

Rio Tinto to review future of ISAL smelter

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Rio Tinto will conduct a strategic review of the ISAL smelter in Iceland, to determine the operation's ongoing viability and explore options to improve its competitive position.

ISAL is expected to remain unprofitable in the short to medium term in the challenging conditions facing the aluminium industry, due to the smelter's uncompetitive energy costs and historically low aluminium prices.

Rio Tinto will continue discussions with the Government of Iceland and power provider Landsvirkjun on how the smelter can return to profitability and become competitive in the global market.

Rio Tinto Aluminium chief executive Alf Barrios said "We have worked intensively to improve ISAL's performance, however it is currently unprofitable and cannot compete in the challenging market conditions due to its high power costs.

"Rio Tinto will review options for the smelter, with the aim of finding a solution for ISAL to become an economically viable business.

"ISAL makes a significant contribution to Iceland's economy and we will work closely with stakeholders who have a shared interest in a strong future for the smelter, including the government, Landsvirkjun, employees, unions and the local community."

The strategic review will consider all options including curtailment and closure, and will be complete in the first half of 2020.

Production at ISAL has already been reduced to 85 per cent of the smelter's capacity due to its lack of profitability.

ISAL is wholly owned by Rio Tinto and around 500 people work at the site.

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This announcement is authorised for release to the market by Rio Tinto's Group Company Secretary.