

Rio Tinto Limited AGM – Address by the chief executive

Melbourne, 8 May 2014
Sam Walsh, chief executive

** Check against delivery **

Good morning ladies and gentlemen.

It's great to be back in Australia. Let me start, by recognising the traditional owners of this land, the Wurundjeri people.

Thank you for joining us, and for your continued support of Rio Tinto the company in which we all have a stake and a shared interest in delivering consistently outstanding results.

Rio Tinto is on a journey. This time last year, I outlined our plan to transform the business, to deliver the value that you expect and deserve as shareholders. In some ways it was about getting back to basics but being mindful of continuing to move the company forward.

During 2013 we have done just that. We've focussed on building a stronger, more tightly run business while delivering results and creating options for the future. We've significantly cut costs and improved earnings. We're powering new productivity gains. We've pruned back capital expenditure but not at the expense of growth. None of this would have been possible without the efforts of our 66,000 employees around the world. I would like to take this opportunity to thank them.

As your chief executive, it is my pleasure to stand before you and present a company in good shape. We're stronger, leaner, hungrier and poised to take advantage of the many opportunities that lie ahead.

After all, we know how to turn opportunity into a competitive advantage; this is what we have been doing for over 140 years. Rio Tinto is a company with a rich heritage - we have been in operation longer than General Electric, BP, Shell and Unilever. We've managed our business, through wars, depressions, the emergence of globalisation, you name it.

And while we haven't always got it right, we have learnt lessons along the way and that is what smart companies do. They learn from their mistakes but they also learn how to make their own opportunities.

And we have a history of firsts. We were the founding members of the International Council of Mining and Metals, aimed at establishing responsible mining practices. We pioneered a number of Indigenous agreements and here in Australia today, we're one of the largest private sector employers of Indigenous Australians. We were the first mining company to use ground breaking technology to create the Mine of the Future which others are now trying to emulate. All of these innovations make us a better business, a more valuable business.

My goal is to keep the organisation focused on the journey we have started in order to deliver greater value. We are building on the pioneering spirit which is in our DNA. We can be a lean company, and a smart one. A company everyone wants to be part of:

- our customers,
- our employees,
- our suppliers,
- our partners,
- and you, our shareholders.

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So, with this in mind, let me share how we are tracking on this journey, by starting with a few comments on safety. Over the years we have worked hard to apply the lessons we have learnt. We continue to be conscious about safety in all that we do. And what have we learnt about safety over the years?

That it 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 as much about caring for those who work alongside us, our colleagues and our mates.

Our safety performance is moving in the right direction as the slide indicates. But, while I am happy to see injury rates coming down, I will never be satisfied, until everyone returns home from work safely every day.

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. Quite simply, we should not have fatalities in our business in the 21st Century.

In the year ahead I have tasked our team with making sure safety is at the heart of all we do and I recognise this starts with me. In the past few months, I have visited the winners of our annual chief executive safety awards. There is some truly remarkable work being done on safety around the Group.

One of the award winners was the Kestrel underground coal mine in central Queensland, where I was struck by the management teams' efforts to role model great safety leadership. This is what it is about and it becomes infectious.

In simple terms, creating shareholder value is an outcome of doing a lot of things well. Having the right strategy and executing it consistently. Not getting side tracked or distracted. Delivering on your promises.

Our 2013 financial results indicate that we are moving in the right direction. 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.

During the year the Group ran over 1500 individual initiatives that focused on driving productivity gains and reducing cost. 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. This is a great effort given the significant transformation focus of the Group.

Last year, we set new production records in bauxite, thermal coal and iron ore. In our iron ore business, despite adverse weather, the group achieved record production. At the same time, the team successfully progressed the largest integrated mining project in Australian history.

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

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.

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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 deliver greater returns to shareholders. 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.

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

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

The move from the open pit to the underground at Argyle diamonds in Western Australia, will extend the life of the mine 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. In relation to the modernisation of our Kitimat smelter, we have appointed new project leadership and the team is currently validating the extent of the overrun.

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

As Jan mentioned, our iron ore expansion to 360 million tonnes a year is an exciting opportunity, to grow our industry-leading, iron ore operation in the Pilbara. This breakthrough pathway 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 OT mine in Mongolia. All 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. And we also have other strong growth options across the portfolio, including the South of the Embley bauxite project in Queensland.

All of these projects are available to be considered for investment when the time is right.

In closing, we're absolutely clear about focussing your company, in the areas where we can create the most value. We are continuing the push to reduce costs, to improve productivity and to deliver approved projects. We are stronger, leaner, and more determined. That's why we are moving forward in 2014 with great confidence. We will continue our focus on delivering greater value, for you our shareholders.

I look forward to presenting an even stronger Rio Tinto to you next year.

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