Rio Tinto

Notice to ASX

BMO Global Metals & Mining Conference

27 February 2017

Rio Tinto chief financial officer Chris Lynch is presenting today at the BMO Global Metals & Mining Conference in Hollywood, Florida.

The presentation is attached and will also be available at riotinto.com/presentations.

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Delivering superior returns

Chris Lynch, chief financial officer

BMO Global Metals & Mining Conference
27 February 2017

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Our value proposition

Long-term strategy	Cash focus	Capital discipline and shareholder returns	Team and performance culture
World-class assets	Value over volume	Strong balance sheet	Safety first
Delivering >2% CAGR[1] CuEq growth	$2 billion cost savings over 2016/17	40-60% returns through the cycle	Assets at the heart of our business
Licence to Operate	$5 billion free cash flow from mine to market productivity by 2021	Portfolio shaping	Commercial and operational excellence




[1] Copper equivalent CAGR, 2015-2025.

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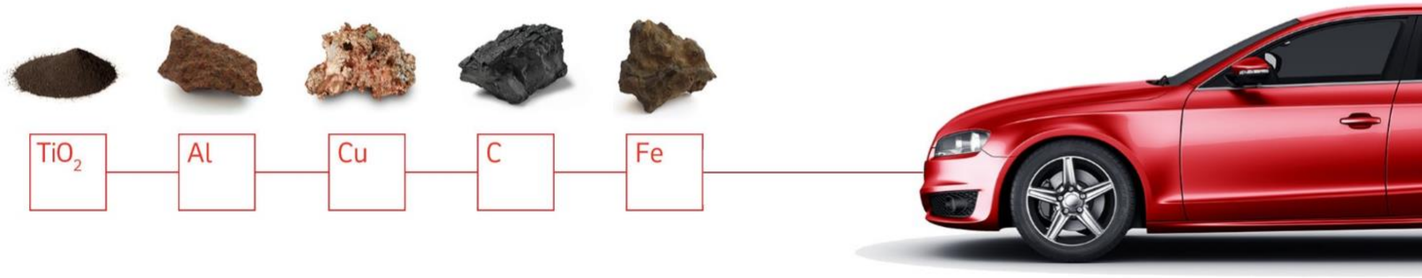
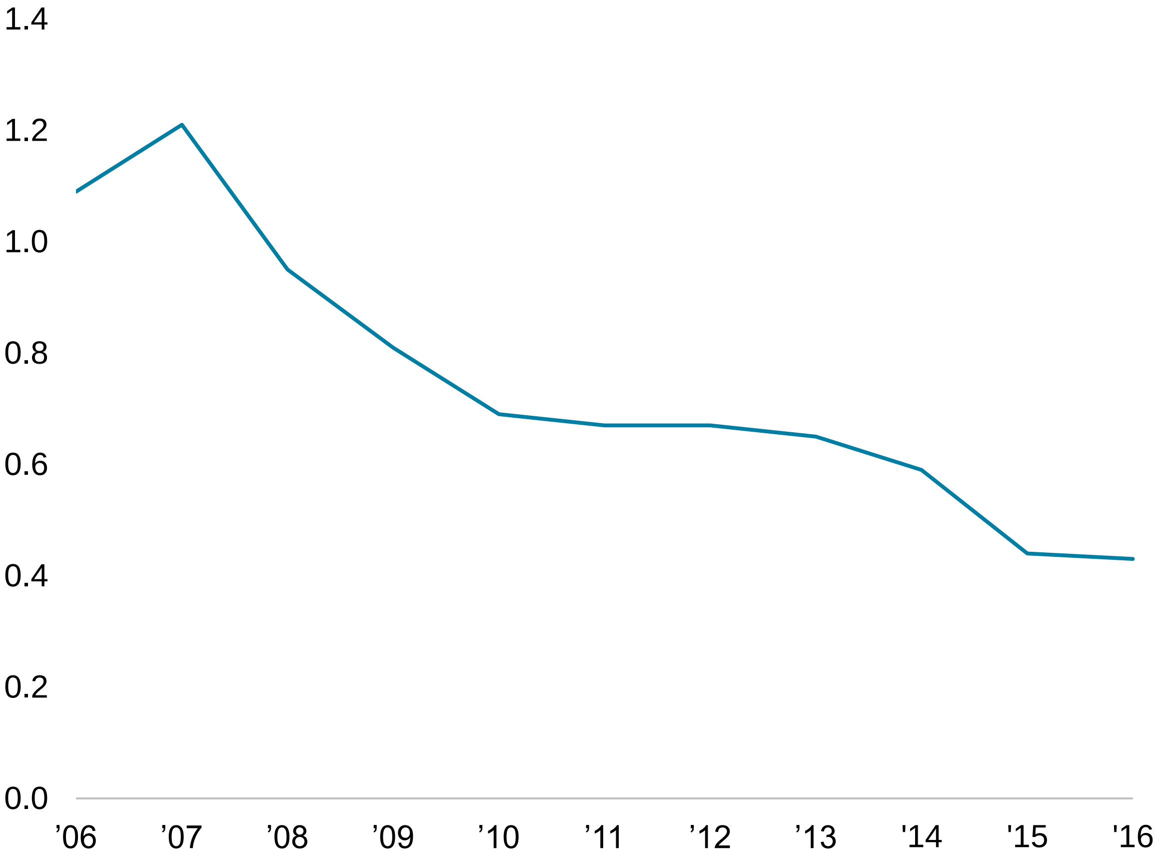
Delivering on our promises

- ✓ **Strong operating cash flow of $8.5 billion**
- ✓ **Portfolio optimisation with divestments announced of $1.3 billion**
- ✓ **Investing in our three major growth projects**
- ✓ **Balance sheet strength with net debt reduced to $9.6 billion**
- ✓ **Shareholder returns of $3.6 billion**



Safety comes first

A history of continual improvement in safety
AIFR per 200,000 hours worked



Fatality at Paraburdoo in June

Continued focus on Fatality Prevention, Illness and Injury Reduction and Catastrophic Event Prevention

Critical Risk Management (CRM) Programme

– More than 1.3 million verifications in 2016

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World-class assets delivering value

	Iron Ore	Aluminium	Copper & Diamonds	Energy & Minerals
Margins	**63%** Pilbara operations FOB EBITDA margin	**28%** Integrated operations EBITDA margin	**35%** Operating EBITDA margin	**30%** Operating FOB EBITDA margin
Cash flow	Cash flows from operations of **$5,644m** Free cash flow of **$4,776m**	Cash flows from operations of **$2,074m** Free cash flow of **$1,267m**	Cash flows from operations of **$987m** Free cash flow of **$78m**	Cash flows from operations of **$1,431m** Free cash flow of **$1,294m**




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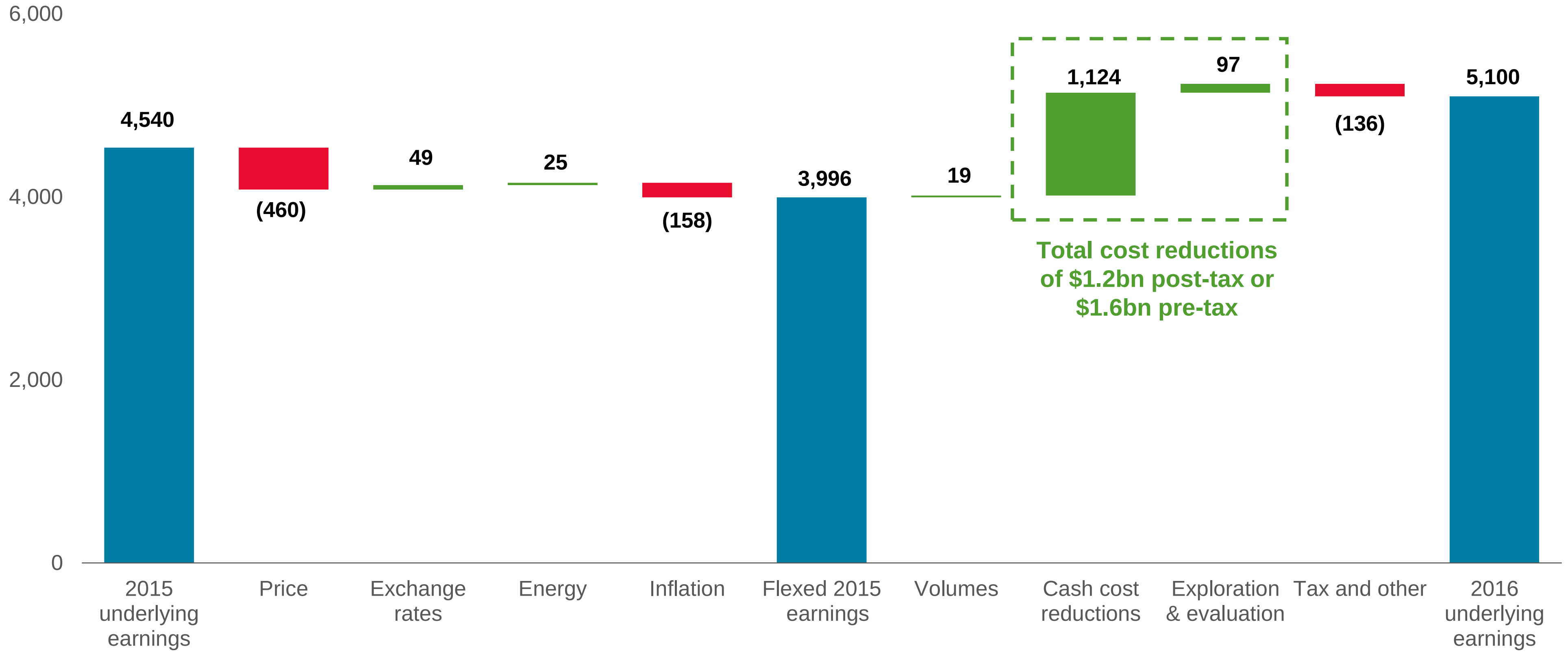
Increased underlying earnings driven by cash cost reductions

Underlying earnings 2015 vs 2016

$ million (post tax)



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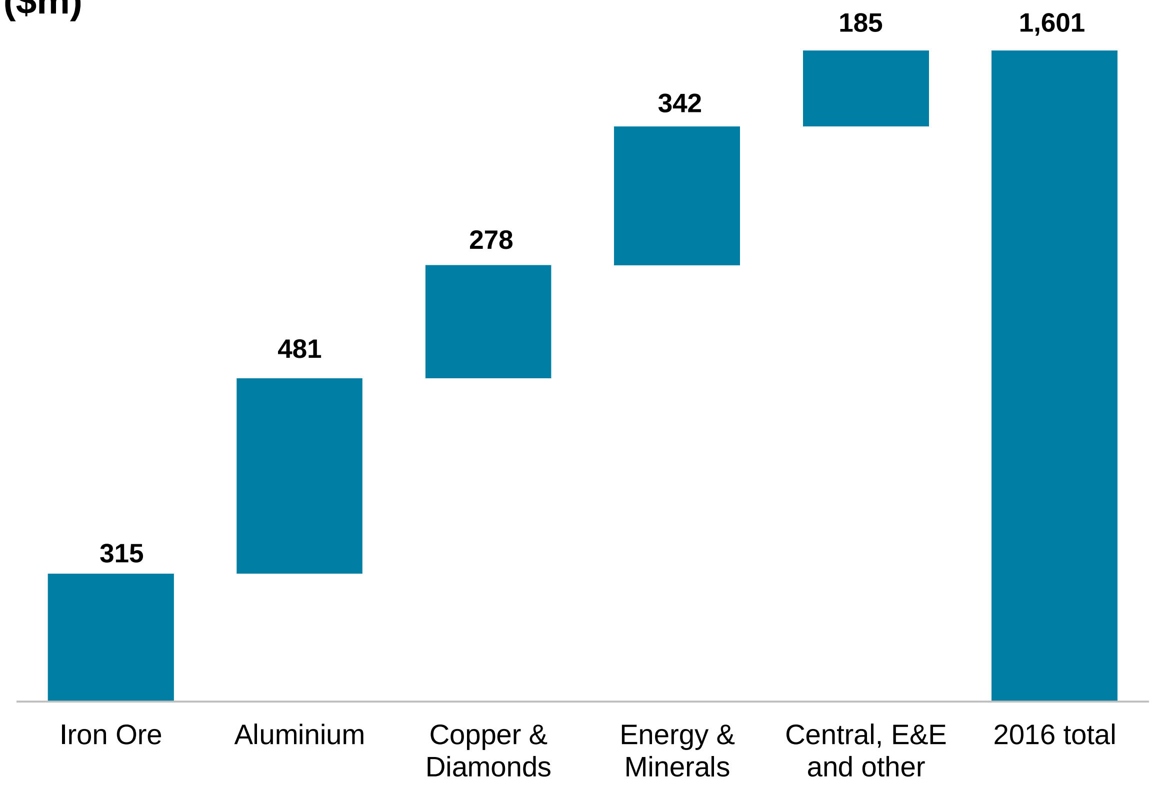
$1.6 billion of cost reductions achieved in 2016

2016 pre-tax operating cash cost improvements ($m)



$7.8 billion cost savings achieved since 2012

Cost performance helped deliver a 2016 EBITDA margin of 38% (34% in FY 2015)

Cost culture across all product groups

$2 billion cost savings target across 2016 and 2017

Improving productivity to deliver $5 billion free cash flow by the end of 2021

We aim to deliver $5 billion of free cash flow in productivity improvements over five years

Value Chain

Exploration	Major projects	Mining	Asset management	Processing	Infrastructure	Marketing

Broadening our cost saving programme to include productivity

Opportunity to improve by 30%

Haul Truck
Effective Utilisation[1]

Opportunity to improve up to 70%

Maintenance Quality –
Mean Time Between Failure[2]

Opportunity to improve by 30%

Processing Utilisation
– wet & dry[3]

All sources Rio Tinto. [1] All trucks best to worst performing, excluding autonomous trucks. [2] Across a range of key assets with utilised time representing one element of MTBF. [3] Across wet & dry mineral processing, excluding smelting

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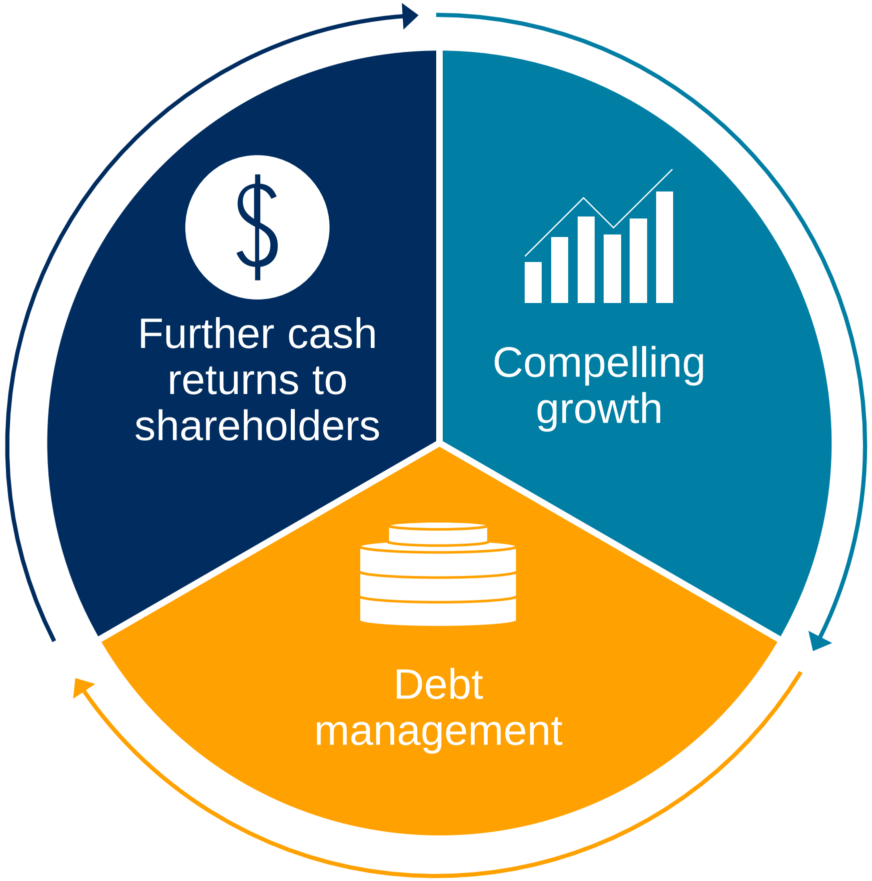
Our capital allocation framework

1 | Essential sustaining capex

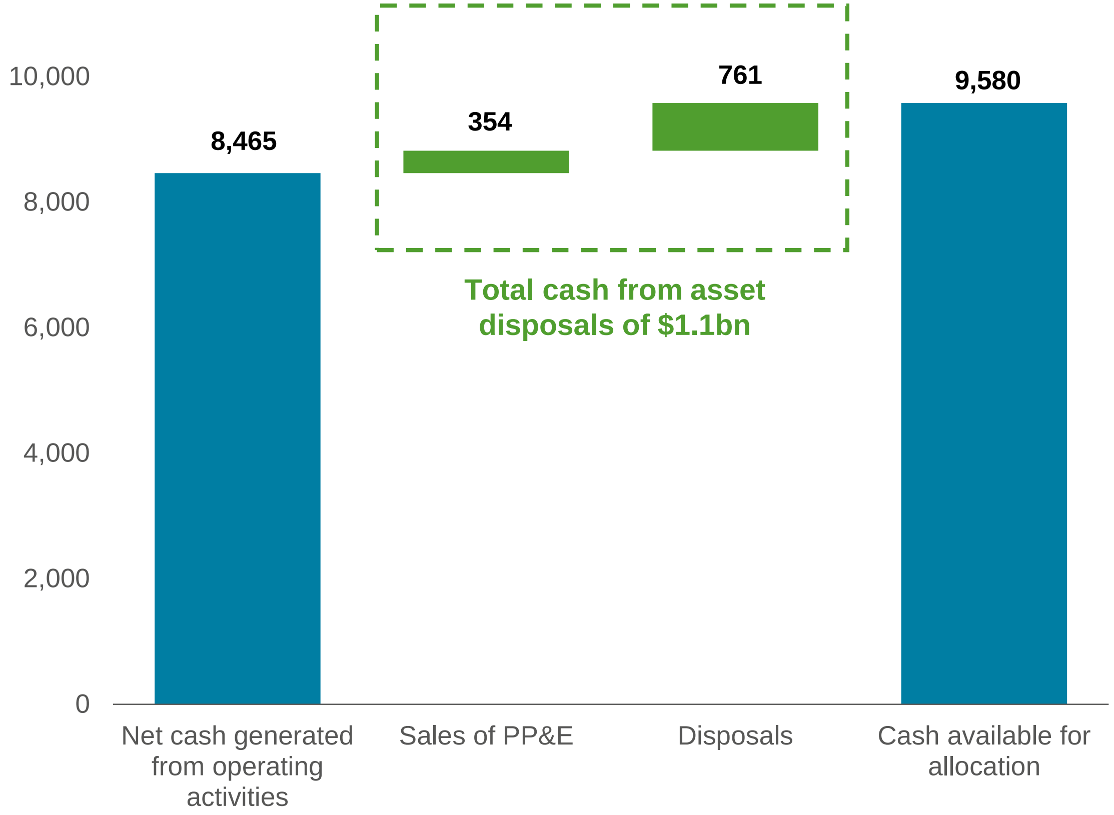
2 | Ordinary dividends

3 | Iterative cycle of

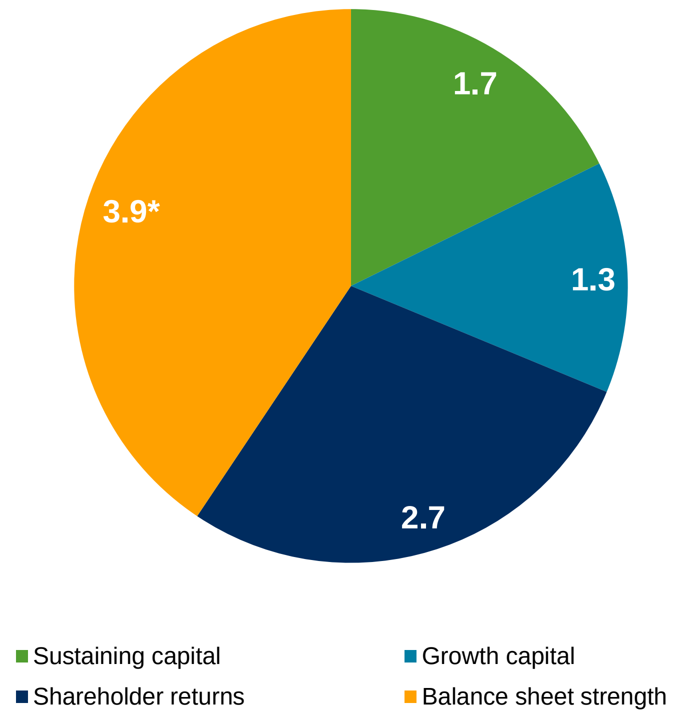


Disciplined allocation of strong cash flow

Cash flow 2016
($ million)



Disciplined allocation of capital
($ billion)



* Balance sheet net debt reduction of $4.2bn comprises $3.9bn of net cash movement and $0.3bn of non-cash or exchange movements

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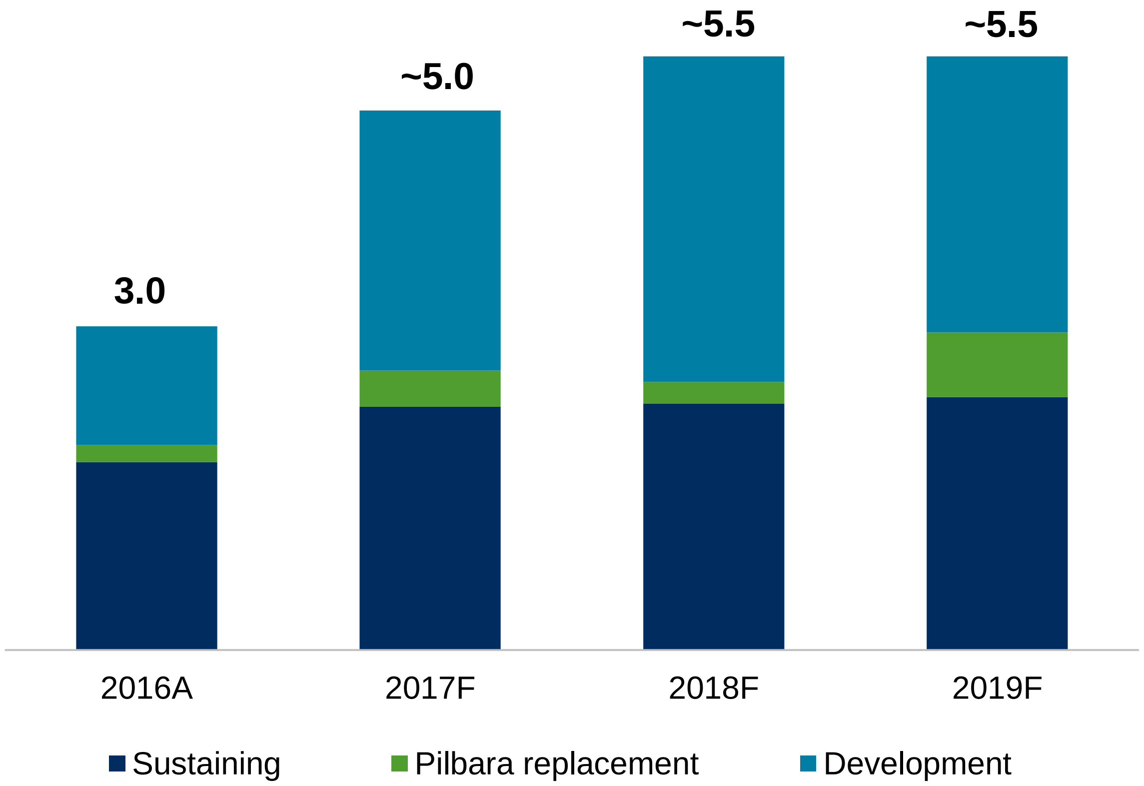
Sustaining capex and compelling growth

Capital expenditure profile
$ billion



2016 capital reduction due to project optimisation, cost improvements and timing

H2 2016 spend of $1.7 billion as projects progress

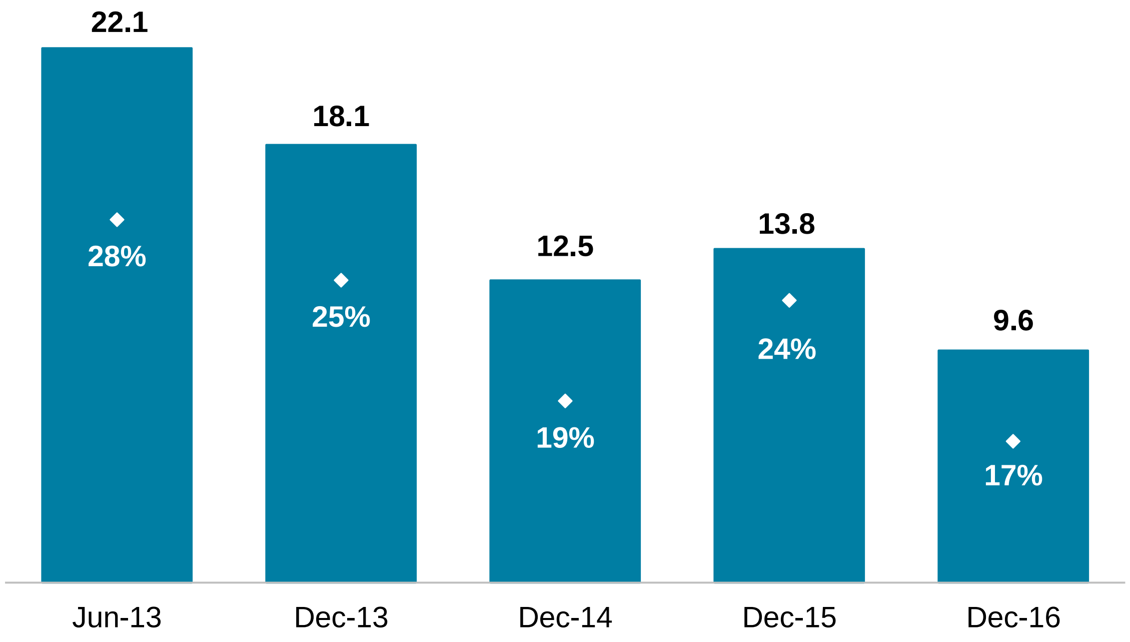
Capital allocation discipline requires project IRR >15%

Growth capital is focused around three key approved projects:

– Amrun: high-quality greenfield bauxite project
– Oyu Tolgoi Underground: large, high-grade, brownfield copper development
– Silvergrass: delivering high-grade, low phosphorus iron ore, with system benefits, for the Pilbara Blend

Strengthening our balance sheet

Net debt and gearing ratio[1]
($bn)



[1] Gearing ratio (◆) = net debt / (net debt + book equity)

Net debt reduction of $4.2 billion in 2016

Gearing below 20%

– Provides stable foundation during uncertain economic outlook
– Supports shareholder returns through the cycle
– Enables counter-cyclical investment in compelling growth

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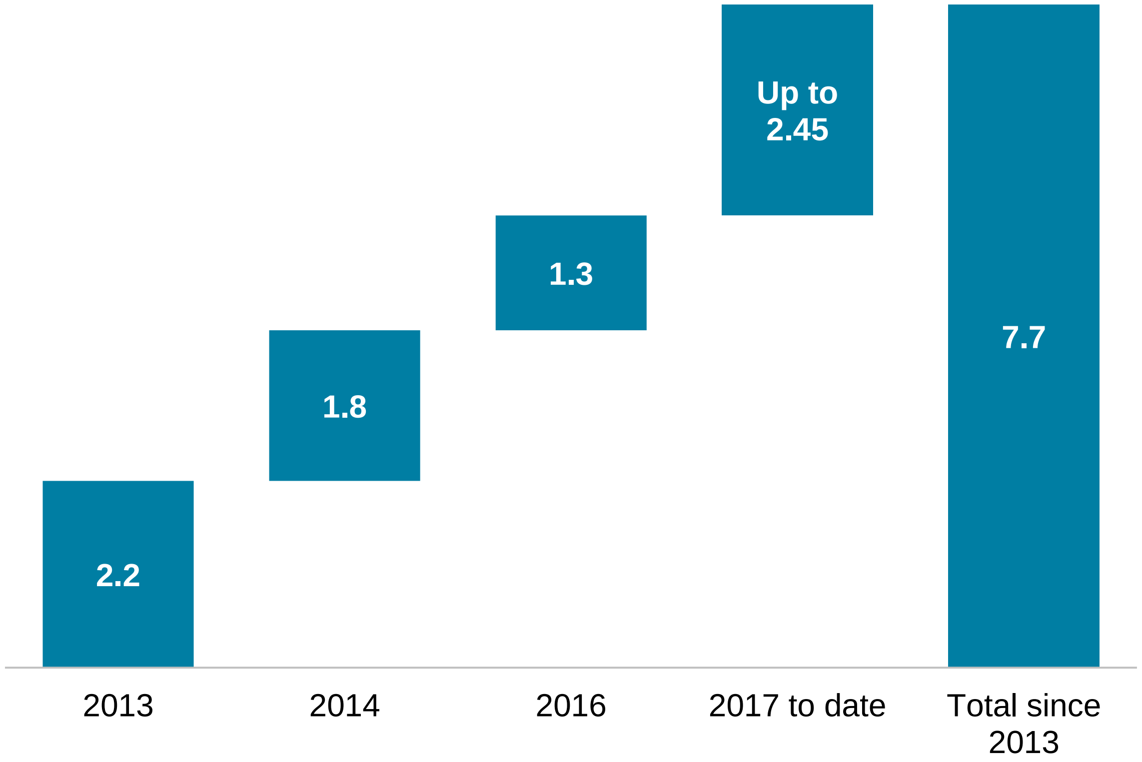
Continuing to shape our portfolio

$7.7 billion[1] disposals announced since 2013
($bn)



Value delivered through divestments

January announcement of Coal & Allied divestment for up to $2.45 billion

Proceeds expected in 2017:

– Lochaber second tranche of $0.2 billion in H1

– Coal & Allied of at least $1.95 billion in H2

[1] Based on amounts announced in Rio Tinto media releases, may vary from cash flow statement due to completion adjustments and exchange rates

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Application of the new returns policy

Capital return considerations	Comments	Status
Results for 2016	Underlying earnings up 12% to $5.1bn Net debt reduced to $9.6bn.	✓
Long term growth prospects	Focused on Silvergrass, Amrun and Oyu Tolgoi.	✓
Balance sheet strength	Net debt <$10bn	✓
Strong earnings/ cash generation – supplement with additional returns	Payout >60% threshold possible due to strong performance One-off asset disposal proceeds of $1.1bn	✓
40-60 per cent of underlying earnings through the cycle	Payout over the 60% upper threshold possible based on (i) strong H2 2016 prices (ii) disposals (iii) strong balance sheet	✓
Balanced between growth and shareholder returns	Defined growth pipeline provides capacity to allocate more to shareholder cash return and debt reduction	✓
Not less that 110c per share in 2016	Minimum payout can be exceeded	✓
Outlook	Potential for continued price volatility	?

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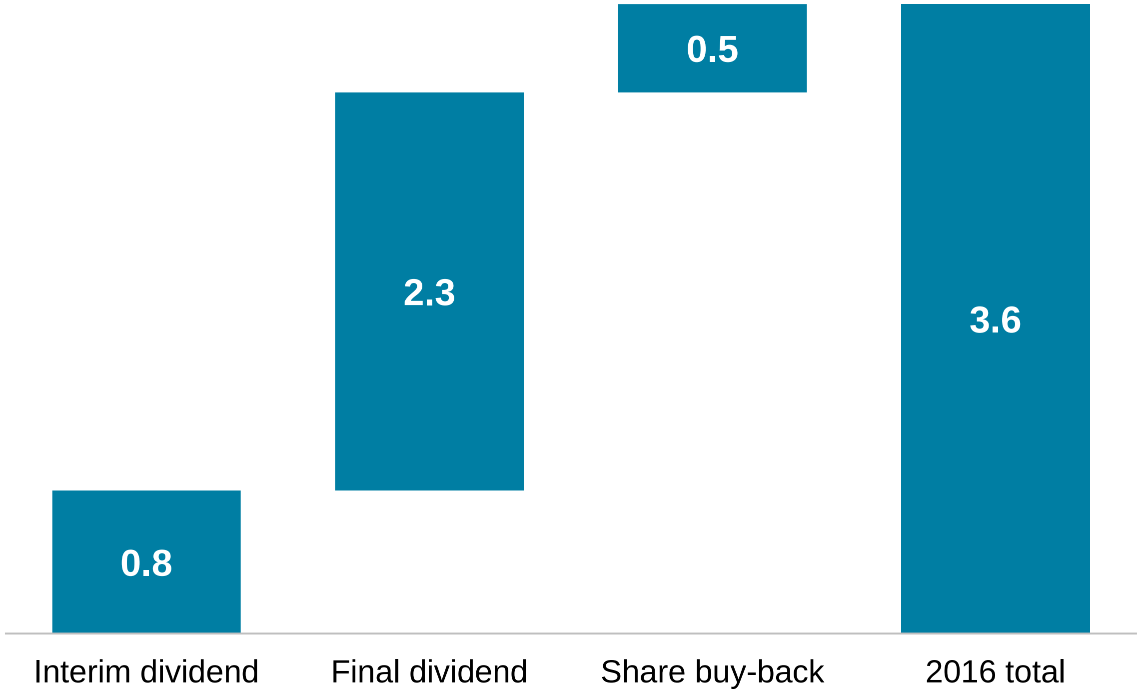
Delivering superior returns for shareholders

Cash returns to shareholders
($bn)*



Final 2016 dividend declared of **125 US cents** per share, delivering full year dividend of **170 US cents** per share

Share buy-back totalling **$0.5 billion** to be undertaken in 2017 in Rio Tinto plc shares

Total 2016 cash returns of **$3.6 billion**, represent 70% of underlying earnings

* Declared basis

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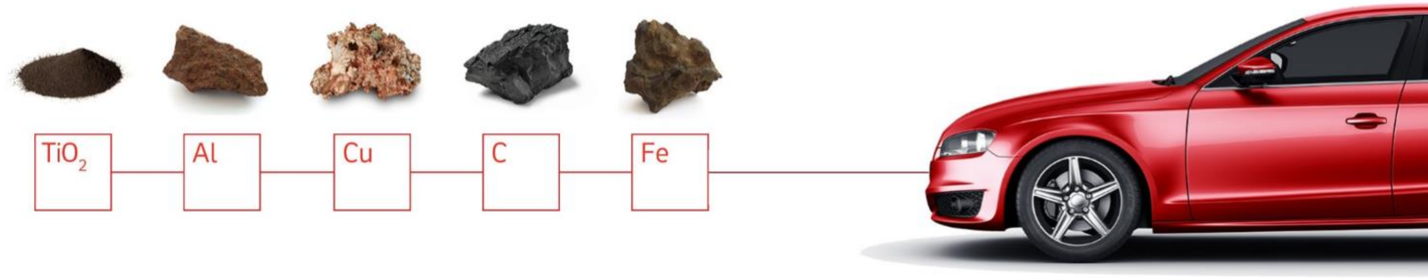

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