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## Rio Tinto A\$500m off-market buy-back tender

12 February 2015

Rio Tinto will conduct an off-market buy-back tender (the "Buy-Back") for Rio Tinto Limited shares as part of the Group's proposed US\$2 billion capital return programme announced today.

Under the Buy-Back, Rio Tinto Limited is targeting the repurchase of A\$500 million of shares, although it reserves the right to increase or decrease the size of the Buy-Back or not buy back any shares.

The Buy-Back is an important feature of the Group's capital return programme. It is an efficient way to return capital as it allows the purchase of shares at a discount of at least eight per cent to prevailing market prices and is expected to be funded out of the Group's cash resources.

### Details of the Buy-Back

Rio Tinto Limited will invite eligible shareholders to tender Rio Tinto Limited shares at discounts of between eight and 14 per cent (inclusive) to the Market Price<sup>1</sup>, or as a Final Price Tender<sup>2</sup>. The Buy-Back Price will be the price as determined by Rio Tinto Limited that equates to the largest of these discounts ("Buy-Back Discount") to the Market Price that enables Rio Tinto Limited, based on the tenders received, to repurchase the amount of capital it determines to buy back.

Eligible shareholders will also have the ability to select a Minimum Price<sup>3</sup> below which shares tendered by them will not be bought.

Rio Tinto Limited intends to buy back all shares tendered by eligible shareholders who tender their shares as a Final Price Tender or who tender their shares at a discount greater than or equal to the Buy-Back Discount, subject to any scale back or Minimum Price condition. A shareholder whose tender is accepted will be paid the Buy-Back Price for each share that is bought back. This will be the case even if they tender their shares at a discount greater than the Buy-Back Discount adopted by Rio Tinto Limited.

Rio Tinto Limited will not buy back any shares tendered by shareholders at a discount smaller than the Buy-Back Discount, or any shares that are tendered specifying a Minimum Price that is greater than the Buy-Back Price.

If the total number of shares tendered as Final Price Tenders or at a discount greater than or equal to the Buy-Back Discount is greater than the number of shares Rio Tinto Limited determines to repurchase, successful tenders may be scaled back. However, if there is a scale back, Rio Tinto Limited will buy back a Priority Allocation (expected to be the first 85 shares<sup>4</sup>) successfully tendered by each shareholder.

<sup>1</sup> 'Market Price' means the volume weighted average price (as defined, which will exclude certain trades not considered to be 'at market') of Rio Tinto Limited ordinary shares sold on the ASX over the five trading days up to and including the closing date of the Buy-Back tender period, calculated to four decimal places, as determined by Rio Tinto Limited.

<sup>2</sup> A 'Final Price Tender' means a tender in which the shareholder elects to receive the final Buy-Back Price determined through the tender process.

<sup>3</sup> It is expected that there will be four minimum prices that shareholders will be able to select from, if they wish to make their tender conditional on a minimum price.

<sup>4</sup> Rio Tinto Limited reserves the right to change this to a lesser number of shares, to ensure that it is able to buy back only the number of shares it determines to buy back.

In addition, those who tender all of their shares as a Final Price Tender or at a discount greater than or equal to the Buy-Back Discount and who would be left with a Small Holding (being 35 or less shares) as a result of a scale back, will not have their tender scaled back and their tender will be accepted in full.

The Australian Taxation Office has indicated that, for Australian tax purposes, the Buy-Back Price will comprise:

- a capital component of A\$9.44; and
- a fully franked dividend component equal to the difference between the Buy-Back Price and A\$9.44.

For the purposes of Australian capital gains tax calculations, the deemed capital proceeds that shareholders (other than companies) will generally be taken to have received on disposal of their shares under the Buy-Back will be A\$9.44 plus an amount equal to the excess of the Tax Value<sup>5</sup> over the Buy-Back Price. Rio Tinto Limited does not intend to buy back shares at a price that exceeds the Tax Value.

The expected Buy-Back timetable is outlined below.

It is expected that eligible shareholders will be sent a buy-back booklet ("Buy-Back Booklet") containing the terms and conditions of the Buy-Back in late February 2015.

#### Buy-Back timetable\*

<b>Event</b>	<b>Date</b>
Last day that shares can generally be acquired on the ASX to be eligible to participate in the Buy-Back and, as a consequence, may be eligible for franking entitlements	17 February 2015
Shares quoted on the ASX ex-entitlement to participate in the Buy-Back <sup>6</sup>	18 February 2015
Record date for determination of entitlement to participate in the Buy-Back	20 February 2015
Tender period opens	2 March 2015
Tender period closes – tenders must be received by 7pm (Melbourne time)	2 April 2015
Announcement of the Buy-Back Price and scale-back (if any)	7 April 2015
Payment date for 2014 final dividend	9 April 2015
Buy-Back proceeds dispatched/credited to participating shareholders	No later than 15 April 2015

\*While Rio Tinto Limited does not anticipate any changes to these dates and times, it reserves the right to vary them by announcement to the ASX.

Rio Tinto Limited shareholders with a registered holding at the close of business on 6 March 2015 will be entitled to receive the 2014 final dividend (Australian 152.98 cents per share) even if they tender those shares in the Buy-Back, as any tender would complete after this date.

Participation in the Buy-Back is voluntary. For some shareholders, depending on their tax status, the after-tax return of participating in the Buy-Back may be greater than a sale of their shares on-market. The Buy-Back will have different tax consequences for different shareholders. Shareholders should seek their own professional advice (including tax advice) about the implications of participating in the Buy-Back in light of their particular circumstances.

<sup>5</sup> The Tax Value is calculated by adjusting the volume weighted average price of Rio Tinto Limited shares over the last five trading days up to and including 11 February 2015 by the percentage movement in the Rio Tinto plc share price from the close of trading on the London Stock Exchange on 11 February 2015 to the opening of trading on the London Stock Exchange on the closing day of the Buy-Back tender period (currently expected to be 2 April 2015). If the movement in the Rio Tinto plc share price is significantly different from the movement in the Rio Tinto Limited share price over the relevant period, Rio Tinto Limited may approach the ATO to seek to vary the methodology used to determine the Tax Value.

<sup>6</sup> Shares acquired on the ASX on an ex-entitlement basis on or after this date will not confer an entitlement to participate in the Buy-Back.

Further information about the Buy-Back will be set out in the Buy-Back Booklet, which is expected to be distributed to shareholders in late February.

## Important Notices

Capitalised terms in this announcement have the same meaning as will be contained within the Buy-Back Booklet.

The Buy-Back is not available to Excluded Foreign Persons. This includes shareholders to whom Rio Tinto Limited would be prohibited from paying money, shareholders to whom the invitation may not be lawfully made or shareholders whose participation in the Buy-Back is not permitted.

In particular, the Buy-Back is not available to persons located in the United States or who are US Persons (as defined in Regulation S of the United States Securities Act of 1933). This announcement, and any other documents related to the Buy-Back, are not for distribution, directly or indirectly, in or into the United States (including its territories and possessions, any State of the United States and the District of Columbia).

Certain statements contained in this announcement, including statements regarding the implementation of our capital management programme and its effect on our business, may constitute "forward looking statements" for the purposes of applicable securities laws. Rio Tinto undertakes no obligation to revise the forward looking statements included in this announcement to reflect any future events or circumstances. Rio Tinto's actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward looking statements. Factors that could cause or contribute to such differences include, for example, the general trading and economic conditions affecting Rio Tinto.

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