

Copper – investor roadshow

2 October 2018

The attached presentation will be given by Arnaud Soirat, chief executive – Copper and Diamonds at investor briefings this week.

The presentation slides will also be available at www.riotinto.com/presentations.

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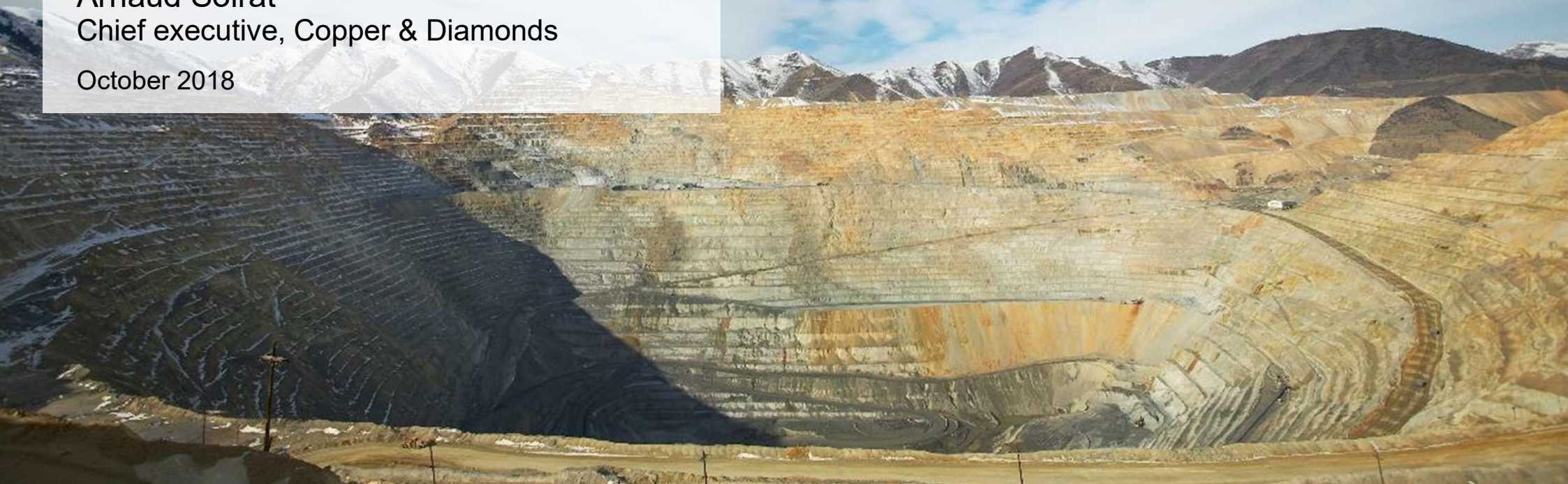
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Copper & Diamonds

Arnaud Soirat
Chief executive, Copper & Diamonds

October 2018



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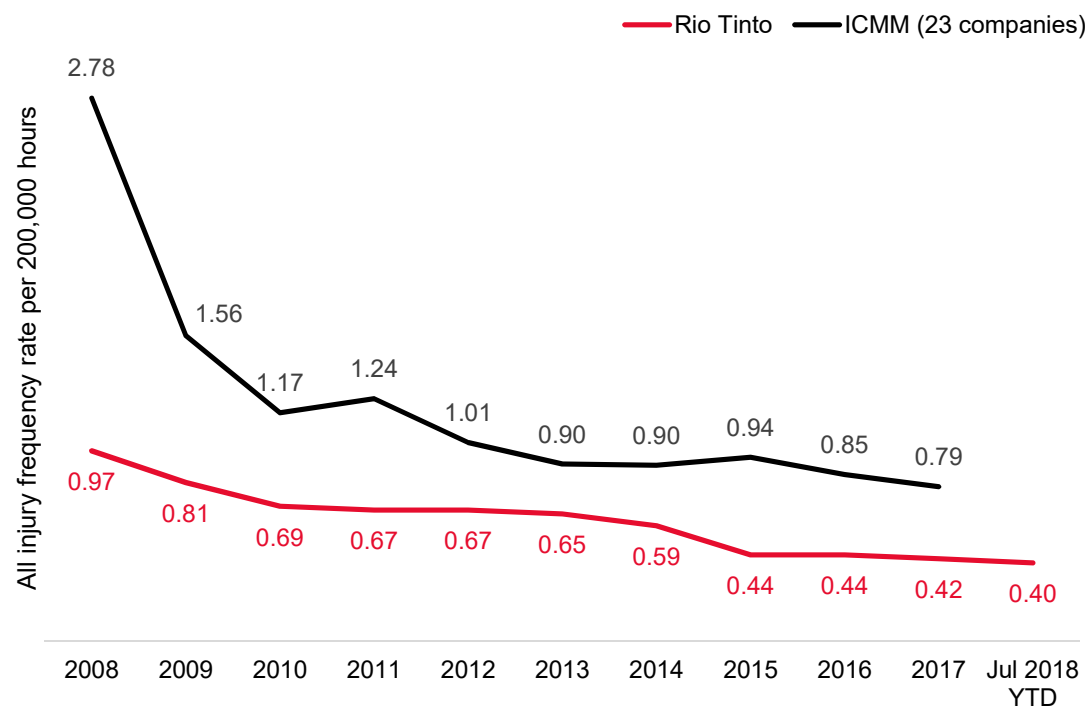
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Safety and health come first

Continuing history of improvement in AIFR



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Fatality at Rio Tinto Fer et Titane in April 2018

Fatal assault on a security contractor at Richards Bay Minerals in July 2018

Fatality at Paraburdoo Iron Ore mine in August 2018

Eliminating fatalities through the Critical Risk Management programme which continues to be embedded, including controls for critical health risks

Preventing catastrophic events through our focus on **process safety** and the identification and management of controls for major hazards

Reducing injuries through targeted hazard elimination campaigns

Ongoing focus on mental health, **wellbeing** and fatigue management

Building a sector-leading copper portfolio



Portfolio

- Simplified and focussed portfolio
- High quality Reserve & Resource base
- Technical synergies with diamonds

Performance

- Mine to market approach is delivering
- Productivity gains at Kennecott and OT
- Continued focus on cost efficiency
- Integrated commercial hubs

Growth

- Projects at OT and Kennecott on-track
- Production increase at Escondida
- Growth to market optimally timed
- Resolution progressing

Core strengths

- Integrated leadership model
- Long history of successful partnerships

- Some of the most productive operations at Rio Tinto with potential for further improvement

- Deep project study and execution expertise
- Block-caving know-how

A global presence with high-quality growth options

Diavik, Canada (Diamonds)

- RT Share: 60%
- Partner: Dominion Diamond Mines ULC

Kennecott, US

- RT Share: 100%

Resolution, US

- RT Share: 55%
- Partner: BHP

Escondida, Chile

- RT Share: 30%
- Partners: BHP, JECO

Oyu Tolgoi, Mongolia

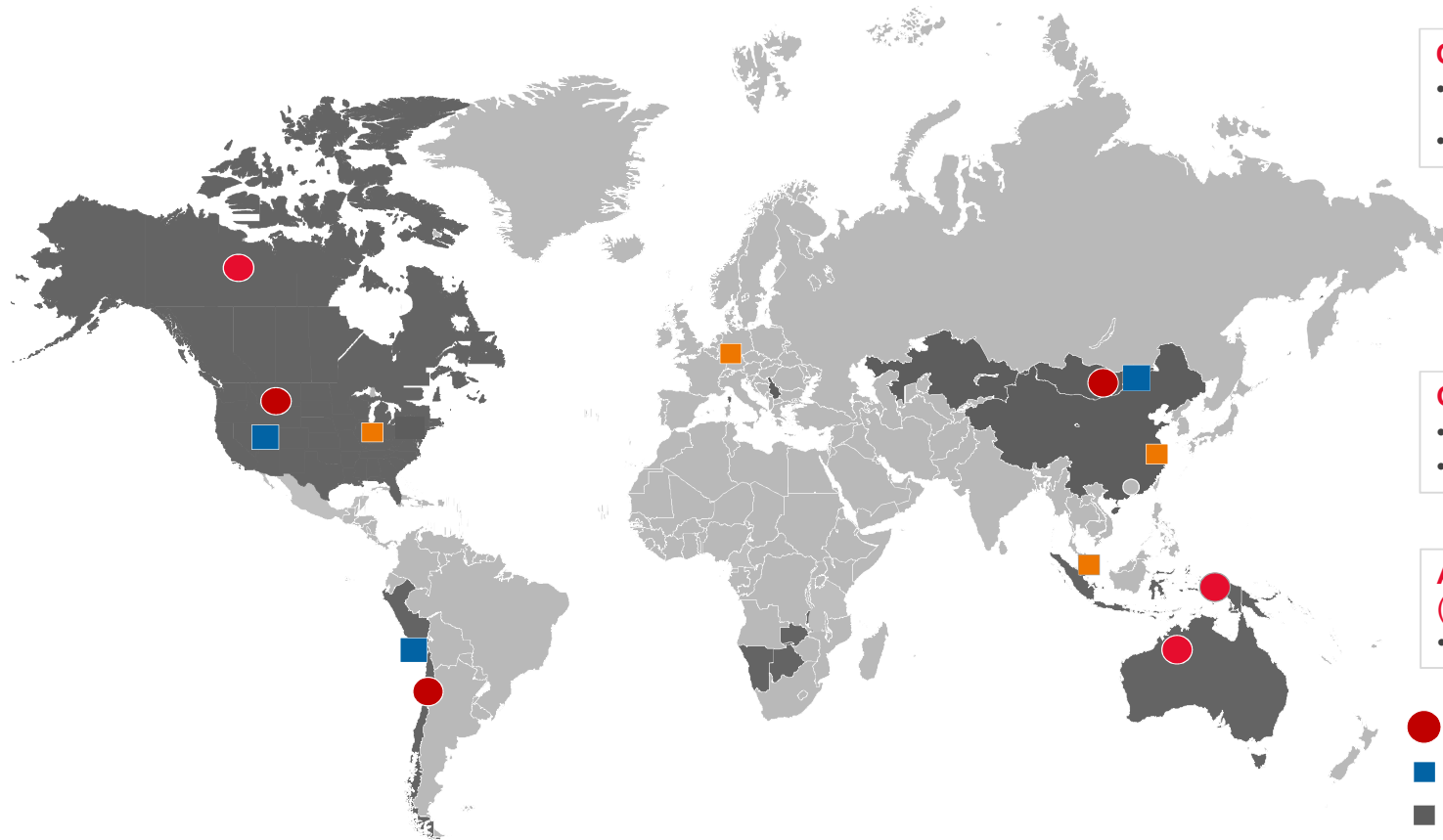
- RT Share: 33.5%¹
- Partners: TRQ, GoM

Grasberg, Indonesia

- RT Share: 40%²
- Partner: Freeport

Argyle, Australia (Diamonds)

- RT Share: 100%



- Operation
- Evaluation project
- Exploration programme
- Commercial hub

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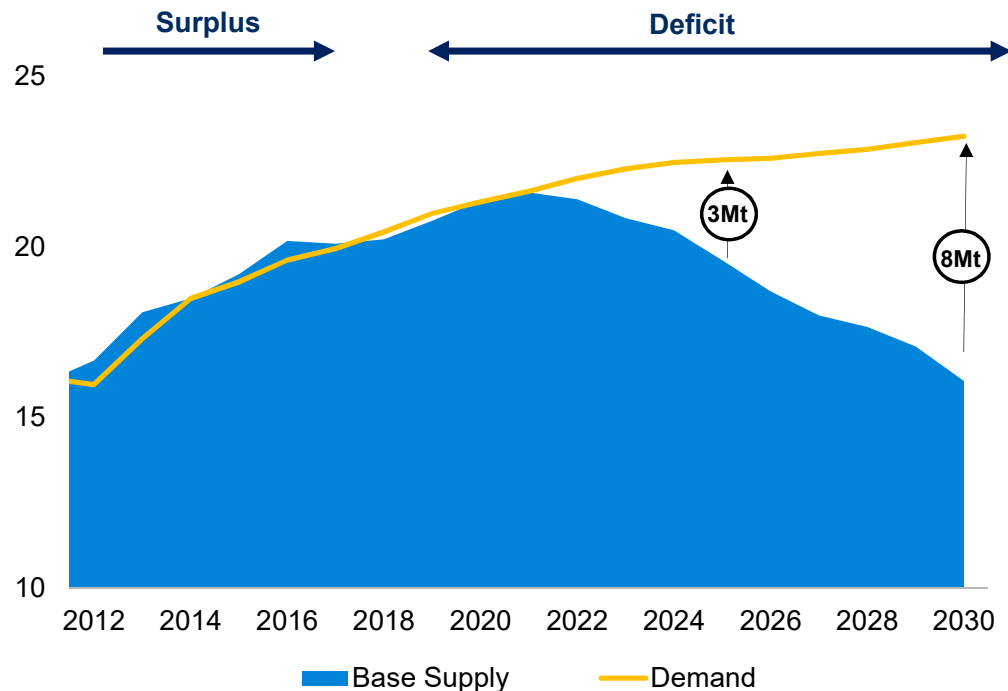
1. Oyu Tolgoi, Mongolia - RT Share: 33.5% indirect interest through a 50.8% interest in Turquoise Hill Resources Ltd. Rio Tinto's indirect ownership for the Hugo North Extension is 29.91%.

2. Through a joint venture with Freeport, Rio Tinto is entitled to a 40% share of production from Grasberg above an agreed threshold. However on 28 September Rio Tinto signed a binding agreement for the sale of Rio Tinto's entire interest in Grasberg to Inalum for \$3.5 billion. The transaction is inter-conditional on a separate transaction between Inalum and Freeport McMoRan Inc. and both are subject to a number of conditions precedent being satisfied, including the receipt of regulatory approvals. Subject to these conditions being met, completion of both transactions is expected to occur in the first half of 2019.

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Rio Tinto well placed to benefit from copper's attractive long-term fundamentals

Copper supply/demand (million tonnes)



Market remains finely balanced despite healthy mine performance since 2Q17, underscoring solid demand

Rio Tinto copper growth to be delivered into a period that requires development of higher-cost projects

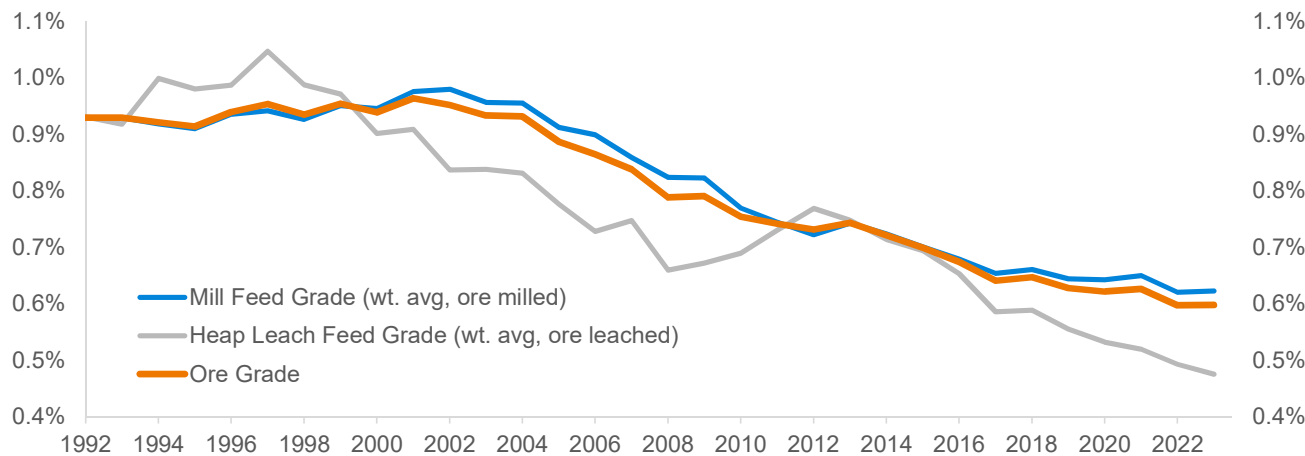
Current year demand above trend growth (2.8% YoY) on outperforming Chinese end-use and OECD prolonged industrial production cycle

Further demand growth expected in China and other emerging markets to drive consumption expansion. Consumer goods and new uses to provide upside:

- electric vehicles and associated infrastructure
- renewable energy
- battery storage systems
- IT infrastructure (data centres)

The future for copper: grade decline / expensive projects

Avg copper mine ore grades by processing route,
% Cu in ore

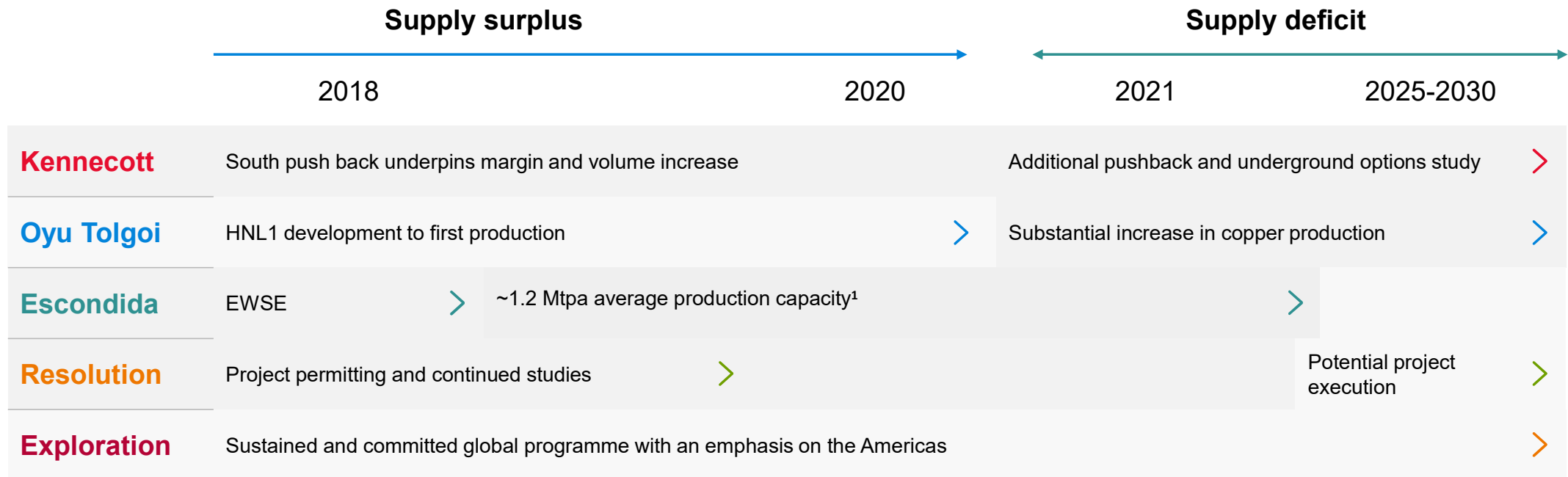


- **The best deposits have been developed and mined:** New projects usually lower grade than the old mines they replace.
- **Orebody characteristics changing:** declining grades observed as mature operations mine deeper.
- **SxEw (solvent extraction / electro-refining) operations close:** Exploitation of oxide deposits in 90s/00s boosted grades, but these deposits are exhausted, grades declining
- **Required growth¹:** 1.6Mt of annual production will be lost as mines close between now and 2023.
- **Committed projects** are expected to deliver an additional 1.5Mt of supply by 2023.
- **Uncommitted projects** will need to deliver a further 1.7Mt of copper by 2023 to fill the supply gap.

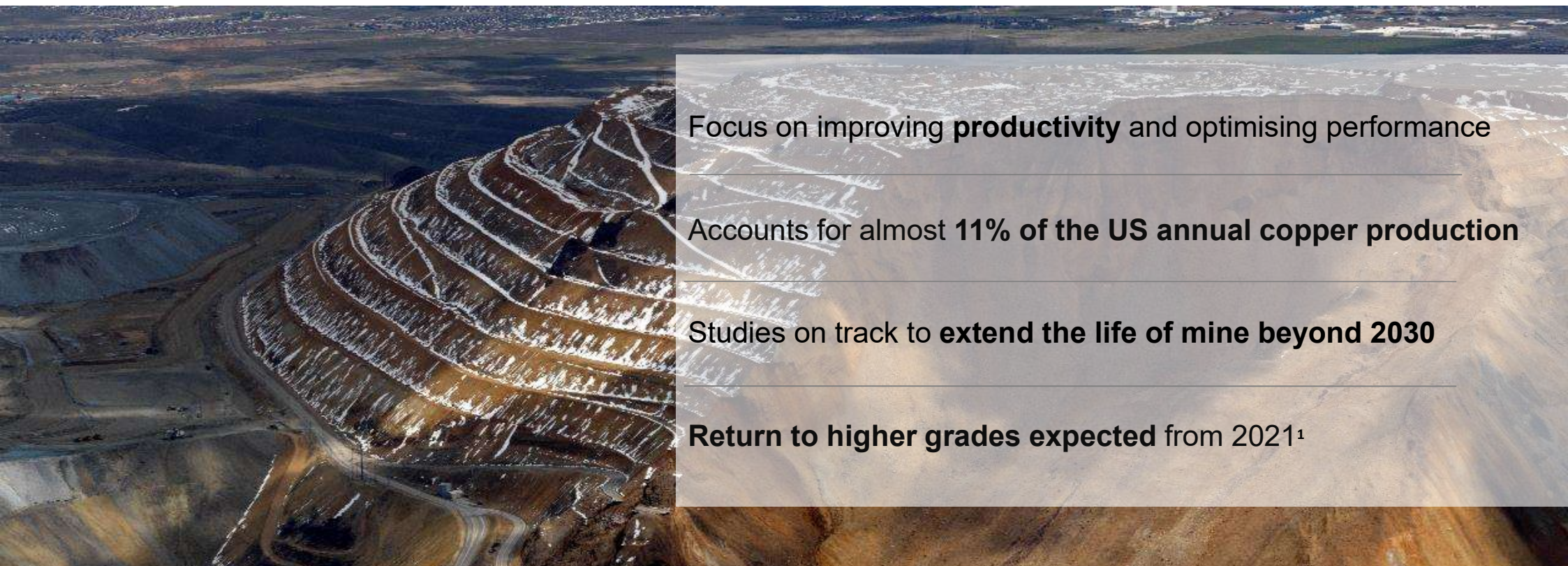
Performance: productivity roadmap

	 Best Practice	 Partnering with Suppliers	 Data & Technology	 Automation
 Mining	Effective equipment utilisation and maintenance optimisation		Payload optimisation	
		Light-weighting of truck beds		
	Shorter haul times			
	Increase mining rates			
 Processing			Integrated operations	
		Increase concentrator throughput		
	Maintenance tactics and centralisation of maintenance			
	Improved feed characterisation			
		Increase metal recovery		
 Resources		Tolling of concentrate for value		
	Ore grade distribution			
	Planning and schedule			
		Mine planning optimisation		

Strong growth and expansion pipeline



Kennecott: mine life extension on-track



Focus on improving **productivity** and optimising performance

Accounts for almost **11% of the US annual copper production**

Studies on track to **extend the life of mine beyond 2030**

Return to higher grades expected from 2021¹

Kennecott: growth and productivity across the value stream

Mining

- South Pushback optimisation
- South Pushback Slice 2 PFS
- Drainage Gallery Ore FS

Concentrator improvements

- Molybdenum plant optimisation
- Pyrite deportment to improve concentrate quality
- South Pushback throughput readiness

Smelter and refinery

- Modernisation programme
- Third party concentrate strategy

Functional / other

- Procurement value delivery
- Sales & Marketing



Oyu Tolgoi: a leading Tier 1 copper project

One of the **world's highest quality copper developments**

Average underground **grades of 1.66%Cu and 0.35g/t Au¹**

\$5.3 billion development capex projected

Underground project on budget and schedule

First drawbell production expected mid 2020

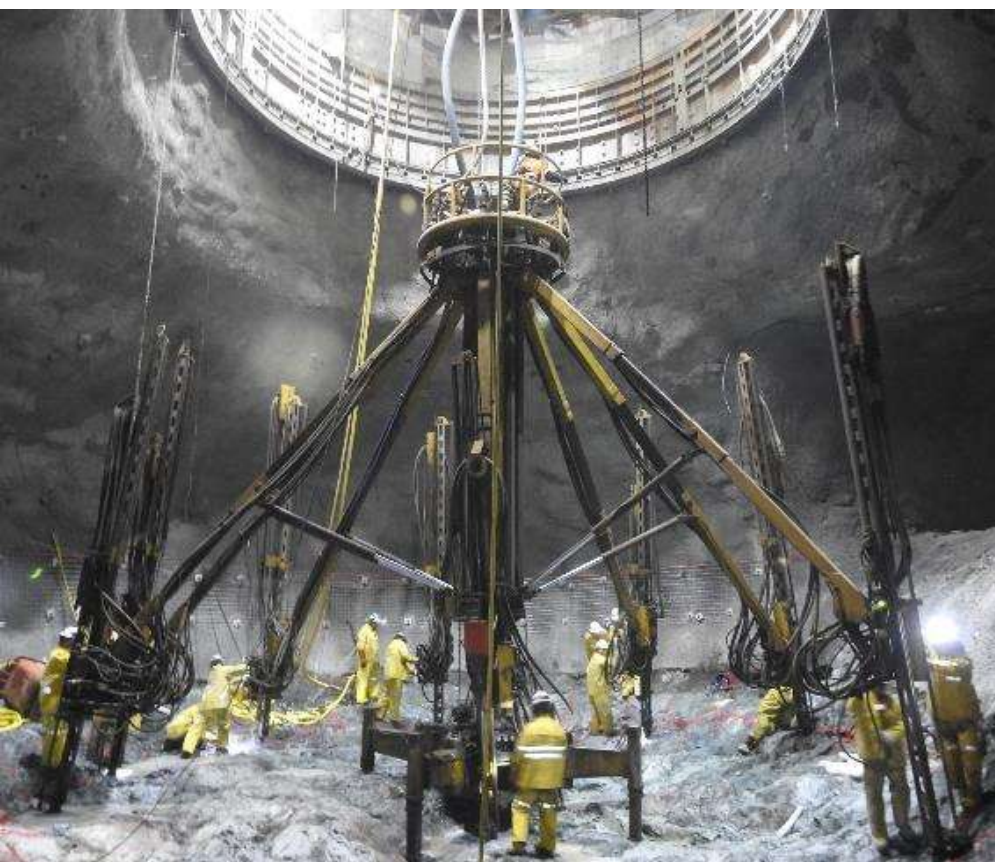
Productivity improvement across project and operations

More than 90% workforce Mongolian nationals

Excellent safety performance



Oyu Tolgoi: growth and productivity across the value stream



Maximize open pit productivity to bring forward head grade prior to commencing UG:

- Mine plan optimisation
- Mine truck and shovel productivity improvement

UG Project on time to deliver mid 2020:

- UG innovation programme

UG mine and open pit scheduled to deliver on average 560kt of Cu per year between 2025 and 2030¹

Continuing negotiations for long-term in-country power solution

Grasberg: in transition



Rio Tinto has signed a binding agreement to sell its entire interest in the Grasberg mine to PT Indonesia Asahan Aluminium (Persero) (Inalum), Indonesia's state mining company, for \$3.5 billion

Completion expected in first half of 2019*

Escondida: strong partnership with long-term optionality



271kt¹
Total 2017
Attributable
Cu production
(RT share)

Strong cash flow underpins dividends

No significant capex is required in the short term

2018 production increase supported by three concentrators

Processing capacity exceed 153.7 Mt per annum²

Sustainable water strategy – transition to full desal by 2030^{3 4}

Partnership approach strengthens the business

Resource base offers significant long-term **optionality**

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1. Source: Rio Tinto Annual Report 2017 (pg 226)

2. Refers to nominal milling capacity. Source: BHP Annual Report 2017 (pg 239)

3. Source: Case studies "Reducing reliance on groundwater at Escondida" <https://www.bhp.com/community/case-studies/2018/08/reducing-reliance-on-groundwater-at-Escondida>.

4. Transition could be earlier. It is subject to receive the water permit (Monturaqui) approval by 2020. If not, this transition will be during that year (2020) supported by EWSE project.

Resolution: potential Tier 1 asset



One of the **largest undeveloped copper deposits in the world**

Large, high-grade resources (1.787bt @1.54 percent Cu¹)

Pre-feasibility study progressing – targeting 2022 completion

Permitting on track

Options for **development acceleration** are under review

Future optionality for the Copper business

Continued focus on copper exploration, primarily in the Americas

~60 per cent of Rio Tinto exploration spend is focussed on copper

16 copper exploration programmes

New technologies and innovation



Building a sector-leading copper portfolio



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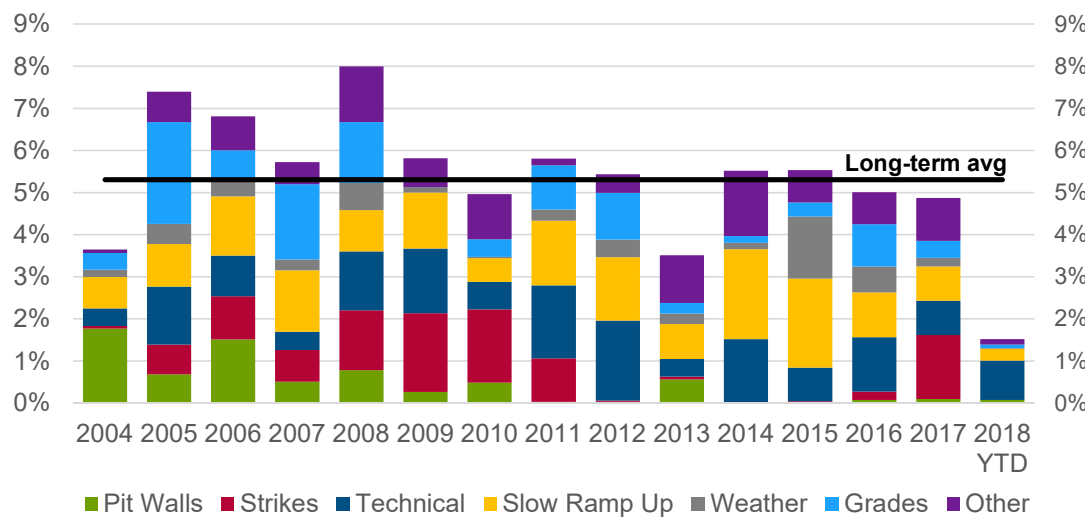
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Appendix slides



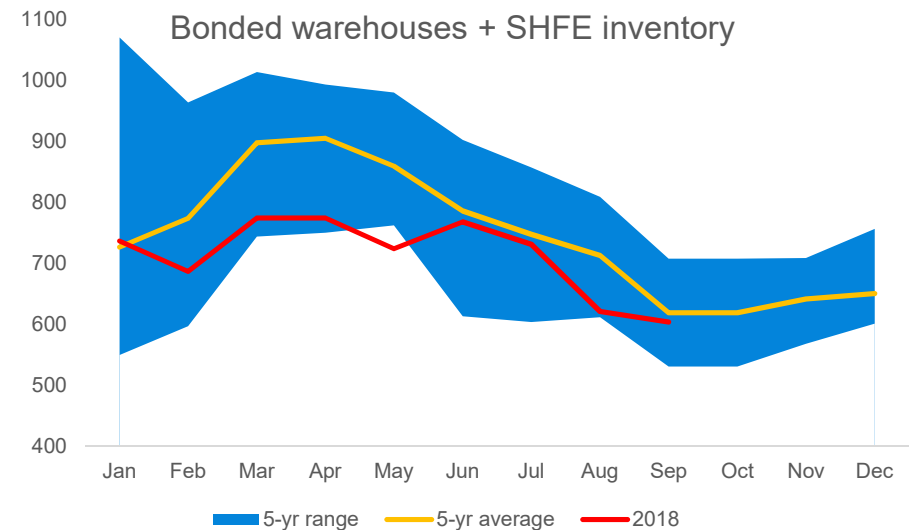
Mine output steady, inventories shrinking

Disruption rates and causes (% mine supply)



- Disruptions to mine output have been below average so far in 2018.
- Labour negotiations at mine sites have been resolved without industrial action, 80% of planned contract renewals now settled.

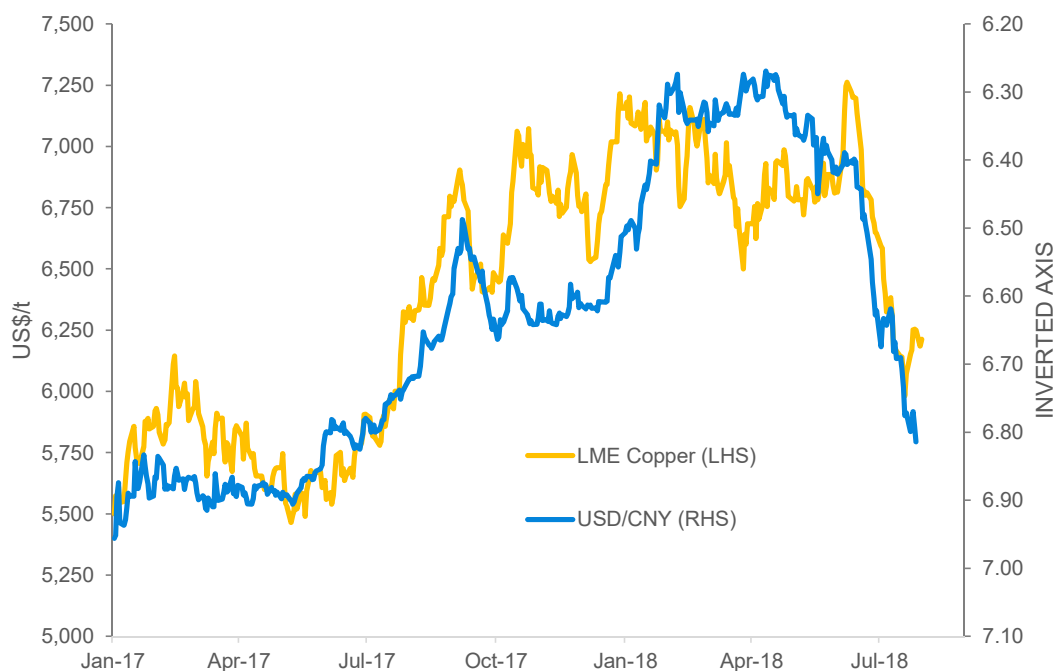
China's copper inventory



- Inventories across China's supply chain are at / below average levels
- China's demand growth is normalising as anticipated, although some sectors continue to exceed expectations (air con, property)

Copper price: trade tensions drive sell-off

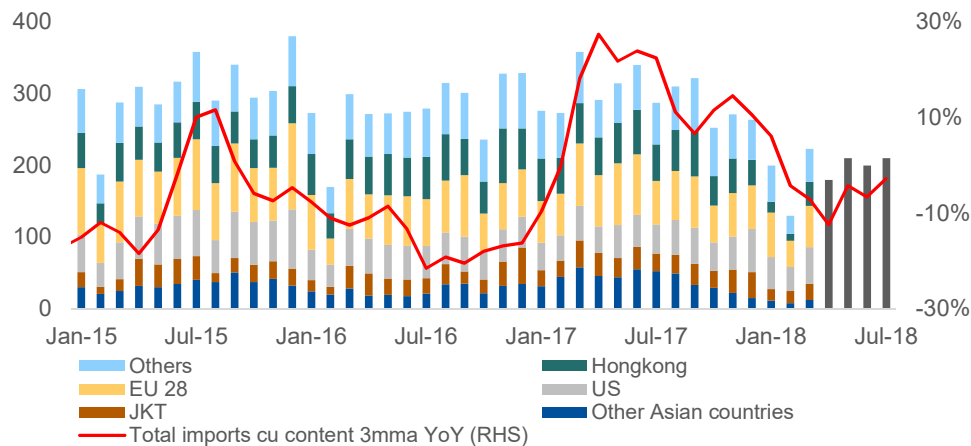
Copper vs CNY: both weakening on growth concerns



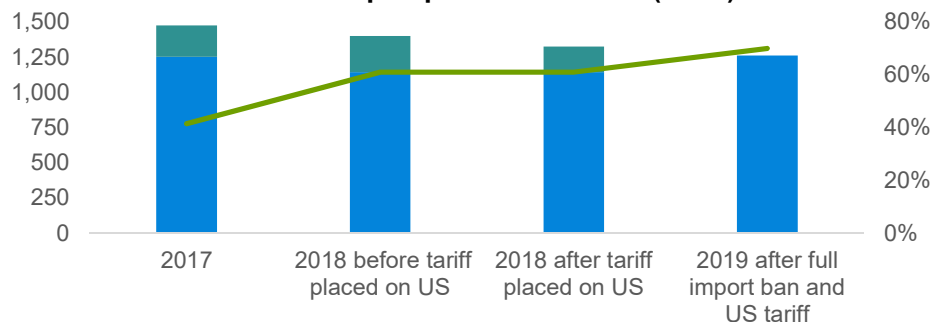
- Concerns over trade tensions between China and the US drove the 2018 mid-year selloff in copper prices
- The first tranche of US tariffs on \$50bn of Chinese imports will have little impact on copper demand.
- China's 10-25% tariffs on US copper product exports will not affect global supply, but will disrupt trade flows, especially in scrap
- Robust mine operation performance in 2018 is likely a factor behind copper's underperformance vs rest of metals complex

China's waste import ban disrupting global trade flows

China scrap monthly imports (kt gross weight)



Annual scrap imports cu content (kt cu)



- From mid-2017, Chinese authorities began restricting imports of low-quality copper scrap ahead of a full ban in 2019.
- On Aug 23, China placed a 25% tariff on copper scrap imports from the USA (~20% of total imports).
- In 2018 China's copper scrap imports are forecast to drop ~75% by volume, but just ~5% by copper content as higher quality scrap is drawn in.
- Imports of other copper products are increasing to make up for lost copper units from foreign scrap (cathode, concentrate, blister).

Copper & Diamonds H1 2018 highlights

	H1 2018	H1 2017	Change
Mined copper prod'n (Rio share) - kt	296.1	208.9	+42%
Refined copper prod'n (Rio share) - kt	117.9	77.1	+53%
Diamonds production (Rio share) – k carats	9,241	8,487	+9%
Underlying EBITDA US\$m	1,360	771	+76%
Underlying EBITDA margin	45%	40%	
Underlying earnings / (loss) US\$m	450	(69)	n/a
Net cash generated from ops* US\$m	838	649	+29%
Capex – excluding equity accounted units - US\$m	(810)	(585)	+38%
Free cash flow US\$m	28	62	-55%

Free cash flow positive in H1 2018 (inclusive of dividends received from Escondida) despite a \$225m increase in capex as activity ramped up at the Oyu Tolgoi Underground Project

2018 share of production guidance:

- 510-610kt for mined copper
- 225-265kt for refined copper
- 17-20 M carats of diamonds

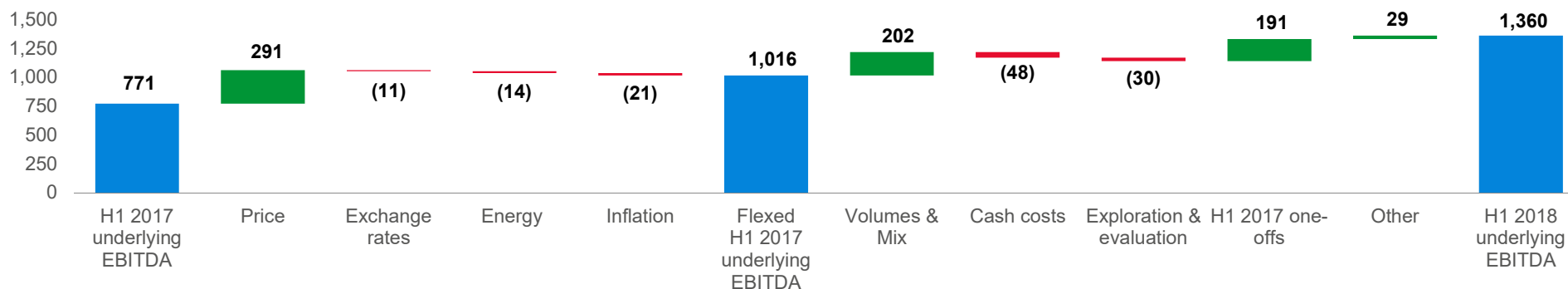
** Net cash generated from operating activities excludes the operating cash flows of equity accounted units (Escondida) but includes dividends from the equity accounted units.*

Copper & Diamonds: higher prices and volumes driving increased EBITDA

24

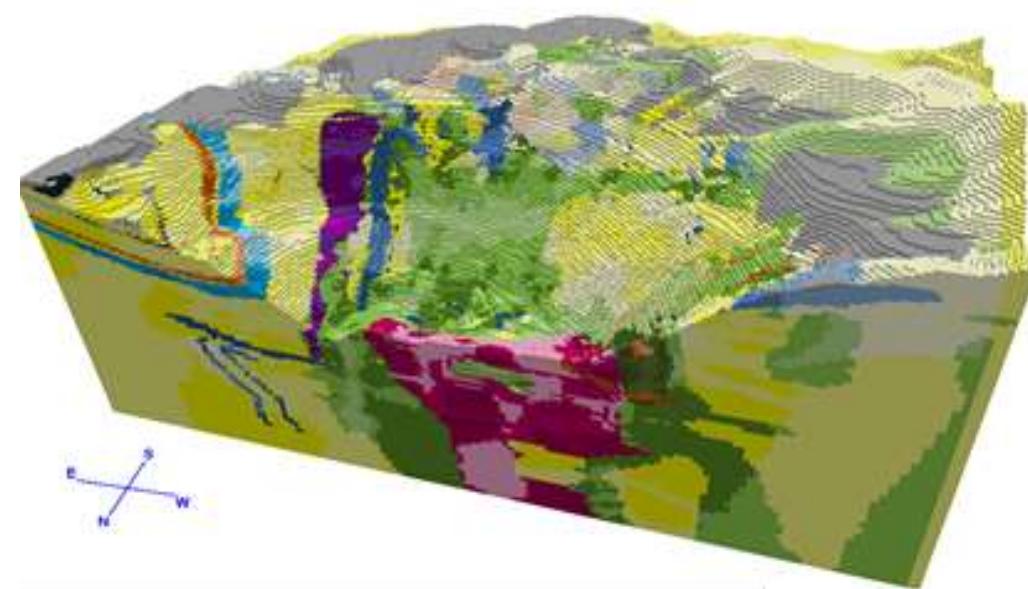
Underlying EBITDA H1 2017 vs H1 2018

\$ million



- Copper & Diamonds underlying EBITDA of \$1,360 million benefitted from stronger copper production and higher prices in H1 2018
- Copper & Diamonds generated net cash from operating activities of \$0.8 billion in H1 2018 and invested around \$0.7 billion in development capital
- Absence of Escondida strike in H1 2018 resulted in a favourable one-off impact, partly offset by the non-recurrence of the Manefay slide insurance settlement
- To maximise use of available smelter capacity, Kennecott purchased and tolled 83.1 thousand tonnes of third party concentrate in H1 2018
- At 30 June 2018, the Group had an estimated 264 million pounds of copper sales that were provisionally priced at 312 cents per pound. The final price of these sales will be determined during the second half of 2018. This compares with 250 million pounds of open shipments at 31 December 2017, provisionally priced at 304 cents per pound

Kennecott: growth options progressing



3D model of the South Pushback

South Pushback

- Provides a platform for growth and supports a decade of high-quality cash flow
- Phased development optimises life of mine plan and preserves optionality for future pushbacks

Next Pushback Study

- Next Pushback study underway - options for future mine life extension

Underground Options

- Underground opportunities aligned to open pit mine life including near term Drainage Gallery Ore