

Rio Tinto plc AGM – Address by the chief executive

London, 15 April 2014
Sam Walsh, chief executive

** Check against delivery **

Thank you, Jan.

Good morning ladies and gentlemen.

Let me start, by taking the opportunity to thank you for coming here today, and for your support of Rio Tinto. As your chief executive, it is my pleasure to share with you, our progress over the last year, and our exciting prospects for the years to come.

This time last year, I set out our plan to transform Rio Tinto into a company once again driven by creating greater value for our shareholders. During 2013, I met, and listened, to hundreds of shareholders, customers, employees and suppliers around the world.

Resoundingly, they wanted to see more of the Rio Tinto of old. The Rio Tinto that was known for delivering value, for making excellent investment decisions, for the strength of its operational performance, and for the quality of its people.

Upon reflection, I have termed our journey over the past year, as 'taking Rio Tinto back to the future'. Let me explain what I mean.

Rio Tinto is a company with a rich heritage - we have been in operation longer than General Electric, BP, Shell and Unilever. We have managed our business, through wars, depressions, the emergence of globalisation, you name it. This experience, built up over 140 years, means that we know what we're doing.

And while we have certainly made some mistakes, and most importantly learnt from them, we have a reservoir of proven performance and knowledge that we can tap into. And this is what we have been doing over the past year - drawing on our depth of expertise to improve performance, to strengthen the balance sheet and to deliver results.

We have achieved this by re-igniting a passion for business ownership, among our 66,000 employees around the world. I have been truly inspired by the way our people have risen to the challenge. You see, 2013 was a year of great change, but our employees know how to deliver the goods. I believe we have the best people in the industry. And I'd like to take this opportunity, to thank all of our employees, who in many cases are also shareholders, for their commitment and for their support.

But we aren't looking back, at the expense of moving forward. Rather, we are absolutely and determinedly focused on creating a strong future. As our owners, I know you expect the team and me to deliver the commitments we have made to you in the short term, whilst investing in the longer term health of the business.

So, that's what I mean by 'taking Rio Tinto back to the future'. Back to making the most of our core strengths which we have developed over 140 years to create a future everyone wants to be part of:

- our customers,
- our employees,
- our suppliers,

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- our partners,
- and you, our shareholders.

So firstly, let me start with safety. Safety is about heads and hearts. It is not about numbers and spreadsheets. We need to have the right safety systems, processes and controls in place, but this is about caring for those who work alongside us, our colleagues, our friends, and in some cases our family.

I care deeply that in 2013 three people were killed at our managed operations, and I care deeply that the lives of their families, friends and loved ones, have changed forever. We need to be very focused on safety, because the majority of our employees, work in an industry that has many hazards.

Let me share a personal story with you. In the past few months, I have visited the winners of our annual chief executive safety awards. There is some truly remarkable work done on safety around the Group. It was very important for me to visit the operations to see what has been achieved, and to congratulate our people on work well done.

It was at our Kestrel underground coal mine, in central Queensland, in Australia, that something really struck me. We were getting kitted up in our safety gear, ready to go underground, when the site general manager, John Coughlan, ended his safety briefing to us by saying, "take care down there - we're about to go into a hostile environment".

That really brought it home to me. Our business is all about working in hostile environments, and our team mates must recognise and respect the potential dangers, even with all of the safeguards that we've got in place.

So, while I am happy to see injury rates coming down, I will never be satisfied, until everyone goes home from work safely every day. We should not have fatalities or major injuries in our business in the 21st Century.

In simple terms, creating shareholder value is an outcome of doing a lot of things well. And importantly, having the right strategy and executing it consistently. My executive team and I have focused our efforts in 2013, on creating a tightly-run, highly disciplined, and accountable business.

And our financial results indicate that we are moving in the right direction.

In 2013, as Jan mentioned, we substantially improved our earnings and cash performance. We also removed US\$2.3 billion of costs and delivered a further US\$1 billion of exploration and evaluation savings. And we reduced our capital expenditure by 26 per cent compared to 2012.

These solid results were supported by our very strong operating performance. Across our Group, total production grew by nine per cent in 2013, on a copper equivalent basis.

Let me share some operational highlights with you.

Last year, we set new production records in bauxite, thermal coal and iron ore. Despite adverse weather, the Iron Ore group achieved record production. At the same time, the team successfully progressed the largest integrated mining project in Australian history. We produced 266 million tonnes of iron ore globally last year. Rio Tinto's share was 209 million tonnes, a five per cent increase on 2012. While it may seem easy to deliver productivity gains while expanding, believe me it's not, and I would like to congratulate the Iron Ore team on this outstanding achievement.

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During the year the Group ran 1500 individual initiatives that focused on driving productivity gains and reducing cost.

In our Iron Ore business, we are using technology to help us improve productivity. Our autonomous trucks have:

- significantly enhanced truck cycle times,
- extended tyre life,
- reduced fuel usage,
- and lowered maintenance costs.

We have implemented this in our fleet of 53 autonomous trucks which, over the past five years, has moved more than 150 million tonnes of material at four separate mine sites. To put this in perspective, this would amount to filling Wembley Stadium approximately 80 times. So, these types of incremental improvements, have a direct impact on the bottom line, and help us power our operational performance. And our Iron Ore business is not the only one delivering results in our productivity push.

In Energy, the team at our Hail Creek coal mine in Australia, adopted a 'why can't we?' attitude, which saw them create a new revenue stream from its coking coal. The Queensland mine developed a way of re-processing the by-product from coking coal so that the material can now be supplied to the market at low cost as thermal coal.

In our Copper business, the productivity efforts at our Kennecott mine in Utah, following the pit wall slide in April last year, are truly impressive. To put this in some perspective, after the slide, rock and dirt covered 98 per cent of the bottom of the pit.

The Board and Executive Committee visited our Kennecott team last year to witness first-hand their productivity efforts. Using business improvement principles, such as Lean Six Sigma, the team has identified ways to increase efficiencies and improve processes. The mine is now moving an average of 620,000 tonnes of material each day - an eight per cent improvement on pre-slide rates. Throughout the mining, smelting and refining operation, teams have improved efficiencies that are expected to result in significant cost savings. For example, the smelter team achieved a ten-year record, with more than 139,000 tonnes of processed concentrate, in just one month.

There are many more examples like this that I could share with you. And while these initiatives may not sound considerable in isolation, together they all make a substantial difference.

I truly believe that our focus on operational excellence and our ability to implement sets us apart from our competitors. Increasing productivity helps us to reduce costs, to work more efficiently and to improve performance, which in turn provides us with options to invest in the long-term future of our business. And we have a great, long-term future. In keeping with our strategy, during 2013 we completed five major projects that have already started to deliver results.

Let me touch on each of these briefly:

The first phase of our Pilbara iron ore expansion in Western Australia was completed ahead of schedule and US\$400 million under budget.

We had our first shipment of Copper concentrate from the Oyu Tolgoi mine in Mongolia in July. By the end of last year, the concentrator was operating at full capacity.

The extension and expansion of our Kestrel coal mine in Queensland was completed in October, and is expected to add twenty years to the mine life.

The move from the open pit to the underground at Argyle diamonds in Western Australia will extend the mine life until at least 2020.

In September, the first hot metal was produced from the AP60 plant in Quebec, the most advanced aluminium smelter in the world.

Of course, we can always make improvements in everything that we do, including project delivery. Following the overrun on the modernisation of our Kitimat smelter, we have appointed new leadership on the project. The team is currently validating the extent of the overrun.

However, the five capital projects we have delivered will support our continued growth in the years to come.

As Jan has mentioned, our breakthrough iron ore expansion to 360 million tonnes a year is an exciting opportunity, to grow our industry-leading, iron ore operation in the Pilbara. It will save more than US\$3 billion of capital compared with previous plans.

And we have significant options for growth in our Copper business. We remain keen to proceed with the underground development of the Oyu Tolgoi mine in Mongolia. All Oyu Tolgoi shareholders continue to discuss the best pathway forward for progressing the second phase of construction. Our La Granja project in northern Peru, and our Resolution project in Arizona, both have the potential to be Tier One assets.

We also have strong growth options across the portfolio, such as the South of Embley bauxite project in Queensland. All of these projects are available to be considered for investment when the time is right.

In closing, we have taken the necessary steps during 2013 to deliver value and improve the performance of your business. We are stronger, leaner, and more determined. We are continuing the push to reduce costs, to improve productivity and to deliver approved projects. But rest assured, we remain absolutely focused on ensuring that the changes we have made are sustainable. And we have a number of very exciting options to continue delivering shareholder value in the future.

For us, success is an outcome of delivering on our commitments, while continuing to invest in the long-term health of the business. When we get this right, employees will benefit from job security and better rewards. Customers will benefit from continued, regular and stable supply, tailored to meet their needs. Communities will benefit, because we contribute to local economies, projects and jobs; and we purchase locally as much as we can. And obviously, shareholders will reap the rewards, because they can count on Rio Tinto to deliver greater value. And you can count on me.

Thank you very much.

I would now like to hand back to Jan.

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