Jul-15
Sam Walsh	505	A$66.081			1-Jan-14	1-Jul-14
	125	A$48.730			1-Jan-15	1-Jul-15
Rio Tinto Limited Share Option Plan						
Andrew Harding		A$23.762	A$148,311.71	A$75.010	13-Mar-05	13-Mar-12
		A$17.227	A$542,177.89	A$75.010	7-Mar-06	7-Mar-13
		A$18.297	A$86,544.04	A$75.010	22-Apr-09	22-Apr-14
		A$30.933	A$100,275.18	A$75.010	9-Mar-08	9-Mar-15
		A$54.951	A$105,369,98	A$75.010	7-Mar-09	7-Mar-16
		A$58.479			13-Mar-10	13-Mar-17
	6,268	A$33.451			17-Mar-12	17-Mar-19
	46,597	A$76.150			22-Mar-13	22-Mar-20
Doug Ritchie	7,308	A$54.951			7-Mar-09	7-Mar-16
		A$58.479			13-Mar-10	13-Mar-17
	8,230	A$33.451			17-Mar-12	17-Mar-19
	48,270	A$76.150			22-Mar-13	22-Mar-20
Sam Walsh	54,400	A$18.297			22-Apr-09	22-Apr-14
	58,823	A$30.933			9-Mar-08	9-Mar-15
	48,079	A$54.951			7-Mar-09	7-Mar-16
		A$58.479			13-Mar-10	13-Mar-17
	30,523	A$118.067			10-Mar-11	10-Mar-18

40,005	A$33.451	17-Mar-12	17-Mar-19
83,763	A$76.150	22-Mar-13	22-Mar-20

Corporate Governance

The board of directors firmly believes that high standards of corporate governance form an essential underpinning to the delivery of Rio Tinto s core objective: to maximise total return to shareholders through a strategy of investing in and operating large, long term, cost competitive mines and businesses, driven not by choice of commodity but rather by the quality of each opportunity.

Rio Tinto is a dual listed company but structured as a single economic entity. It has adopted a unified approach to corporate governance to comply with the regulatory obligations associated with its three main stock exchange listings in the UK, Australia and the US.

In compiling this report, the directors have referred to The Combined Code on Corporate Governance, published by the UK Financial Reporting Council (the Code), the Australian Securities Exchange (ASX) Corporate Governance Principles and Recommendations 2nd edition (the ASX Principles), and the New York Stock Exchange (NYSE) Corporate Governance Standards (the NYSE Standards). Statements of compliance with the requirements of these codes are set out on page 141. Rio Tinto s website contains further information about the corporate governance framework.

BOARD

Rio Tinto plc and Rio Tinto Limited have a common board of directors. The board is responsible for the success of the Group and is accountable to shareholders for the performance of the business.

Membership

As of the date of this report, the board consists of 15 directors: the chairman, three executive directors and 11 non executive directors, of whom ten are deemed independent. Robert Brown was appointed as a non executive director on 9 February 2010, with effect from 1 April 2010. Bob s appointment will bring the number of board members to 16, 11 of whom are deemed independent. The names, skills and experience of each director together with their terms in office are shown in the biographical details on pages 94 to 98.

Sir David Clementi and David Mayhew have announced their intention to retire from the boards upon the conclusion of the annual general meetings. The board will then comprise 14 directors of which ten will be independent non executive directors.

Role and responsibilities

The principal role of the board is to set the Group s core objective and to regularly review its strategic direction. In doing this, the board also has responsibility for the establishment and maintenance of effective standards of corporate governance across the Group and oversees management s control and accountability framework. A formal schedule of matters specifically reserved for decision or consideration by the board as a whole has been agreed by the directors. This schedule covers areas such as the Group s strategy, major investments and acquisitions. It is available on the corporate governance section of the website.

In line with its principal role, the board is ultimately accountable to Rio Tinto s shareholders for the performance of the business. Responsibility for day to day management of the business is undertaken through delegated authority and rests with the chief executive who in turn has established an executive team, the Executive committee, with authorities delegated to individual executives within an agreed financial control framework. The board agrees annual performance targets, which include personal and business performance measures, under the Group s short term incentive plan (detailed on page 104 of the Remuneration report). These performance targets are determined by the Remuneration committee on behalf of the board for the chief executive based upon his proposals and objectives for the year. The chief executive establishes complementary targets for the other members of his Executive committee which are then cascaded throughout management teams. Further details of the process for the evaluation of the performance of the executive directors and other senior executives is discussed in the Remuneration report.

The board meets regularly in order to effectively conduct its business. In 2009, there were eight scheduled board meetings and eight board meetings convened and held at short notice. The number of meetings held in 2009 is a reflection of the considerable corporate activity of the board during the year, particularly in relation to mergers and acquisitions matters, including the proposed iron ore production joint venture and the recapitalisation of the Group s balance sheet. Details of the directors attendance at all of the board and committee meetings held in 2009 is set out on page 136.

The board has regular discussions with the executive during the year on the Group s strategy. These discussions will typically include strategy presentations that are given by product group chief executives, other members of the Executive committee or global heads of functions. The board also holds an annual two day strategy setting meeting with the Executive committee which includes broader, detailed review sessions on the Group s strategic direction. The outputs from this annual event help underpin the board s annual budget planning exercise and provide direction and focus to the executive team and to the rest of Rio Tinto s people through effective allocation of the Group s resources.

Directors receive timely, regular and appropriate management and other information to enable them to fulfil their duties. They also have direct access to the advice and services of the company secretaries. In the event that they consider it to be required in the delivery of their fiduciary duties, the directors are also able to obtain independent professional advice at the Group s expense through the company secretaries.

In addition to these formal processes, directors are in regular informal communication with members of the Executive committee and other senior executives which encourages an open and regular exchange of knowledge and experience between management and the non executive directors.

To continue building on the formal induction programmes, which all new non executive directors undertake, they are encouraged to take every opportunity to make site visits to the Group s operations around the world and to meet local employees. In 2009, directors were able to benefit in this way by visits to the Group s operations in Australia and Canada. The board also takes the opportunity to combine attendance at the annual general meeting in Australia and at the two day strategy review meeting with site visits.

Table of Contents

Chairman

The chairman meets regularly with non executive directors without the executive directors being present at meetings of the Nominations committee, the membership of which comprises the chairman and other non executive directors.

Board performance evaluation

Each year, the board undertakes a process to evaluate its effectiveness and that of the board committees and individual directors. Each non executive director s performance is appraised personally by the chairman and, in a meeting chaired by the senior independent non executive director, the non executive directors assess the chairman s performance, taking into consideration the views of executive colleagues.

For 2009, the board and board committee evaluation process was overseen by Jan du Plessis in his capacity as chairman of the board. This process was supported by the company secretary and took the form of a detailed questionnaire circulated to all members of the board. The board questionnaire invited comments on a number of key areas, including board dynamics, board capability, board process, board structure, corporate governance, strategic clarity and alignment, and the performance of individual committees and directors. The results of the questionnaire formed the basis of discussions led by the chairman with each individual director which also provided the chairman with an opportunity to provide feedback on their individual performance. Following the conclusion of this exercise, the board held a dedicated session at one of its scheduled meetings to discuss the output from its performance evaluation and to agree a number of actions. These actions, which are in the course of implementation, include practical measures to make board meetings more effective, including allowing more regular opportunities with members of the Executive committee during the year to review individual product group strategies as well as presentations by the Group s functional leaders in the areas of technology and innovation, risk management and climate change.

For the board committees, a similar questionnaire was produced in 2009 in agreement with the committee chairman and was circulated to each committee member and regular attendees. The questionnaire invited comments on a number of areas, including the role and responsibilities of the committee, its organisation and effectiveness and the qualifications of its members. The results of the questionnaires were collated and presented for discussion and debate at meetings of the Audit and Remuneration committees and the Committee on social and environmental accountability. Actions were agreed from this process, for example, the realignment of Committee meeting schedules to allow greater time to be spent on areas affecting the Group, including risk management, executive remuneration policy and dedicated sessions on local community engagement practices.

In respect of the chairman s own performance evaluation, Andrew Gould, in his capacity as senior independent director discussed and agreed with the other non executive directors that no individual performance evaluation of the chairman would be undertaken for the period since his appointment to that role on 20 April 2009. Such an evaluation will be undertaken in 2010.

Board committee membership and attendance at board and committee meetings during 2009

	Audit committee	Remuneration committee	Committee on social and environmental accountability	Nominations committee	Chairman s committee
Chairman	Sir David Clementi	Andrew Gould	Richard Goodmanson	Jan du Plessis	Jan du Plessis
Members	Vivienne Cox	Sir David Clementi	Sir Rod Eddington	All non executive directors	Tom Albanese
		Michael Fitzpatrick	Yves Fortier		Guy Elliott

Michael Fitzpatrick		
Ann Godbehere	Richard Goodmanson	Lord Kerr
Lord Kerr	Paul Tellier	
Paul Tellier		

1. Paul Skinner was chair of the Nominations committee and Chairman s committee until his retirement on 20 April 2009.

2. Upon his appointment as chairman, Jan du Plessis ceased to be a member of the Audit committee.

3. All non executive directors became members of the Nominations committee with effect from 1 January 2010.

4. David Mayhew attends the Audit committee in an advisory capacity.

5. Ann Godbehere became a member and chairman designate of the Audit

committee upon her appointment on 9 February 2010. Ann became chairman of the Audit committee at the conclusion of the 2010 annual general meetings.

Table of Contents

	Board - scheduled		Board - short notice		Audit committee		Remuneration committee		Nominations committee		Committee on social and environmental accountability		Chairman s committee	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Tom Albanese	8	8	8	8									22	17
Sir David Clementi	8	7	8	5	10	10	8	7						
Vivienne Cox	8	8	8	6	10	8								
Jan du Plessis	8	8	8	8	4	3			2	2			15	15
Sir Rod Eddington	8	8	8	7					3	3	5	5		
Guy Elliott	8	8	8	8									22	20
Dick Evans	2	2	5	4										
Michael Fitzpatrick	8	8	8	7	10	8	8	7						
Yves Fortier	8	8	8	7					3	3	5	5		
Richard Goodmanson	8	8	8	5			8	8			5	5		
Andrew Gould	8	7	8	5			8	7	3	3				
Lord Kerr	8	8	8	6	10	9					5	5		
Jim Leng	1	1	1	1									1	1
David Mayhew	8	8	8	7					3	3				
Paul Skinner	2	2	5	5					1	1			8	8
Paul Tellier	8	8	8	7	10	10	8	8						
Sam Walsh	5	5												

Notes

A = Maximum number of meetings the director could have attended. B = Number of meetings attended.

Independence

The tests of independence of a non executive director in the jurisdictions where Rio Tinto has listings are not wholly consistent. The board has therefore adopted a formal policy for the determination of the independence of its non executive directors. This policy, which includes materiality thresholds for the measurement of independence to be approved by the board, is on the corporate governance section of the website. Among the key criteria are independence from management and the absence of any business relationship which could materially interfere with the director s independence of judgement and ability to provide a strong, valuable contribution to the board s deliberations, or which could interfere with the director s ability to act in the best interest of the Group. Where contracts in the ordinary course of business exist between Rio Tinto and a company in which a director has declared an interest, these are reviewed for materiality to both the Group, and the other party to the contract. Material is defined in the policy as being where the relationship accounts for more than two per cent of either Rio Tinto s or the other parties consolidated gross revenue per annum, although the test also takes other circumstances into account. Applying these criteria, the board is satisfied that all of its non executive directors, with the exception of David Mayhew, who is chairman of JP Morgan Cazenove Limited, one of Rio Tinto plc s corporate brokers, are independent in accordance with this policy.

David Mayhew has announced his intention to retire from the board at the conclusion of the annual general meetings in 2010 following which all of the non executive directors will be independent in accordance with this policy.

Jan du Plessis, upon his original appointment to the board as a non executive director in September 2008, was deemed to be independent in accordance with the criteria set by the board s policy. At the time of his appointment as non executive chairman from 20 April 2009, the board determined that he continued to be independent under the policy. In the board s view, he continues to satisfy the tests for independence under the ASX Principles and the NYSE Standards.

Directors conflicts of interest

UK company law allows the board to authorise a situation in which there is, or may be, a conflict between the interests of Rio Tinto and the direct or indirect interests of a director or between the director s duties to Rio Tinto and to another person. In 2008, Rio Tinto shareholders approved changes to the Companies constitutions to give directors the power to authorise such conflicts. The board has adopted procedures for ensuring that its powers to authorise conflicts operate effectively. For this purpose, a register of conflicts and any authorisation granted by the board is maintained by the company secretary and regularly reviewed by the board.

Executive directors other directorships

Executive directors may on occasion be invited to become non executive directors of other companies. The board has adopted a procedure under which approval may be given to accept such invitations recognising the benefit to be derived to the individual and to Rio Tinto from such exposure. For full details see page 113.

Election and re-election

The directors may appoint additional members to join the board during the year. Directors appointed in this way will, upon the recommendation of the board, offer themselves for election by shareholders at the first annual general meetings after their appointment. Subject to that election and to satisfactory performance, directors will offer themselves for re-election at least once every three years. Non executive directors are normally expected to serve at least two terms of three years and, except in special circumstances, would not normally serve more than three such terms. The directors standing for election and re-election at the 2010 annual general meetings are set out on pages 93 to 96.

Table of Contents

Chairman and chief executive
The roles of the chairman and chief executive are separate and the division of their respective responsibilities has been formally approved by the board.

Board committees
There are five committees that have been established to assist the board in meeting its responsibilities: the Audit committee, Remuneration committee, Nominations committee, the Committee on social and environmental accountability and the Chairman s committee. Each committee plays a key role in helping the board ensure that high standards of corporate governance are maintained throughout the Group. Each committee is governed by terms of reference which are reviewed annually by the committees and the board to ensure they continue to meet requirements and to be at the forefront of best practice. The current terms of reference for each committee can be viewed in the corporate governance section of the website.

Audit committee
The primary function of the Audit committee, as set out in its terms of reference which are summarised below, is to assist the board in fulfilling its responsibilities by monitoring decisions and processes designed to ensure the integrity of financial reporting and sound systems of internal control and risk management. The scope of the Committee s responsibilities includes: financial reporting and internal controls over financial reporting; internal controls; corporate assurance; external auditors; risk management; and the whistle blowing programme.

In carrying out its responsibilities the Committee has full authority to investigate all matters that fall within its terms of reference. Accordingly, the Committee may:

Obtain independent professional advice in the satisfaction of its duties at the cost of the Group;

Have such direct access to the resources of the Group as it may reasonably require including the external and internal auditors

The Audit committee s main responsibilities include the review of accounting principles, policies and practices adopted in the preparation of public financial information, review with management of procedures relating to financial and capital expenditure controls, including internal audit plans and reports, review with external auditors of the scope and results of their audit, the nomination of auditors for appointment by shareholders, and the review of and recommendation to the board for approval of Rio Tinto s risk management policies and processes. Its responsibilities also include the review of the annual financial statements of Group sponsored pension and superannuation funds, and oversight of the whistleblowing programme.

To ensure the Committee discharges its responsibilities, it meets not less than four times per year and arranges occasional training sessions which may cover new legislation and other information relevant to the Committee s role. The Group s chief financial officer, other senior financial management, external and internal auditors regularly attend its meetings.

The members of the Committee are independent and free of any relationship that would interfere with impartiality in carrying out their responsibilities. The members meet the independence requirements of the Code, the ASX Principles and the NYSE Code, and the Committee meets the composition, operation and responsibility requirements of the ASX Principles.

The Committee is also bound by SEC requirements for audit committees financial experts and the Code and ASX Principles requirement that at least one committee member should have recent and relevant financial experience. Following the retirement of Sir David Clementi as its chairman with effect from the conclusion of the 2010 annual general meetings, Ann Godbehere, currently a member of the Committee and who became its chairman at that time, and Mike Fitzpatrick are considered by the board to have recent and relevant financial experience and are therefore the Committee s financial experts. All other members of the Committee are deemed to be financially literate by virtue of their business experience in the opinion of the Audit committee.

Report of the Audit committee
The Audit committee met ten times in 2009. The Audit committee terms of reference were reviewed in 2009 and changes were adopted to reflect evolving regulatory requirements and, in the light of external developments, to clarify that the Audit committee is the board committee responsible for oversight of risk management generally whilst accountability for risk management remains with the chief executive and his Executive committee.

In 2009, the Committee reviewed the independence of the external auditors, PricewaterhouseCoopers, who have been auditors to the Group since 1995. The effectiveness of the external auditors was also reviewed to ensure that the Group continues to receive an efficient and unbiased service from them. Having concluded its review, the Committee reported to the board that it is satisfied that the provision of non audit services by the external auditors during 2009 is compatible with the general standard of independence for auditors and the standards imposed by the Australian Corporations Act 2001.

As part of its responsibility to foster open communication, the Committee met separately with management, the external auditors and the internal auditor during the year.

The Committee has reviewed and discussed with management the Group s audited financial statements for the year ended 31 December 2009.

The Committee discussed with the external auditors the matters described in the International Standard on Auditing (UK and Ireland) 260, Communication of Audit Matters with those charged with governance (ISA 260), including their judgements regarding the quality of the Group s accounting principles and underlying estimates.

Table of Contents

The Committee has discussed with the external auditors their independence, and received and reviewed their written disclosures, as required by the Public Company Accounting Oversight Board Rule 3526 Communication with Audit Committees Concerning Independence .

Based on the reviews and discussions referred to above, the Committee has recommended to the board that the financial statements referred to above be approved.

On behalf of the Audit committee
Sir David Clementi (chairman)
5 March 2010

Remuneration committee

The Remuneration committee assists the Board to fulfil its oversight responsibility to shareholders to ensure that remuneration policy and practices reward fairly and responsibly and with a clear link to corporate and individual performance.

The report of the Remuneration committee which has been reviewed by the Committee and approved by the board can be found on pages 101 to 116.

Nominations committee

The Nominations committee is governed by terms of reference which the Committee regularly reviews and assesses and which are approved by the board. The terms of reference are set out in the corporate governance section of the website.

The Nominations committee is chaired by Jan du Plessis, chairman of the board and comprises all the other non executive directors. The Committee is responsible, on behalf of the board, for regularly assessing the balance of executive and non executive directors and the composition of the board in terms of the skills, diversity and capacity required to ensure it remains relevant and appropriately aligned to oversee the delivery of Rio Tinto s core objective and strategy. The Committee further reviews the time required to be committed to Group business by non executive directors and assesses whether non executive directors are devoting sufficient time to carry out their duties.

Taking into account these factors, the Committee develops and agrees the desired profiles of potential candidates for board membership. In consultation with external search consultants it then oversees the review and recruitment process to fill vacancies as they arise. The recruitment process itself includes identification of suitable candidates, followed by a formal assessment of each candidate, leading to a final selection process. Proposals for new board members are submitted to the full board for approval. On behalf of the board, the Committee also reviews proposals for senior executive appointments and monitors executive succession planning.

The members of the Nominations committee are independent with the exception of David Mayhew. The chairman is considered independent under the ASX Principles. Under the Code he is not considered independent following his appointment as chairman, however the Code specifically allows the chairman to chair the Nominations committee. The composition of the Committee is therefore also compliant with the Code.

Report of the Nominations committee

The Committee s activities in 2009 covered the succession of the chairman, executive directorships, non executive succession and changes to the Executive committee.

In 2008, as the end of his second three year term of appointment as chairman approached, Paul Skinner notified the Committee of his intention to retire from the board. Under the guidance of the senior independent director, Andrew Gould, the Committee considered the desired skills and experience required for the appointment of a new, non executive chairman and developed and agreed a profile for this role. Consultants were engaged to assist the Committee in the identification of the new chairman as a result of which, following a formal assessment by the Committee, a recommendation was made to the board. Jim Leng was appointed as an independent non executive director and chairman designate on 14 January 2009. However, Mr Leng subsequently decided to resign from the board on 9 February 2009.

In response to Mr Leng s decision to resign from the board, a new process was immediately initiated by the senior independent director which was aimed at identifying a suitable successor to Paul Skinner based upon the previously agreed criteria for the role. This process was supported by all of the other non executive directors, together with external consultants. Taking into account the leadership skills and experience required in the role, the Committee

discussed the opportunity with Jan du Plessis who, with the unanimous support of the Committee and all of the other members of the board, agreed to accept the nomination and was therefore appointed as chairman with effect from 20 April 2009, upon the retirement of Paul Skinner.

In accordance with its terms of reference, the Committee reviewed with the chief executive proposed changes to the Executive committee s organisation and an announcement concerning its revised membership was made on 15 October 2009. The Committee also reviewed non executive succession arrangements for the board, resulting most recently in an announcement to appoint Ann Godbehere and Robert Brown as additional non executive directors from 9 February 2010 and 1 April 2010 respectively. Further details of these appointments are contained in the *Annual report*.

On behalf of the Board
Ben Mathews, secretary
Nominations committee
5 March 2010

Committee on social and environmental accountability

The Committee on social and environmental accountability is governed by terms of reference which it reviews and assesses each year and which are approved by the board. The terms of reference are available in the corporate governance section of the website.

Table of Contents

The Committee assists the board to oversee management processes, standards, and strategies designed to manage social and environmental risks and achieve compliance with social and environmental responsibilities and commitments. The Committee reviews the effectiveness of management policies and procedures relating to safety, health, employment practices, relationships with neighbouring communities, environment, human rights, land access, political involvement and sustainable development.

Chairman s committee

The Committee acts on behalf of the board between scheduled board meetings either in accordance with authority delegated by the board or as specifically set out within its terms of reference. It supports the functioning of the board and ensures that the business of the board and its committees is properly planned and aligned with management. When mandated by the board, the Chairman s Committee will consider urgent matters between board meetings, and deal with the implementation of board decisions on transactions and other corporate matters. Other than for the chairman of the board, the Committee performs the annual review of non executive directors fees and makes a recommendation to the board as appropriate.

The membership of the Committee comprises the chairman, chief executive and chief financial officer.

Australia and Canada forum

An advisory forum has been established in each of Australia and Canada to advise the board and executive management on political, economic and social developments in those countries which could impact the successful development of Rio Tinto s businesses. Each forum meets twice annually and is attended by the chairman, chief executive, chief financial officer, local directors and senior management.

MANAGEMENT

On behalf of the board, the chief executive has delegated authority for the day to day management of the Group s operations. The chief executive, chief financial officer and the heads of the product and global support groups share management responsibility for the management of the business.

The chief executive is assisted by the work of management committees in monitoring performance and achieving Rio Tinto s strategy. The management committees are described below.

Executive committee

The Executive committee is responsible, under the leadership of the chief executive, for the day to day management of the business, setting performance targets and implementation of the Group s strategy and direction as determined by the board. The members of the Committee are: the chief executive, the chief financial officer, the product group chief executives, the Group executive Technology & Innovation, the Group executive Legal & External Affairs, the Group executive People and Organisation and the Group executive Business Support & Operations.

Closure committee

This Committee oversees the closure management programme in place to manage the significant financial, reputational and operational risk of site closures. The members of the Committee are: global head of Planning and Reporting, the global head of Health, Safety & Environment, Group executive, Legal & External Affairs, global practice leader Communities, senior vice president Human Resources, Health, Safety & Environment Rio Tinto Alcan and until his retirement in October 2009, the former Group executive Technology & Innovation. The activities of the Committee are supported by a sub committee working group to assist, coordinate and implement the closure management programme.

Continuous disclosure committee

The Committee is chaired by the chief financial officer and has ultimate responsibility for determining the information that requires disclosure to the markets under the continuous disclosure requirements in the jurisdictions in which Rio Tinto is listed. The members of the Committee are: the chief financial officer, company secretary of Rio Tinto plc, managing director of Rio Tinto Australia, head of Business Development, head of Investor Relations and global practice leader Media Relations.

Disclosure and procedures committee

The primary role of this Committee is to assist the board, Audit committee and individual directors and officers who are required under various regulations to endorse the Group s shareholder reports and other public documents. The members of the Committee are: the company secretary of Rio Tinto plc, global head of Planning & Reporting, head of

Compliance, head of Corporate Assurance and the global head of Health, Safety & Environment.

Finance committee

The Finance committee is responsible, under the leadership of the chief financial officer, to review and advise on issues that arise in the day to day workings within the functional areas of the chief financial officer s direct reports. The members of the Committee are: the chief financial officer, global head of Planning and Reporting, global head of Treasury, global head of Taxation, head of Investor Relations and the head of business development.

Investment committee

The purpose of the Investment committee is to review proposals for major capital decisions by the board and by Group companies to ensure that they accord with the strategic objectives established by the board. The members of the Committee are: the chief executive, chief financial officer, Group executive, Technology & Innovation and Group executive, Business Support & Operations.

Table of Contents

Ore reserves steering committee

The Ore reserves steering committee is the primary governance body over the ore reserve estimation and disclosure processes. The members of the Committee are: the Group executive Technology & Innovation, global head of Planning and Reporting, global practice leader, Strategic Production Planning Technology & Innovation, chief advisor, Evaluation, chief advisor, Orebody Knowledge, Technology & Innovation, chief advisor, Resources and Reserves Technology & Innovation, general manager, Resource Development Rio Tinto Iron Ore and consulting geologist Rio Tinto Exploration.

COMMUNICATION

Rio Tinto recognises the importance of effective timely communication with shareholders and the wider investment community.

To ensure that trading in its securities takes place in an informed market, the Group has adopted continuous disclosure standards which are overseen by the Continuous disclosure committee and form part of the Group s corporate governance standards. Rio Tinto makes immediate disclosure to the listing authorities of any information that a reasonable person would expect to have a material effect on its share price in accordance with their rules. All information released to the markets is posted on the media section of the website.

In addition to statutory documents, Rio Tinto s website features in depth information on health, safety and the environment, as well as general investor information, publications and policies and guidance. Full and half year results as well as any major presentations are also webcast. Presentation material from investor seminars is also made available on the website.

Full advantage is taken of the annual general meetings to inform shareholders of recent developments and to give shareholders the opportunity to ask questions. Generally, the chairs of all board committees will be available to answer questions raised by shareholders and all directors are expected to attend where possible. Rio Tinto s external auditor, PricewaterhouseCoopers attends the annual general meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor s report. Rio Tinto Limited s shareholders may also submit written questions regarding the statutory audit report to the auditors. Any questions received and answers provided are made available at that meeting.

The main channels of communication with the investment community are through the chairman, chief executive and chief financial officer, who have regular meetings with the Companies major shareholders. The senior independent director and other non executive directors are also available, as appropriate. The Group organises regular investor seminars which provide a two way communication opportunity with investors and analysts; the valuable feedback is communicated to the board. Surveys of major shareholders opinions and perceptions of the Group are presented to the board by the Group s investor relations advisors on a regular basis.

BUSINESS PRACTICE

Statement of business practice

The way we work is Rio Tinto s global code of conduct and one of the Group s most important documents. The global code was first launched in 1997 and was revised and reissued in 2009 to reflect Rio Tinto s changing environment and take into account the integration of Rio Tinto Alcan. Its objective is to help protect and promote Rio Tinto s reputation which plays a critical role in the success of the business and ability to generate shareholder value.

The way we work contains principles and standards of conduct which reaffirm the Group s commitment to corporate responsibility. It is inspired by our four core values: accountability, respect, teamwork and integrity. It is largely derived from, and supported by, Rio Tinto s extensive framework of policies and standards.

Core policies are adopted by the board after wide consultation, externally and within the Group. Once adopted, they are communicated to business units worldwide, together with mandatory standards and guidance notes to support implementation. Business units are required to devote the necessary effort by management to implement and report on these policies and standards.

Rio Tinto s core policies, addressed in *The way we work*, include: access to land; business integrity; communities; corporate governance; employment; environment; human rights; internal controls and reporting; occupational health; political involvement; safety; sustainable development and transparency. These are supported by policies in the areas of risk, information management and security.

Each policy is supported by standards expanding on the minimum expectations on topics such as antitrust, continuous disclosure, antibribery, compliance, cultural heritage and health, safety and the environment. Many of these standards are supplemented by guidance notes. These policies and standards apply to all Rio Tinto managed businesses. Where the Group does not have operating responsibility for a business, Rio Tinto s policies are communicated to its business partners and they are encouraged to adopt similar policies of their own. Rio Tinto employees are required to undertake mandatory on line training about the requirements of *The way we work* and several other core policies.

Whistleblowing programme

The board has adopted a Groupwide whistleblowing programme called *Speak-OUT*. Employees are encouraged to report any concerns, including any suspicion of a violation of the Group s financial reporting or environmental procedures, through an independent third party and without fear of recrimination. A process has been established for the investigation of any matters reported with clear lines of reporting and responsibility in each Group business.

Sustainable development

Rio Tinto s report on sustainable development follows the guidelines of the Association of British Insurers.

Dealing in Rio Tinto securities

Rio Tinto has a set of rules which restrict the dealing in Rio Tinto securities by directors and employees with access to inside information . These rules require those people to seek clearance from the chairman or the company secretary before any proposed

dealing to ensure that they do not deal when in possession of inside information. Directors or members of the Executive committee will not be given clearance during close periods immediately preceding the announcement of annual and interim results. The rules prohibit the hedging of unvested options. The Rules for dealing in Rio Tinto securities can be viewed in the corporate governance section of the website.

Risk management

Rio Tinto s overriding objective is to maximise the overall long term return to shareholders through a strategy of investing in large, cost competitive mines and businesses. The directors recognise that creating shareholder return is the reward for taking and accepting risk. The directors have established a process for identifying, evaluating and managing the material business risks faced by the Group. This process was in place during 2009 and up to and including the date of approval of the *2009 Annual report.*

A description of some of the principal risks and uncertainties that could affect Rio Tinto are found on pages 6 to 9.

Risk management policies and approach

Rio Tinto recognises that risk is an integral and unavoidable component of the business, and that it is characterised by both threat and opportunity. The Group fosters a risk aware corporate culture in all decision making, and is committed to managing all risk in a proactive and effective manner through competent risk management. To support this commitment, risk is analysed in order to inform the management decisions taken at all levels within the organisation. The principles of the risk analysis and management process are set out in the Risk policy and standard which is in the corporate governance section of the website.

Roles and responsibilities

The Risk policy and standard is supported by an integrated framework of risk governance and reporting specifying how the Group organises the handling of risk. Together with the policy, the supporting roles and infrastructure, the framework makes up the complete Rio Tinto approach to risk analysis and management.

The directors are responsible for the Group s system of internal controls and for reviewing annually its effectiveness in providing shareholders with a return on their investments that is consistent with a responsible assessment and management of risks. This includes reviewing financial, operational and compliance controls and risk management procedures and their effectiveness. The directors have completed their annual review and assessment for 2009. Whilst the Audit committee is responsible for oversight of the effectiveness of the risk management process, accountability for identifying and managing risks rests with the chief executive and is cascaded throughout the Group through the Executive committee.

Internal risk control systems

Two of the Group s management committees, the Executive committee and the Disclosures and procedures committee regularly review reports related to the Group s control framework. Each year, the leaders of the Group s businesses and administrative offices complete an internal control questionnaire that seeks to confirm that adequate internal controls are in place, are operating effectively and are designed to capture and evaluate failings and weaknesses, if any exist, and take prompt action, as appropriate. Once reviewed by the Executive committee, the results of this process are presented to the Audit committee and the board as a further part of their review of the Group s internal controls. Assurance functions, including internal auditors and sustainable development auditors, perform reviews of the integrity and effectiveness of control activities and provide regular written and oral reports to directors and management committees.

In 2009, information was reported by management to the Audit committee to enable it to assess the effectiveness of the internal controls and the management of material business risks. In addition, as part of their role, the board and its committees monitor the Group s material business risks. These reports and risk management processes satisfy the internal control requirements of the Code and ASX Principles.

Due to the limitations inherent in any risk management system, the process for identifying, evaluating and managing the material business risks is designed to manage rather than eliminate risk and to provide reasonable but not absolute assurance against material misstatement or loss. Certain risks, for example natural disasters, cannot be managed to an acceptable degree using internal controls. Such major risks are transferred to third parties in the international insurance markets, to the extent considered appropriate. The Group has material investments in a number of jointly controlled entities and associates. Where Rio Tinto does not have managerial control, it cannot guarantee

that local management of mining and related assets will comply with Rio Tinto standards or objectives. Accordingly, the review of their internal controls is less comprehensive than that of the Group s managed operations.

This process for identifying, evaluating and managing the material business risks is continually reviewed and strengthened, as appropriate.

AUDITORS AND INTERNAL ASSURANCE

Auditor independence

Rio Tinto has adopted policies designed to uphold the independence of the Group s principal auditors by prohibiting their engagement to provide a range of accounting and other professional services that might compromise their appointment as independent auditors.

The engagement of the Group s principal auditors to provide statutory audit services, other services pursuant to legislation, taxation services and certain other services are pre- approved. Any engagement of the Group s principal auditors to provide other permitted services is subject to the specific approval of the Audit committee or its chairman.

Prior to the commencement of each financial year the Group s chief financial officer and its principal auditors submit to the Audit committee a schedule of the types of services that are expected to be performed during the following year for its approval. The Audit committee may impose a US dollar limit on the total value of other permitted services that can be provided.

Any non audit service provided by the Group s principal auditors, where the expected fee exceeds a pre determined level, must be subject to the Group s normal tender procedures.

In exceptional circumstances the chief financial officer is authorised to engage the Group s principal auditors to provide such services without going to tender, but if the fees are expected to exceed US$250,000 then the chairman of the Audit committee must approve the engagement.

The remuneration of the Group s principal auditors for audit services and other services, as well as remuneration payable to other accounting firms, has been set out in note 43 to the financial statements.

The board has established a policy that the principal auditors engagement partners will rotate every five years.

Corporate Assurance

The Corporate Assurance function provides independent and objective assurance on the adequacy and effectiveness of the Group s systems for risk management, internal control, and governance together with ideas and recommendations to improve those systems. The function has adopted international auditing standards set by the Institute of Internal Auditors Inc.

The function operates independently of management, under a mandate approved by the Audit committee and the Committee on social and environmental accountability (CSEA) and has full access to all functions, records, property and personnel of the Group. The head of Corporate Assurance reports functionally to both the Audit committee and CSEA, providing each committee with information relevant to their specific terms of reference.

A risk based approach is used to focus assurance activities on high risk areas and audit plans are presented annually to the Audit committee and CSEA for approval.

In respect of its internal audit function, Rio Tinto has an external service provider. The Audit committee has a policy which addresses conflicts of interest in relation to management requested engagements of the service provider. The policy complies with the Institute of Internal Auditor s International Standards on independence. Certain services are pre-approved under the policy as they would not be in conflict with the internal auditor s role. There is a list of prohibited services which may not be undertaken without approval of the head of Corporate Assurance, and guidance on the consideration of services which may give rise to a conflict of interest.

FINANCIAL REPORTING

Financial statements

The directors are required to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group as at the end of the financial period and of the profit or loss and cash flows for that period. This includes preparing financial statements in accordance with UK company law which give a true and fair view of the state of the Company s affairs, and preparing a Remuneration report which includes the information required by Regulation 11, Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 and the Australian Corporations Act 2001.

The directors are responsible for maintaining proper accounting records, in accordance with the UK Companies Act 2006 and the Australian Corporations Act 2001. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The directors are also responsible for ensuring that appropriate systems are in place to maintain and preserve the integrity of the Group s website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from current and future legislation in other jurisdictions. The work carried out by the auditors does not involve consideration of such developments and, accordingly, the auditors accept no responsibility for any changes, should any be made, to the financial statements after they are made available on the website.

The directors, senior executives, senior financial managers and other members of staff who are required to exercise judgement in the course of the preparation of the financial statements are required to conduct themselves with integrity and honesty and in accordance with the ethical standards of their profession and/or business.

The directors consider that the 2009 *Annual report* presents a true and fair view and have been prepared in accordance with applicable accounting standards, using the most appropriate accounting policies for Rio Tinto s business and supported by reasonable judgements and estimates. The accounting policies have been consistently applied. The directors have received a written statement from the chief executive and the chief financial officer to this effect. In accordance with the internal control requirements of the Code and the ASX Principles Recommendation 7.3,

this written statement relies on a sound system of risk management and internal compliance and controls which implements the policies adopted by the board and confirms that the Group s risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

COMPLIANCE STATEMENTS

The Code

By virtue of its UK listing, Rio Tinto is required to state how it has applied the principles set out in Section 1 of the Code and which relate to its directors, remuneration, accountability and audit and relations with shareholders. This *Annual report* provides a statement to satisfy that obligation. Rio Tinto is also required to disclose whether it has complied with the provisions set out in Section 1 of the Code and to provide an explanation where it does not. Rio Tinto confirms that it has continued to comply fully with the detailed provisions of Section 1 of the Code throughout 2009.

ASX Principles

The Listing Rules of the ASX require Rio Tinto to report the extent to which it complies with the good practice recommendations in the ASX Principles and the reasons for any non compliance. Rio Tinto confirms that it has continued to comply fully with the ASX Principles throughout 2009.

Table of Contents

NYSE Standards
Rio Tinto plc, as a foreign issuer with American Depositary Shares listed on the NYSE, is obliged by the NYSE Standards to disclose any significant ways in which its practices of corporate governance differ from the NYSE standards.

Item 7. Major Shareholders and Related Party Transactions

MAJOR SHAREHOLDERS

As far as is known, Rio Tinto plc is not directly or indirectly owned or controlled by another corporation or by any government or natural person. As of 14 May 2010, the total amount of the voting securities owned by the directors of Rio Tinto plc as a group was 398,568 ordinary shares of 10p each representing less than one per cent of the number in issue.

As far as is known, Rio Tinto Limited, with the exception of the arrangements for the dual listed companies merger described on pages 146 to 147, is not directly or indirectly owned or controlled by another corporation or by any government. As of 14 May 2010, the only person known to Rio Tinto Limited as beneficially owning more than five per cent of its shares was Tinto Holdings Australia Pty Limited, which is an indirect wholly owned subsidiary of Rio Tinto plc, with 171,072,520 shares, representing 28.19 per cent of its issued capital. Rio Tinto Limited does not know of any arrangements which may result in a change in its control. As of 14 May 2010 the total amount of the voting securities owned by the directors of Rio Tinto Limited as a group was 73,202 shares representing less than one per cent of the number in issue.

Directors interests in Group voting securities are shown in Table 3 on page 120. Their total beneficial interest in the Group amounts to less than one per cent.

Except as provided under the DLC Merger Sharing Agreement as explained on pages 146 to 147, the Group s major shareholders have the same voting and other rights as other shareholders.

As at 14 May 2010 there were 326 shareholders who had registered addresses in the US holding 320,373 shares in Rio Tinto plc, and 315 who had registered addresses in the US holding 171,647 shares in Rio Tinto Limited.

SUBSTANTIAL SHAREHOLDERS

Under the UK Disclosure and Transparency Rules and the Australian Corporations Act, any shareholder of Rio Tinto plc with voting rights of three per cent or more or any person with voting power of five per cent or more in Rio Tinto Limited, is required to provide the companies with notice. Excluding the interest held by Tinto Holdings Australia Pty Limited in Rio Tinto Limited, the shareholders who have provided such, or an equivalent, notice are:

Rio Tinto plc	Date of notice	Number of shares	Percentage of issued share capital
Barclays PLC	12 Jul 2006	42,129,019	4.02
The Capital Group Companies, Inc	13 Jun 2006	41,031,494	3.90
Capital Research and Management Company	16 July 2009	75,461,183	4.95
AXA S.A.	29 Jan 2008	48,493,873	4.86
Shining Prospect Pte. Ltd	2 Feb 2008	119,705,134	12.00
BlackRock Inc.	1 Dec 2009	127,744,871	8.38

Rio Tinto Limited

Shining Prospect Pte. Ltd[1]	4 Feb 2008

Notes

1. Shining Prospect Pte. Ltd, a Singapore based entity owned by Chinalco (Aluminum Corporation of China) acquired 119,705,134 Rio Tinto plc shares on 1 February 2008. Through the operation of Corporations Act as modified, this gives these entities and their associates voting power of 9.32 per cent in the Rio Tinto Group on a joint decision matter, making them substantial shareholders of Rio Tinto Limited as well as of Rio Tinto plc.

2. As far as it is known, Rio Tinto is not directly or indirectly owned or controlled by another corporation or by any government.

3. Rio Tinto is not aware of any arrangement which may result in a change of control.

4. The disclosure reflects the information as notified to the Company at the time the notice was received and does not reflect any subsequent changes to the holding which have not been notified in accordance with the UK Disclosure & Transparency Rules, or the Australian Corporations Act, such as the take up of rights under the Rights Issues undertaken in July 2009.

ANALYSIS OF ORDINARY SHAREHOLDERS

As at 14 May 2010

	Rio Tinto plc				Rio Tinto Limited			
	No of accounts	%	Shares	%	No of accounts	%	Shares	%
1 to 1,000 shares	35,158	71.93	12,406,538	0.81	157,769	82.33	47,695,201	7.86
1,001 to 5,000 shares	10,956	22.41	21,995,679	1.44	30,162	15.74	60,055,182	9.90
5,001 to 10,000 shares	974	1.99	6,712,349	0.44	2,414	1.26	16,677,895	2.75

10,001 to 25,000 shares	549	1.12	8,490,401	0.56	950	0.50	13,962,916	2.30
25,001 to 125,000 shares	611	1.25	37,840,304	2.47	261	0.14	12,212,024	2.01
125,001 to 250,000 shares	195	0.40	35,741,302	2.34	28	0.01	4,669,870	0.77
250,001 to 1,250,000 shares	287	0.59	169,286,224	11.07	34	0.02	18,043,951	2.97
1,250,001 to 2,500,000	56	0.11	101,666,696	6.65	6	0.00	10,452,341	1.72
2,500,001 and over	92	0.19	1,038,217,225	67.90	10	0.01	251,989,340	41.53
ADRs	1	0.00	93,507,021	6.12				
Publicly held shares	48,879	100.00	1,525,863,739	99.79	191,634	100	435,758,720	71.81
Shares held in treasury	1		3,140,132	0.21				
Tinto Holdings Australia Pty Limited							171,072,520	28.19
			1,529,003,871	100.00			606,831,240	100.00
Number of holdings less than marketable parcel of A$500					3,133			

Table of Contents

TWENTY LARGEST REGISTERED SHAREHOLDERS

In accordance with the ASX Listing Rules, below are the names of the twenty largest registered holders of Rio Tinto Limited shares and the number of shares and the percentage of issued capital each holds:

Rio Tinto Limited

		Number of shares	Percentage of issued share capital
1.	Tinto Holdings Australia Pty Limited	171,072,520	28.19
2.	HSBC Custody Nominees (Australia) Limited	87,491,680	14.42
3.	J P Morgan Nominees Australia Limited	59,763,778	9.85
4.	National Nominees Limited	55,847,206	9.20
5.	Citicorp Nominees Pty Limited	15,463,601	2.55
6.	ANZ Nominees Limited	11,649,735	1.92
7.	Cogent Nominees Pty Limited	7,465,404	1.23
8.	UBS Wealth Management Australia Nominees Pty Ltd	3,876,380	0.64
9.	Citicorp Nominees Pty Limited	3,690,746	0.61
10.	Australian Foundation Investment Company Limited	3,573,706	0.59
11.	AMP Life Limited	3,167,104	0.52
12.	Argo Investments Limited	2,393,539	0.39
13.	Perpetual Trustee Company Limited	2,013,569	0.33
14.	Australian Reward Investment Alliance	1,841,854	0.30
15.	Queensland Investment Corporation	1,512,294	0.25
16.	HSBC Custody Nominees (Australia) Limited	1,361,088	0.22
17.	RBC Dexia Investor Services Australia Nominees Pty Limited	1,329,997	0.22
18.	Citicorp Nominees Pty Limited	1,156,804	0.19
19.	RBC Dexia Investor Services Australia Nominees Pty Limited	1,095,104	0.18
20.	RBC Dexia Investor Services Australia Nominees Pty Limited	939,024	0.15
		436,705,133	71.96

Notes

1. Tinto Holdings Australia Pty Limited is a wholly owned subsidiary of Rio Tinto plc.

2. Other large registered

shareholders are nominees who hold securities on behalf of beneficial shareholders.

RELATED PARTY TRANSACTIONS

Information about material related party transactions of the Rio Tinto Group is set out in note 44 to the *2009 Financial statements*.

Item 8. Financial Information

LEGAL PROCEEDINGS

Neither Rio Tinto plc nor Rio Tinto Limited nor any of their subsidiaries is a defendant in any proceedings which the directors believe will have a material effect on either Company s financial position or profitability.

Contingencies are disclosed in note 35 to the *2009 Financial statements*.

DIVIDENDS

Both Companies have paid dividends on their shares every year since incorporation in 1962. The rights of Rio Tinto shareholders to receive dividends are explained under the description of the Dual Listed Companies Structure on page 147.

Dividend Policy

The aim of Rio Tinto s progressive dividend policy is to increase the US dollar value of ordinary dividends over time. The rate of the total annual dividend, in US dollars, is determined taking into account the results for the past year and the outlook for the current year. Under Rio Tinto s dividend policy, the interim dividend is set at one half of the total ordinary dividend for the previous year and the final ordinary dividend is expected to be at least equal to the previous interim dividend. This policy was suspended in 2009 due to the recapitalisation of the balance sheet.

Dividend determination

The majority of the Group s sales are transacted in US dollars, making this the most reliable measure for the Group s global business performance. It is Rio Tinto s main reporting currency and consequently the natural currency for dividend determination. Dividends determined in US dollars are translated at exchange rates prevailing two days prior to the announcement and are then declared payable in sterling by Rio Tinto plc and in Australian dollars by Rio Tinto Limited. On request, shareholders of Rio Tinto plc can elect to receive dividends in Australian dollars and shareholders of Rio Tinto Limited can elect to receive dividends in sterling.

2009 dividends

On announcing the US$14.8 billion (net) rights issues on 5 June 2009, the directors announced that an interim dividend would not be paid for 2009. The 2009 final dividend of 45 US cents per share was declared by the directors on 11 February 2010 and the applicable translation rate was US$1.5606 to the pound sterling and US$0.87285 to the Australian dollar.

Final dividends of 28.84 pence or 51.56 Australian cents per share and 180 US cents per Rio Tinto plc (each representing four shares) were paid on 1 April 2010.

From 2010, the Group is committed to a progressive dividend policy over the longer term. The charts below set out the amounts of interim, final and special cash dividends paid or payable on each share or ADR in respect of each financial year, but before deduction of any withholding tax.

Table of Contents

These have been restated for the impact of the rights issue.

Rio Tinto Group ***US cents per share***	**2009**	*2008 restated*	*2007 restated*	*2006 restated*	*2005 restated*
Interim		55.61	42.53	32.73	31.50
Final	45.00	55.61	68.70	52.34	33.96
Special					90.00
Total	45.00	111.22	111.23	85.07	155.46
Rio Tinto plc ***UK pence per share***					
Interim		29.64	20.93	17.53	17.80
Final	28.84	37.85	35.27	26.69	19.11
Special					50.64
Total	28.84	67.49	56.20	44.22	87.55
Rio Tinto Limited ***Australian cents per share***					
Interim		63.25	49.64	42.94	41.37
Final	51.56	82.97	76.08	67.75	44.89
Special					118.98
Total	51.56	146.22	125.72	110.69	205.24
Rio Tinto plc ***US cents per ADR***					
Interim		222.44	170.12	130.92	126.00

Final	180.00	222.44	274.80	209.36	135.84
Special					360.00
Total	180.00	444.88	444.92	340.28	621.84

Dividend reinvestment plan (DRP)

Rio Tinto offers a DRP to registered shareholders, which provides the opportunity to use cash dividends to purchase Rio Tinto shares in the market free of commission. Due to local legislation the DRP cannot be extended to shareholders in the US, Canada and certain other countries.

POST BALANCE SHEET EVENTS

Refer to note 48 of the financial statements.

Item 9. The Offer and Listing

MARKET LISTINGS AND SHARE PRICES

The prices of Rio Tinto plc and Rio Tinto Limited shares and Rio Tinto plc ADRs are available during the day on the Rio Tinto and other websites.

Rio Tinto plc

The principal market for Rio Tinto plc shares is the London Stock Exchange (LSE), the shares trade through the Stock Exchange Electronic Trading Service (SETS) system.

Central to the SETS system is the electronic order book on which an LSE member firm can post buy and sell orders, either on its own behalf or for its clients. Buy and sell orders are executed against each other automatically in strict price, then size, priority. The order book operates from 8.00 am to 4.30 pm daily. From 7.50 am to 8.00 am orders may be added to, or deleted from the book, but execution does not occur. At 8.00 am the market opens by means of an uncrossing algorithm which calculates the greatest volume of trades on the book which can be executed, then matches the orders, leaving unexecuted orders on the book at the start of trading.

All orders placed on the order book are firm and are for standard three day settlement. While the order book is vital to all market participants, orders are anonymous, with the counterparties being revealed to each other only after execution of the trade.

Use of the order book is not mandatory but all trades, regardless of size, executed over the SETS system are published immediately. The only exception to this is where a Worked Principal Agreement (WPA) is entered into for trades greater than eight times Normal Market Size (NMS). Rio Tinto plc has an NMS of 100,000 shares.

Publication of trades entered under a WPA is delayed until the earlier of 80 per cent of the risk position assumed by the member firm taking on the trade being unwound or the end of the business day.

Rio Tinto plc has a sponsored American Depositary Receipt (ADR) facility with JPMorgan Chase Bank NA (JPMorgan) under a Deposit Agreement, dated 13 July 1988, as amended on 11 June 1990, as further amended and restated on 15 February 1999 and as further amended and restated on 18 February 2005 when JPMorgan became Rio Tinto plc s depository. The ADRs evidence Rio Tinto plc American Depositary Shares (ADS). Prior to 29 April 2010, each ADR represented four ordinary shares. On 29 April 2010, the Deposit Agreement was further amended and restated to realign the ratio so that one ADR represents one Rio Tinto plc ordinary share. The shares are registered with the US Securities and Exchange Commission (SEC), are listed on the New York Stock Exchange (NYSE) and are traded under the symbol RTP .

Rio Tinto plc shares are also listed on Euronext.

Table of Contents

As at 14 May 2010, there were 48,880 holders of record of Rio Tinto plc s shares. Of these holders, 326 had registered addresses in the US and held a total of 320,373 Rio Tinto plc shares, representing 0.02 per cent of the total number of Rio Tinto plc shares issued and outstanding as at such date. In addition, 93,507,021 Rio Tinto plc shares were registered in the name of a custodian account in London which represented 6.12 per cent of Rio Tinto plc shares issued and outstanding. These shares were represented by 93,339,046 Rio Tinto plc ADRs held of record by 384 ADR holders. In addition, certain accounts of record with registered addresses other than in the US hold shares, in whole or in part, beneficially for US persons.

ADR holders

ADR holders may instruct JPMorgan as to how the shares represented by their ADRs should be voted.

ADR holders can receive annual reports, financial statements and interim reports on request.

Rio Tinto is subject to the US Securities and Exchange Commission (SEC) reporting requirements for foreign companies. Rio Tinto s Form 20-F and other filings can be viewed on the Rio Tinto website as well as the SEC website at www.sec.gov

Rio Tinto Limited

Rio Tinto Limited shares are listed on the Australian Securities Exchange (ASX). The ASX is the principal trading market for Rio Tinto Limited shares. The ASX is a national stock exchange operating in the capital city of each Australian State with an automated trading system.

As at 14 May 2010, there were 191,635 holders of record of Rio Tinto Limited shares. Of these holders, 315 had registered addresses in the US, representing approximately 0.16 per cent of the total number of Rio Tinto Limited shares issued and outstanding as of such date. In addition, nominee accounts of record with registered addresses other than in the US may hold Rio Tinto Limited shares, in whole or in part, beneficially for US persons.

Investment warning

The following table shows share prices for the period indicated, the reported high and low middle market quotations, which represent an average of bid and asked prices, for Rio Tinto plc s shares on the LSE based on the LSE Daily Official List, the highest and lowest sale prices of the Rio Tinto plc ADRs as reported on the NYSE composite tape and the high and low closing sale prices of Rio Tinto Limited shares based upon information provided by the ASX. There is no established trading market in the US for Rio Tinto Limited s shares.

Past performance of shares is not necessarily a guide to future performance. The value of shares and investments and the income derived from them can go down as well as up, and investors may not get back the amount they invested.

	Pence per Rio Tinto plc share		US$ per Rio Tinto plc ADS[1]		A$ per Rio Tinto Limited share	
	High	Low	High	Low	High	Low
2005	2,657	1,472	38.30	22.85	69.10	38.82
2006	3,322	2,352	53.52	37.20	87.97	65.38
2007	5,784	2,505	102.30	40.74	146.90	69.50
2008	7,078	1,049	118.03	12.50	156.10	32.00
2009	3,420	1,140	55.93	16.58	74.89	29.38
Aug 2009	2,610	2,245	44.79	36.35	62.88	56.11
Sep 2009	2,740	2,312	45.84	36.96	61.74	55.25
Oct 2009	3,000	2,505	50.62	39.33	67.50	56.85
Nov 2009	3,310	2,693	55.93	44.63	73.78	62.59

Dec 2009	3,420	3,087	54.99	50.00	74.89	69.80
Jan 2010	3,638	3,053	60.10	48.15	80.00	68.00
Feb 2010	3,467	3,036	54.43	46.39	72.92	65.57
March 2010	3,910	3,468	59.77	51.56	79.75	71.01
April 2010	4,062	3,379	62.24	50.57	81.25	72.00
2008						
First quarter	5,850	4,159	99.12	65.59	137.10	101.00
Second quarter	7,078	5,233	118.03	85.60	156.10	124.17
Third quarter	5,764	3,310	99.34	43.96	137.50	84.50
Fourth quarter	3,487	1,049	54.87	12.50	95.00	32.00
2009						
First quarter	2,047	1,140	30.27	16.58	45.11	29.38
Second quarter	2,608	1,784	45.73	26.55	60.89	41.65
Third quarter	2,740	1,885	45.84	30.00	62.88	46.63
Fourth quarter	3,420	2,505	55.93	39.33	74.89	56.85

[1] On 12 April 2010, Rio Tinto announced a ratio change for the Rio Tinto plc American Depository Receipts (ADR) programme. With effect from 30 April 2010, one ADR represents one Ordinary share of 10p in Rio Tinto plc prior to this date one ADR represented 4 Ordinary shares. To effect this change, ADR holders received 3 additional ADRs for every 1 ADR held as of 22 April 2010, the ADR record date. Prior year comparatives have been restated for the impact of the ratio change.

Item 10. Additional Information

DUAL LISTED COMPANIES STRUCTURE

In 1995, Rio Tinto shareholders approved the terms of the dual listed companies merger (the DLC merger) which was designed to place the shareholders of both Companies in substantially the same position as if they held shares in a single enterprise owning all of the assets of both Companies. As a condition of its approval of the DLC merger, the Australian Government required Rio Tinto plc to reduce its shareholding in Rio Tinto Limited to 39 per cent by the end of 2005. Consistent with the commitments made to the Australian Government in 1995, the Rio Tinto plc shareholding in Rio Tinto Limited has been reduced over time and currently stands at 28.2 per cent.

Following the approval of the DLC merger, both Companies entered into a DLC Merger Sharing Agreement (the Sharing Agreement) through which each Company agreed to ensure that the businesses of Rio Tinto plc and Rio Tinto Limited are managed on a unified basis, to ensure that the boards of directors of each Company are the same, and to give effect to certain arrangements designed to provide shareholders of each Company with a common economic interest in the combined enterprise.

In order to achieve this third objective, the Sharing Agreement provided for the ratio of dividend, voting and capital distribution rights attached to each Rio Tinto plc share and to each Rio Tinto Limited share to be fixed in an Equalisation Ratio which has remained unchanged at 1:1. The Sharing Agreement has provided for this ratio to be revised in special circumstances where, for example, certain modifications are made to the share capital of one Company, such as rights issues, bonus issues, share splits and share consolidations, but not to the share capital of the other. Outside these specified circumstances, the Equalisation Ratio can only be altered with the approval of shareholders under the Class Rights Action approval procedure described under Voting rights. In addition, any adjustments are required to be confirmed by the auditors.

One consequence of the DLC merger is that Rio Tinto is subject to a wide range of laws, rules and regulatory review across multiple jurisdictions. Where these rules differ Rio Tinto, as a Group, aims to comply with the strictest applicable level.

Consistent with the creation of a single combined enterprise under the DLC merger, directors of each Company act in the best interests of Rio Tinto as a whole. When matters may involve a conflict of interests between the shareholders of each Company they must be approved under the Class Rights Action approval procedure.

To ensure that the boards of both Companies are identical, resolutions to appoint or remove directors must be put to shareholders of both as a joint electorate as Joint Decisions as described under Voting rights, and it is a requirement that a person can only be a director of one Company if that person is also a director of the other Company. So, for example, if a person was removed as a director of Rio Tinto plc, he or she would also cease to be a director of Rio Tinto Limited.

Dividend rights

The Sharing Agreement provides for dividends paid on Rio Tinto plc and Rio Tinto Limited shares to be equalised on a net cash basis, that is without taking into account any associated tax credits. Dividends are determined in US dollars and are then, except for ADR holders, translated and paid in sterling and Australian dollars. The Companies are also required to announce and pay their dividends and other distributions as close in time to each other as possible.

In the unlikely event that one Company did not have sufficient distributable reserves to pay the equalised dividend or the equalised capital distribution, it would be entitled to receive a top up payment from the other Company. The top up payment could be made as a dividend on the DLC Dividend Share, or by way of a contractual payment.

If the payment of an equalised dividend would contravene the law applicable to one of the Companies, then they may depart from the Equalisation Ratio. However, should such a departure occur, then the relevant Company will put aside reserves to be held for payment on the relevant shares at a later date.

Rio Tinto shareholders have no direct rights to enforce the dividend equalisation provisions of the Sharing Agreement.

The DLC Dividend Share can also be utilised to provide the Group with flexibility for internal funds management by allowing dividends to be paid between the two parts of the Group. Such dividend payments are of no economic significance to the shareholders of either Company, as they will have no effect on the Group s overall resources.

Voting rights

In principle, the Sharing Agreement provides for the public shareholders of Rio Tinto plc and Rio Tinto Limited to vote as a joint electorate on all matters which affect shareholders of both Companies in similar ways. These are referred to as Joint Decisions. Such Joint Decisions include the creation of new classes of share capital, the appointment or removal of directors and auditors and the receiving of annual financial statements. Joint Decisions are voted on a poll.

The Sharing Agreement also provides for the protection of the public shareholders of each Company by treating the shares issued by each Company as if they were separate classes of shares issued by a single company. So decisions that do not affect the shareholders of both Companies equally require the separate approval of the shareholders of both

Companies. Matters requiring this approval procedure are referred to as Class Rights Actions and are voted on a poll.

Thus, the interests of the shareholders of each Company are protected against decisions which affect them and the shareholders in the other Company differently, by requiring their separate approval. For example, fundamental elements of the DLC merger cannot be changed unless approved by shareholders under the Class Rights Action approval procedure.

Exceptions to these principles can arise in situations such as where legislation requires the separate approval of a decision by the appropriate majority of shareholders in one Company and where approval of the matter by shareholders of the other Company is not required.

Where a matter has been expressly categorised as either a Joint Decision or a Class Rights Action, the directors do not have the power to change that categorisation. If a matter falls within both categories, it is treated as a Class Rights Action. In addition, the directors can determine that matters not expressly listed in either category should be put to shareholders for their approval under either procedure.

To facilitate the joint voting arrangements each Company has entered into shareholder voting agreements. Each Company has issued a Special Voting Share to a special purpose company held in trust by a common Trustee.

Rio Tinto plc has issued its Special Voting Share (RTP Special Voting Share) to RTL Shareholder SVC and Rio Tinto Limited has issued its Special Voting Share (RTL Special Voting Share) to RTP Shareholder SVC. The total number of votes cast on Joint Decisions by the public shareholders of one Company are voted at the parallel meeting of the other Company. The role of these special purpose companies in achieving this is described below.

In exceptional circumstances, certain public shareholders of the Companies can be excluded from voting at the respective Company s general meetings because they have acquired shares in one Company in excess of a given threshold without making an offer for all the shares in the other Company. If this should occur, the votes cast by these excluded shareholders will be disregarded.

Table of Contents

Following the Companies general meetings the overall results of the voting on Joint Decisions and the results of voting on separate decisions will be announced to the stock exchanges, published on the Rio Tinto website and announced to the media in the UK and Australia.

At a Rio Tinto plc shareholders meeting at which a Joint Decision will be considered, each Rio Tinto plc share will carry one vote and the holder of its Special Voting Share will have one vote for each vote cast by the public shareholders of Rio Tinto Limited. The holder of the Special Voting Share is required to vote strictly and only in accordance with the votes cast by public shareholders for and against the equivalent resolution at the parallel Rio Tinto Limited shareholders meeting.

The holders of Rio Tinto Limited ordinary shares do not actually hold any voting shares in Rio Tinto plc by virtue of their holding in Rio Tinto Limited and cannot enforce the voting arrangements relating to the Special Voting Share.

At a Rio Tinto Limited shareholders meeting at which a Joint Decision will be considered, each Rio Tinto Limited share will carry one vote and, together with the Rio Tinto Limited ordinary shares held by Tinto Holdings Australia, the holder of its Special Voting Share will carry one vote for each vote cast by the public shareholders of Rio Tinto plc in their parallel meeting. Tinto Holdings Australia and the holder of the Special Voting Share are required to vote strictly, and only, in accordance with the votes cast for and against the equivalent resolution at the parallel Rio Tinto plc shareholders meeting.

The holders of Rio Tinto plc ordinary shares do not actually hold any voting shares in Rio Tinto Limited by virtue of their holding in Rio Tinto plc and cannot enforce the voting arrangements relating to the Special Voting Share.

Capital distribution rights

If either of the Companies goes into liquidation, the Sharing Agreement provides for a valuation to be made of the surplus assets of both Companies. If the surplus assets available for distribution by one Company on each of the shares held by its public shareholders exceed the surplus assets available for distribution by the other Company on each of the shares held by its public shareholders, then an equalising payment between the two Companies shall be made, to the extent permitted by applicable law, such that the amount available for distribution on each share held by public shareholders of each Company conforms to the Equalisation Ratio. The objective is to ensure that the public shareholders of both Companies have equivalent rights to the assets of the combined Group on a per share basis, taking account of the Equalisation Ratio.

The Sharing Agreement does not grant any enforceable rights to the shareholders of either Company upon liquidation of a Company.

Limitations on ownership of shares and merger obligations

The laws and regulations of the UK and Australia impose restrictions and obligations on persons who control interests in public quoted companies in excess of defined thresholds that, under certain circumstances, include obligations to make a public offer for all of the outstanding issued shares of the relevant company. The threshold applicable to Rio Tinto plc under UK law and regulations is 30 per cent and to Rio Tinto Limited under Australian law and regulations is 20 per cent.

As part of the DLC merger, the articles of association of Rio Tinto plc and the constitution of Rio Tinto Limited were amended with the intention of extending these laws and regulations to the combined enterprise and, in particular, to ensure that a person cannot exercise control over one Company without having made offers to the public shareholders of both Companies. It is consistent with the creation of the single economic enterprise and the equal treatment of the two sets of shareholders, that these laws and regulations should operate in this way. The articles of association of Rio Tinto plc and the constitution of Rio Tinto Limited impose restrictions on any person who controls, directly or indirectly, 20 per cent or more of the votes on a Joint Decision. If, however, such a person only has an interest in either Rio Tinto Limited or Rio Tinto plc, then the restrictions will only apply if they control, directly or indirectly, 30 per cent or more of the votes at that Company s general meetings.

If one of the thresholds specified above is breached then, subject to certain limited exceptions and notification by the relevant Company, such persons may not attend or vote at general meetings of the relevant Company, may not receive dividends or other distributions from the relevant Company, and may be divested of their interest by the directors of the relevant Company. These restrictions will continue to apply until such persons have either made a public offer for all of the publicly held shares of the other Company, or have reduced their controlling interest below

the thresholds specified, or have acquired through a permitted means at least 50 per cent of the publicly held shares of each Company.

These provisions are designed to ensure that offers for the publicly held shares of both Companies would be required to avoid the restrictions set out above, even if the interests which breach the thresholds are only held in one of the Companies. The directors do not have the discretion to exempt a person from the operation of these rules.

Under the Sharing Agreement, the Companies agree to cooperate to enforce the restrictions contained in their articles of association and constitution and also agree that no member of the Rio Tinto Group shall accept a third party offer for Rio Tinto Limited shares unless such acceptance is approved by a Joint Decision of the public shareholders of both Companies.

Guarantees

In 1995, each Company entered into a Deed Poll Guarantee in favour of creditors of the other Company. Pursuant to the Deed Poll Guarantees, each Company guaranteed the contractual obligations of the other Company and the obligations of other persons which are guaranteed by the other Company, subject to certain limited exceptions. Beneficiaries under the Deed Poll Guarantees may make demand upon the guarantor thereunder without first having recourse to the Company or persons whose obligations are being guaranteed. The obligations of the guarantor under each Deed Poll Guarantee expire upon termination of the Sharing Agreement and under other limited circumstances, but only in respect of obligations arising after such termination and, in the case of other limited circumstances, the publication and expiry of due notice. The shareholders of the Companies cannot enforce the provision of the Deed Poll Guarantees.

MEMORANDUM AND ARTICLES OF ASSOCIATION

Rio Tinto plc adopted new Articles of Association by special resolution passed on 20 April 2009 which were amended further by special resolution on 20 April 2009 effective 1 October 2009. Rio Tinto Limited adopted a new Constitution by special resolution

passed on 24 May 2000 and, amended by special resolution on 18 April 2002, 29 April 2005, 27 April 2007, 24 April 2008 and 20 April 2009 (effective 20 April 2009 and 1 October 2009).

Introduction

As explained on pages 146 to 147 under the terms of the DLC merger the shareholders of Rio Tinto plc and of Rio Tinto Limited entered into certain contractual arrangements which are designed to place the shareholders of both Companies in substantially the same position as if they held shares in a single enterprise which owned all of the assets of both Companies. Generally and as far as is permitted by the UK Companies Act and the Australian Corporations Law this principle is reflected in the Articles of Association of Rio Tinto plc and in the Constitution of Rio Tinto Limited. The summaries below include descriptions of material rights of the shareholders of both Rio Tinto plc and Rio Tinto Limited. Unless stated otherwise the Articles of Association of and Constitution are identical.

Rio Tinto plc is incorporated under the name Rio Tinto plc and is registered in England and Wales under company number 719885 and Rio Tinto Limited is incorporated under the name Rio Tinto Limited and is registered in Australia under ABN 96 004 458 404.

No holder of shares, which may be held in either certificated or uncertificated form, will be required to make any additional contributions of capital.

Objects

The objects of Rio Tinto plc were previously set out in the fourth clause of its Memorandum of Association and the objects of Rio Tinto Limited were set out in the second clause of its Constitution. Included in these objects was the right for each Company to enter into, with one another, operate and carry into effect an Agreement known as the DLC Merger Sharing Agreement (the Sharing Agreement) and a Deed Poll Guarantee.

The Memorandum of Association of each of the Companies included, among other things, the objects clause which sets out the scope of the activities the Company was authorised to undertake. This was drafted to provide a wide scope.

Consistent with earlier reforms to Australian corporations legislation, the UK Companies Act 2006 significantly reduces the constitutional significance of a company s memorandum. The UK Companies Act 2006 provides that a memorandum will record only the names of the original subscribers and the number of shares each subscriber agreed to take in the company on incorporation. Under the UK Companies Act 2006, the objects clause and all other provisions which were previously contained in a company s memorandum are deemed to be contained in a company s articles of association.

Further, the UK Companies Act 2006 states that unless a company s articles provide otherwise, a company s objects are unrestricted. This abolishes the need for companies to have objects clauses.

At the 2009 Annual General Meetings, shareholders of Rio Tinto plc and Rio Tinto Limited approved amendments to the constitutional documents whereby the objects clause were removed to allow the Companies to have the widest possible scope of activities, save that the relevant parts of Clause 4(A) of the Rio Tinto plc Memorandum, which relate to the powers to operate and carry into effect the Dual Listed Company Structure, be preserved by their inclusion in article 105 (Powers and obligations in relation to the Sharing Agreement).

Similarly and for consistency with Rio Tinto plc s articles of Association, Rio Tinto Limited s Memorandum of Association was also deleted from the Rio Tinto Limited Constitution save for clauses 2(1), 5 and 6, which relate to the powers to operate and carry into effect the Dual Listed Company Structure, and preserve the integrity of the Dual Listed Company voting arrangements. These provisions were incorporated into rules 7 and 111 of the Rio Tinto Limited Constitution.

Directors

Under Rio Tinto plc s Articles of Association a director may not vote in respect of any proposal in which he or any other person connected with him, has any material interest other than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company, except where resolutions:

- indemnify him or a third party in respect of obligations incurred by the director on behalf of, or for the benefit of, the Company, or in respect of obligations of the Company, for which the director has assumed responsibility under an indemnity, security or guarantee;

relate to an offer of securities in which he may be interested as a holder of securities or as an underwriter;

concern another body corporate in which the director is beneficially interested in less than one per cent of the issued shares of any class of shares of such a body corporate;

relate to an employee benefit in which the director will share equally with other employees; and

relate to liability insurance that the Company is empowered to purchase for the benefit of directors of the Company in respect of actions undertaken as directors (or officers) of the Company.

Under Rio Tinto Limited s Constitution, except where a director is constrained by Australian law, a director may be present at a meeting of the board while a matter in which the director has a material interest is being considered and may vote in respect of that matter.

The directors are empowered to exercise all the powers of the Companies to borrow money, to charge any property or business of the Companies or all or any of their uncalled capital and to issue debentures or give any other security for a debt, liability or obligation of the Companies or of any other person. The directors shall restrict the borrowings of Rio Tinto plc to the limitation that the aggregate amount of all moneys borrowed by the Company and its subsidiaries shall not exceed an amount equal to one and one half times the Company s share capital plus aggregate reserves unless sanctioned by an ordinary resolution of the Company.

Directors are not required to hold any shares of either Company by way of qualification, but a director is nevertheless entitled to attend and speak at shareholders meetings. Nevertheless, as disclosed in the Remuneration report on pages 101 to 116

Table of Contents

the *Remuneration committee* has informed the executive directors that they would be expected to build up a shareholding equal in value to two times salary over five years.

Directors who were elected or re-elected a director in the third year before each annual general meeting are required to retire by rotation. In addition any director appointed by the directors since the last annual general meeting is also required to retire. A retiring director shall be eligible for election or re-election.

In the absence of an independent quorum, the directors are not competent to vote compensation to themselves or to any members of their body.

Rights attaching to shares

Under English law, dividends on shares may only be paid out of profits available for distribution, as determined in accordance with generally accepted accounting principles and by the relevant law. Shareholders are entitled to receive such dividends as may be declared by the directors. The directors may also pay shareholders such interim dividends as appear to them to be justified by the financial position of the Group.

Any Rio Tinto plc dividend unclaimed after 12 years from the date the dividend was declared, or became due for payment, will be forfeited and returned to the Company. Any Rio Tinto Limited dividend unclaimed may be invested or otherwise made use of by the board for the benefit of the Company until claimed or otherwise disposed of according to Australian law.

Voting rights

Voting at any general meeting of shareholders on a resolution on which the holder of the Special Voting Share is entitled to vote shall be decided by a poll, being a written vote, and any other resolution shall be decided by a show of hands unless a poll has been duly demanded. On a show of hands, every shareholder who is present in person or by proxy at a general meeting has one vote regardless of the number of shares held. On a poll, every shareholder who is present in person or by proxy has one vote for every ordinary share or share for which he or she is the holder and, in the case of Joint Decisions, the holder of the Special Voting Share has one vote for each vote cast by the public shareholders at the parallel meeting of shareholders. A poll may be demanded by any of the following:

- the chairman of the meeting;
- at least five shareholders entitled to vote at the meeting;
- any shareholder or shareholders representing in the aggregate not less than one tenth (Rio Tinto plc) or one twentieth (Rio Tinto Limited) of the total voting rights of all shareholders entitled to vote at the meeting;
- any shareholder or shareholders holding shares conferring a right to vote at the meeting on which there have been paid-up sums in the aggregate equal to not less than one tenth of the total sum paid up on all the shares conferring that right; or
- the holder of the Special Voting Share.

A proxy form will be treated as giving the proxy the authority to demand a poll, or to join others in demanding one.

The necessary quorum for a Rio Tinto plc general meeting is three persons and for a Rio Tinto Limited general meeting is two persons carrying a right to vote upon the business to be transacted, whether present in person or by proxy.

Matters are transacted at general meetings by the proposing and passing of resolutions, of which there are three kinds:

- an ordinary resolution, which includes resolutions for the election of directors, the receiving of financial statements, the cumulative annual payment of dividends, the appointment of auditors, the increase of authorised share capital or the grant of authority to allot shares;
- a special resolution, which includes resolutions amending the Company s Articles of Association of Rio Tinto plc or the Constitution of Rio Tinto Limited, disapplying statutory pre-emption rights or changing the Company s name or the modification of the rights of any class of the Group s shares at a meeting of the holders of such class

of shares or relating to certain matters concerning the winding up of either Company.

An ordinary resolution requires the affirmative vote of a majority of the votes of those persons voting at a meeting at which there is a quorum. Special resolutions require the affirmative vote of not less than three fourths of the persons voting at a meeting at which there is a quorum. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting is not entitled to cast the deciding vote in addition to any other vote he may have and the resolution is not deemed to be passed.

The DLC Merger Sharing Agreement further classifies these three kinds of resolutions into Joint Decisions and Class Rights Actions as explained under voting rights on pages 147 to 148.

Annual general meetings must be convened with 21 days advance written notice for Rio Tinto plc and with 28 days for Rio Tinto Limited. Other meetings must be convened with 21 days advance written notice for the passing of a special resolution and with 14 days for any other resolution, depending on the nature of the business to be transacted. The days of delivery or receipt of the notice are not included. The notice must specify the nature of the business to be transacted. The board of directors may, if they choose, make arrangements for shareholders who are unable to attend the place of the meeting to participate at other places.

Variation of Rights

If, at any time, the share capital is divided into different classes of shares, the rights attached to any class may be varied, subject to the provisions of the relevant legislation, with the consent in writing of holders of three fourths in value of the shares of that class or upon the adoption of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class. At every such separate meeting, all of the provisions of the Articles of Association and Constitution relating to proceedings at a general meeting apply, except that the quorum is to be the number of persons (which must be two or more) who hold or represent by proxy not less than one third in nominal value of the issued shares of the class.

The Sharing Agreement provides for the protection of the public shareholders of both Companies and so any variations of rights would be dealt with as Class Rights Actions that require the separate approval of the shareholders of both Companies.

Rights in a Winding-up

Except as the shareholders have agreed or may otherwise agree, upon a winding up, the balance of assets available for distribution:

after the payment of all creditors including certain preferential creditors, whether statutorily preferred creditors or normal creditors; and

subject to any special rights attaching to any class of shares;

is to be distributed among the holders of ordinary shares according to the amounts paid-up on the shares held by them. This distribution is generally to be made in cash. A liquidator may, however, upon the adoption of an extraordinary resolution of the shareholders, divide among the shareholders the whole or any part of the assets in kind.

The DLC Merger Sharing Agreement further sets out the rights of ordinary shareholders in a liquidation as explained on page 148.

Limitations on Voting and Shareholding

Except for the provisions of the Foreign Acquisitions and Takeovers Act 1975 which impose certain conditions on the foreign ownership of Australian companies, there are no limitations imposed by law, Rio Tinto plc s Articles of Association or Rio Tinto Limited s Constitution, on the rights of non residents or foreign persons to hold or vote the Group s ordinary shares or ADSs that would not apply generally to all shareholders.

MATERIAL CONTRACTS

Iron Ore Joint Venture Framework Agreement

On 5 June 2009, Rio Tinto and BHP Billiton signed a Framework Agreement to establish an iron ore production joint venture combining the operation and management of their respective Western Australian iron ore production assets.

The Framework Agreement contains exclusivity provisions preventing either party from soliciting or engaging in discussions with respect to a proposal that (in broad terms) enables a person to acquire an economic or security interest in assets within the scope of the joint venture; which may adversely impact on its benefits; which is likely to be inconsistent with completion of the joint venture; or which might require a restructuring of it.

The Framework Agreement provides for a mutual break fee of US$275.5 million payable in the event that either party: announces that it does not intend to proceed with the joint venture; after satisfaction of the key regulatory approvals, fails to recommend the joint venture to its shareholders or fails to take the steps necessary to obtain the approval of its shareholders; or breaches the exclusivity provisions. It also set out core principles that would apply to the establishment of the joint venture.

Description of binding agreements

On 5 December 2009, Rio Tinto and BHP Billiton signed binding agreements that set out the terms that will regulate the establishment of the joint venture and its ongoing operation. Those terms are consistent with the core principles set out in the Framework Agreement, except that the joint marketing of 15 per cent of output contemplated by the core principles will not take place: all output will be sold by Rio Tinto and BHP Billiton separately.

Scope of joint venture

The joint venture will encompass the management and operation of the economic interests of Rio Tinto and BHP Billiton in all current and future iron ore operations in Western Australia, including exploration interests, leases, mines, rail lines, ports and associated infrastructure, and all related employees and contractors. However, the joint venture will not include BHP Billiton s Hot Briquetted Iron plant (HBI) or Rio Tinto s interest in HIsmelt , and its application to other secondary processing activities will be limited. Marketing activities and business development outside Western Australia are also outside the scope of the joint venture.

The parties to the joint venture will share the economic burden of all related liabilities, other than material undisclosed liabilities (with a minimum claim of US$300 million and a maximum claim period of ten years) and certain pre-July 2009 tax liabilities. It is intended that the joint venture will continue in perpetuity.

Conditions precedent

The binding agreements remain subject to satisfaction of certain conditions precedent, including satisfying relevant anti-trust requirements, obtaining Australian foreign investment clearance from the Commonwealth Treasurer and favourable rulings from the Australian Taxation Office and State revenue authorities, obtaining certain other

government approvals, and obtaining the approval of BHP Billiton and Rio Tinto shareholders. The Framework Agreement and the binding agreements will terminate if the conditions precedent are not satisfied by 31 December 2010.

Financial adjustments

The economic interests of Rio Tinto and BHP Billiton in the joint venture will be equal. The joint venture is a contractual arrangement and the parties will not be acquiring shares in each other s iron ore companies or legal or beneficial interests in each other s iron ore assets. The parties will obtain an economic exposure to each other s iron ore production assets through each of them subscribing for debentures in an interposed company in the other s group that holds shares in the other s asset holding subsidiaries.

To equalise the net value of the parties asset contributions to the joint venture, BHP Billiton will also subscribe US$5.8 billion in cash for additional debentures in the Rio Tinto interposed company. This amount will be inflated from 1 July 2009 to

completion at a rate of 6.5 per cent per annum, and will also be adjusted to reflect equalisation of net cash flows from 1 July 2009 in the manner described below.

The parties have agreed that they will bear the economic benefit and burden of the after-tax cash flows of their respective assets in the period from 1 July 2009 to commencement of the joint venture. To achieve this, the BHP Billiton cash subscription payment described above will be adjusted for 50 per cent of the difference between the net cash flows (after tax) from the Rio Tinto operations and the BHP Billiton operations during the period from 1 July 2009 until completion, inflated at a rate of 6.5 per cent per annum.

Governance of the joint venture

Management of the joint venture will be overseen by a non executive Owners Council comprised of four representatives of each party. All decisions of the Owners Council must be approved by both parties, subject to certain deadlock breaking mechanisms.

The initial chairman of the Owners Council will be Sam Walsh (Rio Tinto executive director and chief executive, Iron Ore), who will hold that office for a period of four years. The Owners Council will have the power to approve high level policies (such as accounting, business conduct, communities and health, safety and environment) relating to the joint venture, review the conduct of activities undertaken by the manager and give general direction to the manager.

The Owners Council will also have powers and functions, much like a board of directors, in relation to other matters, including: approval of business and synergy plans; approving major contracts and capital projects; reviewing performance of the joint venture; approving major asset acquisitions, disposals and closures; approving strategies for dealing with third party access requests; approving product types, volumes and specifications; approving entry into, or amendment of State Agreements; and approving the appointment and remuneration of senior executive team members. Standing and ad hoc committees comprised of an equal number of representatives of Rio Tinto and BHP Billiton will be established to advise the Owners Council in relation to the exercise of some of its powers and functions.

Management

The joint venture manager, a new entity owned equally by Rio Tinto and BHP Billiton, will manage all day to day activities of the joint venture without interference from Rio Tinto and BHP Billiton. In addition, the manager will develop plans for realisation of synergies and will present the Owners Council with annual business plans and budgets designed to achieve full utilisation of system capacity and options for maximisation of production capacity through expansion. The manager must ensure joint venture operations are conducted safely at all times, act equitably and fairly to the parties, and act in accordance with business plans and budgets approved by the Owners Council.

Senior management of the manager will be selected jointly, with broadly equal participation from Rio Tinto and BHP Billiton. The initial chief executive officer of the joint venture will be BHP Billiton Iron Ore President Ian Ashby, who will hold that office for a period of four years. Future chief executive officers will be appointed by the Owners Council.

Funding and default

The joint venture will operate with a minimum cash balance and will be financed entirely by the parties, through money subscribed for debentures and money advanced by loan to the relevant iron ore companies conducting operations. The manager of the joint venture will call for cash from Rio Tinto and BHP Billiton on a regular basis to fund the joint venture and capital expenditure programmes. The parties may elect to fund their proportionate share of an expansion or acquisition by way of project financing and may use their interests in the joint venture to secure corporate debt.

Failure to advance funds to meet calls made by the manager will give rise to a suspension of the defaulting party s Owners Council voting rights and may trigger dilution of the defaulting party s interest in the joint venture or a right to buy out the defaulting party.

Expansions and acquisitions

Sole risk rights will exist for expansion projects which involve capital expenditure exceeding US$250 million (indexed).

Disagreements in relation to preferred expansion pathways (where more than one option exists) will be resolved by the manager determining which expansion pathway has the highest net present value.

Proposals for new iron ore acquisitions or investments in Western Australia will be referred to the Owners Council and, if both parties agree, be undertaken within the joint venture. Absent this agreement, the opportunity may be undertaken by the proposing party as a sole risk project.

Marketing of product and adjustments and tonnage supply

Rio Tinto and BHP Billiton will continue to compete and market iron ore to their customers separately. A separation protocol will ensure that the manager has no knowledge of Rio Tinto and BHP Billiton s marketing strategies or sale terms relating to production from the joint venture. The manager will supply equal product volumes and specifications of product to each party to the extent possible. Where equal supply is not possible, adjustments will be made to ensure that each party receives equal value. These adjustments may include differential distributions on the debentures.

Disposal of interests

The parties will both be free to sell some or all of their respective interests in the joint venture without any pre-emptive rights or change of control restrictions applying (although certain principles and restrictions will apply depending on the nature and extent of the disposal). The right to vote on the Owners Council can, however, only be exercised by a person with an economic interest of more than 25 per cent of the joint venture, except in the unlikely scenario where neither party holds an economic interest above 25 per cent. Neither party will be entitled to sell the underlying assets or interests separately from the joint venture interest, and rights to create security interests over the underlying assets and interests are limited.

Table of Contents

Facility Agreement

Rio Tinto plc, Rio Tinto Canada Holding Inc. and Rio Tinto Finance plc entered into a facility agreement dated 12 July 2007 (the Facility Agreement) with Credit Suisse, Deutsche Bank AG, London Branch, The Royal Bank of Scotland plc and Société Générale. The Facility Agreement comprises two term facilities and two revolving facilities (including a swingline facility) up to a total amount of US$40 billion. The funds made available under the Facility Agreement will be used, among other things, to finance or refinance, directly or indirectly the consideration or other amounts payable in respect of the Group s purchase for cash of all the outstanding shares of Alcan Inc.

Advances under the term and revolving facilities bear interest at rates per annum equal to the margin (which is dependent on the Group s long term credit rating as determined by Moody s and Standard & Poors) plus LIBOR plus any mandatory cost.

The Facility Agreement contains covenants and restrictions on the Group, including that it be required to observe certain customary covenants including but not limited to (i) maintenance of authorisations; (ii) compliance with laws; (iii) change of business; (iv) negative pledge (subject to certain carve outs); (v) environmental laws and licences; and (vi) subsidiaries incurring financial indebtedness.

The term facilities are to be repaid on the termination of their respective 364 day (subject to exercise of the extension option), and five year and one business day terms. No amounts repaid by the Group under the term facilities may be re-borrowed. Facilities B and C will cease to be available one month prior to their respective three year and five year termination dates. All loans made under Facilities B and C are to be repaid on their respective termination dates.

Facilities A and B were subject to mandatory prepayment and cancellation to the extent of the net proceeds from disposals of assets and from the raising of funds through equity or capital markets, subject to specific thresholds and conditions. All of Facilities A and B have been repaid from the proceeds of the rights issues and disposal proceeds in 2009. The mandatory prepayments also reduced the available credit commitments on Facility B to US$2.1 billion at 31 December 2009.

All of Facilities A and B of the Alcan facility have now been repaid. Facility C available commitments of US$5 billion remain undrawn. On 29 January 2010 and 26 February 2010, US$2.0 billion of Facility D was repaid on each date. An additional US$1.0 billion was repaid on 31 March 2010 and 30 April 2010, respectively, leaving US$2.5 billion outstanding on the facility.

Further details of the Group s credit facilities are set out in Notes 22 and 48 to the *2009 Financial statements*.

EXCHANGE CONTROLS

Rio Tinto plc

There are no UK foreign exchange controls or other restrictions on the import or export of capital or on the payment of dividends to non resident holders of Rio Tinto plc shares or that affect the conduct of Rio Tinto plc s operations. The Bank of England, however, administers financial sanctions against specified targets related to certain regimes. There are no restrictions under Rio Tinto plc s articles of association or under UK law that limit the right of non resident owners to hold or vote Rio Tinto plc shares.

Rio Tinto Limited

Under current Australian legislation, the Reserve Bank of Australia does not restrict the import and export of funds and no permission is required for the movement of funds into or out of Australia, except that restrictions apply to certain financial transactions relating to specified individuals and entities associated with certain regimes. The Department of Foreign Affairs and Trade has responsibility for the administration of restrictions relating to terrorists and their sponsors, and the former Iraqi regime.

Rio Tinto Limited may be required to deduct withholding tax from foreign remittances of dividends, to the extent that they are unfranked, and from payments of interest. There are no restrictions under the constitution of Rio Tinto Limited that limit the right of non residents to hold or vote Rio Tinto Limited shares.

However acquisitions of interests in shares, voting power or certain other equity instruments in Australian companies by foreign interests are subject to review and approval by the Treasurer of the Commonwealth of Australia under the Foreign Acquisitions and Takeovers Act 1975 (the Takeovers Act). The Takeovers Act applies to any acquisition of 15 per cent or more of the outstanding shares, of or voting power in, an Australian company or to any

transaction that results in one non resident, or a group of associated non residents, controlling 15 per cent or more of the shares of or voting power in, an Australian company. The Takeovers Act also applies to any transaction which results in a group of non associated non residents controlling 40 per cent or more of the shares of or voting power in, an Australian company. Persons who are proposing such acquisitions or transactions are required to notify the Treasurer of their intention. The Treasurer has the power to order divestment in cases where such acquisitions or transactions have already occurred. The Takeovers Act does not affect the rights of owners whose interests are held in compliance with the legislation.

TAXATION

UK resident individuals shareholdings in Rio Tinto plc

Taxation of dividends

Dividends carry a tax credit equal to one ninth of the dividend. Individuals who are not liable to income tax at the higher rate will have no further tax to pay. Higher rate tax payers are liable to tax on UK dividends at 32.5 per cent which, after taking account of the tax credit, produces a further tax liability of 25 per cent of the dividend received.

Dividend reinvestment plan (DRP)

The taxation effect of participation in the DRP will depend on individual circumstances. Shareholders will generally be liable for tax on dividends reinvested in the DRP on the same basis as if they had received the cash and arranged the investment. The dividend should, therefore, be included in the annual tax return.

The shares acquired should be added to shareholdings at the date and at the net cost shown on the share purchase advice. The actual cost of the shares, for Rio Tinto plc shareholders including the stamp duty/stamp duty reserve tax, will form the base cost for capital gains tax purposes.

Capital gains tax

Shareholders who have any queries on capital gains tax issues are advised to consult their financial adviser.

Details of relevant events since 31 March 1982 and adjusted values for Rio Tinto plc securities as at that date are available from the company secretary.

Australian resident individuals shareholdings in Rio Tinto Limited

Taxation of dividends

The basis of the Australian dividend imputation system is that when Australian resident shareholders receive dividends from Rio Tinto Limited, they may be entitled to a credit for the Australian tax paid by the Group in respect of that income, depending on the tax status of the shareholder.

The application of the system results in the Australian tax paid by the Group being allocated to shareholders by way of franking credits attaching to the dividends they receive. Such dividends are known as franked dividends. A dividend may be partly or fully franked. The current Rio Tinto Limited dividend is fully franked and the franking credits attached to the dividend are shown in the distribution statement provided to shareholders.

The extent to which a company can frank a dividend depends on the credit balance in its franking account. Credits to this account can arise in a number of ways, including when a company pays company tax or receives a franked dividend from another company. The dividend is required to be included in a resident individual shareholder s assessable income. In addition, an amount equal to the franking credit attached to the franked dividend is also included in the assessable income of the resident individual, who may then be entitled to a rebate of tax equal to the franking credit amount included in their income. Should the franking credits exceed the tax due, the excess is refunded to the resident individual.

The effect of the dividend imputation system on non resident shareholders is that, to the extent that the dividend is franked, no Australian tax will be payable and there is an exemption from dividend withholding tax.

A withholding tax is normally levied at the rate of 15 per cent when unfranked dividends are paid to residents of countries with which Australia has a taxation treaty. Most Western countries have a taxation treaty with Australia. A rate of 30 per cent applies to countries where there is no taxation treaty.

Since 1988, all dividends paid by Rio Tinto Limited have been fully franked. It is the Group s policy to pay fully franked dividends whenever possible. The Boards expect Rio Tinto Limited to be able to pay fully franked dividends for the foreseeable future.

Dividend reinvestment plan (DRP)

Shareholders will generally be liable for tax on dividends reinvested in the DRP on the same basis as if they had received the cash and arranged the investment. The dividend should therefore be included in the annual tax return as assessable income.

The shares acquired should be added to the shareholding at the date of acquisition at the actual cost of the shares, which is the amount of the dividend applied by the shareholder to acquire shares and any incidental costs associated with the acquisition, including stamp duty, will form part of the cost base or reduced cost base of the shares for capital gains tax purposes.

Capital gains tax

The Australian capital gains tax legislation is complex. If shareholders have acquired shares after 19 September 1985 they may be subject to capital gains tax on the disposal of those shares.

Generally, disposal of shares held on capital account would give rise to a capital gain or loss. A capital gain arises when the proceeds on disposal are greater than the cost base of shares. A capital loss arises when the proceeds on sale are less than the cost base or reduced cost base. Where a capital gain arises on shares held for at least 12 months, individual, trust and superannuation fund shareholders may be eligible for a capital gains tax discount.

Shareholders are advised to seek the advice of an independent taxation consultant on any possible capital gains tax exposure.

US residents

The following is a summary of the principal UK tax, Australian tax and US Federal income tax consequences of the ownership of Rio Tinto plc ADSs, Rio Tinto plc shares and Rio Tinto Limited shares the Group s DSs and shares by a US holder as defined below. It is not intended to be a comprehensive description of all the tax considerations that are

relevant to all classes of taxpayer. Future changes in legislation may affect the tax consequences of the ownership of the Group s ADSs and shares.

It is based in part on representations by the Group s depositary bank as Depositary for the ADRs evidencing the ADSs and assumes that each obligation in the deposit agreements will be performed in accordance with its terms.

You are a US holder if you are a beneficial owner of the Group s ADSs and shares and you are: a citizen or resident of the United States, a domestic corporation, an estate whose income is subject to United States federal income tax regardless of its source, or a trust if a United States court can exercise primary supervision over the trust s administration and one or more United States persons are authorized to control all substantial decisions of the trust.

This section applies to US holders only if shares or ADSs are held as capital assets for tax purposes. This section does not apply to shareholders who are members of a special class of holders subject to special rules, including a dealer in securities, a trader in securities who elects to use a mark-to-market method of accounting for securities holdings, a tax-exempt organisation, a life insurance company, a person liable for alternative minimum tax, a person that actually or constructively owns ten per cent or more of Rio Tinto s voting stock, a person that holds shares or ADSs as part of a straddle or a hedging or conversion transaction, or a person whose functional currency is not the US dollar.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, and on the convention between the United States of America and United Kingdom, and the convention between the United States of America and Australia which may affect the tax consequences of the ownership of the Group s ADSs and shares. These laws and conventions are subject to change, possibly on a retroactive basis.

For the purposes of the Conventions and of the US Internal Revenue Code of 1986, as amended, (the Code) US holders of ADSs are treated as the owners of the underlying shares.

The summary describes the treatment applicable under the conventions in force at the date of this report.

UK taxation of shareholdings in Rio Tinto plc

Taxation of dividends

US holders do not suffer deductions of UK withholding tax on dividends paid by Rio Tinto plc. Dividends carry a tax credit equal to one ninth of the net dividend, or ten per cent of the net dividend plus the tax credit. The tax credit is not repayable to US holders.

Capital gains

A US holder will not normally be liable to UK tax on capital gains realised on the disposition of Rio Tinto plc ADSs or shares unless the holder carries on a trade, profession or vocation in the UK through a permanent establishment in the UK and the ADSs or shares have been used for the purposes of the trade, profession or vocation or are acquired, held or used for the purposes of such a permanent establishment.

Inheritance tax

Under the UK Estate Tax Treaty, a US holder, who is domiciled in the US and is not a national of the UK, will not be subject to UK inheritance tax upon the holder s death or on a transfer during the holder s lifetime unless the ADSs and shares form part of the business property of a permanent establishment in the UK or pertain to a fixed base situated in the UK used in the performance of independent personal services. In the exceptional case where ADSs or shares are subject both to UK inheritance tax and to US Federal gift or estate tax, the UK Estate Tax Treaty generally provides for tax payments to be relieved in accordance with the priority rules set out in the Treaty.

Stamp duty and stamp duty reserve tax

Transfers of Rio Tinto plc ADSs will not be subject to UK stamp duty provided that the transfer instrument is not executed in, and at all times remains outside, the UK.

Purchases of Rio Tinto plc shares are subject either to stamp duty at a rate of 50 pence per £100 or to stamp duty reserve tax (SDRT) at a rate of 0.5 per cent. Conversions of Rio Tinto plc shares into Rio Tinto plc ADSs will be subject to additional SDRT at a rate of 1.5 per cent on all transfers to the Depositary or its nominee.

Australian taxation of shareholdings in Rio Tinto Limited

Taxation of dividends

US holders are not normally liable to Australian withholding tax on dividends paid by Rio Tinto Limited because such dividends are normally fully franked under the Australian dividend imputation system, meaning that they are paid out of income that has borne Australian income tax. Any unfranked dividends would suffer Australian withholding tax which under the Australian income tax convention is limited to 15 per cent of the gross dividend.

Capital gains

US holders are not normally subject to any Australian tax on the disposal of Rio Tinto Limited ADSs or shares unless they have been used in carrying on a trade or business wholly or partly through a permanent establishment in Australia, or the gain is in the nature of income sourced in Australia.

Gift, estate and inheritance tax

Australia does not impose any gift, estate or inheritance taxes in relation to gifts of shares or upon the death of a shareholder.

Stamp duty

An issue or transfer of Rio Tinto Limited shares does not require the payment of Australian stamp duty.

US Federal income tax

In general, taking into account the earlier assumptions that each obligation of the Deposit Agreement and any related agreement will be performed according to its terms, for United States federal income tax purposes, if you hold ADRs evidencing ADSs, you will be treated as the owner of the shares represented by those ADRs. Exchanges of shares for ADRs, and ADRs for shares, generally will not be subject to United States federal income tax.

Taxation of Dividends

Under the United States federal income tax laws, and subject to the passive foreign investment company, or PFIC, rules discussed below, if you are a United States Holder, the gross amount of any dividend the Group pays out of its current or accumulated earnings and profits (as determined for United States federal income tax purposes) is subject to

United States federal income taxation. If you are a non-corporate United States Holder, dividends paid to you in taxable years beginning before 1 January 2011 that constitute qualified dividend income will be taxable to you at a maximum tax rate of 15% provided that, in the case of shares or ADSs, you hold the shares or ADSs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date. Dividends we pay with respect to the shares or ADSs will generally be qualified dividend income.

You must include any Australian tax withheld from the dividend payment in this gross amount even though you do not in fact receive it. The dividend is taxable to you when you, in the case of shares, or the Depositary, in the case of ADSs, receive the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations. The amount of the dividend distribution that you must include in your income as a United States Holder will be the U.S. dollar value of the non-U.S. dollar payments made, determined at the spot UK pound/U.S. dollar rate (in the case of Rio Tinto plc) or the spot Australian dollar/U.S.

dollar (in the case of Rio Tinto Limited) on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. Distributions in excess of current and accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the shares or ADSs and thereafter as capital gain.

Subject to certain limitations, any Australian tax withheld in accordance with the Australia-United States Tax Treaty and paid over to Australia will be creditable or deductible against your United States federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the maximum 15% tax rate.

For foreign tax credit purposes, dividends will generally be income from sources outside the United States and will, depending on your circumstances, generally be either passive or general income which, in either case, is treated separately from other types of income for purposes of computing the foreign tax credit allowable to you.

Taxation of Capital Gains

Subject to the PFIC rules discussed below, if you are a US holder and you sell or otherwise dispose of the Group s ADSs or shares, you will recognise capital gain or loss for US federal income tax purposes equal to the difference between the US dollar value of the amount that you realize and your tax basis, determined in US dollars, in your shares or ADSs. Capital gain of a non corporate US holder is generally taxed at preferential rates where the holder has a holding period greater than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

Passive Foreign Investment Company (PFIC) Rules

We believe that the Group s shares or ADSs should not be treated as stock of PFIC for US federal income tax purposes, but this conclusion is a factual determination that is made annually and thus may be subject to change. If we were to be treated as a PFIC, unless the shares or ADSs are marketable stock and a US Holder elects to be taxed annually on a mark-to-market basis with respect to the shares or ADSs, gain realized on the sale or other disposition of the shares or ADSs would in general not be treated as capital gain. Instead, if you are a US Holder, you would be treated as if you had realized such gain and certain excess distributions rateably over your holding period for the shares or ADSs and would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year. In addition, dividends that you receive from us will not be eligible for the special tax rates applicable to qualified dividend income if we are a PFIC either in the taxable year of the distribution or the preceding taxable year, but instead will be taxable at rates applicable to ordinary income.

DOCUMENTS ON DISPLAY

Rio Tinto plc and Rio Tinto Limited file reports and other information with the SEC. You may read without charge and copy at prescribed rates any document filed at the public reference facilities of the SEC s principal office at 100 F Street NE, Washington, DC 20549, United States of America. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

The Rio Tinto Group s quantitative and qualitative disclosures about market risk, its policies for currency, interest rate and commodity price exposures, and the use of derivative financial instruments are discussed in the financial review on pages 87 to 93. The discussion regarding market risk contains certain forward looking statements and attention is drawn to the Cautionary statement on page 10.

Item 12. Description of Securities other than Equity Securities

The ADR facility is maintained by JPMorgan Chase Bank NA, or JPMorgan, pursuant to the Deposit Agreement as of 13 July 1988, as amended on 11 June 1990, as further amended and restated on 15 February 2005 when JPMorgan became Rio Tinto plc s depositary. The ADRs evidence Rio Tinto plc American Depositary Shares (ADS). Prior to 29 April 2010, each ADR represented four ordinary shares. On 29 April 2010, the Deposit Agreement was further

amended and restated to realign the ratio so that one ADR represents one Rio Tinto plc ordinary share. The term holder used refers to the person in whose name an American Depositary Receipt is registered.

Table of Contents

Fees and charge payable by a holder of ADSs

In accordance with the terms of the Deposit Agreement, JPMorgan may charge holders of Rio Tinto ADSs, either directly or indirectly, fees or charges up to the amounts described below.

Category	Depositary Actions	Associated Fee
Depositing or substituting the underlying shares	Issuance of ADSs against the deposit of shares, including deposits and issuance in respect of: § Share distributions, stock split, rights, merger § Exchange of securities or other transactions or event other distribution affecting the ADSs or the deposited securities	US$5.00 per 100 ADSs (or portion thereof) evidenced by the new ADSs delivered
Selling or exercising rights	Distribution or sale of securities, the fee being in an amount equal to the fee for the execution and delivery of ADSs which would have been charged as a result of the deposit of such securities	US$5.00 for each 100 ADSs (or portion thereof)
Withdrawing an underlying share	Acceptance of ADSs surrendered for withdrawal of deposited securities	US$5.00 for each 100 ADSs (or portion thereof) evidenced by the ADSs surrendered
Transferring, splitting or grouping receipts;	Transfers, combining or grouping of depositary receipts	US$2.50 per ADS
General depositary services, particularly those charged on an annual basis	§ Other services performed by the depositary in administering the ADRs § Provide information about the depositary s right, if any, to collect fees and charges by offsetting them against dividends received an deposited securities	US$0.02 per ADS (or portion thereof) not more than once each calendar year and payable at the sole discretion of the depositary by billing holders or deducting such charge from one or more cash dividends or other cash distributions
Expenses of the depositary	Expenses incurred on behalf of holders in connection with § Compliance with foreign exchange control regulations or any law or regulation relating to foreign investment § The depositary s or its custodian s compliance with applicable law, rule or regulation § Stock transfer or other taxes and other governmental charges § Cable, telex, facsimile and electronic transmission/delivery § Expenses of the depositary in connection with the conversion of foreign currency into US dollars (which are paid out of such foreign currency)	Expenses payable at the sole discretion of the depository by billing holders or by deducting charges from one or more cash dividends or other cash distributions

§ Any other charge payable by depositary or its agents

Fees and payments made by the depositary to the issuer

JP Morgan has agreed to reimburse certain company expenses related to the company s ADS programme and incurred by the company in connection with the programme. For the year ended 31 December 2009, JP Morgan did not reimburse any expenses to Rio Tinto nor pay any amounts on Rio Tinto s behalf to third parties. However, JP Morgan waived certain of its standard fees and expenses associated with the administration of the programme relating to the following activities:

Routine programme maintenance;
Reporting;
Distribution of cash dividends;
Annual meeting services; and
Report mailing services.

In the year ended 31 December 2009, the waived fees and expenses amounted to US$215,000.

Under certain circumstances, including removal of JP Morgan as Depositary or termination of the ADR programme by the company, the company is required to repay JP Morgan any amounts of administrative fees and expenses waived during the 12-month period prior to notice of removal or termination.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

There are no defaults, dividend arrearages or delinquencies.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

There are no material modifications to the rights of security holders.

Table of Contents

Item 15. Controls and Procedures

Disclosure controls and procedures

The Group maintains disclosure controls and procedures as such term is defined in Exchange Act Rule 13a-15(e). The common management of each of Rio Tinto plc and Rio Tinto Limited, with the participation of their common chief executive and finance director, have evaluated the effectiveness of the design and operation of the Group s disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of the end of the period covered by this report and have concluded that these disclosure controls and procedures were effective at a reasonable assurance level.

Management s report on internal control over financial reporting

The common management of each of Rio Tinto plc and Rio Tinto Limited is responsible for establishing and maintaining adequate internal control over financial reporting. The Companies internal control over financial reporting is a process designed under the supervision of their common chief executive and finance officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of the Group s published financial statements for external reporting purposes in accordance with IFRS.

Because of its inherent limitations, internal control over financial reporting cannot provide absolute assurance, and may not prevent or detect all misstatements whether caused by error or fraud, if any, within each of Rio Tinto plc and Rio Tinto Limited.

The Group s internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with authorisations of managemement and directors of each of the Companies; and provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Group s assets that could have a material effect on our financial statements.

Management conducted an assessment of the effectiveness of internal control over financial reporting as of 31 December 2009, based on the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and concluded that it was effective.

Our independent registered public accounting firms, PricewaterhouseCoopers LLP and PricewaterhouseCoopers, the auditors of Rio Tinto plc and Rio Tinto Limited respectively, audited the Financial statements included in this Form 20-F and audited the effectiveness of internal control over financial reporting as of 31 December 2009. Their audit report on internal control over financial reporting is included on p. A-82 of this Annual Report on Form 20-F.

Changes in internal control over financial reporting

There were no changes in the internal controls over financial reporting that occurred during the period covered by this Annual report on Form 20-F that have materially affected or are reasonably likely to materially affect the internal controls over financial reporting of each of Rio Tinto plc and Rio Tinto Limited.

Item 16A. Audit Committee Financial Expert

See Report of the Audit committee on pages 137 and 138 for information regarding the identification of the *Audit committee* financial expert.

Item 16B. Code of Ethics

The way we work, Rio Tinto s statement of business practice, summarises the Group s principles and policies for all directors and employees including the principal financial officer, the principal executive officer and the principal accounting officer.

The way we work and the supplementary guidance documents are discussed more fully under Corporate governance on page 140. They can be viewed on Rio Tinto s website: www.riotinto.com and will be provided to any person without charge upon written request received by one the company secretaries.

Item 16C. Principal Accountant Fees and Services

The remuneration of the Group s principal auditors including audit fees, audit related fees, tax fees and all other fees, as well as remuneration payable to other accounting firms, has been set out in note 43 to the *2009 Financial statements*.

Rio Tinto has adopted policies designed to uphold the independence of the Group s principal auditors by prohibiting their engagement to provide a range of accounting and other professional services that might compromise their appointment as independent auditors.

The engagement of the Group s principal auditors to provide statutory audit services, other services pursuant to legislation, taxation services and certain other services are pre- approved. Any engagement of the Group s principal auditors to provide other permitted services is subject to the specific approval of the Audit committee or its chairman.

Prior to the commencement of each financial year the Group s chief financial officer and its principal auditors submit to the Audit committee a schedule of the types of services that are expected to be performed during the following year for its

Table of Contents

approval. The Audit committee may impose a US dollar limit on the total value of other permitted services that can be provided. Any non audit service provided by the Group s principal auditors, where the expected fee exceeds a pre determined level, must be subject to the Group s normal tender procedures.

In exceptional circumstances the chief financial officer is authorised to engage the Group s principal auditors to provide such services without going to tender, but if the fees are expected to exceed US$250,000 then the chairman of the Audit committee must approve the engagement.

The *Audit committee* adopted policies for the pre approval of permitted services provided by the Group s principal auditors during 2003. All of the engagements for services provided by the Group s principal auditors since the adoption of these policies were either within the pre approval policies or approved by the *Audit committee*. The directors are satisfied that the provision of non audit services by PricewaterhouseCoopers in accordance with this procedure is compatible with the general standard of independence for auditors imposed by relevant regulations, including the Australian Corporations Act 2001.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

	Rio Tinto plc			Rio Tinto Limited			Rio Tinto Group
	(a) Total number of shares purchased (including ESOT)	(b) Average price paid per share US$	(c) Total number of shares purchased as part of publicly announced plans or programmes	(a) Total number of shares purchased	(b) Average price paid per share US$	(c) Total number of shares purchased as part of publicly announced plans or programmes	(d) Approximate dollar value of shares that may yet be purchased under the plans or programmes US$
2009							
1 Jan to 31 Jan				26,530	27.36		
1 Feb to 28 Feb	10,000	29.05		175,937	31.44		
1 Mar to 31 Mar	114,090	33.86		105,533	32.57		
1 Apr to 30 Apr	241,889	31.62		652,598	38.11		
1 May to 31 May				247,587	46.84		
1 Jun to 30 Jun				377,811	57.36		
1 Jul to 31 Jul				30,532	43.29		
1 Aug to 31 Aug				16,526	49.66		
1 Sep to 30 Sep	1,046	38.39		23,774	51.12		
1 Oct to 31 Oct	319,321	47.21		58,135	61.09		
1 Nov to 30 Nov				80,630	66.39		
1 Dec to 31 Dec				65,436	66.67		

Total	686,346	36.03	1,861,029	45.38
2010				
1 Jan to 31 Jan			270,326	71.96
1 Feb to 28 Feb			459,750	63.97
1 March to 31 March			212,034	67.51
1 April to 30 April	271,553	61.02	401,068	73.29
1 May to 14 May			24,280	60.95

At the Rio Tinto plc annual general meeting shareholders approved an increase in authorised share capital from £142,123,283 to £170,000,000. However, in accordance with the UK Companies Act 2006, shareholders also approved an amendment to Rio Tinto plc s articles of association to reflect the abolition of the concept of authorised share capital with effect from 1 October 2010.

On 5 June 2009 the Group announced a fully underwritten rights issue consisting of a 21 for 40 rights issue of 524,460,478 new Rio Tinto plc shares at 1,400 pence per share and a 21 for 40 rights issue of 150,015,297 new Rio Tinto Limited shares at A$28.29 per share. Rio Tinto plc received valid acceptances in respect of 508,577,688 shares representing 96.97 per cent of the total number of new shares and Rio Tinto Limited received valid acceptances in respect of 142,149,887 shares representing 94.76 per cent of the total number of new shares. The remaining shares over which valid acceptances were not received were placed in the market by the underwriters. The Group raised gross proceeds of approximately US$15.2 billion from the issues. Net proceeds of US$14.8 billion were used to pay down the Group s debt.

Awards over 3,460,646 Rio Tinto plc ordinary shares and 2,566,504 Rio Tinto Limited shares were granted in connection with employee share plans during 2009. In addition, as a result of the rights issue, the awards over Rio Tinto plc shares were adjusted by 2,261,327 options and a further grant of 514,354 options over Rio Tinto Limited shares were made. As at 14 May 2010 there were options outstanding over 5,325,282 Rio Tinto plc ordinary shares and 3,778,667 Rio Tinto Limited shares. Upon vesting, awards may be satisfied by the issue of new shares, the purchase of shares on market, or, in the case of Rio Tinto plc, from treasury shares.

Between 1 January 2010 and 14 May 2010, Rio Tinto plc reissued 1,894,568 ordinary shares from treasury in connection with employee share plans and Rio Tinto Limited s registrars purchased on market and delivered 1,367,458 shares. No newly issued shares were used in connection with employee share plans.

Item 16F. Change in Registrant s Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

The Company has reviewed the NYSE Standards and believes that its practices are broadly consistent with them, with one exception. The NYSE Standards state that companies must have a nominating / corporate governance committee composed entirely of independent directors and with written terms of reference which, in addition to identifying individuals qualified to become board members, develops and recommends to the board a set of corporate governance principles applicable to the Company. Rio Tinto has a *Nominations committee*, information about which is set out on page 138. This committee does not develop corporate governance principles for the board s approval. The board itself performs this task and approves the Group s overall system of governance and internal controls.

PART III

Item 17. Financial Statements

Not applicable.

Item 18. Financial Statements

The *2009 Financial statements* of the Rio Tinto Group and the separate *2009 Financial statements* of Minera Escondida Limitada (Rio Tinto: 30 per cent), which exceeded certain tests of significance under Rule 3-09 of Regulation S-X, are included as the A pages in this Annual report on Form 20-F.

Item 19. Exhibits

Exhibits marked * have been filed as exhibits to this Annual report on Form 20-F and other exhibits have been incorporated by reference as indicated.

INDEX

Exhibit Number	Description
1.1*	Articles of Association of Rio Tinto plc (adopted by special resolution passed on 20 April 2009 and amended on 1 October 2009)
1.2*	Constitution of Rio Tinto Limited (ACN 004 458 404) (as adopted by special resolution passed on 24 May 2000 and amended by special resolution on 18 April 2002, 29 April 2005, 27 April 2007, 24 April 2008 and 20 April 2009)
2.1	Facility Agreement, dated 12 July 2007, among Rio Tinto, Credit Suisse, Deutsche Bank AG, London Branch, The Royal Bank of Scotland plc, and Societe Generale (incorporated by reference to Exhibit (b)(1) to the Schedule TO-T filed by Rio Tinto plc and Rio Tinto Canada Holding Inc. on 24 July 2007, File No. 1-10533)
3.1	DLC Merger Implementation Agreement, dated 3 November 1995 between CRA Limited and The RTZ Corporation PLC relating to the implementation of the DLC merger (incorporated by reference to Exhibit 2.1 of Rio Tinto plc s Annual report on Form 20-F for the financial year ended 31 December 1995, File No. 1-10533)
3.2*	DLC Merger Sharing Agreement, dated 21 December 1995 and amended on 14 April 2005, 29 April 2005 and 18 December 2009 between CRA Limited and The RTZ Corporation PLC relating to the ongoing relationship between CRA and RTZ following the DLC merger
3.3*	RTZ Shareholder Voting Agreement, dated 21 December 1995 and amended on 18 January 2010 between The RTZ Corporation PLC, RTZ Shareholder SVC Pty. Limited, CRA Limited, R.T.Z. Australian Holdings Limited and The Law Debenture Trust Corporation p.l.c
3.4*	CRA Shareholder Voting Agreement, dated 21 December 1995 and amended 18 January 2010 between CRA Limited, CRA Shareholder SVC Limited, The RTZ Corporation PLC and The Law Debenture Trust Corporation p.l.c., relating to the RTZ Special Voting Share

4.01	Service Agreement dated 4 May 2007 between Mr T Albanese and Rio Tinto London Limited (incorporated by reference to Exhibit 4.01 of Rio Tinto plc s Annual report on Form 20-F for the financial year ended 31 December 2007, File No. 1-10533)
4.02	Memorandum effective 1 March 2008 to Service Agreement dated 12 April 2006 between Mr T Albanese and Rio Tinto London Limited (incorporated by reference to Exhibit 4.02 of Rio Tinto plc s Annual report on Form 20-F for the financial year ended 31 December 2007, File No. 1-10533)
4.03	Service Agreement dated 19 June 2002 between Mr G R Elliott and Rio Tinto London Limited (incorporated by reference to Exhibit 4.31 of Rio Tinto plc s Annual report on Form 20-F for the financial year ended 31 December 2002, File No. 1-10533)
4.04	Memorandum effective 1 March 2008 to Service Agreement dated 19 June 2002 between Mr G R Elliott and Rio Tinto London Limited (incorporated by reference to Exhibit 4.01 of Rio Tinto plc s Annual report on Form 20-F for the financial year ended 31 December 2007, File No. 1-10533)
4.05	Rio Tinto plc Share Option Plan 2004 (incorporated by reference to Exhibit 4.3 of Rio Tinto s Registration statement on Form S-8, File No. 333-147914)
4.06	Rio Tinto plc Mining Companies Comparative Plan 2004 (incorporated by reference to Exhibit 4.4 of Rio Tinto s Registration statement on Form S-8, File No. 333-147914)
4.07	Rio Tinto Limited Share Option Plan 2004 (incorporated by reference to Exhibit 4.6 of Rio Tinto s Registration statement on Form S-8, File No. 333-147914)
4.08	Rio Tinto Limited Mining Companies Comparative Plan 2004 (incorporated by reference to Exhibit 4.7 of Rio Tinto s Registration statement on Form S-8, File No. 333-147914)
4.09	Medical expenses plan (incorporated by reference to Exhibit 4.67 of Rio Tinto plc s Annual report on Form 20-F for the financial year ended 31 December 2000, File No. 1-10533)
4.10	Pension plan (incorporated by reference to Exhibit 4.68 of Rio Tinto plc s Annual report on Form 20-F for the financial year ended 31 December 2000, File No. 1-10533)
4.11	Rules of The Rio Tinto plc 2008 Bonus Deferral Plan (incorporated by reference to Exhibit 4.15 of Rio Tinto plc s Annual report on Form 20-F for the financial year ended 31 December 2008, File No. 1-10533)
4.12	US Annex to the Rules of the Rio Tinto plc 2008 Bonus Deferral Plan (incorporated by reference to Exhibit 4.16 of Rio Tinto plc s Annual report on Form 20-F for the financial year ended 31 December 2008, File No. 1-10533)
4.13	Rules of The Rio Tinto Limited 2008 Bonus Deferral Plan (incorporated by reference to Exhibit 4.17 of Rio Tinto plc s Annual report on Form 20-F for the financial year ended 31 December 2008, File No. 1-10533)
4.14	US Annex to the Rules of the Rio Tinto Limited 2008 Bonus Deferral Plan (incorporated by reference to Exhibit 4.18 of Rio Tinto plc s Annual report on Form 20-F for the financial year ended 31 December 2008, File No. 1-10533)
4.15* **	Implementation Agreement between Rio Tinto Limited, Rio Tinto plc, BHP Billiton Limited and BHP Billiton plc dated 5 December 2009 (including the schedules).
8.1*	List of subsidiary companies.
12.1*	Certifications pursuant to Rule 13a-14(a) of the Exchange Act.
13.1*	Certifications furnished pursuant to Rule 13a-14(b) of the Exchange Act (such certifications are not deemed filed for purpose of Section 18 of the Exchange Act and not incorporated by reference in any filing under the Securities Act).
15.1*	Consent of Independent Accountants to the incorporation of the audit report relating to the Rio Tinto Group and effectiveness of internal control over financial reporting of the Rio Tinto Group by reference in registration statements on Form F-3 and Form S-8.
15.2*	Consent of Independent Accountants to the incorporation of the audit report relating to Minera Escondida Limitada by reference in registration statements on Form F-3 and Form S-8.

* Filed herewith.

** Pursuant to a request for confidential treatment filed with the Securities and Exchange, the confidential portions of this exhibit have been omitted and filed seperately with the Securities and Exchange Commission.

Table of Contents

Signature

The Registrants hereby certify that they meet all of the requirements for filing on Form 20-F and that they have duly caused and authorised the undersigned to sign this Annual Report on their behalf.

Rio Tinto plc	**Rio Tinto Limited**
(Registrant)	(Registrant)
/s/ Ben Mathews	/s/ Ben Mathews
Name: **Ben Mathews**	Name: **Ben Mathews**
Title: Secretary	Title: Assistant Secretary
Date: 27 May 2010	Date: 27 May 2010

Definitions and exchange rates

NON MINING DEFINITIONS

Throughout this document, the collective expressions Rio Tinto, Rio Tinto Group and Group are used for convenience only. Depending on the context in which they are used, they mean Rio Tinto plc and/or Rio Tinto Limited and/or one or more of the individual companies in which Rio Tinto plc and/or Rio Tinto Limited directly or indirectly own investments, all of which are separate and distinct legal entities.

Unless the context indicates otherwise, the following terms have the meanings shown below:

ADR	American Depositary Receipt evidencing American Depositary Shares (ADS).
Australian dollars	Australian currency. Abbreviates to A$.
AIFRS	International Financial Reporting Standards as adopted in Australia.
Billion	One thousand million.
Canadian dollars	Canadian currency. Abbreviates to C$.
Company/Companies	Rio Tinto plc and/or Rio Tinto Limited, as the context so requires.
DLC merger	Dual listed companies merger (1995).
IFRS	International Financial Reporting Standards as adopted by the European Union.
IASB	International Accounting Standards Board as issued by th IASB.
IFRS	International Financial Reporting Standards.
LBMA	London Bullion Market Association.
LME	London Metal Exchange.
Pounds sterling	UK currency. Abbreviates to £, pence or p.
Public shareholders	The holders of Rio Tinto plc shares that are not companies in the Rio Tinto Limited group and the holders of Rio Tinto Limited shares that are not companies in the Rio Tinto plc group.
Rand	South African currency. Abbreviates to R.
Rio Tinto Limited	Rio Tinto Limited, and, where the context permits, its subsidiaries and associated companies.
Rio Tinto Limited group	Rio Tinto Limited and its subsidiaries and associated companies.
Rio Tinto Limited shareholders	The holders of Rio Tinto Limited shares.
Rio Tinto Limited share	The shares in Rio Tinto Limited.
Rio Tinto Limited/RTL DLC Dividend Share	The DLC Dividend Share in Rio Tinto Limited.
Rio Tinto Limited/RTL Special Voting Share	The Special Voting Share in Rio Tinto Limited.
Rio Tinto plc	Rio Tinto plc and its subsidiaries and associated companies.
Rio Tinto plc ADS	An American Depositary Share representing the right to receive four Rio Tinto plc ordinary shares.
Rio Tinto plc group	Rio Tinto plc and its subsidiaries and associated companies.
Rio Tinto plc ordinary shares	The shares of 10p each in Rio Tinto plc.
Rio Tinto plc shareholders	The holders of Rio Tinto plc shares.
Rio Tinto plc shares	Rio Tinto plc ordinary shares
Rio Tinto plc/RTP DLC Dividend Share	The DLC Dividend Share of 10p in Rio Tinto plc.
Rio Tinto plc/RTP Special Voting Share	The Special Voting Share of 10p in Rio Tinto plc
Share/shares	Rio Tinto Limited shares or Rio Tinto plc ordinary shares, as the context requires.
Sharing Agreement	

	The agreement, dated 21 December 1995, as amended between Rio Tinto Limited and Rio Tinto plc relating to the regulation of the relationship between Rio Tinto Limited and Rio Tinto plc following the DLC merger.
US dollars	United States currency. Abbreviates to dollars, $ or US$ and US cents or USc.
Mining and technical definitions	
Alumina	Aluminium oxide. It is extracted from bauxite in a chemical refining process and is subsequently the principal raw material in the electro-chemical process by which aluminium is produced.
Anode and cathode copper	At the final stage of the smelting of copper concentrates, the copper is cast into specially shaped slabs called anodes for refining to produce refined cathode copper.
Bauxite	Mainly hydrated aluminium oxides ($Al_2O_3.2H_2O$). Principal ore of alumina, the raw material from which aluminium is made.
Bioleaching	The deliberate use of bacteria to speed the chemical release of metals from ores.
Block caving	An underground bulk mining method. It involves undercutting the orebody to induce ore fracture and collapse by gravity. The broken ore is recovered through draw points below.
Borates	A generic term for mineral compounds which contain boron and oxygen.
Cathode copper	Refined copper produced by electrolytic refining of impure copper or by electro-winning.
Classification	Separating crushed and ground ore into portions of different size particles.
Coking coal	By virtue of its carbonisation properties, it is used in the manufacture of coke, which is used in the steel making process. Also known as metallurgical coal.
Concentrate	The product of a physical concentration process, such as flotation or gravity concentration, which involves separating ore minerals from unwanted waste rock. Concentrates require subsequent processing (such as smelting or leaching) to break down or dissolve the ore minerals and obtain the desired elements, usually metals.
Cutoff grade	The lowest grade of mineralised material considered economic to process. It is used in the calculation of the quantity of ore present in a given deposit.

Table of Contents

NON MINING DEFINITIONS (continued)

Flotation	A method of separating finely ground minerals using a froth created in water by specific reagents. In the flotation process certain mineral particles are induced to float by becoming attached to bubbles of froth whereas others, usually unwanted, sink.
Grade	The proportion of metal or mineral present in ore, or any other host material, expressed in this document as per cent, grams per tonne or ounces per ton.
Head grade	The average grade of ore delivered to the mill.
Ilmenite	Mineral composed of iron, titanium and oxygen.
Metallurgical coal	By virtue of its carbonisation properties, it is used in the manufacture of coke, which is used in the steel making process. Also known as coking coal.
Ore	A rock from which a metal(s) or mineral(s) can be economically and legally extracted.
Ore milled	The quantity of ore processed.
Probable ore reserves	Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.
Proven ore reserves	Reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well established.
Rock mined	The quantity of ore and waste rock excavated from the mine. In this document, the term is only applied to surface mining operations.
Rutile	A mineral composed of titanium and oxygen (TiO_2).
Stripping ratio	The tonnes of waste material which must be removed to allow the mining of one tonne of ore.
Solvent extraction and electrowinning (SX-EW)	Processes for extracting metal from an ore and producing pure metal. First the metal is leached into solution; the resulting solution is then purified in the solvent extraction process; the solution is then treated in an electro-chemical process (electro-winning) to recover cathode copper.
Tailing	The rock wastes which are rejected from a concentrating process after the recoverable valuable minerals have been extracted.
Titanium dioxide feedstock	A feedstock rich in titanium dioxide, produced, in Rio Tinto s case, by smelting ores containing titanium minerals.
Underlying earnings	Underlying earnings is an additional measure to provide greater understanding of the underlying business performance of operations.
Zircon	Zirconium mineral ($ZrSiO_4$).

CONVERSION OF WEIGHTS AND MEASURES

1 troy ounce = 31.1 grams
1 kilogram = 32.15 troy ounces
1 kilogram = 2.2046 pounds
1 metric tonne = 1,000 kilograms
1 metric tonne = 2,204.6 pounds
1 metric tonne = 1.1023 short tons
1 short ton = 2,000 pounds

1 long ton = 2,240 pounds
1 gram per metric tonne = 0.02917 troy ounces per short ton
1 gram per metric tonne = 0.03215 troy ounces per metric tonne
1 kilometre = 0.6214 miles

EXCHANGE RATES

The following tables show, for the periods and dates indicated, certain information regarding the exchange rates for the pound sterling and Australian dollar, based on the Noon Buying Rates for pounds sterling and Australian dollars expressed in US dollars per £1.00 and per A$1.00.

Pounds sterling					**Australian dollars**				
Year ended 31 December*	Period end	Average rate	High	Low	Year ended 31 December*	Period end	Average rate	High	Low
2009	1.62	1.57	1.70	1.35	2009	0.890	0.790	0.940	0.620
2008	1.44	1.86	2.03	1.44	2008	0.698	0.852	0.983	0.607
2007	1.99	2.00	2.11	1.92	2007	0.878	0.839	0.937	0.772
2006	1.96	1.84	1.98	1.72	2006	0.788	0.753	0.791	0.706
2005	1.73	1.82	1.93	1.71	2005	0.734	0.763	0.799	0.727

* The Noon Buying Rate on such dates differed slightly from the rates used in the preparation of Rio Tinto s financial statements as of such date. No representation is made that pound sterling and Australian dollar amounts have been, could have been or could be converted into dollars at the Noon Buying Rate on such dates or at any other dates.

Table of Contents

FINANCIAL CALENDAR

2010	
14 January	Fourth quarter 2009 operations review
11 February	Announcement of results for 2009
24 February	Rio Tinto plc and Rio Tinto Limited shares and Rio Tinto plc ADRs quoted ex-dividend for 2009 final dividend
26 February	Record date for 2009 final dividend for Rio Tinto plc shares and ADRs
2 March	Record date for 2009 final dividend for Rio Tinto Limited shares
11 March	Plan notice date for election under the dividend reinvestment plan for the 2009 final dividend
1 April	Payment date for 2009 final dividend to holders of Ordinary shares and ADRs
15 April	Annual general meeting for Rio Tinto plc
15 April	First quarter 2010 operations review
26 May	Annual general meeting for Rio Tinto Limited (adjourned from 22 April)
14 July	Second quarter 2010 operations review
5 August	Announcement of half year results for 2010
11 August	Rio Tinto plc and Rio Tinto Limited shares and Rio Tinto plc ADRs quoted ex-dividend for 2010 interim dividend
13 August	Record date for 2010 interim dividend for Rio Tinto plc shares and ADRs
17 August	Record date for 2010 interim dividend for Rio Tinto Limited shares
18 August	Plan notice date for election under the dividend reinvestment plan for the 2010 interim dividend
9 September	Payment date for 2010 interim dividend to holders of Ordinary shares and ADRs
14 October	Third quarter 2010 operations review
2011	
January	Fourth quarter 2010 operations review
February	Announcement of results for 2010

2009 Financial statements
Contents

	Page
Primary financial statements	
Group income statement	A-2
Group statement of comprehensive income	A-3
Group cash flow statement	A-4
Group statement of financial position	A-5
Group statement of changes in equity	A-6
Reconciliation with Australian IFRS	A-7
Outline of dual listed companies structure and basis of financial statements	A-8
Notes to the 2009 financial statements	
Note 1 - Principal accounting policies	A-9
Group income statement	
Note 2 - Reconciliation of Net earnings to Underlying earnings	A-25
Note 3 - Net operating costs	A-26
Note 4 - Employment costs	A-26
Note 5 - Impairment charges	A-26
Note 6 - Share of profit after tax of equity accounted units	A-27
Note 7 - Interest receivable and payable	A-27
Note 8 - Tax on profit	A-28
Note 9 - Earnings/(loss) per ordinary share	A-30
Note 10 - Dividends	A-31
Group statement of financial position	
Note 11 - Goodwill	A-31
Note 12 - Intangible assets	A-33
Note 13 - Property, plant and equipment	A-34
Note 14 - Investments in equity accounted units	A-34
Note 15 - Net debt of equity accounted units (excluding amounts due to Rio Tinto)	A-35
Note 16 - Inventories	A-35
Note 17 - Trade and other receivables	A-35
Note 18 - Deferred taxation	A-36
Note 19 - Assets held for sale	A-37
Note 20 - Other financial assets	A-37
Note 21 - Cash and cash equivalents	A-37
Note 22 - Borrowings	A-38
Note 23 - Capitalised finance leases	A-39
Note 24 - Consolidated net debt	A-39
Note 25 - Trade and other payables	A-39
Note 26 - Other financial liabilities	A-39
Note 27 - Provisions (not including taxation)	A-40
Capital and reserves	
Note 28 - Share capital Rio Tinto plc	A-41
Note 29 - Share capital Rio Tinto Limited	A-41

Note 30 - Other reserves and retained earnings A-42

Additional disclosures

Note 31 - Operating segments A-43
Note 32 - Operating segments additional information A-45
Note 33 - Financial risk management A-47
Note 34 - Financial instruments A-51
Note 35 - Contingent liabilities and commitments A-57
Note 36 - Average number of employees A-58
Note 37 - Principal subsidiaries A-59
Note 38 - Principal jointly controlled entities A-60
Note 39 - Principal associates A-61
Note 40 - Principal jointly controlled assets and other proportionally consolidated units A-61
Note 41 - Purchases and sales of subsidiaries, joint ventures, associates and other interests in businesses A-62
Note 42 - Directors and key management remuneration A-64
Note 43 - Auditors remuneration A-65
Note 44 - Related party transactions A-66
Note 45 - Exchange rates in US$ A-66
Note 46 - Rights issues A-66
Note 47 - Bougainville Copper Limited (BCL) A-67
Note 48 - Events after the statement of financial position date A-67
Note 49 - Share based payments A-68
Note 50 - Post retirement benefits A-74
Note 51 - Rio Tinto financial information by business unit A-78

Table of Contents

Group income statement
Years ended 31 December

	Note	**2009 US$m**	2008 US$m	2007 US$m
Continuing operations				
Consolidated sales revenue		**41,825**	54,264	29,700
Net operating costs (excluding items shown separately)	*3*	**(33,818)**	(37,641)	(20,752)
Impairment charges	*5*	**(1,573)**	(8,015)	(58)
Profits on disposal of interests in businesses	*41*	**692**	2,231	2
Exploration and evaluation costs	*12*	**(514)**	(1,134)	(574)
Profits on disposal of interests in undeveloped projects (b)	*12*	**894**	489	253
Operating profit		**7,506**	10,194	8,571
Share of profit after tax of equity accounted units	*6*	**786**	1,039	1,584
Profit before finance items and taxation		**8,292**	11,233	10,155
Finance items				
Net exchange gains/(losses) on external debt and intragroup balances	*24*	**365**	(176)	194
Net gains/(losses) on derivatives not qualifying for hedge accounting		**261**	(173)	57
Interest receivable and similar income	*7*	**120**	204	134
Interest payable and similar charges	*7*	**(929)**	(1,618)	(538)
Amortisation of discount		**(249)**	(292)	(166)
		(432)	(2,055)	(319)
Profit before taxation		**7,860**	9,178	9,836
Taxation	*8*	**(2,076)**	(3,742)	(2,090)
Profit from continuing operations		**5,784**	5,436	7,746
Discontinued operations				
Loss after tax from discontinued operations	*19*	**(449)**	(827)	
Profit for the year		**5,335**	4,609	7,746
- attributable to outside equity shareholders		**463**	933	434
- attributable to equity shareholders of Rio Tinto (Net earnings)		**4,872**	3,676	7,312
Basic earnings/(loss) per share (c) (2008 and 2007 restated)				
Profit from continuing operations	*9*	**301.7c**	286.8c	464.9c
Loss from discontinued operations	*9*	**(25.5)c**	(52.7)c	

Profit for the year	*9*	**276.2c**	234.1c	464.9c
Diluted earnings/(loss) per share (c) (2008 and 2007 restated)				
Profit from continuing operations	*9*	**300.7c**	285.5c	462.9c
Loss from discontinued operations	*9*	**(25.4)c**	(52.4)c	
Profit for the year	*9*	**275.3c**	233.1c	462.9c

(a) Consolidated revenue includes subsidiary sales to equity accounted units.

(b) Profits arising on the disposal of interests in undeveloped projects are stated net of charges of nil (2008: US$156 million; 2007: nil), related to such projects.

c) The rights issues were at a discount to the then market price. Accordingly, earnings per share for all periods up to the date on which the shares were issued have been adjusted for the bonus element of the issues. The 2008 comparatives have been restated accordingly. See note 46 for other information relating to the

rights issues.

Table of Contents

Group statement of comprehensive income
Years ended 31 December

	2009		
	Attributable to shareholders of Rio Tinto US$m	**Outside interests US$m**	**Total US$m**
Profit after tax for the year	**4,872**	**463**	**5,335**
Other comprehensive income			
Currency translation adjustment	**3,732**	**429**	**4,161**
Currency translation on companies disposed of transferred to the income statement	**(13)**		**(13)**
Cash flow hedge fair value (losses)/gains:			
- Cash flow hedge fair value (losses)/gains	**(206)**	**(107)**	**(313)**
- Cash flow hedge losses transferred to the income statement	**16**	**34**	**50**
- Cash flow hedge gains on companies disposed of transferred to income statement	**(4)**	**(1)**	**(5)**
Gains/(losses) on revaluation of available for sale securities	**357**	**1**	**358**
Gains on revaluation of available for sale securities transferred to the income statement	**(3)**		**(3)**
Actuarial (losses)/gains on post retirement benefit plans (note 30)	**(847)**	**3**	**(844)**
Share of other comprehensive income/(expense) of equity accounted units	**368**		**368**
Tax relating to components of other comprehensive income (note 8)	**297**	**24**	**321**
Other comprehensive income/(expense) for the year, net of tax	**3,697**	**383**	**4,080**
Total comprehensive income/(expense) for the year	**8,569**	**846**	**9,415**

	2008		
	Attributable to shareholders of Rio Tinto US$m	Outside interests US$m	Total US$m
Profit after tax for the year	3,676	933	4,609
Other comprehensive income			
Currency translation adjustment	(4,383)	(411)	(4,794)
Currency translation on companies disposed of transferred to the income statement	(2)		(2)
Cash flow hedge fair value (losses)/gains:			
- Cash flow hedge fair value (losses)/gains	28	6	34

- Cash flow hedge losses transferred to the income statement	245	107	352
- Cash flow hedge gains on companies disposed of transferred to income statement			
Gains/(losses) on revaluation of available for sale securities	(173)	(1)	(174)
Gains on revaluation of available for sale securities transferred to the income statement	(1)		(1)
Actuarial (losses)/gains on post retirement benefit plans (note 30)	(1,294)	(20)	(1,314)
Share of other comprehensive income/(expense) of equity accounted units	(283)		(283)
Tax relating to components of other comprehensive income (note 8)	280	(36)	244
Other comprehensive income/(expense) for the year, net of tax	(5,583)	(355)	(5,938)
Total comprehensive income/(expense) for the year	(1,907)	578	(1,329)

		2007	
	Attributable to shareholders of Rio Tinto US$m	Outside interests US$m	Total US$m
Profit after tax for the year	7,312	434	7,746
Other comprehensive income			
Currency translation adjustment	1,765	135	1,900
Currency translation on companies disposed of transferred to the income statement			
Cash flow hedge fair value (losses)/gains:			
- Cash flow hedge fair value (losses)/gains	(199)	(223)	(422)
- Cash flow hedge losses transferred to the income statement	89	76	165
- Cash flow hedge gains on companies disposed of transferred to income statement			
Gains/(losses) on revaluation of available for sale securities	49	2	51
Gains on revaluation of available for sale securities transferred to the income statement	(16)		(16)
Actuarial (losses)/gains on post retirement benefit plans (note 30)	139	6	145
Share of other comprehensive income/(expense) of equity accounted units	(11)		(11)
Tax relating to components of other comprehensive income (note 8)	159	40	199
Other comprehensive income/(expense) for the year, net of tax	1,975	36	2,011
Total comprehensive income/(expense) for the year	9,287	470	9,757

Table of Contents

Group cash flow statement
Years ended 31 December

	Note	**2009 US$m**	2008 US$m	2007 US$m
Cash flow from consolidated operations (a)		**13,224**	19,195	10,805
Dividends from equity accounted units		**610**	1,473	1,764
Cash flows from operations		**13,834**	20,668	12,569
Net interest paid		**(1,136)**	(1,538)	(489)
Dividends paid to outside shareholders of subsidiaries		**(410)**	(348)	(168)
Tax paid		**(3,076)**	(3,899)	(3,421)
Net cash generated from operating activities		**9,212**	14,883	8,491
Cash flow from investing activities				
Cash inflow from disposals/acquisitions of subsidiaries, joint ventures & associates	*41*	**2,028**	2,563	(37,526)
Purchase of property, plant and equipment and intangible assets		**(5,388)**	(8,574)	(5,000)
Sales of financial assets		**253**	171	49
Purchases of financial assets		**(44)**	(288)	(273)
Other funding of equity accounted units		**(265)**	(334)	(216)
Other investing cash flows		**59**	281	224
Cash used in investing activities		**(3,357)**	(6,181)	(42,742)
Cash flow before financing activities		**5,855**	8,702	(34,251)
Cash flow from financing activities				
Equity dividends paid to Rio Tinto shareholders		**(876)**	(1,933)	(1,507)
Own shares purchased from Rio Tinto shareholders				(1,648)
Proceeds from issue of ordinary shares in Rio Tinto		**14,877**	23	37
Proceeds from additional borrowings		**5,775**	4,697	39,195
Repayment of borrowings		**(22,195)**	(12,667)	(1,017)
Finance lease repayments		**(25)**	(10)	(17)
Receipt from close out of interest rate swaps			710	
Other financing cash flows		**(19)**	72	54
Cash used in financing activities		**(2,463)**	(9,108)	35,097
Effects of exchange rates on cash and cash equivalents		**(284)**	(101)	(27)

Net increase/(decrease) in cash and cash equivalents		**3,108**	(507)	819
Opening cash and cash equivalents less overdrafts		**1,034**	1,541	722
Closing cash and cash equivalents less overdrafts	*21*	**4,142**	1,034	1,541

(a) Cash flow from consolidated operations				
Profit from continuing operations		**5,784**	5,436	7,746
Adjustments for:				
Taxation	*8*	**2,076**	3,742	2,090
Finance items		**432**	2,055	319
Share of profit after tax of equity accounted units	*6*	**(786)**	(1,039)	(1,584)
Profit on disposal of interests in businesses	*41*	**(692)**	(2,231)	(2)
Impairment charges	*5*	**1,573**	8,015	58
Depreciation and amortisation		**3,427**	3,475	2,115
Provisions (including exchange losses/(gains) on provisions)	*27*	**930**	265	308
Utilisation of provisions	*27*	**(363)**	(464)	(162)
Utilisation of provision for post retirement benefits	*27*	**(470)**	(448)	(121)
Change in inventories		**653**	(1,178)	130
Change in trade and other receivables		**908**	658	(385)
Change in trade and other payables		**(570)**	951	375
Other items		**322**	(42)	(82)
		13,224	19,195	10,805

A-4

Table of Contents

Group statement of financial position
At 31 December

	Note	**2009 US$m**	2008 US$m
Non current assets			
Goodwill	*11*	**14,268**	14,296
Intangible assets	*12*	**5,730**	6,285
Property, plant and equipment	*13*	**45,803**	41,753
Investments in equity accounted units	*14*	**6,735**	5,053
Loans to equity accounted units		**170**	264
Inventories	*16*	**284**	166
Trade and other receivables	*17*	**1,375**	1,111
Deferred tax assets	*18*	**2,231**	1,367
Tax recoverable		**85**	220
Other financial assets	*20*	**841**	666
		77,522	71,181
Current assets			
Inventories	*16*	**4,889**	5,607
Trade and other receivables	*17*	**4,447**	5,401
Loans to equity accounted units		**168**	251
Tax recoverable		**501**	406
Other financial assets	*20*	**694**	264
Cash and cash equivalents	*21*	**4,233**	1,181
		14,932	13,110
Assets of disposal groups held for sale	*19*	**4,782**	5,325
Total assets		**97,236**	89,616
Current liabilities			
Bank overdrafts repayable on demand	*21*	**(91)**	(147)
Borrowings	*22*	**(756)**	(9,887)
Trade and other payables	*25*	**(5,759)**	(7,197)
Other financial liabilities	*26*	**(412)**	(480)
Tax payable		**(1,329)**	(1,442)
Provisions	*27*	**(1,182)**	(826)
		(9,529)	(19,979)
Non current liabilities			
Borrowings	*22*	**(22,155)**	(29,724)
Trade and other payables	*25*	**(591)**	(452)
Other financial liabilities	*26*	**(601)**	(268)

Tax payable		**(299)**	(450)
Deferred tax liabilities	*18*	**(4,304)**	(4,054)
Provision for post retirement benefits	*27*	**(4,993)**	(3,601)
Other provisions	*27*	**(7,519)**	(6,506)
		(40,462)	(45,055)
Liabilities of disposal groups held for sale	*19*	**(1,320)**	(2,121)
Total liabilities		**(51,311)**	(67,155)
Net assets		**45,925**	22,461
Capital and reserves			
Share capital			
- Rio Tinto plc	*28*	**246**	160
- Rio Tinto Limited (excluding Rio Tinto plc interest)	*29*	**4,924**	961
Share premium account (a)		**4,174**	4,705
Other reserves	*30*	**14,010**	(2,322)
Retained earnings	*30*	**20,477**	17,134
Equity attributable to Rio Tinto shareholders	*30*	**43,831**	20,638
Attributable to outside equity shareholders (a)		**2,094**	1,823
Total equity		**45,925**	22,461

(a) Refer to statement of changes in equity.

A-5

Table of Contents

Group statement of changes in equity
Years ended
31 December 2009

	Attributable to shareholders of Rio Tinto						
	Share capital (notes 28 and 29) US$m	**Share premium (a) US$m**	**Retained earnings (note 30) US$m**	**Other reserves (note 30) US$m**	**Total US$m**	**Outside interests US$m**	**Total equity US$m**
Opening balance	**1,121**	**4,705**	**17,134**	**(2,322)**	**20,638**	**1,823**	**22,461**
Total comprehensive income for the year (b)			**4,168**	**4,401**	**8,569**	**846**	**9,415**
Currency translation arising from Rio Tinto Limited s share capital (c)	**710**				**710**		**710**
Dividends			**(876)**		**(876)**	**(410)**	**(1,286)**
Own shares purchased from Rio Tinto shareholders to satisfy share options			**(17)**	**(35)**	**(52)**		**(52)**
Ordinary shares issued	**3,339**	**(531)**	**3**	**11,936**	**14,747**		**14,747**
Shares issued to outside interests						**53**	**53**
Subsidiaries now equity accounted						**(218)**	**(218)**
Employee share options and other IFRS 2 charges taken to the income statement			**65**	**30**	**95**		**95**
Closing balance	**5,170**	**4,174**	**20,477**	**14,010**	**43,831**	**2,094**	**45,925**

31 December 2008

	Attributable to shareholders of Rio Tinto						
	Share capital (notes 28 and 29) US$m	Share premium US$m	Retained earnings (note 30) US$m	Other reserves (note 30) US$m	Total US$m	Outside interests US$m	Total equity US$m
Opening balance	1,391	1,932	19,033	2,416	24,772	1,521	26,293
			2,742	(4,649)	(1,907)	578	(1,329)

	Share capital	Share premium	Retained earnings	Other reserves	Total	Outside interests	Total equity
Total comprehensive income/ (expense) for the year (b)							
Currency translation arising from Rio Tinto Limited s share capital (c)	(258)				(258)		(258)
Dividends			(1,933)		(1,933)	(348)	(2,281)
Own shares purchased from Rio Tinto shareholders to satisfy share options				(128)	(128)		(128)
Ordinary shares issued		6	25		31		31
Own shares purchased and cancelled	(12)	2,767	(2,767)	12			
Shares issued to outside interests						72	72
Employee share options taken to the income statement			34	27	61		61
Closing balance	1,121	4,705	17,134	(2,322)	20,638	1,823	22,461

31 December 2007

	Attributable to shareholders of Rio Tinto						
	Share capital (notes 28 and 29) US$m	Share premium US$m	Retained earnings (note 30) US$m	Other reserves (note 30) US$m	Total US$m	Outside interests US$m	Total equity US$m
Opening balance	1,271	1,919	14,401	641	18,232	1,153	19,385
Total comprehensive income/ (expense) for the year (b)			7,468	1,819	9,287	470	9,757
Currency translation arising from Rio Tinto Limited s share capital (c)	120				120		120
Dividends			(1,507)		(1,507)	(164)	(1,671)
Own shares purchased from Rio Tinto shareholders to satisfy share options				(64)	(64)		(64)
Ordinary shares issued		13	24		37		37
Shares issued to outside interests						38	38
Employee share options taken to the income			19	20	39		39

statement							
Own shares purchased under capital management programme			(1,372)		(1,372)		(1,372)
Outside interest in acquired companies						24	24
Closing balance	1,391	1,932	19,033	2,416	24,772	1,521	26,293

(a) Charges to share premium in 2009 include underwriting fees and other fees for the Rio Tinto plc rights issue together with the mark-to-market losses from inception to receipt of proceeds on forward contracts taken out by Rio Tinto plc to provide confidence in the absolute dollar proceeds of the rights issue.

(b) Refer to Statement of comprehensive income.

(c) Refer to note 1 (d).

Table of Contents

Reconciliation with Australian IFRS

The Group s financial statements have been prepared in accordance with IFRS both as adopted by the European Union (EU IFRS) and as issued by the International Accounting Standards Board (IFRS), which differs in certain respects from the version of IFRS that is applicable in Australia (Australian IFRS).

Prior to 1 January 2004, the Group s financial statements were prepared in accordance with UK GAAP. Under IFRS goodwill on acquisitions prior to 1998, which was eliminated directly against equity in the Group s UK GAAP financial statements, has not been reinstated. This was permitted under the rules governing the transition to IFRS set out in IFRS 1. The equivalent Australian Standard, AASB 1, does not provide for the netting of goodwill against equity. As a consequence, shareholders funds under Australian IFRS include the residue of such goodwill, which amounted to US$597 million at 31 December 2009 (2008: US$752 million).

Save for the exception described above, the Group s financial statements drawn up in accordance with IFRS are consistent with the requirements of Australian IFRS.

Outline of dual listed companies structure and basis of financial statements

The Rio Tinto Group

These are the financial statements of the Rio Tinto Group (the Group), formed through the merger of economic interests (merger) of Rio Tinto plc and Rio Tinto Limited, and presented by both Rio Tinto plc and Rio Tinto Limited as their consolidated accounts in accordance with both United Kingdom and Australian legislation and regulations.

Merger terms

On 21 December 1995, Rio Tinto plc and Rio Tinto Limited, which are listed respectively on Stock Exchanges in the United Kingdom and Australia, entered into a dual listed companies (DLC) merger. This was effected by contractual arrangements between the companies and amendments to Rio Tinto plc s Memorandum and Articles of Association and Rio Tinto Limited s constitution.

As a result, Rio Tinto plc and Rio Tinto Limited and their respective groups operate together as a single economic enterprise, with neither assuming a dominant role. In particular, the arrangements:

- confer upon the shareholders of Rio Tinto plc and Rio Tinto Limited a common economic interest in both groups;
- provide for common boards of directors and a unified management structure;
- provide for equalised dividends and capital distributions; and
- provide for the shareholders of Rio Tinto plc and Rio Tinto Limited to take key decisions, including the election of directors, through an electoral procedure in which the public shareholders of the two companies effectively vote on a joint basis.

The merger involved no change in the legal ownership of any assets of Rio Tinto plc or Rio Tinto Limited, nor any change in the ownership of any existing shares or securities of Rio Tinto plc or Rio Tinto Limited, nor the issue of any shares, securities or payment by way of consideration, save for the issue by each company of one special voting share to a trustee company which provides the joint electoral procedure for public shareholders. During 2002, each of the parent companies issued a DLC Dividend Share to facilitate the efficient management of funds within the DLC structure.

Accounting standards

The financial statements have been drawn up in accordance with International Financial Reporting Standards both as adopted by the European Union (EU IFRS) and as issued by the International Accounting Standards Board (IFRS).

The merger of economic interests of Rio Tinto plc and Rio Tinto Limited was accounted for as a merger under UK GAAP. As permitted under the rules governing the transition to IFRS, which are set out in IFRS 1, the Group did not restate business combinations that occurred before the transition date of 1 January 2004. As a result, the DLC merger of economic interests described above continues to be accounted for as a merger under IFRS.

The main consequence of adopting merger rather than acquisition accounting is that the statement of financial position of the merged Group includes the assets and liabilities of Rio Tinto plc and Rio Tinto Limited at their carrying values prior to the merger, subject to adjustments to achieve uniformity of accounting policies, rather than at their fair values at the date of the merger. For accounting purposes Rio Tinto plc and Rio Tinto Limited are viewed as a single public parent company (with their respective public shareholders being the shareholders in that single company). As a result the amounts attributable to both Rio Tinto plc and Rio Tinto Limited public shareholders are included in the amounts attributed to equity shareholders on the statement of financial position, income statement and statement of comprehensive income.

Australian Corporations Act

The financial statements are drawn up in accordance with an order, under section 340 of the Australian Corporations Act 2001, issued by the Australian Securities and Investments Commission (ASIC) on 27 January 2006 (as amended on 22 December 2006). The main provisions of the order are that the financial statements are:

- to be made out in accordance with IFRS as adopted by the European Union (EU IFRS); and
- to include a reconciliation from EU IFRS to the Australian equivalents of IFRS (see above).

For further details of the ASIC Class Order relief see page A-81.

Table of Contents

Notes to the 2009 Financial statements

1 Principal accounting policies

Corporate information

The financial statements of the Group were authorised for issue in accordance with a directors resolution on 5 March 2010. The financial statements in the 20-F were authorised for issue by the board of directors on 27 May 2010. Rio Tinto plc and Rio Tinto Limited are listed and incorporated respectively on Stock Exchanges in the United Kingdom and Australia. Rio Tinto plc s registered office is at 2 Eastbourne Terrace, London W2 6LG, United Kingdom. Rio Tinto Limited s registered office is at 120 Collins Street, Melbourne, Australia, 3000.

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

Basis of preparation

The basis of preparation and accounting policies used in preparing the financial statements for the year ended 31 December 2009 are set out below.

The financial statements for the year ended 31 December 2009 have been prepared in accordance with International Financial Reporting Standards both as adopted by the EU (EU IFRS) and as issued by the International Accounting Standards Board (IFRS), Interpretations issued from time to time by the International Financial Reporting Interpretations Committee (IFRIC) adopted by the European Union that are mandatory for the year ended 31 December 2009, the Companies Act 2006 applicable to companies reporting under IFRS and in accordance with applicable United Kingdom law, applicable Australian law as amended by the Australian Securities and Investments Commission Order dated 27 January 2006 (as amended on 22 December 2006) and Article 4 of the European Union IAS regulation.

The IFRS financial information has been drawn up on the basis of accounting policies consistent with those applied in the financial statements for the year to 31 December 2008, except for the following:

IFRS 8 Operating segments

IFRS 7 Financial instruments Disclosures (amendment)

IAS 1 Presentation of financial statements (revised)

IFRS 2 (amendment), Share-based payment Vesting conditions and cancellations

Amendment to IAS 32 Financial instruments:Presentation and IAS 1 Presentation of financial statements Puttable financial instruments and obligations arising on liquidation

Amendment to IAS 39 Eligible hedged items

Amendment to IAS 39 and IFRS 7 Reclassification of financial assets

Amendment to IFRIC 9 and IAS 39 on embedded derivatives

Improvements to IFRS 2008 to the extent mandatory in 2009. This standard collates many minor changes to IFRS. The amendments most relevant to the Group relate to the classification of derivatives which are

not hedges by maturity rather than as short term and the imputation of interest on government grants.

IFRIC 12 Service concession arrangements

IFRIC 13 Customer loyalty programmes

IFRIC 15 Agreements for construction of real estate

IFRIC 16 Hedges of a net investment in a foreign operation

IFRIC 18 Transfers of assets from customers

The effect of adopting the above standards and interpretations is not material to Group earnings or to shareholders funds in the current or prior year. Therefore, prior year information has not been restated. IFRS 7, IFRS 8 and IAS 1 (revised) relate to disclosure only, prior year information has been reclassified to conform with the current presentation. The reclassifications do not affect prior year statements of financial position.

In addition, the Group has early adopted Amendment to IAS 32 Classification of rights issues. The amendment permits rights issues to existing shareholders which allow those shareholders to receive a fixed number of shares at a fixed price in a currency other than the entity s functional currency, to be classed as equity transactions provided the offer is pro rata to all shareholders. Prior to the amendment such an offer was treated as giving rise to a derivative liability. As a consequence, the US$827 million gain in the income statement which arose at the half year under the previous accounting rules has been removed with a corresponding credit to equity.

The Group has not applied the following pronouncements: those which are expected to be most relevant to the Group are IFRS 3 and IAS 27 (revised).

IAS 1 (amendment), Presentation of financial statements mandatory for year 2010

IAS 27 (revised) Consolidated and separate financial statements - mandatory for year 2010. The standard requires the effects of all increases or decreases in the ownership of subsidiaries to be recorded in equity if there is no change in control. They will therefore no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost.

Any remaining interest in the company is re-measured to fair value and a gain or loss is recognised in profit or loss.

IAS 38 (amendment), Intangible Assets mandatory for year 2010

IFRS 3 (amendment) Business combinations - mandatory for business combinations after 1 January 2010. Under the revised standard, all payments to purchase a business are to be recorded at fair value at the acquisition date with contingent payments classified as debt subsequently re-measured through the income statement. All acqusition related costs should be expensed. When a business is acquired in which the Group previously held a non-controlling stake, or the Group increases its stake in a business which it does not control, the existing stake is re-measured to fair value at the date of acquisition. Any difference between fair value and carrying value is taken to the income statement.

IFRS 5 (amendment), Non-current assets held for sale and discontinued operations mandatory for year 2010

Eligible Hedged Items (an amendment to IAS 39 Financial Instruments: Recognition and Measurement) - mandatory for year 2010

IFRIC 17 Non cash distributions to owners - mandatory for year 2010

IFRS 2 Share-based payment Group cash settled share based payment transactions -mandatory for year 2010

Improvements to IFRS 2009 mandatory for year 2010. This standard collates further minor changes to IFRS.

Amendment to IFRIC 14, IAS 19 Prepayments of a minimum funding requirement -mandatory for year 2011

Amendment to IAS 24 Related party disclosures - mandatory for year 2011

IFRIC 19 Extinguishing financial liabilities with equity instruments - mandatory for year 2011

IFRS 9, Financial instruments mandatory for year 2013

The Group is evaluating the impact of the above pronouncements. The above changes are not expected to be material to the Group s earnings or to shareholders funds.

Table of Contents

Notes to the 2009 Financial statements

1 Principal accounting policies continued

Judgements in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management s best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the Notes to the financial statements, and the key areas are summarised below.

Areas of judgement that have the most significant effect on the amounts recognised in the financial statements are:

- Merger accounting for the 1995 merger of the economic interests of Rio Tinto plc and Rio Tinto Limited into the dual listed companies (DLC) structure (page A-8).
- Review of asset carrying values and impairment charges and reversals note 1(e) and (i), note 5 and note 11
- Estimation of asset lives, note 1 (e and i)
- Determination of ore reserve estimates note 1(j)
- Close down, restoration and clean up obligations note 1(k)
- Deferral of stripping costs note 1(h)
- Recognition of deferred tax on mineral rights recognised in acquisitions note 1(m)
- Capitalisation of exploration and evaluation costs -note 1(f)
- Identification of functional currencies note 1(d)
- The definition of Underlying earnings note 2
- Acquisitions note 1(b)

Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Review of asset carrying values and impairment charges and reversals note 1(e) and (i), note 5 and note 11
- Estimation of close down and restoration costs and the timing of expenditure note 1(k) and note 27
- Estimation of environmental clean up costs and the timing of expenditure note 1(k) and note 27
- Estimation of liabilities for post retirement costs note 50
- Recoverability of potential deferred tax assets note 1 (m) and note 18 (d)
- Contingencies note 35

These areas of judgement and estimation are discussed further on page A-19.

(a) Accounting convention

The financial information included in the financial statements for the year ended 31 December 2009, and for the related comparative period, has been prepared under the historical cost convention, as modified by the revaluation of certain derivative contracts, financial assets and post retirement assets and liabilities. The Group s policy in respect of these items is set out in the notes below.

(b) Basis of consolidation

The financial statements consist of the consolidation of the accounts of Rio Tinto plc and Rio Tinto Limited (together the Companies) and their respective subsidiaries (together the Group).

All intragroup balances, transactions, income and expenses and profits or losses, including unrealised profits arising from intragroup transactions, have been eliminated on consolidation. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

Subsidiaries: Subsidiaries are entities over which the Companies have the power to govern the financial and operating policies in order to obtain benefits from their activities. Control is presumed to exist where the Companies own more than one half of the voting rights (which does not always equate to percentage ownership) unless it can be demonstrated that ownership does not constitute control. Control does not exist where other parties hold veto rights over significant operating and financial decisions. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Companies and their subsidiaries after eliminating intragroup transactions as noted above.

For partly owned subsidiaries, the allocation of net assets and net earnings to outside shareholders is shown in the line Amounts attributable to outside equity shareholders on the face of the Group statement of financial position and Group income statement.

Associates: An associate is an entity, that is neither a subsidiary nor a joint venture, over whose operating and financial policies the Group exercises significant influence. Significant influence is presumed to exist where the Group has between 20 per cent and 50 per cent of the voting rights, but can also arise where the Group holds less than 20 per cent if it has the power to be actively involved and influential in policy decisions affecting the entity. The Group s share of the net assets, post tax results and reserves of associates are included in the financial statements using the equity accounting method. This involves recording the investment initially at cost to the Group, which therefore includes any goodwill on acquisition, and then, in subsequent periods, adjusting the carrying amount of the investment to reflect the Group s share of the associate s results less any impairment of goodwill and any other changes to the associate s net assets such as dividends. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group s interest in the associates.

Joint ventures: A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control such that significant operating and financial decisions require the unanimous consent of the parties sharing control. In some situations, joint control exists even though the Group has an ownership interest of more than 50 per cent because of the veto rights held by joint venture partners. The Group has two types of joint ventures:

Jointly controlled entities (JCEs): A JCE is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has a long term interest. JCEs are accounted for using the equity accounting method. In addition, for both associates and jointly controlled entities, the carrying value will include any long term debt interests that in substance form part of the Group s net investment.

Jointly controlled assets (JCAs): A JCA is a joint venture in which the venturers have joint control over the assets contributed to or acquired for the purposes of the joint venture. JCAs do not involve the establishment of a corporation, partnership or other entity. This includes situations where the participants derive benefit from the joint activity through a share of the production, rather than by receiving a share of the results of trading. The Group s proportionate interest in the assets, liabilities, revenues, expenses and cash flows of JCAs are incorporated into the Group s financial statements under the appropriate headings.

The Group uses the term Equity accounted units to refer to associates and jointly controlled entities collectively.

Where necessary, adjustments are made to the results of subsidiaries, joint ventures and associates to bring their accounting policies into line with those used by the Group.

Table of Contents

Notes to the 2009 Financial statements
1 Principal accounting policies continued

Acquisitions

On the acquisition of a subsidiary, the purchase method of accounting is used whereby the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) of the subsidiary on the basis of fair value at the date of acquisition. Provisional fair values allocated at a reporting date are finalised within twelve months of the acquisition date.

When part or all of the amount of purchase consideration is contingent on future events, the cost of the acquisition initially recorded includes a reasonable estimate of the fair value of the contingent amounts expected to be payable in the future. The cost of the acquisition is adjusted when revised estimates are made, with corresponding adjustments made to goodwill until the ultimate outcome is known.

The results of businesses acquired during the year are brought into the consolidated financial statements from the date on which control, joint control or significant influence commences and taken out of the financial statements from the date on which control, joint control or significant influence ceases.

Disposals

Individual non current assets or disposal groups (ie groups of assets and liabilities) to be disposed of, by sale or otherwise in a single transaction, are classified as held for sale if the following criteria are met:

- the carrying amount will be recovered principally through a sale transaction rather than through continuing use, and

- the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for such sales, and

- the sale is highly probable.

Disposal groups held for sale are carried at the lower of their carrying amount and fair value less costs to sell and are presented separately on the face of the statement of financial position with the related assets and liabilities being presented as a single asset and a single liability respectively. Comparative statement of financial position information is not restated. Disposal groups acquired with a view to resale are held at fair value determined at the acquisition date and no profits or losses are recognised between acquisition date and disposal date.

For a disposal group held for sale that continues to be carried at its carrying amount, the profit on disposal, calculated as net sales proceeds less the carrying amount, is recognised in the income statement in the period during which control passes to the buyer. Where the fair value less costs to sell of a disposal group is lower than the carrying amount at the time of classification as held for sale, the resulting charge is recognised in the income statement in that period. On classification as held for sale, the assets are no longer depreciated. When the fair value less costs to sell of a disposal group falls below the carrying amount during the period in which it is classified as held for sale, the charge is included in the income statement at that time.

If the disposal group or groups represent a separate major line of business or geographical area of operations, or are part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or are subsidiaries acquired exclusively with a view to resale, they are classified as discontinued operations. The net results attributable to such discontinued operations are shown separately and comparative

figures in the income and cash flow statements are restated.

The Group accounts for transactions with outside equity shareholders using the parent company model. Under this model, acquisitions of an outside equity shareholders interest will generally give rise to additional goodwill and a disposal will give rise to a profit or loss in the income statement.

(c) Sales revenue

Sales revenue comprises sales to third parties at invoiced amounts, with most sales being priced ex works, free on board (f.o.b.) or cost, insurance and freight (c.i.f.). Amounts billed to customers in respect of shipping and handling are classed as sales revenue where the Group is responsible for carriage, insurance and freight. All shipping and handling costs incurred by the Group are recognised as operating costs. If the Group is acting solely as an agent, amounts billed to customers are offset against the relevant costs. Revenue from services is recognised as services are rendered and accepted by the customer.

Sales revenue excludes any applicable sales taxes. Mining royalties are presented as an operating cost or, where they are in substance a profit based tax, within taxes. Co-product revenues are included in sales revenue.

A large proportion of Group production is sold under medium to long term contracts, but sales revenue is only recognised on individual sales when persuasive evidence exists that all of the following criteria are met:

- the significant risks and rewards of ownership of the product have been transferred to the buyer;

- neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold, has been retained;

- the amount of revenue can be measured reliably;

- it is probable that the economic benefits associated with the sale will flow to the Group; and

- the costs incurred or to be incurred in respect of the sale can be measured reliably.

These conditions are generally satisfied when title passes to the customer. In most instances sales revenue is recognised when the product is delivered to the destination specified by the customer, which is typically the vessel on which it will be shipped, the destination port or the customer s premises.

Sales revenue is commonly subject to adjustment based on an inspection of the product by the customer. In such cases, sales revenue is initially recognised on a provisional basis using the Group s best estimate of contained metal, and adjusted subsequently.

Certain products are provisionally priced , ie the selling price is subject to final adjustment at the end of a period normally ranging from 30 to 180 days after delivery to the customer, based on the market price at the relevant quotation point stipulated in the contract.

As is customary in the industry, revenue on provisionally priced sales is recognised based on estimates of the fair value of the consideration receivable based on forward market prices. At each reporting date provisionally priced metal is marked to market based on the forward selling price for the quotational period stipulated in the contract. For this purpose, the selling price can be measured reliably for those products, such as copper, for which there exists an active and freely traded commodity market such as the London Metals Exchange and the value of product sold by the Group is directly linked to the form in which it is traded on that market.

The marking to market of provisionally priced sales contracts is recorded as an adjustment to sales revenue. Information on provisionally priced sales contracts is included in note 33.

Certain other of the Group s products, such as iron ore, are sold under long term contracts at a benchmark price which is agreed annually.

Table of Contents

Notes to the 2009 Financial statements

1 Principal accounting policies continued

Where the benchmark price has not been finally agreed at the end of an accounting period, revenue is estimated based on the best available information, having reference to the terms of the contractual agreement and, where appropriate, to sales with other customers.

(d) Currency translation

The functional currency for each entity in the Group, and for jointly controlled entities and associates, is the currency of the primary economic environment in which it operates. For many entities, this is the currency of the country in which they operate. Transactions denominated in other currencies are converted to the functional currency at the exchange rate ruling at the date of the transaction unless hedge accounting applies, in which case the contract rate is used. Generally, this applies when derivatives or embedded derivatives are designated as cashflow hedges of the Group s sales. The Group s accounting policies for derivative financial instruments and hedge accounting are explained in more detail in note (p) (iii) below. Monetary assets and liabilities denominated in foreign currencies are retranslated at year end exchange rates.

The US dollar is the currency in which the Group s Financial statements are presented, as it most reliably reflects the global business performance of the Group as a whole.

On consolidation, income statement items are translated from the functional currency into US dollars at average rates of exchange. Statement of financial position items are translated into US dollars at year end exchange rates. Exchange differences on the translation of the net assets of entities with functional currencies other than the US dollar, and any offsetting exchange differences on net debt hedging those net assets, are recognised directly in the foreign currency translation reserve via the statement of comprehensive income (net of translation adjustments relating to Rio Tinto Limited s share capital).

Exchange gains and losses which arise on balances between Group entities are taken to the foreign currency translation reserve where the intragroup balance is, in substance, part of the Group s net investment in the entity.

The balance of the foreign currency translation reserve relating to an operation that is disposed of is transferred to the income statement at the time of the disposal.

The Group finances its operations primarily in US dollars but part of the Group s US dollar debt is located in subsidiaries having functional currencies other than the US dollar. Except as noted above, exchange gains and losses relating to such US dollar debt are charged or credited to the Group s income statement in the year in which they arise. This means that the impact of financing in US dollars on the Group s income statement is dependent on the functional currency of the particular subsidiary where the debt is located.

Exchange differences arising on closure provisions are capitalised at operating mines. Except as noted above, or in note (p) below relating to derivative contracts, all other exchange differences are charged or credited to the income statement in the year in which they arise.

(e) Goodwill and intangible assets (excluding exploration and evaluation expenditure)

Goodwill represents the difference between the cost of acquisition and the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is initially determined based on provisional fair values. Fair values are finalised within 12 months of the acquisition date. Goodwill on acquisition of subsidiaries is separately disclosed and goodwill on acquisitions of associates and JCEs is included within investments in equity

accounted units. For non wholly owned subsidiaries, interests attributable to outside equity shareholders are initially recorded based on the proportion of the fair values of the identifiable assets and liabilities and contingent liabilities recognised at acquisition attributable to outside equity shareholders. Where the Group s interest in the net fair value of the acquired company s identifiable assets, liabilities and contingent liabilities exceeds costs, the values assigned are reassessed. Any excess after that reassessment is recognised immediately in the income statement.

In 1997 and previous years, goodwill was eliminated against reserves in the year of acquisition as a matter of accounting policy, as was then permitted under UK GAAP. Such goodwill was not reinstated under subsequent UK accounting standards or on transition to IFRS.

Goodwill is not amortised; rather it is tested annually for impairment. Goodwill is allocated to the cash generating unit or group of cash generating units expected to benefit from the related business combination for the purposes of impairment testing which is carried out in accordance with accounting policy note 1(i). Goodwill impairments cannot be reversed. Investments in equity accounted units are tested for impairment as a single asset. Goodwill included in the Group s investment in equity accounted units is not tested on an annual basis therefore but only as part of the Group s overall testing for impairment when a trigger for impairment has been identified.

Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the asset is separable or arises from contractual or legal rights, and the fair value can be measured reliably on initial recognition.

Purchased intangible assets are initially recorded at cost and finite life intangible assets are amortised over their useful economic lives on a straight line or units of production basis, as appropriate. Intangible assets having indefinite lives and intangible assets that are not yet ready for use are not amortised and are reviewed annually for impairment in accordance with accounting policy note 1(i).

Intangible assets are considered to have indefinite lives when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash flows for the Group. The factors considered in making this determination include the existence of contractual rights for unlimited terms; or evidence that renewal of the contractual rights without significant incremental cost can be expected for indefinite periods into the future in view of the Group s future investment intentions. The life cycles of the products and processes that depend on the asset are also considered.

Where amortisation is calculated on a straight line basis, the following useful lives have been determined for classes of intangible assets.

Trademark, patented and non patented technology

Trademarks: 14 to 20 years

Patented and non patented technology: 10 to 20 years

Other intangible assets

Internally generated intangible assets and computer software: 2 to 5 years
Other intangible assets: 2 to 20 years

Contract based intangible assets

Power contracts: 2 to 39 years

Other purchase and customer contracts: 5 to 15 years

Table of Contents

Notes to the 2009 Financial statements

1 Principal accounting policies continued

(f) Exploration and evaluation

Exploration and evaluation expenditure comprises costs that are directly attributable to:

- researching and analysing existing exploration data;

- conducting geological studies, exploratory drilling and sampling;

- examining and testing extraction and treatment methods; and/or

- compiling pre-feasibility and feasibility studies.

Exploration expenditure relates to the initial search for deposits with economic potential. Evaluation expenditure arises from a detailed assessment of deposits or other projects that have been identified as having economic potential.

Expenditure on exploration activity is not capitalised.

Capitalisation of evaluation expenditure commences when there is a high degree of confidence in the project s viability and hence it is probable that future economic benefits will flow to the Group.

The carrying values of capitalised evaluation amounts are reviewed twice per annum by management and the results of these reviews are reported to the Audit committee. In the case of undeveloped projects, there may be only mineralised material to form a basis for the impairment review. The review is based on a status report regarding the Group s intentions for development of the undeveloped project. In some cases, the undeveloped projects are regarded as successors to ore bodies, smelters or refineries currently in production. Where this is the case, it is intended that these will be developed and go into production when the current source of ore is exhausted or to replace the reduced output, which results where existing smelters and/or refineries are closed. It is often the case that technological and other improvements will allow successor smelters and/or refineries to more than replace the capacity of their predecessors.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any related impairment provisions are written off.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment comprises its purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated close down and restoration costs associated with the asset. Once a mining project has been established as commercially viable, expenditure other than that on land, buildings, plant and equipment is capitalised under Mining properties and leases together with any amount transferred from Exploration and evaluation .

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore from which minerals can be extracted economically. The process of mining overburden and waste materials is referred to as stripping. During the development of a mine (or pit), before production commences, stripping costs are capitalised as part of the investment in construction of the mine.

Costs associated with commissioning new assets, in the period before they are capable of operating in the manner intended by management, are capitalised. Development costs incurred after the commencement of production are capitalised to the extent they are expected to give rise to a future economic benefit. Interest on borrowings related to construction or development projects is capitalised until the point when substantially all the activities that are necessary to make the asset ready for its intended use are complete.

(h) Deferred stripping

As noted above, stripping costs incurred in the development of a mine (or pit) before production commences are capitalised as part of the cost of constructing the mine (or pit) and subsequently amortised over the life of the mine (or pit) on a units of production basis.

Where a mine operates several open pits that are regarded as separate operations for the purpose of mine planning, stripping costs are accounted for separately by reference to the ore from each separate pit. If, however, the pits are highly integrated for the purpose of mine planning, the second and subsequent pits are regarded as extensions of the first pit in accounting for stripping costs. In such cases, the intial stripping (ie overburden and other waste removal) of the second and subsequent pits is considered to be production phase stripping relating to the combined operation.

The Group s determination of whether multiple pit mines are considered separate or integrated operations depends on each mine s specific circumstances. The following factors would point towards the stripping costs for the individual pits being accounted for separately:

- If mining of the second and subsequent pits is conducted consecutively with that of the first pit, rather than concurrently.

- If separate investment decisions are made to develop each pit, rather than a single investment decision being made at the outset.

- If the pits are operated as separate units in terms of mine planning and the sequencing of overburden and ore mining, rather than as an integrated unit.

- If expenditures for additional infrastructure to support the second and subsequent pits are relatively large.

- If the pits extract ore from separate and distinct ore bodies, rather than from a single ore body.

This additional factor would point to an integrated operation in accounting for stripping costs:

- If the designs of the second and subsequent pits are significantly influenced by opportunities to optimise output from the several pits combined, including the co-treatment or blending of the output from the pits.

The relative importance of each of the above factors is considered in each case to determine whether, on balance, the stripping costs should be attributed to the individual pit or to the combined output from the several pits. As this analysis requires judgment, another company could make the determination that a mine is separate or integrated differently than the Group, even if the fact pattern appears to be similar. To the extent the determination is different, the resulting accounting would also be different.

The Group defers stripping costs incurred subsequently, during the production stage of its operations, for those operations where this is the most appropriate basis for matching the costs against the related economic benefits and the effect is material. This is generally the case where there are fluctuations in stripping costs over the life of

the mine (or pit). The amount of stripping costs deferred is based on the ratio (Ratio) obtained by dividing the tonnage of waste mined either by the quantity of ore mined or by the quantity of minerals contained in the ore. Stripping costs incurred in the period are deferred to the extent that the current period Ratio exceeds the life of mine (or pit) Ratio. Such deferred costs are then charged against reported profits to the extent that, in subsequent periods, the current period Ratio falls short of the life of mine (or pit) Ratio. The life of mine (or pit) Ratio is based on proven and probable reserves of the mine (or pit).

Table of Contents

Notes to the 2009 Financial statements

1 Principal accounting policies continued

The life of mine (or pit) waste-to-ore ratio is a function of the pit design(s) and therefore changes to that design will generally result in changes to the Ratio. Changes in other technical or economic parameters that impact on reserves will also have an impact on the life of mine (or pit) Ratio even if they do not affect the pit design(s). Changes to the life of mine (or pit) Ratio are accounted for prospectively.

In the production stage of some mines (or pits), further development of the mine (or pit) requires a phase of unusually high overburden removal activity that is similar in nature to preproduction mine development. The costs of such unusually high overburden removal activity are deferred and charged against reported profits in subsequent periods on a units of production basis. This accounting treatment is consistent with that for stripping costs incurred during the development phase of a mine (or pit), before production commences.

If the Group were to expense production stage stripping costs as incurred, there would be greater volatility in the year to year results from operations and excess stripping costs would be expensed at an earlier stage of a mine s operation.

Deferred stripping costs are included in Mining properties and leases within property, plant and equipment or in investments in equity accounted units, as appropriate. These form part of the total investment in the relevant cash generating unit, which is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Amortisation of deferred stripping costs is included in net operating costs or in the Group s share of the results of its equity accounted units, as appropriate.

(i) Depreciation and impairment

Depreciation of non current assets

Property, plant and equipment is depreciated over its useful life, or over the remaining life of the mine if shorter. Depreciation commences when an asset is available for use. The major categories of property, plant and equipment are depreciated on a units of production and/or straight-line basis as follows:

Units of production basis

For mining properties and leases and certain mining equipment, the economic benefits from the asset are consumed in a pattern which is linked to the production level. Except as noted below, such assets are depreciated on a units of production basis.

Straight line basis

Assets within operations for which production is not expected to fluctuate significantly from one year to another or which have a physical life shorter than the related mine are depreciated on a straight line basis as follows:

Land and Buildings	
Land	Not depreciated
Buildings	5 to 50 years
Plant and equipment	
Other plant and equipment	3 to 35 years
Power assets	25 to 100 years

Capital work in progress	Not depreciated

Residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Changes to the estimated residual values or useful lives are accounted for prospectively. In applying the units of production method, depreciation is normally calculated using the quantity of material extracted from the mine in the period as a percentage of the total quantity of material to be extracted in current and future periods based on proven and probable reserves and, for some mines, other mineralisation. Such non reserve material may be included in depreciation calculations in limited circumstances and where there is a high degree of confidence in its economic extraction. Development costs that relate to a discrete section of an ore body and which only provide benefit over the life of those reserves, are depreciated over the estimated life of that discrete section. Development costs incurred which benefit the entire ore body are depreciated over the estimated life of the ore body.

Impairment of non current assets

Property, plant and equipment and intangible assets with finite lives are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Impairment is normally assessed at the level of cash-generating units which, in accordance with IAS 36 Impairment of Assets , are identified as the smallest identifiable group of assets that generates cash inflows, which are largely independent of the cash inflows from other assets.

In addition, an impairment loss is recognised for any excess of carrying amount over the fair value less costs to sell of a non current asset or disposal group held for sale.

Goodwill and indefinite-life intangible assets are reviewed for impairment annually or at any time during the year if an indicator of impairment is considered to exist. Goodwill acquired through business combinations is allocated to groups of cash-generating units that are expected to benefit from the related business combination. The groups of cash-generating units represent the lowest level within the Group at which goodwill is monitored for internal management purposes and these groups are not larger than the reporting segments determined in accordance with IFRS 8 Operating segments .

When an impairment review is undertaken, recoverable amount is assessed by reference to the higher of value in use (being the net present value of expected future cash flows of the relevant cash generating unit) and fair value less costs to sell (fair value). The best evidence of fair value is the value obtained from an active market or binding sale agreement. Where neither exists, fair value is based on the best information available to reflect the amount the Group could receive for the cash generating unit in an arm s length transaction. This is often estimated using discounted cash flow techniques.

Where recoverable amount is assessed using discounted cash flow techniques, the resulting estimates are based on detailed mine and/or production plans. For value in use, recent cost levels are considered, together with expected changes in costs that are compatible with the current condition of the business and which meet the requirements of IAS 36.

Table of Contents

Notes to the 2009 Financial statements
1 Principal accounting policies continued

The cash flow forecasts are based on best estimates of expected future revenues and costs, including the future cash costs of production, capital expenditure, close down, restoration and environmental clean up. These may include net cash flows expected to be realised from extraction, processing and sale of mineralisation that does not currently qualify for inclusion in proven or probable ore reserves. Such non reserve material is included where there is a high degree of confidence in its economic extraction. This expectation is usually based on preliminary drilling and sampling of areas of mineralisation that are contiguous with existing reserves. Typically, the additional evaluation to achieve reserve status for such material has not yet been done because this would involve incurring costs earlier than is required for the efficient planning and operation of the mine.

Where the recoverable amount of a cash generating unit is dependent on the life of its associated ore body, expected future cash flows reflect long term mine plans, which are based on detailed research, analysis and iterative modelling to optimise the level of return from investment, output and sequence of extraction. The mine plan takes account of all relevant characteristics of the ore body, including waste to ore ratios, ore grades, haul distances, chemical and metallurgical properties of the ore impacting on process recoveries and capacities of processing equipment that can be used. The mine plan is therefore the basis for forecasting production output in each future year and for forecasting production costs.

The Group s cash flow forecasts are based on estimates of future commodity prices, which assume market prices will revert to the Group s assessment of the long term average price, generally over a period of three to five years. These long term commodity prices, for most commodities, are derived from an analysis of the marginal costs of the producers of these commodities. These assessments often differ from current price levels and are updated periodically. For the long run, the Group does not believe that forward prices quoted in the metals markets provide a good indication of future price levels since forward prices tend to be strongly influenced by spot price levels.

In some cases, prices applying to some part of the future sales volumes of a cash generating unit are predetermined by existing sales contracts. The effects of such contracts are taken into account in forecasting future cash flows.

The discount rates applied to the future cash flow forecasts represent an estimate of the rate the market would apply having regard to the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. The Group s weighted average cost of capital is used as a starting point for determining the discount rates, with appropriate adjustments for the risk profile of the countries in which the individual cash generating units operate.

For operations with a functional currency other than the US dollar, the impairment review is undertaken in the relevant functional currency. The great majority of the Group s sales are based on prices denominated in US dollars. To the extent that the currencies of countries in which the Group produces commodities strengthen against the US dollar without commodity price offset, cash flows and, therefore, net present values are reduced.

When calculating value in use, IAS 36 requires that calculations should be based on exchange rates current at the time of the assessment.

Non-financial assets other than goodwill that have suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(j) Determination of ore reserve estimates

The Group estimates its ore reserves and mineral resources based on information compiled by Competent Persons as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves of December 2004 (the JORC code). Reserves, and for certain mines, other mineral resources, determined in this way are used in the calculation of depreciation, amortisation and impairment charges, the assessment of life of mine stripping ratios and for forecasting the timing of the payment of close down and restoration costs and clean up costs.

For the purposes of this combined Annual report on Form 20-F estimates of ore reserves have been computed in accordance with the SEC s Industry Guide 7, rather than in accordance with the JORC code, and are shown on pages 29 to 38. Ore reserves presented in accordance with SEC Industry Guide 7 do not exceed the quantities that, it is estimated, could be extracted economically if future prices were to be in line with the average of historical prices for the three years to 30 June 2009, or contracted prices where applicable. For this purpose, contracted prices are applied only to future sales volumes for which the price predetermined by an existing contract; and the average of historical prices is applied to expected sales volumes in excess of such amounts. Moreover, reported ore reserve estimates have not been increased above the levels expected to be economic based on Rio Tinto s own long term price assumptions. Therefore, a reduction in commodity prices from the three year average historical price levels would not necessarily give rise to a reduction in reported ore reserves.

In assessing the life of a mine for accounting purposes, mineralisation is only taken into account where there is a high degree of confidence of economic extraction.

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

(k) Provisions for close down and restoration and for environmental clean up costs

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the mine development or during the production phase, based on the net present value of estimated future costs. Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are updated annually during the life of the operation to reflect known developments, eg revisions to cost estimates and to the estimated lives of operations, and are subject to formal review at regular intervals.

Close down and restoration costs are a normal consequence of mining, and the majority of close down and restoration expenditure is incurred at the end of the life of the mine. Although the ultimate cost to be incurred is uncertain, the Group s businesses estimate their respective costs based on feasibility and engineering studies using current restoration standards and techniques.

The amortisation or unwinding of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period. The amortisation of the discount is shown as a financing cost, rather than as an operating cost.

The initial closure provision together with other movements in the provisions for close down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each statement of financial position date and the cost is charged to the income statement.

Notes to the 2009 Financial statements

1 Principal accounting policies continued

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the statement of financial position date. These costs are charged to the income statement. Movements in the environmental clean up provisions are presented as an operating cost, except for the unwind of the discount which is shown as a financing cost. Remediation procedures may commence soon after the time the disturbance, remediation process and estimated remediation costs become known, but can continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in ore reserves or production rates. As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

(l) Inventories

Inventories are valued at the lower of cost and net realisable value, primarily on a weighted average cost basis. Average costs are calculated by reference to the cost levels experienced in the current month together with those in opening inventory. Cost for raw materials and stores is purchase price and for partly processed and saleable products is generally the cost of production. For this purpose the costs of production include:
- labour costs, materials and contractor expenses which are directly attributable to the extraction and processing of ore;
- the depreciation of mining properties and leases and of property, plant and equipment used in the extraction and processing of ore; and
- production overheads.

Stockpiles represent ore that has been extracted and is available for further processing. If there is significant uncertainty as to when the stockpiled ore will be processed it is expensed as incurred. Where the future processing of this ore can be predicted with confidence, eg because it exceeds the mine s cut off grade, it is valued at the lower of cost and net realisable value. If the ore will not be processed within the 12 months after the statement of financial position date it is included within non current assets. Work in progress inventory includes ore stockpiles and other partly processed material. Quantities are assessed primarily through surveys and assays.

(m) Taxation

Current tax is the tax expected to be payable on the taxable income for the year calculated using rates that have been enacted or substantively enacted by the statement of financial position date. It includes adjustments for tax expected to be payable or recoverable in respect of previous periods.

Temporary differences are the difference between the carrying value of an asset or liability and its tax base. Full provision is made for deferred taxation on all temporary differences existing at the statement of financial position date with certain limited exceptions. The main exceptions to this principle are as follows:

- tax payable on the future remittance of the past earnings of subsidiaries, associates and jointly controlled entities is provided for except where the Group is able to control the remittance of profits and it is probable that there will be no remittance in the foreseeable future;
- deferred tax is not provided on the initial recognition of an asset or liability in a transaction that does not affect accounting profit or taxable profit and is not a business combination, such as on the recognition of a provision for

close down and restoration costs and the related asset or on the recognition of new finance leases. Furthermore, with the exception of the unwind of discount, deferred tax is not recognised on subsequent changes in the carrying value of such assets and liabilities, for example where the related assets are depreciated or finance leases are repaid; and

- deferred tax assets are recognised only to the extent that it is probable that they will be recovered. Probable is defined as more likely than not . Recoverability is assessed having regard to the reasons why the deferred tax asset has arisen and projected future taxable profits for the relevant entity (or group of entities).

Deferred tax is provided in respect of fair value adjustments on acquisitions. These adjustments may relate to assets such as mining rights that, in general, are not eligible for income tax allowances. In such cases, the provision for deferred tax is based on the difference between the carrying value of the asset and its nil income tax base. The existence of a tax base for capital gains tax purposes is not taken into account in determining the deferred tax provision relating to such mineral rights because it is expected that the carrying amount will be recovered primarily through use and not from the disposal of mineral rights. Also, the Group is only entitled to a deduction for capital gains tax purposes if the mineral rights are sold or formally relinquished. Current and deferred tax relating to items recognised directly in equity are recognised in equity and not in the income statement.

(n) Post employment benefits

For defined benefit post employment plans, the difference between the fair value of the plan assets (if any) and the present value of the plan liabilities is recognised as an asset or liability on the statement of financial position. Any asset recognised is restricted, if appropriate, to the present value of any amounts the Group expects to recover by way of refunds from the plan or reductions in future contributions. Actuarial gains and losses arising in the year are taken to the statement of comprehensive income. For this purpose, actuarial gains and losses comprise both the effects of changes in actuarial assumptions and experience adjustments arising because of differences between the previous actuarial assumptions and what has actually occurred.

Other movements in the net surplus or deficit are recognised in the income statement, including the current service cost, any past service cost and the effect of any curtailment or settlements. The interest cost less the expected return on assets is also charged to the income statement. The amount charged to the income statement in respect of these plans is included within operating costs or in the Group s share of the results of equity accounted units as appropriate.

The most significant assumptions used in accounting for pension plans are the long term rate of return on plan assets, the discount rate and the mortality assumptions. The long term rate of return on plan assets is used to calculate interest income on pension assets, which is credited to the Group s income statement. The discount rate is used to determine the net present value of future liabilities. The discount rate used is the yield on high quality corporate bonds with maturity and terms that match those of the post employment obligations as closely as possible. Where there is no developed corporate bond market in a country, the rate on government bonds is used. Each year, the unwinding of the discount on those liabilities is charged to the Group s income statement as the interest cost. The mortality assumption is used to project the future stream of benefit payments, which is then discounted to arrive at a net present value of liabilities.

The values attributed to plan liabilities are assessed in accordance with the advice of independent qualified actuaries.

The Group s contributions to defined contribution pension plans are charged to the income statement in the period to which the contributions relate.

Table of Contents

Notes to the 2009 Financial statements
1 Principal accounting policies continued

(o) Cash and cash equivalents

For the purposes of the statement of financial position, cash and cash equivalents comprise cash on hand, deposits held on call with banks and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalents are net of bank overdrafts that are repayable on demand which are shown as current liabilities on the statement of financial position.

(p) Financial instruments

(i) Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held to maturity investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Derivatives are included in this category unless they are designated as hedges. Assets in this category are classified based on their maturity. Generally, the Group does not acquire financial assets for the purpose of selling in the short term.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

(b) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non current assets based on their maturity date. Loans and receivables comprise trade and other receivables , other financial assets and cash and cash equivalents in the statement of financial position. Loans and receivables are carried at amortised cost less any impairment.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non derivatives that are either designated as available for sale or not classified in any of the other categories. They are included in non current assets unless the Group intends to dispose of the investment within 12 months of the statement of financial position date.

Changes in the fair value of available-for-sale financial assets denominated in a currency other than the functional currency of the holder other than equity investments, are analysed between translation differences and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss. Any impairment charges are also recognised in profit or loss, while other changes in fair value are recognised in equity.

When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement within net operating costs .

Dividends on available-for-sale equity instruments are also recognised in the income statement within interest receivable and similar income when the Group s right to receive payments is established.

Financial assets not carried at fair value through profit and loss are initially recognised on the trade date at fair value plus transaction costs.

Financial assets are derecognised when the investments mature or are sold, and substantially all the risks and rewards of ownership have been transferred.

(ii) Financial liabilities

Borrowings and other financial liabilities are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the amounts originally received (net of transaction costs) and the redemption value is recognised in the income statement over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

(iii) Derivative financial instruments and hedge accounting

The Group s policy with regard to Financial risk management is set out in note 33. When the Group enters into derivative contracts these transactions are designed to reduce exposures related to assets and liabilities, firm commitments or anticipated transactions.

Commodity based contracts that meet the definition of a derivative in IAS 39 but are entered into in accordance with the Group s expected purchase or sales requirements are recognised in earnings as described in note 1(c) Sales revenue above.

All other derivatives are initially recognised at their fair value on the date the derivative contract is entered into and are subsequently remeasured subject to IAS 39 at their fair value at each statement of financial position date. The method of recognising the resulting gain or loss depends on whether or not the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or of firm commitments (fair value hedges) or hedges of highly probable forecast transactions (cash flow hedges).

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument s effectiveness in offsetting the exposure to changes in the hedged item s fair value or cash flows attributable to the hedged risk. Hedges that are expected to be highly effective in achieving offsetting changes in fair value or cash flows are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Table of Contents

Notes to the 2009 Financial statements

1 Principal accounting policies continued

Fair value hedges: Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability or firm commitment that is attributable to the hedged risk. Where derivatives are held with different counterparties to the underlying asset or liability or firm commitment, the fair values of the derivative assets and liabilities are shown separately in the statement of financial position as there is no legal right of offset. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within interest payable and similar charges .

Cash flow hedges: The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within net operating costs . Amounts accumulated in equity are recycled in the income statement in the period when the hedged item affects profit or loss, for example when the forecast sale that is being hedged takes place. The realised gain or loss relating to the effective portion of forward foreign exchange or commodity contracts hedging sales is recognised in the income statement within sales revenue . When the forecast transaction that is being hedged results in the recognition of a non financial asset the gains and losses previously deferred in equity are transferred from equity and adjust the cost of the asset. The gains and losses are recognised subsequently in the income statement within net operating costs when the non financial asset is amortised.

When a cash flow hedging instrument expires or is sold, or when a cash flow hedge no longer meets the criteria for hedge accounting, although the forecasted transaction is still expected to occur, any cumulative gain or loss relating to the instrument which is held in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

When a fair value interest rate hedging instrument expires or is sold, or when a fair value interest rate hedge no longer meets the criteria for hedge accounting, the fair value adjustments which have been made to the hedged item are amortised through the income statement over its remaining life.

Derivatives that do not qualify for hedge accounting: Any derivative contracts that do not qualify for hedge accounting, are marked to market at the statement of financial position date. In respect of currency swaps, the gain or loss on the swap and the offsetting gain or loss on the financial asset or liability against which the swap forms an economic hedge are shown in separate lines in the income statement within the lines net gains/(losses) on derivatives not qualifying for hedge accounting and net exchange gains/(losses) on external debt and intragroup balances . In respect of other derivatives, the mark to market may give rise to charges or credits to the income statement in periods before the transaction against which the derivative is held as an economic hedge is recognised. These charges or credits would be recognised in the line net gains/(losses) on derivatives not qualifying for hedge accounting .

Embedded derivatives: Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to their host contracts. In some cases, the embedded derivatives may be designated as hedges and will be accounted for as described above.

(iv) Fair value

Fair value is the amount at which a financial instrument could be exchanged in an arm s length transaction between informed and willing parties. Where relevant market prices are available, these have been used to determine fair values. In other cases, fair values have been calculated using quotations from independent financial institutions, or by using valuation techniques consistent with general market practice applicable to the instrument.

(a) The fair values of cash, short term borrowings and loans to joint ventures and associates approximate to their carrying values, as a result of their short maturity or because they carry floating rates of interest.

(b) The fair values of medium and long term borrowings is calculated as the present value of the estimated future cash flows using an appropriate market based yield curve. The carrying value of the borrowings is amortised cost.

(c) Derivative financial assets and liabilities are carried at fair value based on published price quotations for the period for which a a liquid active market exists. Beyond this period, the Group s own assumptions are used.

The fair values of the various derivative instruments used for hedging purposes are disclosed in note 34. Movements on the hedging reserve are disclosed within note 30.

(v) Impairment of financial assets

Available-for-sale financial assets

The group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, an evaluation is made as to whether a decline in fair value is significant or prolonged based on an analysis of indicators such as significant adverse changes in the technological, market, economic or legal environment in which the company invested in operates.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the income statement. Reversals of impairment losses on debt instruments are reversed through the income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised.

Table of Contents

Notes to the 2009 Financial statements

1 Principal accounting policies continued

(vi) De-recognition of financial assets and liabilities

Financial assets

A financial asset is derecognised when its contractual rights to the cash flows that comprise the financial asset expire or substantially all the risks and rewards of the asset are transferred.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Gains and losses on derecognition are recognised within finance income and finance costs respectively.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

(vii) Trade receivables

Trade receivables are recognised initially at fair value and are subsequently measured at amortised cost reduced by any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due. Indicators of impairment would include financial difficulties of the debtor, likelihood of the debtor s insolvency, default in payment or a significant deterioration in credit worthiness. Any impairment is recognised in the income statement within net operating costs . When a trade receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against net operating costs in the income statement.

(viii) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(q) Share based payments

The fair value of cash-settled share plans is recognised as a liability over the vesting period of the awards. Movements in that liability between accounting dates are recognised as an expense. The grant date fair value of the awards is determined from the market value of the shares at the date of award and adjusted for any market based vesting conditions attached to the award e.g. relative Total Shareholder Return (TSR) performance. Fair values are subsequently re-measured at each accounting date to reflect the market value of shares at the measurement date and, where relevant, the number of awards expected to vest based on the current and anticipated TSR performance. If any awards are ultimately settled in shares, the liability is transferred directly to equity as part of the consideration for the equity instruments issued.

The Group s equity-settled share plans are settled either by the issue of shares by the relevant parent company, by the purchase of shares on market or by the use of shares previously acquired as part of a share buyback. The fair value of the share plans is recognised as an expense over the expected vesting period with a corresponding

entry to retained earnings for Rio Tinto plc plans and to other reserves for Rio Tinto Limited plans. If the cost of shares acquired to satisfy the plans exceeds the expense charged, the excess is taken to the appropriate reserve. The fair value of the share plans is determined at the date of grant, taking into account any market based vesting conditions attached to the award (eg TSR). The Group uses fair values provided by independent actuaries calculated using a lattice based option valuation model.

Non market based vesting conditions (e.g. earnings per share targets) are taken into account in estimating the number of awards likely to vest. The estimate of the number of awards likely to vest is reviewed at each statement of financial position date up to the vesting date, at which point the estimate is adjusted to reflect the actual awards issued. No adjustment is made after the vesting date even if the awards are forfeited or not exercised.

Further information about the treatment of individual share based payment plans is provided in note 49.

(r) Contingencies

Contingent liabilities are not recognised in the financial statements but are disclosed by way of note unless their occurrence is remote.

Contingent assets are not recognised in the financial statement but they are disclosed by way of note if they are deemed probable.

(s) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Group s equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to Rio Tinto s equity shareholders. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to Rio Tinto s equity shareholders.

Critical accounting policies and estimates

(i) Dual listed company reporting

As explained in detail in the Outline of Dual Listed Companies Structure and basis of financial statements section on page A-8 the consolidated financial statements of the Rio Tinto Group deal with the results, assets and liabilities of both of the dual listed companies, Rio Tinto plc and Rio Tinto Limited, and their subsidiaries. In other words, Rio Tinto plc and Rio Tinto Limited are viewed as a single parent company with their respective shareholders being the shareholders in that single company.

The *2009 Annual report* satisfies the obligations of Rio Tinto Limited to prepare consolidated accounts under Australian company law, as amended by an order issued by the Australian Securities and Investments Commission on 27 January 2006 (as amended on 22 December 2006). The 2009 Financial statements disclose the effect of the adjustments to consolidated IFRS profit, consolidated total comprehensive income and consolidated shareholders funds for the Group that would be required under the version of IFRS that is applicable in Australia (Australian IFRS).

The US dollar is the presentation currency used in these financial statements, as it most reliably reflects the Group s global business performance.

Table of Contents

Notes to the 2009 Financial statements
1 Principal accounting policies continued
(ii) Asset carrying values

Events or changes in circumstances can give rise to significant impairment charges or reversals of impairment provisions in a particular year.

When such events or changes in circumstances impact on a particular asset or cash generating unit, its carrying value is assessed by reference to its recoverable amount, being the higher of fair value less costs to sell and value in use (being the net present value of expected future cash flows of the relevant cash generating unit). This is often estimated using discounted cash flow techniques.

Where the recoverable amounts of Group cash-generating units are assessed by analyses of discounted cash flows, the resulting valuations are particularly sensitive to changes in long term commodity prices; exchange rates; operating costs; discount rates.

The great majority of the Group s sales are based on prices denominated in US dollars. To the extent that the currencies of countries in which the Group produces commodities strengthen against the US dollar without commodity price offset; cash flows and, therefore, net present values are reduced. Management considers that over the long term, there is a tendency for movements in commodity prices to compensate to some extent for movements in the value of the US dollar (and vice versa). However, such compensating changes are not synchronised and do not fully offset each other.

Reviews of carrying values relate to cash generating units which, in accordance with IAS 36 Impairment of Assets , are identified as the smallest identifiable group of assets that generates cash inflows, which are largely independent of the cash inflows from other assets. In some cases, the business units within the product groups consist of several operations with independent cash generating streams, which therefore constitute separate cash generating units.

Goodwill acquired through business combinations has been allocated to groups of cash generating units that are being managed as a combined business. These groups of cash-generating units represent the lowest level within the Group at which goodwill is monitored for internal management purposes and these groups are not larger than the Group s reporting segments, which are its product groups.

The cash flow forecasts are based on best estimates of expected future revenues and costs. These may include net cash flows expected to be realised from extraction, processing and sale of mineralised material that does not currently qualify for inclusion in proven or probable ore reserves. Such non reserve material is included where there is a high degree of confidence in its economic extraction. This expectation is usually based on preliminary drilling and sampling of areas of mineralisation that are contiguous with existing reserves. Typically, the additional evaluation to achieve reserve status for such material has not yet been done because this would involve incurring costs earlier than is required for the efficient planning and operation of the mine.

Where the recoverable amount of a cash generating unit is dependent on the life of its associated ore body, expected future cash flows reflect long term mine plans, which are based on detailed research, analysis and iterative modelling to optimise the level of return from investment, output and sequence of extraction. The mine plan takes account of all relevant characteristics of the ore body, including waste to ore ratios, ore grades, haul distances, chemical and metallurgical properties of the ore impacting on process recoveries and capacities of processing equipment that can be used. The mine plan is therefore the basis for forecasting production output in each future year and for forecasting production costs.

Rio Tinto s cash flow forecasts are based on assessments of expected long term commodity prices, which for most commodities are derived from an analysis of the marginal costs of the producers of the relevant commodities. These assessments often differ from current price levels and are updated regularly.

In some cases, prices applying to some part of the future sales volumes of a cash generating unit are predetermined by existing sales contracts. The effects of such contracts are taken into account in forecasting future cash flows.

As denoted above, cost levels incorporated in the cash flow forecasts are based on the current long term mine plan or long term production plan for the cash generating unit. For value in use calculations used in impairment reviews, recent cost levels are considered, together with expected changes in costs that are compatible with the current condition of the business. Because future cash flows are estimates for the asset in its current condition, value in use does not reflect future cash flows associated with improving or enhancing an asset s performance.

The useful lives of the major assets of a cash generating unit are often dependent on the life of the orebody to which they relate. Where this is the case, the lives of mining properties, and their associated refineries, concentrators and other long lived processing equipment generally relate to the expected life of the orebody. The life of the orebody, in turn, is estimated on the basis of the long term mine plan. Where the major assets of a cash generating unit are not dependent on the life of a related orebody, management applies judgement in estimating the remaining service potential of long lived assets. In the case of smelters, factors affecting the remaining service potential include smelter technology and electricity contracts when the power is not sourced from the company s own electricity generating capacity.

Forecast cash flows are discounted to present values using Rio Tinto s weighted average cost of capital with appropriate adjustment for the risks associated with the relevant cash flows, to the extent that such risks are not reflected in the forecast cash flows. For final feasibility studies and ore reserve estimation, internal hurdle rates are used which are generally higher than the weighted average cost of capital.

Value in use and ore reserve estimates are based on the exchange rates current at the time of the evaluation. In final feasibility studies and estimates of fair value, a forecast of the long term exchange rate is made having regard to spot exchange rates, historical data and external forecasts.

Table of Contents

Notes to the 2009 Financial statements

1 Principal accounting policies continued

Forecast cash flows for ore reserve estimation for JORC purposes and for impairment testing are generally based on Rio Tinto s long term price forecasts.

All goodwill and intangible assets that are not yet ready for use or have an indefinite life are tested annually for impairment regardless of whether there has been any change in events or circumstances.

Further details are contained within note 11.

(iii) Asset lives

Intangible assets are considered to have indefinite lives when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash flows for the Group. The factors considered in making this determination include the existence of contractual rights for unlimited terms; or evidence that renewal of the contractual rights without significant incremental cost can be expected for indefinite periods into the future in view of the Group s future investment intentions.

The life cycles of the products and processes that depend on the asset are also considered. A change in the prospectus for renewal of the contractual rights without a significant incremental cost could impact on the Group s depreciation and amotisation rates and asset carrying values.

(iv) Ore reserve estimates

Rio Tinto estimates its ore reserves and mineral resources based on information compiled by Competent Persons as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves of December 2004 (the JORC code). The amounts presented under IFRS and Australian IFRS are based on the reserves, and in some cases mineral resources, determined under the JORC code.

For the purposes of this combined Annual report on Form 20-F estimates of ore reserves have been computed in accordance with the SEC s Industry Guide 7, rather than in accordance with the JORC code, and are shown on pages 29 to 38. Ore reserves presented in accordance with SEC Industry Guide 7 do not exceed the quantities that, it is estimated, could be extracted economically if future prices were to be in line with the average of historical prices for the three years to 30 June 2009, or contracted prices where applicable. For this purpose, contracted prices are applied only to future sales volumes for which the price predetermined by an existing contract; and the average of historical prices is applied to expected sales volumes in excess of such amounts. Moreover, reported ore reserve estimates have not been increased above the levels expected to be economic based on Rio Tinto s own long term price assumptions. Therefore, a reduction in commodity prices from the three year average historical price levels would not necessarily give rise to a reduction in reported ore reserves.

There are numerous uncertainties inherent in estimating ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values, deferred stripping calculations and provisions for close down, restoration and environmental clean up costs.

(v) Close down, restoration and clean up obligations

Provision is made for environmental remediation costs when the related environmental disturbance occurs, based on the net present value of estimated future costs.

Close down and restoration costs are a normal consequence of mining, and the majority of close down and restoration expenditure is incurred at the end of the life of the mine. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals. Although the ultimate cost to be incurred is uncertain, the Group s businesses estimate their respective costs based on feasibility and engineering studies using current restoration standards and techniques. The initial closure provisions together with changes, other than those arising from the unwind of the discount applied in establishing the net present value of the provision, are capitalised within property, plant and equipment and depreciated over the lives of the assets to which they relate.

Clean up costs result from environmental damage that was not a necessary consequence of mining, including remediation, compensation and penalties. These costs are charged to the income statement. Provisions are recognised at the time the damage, remediation process and estimated remediation costs become known. Remediation procedures may commence soon after this point in time but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental disturbance is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites.

The expected timing of expenditure can also change, for example in response to changes in ore reserves or production rates or economic conditions. As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

(vi) Overburden removal costs

In open pit mining operations, it is necessary to remove overburden and other barren waste materials to access ore from which minerals can economically be extracted. The process of mining overburden and waste materials is referred to as stripping. During the development of a mine, before production commences, it is generally accepted that stripping costs are capitalised as part of the investment in construction of the mine.
Where a mine operates several open pits that are regarded as separate operations for the purpose of mine planning, stripping costs are accounted for separately by reference to the ore from each separate pit. If, however, the pits are highly integrated for the purpose of mine planning, the second and subsequent pits are regarded as extensions of the first pit in accounting for stripping costs. In such cases, the initial stripping of the second and subsequent pits is considered to be production phase stripping relating to the combined operation.

Stripping of waste materials continues during the production stage of the mine or pit. Some mining companies expense these production stage stripping costs as incurred, while others defer such stripping costs. In operations that experience material fluctuations in the ratio of

Table of Contents

Notes to the 2009 Financial statements

1 Principal accounting policies continued

waste materials to ore or contained minerals on a year to year basis over the life of the mine or pit, deferral of stripping costs reduces the volatility of the cost of stripping expensed in individual reporting periods. Those mining companies that expense stripping costs as incurred will therefore report greater volatility in the results of their operations from period to period.

Rio Tinto defers production stage stripping costs for those operations where this is the most appropriate basis for matching costs with the related economic benefits and the effect is material. Stripping costs incurred in the period are deferred to the extent that the current period ratio exceeds the life of mine or pit ratio. Such deferred costs are then charged against reported profits to the extent that, in subsequent periods, the ratio falls short of the life of mine or pit ratio. The life of mine or pit ratio is based on the proven and probable reserves of the mine or pit and is obtained by dividing the tonnage of waste mined either by the quantity of ore mined or by the quantity of minerals contained in the ore. In some operations, the quantity of ore is a more practical basis for matching costs with the related economic benefits where there are important co-products or where the grade of the ore is relatively stable from year to year.

The life of mine or pit waste-to-ore ratio is a function of an individual mine s pit design and therefore changes to that design will generally result in changes to the ratio. Changes in other technical or economic parameters that impact on reserves will also have an impact on the life of mine or pit ratio even if they do not affect the pit design. Changes to the life of mine or pit ratio are accounted for prospectively.

In the production stage of some operations, further development of the mine requires a phase of unusually high overburden removal activity that is similar in nature to preproduction mine development. The costs of such unusually high overburden removal activity are deferred and charged against reported profits in subsequent periods on a units-of-production basis. This accounting treatment is consistent with that for stripping costs incurred during the development phase of a mine or pit, before production commences.

Deferred stripping costs are included in property, plant and equipment or in investment in equity accounted units, as appropriate.

These form part of the total investment in the relevant cash generating unit, which is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Amortisation of deferred stripping costs is included in operating costs or in the Group s share of the results of its jointly controlled entities and associates as appropriate.

During 2009, production stage stripping costs incurred by subsidiaries and equity accounted operations were US$174 million higher than the amounts charged against pre tax profit (2008: production stage costs exceeded the amounts charged against pre-tax profit by US$175 million). In addition, US$59 million of deferred stripping has been written off in 2009 as part of the Diamonds businesses impairment.

The net book value carried forward in property, plant and equipment and in investments in jointly controlled entities and associates at 31 December 2009 was US$1,171 million (2008: US$1,026 million).

Information about the stripping ratios of the business units, including equity accounted units that account for the majority of the deferred stripping balance at 31 December 2009, along with the year in which deferred stripping is expected to be fully amortised, is set out in the following table:

	Actual stripping ratio for year			Life of mine stripping ratio		
	2009	2008	2007	**2009**	2008	2007
Kennecott Utah Copper (2020) (a)	**2.13**	1.98	1.99	**1.21**	1.24	1.32
Grasberg Joint Venture (2015) (a)	**3.42**	3.27	3.47	**3.00**	2.87	3.05
Diavik (2012) (b)	**1.17**	1.23	0.42	**1.02**	1.20	0.91
Escondida (2043) (c)	**0.11**	0.12	0.07	**0.14**	0.10	0.10

Notes

(a) Stripping ratios shown are waste to ore.

(b) Diavik s stripping ratio is disclosed as bench cubic metre per carat. The 2009 deferred stripping ratio is based on a dual pit commercial production (A154 and A418) with the A154 open pit scheduled to end commercial production in the first quarter of 2010 and the A418 open pit scheduled to end commercial production in the third quarter of 2012.

(c) Escondida s stripping ratio is based on waste tonnes to pounds of copper mined.

Rio Tinto Borax capitalised stripping costs as part of a distinct period of new development during the production stage of the mine. Capitalisation stopped in 2004. The capitalised costs will be fully amortised in 2034.

(vii) Deferred tax on fair value adjustments

On transition to IFRS with effect from 1 January 2004, deferred tax was provided in respect of fair value adjustments on acquisitions in previous years. No other adjustments were made to the assets and liabilities recognised in such prior year acquisitions and, accordingly, shareholders funds were reduced by US$720 million on transition to IFRS primarily as a result of deferred tax on fair value adjustments to mining rights. In general, these mining rights are not eligible for income tax allowances. In such cases, the provision for deferred tax was based on the difference between their carrying value and their nil income tax base. The existence of a tax base for capital gains tax purposes was not taken into account in determining the deferred tax provision relating to such mineral rights because it is expected that the carrying amount will be recovered primarily through use and not from the disposal of the mineral rights. Also, the Group is only entitled to a deduction for capital gains tax purposes if the mineral rights are sold or formally relinquished.

For acquisitions after 1 January 2004 provision for such deferred tax on acquisition results in a corresponding increase in the amounts attributed to acquired assets and/or goodwill under IFRS.

(viii) Exploration

Under the Group s accounting policy, exploration and evaluation expenditure is not capitalised until the point is reached at which there is a high degree of confidence in the project s viability and it is considered probable that future economic benefits will flow to the Group.

The carrying values of exploration and evaluation assets are reviewed twice per annum by management and the results of these reviews are reported to the Audit committee. In the case of undeveloped projects, there may only be mineralisation to form a basis for the impairment review. The review is based on a status report regarding the Group s intentions for development of the undeveloped project. In some cases, the undeveloped projects are regarded as successors to ore bodies, smelters or refineries currently in production and may therefore benefit from existing infrastructure and equipment.

Table of Contents

Notes to the 2009 Financial statements

1 Principal accounting policies continued

(ix) Functional currency

The determination of functional currency affects the carrying value of non current assets included in the statement of financial position and, as a consequence, the amortisation of those assets included in the income statement. It also impacts exchange gains and losses included in the income statement.

The functional currency for each entity in the Group, and for jointly controlled entities and associates, is the currency of the primary economic environment in which it operates. For many of Rio Tinto s entities, this is the currency of the country in which each operates. Transactions denominated in currencies other than the functional currency are converted to the functional currency at the exchange rate ruling at the date of the transaction unless hedge accounting applies. Monetary assets and liabilities denominated in foreign currencies are retranslated at year end exchange rates.

The US dollar is the currency in which the Group s financial statements are presented, as it most reliably reflects the global business performance of the Group as a whole.

On consolidation, income statement items are translated into US dollars at average rates of exchange. Statement of financial position items are translated into US dollars at year end exchange rates. Exchange differences on the translation of the net assets of entities with functional currencies other than the US dollar, and any offsetting exchange differences on net debt hedging those net assets, are recognised directly in the foreign currency translation reserve. Exchange gains and losses which arise on balances between Group entities are taken to the foreign currency translation reserve where the intragroup balance is, in substance, part of the Group s net investment in the entity.

The balance of the foreign currency translation reserve relating to an operation that is disposed of is transferred to the income statement at the time of the disposal.

The Group finances its operations primarily in US dollars but part of the Group s US dollar debt is located in subsidiaries having functional currencies other than the US dollar. Except as noted above, exchange gains and losses relating to such US dollar debt are charged or credited to the Group s income statement in the year in which they arise. This means that the impact of financing in US dollars on the Group s income statement is dependent on the functional currency of the particular subsidiary where the debt is located.

With the above exceptions, and except for derivative contracts which qualify as cash flow hedges, exchange differences are charged or credited to the income statement in the year in which they arise.

(x) Underlying earnings

The Group presents Underlying earnings as an additional measure to provide greater understanding of the underlying business performance of its operations. The adjustments made to net earnings to arrive at underlying earnings are explained in note 2.

(xi) Post retirement benefits

The difference between the fair value of the plan assets (if any) of post retirement plans and the present value of the plan obligations is recognised as an asset or liability on the statement of financial position. The Group has

adopted the option under IAS 19 to record actuarial gains and losses directly in the Group s statement of comprehensive income.

The most significant assumptions used in accounting for post retirement plans are the long term rate of return on plan assets, the discount rate, the expected rate of long term inflation and the mortality assumptions.

The long term rate of return on plan assets is used to calculate interest income on pension assets, which is credited to the Group s income statement. The mortality assumption is used to project the length of time for which future pension payments will be made and the inflation assumption is used in projecting future increases in those payments. The discount rate is used to determine the net present value of those future payments and each year the unwinding of the discount on those liabilities is charged to the Group s income statement.

Valuations are carried out using the projected unit method. The expected rate of return on pension plan assets is determined as management s best estimate of the long term return on the major asset classes, i.e. equity, debt, property and other, weighted by the actual allocation of assets among the categories at the measurement date. The expected rate of return is calculated using geometric averaging.

The sources used to determine management s best estimate of long term returns are numerous and include country specific bond yields, which may be derived from the market using local bond indices or by analysis of the local bond market, and country specific inflation and investment market expectations derived from market data and analysts or governments expectations as applicable.

In particular, the Group estimates long term expected returns on equity based on the economic outlook, analysts views and those of other market commentators. This is the most subjective of the assumptions used and it is reviewed regularly to ensure that it remains consistent with best practice.

The discount rate used in determining the service cost and interest cost charged to income is the market yield at the start of the year on high quality corporate bonds. For countries where there is no deep market in such bonds the yield on government bonds is used.

For determining the present value of obligations shown on the statement of financial position, market yields at the statement of financial position date are used.

Details of the key assumptions are set out in note 50.

For 2009 the charge against income for post retirement benefits net of tax and minorities was US$383 million. This charge included both pension and post retirement healthcare benefits. The charge is net of the expected return on assets which was US$396 million after tax and minorities.

In calculating the 2009 expense the average future increase in compensation levels was assumed to be three per cent and this will increase to 3.6 per cent for 2010 reflecting higher assumed inflation in most territories. The average discount rate used for the Group s plans in 2009 was 6.2 per cent and the average discount rate used in 2010 will be 5.8 per cent reflecting the net impact of changes in corporate bond yields in the regions where the Group has pension obligations.

The weighted average expected long term rate of return on assets used to determine 2009 pension cost was 5.9 per cent. This will

Table of Contents

Notes to the 2009 Financial statements

1 Principal accounting policies continued

increase to 6.4 per cent for 2010. This improvement results mainly from higher government bond yields in most territories which drives assured return on other asset classes

Based on the known changes in assumptions noted above and other expected circumstances, the impact of post retirement costs on the Group s IFRS net earnings in 2010 would be an expected decrease of some US$40 million to US$423 million. This decrease is mainly attributable to higher expected return on assets. The actual charge may be impacted by other factors that cannot be predicted, such as the effect of changes in benefits and exchange rates.

The table below sets out the potential change in the Group s 2009 net earnings (after tax and outside interests) that would result from hypothetical changes to post retirement assumptions and estimates. The sensitivities are viewed for each assumption in isolation although a change in one assumption is likely to result in some offset elsewhere.

The figures in the below table only show the impact on underlying and net earnings. Changing the assumptions would also have an impact on the statement of financial position.

	IFRS US$m
Sensitivity of Group s 2009 net earnings to changes in:	
Expected return on assets	
increase of 1 percentage point	65
decrease of 1 percentage point	(65)
Discount rate	
increase of 0.5 percentage points	3
decrease of 0.5 percentage points	(2)
Salary increases	
increase of 0.5 percentage points	(9)
decrease of 0.5 percentage points	8
Demographic allowance for additional future mortality improvements	
participants assumed to be one year older	15
participants assumed to be one year younger	(15)

(xii) Deferred tax potentially recoverable on Group tax losses

The Group has carried forward losses; mainly in the UK, French and Canadian tax groups; that have the potential to reduce tax charges in future years. Deferred tax assets have been recognised on these tax losses to the extent their recovery is probable, having regard to the projected future taxable profits of the relevant tax groups.

The possible tax assets on these losses totalled US$1,882 million at 31 December 2009 (2008: US$1,000 million). Of these, US$1,286 million have been recognised as deferred tax assets (2008: US$899 million), leaving US$596 million (2008: US$101 million) unrecognised, as recovery is not considered probable. This amount excludes unrecognised capital losses which can only be recovered against future capital gains.

Within the UK tax group, US$303 million in tax losses have been recognised as deferred tax assets (2008: US$246 million), with no amounts unrecognised. Within the French tax group, US$419 million in tax losses

have been recognised as deferred tax assets (2008: US$309 million) with US$503 million unrecognised. Within the Canadian tax group, US$393 million in tax losses have been recognised as deferred tax assets (2008: US$172 million), with no amounts unrecognised.

(xiii) Contingencies

Disclosure is made of material contingent liabilities unless the possibility of any loss arising is considered remote. Contingencies are disclosed in note 35.

(xiv) Acquisition accounting

On the acquisition of a subsidiary, the purchase method of accounting is used whereby the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities (identifiable net assets) on the basis of fair value at the date of acquisition.

Rio Tinto acquired Alcan Inc during 2007. The Group commissioned expert valuation consultants to advise on the fair values and asset lives of Alcan s assets. The residue of the purchase price not allocated to specific assets and liabilities has been attributed to goodwill. The provisional values and asset lives incorporated in the 2007 Financial statements have been revised in 2008 (within 12 months of the date of acquisition) as permitted by IFRS 3 Business Combinations .

(xv) Temporary differences related to closure costs and finance leases

Under the initial recognition rules in paragraphs 15 and 24 of IAS 12 Income Taxes , deferred tax is not provided on the initial recognition of an asset or liability in a transaction that does not affect accounting profit or taxable profit and is not a business combination. The Group s interpretation of these initial recognition rules has the result that no deferred tax asset is provided on the recognition of a provision for close down and restoration costs and the related asset, or on recognition of assets held under finance leases and the associated lease liability, except where these are recognised as a consequence of business combinations.

On creation of a closure provision, for instance, there is no effect on accounting or taxable profit because the cost is capitalised. As a result, the initial recognition rules would appear to prevent the recognition of a deferred tax asset in respect of the provision and of a deferred tax liability in respect of the related capitalised amount.

The temporary differences will reverse in future periods as the closure asset is depreciated and when tax deductible payments are made that are charged against the provision. Paragraph 22 of IAS 12 extends the initial recognition rules to the reversal of temporary differences on assets and liabilities to which the initial recognition rules apply. Therefore, deferred tax is not recognised on the changes in the carrying amount of the asset which result from depreciation or from the changes in the provision resulting from expenditure. When tax relief on expenditure is received this will be credited to the income statement as part of the current tax charge.

The unwinding of the discount applied in establishing the present value of the closure costs does affect accounting profit. Therefore, this unwinding of discount results in the recognition of deferred tax assets.

The application of this initial recognition exemption has given rise to diversity in practice: some companies do provide for deferred tax on closure cost provisions and the related capitalised amounts. The Exposure Draft on Income Tax released by the IASB in 2009 would require the Group to provide for deferred tax on closure cost provisions. If the Group were to provide for deferred tax on closure costs and finance leases under IFRS the benefit to Underlying and Net earnings would have been US$41 million (2008: US$39 million) and to equity would have been US$232 million (2008: US$182 million).

Table of Contents

Notes to the 2009 Financial statements

2 Reconciliation of Net earnings to Underlying earnings

Exclusions from Underlying earnings	**Pre-tax(i) 2009 US$m**	**Taxation 2009 US$m**	**Outside interests 2009 US$m**	**Discontinued operations(i) 2009 US$m**	**Net amount 2009 US$m**	Net amount 2008 US$m	Net amount 2007 US$m
Profits less losses on disposal of interests in businesses (a)	**692**	**(193)**			**499**	1,470	1
Impairment charges (b)	**(1,573)**	**445**	**25**		**(1,103)**	(7,579)	(113)
Loss after tax from discontinued operations (b)				**(449)**	**(449)**	(827)	
Exchange differences and gains/(losses) on derivatives:							
- Exchange gains/(losses) on US dollar net debt and intragroup balances (c)	**368**	**(438)**	**14**		**(56)**	960	156
- (Losses)/gains on currency and interest rate derivatives not qualifying for hedge accounting (d) (e)	**(21)**	**12**	**18**		**9**	(22)	34
- Gains/(losses) on commodity derivatives not qualifying for hedge accounting (f)	**181**	**(106)**			**75**	(95)	
Chinalco break fee	**(195)**	**13**			**(182)**		
Restructuring costs from global headcount reduction (g)	**(321)**	**90**			**(231)**	(57)	
Other exclusions (h)	**(56)**	**86**	**(18)**		**12**	(477)	(209)
Total excluded from Underlying earnings	**(925)**	**(91)**	**39**	**(449)**	**(1,426)**	(6,627)	(131)
Net earnings	**7,860**	**(2,076)**	**(463)**	**(449)**	**4,872**	3,676	7,312
Underlying earnings	**8,785**	**(1,985)**	**(502)**		**6,298**	10,303	7,443

Underlying earnings is an alternative measure of earnings, which is reported by Rio Tinto to provide greater understanding of the underlying business performance of its operations. Underlying earnings and Net earnings both represent amounts attributable to Rio Tinto shareholders. Items (a) to (h) below are excluded from Net earnings in arriving at Underlying earnings.

(a) Profits arising on the disposal of interests in businesses in 2009 relate principally to sales of the Corumba iron ore mine in Brazil, the Jacobs Ranch coal mine, the sale of 52 per cent of Rio Tinto s interest in Cloud Peak Energy Resources LLC (CPER) and are partially offset by a loss from the sale of Alcan Composites.

Profits arising on the disposal of interests in businesses in 2008 relate principally to the sales of the Cortez gold mine and the Greens Creek mine.

Profits arising on the disposal of interests in undeveloped projects which in 2009 includes gains on disposal of undeveloped potash assets in Argentina and Canada amounting to US$797 million, net of tax, are not excluded from Underlying earnings. The 2008 profits relate principally to the disposal of the undeveloped Kintyre uranium project in Western Australia.

(b) Charges relating to impairment of goodwill and other non-current assets other than undeveloped projects but including discontinued operations.

The impairment charges of US$1,103 million for the year ended 31 December 2009 related mainly to Alcan Engineered Products: US$500 million, the Group s aluminium businesses: US$212 million, the Group s diamond businesses: US$348 million and US$43 million in other impairments. All impairments have been measured based upon an assessment of fair value.

An impairment of US$318 million (31 December 2008: US$960 million; 31 December 2007: nil) relating to the Alcan Packaging business has been recognised during the year ended 31 December 2009, and is included in Loss after tax from discontinued operations . This impairment is based on an estimate of fair value less costs to sell, which is based on the Group s best estimate of expected proceeds to be realised on sale of Alcan Packaging, less an estimate of remaining costs to sell. Loss after tax from discontinued operations of US$449 million (31 December 2008: US$827 million) also includes a US$131 million tax charge (31 December 2008: US$133 million tax benefit) relating to an increase in the Group s estimate of the tax to be paid on sale of the Alcan Packaging business.

The weak economic environment continued to put downward pressure on the sales prices for these divestment businesses and resulted in the impairment of the Alcan Packaging businesses and Alcan Engineered Products businesses. The impairment charge related to the Group s aluminium businesses related mainly to the planned closure of certain smelters and was caused by a decrease in short term price assumptions at the date of the impairment review.

The impairment to the Group s diamond business was caused by weak demand for luxury items and increased input costs.

The impairment charge of US$7,579 million for the year ended 31 December 2008 related mainly to the Group s aluminium businesses: US$6,127 million and Alcan Engineered Products: US$980 million. This includes amounts relating to equity accounted units of US$15 million (2007: nil).

(c) Exchange gains and losses on US dollar debt and intragroup balances.

The 2009 tax on exchange gains and losses on external debt and intragroup balances includes tax charges on gains on US dollar denominated debt. However, a significant proportion of the pre-tax losses on intragroup balances are not subject to tax.

The 2008 tax on exchange gains and losses on external debt and intragroup balances included a benefit of US$254 million through recovery of tax relating to prior years. It also included a tax relief for losses on US dollar denominated debt. The gains on intragroup balances were largely not subject to tax.

(d) Valuation changes on currency and interest rate derivatives which are ineligible for hedge accounting, other than those embedded in commercial contracts.

(e) The currency revaluation of embedded US dollar derivatives contained in contracts held by entities whose functional currency is not the US dollar.

(f) Valuation changes on commodity derivatives, including those embedded in commercial contracts, that are ineligible for hedge accounting, but for which there will be an offsetting change in future Group earnings.

(g) During 2009, the Group incurred further restructuring costs relating to the cost saving measures announced in December 2008.

Table of Contents

Notes to the 2009 Financial statements

2 Reconciliation of Net earnings to Underlying earnings continued

(h) Other credits and charges that, individually, or in aggregate if of a similar type, are of a nature or size to require exclusion in order to provide additional insight into underlying business performance.

During 2008, the Group incurred advisory and other costs related to the rejection by the Board of the pre-conditional takeover proposal from BHP Billiton, which was withdrawn in November 2008. These costs totalled US$270 million (net of tax) in 2008 and have been excluded from Underlying earnings. Other charges excluded from Underlying earnings in 2008 and 2009 comprise of costs relating to acquisitions, disposals and similar corporate projects.

(i) Exclusions from Underlying earnings relating to equity accounted units and discontinued operations are stated after tax.

3 Net operating costs

	Note	***2009 US$m***	*2008 US$m*	*2007 US$m*
Raw materials and consumables		**11,501**	16,248	6,096
Amortisation of intangible assets	12	**387**	429	114
Depreciation of property, plant & equipment	13	**3,040**	3,046	2,001
Employment costs	4	**6,198**	6,603	3,827
Repairs and maintenance		**1,771**	1,960	1,393
Shipping costs		**1,828**	2,495	1,874
Other freight costs		**756**	815	509
Decrease/(increase) in finished goods and work in progress		**517**	(163)	110
Royalties		**1,539**	1,946	1,093
Amounts charged by jointly controlled entities (a)		**2,420**	2,473	1,362
Net foreign exchange losses/(gains)		**123**	(379)	(45)
Other external costs		**3,127**	2,230	2,391
Provisions (including exchange losses/(gains) on provisions)	27	**930**	265	308
Research and development		**193**	307	69
Costs included above qualifying for capitalisation		**(136)**	(259)	(78)
Other operating income		**(376)**	(375)	(272)
Net operating costs (excluding items shown separately)		**33,818**	37,641	20,752

(a) Amounts charged by jointly controlled entities mainly relate to toll processing but also include purchases from jointly controlled entities of bauxite and aluminium which are then processed by the product group or sold to third parties. Generally, purchases are in proportion to the Group s share of the jointly controlled entity but in 2009, US$491 million (2008 and 2007: nil) related to purchases of the other venturer s share of production.

Information on auditors remuneration is included in note 43.

4 Employment costs

	Note	***2009 US$m***	*2008 US$m*	*2007 US$m*
Employment costs				
- Wages and salaries		**6,130**	6,414	3,618
- Social security costs		**101**	113	106
- Net post retirement cost (a)	*50*	**524**	502	240
- Share option charge/(credit) (b)	*49*	**177**	(22)	220
		6,932	7,007	4,184
Less: charged within provisions		**(734)**	(404)	(357)
Total employment costs	*3*	**6,198**	6,603	3,827

(a) Post retirement costs include the aggregate service and interest cost of providing post retirement benefits under defined benefit plans, net of the related expected return on plan assets. Additional detail of the amount charged to the income statement in respect of post retirement plans, and the treatment of actuarial gains and losses, is shown in note 50.

(b) Further details of the Group s share options and other share based payment plans are given in note 49.

5 Impairment charges

	Pre-tax 2009 US$m	*Taxation 2009 US$m*	*Outside interests 2009 US$m*	***Net amount 2009 US$m***	*Net amount 2008 US$m*	*Net amount 2007 US$m*
Aluminium (b)	(304)	67	25	**(212)**	(6,127)	
Alcan Engineered Products (c)	(687)	187		**(500)**	(980)	
Diamonds (e)	(525)	177		**(348)**	(107)	(328)
Hismelt (f)					(182)	
Palabora (g)						100
Tarong coal mine (h)						134
Other	(57)	14		**(43)**	(168)	(19)
Total (a)	(1,573)	445	25	**(1,103)**	(7,564)	(113)

(a) The majority of the 2009 pre-tax impairment charge relates to property, plant and equipment (US$1,290 million) and intangible assets (US$179 million), with the remainder relating to investments in equity accounted units. The majority of the 2008 impairment charge related to goodwill (US$6,621 million), property, plant and equipment (US$1,222 million) and intangible assets (US$129 million), with the remainder relating to investments in equity accounted units.

(b) The 2009 impairment charge related mainly to the planned closure of certain smelters, and was caused by a decrease in short term price assumptions at the date of the impairment review. The recoverable amount was based on fair value less costs to sell, and was assessed in line with the policy in note 1(i). The 2008 impairment charge related mainly to the write down of goodwill resulting from the annual impairment review, due to the deferral of growth projects following significant weakening in economic and market circumstances, and increases in input costs.

(c) Alcan Engineered Products is part of the Alcan group that was acquired in October 2007, and forms part of Other Operations. It manufactures engineered or fabricated aluminum products.

Table of Contents

Notes to the 2009 Financial statements

5 Impairment charges continued

On 1 December 2009, Rio Tinto announced that it had completed the sale of Alcan Composites for US$349 million. The Group s intention is to sell the remaining businesses relating to Alcan Engineered Products. As such, the recoverable amount has been based on fair value less costs to sell, which represents the Group s best estimate of the expected proceeds to be realised from the sale of the remaining Alcan Engineered Products businesses, less an estimate of remaining costs to sell. The estimated proceeds are assessed in line with the policy in note 1(i).

The weak economic environment continued to put downward pressure on the sales prices for these divestment businesses and resulted in the impairment of the property, plant and equipment relating to the Alcan Engineered Products businesses.

(d) The specific details of the impairment review relating to Alcan Packaging are set out in note 19.

(e) The impairment to the Group s Diamonds business during 2009 was caused by weak demand for luxury items and higher input costs. Impairment of property, plant and equipment was assessed by reference to the fair value less costs to sell of the cash generating units (CGUs). The determination of fair value less costs to sell was based on the policy in note 1(i). This estimate was derived from discounting projections of cash flows, using valuation assumptions that a buyer might be expected to apply.

Large increases in the estimated capital cost of Argyle s underground project triggered an assessment of its recoverable amount during 2007. Impairment of property, plant and equipment was assessed by reference to fair value less costs to sell. The determination of fair value less costs to sell was based on the estimated amount that would be obtained from sale in an arm s length transaction between knowledgeable and willing parties. This estimate was derived from discounting projections of cash flows, using valuation assumptions that a buyer might be expected to apply.

(f) In 2008, full provision was made against the carrying value of the HIsmelt operation, which is within the Iron ore product group. Operations at the Kwinana plant have been suspended and the Group s future role in developing this technology is under review, leading to doubt about the recoverability of the amount invested.

(g) An increase in the Group s long term copper price assumption triggered an assessment of the recoverable amount of Palabora during 2007. The value in use was based on cash flows forecast in real terms and discounted at a pre-tax rate of 12 per cent. This led to a full reversal of the remainder of the impairment provision previously recognised.

(h) An announcement of the sale of Tarong led to full reversal in 2007 of the remainder of the impairment provision previously recognised.

(i) Total impairment charges in 2008, excluded from Underlying earnings, includes US$15 million relating to equity accounted units, which is not included in the table above.

6 Share of profit after tax of equity accounted units

	2009	*2008*	*2007*
	US$m	*US$m*	*US$m*

Sales revenue (a)	**3,020**	3,801	3,818
Operating costs	**(1,717)**	(2,158)	(1,261)
Profit before finance items and taxation	**1,303**	1,643	2,557
Exchange gains on net debt	**4**	37	7
Gains/(losses) on currency and interest rate derivatives not qualifying for hedge accounting	**9**	(19)	(5)
Net interest payable	**(55)**	(45)	(49)
Amortisation of discount	**(7)**	(17)	(9)
Share of profit after tax of equity accounted units	**23**	36	
Profit before taxation	**1,277**	1,635	2,501
Taxation	**(491)**	(596)	(917)
Profit for the year (Rio Tinto share)	**786**	1,039	1,584

(a) The sales revenue of equity accounted units excludes charges by jointly controlled entities to Group subsidiaries.

7 Interest receivable and payable

	Note	***2009 US$m***	*2008 US$m*	*2007 US$m*
Interest receivable and similar income from:				
- Equity accounted units		**36**	43	28
- Other investments (a)		**66**	107	101
		102	150	129
Other interest receivable		**18**	54	5
Total interest receivable and similar income		**120**	204	134
Interest payable and similar charges (b)		**(1,127)**	(1,821)	(660)
Amounts capitalised	*13*	**198**	203	122
Total interest payable and similar charges		**(929)**	(1,618)	(538)

(a) Interest income from other investments comprises US$45 million (2008: US$72 million; 2007: US$80 million) of interest income from bank deposits and US$21 million (2008: US$35 million; 2007: US$21 million) from other financial assets.

(b) Interest payable and similar charges relates to interest on bank loans and other borrowings. This includes a fair value loss on the interest rate swaps designated as hedges of US$59 million and an offseting fair value gain on bank borrowings attributable to interest rate risk of US$59 million (2008: fair value gain on the interest rate swaps of US$669 million and a US$655 million fair value loss on bank borrowings attributable to interest rate risk; 2007: fair value gain on the interest rate swaps of US$35 million and a US$38 million fair value loss on bank borrowings attributable to interest rate risk).

Table of Contents

Notes to the 2009 Financial statements

8 Tax on profit

	Note	**2009 US$m**	2008 US$m	2007 US$m
UK taxation				
Corporation tax at 28% (2007: 30%)				
- Current		**1**		
- Deferred			(46)	(150)
		1	(46)	(150)
Australian taxation				
Corporation tax at 30%				
- Current		**1,829**	3,005	1,396
- Deferred		**391**	(812)	(18)
		2,220	2,193	1,378
Other countries taxation				
- Current		**763**	1,711	897
- Deferred		**(908)**	(116)	(35)
		(145)	1,595	862
Total taxation charge				
- Current		**2,593**	4,716	2,293
- Deferred	*18*	**(517)**	(974)	(203)
		2,076	3,742	2,090

&n