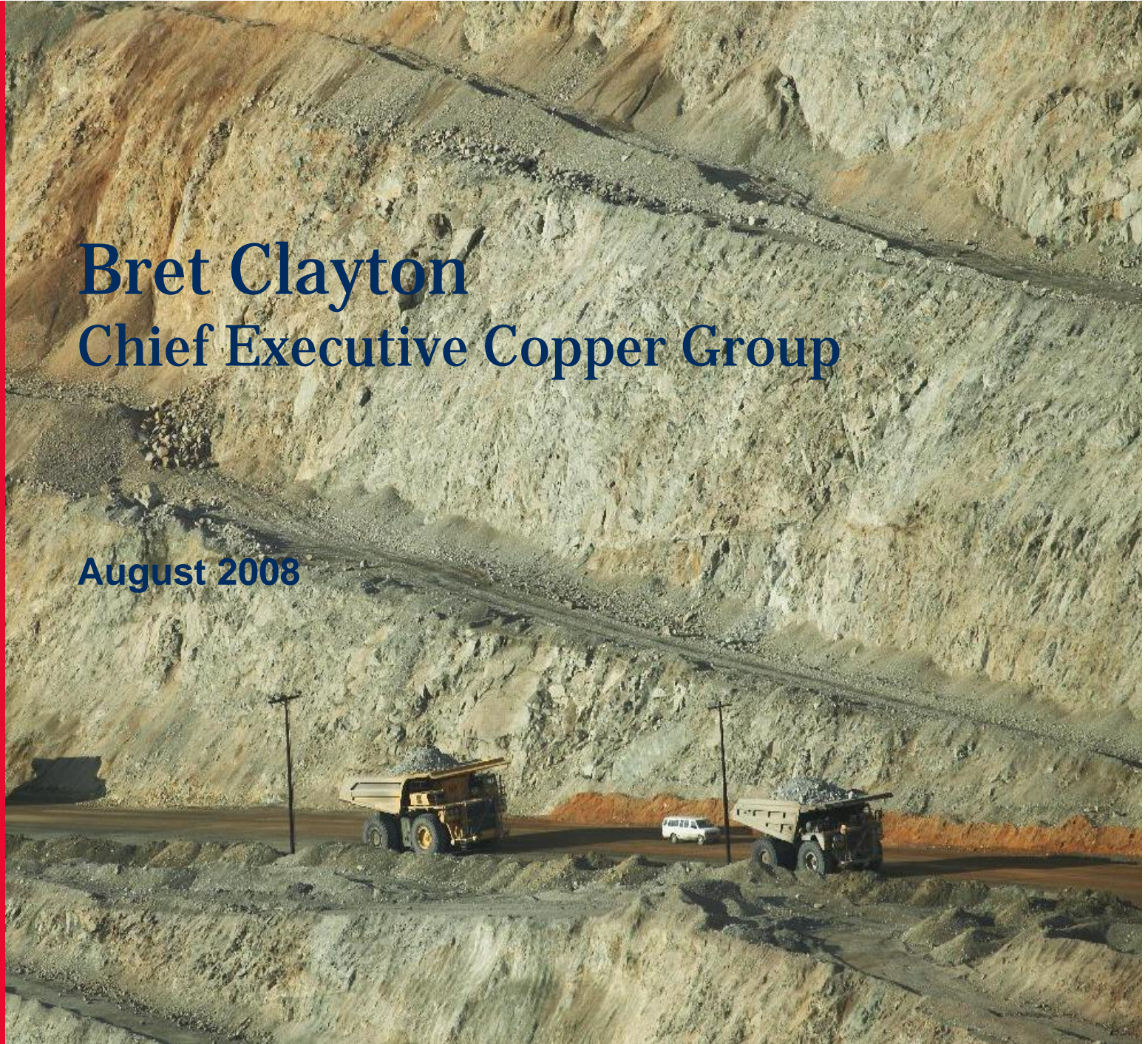


**RioTinto**

**Bret Clayton**  
**Chief Executive Copper Group**

**August 2008**





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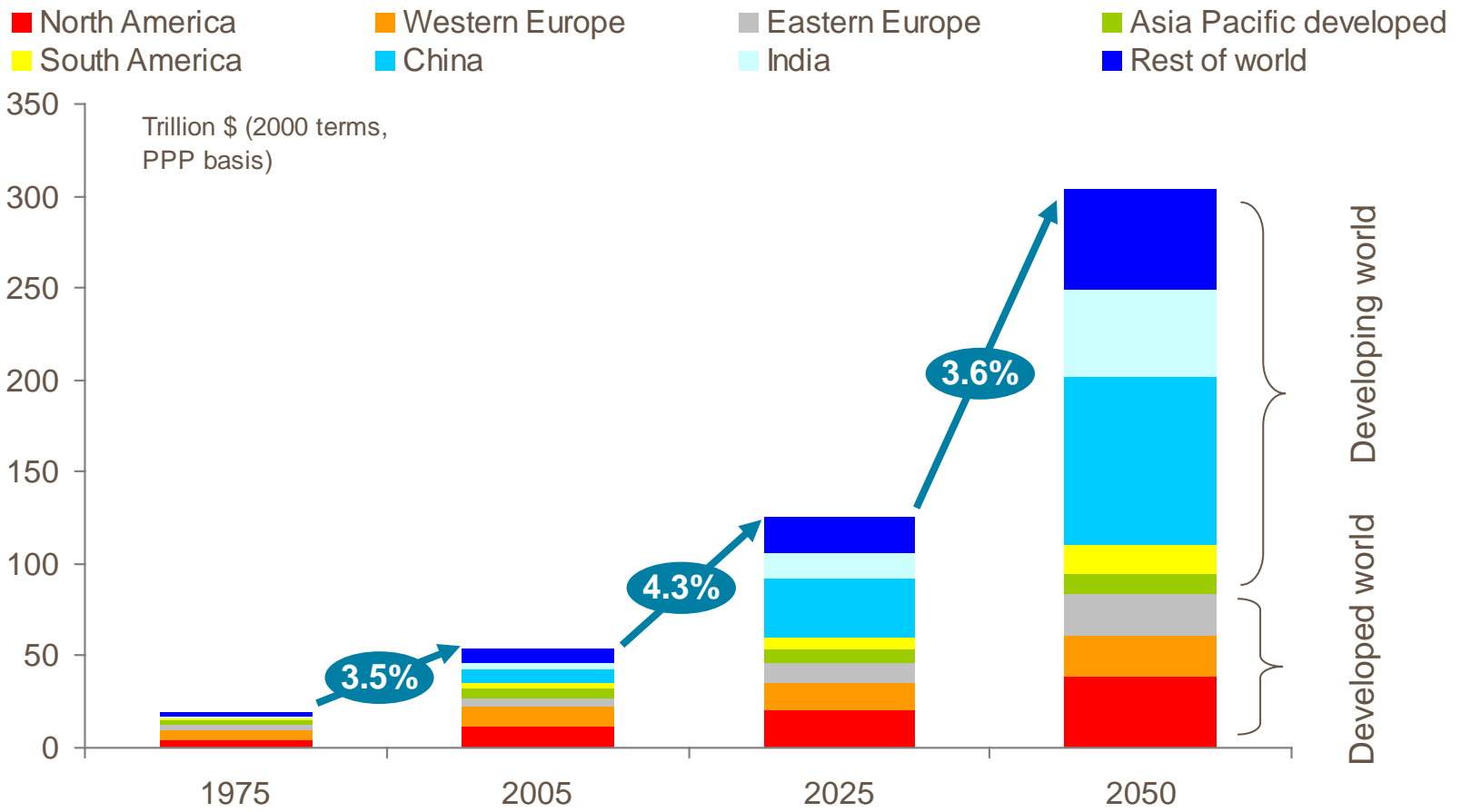
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## Outlook remains favourable for copper

- Continued strong demand
- Continued constrained supply
- **Rio Tinto is well-positioned**
  - A great set of businesses
  - A strong pipeline of organic growth

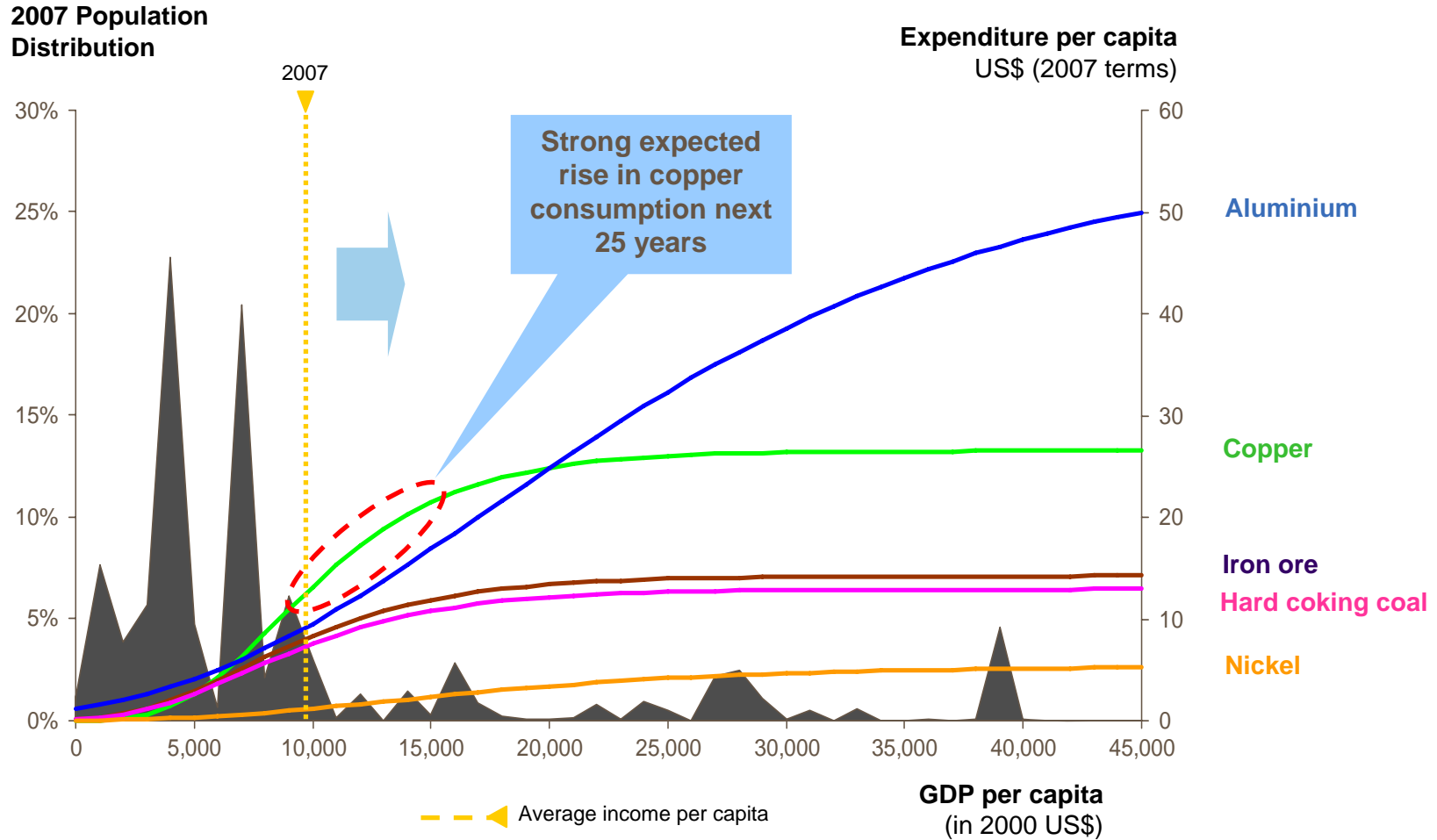
# A changing world order

## World GDP



Source: World Bank for 1975 and 2005 data; Global Insight for growth estimates to 2025; Rio Tinto estimates for 2050 data

# Copper consumption is expected to double over the next 15 years

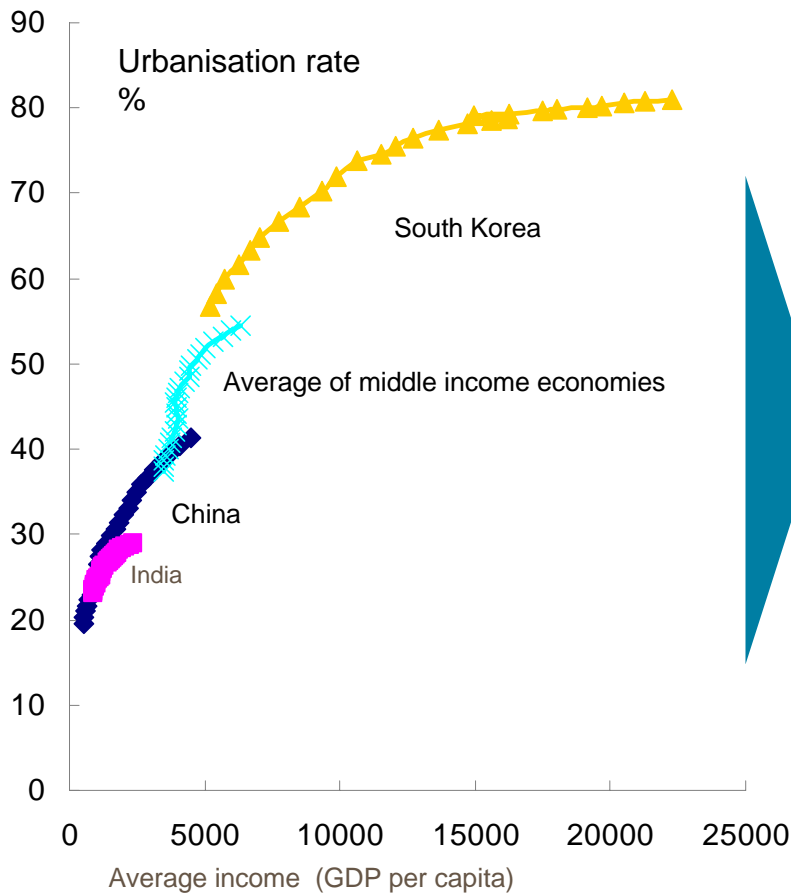


Note: Expenditure profiles are based on Rio Tinto estimates of global income and consumption relationships and average real terms prices between 1990-2006. Iron ore and hard coking coal expenditure calculated based on crude steel demand projections, assuming all met by blast furnace production at historical average export prices

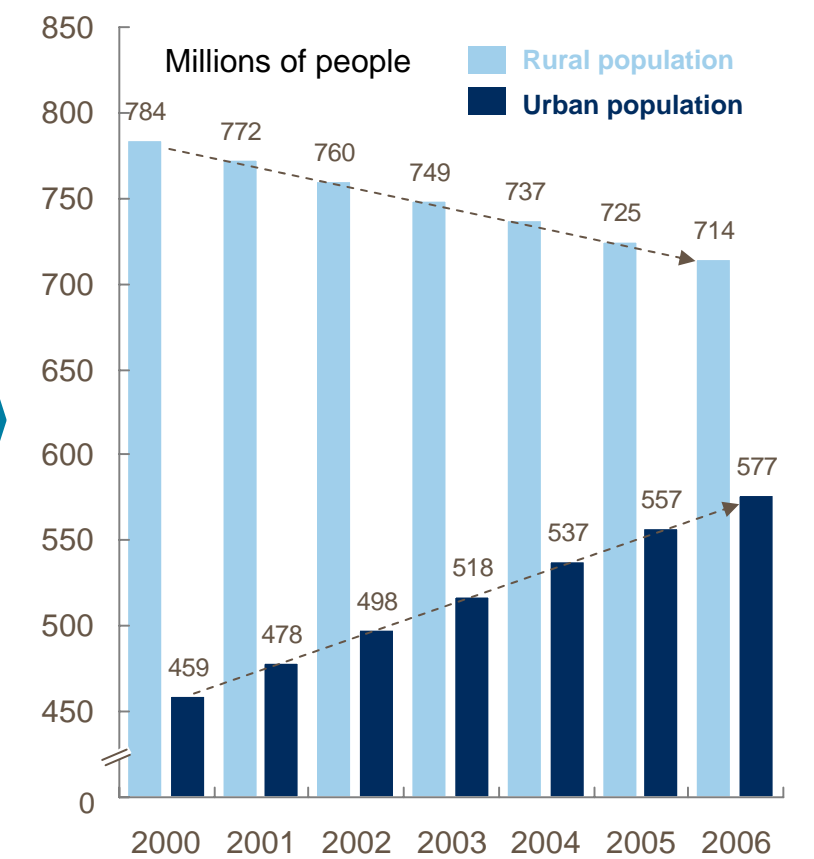
Source: *Global Insight for population distribution: Rio Tinto estimates for commodity expenditure profiles.*

# The scale of currently urbanising developing countries is unprecedented

Urbanisation curves

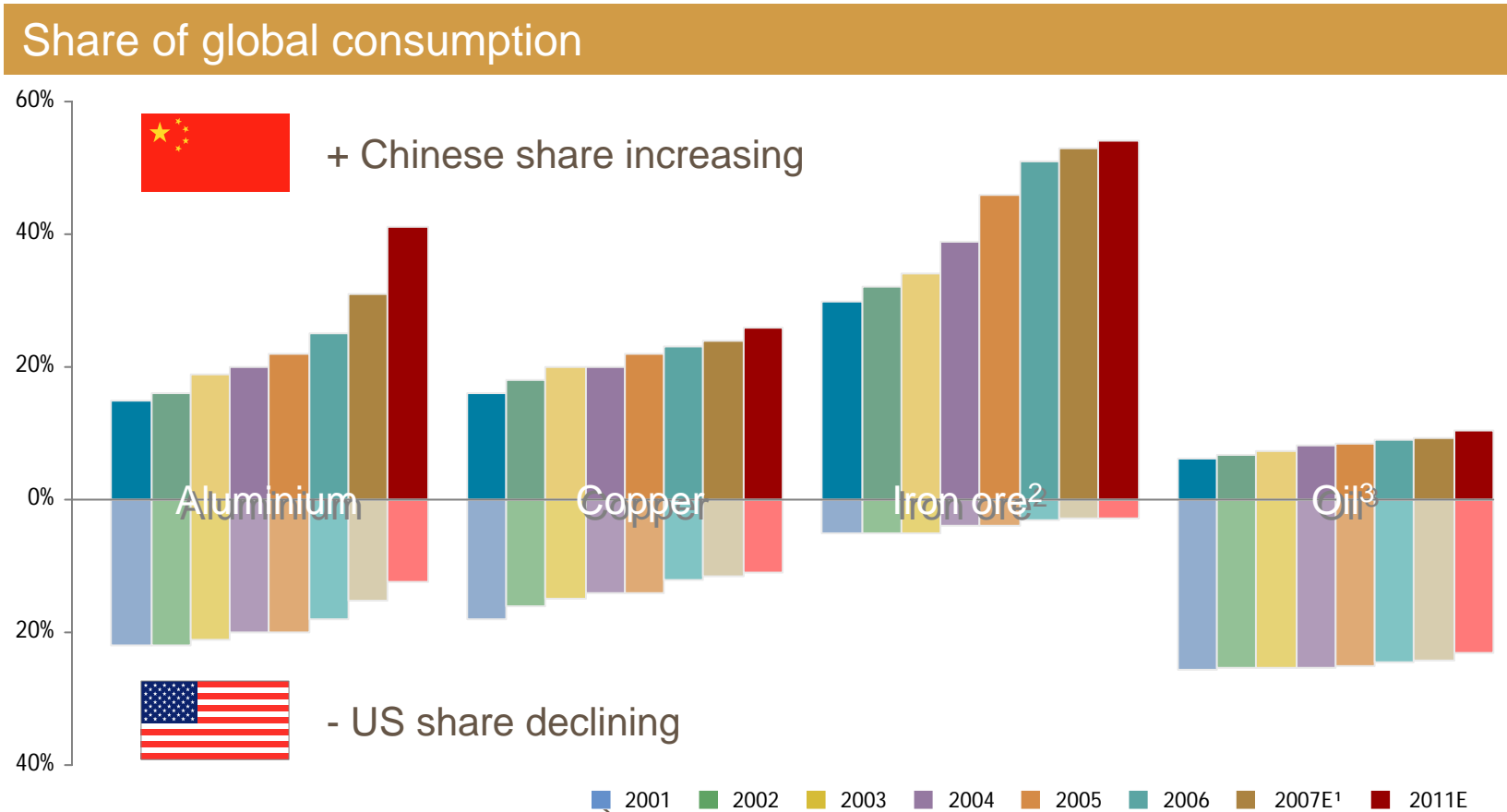


Chinese population



Source: World Bank. Note income data includes re-estimation of purchasing power parity exchange rates.

# China is the new force in commodity demand



Source: AME for aluminium, copper and iron ore. 2001-2006 oil data source is BP Statistical Review of World Energy 2007

Note: Consumption data for aluminium, copper and iron ore represents "apparent" consumption rather than actual consumption and is determined by: apparent consumption = domestic production + imports - exports - change in stocks (where available)

<sup>1</sup> Forecast available only <sup>2</sup> Seaborne <sup>3</sup> Data for 2007 and 2011 is calculated by applying expected consumption growth rates from IEA (International Energy Outlook) to historical data

Energy

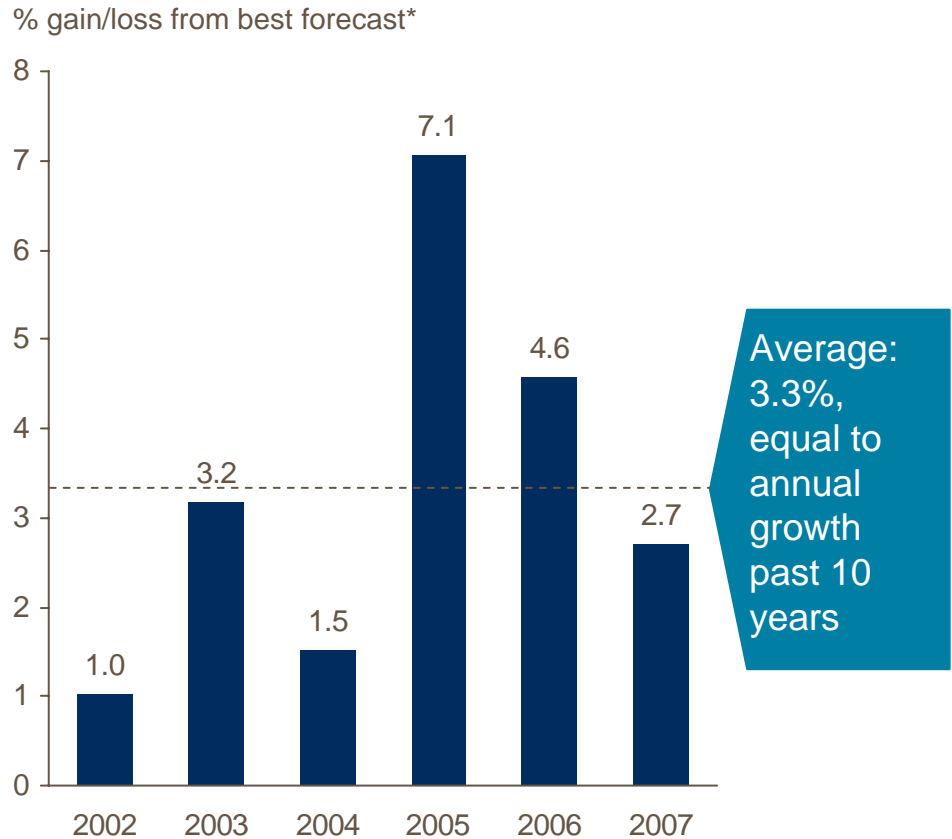
## Growth in a strong market

- Continued strong demand
- Continued constrained supply
- **Rio Tinto is well-positioned**
  - A great set of businesses
  - A strong pipeline of organic growth



# Industry forecasters have consistently overestimated supply coming online

## Overestimation of short-term mine forecasts



### Key drivers of lack of supply

- Unpredictable events
- Slower than planned ramp up at expansions/new mines
- Strikes
- Political issues
- Natural events/disasters
- Supply chain

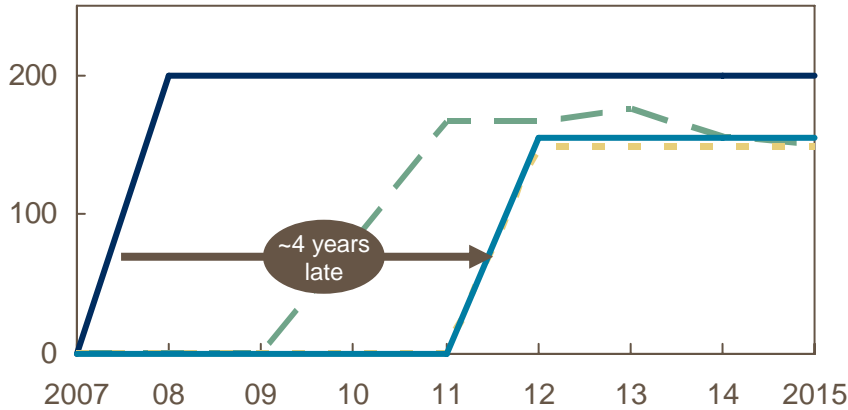
\* Forecast including allowance for disruptions

# Supply forecasts have been pushed back for some major new projects

— 2004 projections — 2006 projections  
 - - - 2005 projections — 2007 projections

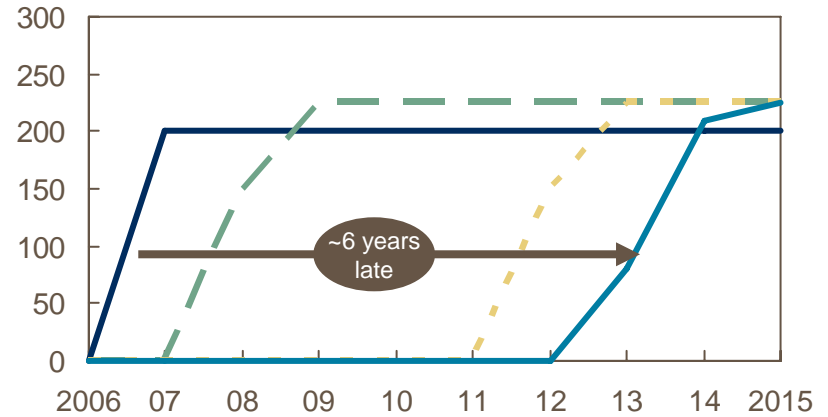
## Alemao, Brazil

Projected production (annual kt Cu)



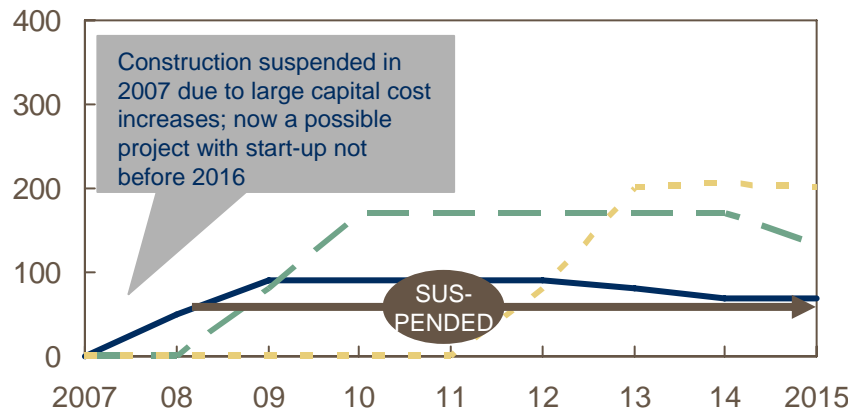
## Olympic Dam expansion, Australia

Projected production (annual kt Cu)



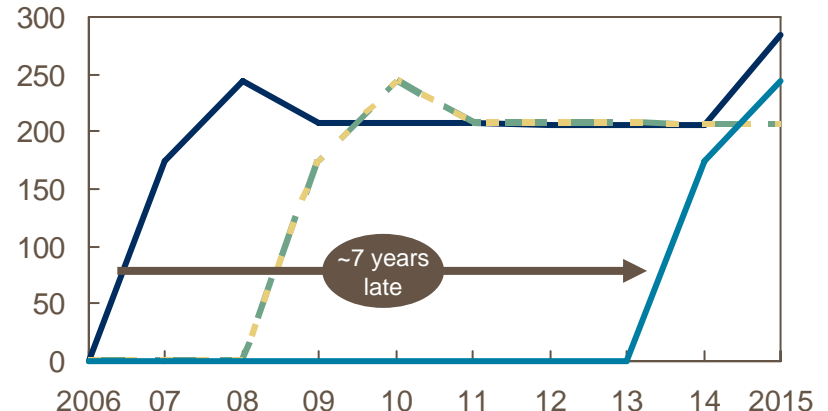
## Galore Creek, Canada

Projected production (annual kt Cu)



## Mansa Mina, Chile

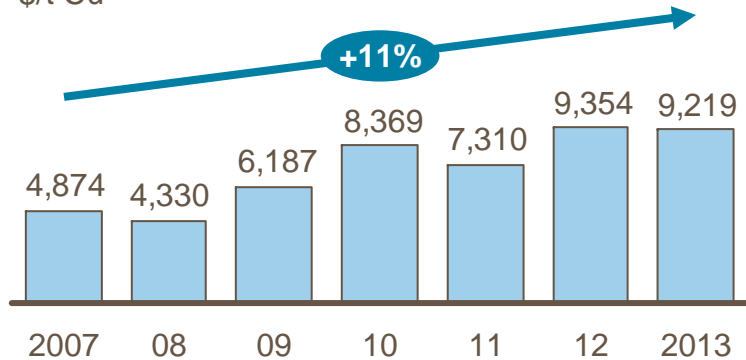
Projected production (annual kt Cu)



# The supply environment is challenging due to a number of factors

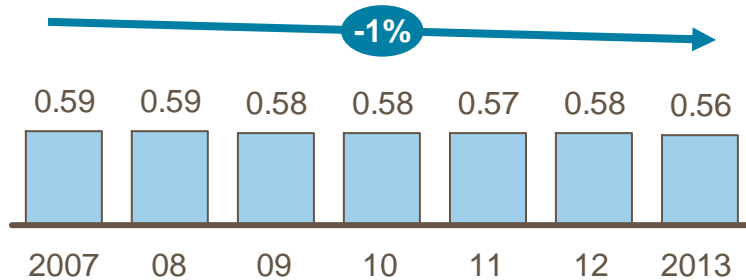
1 Capital is expected to become more expensive for new developments ...

Capital costs for mine developments  
\$/t Cu



3 The average grade of mill throughput is decreasing

Average grade of mill throughput for all mines  
Percent Cu



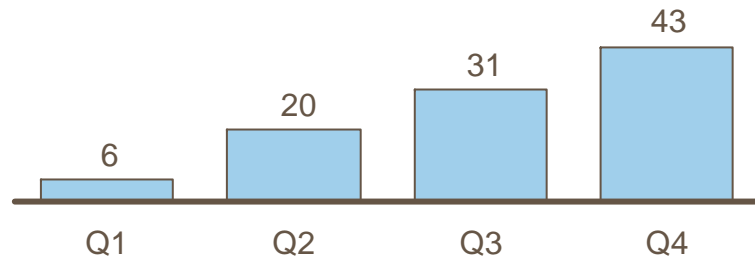
\* CAGR is for production from each source

Source: Brook Hunt; Rio Tinto Copper Business Development; Rio Tinto Technology & Innovation

2 ... as are operating costs

Position of the new projects along the cash cost curve

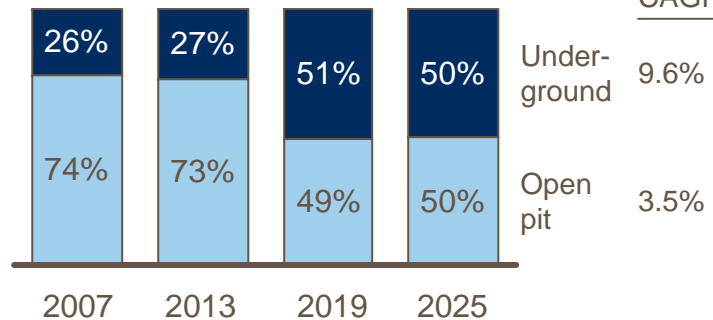
% capacity in each quartile



4 The role of technology is increasing – especially block caving & automation for underground

Copper production by source %

Production CAGR, '07-25\*

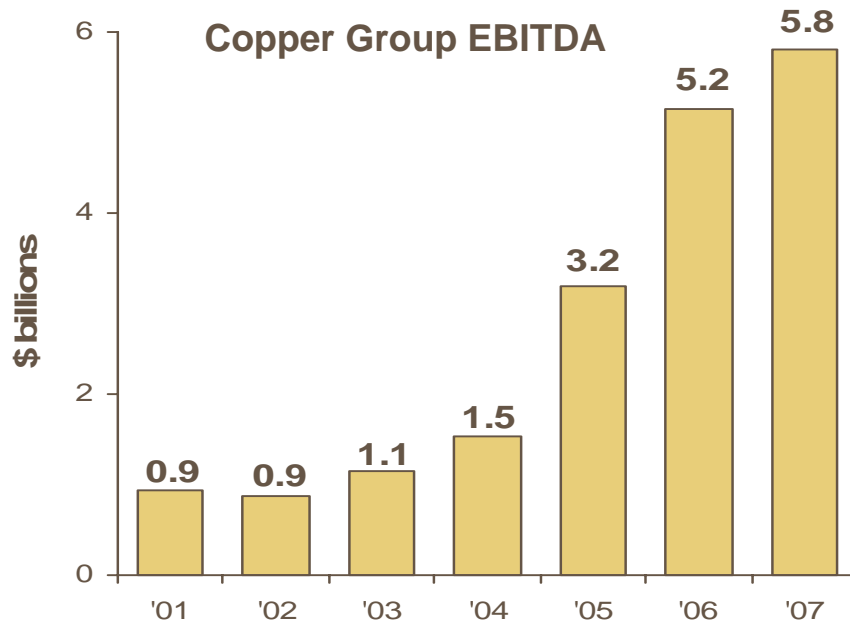


## Growth in a strong market

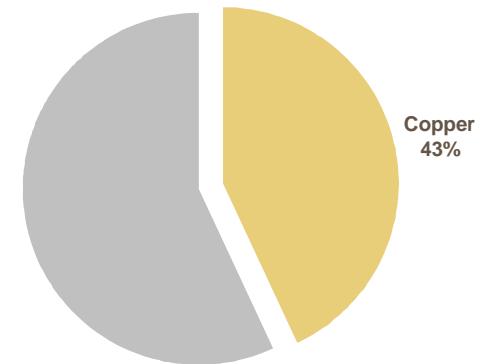
- Continued strong demand
- Continued constrained supply
- **Rio Tinto is well-positioned**
  - A great set of businesses
  - A strong project pipeline for growth

# High quality assets continue to deliver

- Record EBITDA
- Copper, gold and molybdenum markets remain very strong
- Refined copper and gold sales at record levels
- By product credits reduce unit cash costs to less than zero



2007 Product Group earnings





## Rio Tinto has a strong base of existing large-scale, low cost operations



**Kennecott Utah Copper – attractive cost position due to large scale and by-product credits**

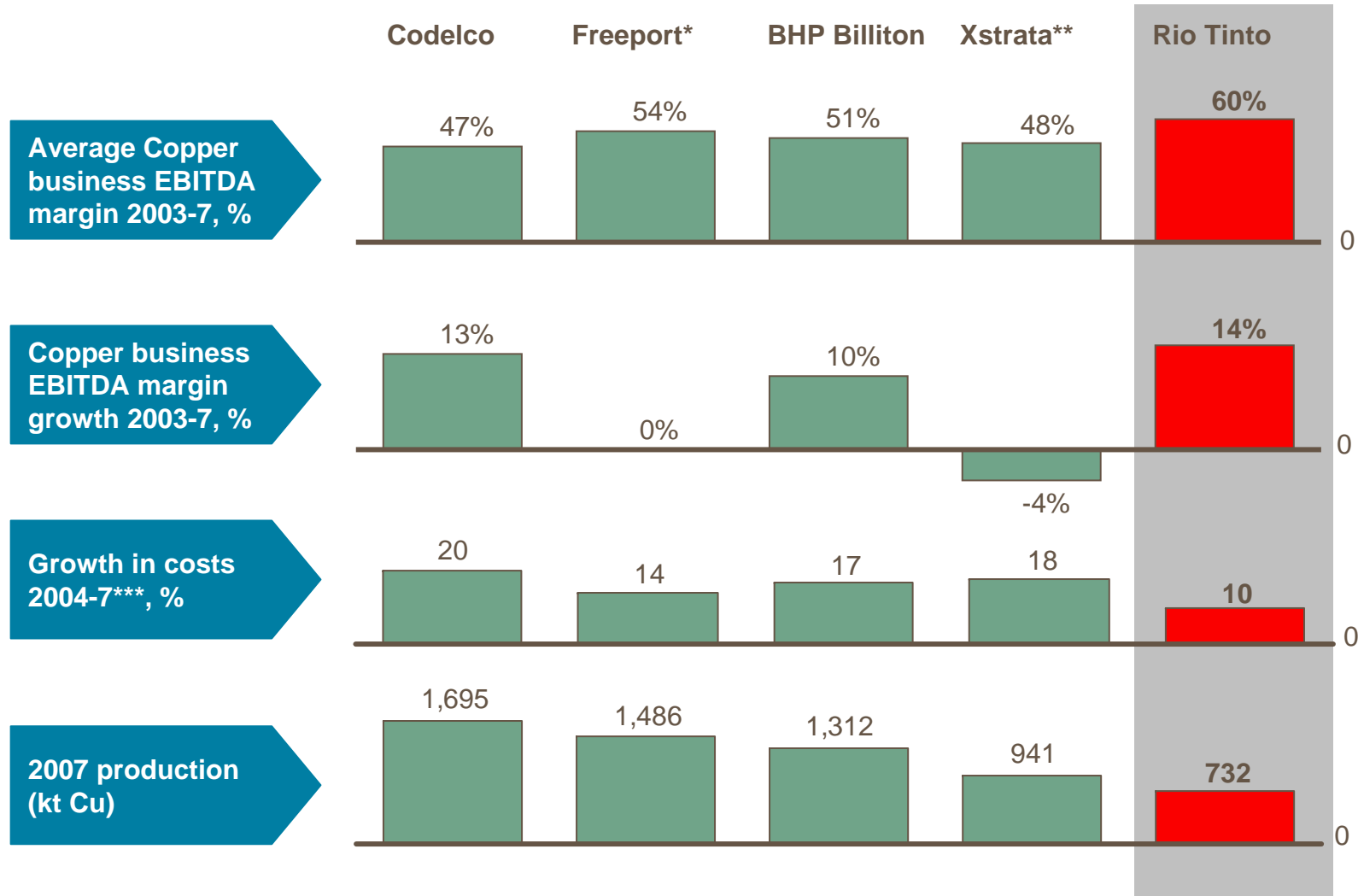


**Grasberg – a very strong future position at the world's second largest copper mine**



**Escondida – capturing value through active involvement in the world's largest copper mine**

# Rio Tinto is well placed compared to its peers



\* Includes Phelps Dodge for 2007 production but not other metrics. EBITDA margin is 2003-7

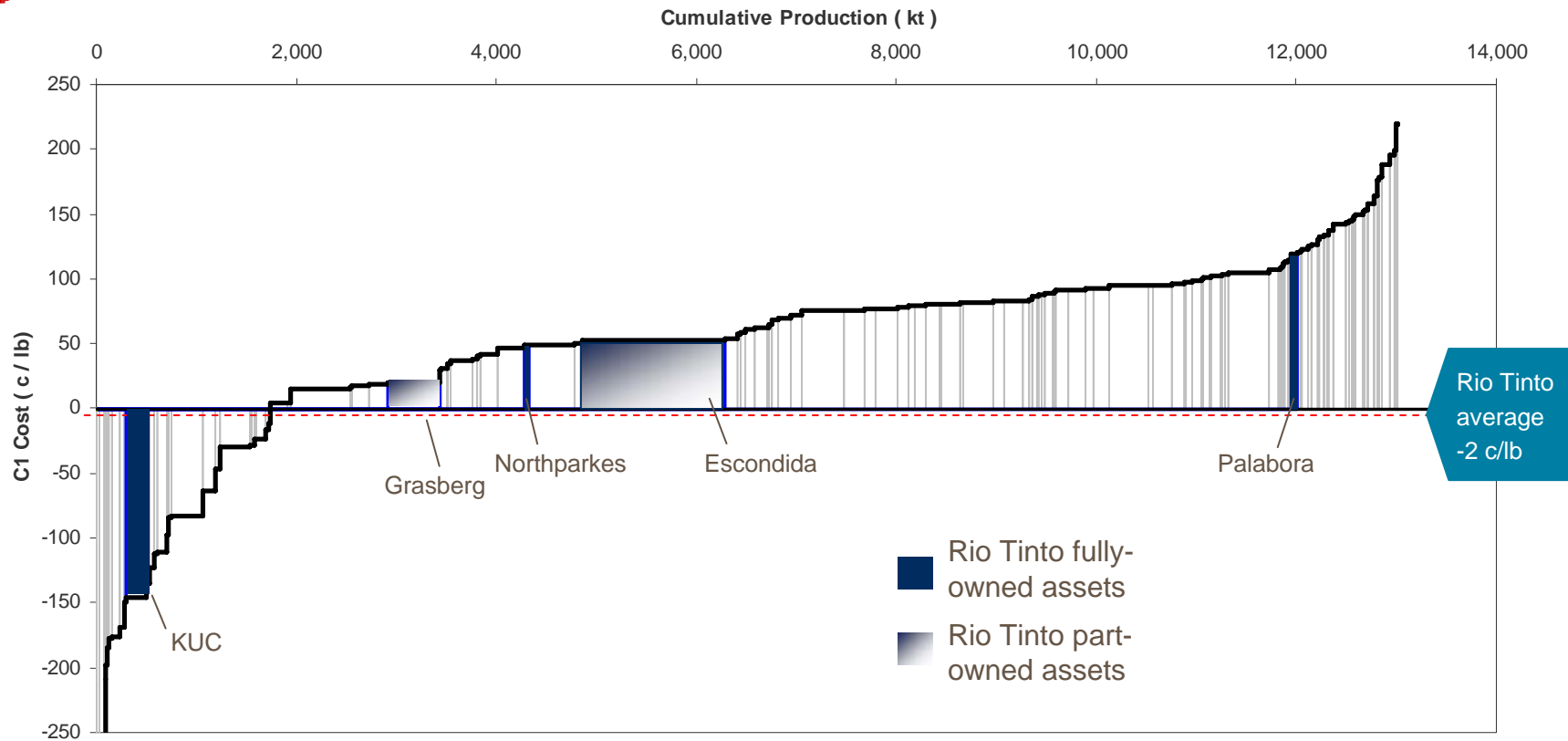
\*\* Includes Tintaya and Falconbridge

\*\*\* Brook Hunt's quoted pro-rata C1 cash costs; CAGR

Source: Company reports; Brook Hunt

# Our assets are structurally advantaged, with average costs in the bottom quartile of the cost curve

Copper 2007 normal cost curve\*



\* Excludes operations where copper revenues are less than 25% of the total net revenue, reflects average by-product prices for 2007  
Source: Brook Hunt

# Rio Tinto is building expertise in copper technology & innovation

**Rio Tinto's Technology and Innovation team are focussed on adding value to the current copper portfolio. Key projects are:**

## **Underground Projects**

Cave Design

Rapid Construction

Automation and Maintenance Strategies

Mechanised shaft sinking

Mechanised lateral development

Automated shotcrete unit trials

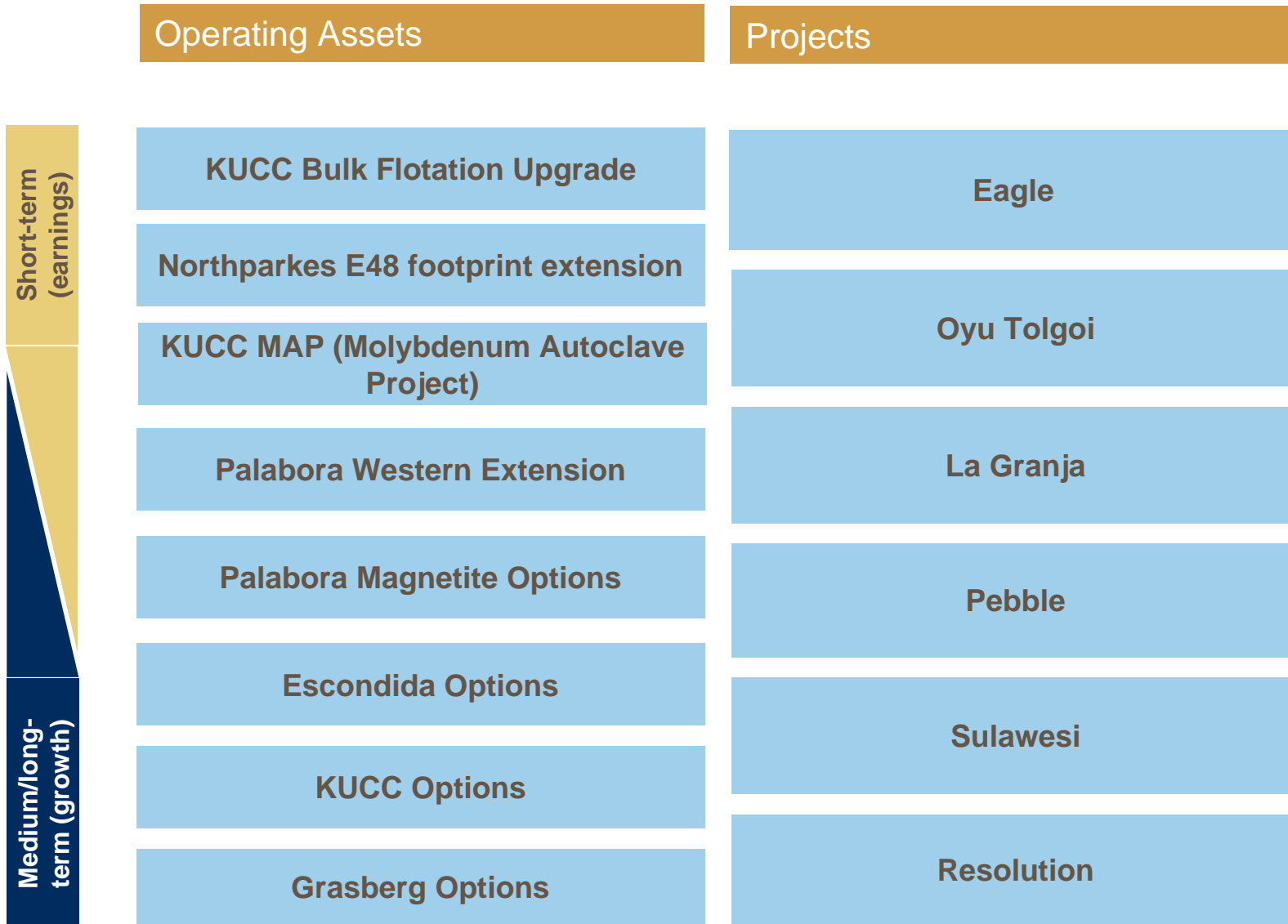
## **Metallurgical Projects**

La Granja scale-up

Flow sheet development for laterite nickel

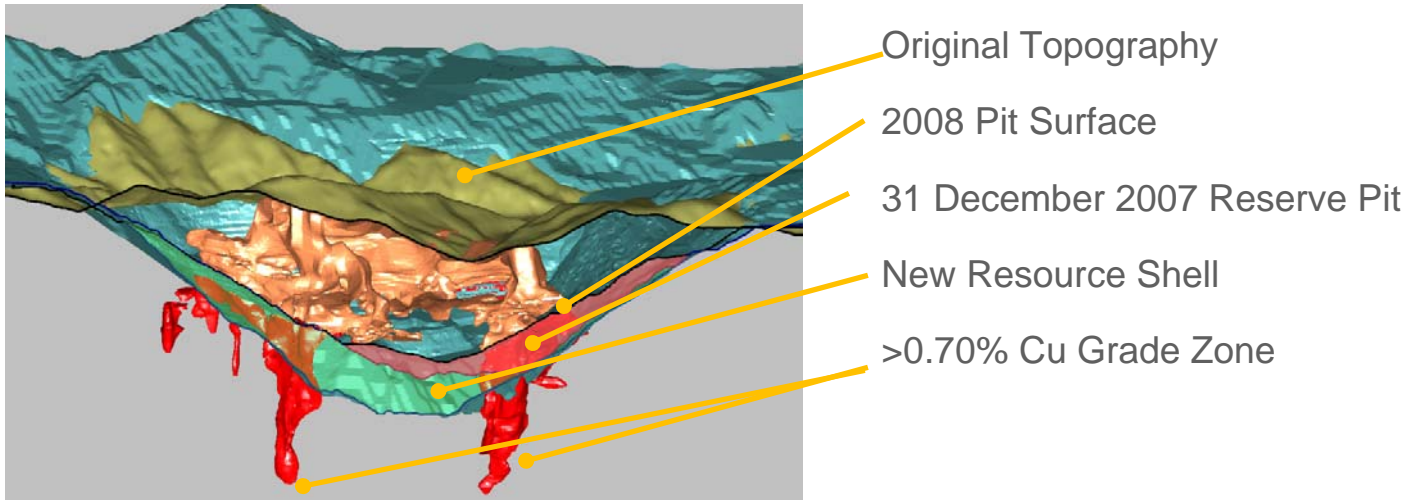


# There is great operational upside in the portfolio





## A further 628mt of resource has been announced at KUC – even after 100 years

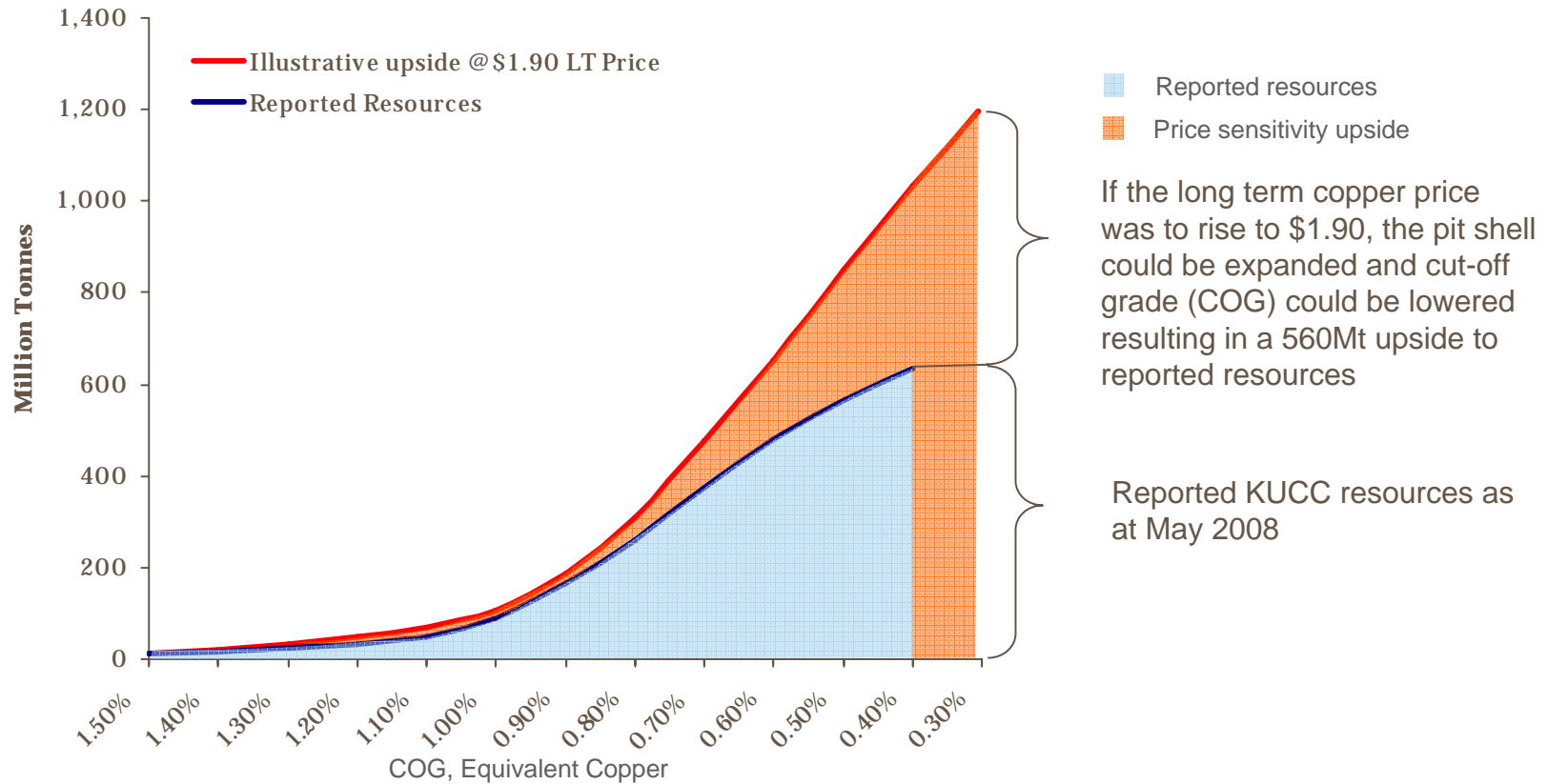


- Mine discovered in 1848, porphyry copper production commenced 1903
- 16Mt of copper mined & generated underlying earnings of \$1.6bn in 2007
- World-class asset provides optionality to take advantage of changing economic conditions
- \$1-2bn capex required for life extension
- Potential open pit extensions to 2036 followed by underground
- Significant molybdenum potential at depth

Source: Resources – 16 May 2008 Rio Tinto press release

# Long-term price assumptions have a large impact on resources

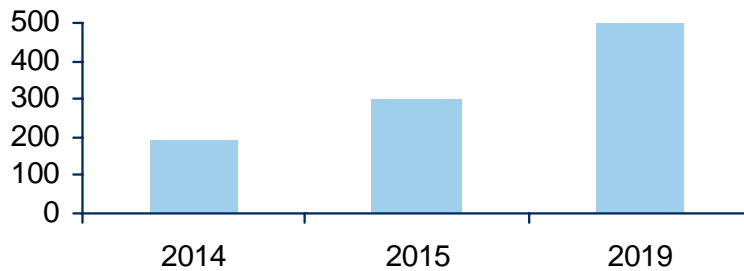
Bingham resource estimate: copper price grade – tonnage curves



Source: Resources: 16 May 2008 Rio Tinto press release. Rio Tinto internal analysis. Mineral Resource and Ore Reserves data reported has been compiled by Jim Vickery, who is a member of the Australian Institute of Mining and Metallurgy. Vickery is a full-time employee of Kennecott Utah Copper Company and has the experience which is relevant to the style of mineralization and type of deposits under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Vickery consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

# La Granja – leveraging optionality around the resource and new technologies

La Granja, Peru, estimated production  
Cu thousands tonnes pa

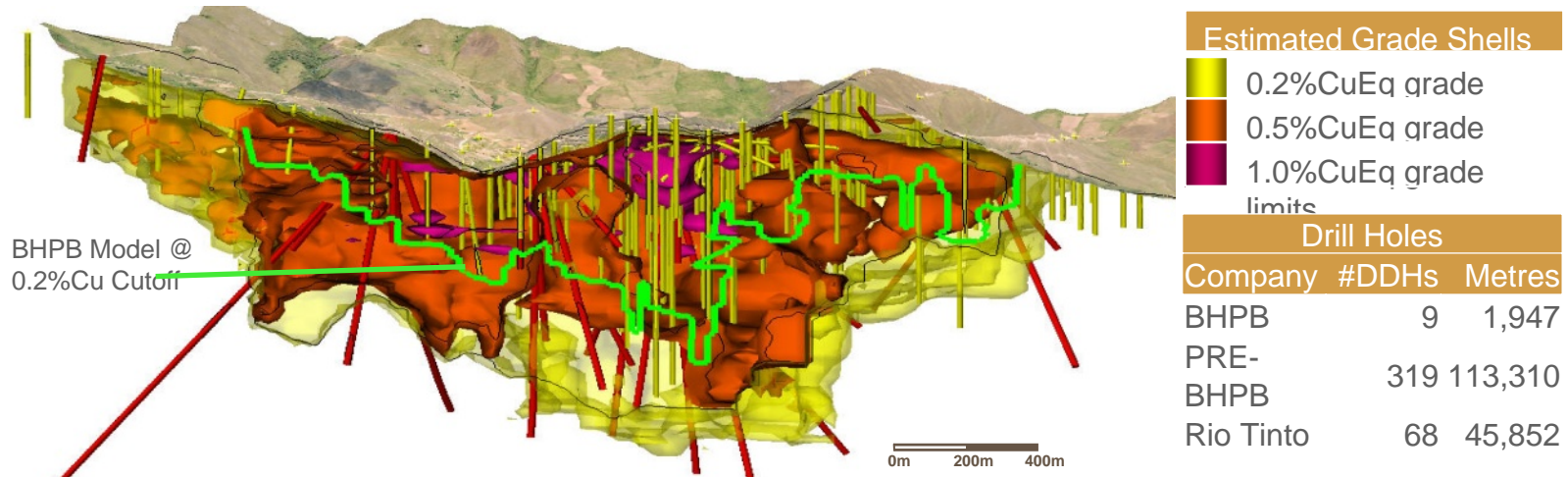


## Project details

- Estimated production start date of 2014
- 100% Rio Tinto owned
- 1<sup>st</sup> to 2<sup>nd</sup> quartile operating costs in copper production
- \$108m expenditure to April 2008, budgeted additional \$80m for May to Dec 2008
- \$2.5 to \$3 bn initial base case capex to production
- Current employees 130 + 250 contractors
- Base case increase in production c.300 kt of Cu p.a. and studying the potential to increase to 500 ktpa Cu
- Inferred resource 2.8 bn tonnes @ 0.51%Cu, 0.1% Zn representing 0.56% Cu eq. at 0.3% Cu eq. cut-off
- One of the largest undeveloped copper projects in Latin America

Source: Rio Tinto estimates. Inferred resource from 29 May 2008 Rio Tinto press release

# Drilling programme and processing milestones achieved at La Granja



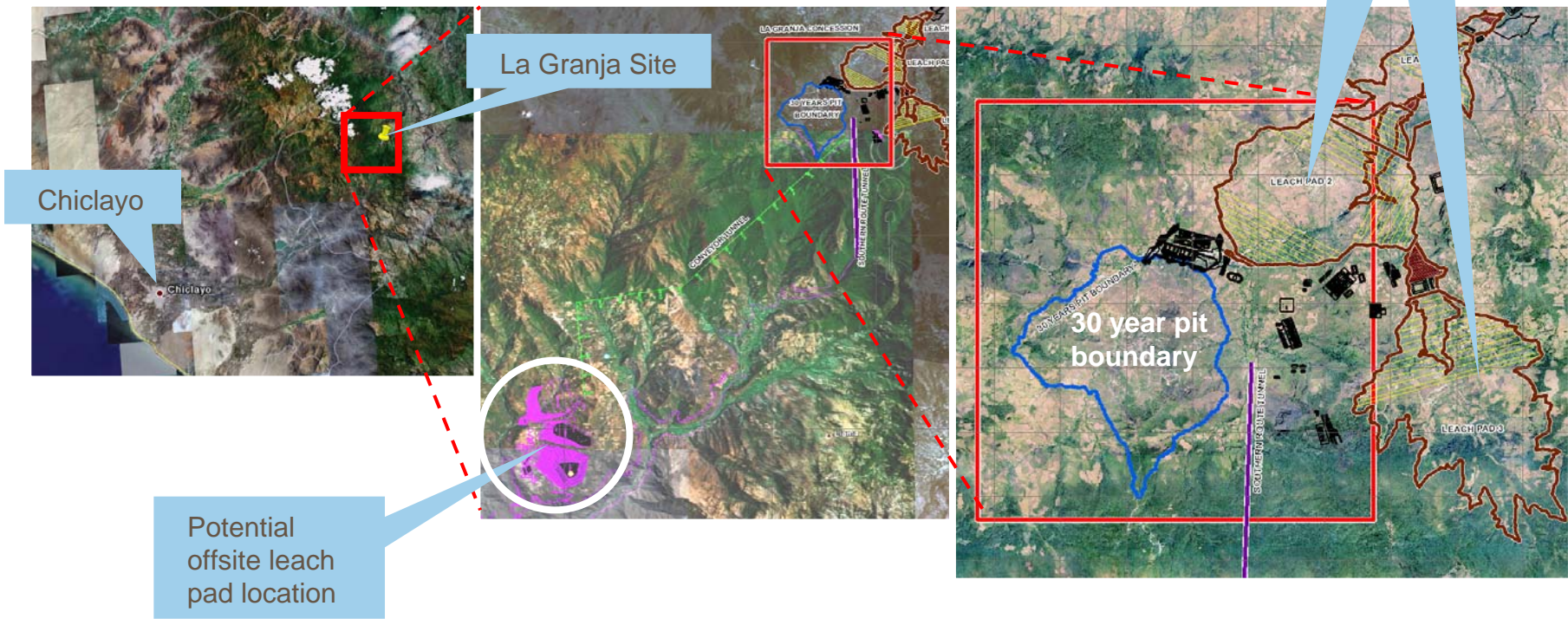
- Rio Tinto have undertaken an extensive amount of drilling since procurement in Dec 2005 (48km)
- An additional 40 km will be drilled during the pre-feasibility study (until the end of Q1 2009)
- 54,000 hectares in concessions around original La Granja project have been added
- Rio Tinto drilling to date has delineated at least five additional porphyry centres surrounded by mineralised skarn
- Lab scale test work of proprietary leaching process indicates +70% recovery for copper and zinc
- Industrial scale leach testing to start on site in 2009 (subject to capital approval)
- Arsenic deportment is easily controlled within the dump/heap leaching process

Source: BHPB, project owner in 2001, reported "targeted mineralisation" in the range of 2 billion tonnes at a copper cut-off grade of 0.3%. This mineralisation was described by BHPB as "indicated and inferred mineral resources", but was not determined to JORC code standard.



# La Granja – a major project

- La Granja has become the largest undeveloped copper project in Latin America
- Aggressive exploration program (46 km drilled in 14 months)
- Innovative Technology
- Environmental and Social Considerations



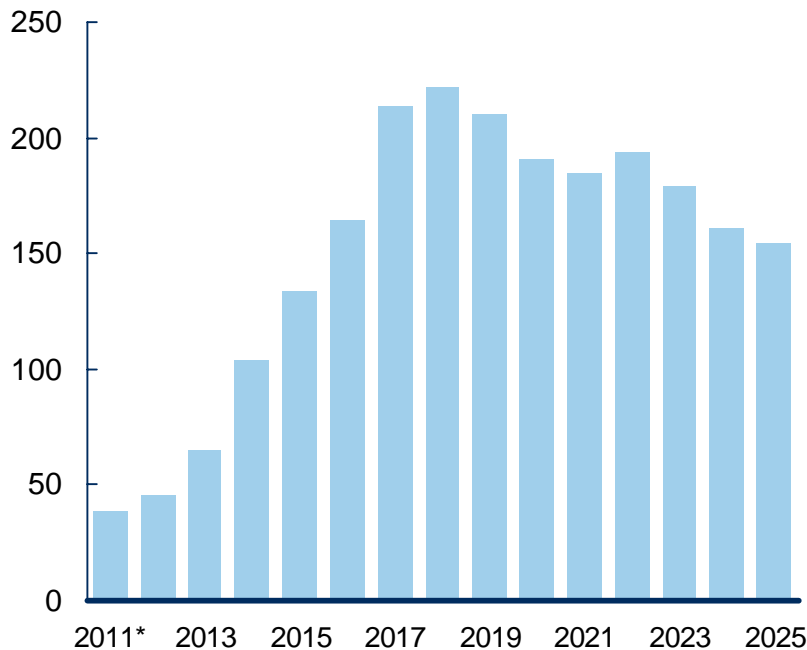
Source:

Rio Tinto



# Creative deal making provides access to a major next-generation operation at Oyu Tolgoi

Oyu Tolgoi estimated production  
Rio Tinto share, Cu thousands tonnes pa



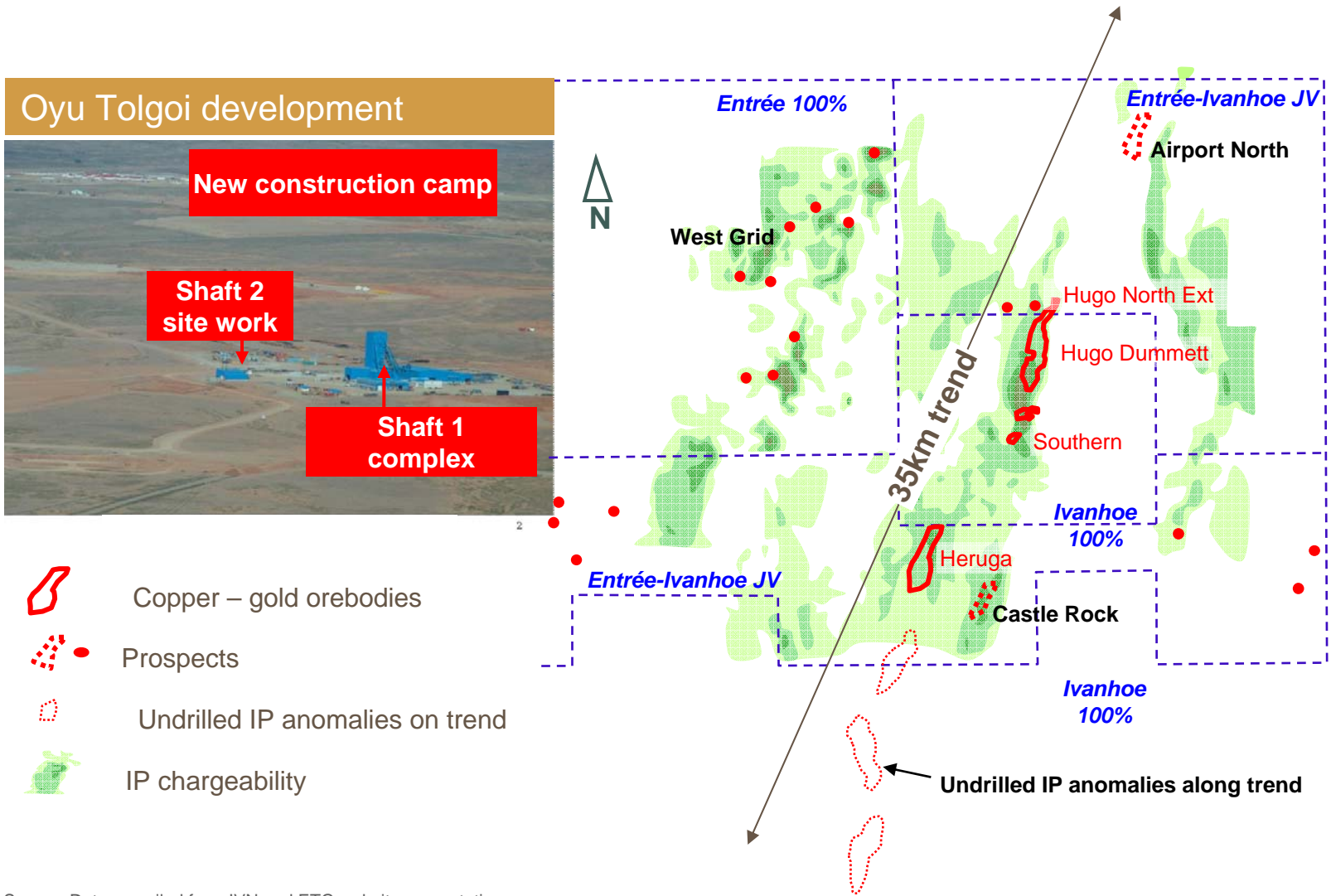
- Options to increase holdings in Ivanhoe to 46%
- Average annual production to 2035 (100% basis) of 440 kt of Cu and 320 koz of Au
- Currently employs over 500 at site and over 100 at Ulaanbaatar
- Work progresses on lateral development, purchase of equipment, pre-feasibility studies, environmental permitting and community and governmental engagement
- Negotiations continue with the Mongolian Government
- Highly prospective region

Ivanhoe website IDP (2005), Expansion case - assumes Rio Tinto share of 46% ownership of Ivanhoe, which owns 66% of Oyu Tolgoi

\* Subject to negotiation with Government of Mongolia

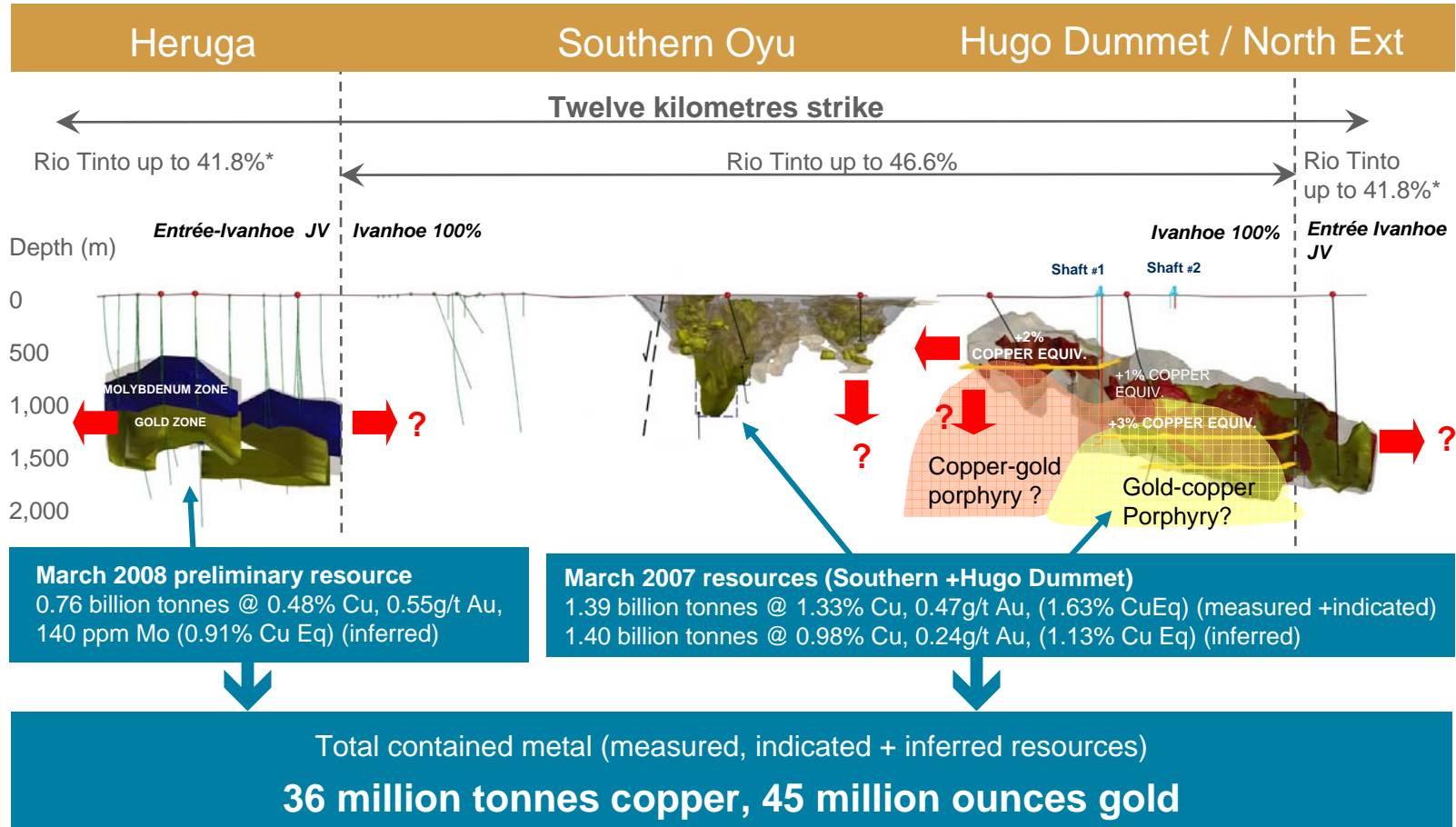
Source: Rio Tinto forecasts for production figures for years beyond 2007

# Rio Tinto's interests in the Oyu Tolgoi region provide additional opportunities



Source: Data compiled from IVN and ETG website presentations

# Rio Tinto ownership of Oyu Tolgoi ore bodies



Source: Entrée Gold 12 March 2008 press release, Ivanhoe 2006 Annual Information Form

\*Assumes IVN exercise all earn-in obligations for ETG and Rio Tinto @ 46.6% of IVN; excludes Mongolian Government participation

# Sustained growth is anticipated with the Grasberg expansion

## Grasberg, Papua, Indonesia



- Expansion of DOZ to 50ktpd completed in 2007  
Future expansion to 80ktpd underway. Target completion 2010
- Big Gossan to reach full rates in 2011
- 90% of Common Infrastructure project tunnelling complete
- Open pit transitioning to largely block cave operation
- 1<sup>st</sup> Quartile Operating Costs
- Reserves 2.7bt at 1.04% Cu
- Resources 3bt at 0.55% Cu; further exploration targets being investigated
- Post 2021 Rio Tinto ownership share increases to 40% of total production from Grasberg

Source: Reserves and resources per 2007 Rio Tinto Annual Report

# Resolution resource of 1.34 billion tonnes signals world class potential

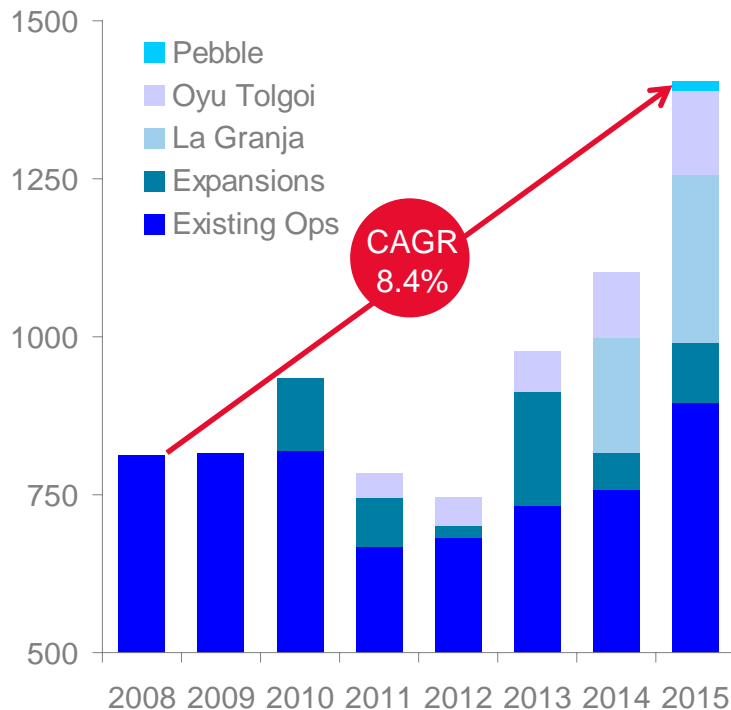


- Rio Tinto ownership 55%
- Estimated production start up in 2019
- Estimated annual production ~500ktpa Cu
- Estimated capex to production \$2.5 to \$3.5bn (100%)
- Expenditure to date over \$250M (100%)
- Current employees 70 + 200 FTE contractors in 2008 plan (100%)
- Resource of 1.34 billion tonnes at approximately 1.51% Cu, 0.040% Mo
- Exploration potential remains
- Securing land exchange
- Pre-feasibility study scheduled for completion in 2012



# Rio Tinto has increased its copper resources by 137%, underpinning the strong project pipeline

Rio Tinto's attributable copper production '000 tonnes



- Rio Tinto has a number of options from existing operations
  - Bingham extension, Grasberg expansion
- Real progress is being made on other projects:
  - La Granja, Oyu Tolgoi and Resolution
- Recent resource announcements support Rio Tinto's copper project pipeline which is set to deliver 8.4% annual growth for the next 7 years

Source: Rio Tinto forecasts for production figures for years beyond 2007

## Rio Tinto is establishing a strong position in the nickel industry

### Eagle

- Small but very high grade ore
- First production expected 2009
- Major optionality
- Strategic location
- All state approvals received

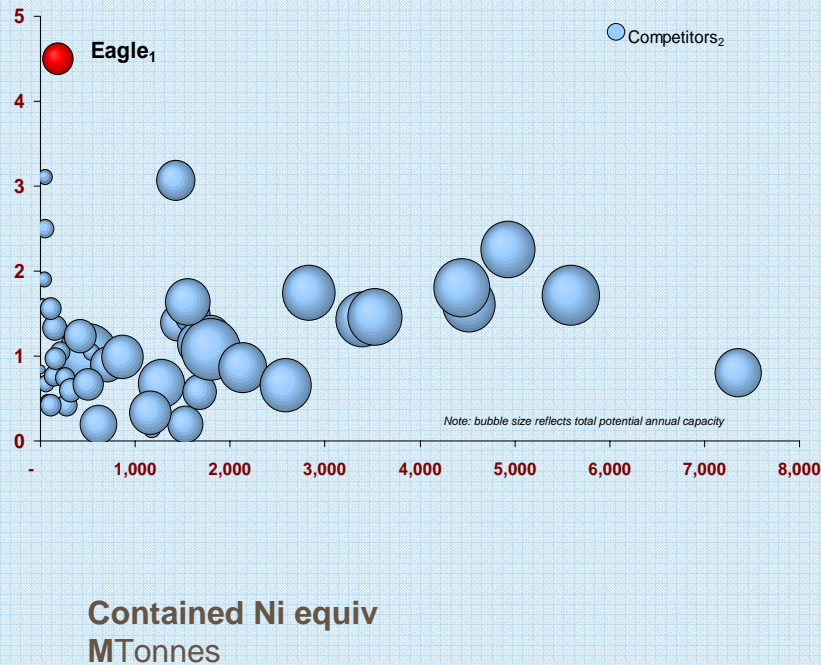
### Sulawesi

- Large scale, low cost, high grade laterite opportunity
- One of the world's largest undeveloped nickel opportunities, with potential further regional deposits of a similar size

# Eagle is a high grade strategic entry into the market..

## Ore grade

**World's undeveloped nickel resources**  
Ni equiv. grade (%)



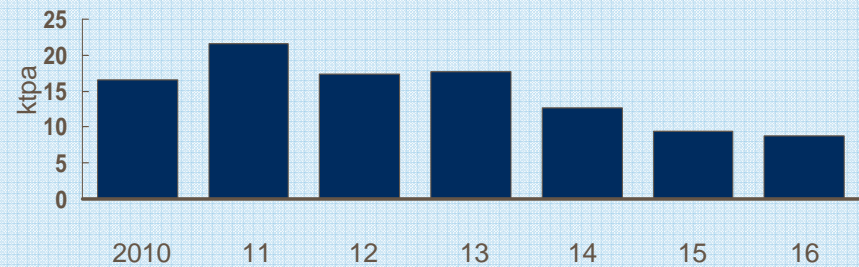
## Overview

- Very high grade ore deposit
- Major optionality
- Strategic location

## Key statistics (attributable basis)

Rio Tinto share (%)	100
First production expected	2010
Base case annual production (ktpa)	16
Initial capex for base case (\$billion)	0.3

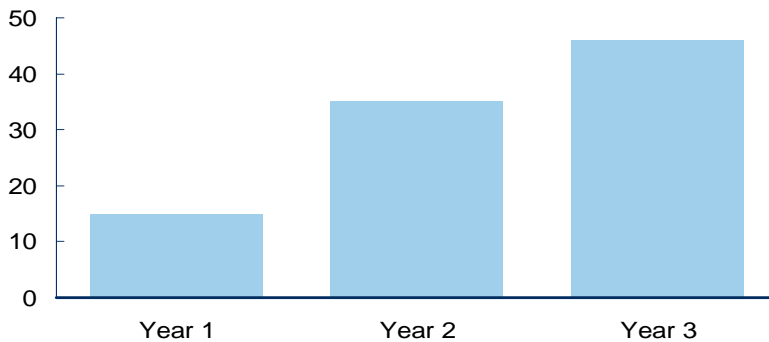
## Production profile



Nickel equivalent calculated using long term analyst consensus metal prices 14 May 2008 – US\$6.32/lb Ni, US\$1.55/lb Cu, US\$9.4/lb Co,  
Source: 1. Rio Tinto Annual Report 2007, Eagle has Probable Ore Reserves of 3.2Mtonnes @ 3.89% Ni 2. Competitor projects – Brook Hunt.

# Over 160 million tonnes of nickel resource announced at Sulawesi

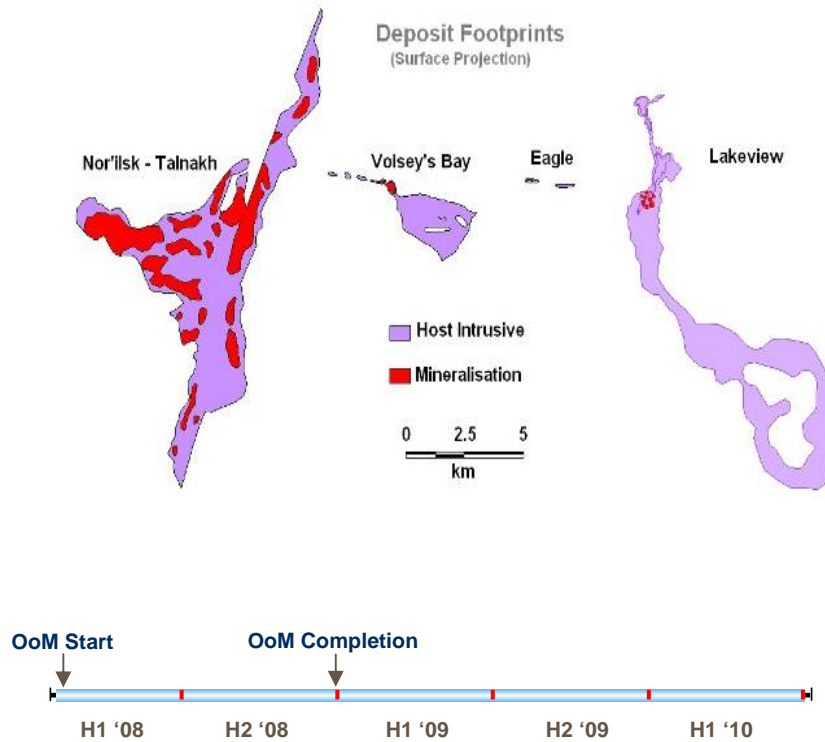
Sulawesi potential production profile  
 Thousand tonnes pa (100% Rio Tinto)



Resources from 28 May 2008 Rio Tinto press release

- Large scale, low cost, high grade laterite nickel opportunity supported by recent announcement of 162Mt of resources at 1.62% Ni and 0.04% Co
- In 2000, Rio Tinto Exploration discovered a deposit straddling the border of the Central and South East Sulawesi Provinces of Indonesia
- One of the world's largest undeveloped nickel opportunities, with potential further regional deposits of a similar size
- Initial feasibility study work will focus on exploration, environmental and community base line studies
- First production expected in 2015 with base case annual production of 46ktpa and potential expansion beyond 100ktpa
- Total resource: 162Mt @ 1.62% Ni and 0.08% Co

# Lakeview Nickel



Source: Rio Tinto, Value and Growth Seminar Presentation, 29 May 2008

- Project stage – Order of Magnitude
- Country – USA
- Ownership – 100% Rio Tinto
- 25km-long intrusion hidden beneath glacial cover
- Conceptual targets are bulk-tonnage open-pit low-grade nickel and Eagle-style high-grade underground deposits
- Drilling has focused on 1km<sup>2</sup> low-grade target in the north; 19 drill holes have outlined a body with average grade ~0.3% Ni equivalent
- Final hole of winter programme intersected 138m @ 1.6% Ni, 1.1% Cu including 28m @ 3.6% Ni, 2% Cu with strong off-hole conductors from downhole geophysics
- Accelerated drilling programme now underway to delineate higher-grade zone
- Plan to hand over an Inferred Mineral Resource by year-end

## Summary – continued value creation

- Attractive copper market driven by China
- Supply continues to be constrained
- Impact from a Western slowdown is limited
- Existing high-performing large-scale, low-cost operations with substantial brownfield expansion potential
- A strong future in copper through a strong portfolio
- Our project pipeline comprises interests in the very best of the next generation of world class copper deposits



**RioTinto**

**Bret Clayton**  
**Chief Executive Copper Group**

**August 2008**

