DWS STRATEGIC MUNICIPAL INCOME TRUST
Form N-CSRS
August 03, 2018
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM N-CSRS

Investment Company Act file number: 811-05767

DWS Strategic Municipal Income Trust

(Exact Name of Registrant as Specified in Charter)

345 Park Avenue

New York, NY 10154-0004

(Address of Principal Executive Offices) (Zip Code)

Registrant’s Telephone Number, including Area Code: (212) 250-2500

Diane Kenneally

1 International Place

Boston, MA 02110

(Name and Address of Agent for Service)

Date of fiscal year end: 11/30

Date of reporting period: 5/31/2018

ITEM 1. REPORT TO STOCKHOLDERS

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May 31, 2018

Semiannual Report

to Shareholders

DWS Strategic Municipal Income Trust

(On July 2, 2018, Deutsche Strategic Municipal Income Trust was renamed DWS Strategic Municipal Income Trust)

Ticker Symbol: KSM

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The Fund s investment objective is to provide a high level of current income exempt from federal income tax.

Closed-end funds, unlike open-end funds, are not continuously offered. There is a one time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Shares of closed-end funds frequently trade at a discount to net asset value. The price of the Fund s shares is determined by a number of factors, several of which are beyond the control of the Fund. Therefore, the Fund cannot predict whether its shares will trade at, below or above net asset value.

Bond investments are subject to interest-rate, credit, liquidity and market risks to varying degrees. When interest rates rise, bond prices generally fall. Credit risk refers to the ability of an issuer to make timely payments of principal and interest. Investing in derivatives entails special risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility. Leverage results in additional risks and can magnify the effect of any gains or losses. Although the Fund seeks income that is exempt from federal income taxes, a portion of the Fund s distributions may be subject to federal, state and local taxes, including the alternative minimum tax.

The brand DWS represents DWS Group GmbH & Co. KGaA and any of its subsidiaries such as DWS Distributors, Inc. which offers investment products or DWS Investment Management Americas, Inc. and RREEF America L.L.C. which offer advisory services.

NOT FDIC/NCUA INSURED NO BANK GUARANTEE MAY LOSE VALUE NOT A DEPOSIT NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

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Performance Summary **May 31, 2018 (Unaudited)**

Performance is historical, assumes reinvestment of all dividend and capital gain distributions, and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when sold, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please visit dws.com for the Fund s most recent month-end performance.

Fund specific data and performance are provided for informational purposes only and are not intended for trading purposes.

Average Annual Total Returns as of 5/31/18

Deutsche Strategic Municipal Income Trust	**6-Month**	**1-Year**	**5-Year**	**10-Year**
Based on Net Asset Value[a]	**1.18%**	**2.36%**	**3.74%**	**7.62%**
Based on Market Price[a]	**5.70%**	**9.23%**	**0.77%**	**6.59%**
Bloomberg Barclays Municipal Bond Index[b]	0.71%	1.11%	2.92%	4.30%
Morningstar Closed-End High-Yield Municipal Funds Category[c]	1.88%	3.65%	4.94%	6.58%

Total returns shown for periods less than one year are not annualized.

[a] Total return based on net asset value reflects changes in the Fund s net asset value during each period. Total return based on market price reflects changes in market price. Each figure assumes that dividend and capital gain distributions, if any, were reinvested. These figures will differ depending upon the level of any discount from or premium to net asset value at which the Fund s shares traded during the period. Expenses of the Fund include management fee, interest expense and other fund expenses. Total returns shown take into account these fees and expenses. The expense ratio of the Fund for the six months ended May 31, 2018 was 2.69% (1.12% excluding interest expense).

[b] The unmanaged, unleveraged Bloomberg Barclays Municipal Bond Index covers the U.S. dollar-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and pre-refunded bonds. Index returns do not reflect any fees or expenses and it is not possible to invest directly into an index.

[c] Morningstar s Closed-End High-Yield Municipal Funds category represents high-yield muni portfolios that typically invest at least 50% of assets in high-income municipal securities that are not rated or that are rated by a major agency such as Standard & Poor s or Moody s at the level of BBB and below (considered part of the high-yield universe within the municipal industry). Morningstar figures represent the average of the total returns based on net asset value reported by all of the closed-end funds designated by Morningstar, Inc. as falling into the Closed-End High-Yield Municipal Funds category. Category returns assume reinvestment of all distributions. It is not possible to invest directly in a Morningstar category.

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Net Asset Value and Market Price

	As of 5/31/17	As of 11/30/17
Net Asset Value	$ 12.20	$ 12.39
Market Price	$ 10.93	$ 11.91
Premium (discount)	(10.41%)	(3.87%)

Prices and net asset value fluctuate and are not guaranteed.

Distribution Information

Six Months as of 5/31/18:	
Income Dividends (common shareholders)	$ .30
Capital Gains Dividend (common shareholders)	$ .004
May Income Dividend (common shareholders)	$ .0500
Current Annualized Distribution Rate (Based on Net Asset Value) as of 5/31/18	4.92%
Current Annualized Distribution Rate (Based on Market Price) as of 5/31/18	5.49%
Tax Equivalent Distribution Rate (Based on Net Asset Value) as of 5/31/18	8.31%
Tax Equivalent Distribution Rate (Based on Market Price) as of 5/31/18	9.27%

Current annualized distribution rate is the latest monthly dividend shown as an annualized percentage of net asset value/market price on May 31, 2018. Distribution rate simply measures the level of dividends and is not a complete measure of performance. Tax equivalent distribution rate is based on the Fund s distribution rate and a marginal income tax rate of 40.8%. Distribution rates are historical, not guaranteed and will fluctuate. Distributions do not include return of capital or other non-income sources.

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Portfolio Management Team

Ashton P. Goodfield, CFA, Managing Director

Portfolio Manager of the Fund. Began managing the Fund in 2014.

Joined DWS in 1986.

Co-Head of Municipal Bonds.

BA, Duke University.

A. Gene Caponi, CFA, Managing Director

Portfolio Manager of the Fund. Began managing the Fund in 2014.

Joined DWS in 1998.

BS, State University of New York, Oswego; MBA, State University of New York at Albany.

Carol L. Flynn, CFA, Managing Director

Portfolio Manager of the Fund. Began managing the Fund in 2014.

Joined DWS in 1994.

Co-Head of Municipal Bonds.

BS from Duke University; MBA from University of Connecticut.

Michael J. Generazo, Director

Portfolio Manager of the Fund. Began managing the Fund in 2018.

Joined DWS in 1999.

BS, Bryant College; MBA, Suffolk University.

Portfolio Summary **(Unaudited)**

Asset Allocation (As a % of Investment Portfolio)	**5/31/18**	**11/30/17**
Revenue Bonds	69%	71%
Escrow to Maturity/Prerefunded Bonds	17%	13%
General Obligation Bonds	8%	10%
Lease Obligations	6%	6%
	100%	100%

Quality	**5/31/18**	**11/30/17**
AAA	6%	3%
AA	20%	21%
A	35%	35%
BBB	20%	19%
BB	5%	7%
B	0%	1%
CC		0%
Not Rated	14%	14%
	100%	100%

The quality ratings represent the higher of Moody s Investors Service, Inc. (Moody s), Fitch Ratings, Inc. (Fitch) or Standard & Poor s Corporation (S&P) credit ratings. The ratings of Moody s, Fitch and S&P represent their opinions as to the quality of the securities they rate. Credit quality measures a bond issuer s ability to repay interest and principal in a timely manner. Ratings are relative and subjective and are not absolute standards of quality. Credit quality does not remove market risk and is subject to change.

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Top Five State/Territory Allocations (As a % of Investment Portfolio)	**5/31/18**	**11/30/17**
Texas	14%	14%
Florida	9%	9%
California	9%	12%
New York	8%	2%
Massachusetts	6%	6%

Interest Rate Sensitivity	**5/31/18**	**11/30/17**
Effective Maturity	5.4 years	5.7 years
Modified Duration	5.4 years	5.6 years

Leverage (As a % of Total Assets)	**5/31/18**	**11/30/17**
	41%	41%

Effective maturity is the weighted average of the maturity date of bonds held by the Fund taking into consideration any available maturity shortening features.

Modified duration is an approximate measure of a fund s sensitivity to movements in interest rates based on the current interest rate environment.

Leverage results in additional risks and can magnify the effect of any gains or losses to a greater extent than if leverage were not used.

Portfolio holdings and characteristics are subject to change.

For more complete details about the Fund s investment portfolio, see page 7. A fact sheet is available on dws.com or upon request. Please see the Additional Information section on page 46 for contact information.

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Investment Portfolio **as of May 31, 2018 (Unaudited)**

	Principal Amount ($)	Value ($)
Municipal Bonds and Notes 140.1%		
Alabama 0.3%		
Alabama, UAB Medicine Finance Authority Revenue, Series B2, 5.0%, 9/1/2041	325,000	**374,909**
Arizona 1.4%		
Glendale, AZ, Industrial Development Authority, Terrace of Phoenix Project, 5.0%, 7/1/2048	60,000	63,034
Maricopa County, AZ, Pollution Control Corp. Revenue, El Paso Electric Co. Project, Series B, 7.25%, 4/1/2040	1,570,000	1,637,714
Tempe, AZ, Industrial Development Authority Revenue, Mirabella at ASU Project, Series A, 144A, 6.125%, 10/1/2047	255,000	266,860
		1,967,608
California 15.2%		
California, Golden State Tobacco Securitization Corp., Tobacco Settlement, Series A-1, 5.75%, 6/1/2047	470,000	472,350
California, Health Facilities Financing Authority Revenue, Catholic Healthcare West, Series A, Prerefunded, 6.0%, 7/1/2034	1,000,000	1,048,460
California, M-S-R Energy Authority, Series B, 7.0%,11/1/2034, GTY: Citigroup, Inc.	1,310,000	1,868,361
California, South Bayside Waste Management Authority, Solid Waste Enterprise, Shoreway Environmental, Series A, 6.25%, 9/1/2029	1,425,000	1,503,190
California, State General Obligation:		
5.0%, 11/1/2043	1,500,000	1,692,615
5.25%, 4/1/2035	1,230,000	1,363,996
5.5%, 3/1/2040	1,000,000	1,062,780
5.75%, 4/1/2031	1,000,000	1,033,520
6.0%, 4/1/2038	645,000	667,878
Prerefunded, 6.0%, 4/1/2038	355,000	368,401
6.5%, 4/1/2033	895,000	930,621
Prerefunded, 6.5%, 4/1/2033	1,055,000	1,098,688
California, State Public Works Board Lease Revenue, Capital Projects, Series I-1, Prerefunded, 6.375%, 11/1/2034	1,000,000	1,067,810
California, State Public Works Board Lease Revenue, Riverside Campus Project, Series B, Prerefunded, 6.125%, 4/1/2028	2,000,000	2,077,540
California, Statewide Communities Development Authority Revenue, Loma Linda University Medical Center:		
Series A, 5.25%, 12/1/2044	195,000	211,716

The accompanying notes are an integral part of the financial statements.

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	Principal Amount ($)	Value ($)
Series A, 144A, 5.25%, 12/1/2056	735,000	797,313
Series A, 5.5%, 12/1/2054	195,000	212,858
Riverside County, CA, Transportation Commission Toll Revenue Senior Lien, Series A, 5.75%, 6/1/2048	1,000,000	1,109,960
San Buenaventura, CA, Community Memorial Health Systems, 7.5%, 12/1/2041	500,000	561,700
San Francisco, CA, City & County Airports Commission, International Airport Revenue, Series A, AMT, 5.0%, 5/1/2044	1,000,000	1,103,540
San Joaquin Hills, CA, Transportation Corridor Agency, Toll Road Revenue, Series A, 5.0%, 1/15/2050	445,000	483,817
		20,737,114
Colorado 3.3%		
Colorado, High Performance Transportation Enterprise Revenue, C-470 Express Lanes, 5.0%, 12/31/2056	225,000	243,702
Colorado, Park Creek Metropolitan District Revenue, Senior Ltd. Property Tax Supported, Series A, 5.0%, 12/1/2045	235,000	262,149
Colorado, Public Energy Authority, Natural Gas Purchased Revenue, 6.25%, 11/15/2028, GTY: Merrill Lynch & Co., Inc.	635,000	794,912
Colorado, Regional Transportation District, Sales Tax Revenue, Series B, 4.0%, 11/1/2035	385,000	411,781
Colorado, State Health Facilities Authority Revenue, Covenant Retirement Communities:		
Series A, 5.0%, 12/1/2033	440,000	471,746
Series A, 5.0%, 12/1/2035	250,000	272,270
Colorado, State Health Facilities Authority Revenue, School Health Systems, Series A, 5.5%, 1/1/2035	1,000,000	1,142,330
Denver City & County, CO, Special Facilities Airport Revenue, United Airlines, Inc. Project, AMT, 5.0%, 10/1/2032	200,000	216,166
Denver, CO, City & County Airport Revenue, Series A, AMT, 5.25%, 11/15/2043	600,000	660,084
		4,475,140
Connecticut 2.3%		
Connecticut, Harbor Point Infrastructure Improvement District, Special Obligation Revenue, Harbor Point Project, Series A, Prerefunded, 7.875%, 4/1/2039	2,000,000	2,207,940
Connecticut, Mashantucket Western Pequot Tribe Bond, 6.05% PIK, 7/1/2031*	2,837,139	88,660
Connecticut, State Special Tax Obligation Revenue, Transportation Infrastructure Purpose, Series A, 5.0%, 1/1/2038	715,000	801,601
		3,098,201

The accompanying notes are an integral part of the financial statements.

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	Principal Amount ($)	Value ($)
District of Columbia 1.1%		
District of Columbia, Ingleside Rock Creek Project:		
Series A, 5.0%, 7/1/2042	130,000	135,977
Series A, 5.0%, 7/1/2052	195,000	202,486
District of Columbia, Metropolitan Airport Authority Systems Revenue:		
Series A, AMT, 5.0%, 10/1/2038	200,000	220,060
Series A, AMT, 5.0%, 10/1/2043	850,000	928,243
		1,486,766
Florida 11.4%		
Collier County, FL, Industrial Development Authority, Continuing Care Community Revenue, Arlington of Naples Project, Series A, 8.125%, 5/15/2044	500,000	555,100
Florida, Village Community Development District No. 12, Special Assessment Revenue, 144A, 4.375%, 5/1/2050	300,000	308,130
Florida, Tolomato Community Development District, Special Assessment:		
Series 2015-1, Step-up Coupon, 0% to 11/1/2021, 6.61% to 5/1/2040	250,000	199,110
Series 2015-2, Step-up Coupon, 0% to 11/1/2024, 6.61% to 5/1/2040	150,000	98,291
Series A-3, Step-up Coupon, 0% to 5/1/2019, 6.61% to 5/1/2040	110,000	104,692
Series A-4, Step-up Coupon, 0% to 5/1/2022, 6.61% to 5/1/2040	55,000	44,036
5.4%, 5/1/2037	1,280,000	1,281,331
Series 1, 6.55%, 5/1/2027	10,000	10,001
Series 3, 6.55%, 5/1/2027*	130,000	1
Series 2015-3, 6.61%, 5/1/2040*	165,000	2
Florida, Village Community Development District No. 12, Special Assessment Revenue, 144A, 4.25%, 5/1/2043	400,000	410,740
Florida, Village Community Development District No. 9, Special Assessment Revenue, 5.5%, 5/1/2042	145,000	156,823
Greater Orlando, FL, Aviation Authority Airport Facilities Revenue:		
Series A, AMT, 5.0%, 10/1/2042	620,000	703,985
Series A, AMT, 5.0%, 10/1/2047	400,000	452,468
Lake County, FL, Senior Living Revenue, Village Veranda at Lady Lake Project, Series A-1, 144A, 7.125%, 1/1/2052	400,000	392,716
Martin County, FL, Health Facilities Authority, Martin Memorial Medical Center, 5.5%, 11/15/2042	335,000	364,289
Miami Beach, FL, Health Facilities Authority, Mount Sinai Medical Center, 5.0%, 11/15/2044	500,000	533,425
Miami-Dade County, FL, Aviation Revenue:		
Series A, AMT, 5.0%, 10/1/2031	30,000	32,657

The accompanying notes are an integral part of the financial statements.

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	Principal Amount ($)	Value ($)
Series B, AMT, 5.0%, 10/1/2040	470,000	530,846
Series A, 5.5%, 10/1/2041	3,000,000	3,134,100
Miami-Dade County, FL, Health Facilities Authority Hospital Revenue, Nicklaus Children s Hospital, 5.0%, 8/1/2047	665,000	744,767
Orlando & Orange County, FL, Expressway Authority Revenue, Series C, Prerefunded, 5.0%, 7/1/2035	830,000	881,219
Tallahassee, FL, Health Facilities Revenue, Memorial Healthcare, Inc. Project, Series A, 5.0%, 12/1/2055	1,150,000	1,236,906
Tampa-Hillsborough County, FL, Expressway Authority:		
Series A, 5.0%, 7/1/2031	1,500,000	1,649,295
Series A, 5.0%, 7/1/2037	1,590,000	1,733,402
		15,558,332
Georgia 6.0%		
Americus-Sumter County, GA, Hospital Authority, Magnolia Manor Obligated Group, Series A, 6.25%, 5/15/2033	1,000,000	1,099,120
Atlanta, GA, Airport Revenue, Series C, AMT, 5.0%, 1/1/2037	375,000	403,534
Atlanta, GA, Development Authority, Senior Health Care Facilities Revenue, Proton Treatment Center, Series A-1, 6.5%, 1/1/2029	225,000	218,964
Atlanta, GA, Tax Allocation, Beltline Project, Series B, Prerefunded, 7.375%, 1/1/2031	1,000,000	1,032,790
Atlanta, GA, Water & Wastewater Revenue, Series A, Prerefunded, 6.25%, 11/1/2034	1,000,000	1,062,600
Cobb County, GA, Kennestone Hospital Authority, Revenue Anticipation Certificates, Wellstar Health System, Series A, 5.0%, 4/1/2047	175,000	194,353
DeKalb County, GA, Water & Sewer Revenue, Series A, 5.25%, 10/1/2036	1,000,000	1,092,870
Fulton County, GA, Development Authority Hospital Revenue, Revenue Anticipation Certificates, Wellstar Health System, Series A, 5.0%, 4/1/2047	210,000	233,224
Gainesville & Hall County, GA, Hospital Authority, Northeast Georgia Health System, Inc. Project:		
Series A, 5.25%, 8/15/2049	100,000	113,750
Series A, 5.5%, 8/15/2054	180,000	208,411
Georgia, Main Street Natural Gas, Inc., Gas Project Revenue, Series A, 5.5%, 9/15/2024, GTY: Merrill Lynch & Co., Inc.	1,220,000	1,414,541
Georgia, Medical Center Hospital Authority Revenue, Anticipation Certificates, Columbus Regional Healthcare System, Prerefunded, 6.5%, 8/1/2038, INS: AGC	1,000,000	1,007,850
Rockdale County, GA, Development Authority, Pratt Paper LLC Project, AMT, 144A, 4.0%, 1/1/2038, GTY: Pratt Industries, Inc. (a)	100,000	101,350
		8,183,357

The accompanying notes are an integral part of the financial statements.

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	Principal Amount ($)	Value ($)
Guam 1.7%		
Guam, Government General Obligation, Series A, Prerefunded, 7.0%, 11/15/2039	1,000,000	1,072,450
Guam, International Airport Authority Revenue, Series C, AMT, 6.375%, 10/1/2043	215,000	246,639
Guam, Power Authority Revenue, Series A, Prerefunded, 5.5%, 10/1/2030	1,000,000	1,080,040
		2,399,129
Hawaii 1.7%		
Gainesville & Hall County, GA, Development Authority Retirement Community Revenue, ACTS Retirement Life Community, Series A-2, Prerefunded, 6.625%, 11/15/2039	1,000,000	1,067,420
Hawaii, State Airports Systems Revenue, Series A, AMT, 5.0%, 7/1/2041	695,000	775,022
Hawaii, State Department of Budget & Finance, Special Purpose Revenue, Hawaiian Electric Co., Inc., 6.5%, 7/1/2039	500,000	523,525
		2,365,967
Idaho 0.2%		
Idaho, Health Facilities Authority Revenue, St. Luke s Regional Medical Center, 6.75%, 11/1/2037	305,000	**311,094**
Illinois 9.5%		
Chicago, IL, Airport Revenue, O Hare International Airport, Senior Lien, Series D, AMT, 5.0%, 1/1/2047	415,000	455,919
Chicago, IL, Board of Education:		
Series A, 5.0%, 12/1/2030 (a)	100,000	103,636
Series A, 5.0%, 12/1/2032 (a)	105,000	108,464
Series A, 5.0%, 12/1/2033 (a)	100,000	102,880
Series H, 5.0%, 12/1/2036	245,000	252,277
Series H, 5.0%, 12/1/2046	140,000	142,220
Chicago, IL, General Obligation, Series A, 6.0%, 1/1/2038	455,000	513,449
Chicago, IL, O Hare International Airport Revenue:		
Series C, AMT, 5.0%, 1/1/2046	1,000,000	1,084,340
Series B, Prerefunded, 6.0%, 1/1/2041	2,000,000	2,200,300
Chicago, IL, O Hare International Airport, Special Facility Revenue, TrIPs Obligated Group, AMT, 5.0%, 7/1/2048	130,000	143,987
Illinois, Finance Authority Revenue, The Admiral at Lake Project, Series A, Prerefunded, 8.0%, 5/15/2040	1,000,000	1,114,620
Illinois, Metropolitan Pier & Exposition Authority Revenue, McCormick Place Expansion Project, Series A, 5.0%, 6/15/2057	135,000	142,216
Illinois, Metropolitan Pier & Exposition Authority, Dedicated State Tax Revenue, Capital Appreciation-McCormick, Series A, Zero Coupon, 6/15/2036, INS: NATL	3,000,000	1,295,910

The accompanying notes are an integral part of the financial statements.

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	Principal Amount ($)	Value ($)
Illinois, Railsplitter Tobacco Settlement Authority, Prerefunded, 6.0%, 6/1/2028	365,000	407,303
Illinois, State Finance Authority Revenue, OSF Healthcare Systems, Series A, 5.0%, 11/15/2045	525,000	574,066
Illinois, State Finance Authority Revenue, Park Place of Elmhurst Project, Series C, 2.0%, 5/15/2055*	150,000	7,506
Illinois, State Finance Authority Revenue, Three Crowns Park Obligated Group, 5.25%, 2/15/2047	325,000	341,884
Illinois, State Finance Authority Revenue, Trinity Health Corp., Series L, Prerefunded, 5.0%, 12/1/2030	1,000,000	1,097,850
Illinois, State General Obligation:		
Series D, 5.0%, 11/1/2027	500,000	536,430
Series D, 5.0%, 11/1/2028	500,000	534,415
5.0%, 2/1/2029	225,000	239,285
Series A, 5.0%, 12/1/2038	350,000	367,259
Series A, 5.0%, 12/1/2039	750,000	785,790
Springfield, IL, Electric Revenue, Senior Lien, 5.0%, 3/1/2040, INS: AGMC	385,000	421,329
		12,973,335
Indiana 3.7%		
Indiana, Finance Authority Hospital Revenue, Deaconess Hospital Obligation, Series A, Prerefunded, 6.75%, 3/1/2039	525,000	544,640
Indiana, State Finance Authority Revenue, BHI Senior Living Obligated Group, Series A, 5.25%, 11/15/2046	365,000	398,792
Indiana, State Finance Authority Revenue, Community Foundation of Northwest Indiana, 5.0%, 3/1/2041	1,000,000	1,070,610
Indiana, State Finance Authority Revenue, Greencroft Obligation Group, Series A, 7.0%, 11/15/2043	460,000	520,683
Indiana, State Finance Authority Revenue, Stadium Project, Series A, 5.25%, 2/1/2037	1,330,000	1,544,662
Valparaiso, IN, Exempt Facilities Revenue, Pratt Paper LLC Project, AMT, 7.0%, 1/1/2044, GTY: Pratt Industries (U.S.A.), Inc.	780,000	921,921
		5,001,308
Kansas 0.6%		
Lenexa, KS, Health Care Facility Revenue, Lakeview Village, Inc. Project:		
Series A, 5.0%, 5/15/2039	525,000	569,972
Prerefunded, 7.25%, 5/15/2039	300,000	315,282
		885,254

The accompanying notes are an integral part of the financial statements.

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	Principal Amount ($)	Value ($)
Kentucky 3.3%		
Kentucky, Economic Development Finance Authority, Hospital Facilities Revenue, Owensboro Medical Health Systems, Series A, Prerefunded, 6.5%, 3/1/2045	2,000,000	2,175,280
Kentucky, Economic Development Finance Authority, Louisville Arena Project Revenue, Series A-1, Prerefunded, 6.0%, 12/1/2033, INS: AGC	365,000	365,000
Kentucky, Public Transportation Infrastructure Authority Toll Revenue, 1st Tier-Downtown Crossing, Series A, 6.0%, 7/1/2053	1,440,000	1,600,013
Kentucky, State Economic Development Finance Authority, Owensboro Health, Inc. Obligated Group:		
Series A, 5.0%, 6/1/2045	130,000	139,433
Series A, 5.25%, 6/1/2041	190,000	209,600
		4,489,326
Louisiana 1.8%		
Louisiana, New Orleans Aviation Board, General Airport North Terminal, Series B, AMT, 5.0%, 1/1/2048	140,000	155,985
Louisiana, Public Facilities Authority Revenue, Ochsner Clinic Foundation Project, 5.0%, 5/15/2046	1,000,000	1,111,110
Louisiana, State Local Government Environmental Facilities & Community Development Authority Revenue, Westlake Chemical Corp. Project, 3.5%, 11/1/2032	1,010,000	1,000,940
Louisiana, Tobacco Settlement Financing Corp. Revenue, Series A, 5.25%, 5/15/2035	180,000	195,153
		2,463,188
Maine 0.8%		
Maine, Health & Higher Educational Facilities Authority Revenue, Maine General Medical Center, 6.75%, 7/1/2036	1,000,000	**1,087,840**
Maryland 2.8%		
Maryland, Economic Development Corp., Pollution Control Revenue, Potomac Electric Power Co., 6.2%, 9/1/2022	1,500,000	1,547,790
Maryland, State Health & Higher Educational Facilities Authority Revenue, Adventist Healthcare Obligated Group, Series A, 5.5%, 1/1/2046	375,000	422,437
Maryland, State Health & Higher Educational Facilities Authority Revenue, Anne Arundel Health Systems, Series A, Prerefunded, 6.75%, 7/1/2039	500,000	526,060
Maryland, State Health & Higher Educational Facilities Authority Revenue, Meritus Medical Center Obligated Group, 5.0%, 7/1/2040	1,000,000	1,077,660

The accompanying notes are an integral part of the financial statements.

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	Principal Amount ($)	Value ($)
Rockville, MD, Mayor & Council Economic Development Revenue, Ingelside at King Farm Project:		
Series B, 5.0%, 11/1/2042	90,000	97,940
Series B, 5.0%, 11/1/2047	135,000	146,506
		3,818,393
Massachusetts 2.4%		
Massachusetts, State Development Finance Agency Revenue, Linden Ponds, Inc. Facility:		
Series B, 11/15/2056*	505,485	106,177
Series A-2, 5.5%, 11/15/2046	100,000	100,028
Series A-1, 6.25%, 11/15/2039	1,903,948	1,976,964
Massachusetts, State Development Finance Agency Revenue, NewBridge Charles, Inc., 144A, 5.0%, 10/1/2057	100,000	105,798
Massachusetts, State Health & Educational Facilities Authority Revenue, Milford Regional Medical Center, Series E, 5.0%, 7/15/2037	950,000	958,123
		3,247,090
Michigan 5.9%		
Dearborn, MI, Economic Development Corp. Revenue, Limited Obligation, Henry Ford Village, 144A, 7.5%, 11/15/2044	500,000	499,395
Detroit, MI, Water & Sewerage Department, Sewerage Disposal System Revenue, Series A, 5.25%, 7/1/2039	280,000	301,095
Detroit, MI, Water Supply Systems Revenue, Series A, 5.75%, 7/1/2037	1,000,000	1,098,400
Kalamazoo, MI, Economic Development Corp. Revenue, Limited Obligation, Heritage Community, 5.5%, 5/15/2036	1,000,000	1,000,250
Michigan, State Building Authority Revenue, Facilities Program:		
Series I, 5.0%, 4/15/2038	775,000	875,068
Series I-A, 5.5%, 10/15/2045	2,000,000	2,208,020
Michigan, State Finance Authority Revenue, Detroit Water & Sewer, Series C-3, 5.0%, 7/1/2033, INS: AGMC	180,000	201,443
Michigan, State Finance Authority Revenue, Detroit Water & Sewer Department, Series C, 5.0%, 7/1/2035	90,000	99,164
Royal Oak, MI, Hospital Finance Authority Revenue, William Beaumont Hospital, Prerefunded, 8.25%, 9/1/2039	1,000,000	1,016,000
Tawas City, MI, Hospital Finance Authority, St. Joseph Health Services, Series A, ETM, 5.75%, 2/15/2023	735,000	736,948
		8,035,783
Minnesota 0.7%		
Minneapolis, MN, Health Care Systems Revenue, Fairview Health Services, Series A, Prerefunded, 6.75%, 11/15/2032	1,000,000	**1,022,840**

The accompanying notes are an integral part of the financial statements.

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	Principal Amount ($)	Value ($)
Mississippi 1.1%		
Lowndes County, MS, Solid Waste Disposal & Pollution Control Revenue, Weyerhaeuser Co. Project, Series A, 6.8%, 4/1/2022	250,000	284,950
Mississippi, Business Finance Corp., Pollution Control Revenue, Systems Energy Resources, Inc. Project, 5.875%, 4/1/2022	620,000	621,265
Mississippi, State Business Finance Corp., Solid Waste Disposal Revenue, Waste Pro U.S.A., Inc. Project, AMT, 144A, 5.0%, 2/1/2036	145,000	150,665
Warren County, MS, Gulf Opportunity Zone, International Paper Co., Series A, 6.5%, 9/1/2032	435,000	440,116
		1,496,996
Missouri 2.2%		
Kansas City, MO, Land Clearance Redevelopment Authority Project Revenue, Convention Center Hotel Project:		
Series B, 144A, 5.0%, 2/1/2050	220,000	225,918
Series B,144A, 5.0%, 2/1/2040	200,000	208,956
Lee s Summit, MO, Industrial Development Authority, Senior Living Facilities Revenue, John Knox Village Project, Series A, 5.0%, 8/15/2042	500,000	523,985
Missouri, State Health & Educational Facilities Authority Revenue, Medical Research, Lutheran Senior Services, Series A, 5.0%, 2/1/2046	65,000	70,227
Missouri, State Health & Educational Facilities Authority, Health Facilities Revenue, Lester E Cox Medical Centers, Series A, 5.0%, 11/15/2048	150,000	161,300
St. Louis County, MO, Industrial Development Authority, Senior Living Facilities, Friendship Village, 5.0%, 9/1/2048	245,000	266,126
St. Louis County, MO, Industrial Development Authority, Senior Living Facilities, St. Andrews Resources for Seniors Obligated Group, Series A, 5.125%, 12/1/2045	365,000	385,309
St. Louis, MO, Airport Revenue, Series C, 5.0%, 7/1/2047, INS: AGMC	500,000	574,635
St. Louis, MO, Industrial Development Authority Financing Revenue, Ballpark Village Development Project, Series A, 4.75%, 11/15/2047	225,000	232,587
St. Louis, MO, Lambert-St. Louis International Airport Revenue, Series A-1, 6.625%, 7/1/2034	415,000	435,169
		3,084,212
Nebraska 0.7%		
Douglas County, NE, Hospital Authority No.2, Health Facilities, Children s Hospital Obligated Group, 5.0%, 11/15/2047	535,000	600,548

The accompanying notes are an integral part of the financial statements.

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	Principal Amount ($)	Value ($)
Nebraska, Central Plains Energy Project, Gas Project Revenue:		
Series A, 5.0%, 9/1/2027	55,000	63,291
Series A, 5.0%, 9/1/2029	70,000	81,383
Series A, 5.0%, 9/1/2033	155,000	183,894
		929,116
Nevada 1.2%		
Las Vegas Valley, NV, Water District, Series B, 5.0%, 6/1/2037	1,565,000	**1,713,378**
New Hampshire 0.4%		
New Hampshire, State Health & Educational Facilities Authority Revenue, Hillside Village:		
Series A, 144A, 6.125%, 7/1/2037	100,000	107,443
Series A, 144A, 6.125%, 7/1/2052	300,000	319,860
Series A, 144A, 6.25%, 7/1/2042	100,000	107,874
		535,177
New Jersey 4.9%		
New Jersey, Health Care Facilities Financing Authority Revenue, St. Joseph s Health Care System, Prerefunded, 6.625%, 7/1/2038	715,000	717,724
New Jersey, State Economic Development Authority Revenue:		
Series DDD, 5.0%, 6/15/2042	140,000	149,974
Series BBB, 5.5%, 6/15/2030	895,000	1,024,596
New Jersey, State Economic Development Authority, Continental Airlines, Inc. Project, AMT, 4.875%, 9/15/2019	330,000	337,138
New Jersey, State Economic Development Authority, Motor Vehicle Surcharge Revenue, Series A, 5.0%, 7/1/2033	115,000	124,588
New Jersey, State Economic Development Authority, Special Facilities Revenue, Continental Airlines, Inc. Project, Series B, AMT, 5.625%, 11/15/2030	500,000	567,670
New Jersey, State Economic Development Authority, State Government Buildings Project:		
Series A, 5.0%, 6/15/2042	115,000	123,565
Series A, 5.0%, 6/15/2047	130,000	139,152
New Jersey, State Health Care Facilities Financing Authority Revenue, University Hospital, Series A, 5.0%, 7/1/2046, INS: AGMC	180,000	199,283
New Jersey, State Transportation Trust Fund Authority, Series B, 5.5%, 6/15/2031	1,500,000	1,593,960
New Jersey, State Turnpike Authority Revenue, Series E, 5.0%, 1/1/2045	1,015,000	1,130,811

The accompanying notes are an integral part of the financial statements.

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	Principal Amount ($)	Value ($)
New Jersey, Tobacco Settlement Financing Corp.:		
Series A, 5.0%, 6/1/2046	350,000	384,646
Series A, 5.25%, 6/1/2046	175,000	197,173
		6,690,280
New York 5.0%		
New York, Brooklyn Arena Local Development Corp., Pilot Revenue, Barclays Center Project, Series A, 4.0%, 7/15/2035, INS: AGMC	45,000	47,241
New York, Buffalo & Fort Erie Public Bridge Authority, 5.0%, 1/1/2047	1,000,000	1,139,660
New York, Metropolitan Transportation Authority Revenue:		
Series D, 5.0%, 11/15/2038	275,000	303,319
Series E-1, 5.0%, 11/15/2042	70,000	76,734
Series E-1, Prerefunded, 5.0%, 11/15/2042	235,000	266,032
New York, State Dormitory Authority Revenues, State Supported Debt, Series C, 1.03%**, 6/7/2018, LOC: Bank of America NA	280,000	280,000
New York, State Housing Finance Agency, Historic Front Street, Series A, 1.03%**, 6/7/2018, LOC: Landesbank Hessen-Thuringen	100,000	100,000
New York, State Liberty Development Corp. Revenue, World Trade Center Project, Class 1-3, 5.0%, 11/15/2044	915,000	972,938
New York, State Transportation Development Corp., Special Facilities Revenue, American Airlines, Inc., John F. Kennedy International Airport Project, AMT, 5.0%, 8/1/2031, GTY: American Airlines Group	445,000	469,684
New York, State Transportation Development Corp., Special Facilities Revenue, Delta Air Lines, Inc., Laguardia Airport C&D Redevelopment:		
AMT, 5.0%, 1/1/2033	100,000	113,068
AMT, 5.0%, 1/1/2034	100,000	112,806
AMT, 5.0%, 1/1/2036	100,000	112,719
New York, State Transportation Development Corp., Special Facilities Revenue, Laguardia Gateway Partners LLC, Redevelopment Project, Series A, AMT, 5.0%, 7/1/2041	1,200,000	1,305,924
New York, TSASC, Inc., Series A, 5.0%, 6/1/2041	60,000	65,250
New York & New Jersey Port Authority, Series 207, AMT, 5.0%, 9/15/2048	625,000	713,731
New York & New Jersey Port Authority, Special Obligation Revenue, JFK International Air Terminal LLC, 6.0%, 12/1/2042	680,000	745,790

During the first quarter of 2010, Rio Tinto completed a further $3.5 billion of divestments comprising the sale of the majority of the Alcan Packaging businesses to Amcor for $1.95 billion, the sale of Alcan Packaging Food Americas to Bemis Company, Inc for $1.2 billion and the sale of two undeveloped coal properties in Australia for $0.3 billion.

In March 2010 Rio Tinto acquired an additional 15 million shares in Ivanhoe Mines Ltd, increasing its ownership in Ivanhoe Mines by 2.7 per cent to 22.4 per cent. The total consideration for this acquisition was US$241 million.

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Metals and minerals production

	Rio Tinto % share (a)	2009 Production Total	2009 Production Rio Tinto share	2008 Production Total	2008 Production Rio Tinto share	2007 Production Total	2007 Production Rio Tinto share
ALUMINA (000 tonnes)							
Gardanne (France) (b) (c)	100.0			38	38	21	21
Gove (Australia) (b)	100.0	**2,519**	**2,519**	2,325	2,325	405	405
Jonquière (Vaudreuil) (Canada) (b)	100.0	**1,125**	**1,125**	1,370	1,370	252	252
Queensland Alumina (Australia) (b) (d)	80.0	**3,959**	**3,167**	3,842	3,074	3,816	1,766
São Luis (Alumar) (Brazil) (b)	10.0	**1,657**	**166**	1,504	150	288	29
Yarwun (Australia)	100.0	**1,347**	**1,347**	1,293	1,293	1,260	1,260
Specialty Plants (Canada/France/Germany) (b) (c)	100.0	**492**	**492**	758	758	144	144
Rio Tinto total			**8,815**		9,008		3,877
ALUMINIUM (000 tonnes)							
Alma (Canada) (b)	100.0	**435**	**435**	424	424	80	80
Alouette (Sept-Îles) (Canada) (b)	40.0	**573**	**229**	572	229	109	44
Alucam (Edéa) (Cameroon) (b)	46.7	**73**	**34**	91	43	19	9
Anglesey (UK) (e)	51.0	**106**	**54**	118	60	147	75
Arvida (Canada) (b)	100.0	**171**	**171**	172	172	32	32
Beauharnois (Canada) (b) (f)	100.0	**11**	**11**	50	50	10	10
Bécancour (Canada) (b)	25.1	**420**	**105**	415	104	80	20
Bell Bay (Australia)	100.0	**177**	**177**	178	178	177	177
Boyne Island (Australia)	59.4	**556**	**331**	556	330	548	325
Dunkerque (France) (b)	100.0	**244**	**244**	254	254	49	49
Grande-Baie (Canada) (b)	100.0	**215**	**215**	212	212	40	40
ISAL (Reykjavik) (Iceland) (b)	100.0	**190**	**190**	187	187	35	35
Kitimat (Canada) (b)	100.0	**224**	**224**	247	247	47	47
Lannemezan (France) (b) (g)	100.0			5	5	5	5
Laterrière (Canada) (b)	100.0	**235**	**235**	234	234	44	44
Lochaber (UK) (b)	100.0	**38**	**38**	43	43	8	8
Lynemouth (UK) (b)	100.0	**109**	**109**	165	165	33	33
Ningxia (Qingtongxia) (China) (b) (h)		**10**	**5**	163	81	31	15
Sebree (US) (b)	100.0	**193**	**193**	197	197	37	37
Shawinigan (Canada) (b)	100.0	**99**	**99**	100	100	18	18
Sohar (Oman) (i)	20.0	**351**	**70**	49	10		
SORAL (Husnes) (Norway) (b)	50.0	**98**	**49**	171	86	32	16
Saint-Jean-de-Maurienne (France) (b)	100.0	**101**	**101**	130	130	25	25
Tiwai Point (New Zealand)	79.4	**271**	**215**	316	250	351	279
Tomago (Australia) (b)	51.6	**528**	**272**	523	270	97	50

Rio Tinto total			**3,808**		4,062		1,473
BAUXITE (000 tonnes)							
Awaso (Ghana) (b) (j)	80.0	**440**	**352**	796	637	216	173
Gove (Australia) (b)	100.0	**7,185**	**7,185**	6,245	6,245	985	985
Porto Trombetas (MRN) (Brazil) (b)	12.0	**15,645**	**1,877**	18,063	2,168	3,392	407
Sangaredi (Guinea) (b)	(k)	**11,216**	**5,047**	13,181	5,931	2,502	1,126
Weipa (Australia)	100.0	**16,235**	**16,235**	20,006	20,006	18,209	18,209
Rio Tinto total			**30,696**		34,987		20,900
BORATES (000 tonnes) (l)							
Rio Tinto Minerals Boron (US)	100.0	**411**	**411**	591	591	541	541
Rio Tinto Minerals Tincalayu (Argentina)	100.0	**13**	**13**	19	19	19	19
Rio Tinto total			**424**		610		560
COAL HARD COKING (000 tonnes)							
Rio Tinto Coal Australia							
Hail Creek Coal (Australia)	82.0	**6,308**	**5,173**	6,049	4,960	5,012	4,110
Kestrel Coal (Australia)	80.0	**2,868**	**2,294**	3,089	2,471	2,586	2,069
Rio Tinto total hard coking coal			**7,467**		7,431		6,179

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Metals and minerals production (continued)

	Rio Tinto % share (a)	2009 Production Total	2009 Production Rio Tinto share	2008 Production Total	2008 Production Rio Tinto share	2007 Production Total	2007 Production Rio Tinto share
COAL OTHER* (000 tonnes)							
Rio Tinto Coal Australia							
Bengalla (Australia)	30.3	**5,466**	**1,655**	5,357	1,622	5,155	1,561
Blair Athol (Australia)	71.2	**11,325**	**8,068**	10,194	7,262	7,924	5,645
Hunter Valley Operations (Australia)	75.7	**11,232**	**8,504**	10,751	8,139	10,094	7,642
Kestrel Coal (Australia)	80.0	**849**	**679**	929	744	1,035	828
Mount Thorley Operations (Australia)	60.6	**3,342**	**2,024**	2,949	1,786	2,924	1,771
Tarong Coal (Australia) (m)				262	262	4,510	4,510
Warkworth (Australia)	42.1	**5,162**	**2,172**	6,039	2,540	5,775	2,430
Total Australian other coal			**23,103**		22,356		24,388
US Coal							
Antelope (US) (n)	48.3	**30,865**	**29,031**	32,474	32,474	31,267	31,267
Colowyo (US) (o)	100.0	**3,214**	**3,214**	4,446	4,446	5,077	5,077
Cordero Rojo (US) (n)	48.3	**35,687**	**33,361**	36,318	36,318	36,712	36,712
Decker (US) (n)	24.1	**4,161**	**2,017**	5,939	2,970	6,340	3,170
Jacobs Ranch (US) (p)		**26,537**	**26,537**	38,206	38,206	34,565	34,565
Spring Creek (US) (n)	48.3	**16,035**	**15,360**	16,341	16,341	14,291	14,291
Total US coal			**109,520**		130,755		125,083
Rio Tinto total other coal			**132,623**		153,111		149,471
COPPER (mined) (000 tonnes)							
Bingham Canyon (US)	100.0	**303.5**	**303.5**	238.0	238.0	212.2	212.2
Escondida (Chile)	30.0	**1,061.2**	**318.3**	1,281.7	384.5	1,405.5	421.6
Grasberg Joint Venture (Indonesia) (q)	40.0	**269.3**	**107.7**	17.8	7.1	70.9	28.4
Northparkes (Australia)	80.0	**34.3**	**27.4**	24.8	19.8	43.1	34.5
Palabora (South Africa)	57.7	**82.6**	**47.6**	85.1	49.1	71.4	41.2
Rio Tinto total			**804.7**		698.5		737.9
COPPER (refined) (000 tonnes)							
Escondida (Chile)	30.0	**327.2**	**98.2**	257.5	77.3	238.4	71.5
Kennecott Utah Copper (US)	100.0	**274.2**	**274.2**	200.6	200.6	265.6	265.6
Palabora (South Africa)	57.7	**69.4**	**40.0**	75.9	43.8	91.7	52.9
Rio Tinto total			**412.4**		321.6		390.0

DIAMONDS (000 carats)							
Argyle (Australia)	100.0	**10,591**	**10,591**	15,076	15,076	18,744	18,744
Diavik (Canada)	60.0	**5,565**	**3,339**	9,225	5,535	11,943	7,166
Murowa (Zimbabwe)	77.8	**124**	**97**	264	205	145	113
Rio Tinto total			**14,026**		20,816		26,023
GOLD (mined) (000 ounces)							
Barneys Canyon (US)	100.0	**2**	**2**	5	5	11	11
Bingham Canyon (US)	100.0	**582**	**582**	368	368	397	397
Cortez/ Pipeline (US) (r)				72	29	538	215
Escondida (Chile)	30.0	**144**	**43**	144	43	187	56
Grasberg Joint Venture (Indonesia) (q)	40.0	**1,072**	**429**			1,058	423
Greens Creek (US) (s)				18	12	68	48
Northparkes (Australia)	80.0	**34**	**27**	32	26	79	63
Rawhide (US) (t)	100.0	**19**	**19**	18	9	19	10
Others		**13**	**8**	14	8	19	11
Rio Tinto total			**1,111**		501		1,233
GOLD (refined) (000 ounces)							
Kennecott Utah Copper (US)	100.0	**479**	**479**	303	303	523	523

* Coal other includes thermal coal and semi-soft coking coal.

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Metals and minerals production (continued)

	Rio Tinto % share (a)	**2009 Production Total**	**2009 Production Rio Tinto share**	2008 Production Total	2008 Production Rio Tinto share	2007 Production Total	2007 Production Rio Tinto share
IRON ORE (000 tonnes)							
Corumbá (Brazil) (u)		**1,509**	**1,509**	2,032	2,032	1,777	1,777
Hamersley Iron six wholly owned mines (Australia)	100.0	**106,808**	**106,808**	95,553	95,553	94,567	94,567
Hamersley Channar (Australia)	60.0	**11,041**	**6,625**	10,382	6,229	10,549	6,330
Hamersley Eastern Range (Australia)	(v)	**9,318**	**9,318**	8,186	8,186	6,932	6,932
Hope Downs (Australia) (w)	50.0	**20,634**	**10,317**	10,936	5,468	64	32
Iron Ore Company of Canada (Canada)	58.7	**13,844**	**8,129**	15,830	9,295	13,229	7,768
Robe River (Australia)	53.0	**54,417**	**28,841**	50,246	26,631	51,512	27,301
Rio Tinto total			**171,547**		153,394		144,707
LEAD (000 tonnes)							
Greens Creek (US) (s)				4.6	3.2	17.0	11.9
MOLYBDENUM (000 tonnes)							
Bingham Canyon (US)	100.0	**11.3**	**11.3**	10.6	10.6	14.9	14.9
PIG IRON (000 tonnes)							
HIsmelt® (Australia)	60.0			144	87	115	69
SALT (000 tonnes)							
Dampier Salt (Australia) (x)	68.4	**8,555**	**5,848**	8,974	6,135	7,827	5,242
SILVER (mined) (000 ounces)							
Bingham Canyon (US)	100.0	**4,871**	**4,871**	3,414	3,414	3,487	3,487
Escondida (Chile)	30.0	**5,424**	**1,627**	6,167	1,850	7,870	2,361
Grasberg Joint Venture (Indonesia) (q)	40.0	**3,685**	**1,474**	549	220	1,193	477
Greens Creek (US) (s)				1,815	1,275	8,646	6,075
Others		**757**	**596**	655	417	914	602
Rio Tinto total			**8,569**		7,176		13,002
SILVER (refined) (000 ounces)							
Kennecott Utah Copper (US)	100.0	**4,050**	**4,050**	3,252	3,252	4,365	4,365
TALC (000 tonnes)							
Rio Tinto Minerals talc (Australia/Europe/North America) (y)	100.0	**888**	**888**	1,163	1,163	1,281	1,281

TITANIUM DIOXIDE FEEDSTOCK (000 tonnes)							
Rio Tinto Iron & Titanium (Canada/South Africa) (z) (aa)	100.0	**1,147**	**1,147**	1,524	1,524	1,458	1,458
URANIUM (000 lbs U_3O_8)							
Energy Resources of Australia (Australia)	68.4	**11,500**	**7,865**	11,773	8,052	11,713	8,011
Rössing (Namibia)	68.6	**9,150**	**6,275**	8,966	6,149	6,714	4,605
Rio Tinto total			**14,140**		14,200		12,616
ZINC (000 tonnes)							
Greens Creek (US) (s)				13.9	9.8	50.8	35.7

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Metals and minerals production (continued)

Production data notes:

Mine production figures for metals refer to the total quantity of metal produced in concentrates, leach liquor or doré bullion irrespective of whether these products are then refined onsite, except for the data for bauxite and iron ore which represent production of marketable quantities of ore.

(a) Rio Tinto percentage share, shown above, is as at the end of 2009 and has applied over the period 2007 2009 except for those operations where the Rio Tinto ownership has varied during the year; the weighted average ownership for each year is shown below. The Rio Tinto share varies at individual mines and refineries in the others category and thus no value is shown.

Rio Tinto share % Operation	See Note	**2009**	2008	2007
Queensland Alumina	(d)	**80.0**	80.0	46.3
Antelope	(n)	**94.0**	100.0	100.0
Cordero Rojo	(n)	**94.0**	100.0	100.0
Decker	(n)	**47.0**	50.0	50.0
Spring Creek	(n)	**94.0**	100.0	100.0
Dampier Salt Limited	(x)	**68.4**	68.4	67.0

(b) Rio Tinto acquired the operating assets of Alcan with effect from 24 October 2007; production is shown

as from that date. The Rio Tinto assets and the Alcan assets have been combined under the Rio Tinto Alcan name.

(c) Production of smelter grade alumina at Gardanne ceased at the end of 2008. Production continues from the Gardanne specialty alumina plant.

(d) Rio Tinto held a 38.6 per cent share in Queensland Alumina until 24 October 2007; this increased to 80.0 per cent following the Alcan acquisition.

(e) The Anglesey smelter ceased smelting operations at the end of the third quarter of 2009.

(f) The Beauharnois smelter ceased smelting operations in the second quarter of 2009.

(g) The Lannemezan smelter closed in the first quarter of 2008.

(h) Rio Tinto sold its 50 per cent interest in the Ningxia aluminium smelter with an effective date of 26 January 2009.

(i)

Production at the Sohar smelter commenced in the third quarter of 2008.

(j) Rio Tinto Alcan had an 80 per cent interest in the Awaso mine but purchased the additional 20 per cent of production. Rio Tinto Alcan sold its interest in Ghana Bauxite Company, owner of the Awaso mine, with an effective date 1 February 2010.

(k) Rio Tinto has a 22.95 per cent shareholding in the Sangaredi mine but receives 45.0 per cent of production under the partnership agreement.

(l) Borate numbers refer to B_2O_3 quantities in thousands of tonnes.

(m) Rio Tinto sold its 100 per cent interest in Tarong Coal with an effective date of 31 January 2008; production data are shown up to that date.

(n) As a result of the initial public offering of Cloud Peak Energy Inc. on 20 November 2009,

Rio Tinto now holds a 48.3 per cent interest in the Antelope, Cordero Rojo and Spring Creek mines and a 24.1 per cent interest in the Decker mine. These interests were formerly reported under Rio Tinto Energy America but are now managed by Cloud Peak Energy.

(o) During 2008, Rio Tinto acquired a 100 per cent interest in the Colowyo mine, having previously held a partnership interest. All of Colowyo s production was already included in Rio Tinto s share of production.

(p) Rio Tinto sold its 100 per cent interest in the Jacobs Ranch mine with an effective date of 1 October 2009. Production data are shown up to that date.

(q) Through a joint venture agreement with Freeport-McMoRan Copper & Gold (FCX), Rio Tinto is entitled to 40 per cent of additional material mined as a consequence of expansions and developments of the Grasberg facilities

since 1998. Total production reflects the total quantities attributable to the joint venture.

(r) Rio Tinto sold its 40 per cent interest in the Cortez/Pipeline joint venture with an effective date of end of February 2008. Production data are shown up to that date.

(s) Rio Tinto sold its 70.3 per cent share in the Greens Creek joint venture with an effective date of 16 April 2008. Production data are shown up to that date.

(t) On 28 October 2008, Rio Tinto increased its shareholding in the Rawhide Joint Venture from 51 per cent to 100 per cent. The previous Joint Venture shareholder continued to be entitled to 49 per cent of production until 31 December 2008; thereafter Rio Tinto has been entitled to 100 per cent.

(u) Rio Tinto sold its 100 per cent interest in the Corumbá mine with an effective date of 18 September 2009. Production data are

shown up to that date.

(v) Rio Tinto s share of production includes 100 per cent of the production from the Eastern Range mine. Under the terms of the joint venture agreement (Rio Tinto 54 per cent), Hamersley Iron manages the operation and is obliged to purchase all mine production from the joint venture.

(w) Hope Downs started production in the fourth quarter of 2007.

(x) Rio Tinto increased its shareholding in Dampier Salt Limited to 68.4 per cent at the beginning of July 2007.

(y) Talc production includes some products derived from purchased ores.

(z) Quantities comprise 100 per cent of Rio Tinto Fer et Titane and 50 per cent of Richards Bay Minerals (RBM) production until late 2009 when RBM concluded a Broad Based Black Economic Empowerment transaction. Rio

Tinto Iron & Titanium s share of RBM production reflects a decrease from 50 to 37 per cent with effect from 9 December 2009.

(aa) Ilmenite mined in Madagascar is being processed in Canada with effect from June 2009.

Production figures are sometimes more precise than the rounded numbers shown, hence an apparent small difference may result where the Rio Tinto share is totalled.

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Ore reserves (under Industry Guide 7)

For the purposes of this combined Annual report on Form 20-F estimates of ore reserves have been prepared in accordance with the SEC s Industry Guide 7 under the United States Securities Act of 1933 and the following definitions:

An Ore Reserve means that part of a mineral deposit that can be economically and legally extracted or produced at the time of the reserves determination. To establish this, studies appropriate to the type of mineral deposit involved have been carried out to estimate the quantity, grade and value of the ore mineral(s) present. In addition, technical studies have been completed to determine realistic assumptions for the extraction of the minerals including estimates of mining, processing, economic, marketing, legal, environmental, social and governmental factors. The degree of these studies is sufficient to demonstrate the technical and economic feasibility of the project and depends on whether or not the project is an extension of an existing project or operation. The estimates of minerals to be produced include allowances for ore losses and the treatment of unmineralised materials which may occur as part of the mining and processing activities. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proven Ore Reserves as defined below.

The term economically , as used in the definition of reserves, implies that profitable extraction or production under defined investment assumptions has been established through the creation of a mining plan, processing plan and cash flow model. The assumptions made must be reasonable, including costs and operating conditions that will prevail during the life of the project.

Ore reserves presented in accordance with SEC Industry Guide 7 do not exceed the quantities that, it is estimated, could be extracted economically if future prices were to be in line with the average of historical prices for the three years to 30 June 2009, or contracted prices where applicable. For this purpose, contracted prices are applied only to future sales volumes for which the price is predetermined by an existing contract; and the average of historical prices is applied to expected sales volumes in excess of such amounts. Moreover, reported ore reserve estimates have not been increased above the levels expected to be economic based on Rio Tinto s own long term price assumptions.

The term legally , as used in the definition of reserves, does not imply that all permits needed for mining and processing have been obtained or that other legal issues have been completely resolved. However, for reserves to exist, there is reasonable assurance of the issuance of these permits or resolution of legal issues. Reasonable assurance means that, based on applicable laws and regulations, the issuance of permits or resolution of legal issues necessary for mining and processing at a particular deposit will be accomplished in the ordinary course and in a timeframe consistent with the Company s current mine plans.

The term proven reserves means reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling; and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well established. Proven reserves represent that part of an orebody for which there exists the highest level of confidence in data regarding its geology, physical characteristics, chemical composition and probable processing requirements.

The term probable reserves means reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation. This means that probable reserves generally have a wider drill hole spacing than for proven reserves.

The amount of proven and probable reserves shown below does not necessarily represent the amount of material currently scheduled for extraction, because the amount scheduled for extraction may be derived from a life of mine plan predicated on prices and other assumptions which are different to those used in the life of mine plan prepared in accordance with Industry Guide 7.

The estimated ore reserve figures in the following tables are as of 31 December 2009. Metric units are used throughout. The figures used to calculate Rio Tinto s share of reserves are often more precise than the rounded numbers shown in the tables, hence small differences might result if the calculations are repeated using the

tabulated figures. Commodity price information is given in footnote (a).
Where operations are not managed by Rio Tinto the reserves are published as received from the managing company.

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Ore reserves (under Industry Guide 7)

	Type of mine (b)	Total ore reserves at end 2009 Tonnage	Grade	Interest %	Rio Tinto share
BAUXITE (c)		millions of tonnes	% Al_2O_3		Recoverable mineral millions of tonnes
Reserves at operating mines					
Gove (Australia)	O/P	186	49.4	100.0	186
Porto Trombetas (Brazil)	O/P	214	49.6	12.0	26
Sangaredi (Guinea)	O/P	130	52.4	23.0	30
Weipa (Australia)	O/P	1,699	52.7	100.0	1,699
Rio Tinto total					**1,941**

				Marketable product millions of tonnes
BORATES (d)		millions of tonnes		
Reserves at operating mine				
Rio Tinto Minerals - Boron (US) (e)				
mine	O/P	**22.3**	100.0	22.3
stockpiles (f)	S/P	**2.3**	100.0	2.3
Rio Tinto total				**24.6**

		Coal type (h)	Marketable reserves	Marketable coal quality (i)	(i)		Marketable reserves millions of tonnes
COAL (g)			millions of tonnes	Calorific value MJ/kg	Sulphur content %		
Reserves at operating mines							
Rio Tinto Coal Australia							
Bengalla (Australia)	O/C	SC	126	28.21	0.47	30.3	38
Blair Athol (Australia) (j)	O/C	SC	18	26.17	0.31	71.2	13
Hail Creek (Australia) (k)	O/C	MC	209	32.20	0.35	82.0	172

Hunter Valley Operations (Australia) (l)	O/C	SC + MC	278	28.99	0.54	75.7	210
Kestrel (Australia)	U/G	SC + MC	128	31.60	0.59	80.0	102
Mount Thorley Operations (Australia)	O/C	SC + MC	24	29.41	0.43	60.6	14
Warkworth (Australia)	O/C	SC + MC	270	30.68	0.44	42.1	114
Total Australian coal							**663**
US Coal							
Antelope (US) (m) (n)	O/C	SC	265	20.59	0.24	48.3	128
Colowyo (US) (o)	O/C	SC	17	23.92	0.44	100.0	17
Cordero Rojo (US) (m)	O/C	SC	372	19.54	0.29	48.3	180
Decker (US) (m) (p)	O/C	SC	2	21.87	0.40	24.1	1
Spring Creek (US) (m)	O/C	SC	272	21.75	0.33	48.3	131
Total US coal							456
Rio Tinto total reserves at operating mines							1,119
Undeveloped reserves (q)							
Rio Tinto Coal Australia							
Clermont (Australia)	O/C	SC	189	27.90	0.33	50.1	95
Mount Pleasant (Australia)	O/C	SC	350	26.73	0.51	75.7	265
Rio Tinto total undeveloped reserves							**360**

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Ore reserves (under Industry Guide 7)

	Type of mine (b)	Total ore reserves at end 2009 Tonnage	Grade	Average mill recovery %	Interest %	Rio Tinto share
COPPER		**Millions of tonnes**	**% Cu**			**Recoverable metal millions of tonnes**
Reserves at operating mines						
Bingham Canyon (US) (r)						
mine	O/P	484	0.48	85	100.0	1.992
stockpiles (f)	S/P	40	0.33	85	100.0	0.113
Escondida (Chile)						
sulphide mine	O/P	1,652	1.07	82	30.0	4.352
sulphide leach mine	O/P	2,289	0.53	33	30.0	1.198
oxide mine (s)	O/P	73	0.94	68	30.0	0.140
sulphide stockpiles (f)	S/P	7	1.26	82	30.0	0.023
sulphide leach stockpiles (f)	S/P	88	0.88	33	30.0	0.076
oxide stockpiles (f)	S/P	49	0.62	68	30.0	0.062
Grasberg (Indonesia)	O/P+ U/G	2,590	1.00	89	(t)	7.061
Northparkes (Australia) (u)						
mine	O/P+ U/G	74	0.87	89	80.0	0.460
stockpiles (f)	S/P	6	0.36	85	80.0	0.014
Palabora (South Africa) (v)	U/G	75	0.60	88	57.7	0.228
Rio Tinto total reserves at operating mines						**15.719**
Undeveloped reserves (q)						
Eagle (US)	U/G	4	2.93	95	100.0	0.102
Oyu Tolgoi (Mongolia) (w)	O/P	930	0.50	87	19.7	0.794
Rio Tinto total undeveloped reserves						**0.896**

DIAMONDS (c)		**Millions of tonnes**	**carats per tonne**			**Recoverable diamonds millions of carats**
Reserves at operating mines						
Argyle (Australia)						
AK1 pipe mine	O/P+ U/G	83	2.1		100.0	174.9
AK1 pipe stockpiles (f)	S/P	2	1.6		100.0	3.2

Diavik (Canada)	O/P+ U/G	20	3.0		60.0	35.8
Murowa (Zimbabwe)						
mine	O/P	20	0.7		77.8	10.8
stockpiles (f)	S/P	0.02	1.2		77.8	0.02
Rio Tinto total						**224.7**

GOLD

		millions of tonnes	grammes per tonne			Recoverable metal millions of ounces
Reserves at operating mines						
Bingham Canyon (US) (r)						
mine	O/P	484	0.25	62	100.0	2.471
stockpiles (f)	S/P	40	0.20	62	100.0	0.159
Grasberg (Indonesia)	O/P+ U/G	2,590	0.86	69	(t)	13.006
Northparkes (Australia) (u)						
mine	U/G	74	0.35	74	80.0	0.489
stockpiles (f)	S/P	5.9	0.20	76	80.0	0.023
Rio Tinto total reserves at operating mines						**16.149**
Undeveloped reserves (q)						
Eagle (US) (x)	U/G	4	0.29	73	100.0	0.025
Oyu Tolgoi (Mongolia) (w)	U/G	930	0.36	71	19.7	1.497
Rio Tinto undeveloped reserves						**1.522**

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Ore reserves (under Industry Guide 7)

	Type of mine (b)	Total ore reserves at end 2009 Tonnage	Grade	Average mill recovery %	Interest %	Rio Tinto share
IRON ORE (c)		**Millions of tonnes**	**%Fe**			**Marketable product millions of tonnes**
Reserves at operating mines						
Hamersley wholly owned (Australia)						
Brockman 2 (Brockman ore) (y)	O/P	15	62.7		100.0	15
Brockman 4 (Brockman ore)	O/P	621	62.0		100.0	621
Marandoo (Marra Mamba ore) (z)	O/P	49	61.5		100.0	49
Mt Tom Price (Brockman ore)	O/P					
mine		76	63.7		100.0	76
stockpiles (f)	S/P	17	63.0		100.0	17
Mt Tom Price (Marra Mamba ore) (aa)	O/P	23	61.1		100.0	23
Nammuldi (Marra Mamba ore) (bb)	O/P	18	61.2		100.0	18
Paraburdoo (Brockman ore)	O/P	15	63.1		100.0	15
Turee Syncline Central (Brockman Ore (cc)	O/P	74	61.9		100.0	74
Western Turner Syncline (Brockman ore)	O/P	314	61.9		100.0	314
Yandicoogina (Pisolite ore HG)						
mine	O/P	206	58.5		100.0	206
stockpiles (f)	S/P	3	58.5		100.0	3
Yandicoogina (Process product) (dd)	O/P	102	58.9		100.0	102
Hamersley Channar (Australia)						
Brockman ore	O/P	81	63.0		60.0	48
Hamersley Eastern Range (Australia)						
Brockman ore (ee)	O/P	71	62.8		54.0	38
Hope Downs 1 (Australia)						
Marra Mamba ore (ff)	O/P	353	61.4		50.0	176
Iron Ore Company of Canada (Canada) (gg)	O/P	584	65.0		58.7	343
Robe River (Australia)						
Pannawonica (Pisolite ore)						
mine	O/P	246	57.3		53.0	130
stockpiles (f)	S/P	21	56.8		53.0	11
West Angelas (Marra Mamba Ore)						
mine	O/P	340	61.8		53.0	180
stockpiles (f)	S/P	7	58.3		53.0	4
Rio Tinto total		**614**				**2,464**

MOLYBDENUM

		Millions of tonnes	%Mo			Recoverable metal millions of tonnes
Reserves at operating mine						
Bingham Canyon (US) (r) (hh)						
mine	O/P	484	0.046	69	100.0	0.154
stockpiles (f)	S/P	40	0.023	69	100.0	0.006
Rio Tinto total						**0.160**

NICKEL

		millions of tonnes	%Ni			Recoverable metal millions of tonnes
Undeveloped reserves (q)						
Eagle (US)	U/G	4	3.47	87	100.0	**0.110**

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Ore reserves (under Industry Guide 7)

	Type of mine (b)	Total ore reserves at end 2009 Tonnage	Grade	Average mill recovery %	Interest %	Rio Tinto share
SILVER						**Recoverable metal**
		millions of tonnes	**grammes per tonne**			**millions of ounces**
Reserves at operating mines						
Bingham Canyon (US) (r)						
mine	O/P	484	2.11	73	100.0	23.982
stockpiles (f)	S/P	40	1.82	73	100.0	1.733
Grasberg (Indonesia)	O/P+ U/G	2,590	4.18	70	(t)	79.698
Rio Tinto total						**105.413**

TALC (d)						**Marketable product millions**
		millions of tonnes				**of tonnes**
Reserves at operating mines						
Rio Tinto Minerals talc (Europe/N. America/Australia)	O/P+ U/G					
mine		33.2			100.0	33.2
stockpiles		0.3			100.0	0.3
Rio Tinto total						**33.5**

TITANIUM DIOXIDE FEEDSTOCK (d)						**Marketable product millions**
		millions of tonnes				**of tonnes**
Reserves at operating mines						
QIT (Canada)	O/P	51.4			100.0	51.4
QMM (Madagascar)	D/O	11.9			80.0	9.5
RBM (South Africa) (ii)						
mine	D/O	24.4			37.0	9.0
stockpiles (f)	S/P	0.6			37.0	0.2
Rio Tinto total						**70.1**

URANIUM		millions of tonnes	$\%U_3O_8$			Recoverable metal millions of tonnes
Reserves at operating mines						
Energy Resources of Australia (Australia)						
Ranger #3 mine	O/P	6.3	0.242	83	68.4	0.009
Ranger #3 stockpiles (f)	S/P	21.4	0.104	83	68.4	0.013
Rössing (Namibia)						
mine	O/P	186.7	0.031	85	68.6	0.033
stockpiles (f)	S/P	6.0	0.034	85	68.6	0.001
Rio Tinto total						**0.056**

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Ore reserves (under Industry Guide 7)

	Type of mine (b)	Proven ore reserves at end 2009 Tonnage	Grade	Drill hole Spacing(jj)	Probable ore reserves at end 2009 Tonnage	Grade	Drill hole Spacing(jj)
BAUXITE (c)		millions of tonnes	% Al_2O_3		millions of tonnes	% Al_2O_3	
Reserves at operating mines							
Gove (Australia)	O/P	140	49.4	50m x 100m	46	49.2	200m x 200m
Porto Trombetas (Brazil)	O/P	150	49.7	200m x 200m	64	49.2	Max 400m
Sangaredi (Guinea)	O/P				130	52.4	75m x 75m
Weipa (Australia)	O/P	339	51.9	150m x 150m	1,360	53.0	300m x 300m

BORATES (d)		millions of tonnes			millions of tonnes		
Reserves at operating mine							
Rio Tinto Minerals - Boron (US) (e)							
mine	O/P	14.8		120m x 120m	7.5		445m x 445m
stockpiles (f)	S/P				2.3		

		Recoverable reserves total	% Yield to give marketable reserves	Marketable Reserves Proven	Drill hole spacing(jj)	Probable	Drill hole spacing(jj)
		millions of tonnes		millions of tonnes		millions of tonnes	
COAL (g)							
Reserves at operating mines							
Rio Tinto Coal Australia							
Bengalla (Australia)	O/C	167	75	64	350m	62	500m
Blair Athol (Australia) (j)	O/C	22	82	18	150m	0.3	150m
Hail Creek (Australia) (k)	O/C	410	51	61	1000m	149	2000m
Hunter Valley Operations (Australia) (l)	O/C	403	69	218	300m	60	500m
Kestrel (Australia)	U/G	153	83	47	500m	81	1000m
Mount Thorley Operations (Australia)	O/C	37	65	21	125m	3	500m

Warkworth (Australia)	O/C	413	65	149	450m	121	1000m
US Coal							
Antelope (US) (m) (n)	O/C	265	100	255	300m	10	500m
Colowyo (US) (o)	O/C	17	100	14	140m	3	300m
Cordero Rojo (US) (m)	O/C	372	100	289	250m	84	400m
Decker (US) (m) (p)	O/C	2	100	2	250m		
Spring Creek (US) (m)	O/C	272	100	234	300m	38	400m
Undeveloped reserves (q)							
Rio Tinto Coal Australia							
Clermont (Australia)	O/C	197	96	185	220m	4	150 to 300m
Mount Pleasant (Australia)	O/C	459	76			350	125m to 500m

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Ore reserves (under Industry Guide 7)

	Type of mine (b)	Proven ore reserves at end 2009 Tonnage	Grade	Drill hole spacing (jj)	Probable ore reserves at end 2009 Tonnage	Grade	Drill hole spacing (jj)
COPPER		**millions of tonnes**	**%Cu**		**millions of tonnes**	**%Cu**	
Reserves at operating mines							
Bingham Canyon (US) (r)							
mine	O/P	285	0.54	88m	199	0.40	106m
stockpiles (f)	S/P	32	0.37		8	0.19	
Escondida (Chile)							
sulphide mine	O/P	718	1.15	55m x 55m	933	1.00	85m x 85m
sulphide leach mine	O/P	552	0.53	60m x 60m	1,738	0.53	100m x 100m
oxide mine (s)	O/P	17	0.87	45m x 45m	56	0.96	50m x 50m
sulphide stockpiles (f)	S/P	7	1.26				
sulphide leach stockpiles (f)	S/P	88	0.88				
oxide stockpiles (f)	S/P	49	0.62				
Grasberg (Indonesia)	O/P + U/G	816	1.12	13m to 47m	1,774	0.95	42m to 97m
Northparkes (Australia) (u)							
mine	O/P + U/G	4	0.65	25 x 25 x 50m	70	0.88	50 x 50 x 100m
stockpiles (f)	S/P	6	0.36				
Palabora (South Africa) (v)	U/G	75	0.60	76m			
Undeveloped reserves (q)							
Eagle (US)	U/G				3.6	2.93	25m
Oyu Tolgoi (Mongolia) (w)	O/P	127	0.58	50m	803	0.48	75m x 100m
DIAMONDS (c)		**millions of tonnes**	**carats per tonne**		**millions of tonnes**	**Carats per tonne**	
Reserves at operating mines							
Argyle (Australia)							
AK1 pipe mine	O/P + U/G	23	1.1	50m x 50m	61	2.5	50m x 50m

AK1 pipe stockpiles (f)	S/P	0.7	2.9		1.2	0.8	
Diavik (Canada)	O/P + U/G	9	3.1	24m to 40m	11	2.9	24m to 40m
Murowa (Zimbabwe)							
mine	O/P				20	0.7	50m
stockpiles (f)	S/P				0.02	1.2	

GOLD		**millions of tonnes**	**grammes per tonne**		**millions of tonnes**	**grammes per tonne**	
Reserves at operating mines							
Bingham Canyon (US) (r)							
mine	O/P	285	0.28	88m	199	0.22	106m
stockpiles (f)	S/P	32	0.22		8	0.11	
Grasberg (Indonesia)	O/P + U/G	816	1.07	13m to 47m	1,774	0.77	42m to 97m
Northparkes (Australia) (u)							
mine	O/P + U/G	4	0.52	25 x 25 x 50m	70	0.34	50 x 50 x 100m
stockpiles (f)	S/P	6	0.20				
Undeveloped reserves (q)							
Eagle (US) (x)	UG				3.6	0.29	25m
Oyu Tolgoi (Mongolia) (w)	O/P	127	0.93	50m	803	0.27	75m to 100m

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Ore reserves (under Industry Guide 7)

	Type of mine (b)	Proven ore reserves at end 2009 Tonnage	Grade	Drill hole spacing (jj)	Probable ore reserves at end 2009 Tonnage	Grade	Drill hole spacing (jj)
IRON ORE (c)		millions of tonnes	%Fe		millions of tonnes	%Fe	
Reserves at operating mines							
Hamersley wholly owned (Australia)							
Brockman 2 (Brockman Ore) (y)	O/P	13	62.7	50m x 50m	3	62.8	Max 100m
Brockman 4 (Brockman Ore)	O/P	366	62.2	50m x 50m	255	61.9	200m x 100m
Marandoo (Marra Mamba Ore) (z)	O/P	39	61.8	75m x 75m	10	60.3	Max 150m
Mt Tom Price (Brockman Ore)							
mine	O/P	34	63.8	30m x 30m	42	63.6	60m x 30m
stockpiles (f)	S/P				17	63.0	
Mt Tom Price (Marra Mamba Ore) (aa)	O/P	20	61.4	60m x 30m	3	59.0	60m x 30m
Nammuldi (Marra Mamba Ore) (bb)	O/P	16	61.4	50m x 50m	2	60.1	100m x 50m
Paraburdoo (Brockman ore)	O/P	9	63.1	30m x 30m	5	63.1	60m x 30m
Turee Syncline Central (Brockman Ore) (cc)	O/P				74.0	61.9	120m x 120m
Western Turner Syncline (Brockman ore)	O/P	222	62.5	60m x 60m	92	60.5	60m x 60m
Yandicoogina (Pisolite ore HG)							
mine	O/P	206	58.5	50m x 50m			
stockpiles (f)	S/P				3	58.5	
Yandicoogina (Process product) (dd)	O/P	102	58.9	50m x 50m			
Hamersley Channar (Australia)							
(Brockman Ore)	O/P	59	63.1	60m x 60m	21	62.7	Max 120m
Hamersley Eastern Range (Australia)							
(Brockman ore) (ee)	O/P	55	62.8	60m x 60m	16	62.9	Max 120m
Hope Downs 1 (Australia)							
(Marra Mamba Ore) (ff)	O/P	26	61.7	50m x 50m	327	61.4	50m x 50m
Iron Ore Company of Canada (Canada) (gg)	O/P	440	65.0	122m x 61m	144	65.0	122m x 122m
Robe River (Australia)							
Pannawonica (Pisolite Ore)							
mine	O/P	227	57.3	max 70m x 70m	18	57.0	max 100m x 100m
stockpiles (f)	S/P	3	57.0		19	56.8	

West Angelas (Marra Mamba Ore)							
mine	O/P	173	62.1	max 50m x 50m	167	61.4	max 200m x 50m
stockpiles (f)	S/P	1	59.7		7	58.1	

MOLYBDENUM		**millions of tonnes**	**%Mo**		**millions of tonnes**	**%Mo**	
Reserves at operating mine							
Bingham Canyon (US) (r) (hh)							
mine	O/P	285	0.047	88m	199	0.046	106m
stockpiles (f)	S/P	32	0.025		8	0.015	

NICKEL		**millions of tonnes**	**%Ni**		**millions of tonnes**	**%Ni**	
Undeveloped reserves (q)							
Eagle (US)	U/G				3.6	3.47	25m

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Ore reserves (under Industry Guide 7)

	Type of mine (b)	Proven ore reserves at end 2009			Probable ore reserves at end 2009		
		Tonnage	Grade	Drill hole spacing (jj)	Tonnage	Grade	Drill hole spacing (jj)
SILVER		millions of tonnes	grammes per tonne		millions of tonnes	grammes per tonne	
Reserves at operating mines							
Bingham Canyon (US) (r)							
mine	O/P	285	2.36	88m	199	1.75	106m
stockpiles (f)	S/P	32	2.06		8	0.90	
Grasberg (Indonesia)	O/P + U/G	816	4.24	13m to 47m	1,774	4.16	42m to 97m
TALC (d)		millions of tonnes			millions of tonnes		
Reserves at operating mines							
Rio Tinto Minerals talc (Europe/N.America/Australia)							
mine	O/P + U/G	24.2		10m to 50m	9.0		15m to 100m
stockpiles	S/P	0.3					
TITANIUM DIOXIDE FEEDSTOCK (d)		millions of tonnes			millions of tonnes		
Reserves at operating mines							
QIT (Canada)	O/P	27.9		max 60m x 60m	23.5		min 60m x 60m
QMM (Madagascar)	D/O	11.4		200m x 100m	0.5		400m x 100m
RBM (South Africa) (ii)							
Mine	D/O	8.9		50m x 50m	15.5		800m x 100m
stockpiles (f)	S/P	0.6					
URANIUM		millions of tonnes	% U_3O_8		Millions of tonnes	% U_3O_8	
Reserves at operating mines							
Energy Resources of Australia (Australia)							
Ranger #3 mine	O/P	3.2	0.242	25m x 25m	3.1	0.242	50m x 50m
Ranger #3 stockpiles (f)	S/P	21.4	0.104				
Rössing (Namibia)							
mine	O/P	19.4	0.029	20m x 20m	167.2	0.031	120m x 120m

stockpiles (f)	S/P	6.0	0.034

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Ore reserves (under Industry Guide 7)

Notes

(a) Commodity prices (based on a three year average historical price to 30 June 2009) used to test whether the reported reserve estimates could be economically extracted, include the following benchmark prices:

Ore reserve	Unit	US$
Aluminium	pound	1.09
Copper	pound	2.99
Gold	ounce	779
Iron Ore		
Australian benchmark (fines)	dmtu*	1.01
Atlantic benchmark (fines)	dmtu*	1.03
Molybdenum	pound	25.18
Nickel	pound	12.13
Silver	ounce	13.71

* dry metric tonne unit

Prices for all other commodities are determined by individual contract negotiation. The reported reserves for these commodities have been tested to confirm that they could be economically extracted using a combination of existing contract prices until expiry and thereafter three year historical prices.

(b) Type of mine: O/P = open pit, O/C = open cut, U/G = underground, D/O = dredging operation

(c) Reserves of iron ore, bauxite and diamonds are shown as recoverable reserves of marketable product after accounting for all mining and processing losses. Mill recoveries are therefore not shown.

(d) Reserves of industrial minerals are expressed in terms of marketable product, i.e. after all mining and processing losses. In the case of borates, the marketable product is B_2O_3.

(e) RTM Boron reserve tonnage increased due to conversion of mineralised material as part of a pit design update.

(f) Stockpile components of reserves are shown for all operations at the relevant mine.

(g) Coal reserves are shown as both recoverable and marketable. The yield factors shown reflect the impact of further processing, where necessary, to provide marketable coal. All reserves at operating mines are assigned, all undeveloped reserves are unassigned. By assigned and unassigned, we mean the following: assigned reserves means coal which has been committed by the coal company to operating mine shafts, mining equipment, and plant facilities, and all coal which has been leased by the company to others; unassigned reserves represent coal which has not been committed, and which would require new mineshafts, mining equipment, or plant facilities before operations could begin in the property.

(h) Coal type: SC: steam/thermal coal, MC: metallurgical/coking coal.

(i) Analyses of coal from the US were undertaken according to American Standard Testing Methods (ASTM) on an As Received moisture basis whereas the coals from Australia have been analysed on an Air Dried moisture basis according to Australian Standards. MJ/kg = megajoules per kilogramme. 1 MJ/kg = 430.2 Btu/lb.

(j) Blair Athol reserve depletions were due to production.

(k) Hail Creek reserves increased as a result of a major model update including an upgrade of some mineralised material to reserves.

(l) Hunter Valley Operations reserves decreased due to production and mine design updates.

(m) As a result of the IPO of Cloud Peak Energy Inc. on 20 November 2009, Rio Tinto now holds a 48.3 per cent interest in the Antelope, Cordero Rojo and Spring Creek mines and a 24.1 per cent interest in the Decker mine. These interests were formerly reported under Rio Tinto Energy America but are now managed by Cloud Peak Energy.

(n) Antelope reserves decreased following production as well as a model update.

(o) Colowyo reserves were depleted through production.

(p) Decker reduced reserves through production and a contract buy out.

(q) The term undeveloped reserves is used here to describe material that is economically viable on the basis of technical and economic studies but for which mining and processing permits may have yet to be requested or obtained. There is a reasonable, but not absolute, certainty that the necessary permits will be issued and that mining can proceed when required.

(r) Bingham Canyon reserve tonnages decreased through production and mine design changes including updated geotechnical inputs.

(s) Escondida oxide reserve changes followed updating of economic considerations, geometallurgical inputs and material reclassification.

(t) Under the terms of a joint venture agreement between Rio Tinto and FCX, Rio Tinto is entitled to a direct 40 per cent share in reserves discovered after 31 December 1994 and it is this entitlement that is shown.

(u) Northparkes underground reserves declined due to production and revision of the mining model.

(v) The reduction in Palbora reserves follows production.

(w) Rio Tinto increased its interest in the Oyu Tolgoi project from 9.9 per cent to 19.7 per cent.

(x) The Eagle gold reserve is reported for the first time following a model update.

(y) Brockman 2 (Brockman ore) reserves reduced due to production.

(z) Marandoo (Marra Mamba ore) reserves declined after production and updating of the geological model.

(aa) Mt Tom Price (Marra Mamba ore) reserves declined following production as well as incorporation of a new geological model and pit design changes.

(bb) Nammuldi (Marra Mamba ore) reserve tonnage lessened following production.

(cc) Turee Syncline Central (Brockman ore) is reported for the first time following economic and geological studies.

(dd) Yandicoogina (Process Product) reserve tonnage reduced from production and model updates incorporating new factors based on reconciliation.

(ee) Hamersley Eastern Range (Brockman Ore) reserve tonnes have reduced following production, update of the geological model, inclusion of reconciliation data and subsequent pit design revisions.

(ff) Hope Downs 1 (Marra Mamba ore) was reported as Hope Downs in 2008.

(gg) Reserves at Iron Ore Company of Canada are reported as marketable product, at a natural moisture content of 2 per cent using process upgrade factors derived from current IOCC concentrating and pellet operations and a modelling cut off grade of 16 per cent concentrate weight yield. The in situ mined material equivalent is 1,369 million tonnes at 38.0 per cent iron; made up of proven ore reserves of 1,028 million tonnes at 38.1 per cent iron and probable ore reserves of 341 million tonnes at 37.5 per cent iron.

(hh) Molybdenum grades interpolated from exploration drilling assays have been factored based on a long reconciliation history to blasthole and mill samples.

(ii) During the fourth quarter of 2009, Richards Bay Minerals concluded a Broad Based Black Economic Empowerment transaction. The table above reflects a change from 50 per cent to 37 per cent in Rio Tinto s interest in RBM, with effect from 9 December 2009.

(jj) Drill hole spacings are either average distances, a specified grid distance (a regular pattern of drill holes the distance between the drill holes along the two axes of the grid will be aligned to test the size, shape and continuity of the mineral deposit; as such there may be different distances between the drill holes along the two axes of a grid) or the maximum drill hole spacing that is sufficient to determine the reserve category for a particular deposit. As the continuity of mineralisation varies from deposit to deposit, the drill hole spacing required to categorise a reserve varies between and within deposit types.

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Mines and production facilities
Group mines
(Rio Tinto s interest 100% unless otherwise shown)

Mine	Location	Access	Title/lease
BAUXITE			
CBG Sangaredi (23%)	Conakry, Guinea	Road and air	Lease expires in 2038
Gove	Gove, Northern Territory, Australia	Road, air and port	100% Leasehold (held in trust by the Commonwealth on behalf of the Traditional Owners until end of mine life)
MRN Porto Trombetas (12%)	Porto Trombetas, Brazil	Air or port	Mineral rights granted for undetermined period
Weipa/Ely	Weipa, Queensland, Australia	Road, air and port	The Weipa Queensland Government lease expires in 2041 with an option of 21 year extension, then two years notice of termination; the Ely Alcan Queensland Pty. Limited Agreement Act 1965 expires in 2048 with 21 year right of renewal with a two year notice period
COPPER			
Escondida (30%)	Atacama Desert, Chile	Pipeline and road to deep sea port at Coloso; road and rail	Rights conferred by Government under Chilean Mining Code

Grasberg joint venture (40% of production)	Papua, Indonesia	Pipeline, road and port	Indonesian Government Contracts of Work expire in 2021 with option of two ten year extensions
Kennecott Utah Copper Bingham Canyon	Near Salt Lake City, Utah, US	Pipeline, road and rail	Owned
Northparkes (80%)	Goonumbla, New South Wales, Australia	Road and rail	State Government mining lease issued in 1991 for 21 years. Development consent approved in 2009 for extension of mine life to 2025
Palabora (57.7%)	Phalaborwa, Limpopo Province, South Africa	Rail and road	Lease from South African Government until deposits depleted. Base metal claims owned by Palabora
DIAMONDS & MINERALS			
Diamonds			
Argyle Diamonds	Kimberley Ranges, Western Australia	Road and air	Mining tenement held under Diamond (Argyle Diamond Mines Joint Venture) Agreement Act 1981-1983; lease extended for 21 years from 2004
Diavik (60%)	Northwest Territories, Canada	Air, ice road in winter	Mining leases from Canadian Federal Government expiring in 2017 and 2018

Murowa (77.8%)	Zvishavane, Zimbabwe	Road and air	Claims and mining leases
Industrial Minerals			
Rio Tinto Minerals Boron	California, US	Road, rail and port	Owned
Rio Tinto Minerals Talc	Trimouns, France (other smaller operations in Australia, Europe and North America)	Road and rail	Owner of ground (orebody) and long term lease agreement to 2012
Rio Tinto Fer et Titane Lac Tio	Havre-Saint-Pierre, Quebec, Canada	Rail and port (St Lawrence River)	Mining covered by two concessions granted by State in 1949 and 1951 which, subject to certain Mining Act restrictions, confer rights and obligations of an owner
QIT Madagascar Minerals (80%)	Fort-Dauphin, Madagascar	Road and port	Mining lease
Richards Bay Minerals (37%)	Richards Bay, KwaZulu-Natal, South Africa	Rail, road and port	Long term renewable mineral leases; State lease for Reserve 4 initially runs to end 2022; Ingonyama Trust lease for Reserve 10 runs to 2022. Application made for both mineral leases to be converted to new order mining rights following transfer in December 2009 of 26% interest to investor groups of previously disadvantaged South Africans in terms of Mining Charter Legislation

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Group mines (continued)

Mines	History	Type of mine	Power source
BAUXITE			
CBG Sangaredi (23%)	Bauxite mining commenced in 1973. Shareholders are 51% Halco and 49% Government of Guinea. Rio Tinto Alcan has held 45% of Halco since 2004. Current annual capacity is 13 million tonnes	Open cut	On site generation (fuel oil)
Gove	Bauxite mining commenced in 1970 feeding both the Gove refinery and export market capped at two million tonnes per annum. Bauxite export ceased in for the expanded Gove refinery. Bauxite exports recommenced in 2008. Current production capacity about ten million tonnes per annum with mine life estimated to 2030	Open cut	Central power station located at the Gove refinery
MRN Porto Trombetas (12%)	Mineral extraction commenced in April 1979. Initial production capacity 3.4 million tonnes annually. From October 2003, production capacity up to 16.3 million tonnes per year. Capital structure currently: Vale	Open cut	On site generation (heavy oil, diesel)

	(40%), BHP Billiton (14.8%), Rio Tinto Alcan (12%), CBA (10%), Alcoa/Abalco (18.2%) and Norsk Hydro (5%). Production 18 million tonnes of wet and dry bauxite annually		
Weipa/Ely	Bauxite mining commenced in 1961 at Weipa. Major upgrade completed at Weipa in 1998. Rio Tinto interest increased from 72.4% to 100% in 2000 at Weipa. In 1997, Ely Bauxite Mining Project Agreement signed with local Aboriginal land owners. Bauxite Mining and Exchange Agreement signed in 1998 with Comalco to allow for extraction of ore at Ely. In 2004 a mine expansion was completed at Weipa that has lifted annual capacity to 21.5 million tonnes. Mining commenced on the adjacent Ely mining lease in 2006, in accordance with the 1998 agreement with Alcan. A second shiploader that increases the shipping capability was commissioned in 2006 at Weipa. First ore extracted at Ely in 2007.	Open cut	On site generation; new power station commissioned in 2006
COPPER			
Escondida (30%)	Production started in 1990 and expanded in phases to 2002 when new concentrator was completed; production	Open pit	Supplied from SING grid under various contracts with local generating companies

	from Norte started in 2005 and the sulphide leach produced the first cathode during 2006		
Grasberg joint venture (40% of production)	Joint venture interest acquired 1995. Capacity expanded to over 200,000 tonnes of ore per day in 1998. Addition of underground production of more than 35,000 tonnes per day in 2003. Expansion to 50,000 tonnes per day in mid 2007 and target to increase to 80,000 tonnes by mid 2010	Open pit and underground	Long term contract with US-Indonesian consortium operated purpose built coal fired generating station
Kennecott Utah Copper Bingham Canyon	Interest acquired in 1989. Modernisation includes smelter complex and expanded tailings dam	Open pit	On site generation supplemented by long term contracts with Rocky Mountain Power
Northparkes (80%)	Production started in 1995; interest acquired in 2000	Open pit and underground	Supplied from State grid
Palabora (57.7%)	Development of 20 year underground mine commenced in 1996 with open pit closure in 2003	Underground	Supplied by ESKOM via grid network
DIAMONDS & MINERALS			
Diamonds			
Argyle Diamonds	Interest increased from 59.7% following purchase	Open pit to underground in future	Long term contract with Ord Hydro Consortium and on

	of Ashton Mining in 2000. Underground mine project approved in 2005 to extend mine life to 2018		site Generation
Diavik (60%)	Deposits discovered 1994-1995. Construction approved 2000. Diamond production started 2003. Second dike closed off in 2005 for mining of additional orebody. The underground mine is expected to start production in 2010, ramping up to full production in 2013	Open pit to underground in future	On site diesel generators; installed capacity 27MW with an upgrade under way
Murowa (77.8%)	Discovered in 1997. Small scale production started in 2004	Open pit	Supplied by ZESA with diesel generator back up
Industrial Minerals			
Rio Tinto Minerals Boron	Deposit discovered in 1925 and acquired by Rio Tinto in 1967	Open pit	On site co-generation units
Rio Tinto Minerals Talc	Production started in 1885; acquired in 1988. Australian mine Three Springs acquired in 2001	Open pit	Supplied by Atel and on site generation units. Australian Three Springs mine power supplied by Western Power
Rio Tinto Fer et Titane Lac Tio	Production started 1950; interest acquired in 1989	Open pit	Long term contract with Hydro-Quebec
		Mineral sand dredging	On site diesel generators

QIT Madagascar Minerals (80%)	Began as exploration project 1980s; construction approved 2005; ilmenite production started end of 2008		
Richards Bay Minerals (37%)	Production started 1977; interest acquired 1989. Fifth mining plant commissioned in 2000. One mining plant decommissioned in 2008	Beach sand dredging	Contract with ESKOM

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Group mines (continued)
(Rio Tinto s interest 100% unless otherwise shown)

Mine	Location	Access	Title/lease
ENERGY			
Energy Resources of Australia (68.4%) Ranger	Northern Territory, Australia	Road	Mining tenure granted by Federal Government
Rio Tinto Coal Australia Bengalla (30.3%) Blair Athol (71.2%) Hail Creek (82%) Hunter Valley Operations (75.7%) Kestrel (80%) Mount Thorley Operations (60.6%) Warkworth (42.1%)	New South Wales and Queensland, Australia	Road, rail, conveyor and port	Leases granted by state
Cloud Peak Energy Antelope (48.3%) Cordero Rojo (48.3%) Decker (24.1%) Spring Creek (48.3%)	Wyoming, Montana, US	Rail and road	Leases from US and state governments and private parties, with minimum coal production levels, and adherence to permit requirements and statutes
Colowyo (100%)	Colorado, US	Rail and road	Leases from US and state governments and private parties, with minimum coal production levels, and adherence to permit requirements and statutes
	Namib Desert, Namibia	Rail, road and port	Federal lease

Rössing Uranium (68.6%)			
IRON ORE			
Hamersley Iron Brockman Marandoo Mount Tom Price Nammuldi Paraburdoo Yandicoogina Channar (60%) Eastern Range (54%)	Hamersley Ranges, Western Australia	Railway and port (owned by Hamersley Iron and operated by Pilbara Iron)	Agreements for life of mine with Government of Western Australia
Hope Downs joint venture (50% mine, 100% infrastructure)	Pilbara region, Western Australia	Railway owned and operated by Rio Tinto	Agreements for life of mine with Government of Western Australia
Iron Ore Company of Canada (58.7%)	Labrador City, Province of Labrador and Newfoundland	Railway and port facilities in Sept-Iles, Quebec (owned and operated by IOC)	Sublease with the Labrador Iron Ore Royalty Income Fund which has lease agreements with the Government of Newfoundland and Labrador that are due to be renewed in 2020 and 2022
Robe River Iron Associates (53%) Mesa J West Angelas	Pilbara region, Western Australia	Railway and port (owned by Robe River and operated by Pilbara Iron)	Agreements for life of mine with Government of Western Australia
Dampier Salt (68.4%)	Dampier, Lake MacLeod and Port Hedland, Western Australia	Road and port	State agreements (mining leases) expiring in 2013 at Dampier, 2018 at Port Hedland and 2021 at Lake MacLeod with options to

renew in each case

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Group mines (continued)

Mine	History	Type of mine	Power source
ENERGY			
Energy Resources of Australia (68.4%) Ranger	Mining commenced 1981. Interest acquired through North in 2000. Life of mine extension to 2020 announced in 2007	Open pit	On site diesel/steam power generation
Rio Tinto Coal Australia Bengalla (30.3%) Blair Athol (71.2%) Hail Creek (82%) Hunter Valley Operations (75.7%) Kestrel (80%) Mount Thorley Operations (60.6%) Warkworth (42.1%)	Production started for export at Blair Athol in 1984. Kestrel was acquired and recommissioned in 1999. Hail Creek started in 2003. Coal & Allied shares were first acquired in 1977, and management control gained in 1993. Successive acquisitions of surrounding assets results in the current portfolio	Open cut and underground (Kestrel)	State owned grid
Cloud Peak Energy Antelope (48.3%) Cordero Rojo (48.3%) Decker (24.1%) Spring Creek (48.3%)	Cloud Peak Energy formed in 2009 and includes the Cordero Rojo, Antelope and Spring Creek mines from the former Rio Tinto Energy America	Open cut	Supplied by IPPs and Cooperatives through national grid service

Colowyo (100%)	Colowyo was acquired in 1995	Open cut	Supplied by IPPs and Cooperatives through national grid service
Rössing Uranium (68.6%)	Production began in 1978	Open pit	Namibian National Power
IRON ORE			
Hamersley Iron Brockman Marandoo Mount Tom Price Nammuldi Paraburdoo Yandicoogina Channar (60%) Eastern Range (54%)	Annual capacity increased to 68 million tonnes during 1990s. Yandicoogina first ore shipped in 1999 and port capacity increased. Eastern Range started 2004	Open pit	Supplied through the integrated Hamersley and Robe power Network operated by Pilbara Iron
Hope Downs joint venture (50% mine, 100% infrastructure)	Joint venture venture between Rio Tinto and Hancock Prospecting. Construction of Stage 1 to 22 million tonnes per annum commenced April 2006 and first production occurred November 2007. Stage 2 to 30 million tonnes per annum completed 2009	Open pit	Supplied through the integrated Hamersley and Robe power network operated by Pilbara Iron
Iron Ore Company of Canada (58.7%)	Interest acquired in 2000 through North. Current	Open pit	Supplied by Newfoundland Hydro under long term

	operation began in 1962 and has processed over one billion tonnes of crude ore since. Annual capacity 17.5 million tonnes of concentrate of which 13.5 million tonnes can be pelletised		contract
Robe River Iron Associates (53%) Mesa J West Angelas	First shipment in 1972. Annual sales reached 30 million tonnes in late 1990s. Interest acquired in 2000 through North. West Angelas first ore shipped in 2002 and mine expanded in 2005. Current sales more than 50 million tonnes per year	Open pit	Supplied through the integrated Hamersley and Robe power network operated by Pilbara Iron
Dampier Salt (68.4%)	Construction of the Dampier field started in 1969; first shipment in 1972. Lake MacLeod was acquired in 1978 as an operating field. Port Hedland was acquired in 2001 as an operating field.	Solar evaporation of seawater (Dampier and Hedland) and underground brine (Lake MacLeod); dredging of gypsum from surface of Lake MacLeod	Dampier supply from Hamersley Iron Pty Ltd; Lake MacLeod from Western Power and on site generation units; Port Hedland from Western Power

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Information on Group power plants

(Rio Tinto s interest 100% unless otherwise shown)

	Location	Title/lease	Plant type/product	Capacity as of 31 December 2009 **(based on 100% ownership)**
ALUMINIUM				
Gladstone power station (42%)	Gladstone, Queensland, Australia	100% freehold	Thermal power station	1,680 megawatts
Highlands power stations	Lochaber, Kinlochleven, UK	100% freehold	Hydroelectric power	80 megawatts
Lynemouth power station	Lynemouth, UK	100% freehold	Thermal power station	420 megawatts
Kemano power station	Kemano, British Columbia, Canada	100% freehold	Hydroelectric power	896 megawatts
Quebec power stations	Saguenay, Quebec, Canada (Chute-à-Caron, Chute-à-la-Savane, Chutes-des-Passes, Chute-du-Diable, Isle-Maligne, Shipshaw)	100% freehold except Péribonka lease to 2058	Hydroelectric power	2,919 megawatts
Vigelands power station	Nr Kristiansand, Norway	100% freehold	Hydroelectric power	26 megawatts

COPPER

Phalaborwa power station (57.7%)	Phalaborwa, Limpopo Province, South Africa	100% freehold	Steam turbine running off waste heat boilers at the copper smelter	8 megawatts
Puncakjaya Power (22.12%)	Grasberg, Papua, Indonesia	Lease	Diesel power plant Coal fired power plant	193 megawatts
Kennecott Utah Copper	Magna, Salt Lake City, Utah, US	100% freehold	Thermal power station	175 megawatts

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Group smelters and refineries

(Rio Tinto s interest 100% unless otherwise shown)

Smelter/Refinery	Location	Title/lease	Plant type/product	Capacity as of 31 December 2009 (based on 100% ownership)
ALUMINIUM				
Alma	Alma, Quebec, Canada	100% freehold	Aluminium smelter producing aluminium rod, t-foundry, molten metal, remelt	437,000 tonnes per year aluminium
Alouette (40%)	Sept-Îles, Quebec, Canada	100% freehold	Aluminium smelter producing aluminium high purity, remelt	600,000 tonnes per year aluminium
Alucam (46.7%)	Edéa, Cameroon	100% freehold	Aluminium smelter producing aluminium slab, remelt	100,000 tonnes per year aluminium
Arvida	Saguenay, Quebec, Canada	100% freehold	Aluminium smelter producing aluminium billet, molten metal, remelt	176,000 tonnes per year aluminium
Bécancour (25.1%)	Bécancour, Quebec, Canada	100% freehold	Aluminium smelter producing aluminium slab, billet, t-foundry, remelt	430,000 tonnes per year aluminium

Bell Bay	Bell Bay, Northern Tasmania, Australia	100% freehold	Aluminium smelter producing aluminium slab, molten metal, small form and t-foundry, remelt	180,000 tonnes per year aluminium
Boyne Smelters (59.4%)	Boyne Island, Queensland, Australia	100% freehold	Aluminium smelter producing aluminium, billet, EC grade, small form and t-foundry, remelt	559,000 tonnes per year aluminium
Dunkerque	Dunkerque, France	100% freehold	Aluminium smelter producing aluminium slab, small form foundry, remelt	262,000 tonnes per year aluminium
Gardanne	Gardanne, France	100% freehold	Refinery producing specialty aluminas and smelter grade aluminas	635,000 tonnes per year specialty aluminas (including 133,000 tonnes of smelter grade aluminas)
Gove	Gove, Northern Territory, Australia	100% leasehold. (Commonwealth land held in trust on behalf of Traditional Owners). Numerous lots with varying expiry dates starting 2011	Refinery producing alumina	2,519,000 tonnes per year alumina
Grande-Baie	Saguenay, Quebec, Canada	100% freehold	Aluminium smelter producing	217,000 tonnes per year aluminium

			aluminium slab, molten metal, remelt	
ISAL	Reykjavik, Iceland	100% freehold	Aluminium smelter producing aluminium slab, remelt	188,000 tonnes per year aluminium
Jonquière (Vaudreuil)	Jonquière, Quebec, Canada	100% freehold	Refinery producing specialty aluminas and smelter grade aluminas	1,500,000 tonnes per year aluminas
Kitimat	Kitimat, British Columbia, Canada	100% freehold	Aluminium smelter producing aluminium billet, slab, remelt	252,000 tonnes per year aluminium
Laterrière	Saguenay, Quebec, Canada	100% freehold	Aluminium smelter producing aluminium slab, remelt, molten metal	238,000 tonnes per year aluminium
Lochaber	Fort William, Scotland, UK	100% freehold	Aluminium smelter producing aluminium slab, remelt	44,000 tonnes per year aluminium
Lynemouth	Lynemouth, Northumberland, UK	100% freehold	Aluminium smelter producing aluminium slab, remelt	181,000 tonnes per year aluminium
Queensland Alumina (80%)	Gladstone, Queensland,	73.3% freehold; 26.7% leasehold	Refinery producing alumina	3,959,000 tonnes per year alumina

	Australia	(of which more than 80% expires in 2026 and after)		
São Luis (Alumar) (10%)	São Luis, Maranhão, Brazil	100% freehold	Refinery producing alumina	3,500,000 tonnes per year alumina
Saint-Jean-de-Maurienne	Saint-Jean-de-Maurienne, France	100% freehold	Aluminium smelter producing aluminium slab, rod, remelt	138,000 tonnes per year aluminium
Sebree	Robards, Kentucky, US	100% freehold	Aluminium smelter producing aluminium billet, small form foundry, remelt	196,000 tonnes per year aluminium
Shawinigan	Shawinigan, Quebec, Canada	100% freehold	Aluminium smelter producing aluminium billet, remelt	101,000 tonnes per year aluminium
Sohar (20%)	Sohar, Oman	100% leasehold expiring 2039	Aluminium smelter producing aluminium remelt	362,000 tonnes per year aluminium
SORAL (50%)	Husnes, Norway	100% freehold	Aluminium smelter producing aluminium billet, remelt	171,000 tonnes per year aluminium
Tiwai Point (New Zealand Aluminium Smelters) (79.4%)	Invercargill, Southland, New Zealand	19.6% freehold 80.4% leasehold (expiring in 2029 and use of	Aluminium smelter producing aluminium, billet, slab, small form	365,000 tonnes per year aluminium

		certain Crown land)	foundry, super purity, remelt	
Tomago (51.6%)	Tomago, New South Wales, Australia	100% freehold	Aluminium smelter producing aluminium billet, slab, remelt	532,000 tonnes per year aluminium
Yarwun	Gladstone, Queensland, Australia	97% freehold. 3% leasehold (expiring 2101 and after)	Refinery producing alumina	1,400,000 tonnes per year alumina

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Group smelters and refineries (continued)
(Rio Tinto s interest 100% unless otherwise shown)

Smelter/Refinery	Location	Title/lease	Plant type/product	Capacity as of December 31, 2009 (based on 100% ownership)
COPPER				
Kennecott Utah Copper	Magna, Salt Lake City, Utah, US	100% freehold	Flash smelting furnace/Flash convertor furnace copper Refinery	335,000 tonnes per year refined copper
Palabora (57.7%)	Phalaborwa, South Africa	100% freehold	Reverberatory Pierce Smith copper Refinery	90,000 tonnes per year refined copper
DIAMONDS & MINERALS				
Boron	California, US	100% freehold	Borates Refinery	565,000 tonnes per year boric oxide
Rio Tinto Fer et Titane Sorel Plant	Sorel-Tracy, Quebec, Canada	100% freehold	Ilmenite smelter	1,100,000 tonnes per year titanium dioxide slag, 900,000 tonnes per year iron
Richards Bay Minerals (37%)	Richards Bay, South Africa	100% freehold	Ilmenite smelter	1,060,000 tonnes per year titanium dioxide slag
IRON ORE				

HIsmelt® (60%)	Kwinana, Western Australia	100% leasehold (expiring in 2010 with rights of renewal for further 25 year terms)	HIsmelt® ironmaking plant producing pig iron	800,000 tonnes per year pig iron
IOC Pellet Plant (59%)	Labrador City, Newfoundland and Labrador, Canada	100% leaseholds (expiring in 2020, 2022 and 2025 with rights of renewal for further terms of 30 years)	Pellet induration furnaces producing multiple iron ore pellet types	13,500,000 tonnes per year pellet

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Item 4A. Unresolved Staff Comments

There are no unresolved written comments from the SEC staff regarding its periodic reports under the Exchange Act received more than 180 days before 31 December 2009.

Item 5. Operating and Financial Review and Prospects

This Item contains forward looking statements and attention is drawn to the Cautionary statement on page 10.

This Item includes a discussion of the main factors affecting the Group s Profit for the year , as measured in accordance with International Financial Reporting Standards (IFRS). In monitoring its financial performance, the Group also focuses on that part of the Profit for the year attributable to equity shareholders of Rio Tinto, which is referred to as Net earnings , and on an additional measure called Underlying earnings . The latter measure, which is also based on the amounts attributable to Rio Tinto shareholders, is reported to provide greater understanding of the underlying business performance of Rio Tinto operations. This measure is used by management to track the performance of the Group on a monthly basis. The earnings of the Group s product groups as reviewed by management exclude amounts that are outside the scope of underlying earnings. Net earnings and underlying earnings have been reconciled on page 51 and the exclusions in arriving at underlying earnings have been analysed on page 53.

In this report, the sales revenue of the parent companies and their subsidiaries is referred to as Consolidated sales revenue . Rio Tinto also reports a sales revenue measure that includes its share of jointly controlled entities and associates, which is referred to as Gross sales revenue . This latter measure is considered informative because a significant part of the Group s business is conducted through operations that are subject to equity accounting.

This Item is comprised of the following:

Chairman s statement providing a high level review of the Group

Chief executive s statement providing a high level review of the Group s operations

Group financial performance

Operating reviews for each of the principal product groups and global support groups

Financial review of the Group

Chairman s statement

Thanks to a number of significant decisions on our part and assisted by a more favourable external environment, we have recovered our poise and steadied the ship.

During what was clearly a historic and tumultuous year for the global community, Rio Tinto found 2009 to be particularly testing. It certainly felt at times as if we were experiencing an amplified version of the global financial crisis and its knock-on effect on business confidence, demand for commodities and availability of credit.

However, despite the early trauma, for Rio Tinto it turned out to be a year of two halves. After the particularly difficult first few months, characterised by our balance sheet challenges, very weak demand, low product pricing and the contentious Chinalco transaction, our fortunes improved considerably as the year progressed. As a result of shareholder support for our rights issues, together with the success of our disposal programme and improved operating conditions, we ended the year with a much stronger balance sheet. In short, thanks to a number of significant decisions on our part and assisted by a more favourable external environment, we have recovered our poise and steadied the ship.

Chinalco

Looking at the year as a whole, our attempt to establish a strategic partnership with the largest Chinese resources group and our largest shareholder, Chinalco, was undeniably a very significant event for Rio Tinto. The proposed transaction would have allowed us to establish a highly important strategic link with the Chinese market, whilst at the same time enabling us to significantly recapitalise our balance sheet. Especially in the context of the situation prevailing at that time, the board considered the Chinalco proposition both strategically and financially attractive.

The transaction was nevertheless highly controversial. On becoming chairman in April it was evident to me that I needed to look for guidance from our shareholders. During the ensuing consultation process, I met with a large

number of shareholder groups in the UK, Australia and elsewhere. It became clear to me that many shareholders had considerable misgivings about the proposed transaction.

These concerns related not only to the financial terms of the transaction, but there were high levels of discomfort about the structure of our relationship with Chinalco. The board could not ignore the strength and depth of these feelings although, in deciding not to proceed with that transaction, we deeply regretted the loss of a unique opportunity to establish a strategic partnership that would have fundamentally changed our relationship with our largest customer base. We will continue to work towards extending our relationship with Chinalco and to pursue business opportunities that may be to our mutual benefit.

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Improving prospects

In deciding that we were not able to pursue the transaction with Chinalco, the board was nevertheless delighted that it was able to announce the proposed production joint venture with BHP Billiton in relation to our respective iron ore assets in Western Australia. The joint venture will allow us to capture the enormous long term synergy benefits that would result from the integration of our production facilities. The value that could be captured has been estimated to be at least US$10 billion.

We simultaneously announced major rights issues which took place in the UK and Australia in June and July. These raised net proceeds of US$14.8 billion which were used to repay debt, well ahead of our original US$10 billion target. The rights issues attracted an extraordinary vote of confidence in Rio Tinto, with 97 per cent of shareholders taking up their rights in Rio Tinto plc, and a 95 per cent take up in Rio Tinto Limited. All of Rio Tinto s directors, as well as Chinalco, took up their full entitlement of shares.

These decisions brought relief from some of the pressures of the earlier months of the year. It put the period of unusual corporate activity behind us and finally gave us a firm foothold to advance into the second half of the year. As we saw markets improve in the subsequent months, I was particularly pleased to see the executive team focused on first class operational delivery as a priority for the Group. We ended the year with a strong set of production figures and the achievement of a number of production and sales records. This of course also signalled a significant pickup in physical demand for our products.

Results and dividend

The strong production numbers, coupled with improved commodity prices, translated into a significant improvement in operating cash flow in the second half. This, together with the proceeds of our rights issues and the disposal of assets, significantly strengthened our balance sheet. Rio Tinto started 2009 with net debt of US$38.7 billion and a debt to equity ratio of 63 per cent. We had made the commitment in December 2008 to reduce net debt by US$10 billion during 2009. Net debt at the end of 2009 stood at US$18.9 billion with gearing much reduced to 29 per cent.

The Group s underlying earnings in 2009 were US$6.3 billion, 39 per cent below 2008. Net earnings were US$4.9 billion compared with US$3.7 billion in 2008. Cash flow from operations decreased 33 per cent to US$13.8 billion.

With our balance sheet significantly strengthened and our prospects much improved, we are pleased to be able to reinstate the dividend. Total dividends declared for 2009 were 45 US cents per share. The Group expects that the total cash dividend for the 2010 financial year will be at least equal to the total cash dividend of US$1.75 billion paid in respect of 2008, albeit spread over an increased number of shares. From 2010 on, we are committed to a progressive dividend policy over the longer term.

Sustainable development

Rio Tinto conducts business in an ethical and socially responsible manner aimed at building a positive reputation and ensuring ongoing access to people, capital and mineral resources. Delivering on our commitment means making sustainable development considerations an integral part of our business plans and decision making processes.

Rio Tinto was again identified as a sustainable development leader during the year by retaining its listing on the Dow Jones Sustainability Index (DJSI) World Index and DJSI STOXX Index as well as the FTSE4Good. We have been included in the DJSI series since 2002 and the FTSE4Good since becoming eligible for inclusion in 2007. Rio Tinto s long standing commitment to sustainable development and the quality of our sustainable development web pages have been recognised in the CSR Online Awards Global Leaders 2009 , published by Dow Jones Newswires and an Italian business daily.

Our recently completed mineral sands mine in Madagascar won South Africa s prestigious 2009 Nedbank Environmental Award in the environmental category, for significant effort in protecting or improving the biophysical environment in which it operates.

Rio Tinto became a signatory to the UN Global Compact in 2000 and we were one of its early supporters. We also remain an active member of the World Business Council for Sustainable Development and the International Council on Mining and Metals, whose members are committed to superior business practices in sustainable development.

Governance and board

The board is committed to high standards of governance as the foundation of our ethical approach to business. In 2009, we strengthened our governance system by renewing our global code of conduct, *The way we work*, establishing a common Group wide code to replace business unit codes of conduct. The code serves to spread our values of accountability, respect, teamwork and integrity throughout the organisation by providing guidance on how employees should conduct themselves at work and when representing Rio Tinto. Our confidential whistleblowing programme, Speak-OUT, is a key element of *The way we work*, available in the language of the employee s choice to alert senior management to any serious issues or inappropriate behaviour that employees do not feel able to discuss with management on site.

Your boards enjoy a balanced representation of viewpoints and a wealth of business experience. Sir David Clementi and David Mayhew will retire as directors at the conclusion of the 2010 annual general meetings. The boards thank them for their valuable contributions over many years. We welcomed Ann Godbehere, who has 25 years experience in the financial services industry, to the board on 9 February 2010. She will be chairman of the Audit committee. Robert Brown, who has considerable global business experience in the aerospace industry, will join the boards on 1 April 2010. Ann and Bob will be standing for election at the annual general meetings, along with Sam Walsh, chief executive, Rio Tinto Iron Ore and Australia, who joined the boards effective 5 June 2009.

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Outlook

The outlook for mining and metals is improving but remains volatile and uncertain in the short term. The latest leading indicators for developed economies imply that we may have returned to expansionary territory, although no one knows to what extent or for how long. The pick up in metals demand at mid year was primarily driven by government stimulus measures and a recovery in economic activity which caused producers to return to buying raw materials.

The key driver for the mining industry continues to be demand from China. Record Chinese metals imports have served to offset weakness in other markets. However, we will also need to see OECD economies improve and a resumption in international trade flows to fully support a global economic recovery.

Similarly, there are concerns about the sustainability of Chinese demand in the short term. Longer term, China is likely to move towards more domestic, consumption led development.

Our people

Our year of two halves demonstrated commendable perseverance as we moved from difficulty to success. Facing up to setbacks and promoting recovery has shown Rio Tinto to be a high performing organisation. We have come through these testing times thanks in no small measure to the quality and commitment of our people. The downturn unfortunately necessitated a reduction of about 16,000 employees and contractors across the Group which took place mainly in the early months of the year. Since then we have stabilised the organisation and a renewed management structure has been introduced. These steps will provide the platform to mobilise and energise the workforce and give us the momentum to resume growth.

The board and I would like to express our collective appreciation to Group employees and contractors around the world for their strong commitment and unflagging efforts in 2009; for their focus on safety, operational excellence and delivery to customers, as well as for conducting our business in a socially responsible way.

Jan du Plessis Chairman

5 March 2010

Chief executive s statement

During 2009 we made some good decisions to improve our financial position. We have emerged from this testing year as a stronger and fitter business.

Over the course of 2009 management s focus has been on strengthening the business after a period of prolonged corporate activity and a severe downturn. We are grateful for the support we received from shareholders in recapitalising the company and helping us regain our momentum. We were also helped by the capacity of our organisation to deliver strong operational performance in challenging economic circumstances.

The successful injection of US$14.8 billion from our rights issues, the efficiencies derived from our cash preservation measures, and significant progress with our divestment programme which realised sales and binding offers of US$5.7 billion in the year, have given Rio Tinto greater financial strength and flexibility.

I am proud of the way in which our employees have persevered in delivering the commitments we made during these demanding times. Unfortunately, these achievements have been overshadowed by four fatalities during the year at managed operations. Three of these took place in Africa and we have renewed our focus on embedding our safety systems in developing countries. I am pleased to say our key performance indicators for safety continued to improve during 2009 with a reduction in our all injury frequency rate of 16 per cent.

Reaching agreement to form the Western Australian iron ore production joint venture with BHP Billiton was an important highlight of the year. We expect it will achieve substantial benefits for stakeholders by delivering synergies and unlocking the full potential of the valuable Western Australian iron ore assets in an era of increasing demand for this vital commodity.

During 2009 we took steps to improve our aluminium business which was significantly affected by the economic downturn. Rio Tinto Alcan surpassed targeted integration synergies, adopted Rio Tinto HSE policies and standards, improved safety performance, implemented cost reductions, progressed with the permanent closure and divestment of high cost facilities and made temporary production curtailments. Taken together, these measures amount to a strong start to the transformation of that business.

To prepare ourselves for the next stage of Rio Tinto s growth and to develop the next generation of leaders, I made changes to the structure of my senior management team. This included the reinstatement of the Diamonds & Minerals product group. Our structure ensures a tight focus on our core objective and allows for a broad range of investment opportunities to be generated, regardless of our portfolio.

Market conditions

A year ago, I said that we hoped to see some recovery in China s gross domestic product (GDP) in the second half of 2009. The effect of the Chinese Government s monetary stimulus package exceeded most commentators expectations actual growth surpassed eight per cent and we expect this strong growth to continue through 2010.

The improvements we have seen in most of our markets were primarily driven by this stronger Chinese GDP growth and its attendant effects on Chinese construction and infrastructure development. Whilst we remain cautious about the recovery in our markets, we believe that these trends are likely to continue for some time as China continues to urbanise and industrialise.

By contrast, the continuing strong China story was offset by a stagnant demand picture in OECD countries where consumer spending remains relatively weak. Australia was an exception, with its economy bolstered by the strong demand for commodities. In the US, Japan and Europe, pervasive economic concerns mean that we will continue to be cautious, especially as we begin to see the effects of the winding down of stimulus programmes.

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Financial recovery

The speed and severity of the downturn in late 2008 exposed our levels of debt and made it more difficult to achieve the asset disposals we had planned for the repayment of debt. During 2009 we made some good decisions in difficult circumstances to improve our financial position and achieve a reduction in controllable cash costs of US$2.6 billion. We have emerged from this testing year as a stronger and fitter business.

Regarding divestments, we chose to postpone a number of sales. We made good progress with completion of the sale of our potash assets in the first half and the Brazilian iron ore operation in the second half. More importantly, in the second half we made significant progress with announced divestments on most of the former Alcan s Packaging businesses, and our US coal operations. By the end of 2009, we had announced sales transactions of more than US$10 billion over the past two years.

Strategic direction and markets

We completed a thorough review of our strategy with our board and executive committee, leading to the reaffirmation of our longstanding core objective. This is to maximise our long term return to shareholders by investing in and operating large, long life, cost competitive mines and assets, driven not by choice of commodity but rather by the quality of each opportunity. This strategy will of course be recognisable to our long term shareholders. We will ensure that our structure and capabilities are tailored to meet the requirements of our customers and the marketplace.

Our diverse portfolio, high quality assets, people and expertise in technology and marketing give us the capability to supply a wide spectrum of customers and markets. This gives us exposure to worldwide markets at various stages of the development cycle. We will continue to improve our understanding of market dynamics and how we fit into the global picture, and apply this to our planning and investment proposals.

To deliver on our objective, the Group will continue to concentrate on developing Tier 1 assets. These are assets that will safeguard our future cash flow and will operate profitably at every stage of the commodity cycle. Key to our way of operating is a commitment to sustainable development. It is an essential part of the way we work and is at the heart of everything we do.

This commitment is key to maintaining our licence to operate. We have a comprehensive sustainable development programme. Carbon, water use and biodiversity are becoming increasingly topical in this context. We have taken a pro-active approach in all three areas and are progressively building them into our planning, especially as we see these three issues becoming increasingly inter-linked.

Priorities for growth

One of our key objectives for 2010 is to put the Group back on a growth path following the rights issues and strengthening of the balance sheet. We continued to invest in growth throughout 2009. Capital expenditure was US$5.4 billion of which US$3 billion was on major construction projects. In 2010, capital expenditure is expected to be US$5 to US$6 billion.

The strong demand for iron ore clearly provides the most obvious option for production growth. We are continuing work on staged growth projects in the Pilbara. We used the past 12 months to optimise our planned growth pathway, finding ways to ease input costs, capture savings from reduced lead times, and refining project design. We have commenced initiatives to expand capacity to 280 million tonnes per year by 2013 and 330 million tonnes per annum by 2015.

In 2009, we completed an unprecedented and technologically sophisticated integration of our iron ore operations in Western Australia through our Mine of the Future™ programmes and the opening of our new Operations Centre in Perth. This will contribute to the US$10 billion synergy savings we expect to reap from the proposed production joint venture with BHP Billiton. The benefits from the production joint venture would be without equal in the mining industry, applied broadly across production and development activities, including combining adjacent mines into single operations, more efficient use and allocation of infrastructure and ore blending opportunities to maximise product recovery.

In Aluminium we completed the start up of the Sohar smelter in Oman, to which we contributed our benchmark AP36 smelting technology. This is a good example of how Rio Tinto Alcan s technology leadership can position us as a partner of choice. The portfolio will enable us to leverage our technology advantage, extensive project management expertise and strong operating capabilities.

Current projects involve investment in the Clermont thermal coal and Kestrel coking coal projects in Queensland, Australia, reflecting strong energy markets. We have options to expand at both of our uranium operations. Construction of the Yarwun 2 alumina refinery continues, albeit at a slower rate than originally anticipated in response to market conditions. In Diamonds, the Diavik and Argyle underground projects also continued at a slower rate. Each of these projects was approved before the global financial crisis, and we have continued to invest in them. We expect to see production begin at both Clermont and Diavik underground in 2010.

We increased our stake in the Oyu Tolgoi project through additional investment in Ivanhoe Mines. Rio Tinto has responsibility for developing and operating the mine. Following the signing of the Investment Agreement with the Government of Mongolia in October 2009, a project budget was agreed that covers the resumption in 2010 of shaft sinking, construction of a shaft headframe, continuation of underground development and installation of infrastructure. The size of the resource is consistent with our strategy of investing in large, long term, cost competitive mines and businesses.

China

An objective for 2010, and one that I am particularly focused on, is to strengthen our relationship with China. China is our largest source of short term demand growth. In 2009, it became the most important destination for our products and influences global pricing of most metals. It is also the home of our largest shareholder, Chinalco.

We were pleased to see Chinalco take up its full entitlement of shares in our rights issues and maintain its shareholding at 12 per cent of Rio Tinto plc and 9.3 per cent of the dual listed company overall.

Outlook

Our markets and our balance sheet are much improved from last year, but we recognise that major short term uncertainties remain. Long term however, given continued growth and urbanisation of the developing world, the outlook for our industry is attractive.

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The exponential growth of China s demand for iron ore, copper, coal and aluminium is expected to continue over the next 15 years, as the average wealth of many millions of people increases. Their consumption of raw materials will rise accordingly. As China nears the top of the commodity intensity usage curve, India is expected to follow, supporting a further potential wave of strong commodity demand.

For Rio Tinto, 2009 marked a positive turning point from which we have emerged with our options for growth enhanced. Nevertheless, major challenges remain. The Tier 1 deposits that are the focus of our strategy are becoming harder to find and more technologically difficult to develop. There are pressures in countries well endowed with minerals for governments to gain a greater proportion of resource rents.

Together with the executive committee, I wish to join our chairman in expressing appreciation to all who work for Rio Tinto for their contribution to a very busy and successful year. All have played a part in strengthening the business for our next stage of growth. With our strong assets, growth options and great people, we can look forward to an exciting future for the Group.

Tom Albanese Chief executive

5 March 2010

Recent Developments

On 29 March 2010 four Rio Tinto employees who were detained on 5 July 2009 were convicted by the Shanghai Number One Intermediate People s Court on charges of receiving bribes and obtaining commercial secrets. Internal investigations were carried out that did not uncover any evidence to substantiate the wrongdoing, but Rio Tinto was informed that clear evidence was presented in court that showed beyond doubt that the four convicted employees had accepted bribes. As the actions of the four employees were in direct violation of Chinese law and Rio Tinto s code of conduct their employment with the company has been terminated. Three defendants appealed, but the Shanghai Higher People s Court upheld the trial court s decision and sentences for all four defendants on 17 May 2010.

On 2 May 2010 the Australian Federal Government announced proposals to implement a new resource super tax that would see profits generated from Australia s non-renewable resources taxed at 40 per cent. A consultative period has commenced with the proposed tax currently scheduled to come into effect on 1 July 2012. We are currently evaluating the impact of this proposed tax on our operations and projects in Australia.

Rio Tinto has been negotiating contracts with its iron ore customers for pricing on a quarterly rather than an annual basis. The Group has recently signed agreements with the majority of Asian customers which to date account for close to 40 per cent of the Group s total iron ore sales volumes. This development reflects the recent structural shift away from annual benchmark pricing.

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Group financial performance

The Group uses a number of key performance indicators (KPI s) to monitor financial performance. These are summarised and discussed on pages 13 to 17 of this report.

Acquisition of Alcan

During 2007, the Group acquired 100 per cent of the issued share capital of Alcan Inc. Alcan s results have been included for the entire years ended 31 December 2008 and 2009, whereas in 2007, Alcan s results were included from 24 October 2007. This has had a significant effect on comparability of the periods.

Net earnings and underlying earnings

Both net earnings and underlying earnings deal with amounts attributable to equity shareholders of Rio Tinto. However, IFRS requires that the profit for the period reported in the income statement should also include earnings attributable to outside shareholders in subsidiaries. The profit for the period is reconciled to net earnings and to underlying earnings as follows:

	2009 US$m	2008 US$m	2007 US$m
Profit from continuing operations	**5,784**	5,436	7,746
Loss after tax from discontinued operations	**(449)**	(827)	
Profit for the year	**5,335**	4,609	7,746
Less: attributable to outside equity shareholders	**(463)**	(933)	(434)
Attributable to equity shareholders of Rio Tinto (net earnings)	**4,872**	3,676	7,312
Exclusions from underlying earnings	**1,426**	6,627	131
Underlying earnings attributable to shareholders of Rio Tinto	**6,298**	10,303	7,443

2009 financial performance compared with 2008

2009 underlying earnings of $6,298 million and net earnings of $4,872 million were $4,005 million below and $1,196 million above the comparable measures for 2008. The principal factors explaining the movements are set out in the table below.

Changes from 2008 to 2009		Underlying earnings US$m	Net earnings US$m
2008		10,303	3,676
Prices	(6,879)		
Exchange rates	484		
Volumes	652		
General inflation	(172)		
Energy	318		
Other cash costs	742		
Exploration and evaluation costs (including disposals of undeveloped properties)	890		
Interest, tax, other	(40)		
Total changes in Underlying earnings		(4,005)	(4,005)
Profits on disposal of interests in businesses			(971)

Net impairment charges		6,854
Exchange differences and gains/(losses) on derivatives		(815)
Chinalco break fee		(182)
Restructuring/severance costs from global headcount reduction		(174)
Other		489
2009	**6,298**	**4,872**

(a) See Note 2 on page A-25 of the *2009 Financial statements* for a reconciliation of underlying earnings to net earnings.

The table below shows average prices and year-end prices, for 2009 and 2008 and the 2009 year end price for the principal commodities for which the Group receives payments based on spot market pricing:

	Year end price 2009	**Year end price 2008**	**Average price 2009**	**Average price 2008**
Copper (US$/lb)	3.33	1.32	2.32	3.20
Aluminium (US$/tonne)	2,207	1,454	1,665	2,572
Gold (US$/oz)	1,104	865	970	872
Molybdenum (US$/lb)	11	10	11	31

The effect of price movements on all major commodities in 2009 was to decrease earnings by $6,879 million compared with 2008. Prices declined for nearly all of Rio Tinto s major commodities: average copper and aluminium prices were 28 per cent and 35 per cent lower, respectively, while average molybdenum prices were 65 per cent lower than 2008. Gold prices in 2009 were 11 per cent higher than 2008. Diamond prices were severely impacted by the global economic downturn.

During 2009, Rio Tinto settled 2009 iron ore supply contracts with customers in Japan, Korea and Taiwan, with prices for

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fines declining 33 per cent and prices for lump declining 44 per cent on the prior year. Approximately half of the iron ore that Rio Tinto produced in the first six months of 2009 was sold on a spot market basis. In the second half of the year deliveries to Chinese customers were priced primarily on a provisional basis in line with settlements with other Asian customers.

Thermal coal contracts for the 2009 fiscal year (twelve months commencing 1 April 2009) were settled in the US$70-72 per tonne range, a decrease of approximately 44 per cent on the record levels of the previous year. Coking coal contracts for the 2009 fiscal year were settled in the US$115-130 per tonne range, a decline of approximately 60 per cent on the record levels of the 2008 fiscal year.

There was significant movement in the US dollar in 2009 relative to the currencies in which Rio Tinto incurs the majority of its costs. Compared with 2008, on average, the US dollar strengthened by eight per cent against the Australian dollar and by six per cent against the Canadian dollar. The effect of all currency movements was to increase underlying earnings relative to 2008 by $484 million.

Higher sales volumes from the expansion of iron ore capacity in the Pilbara region of Western Australia and higher copper and gold grades at Kennecott Utah Copper and Grasberg were partly offset by production cutbacks at Rio Tinto Alcan, Alcan Engineered Products, Diamonds, Iron & Titanium and Minerals in response to the economic downturn. The overall impact of volume movements was an increase in underlying earnings of $652 million relative to 2008.

A reduction in cash costs during 2009 increased underlying earnings by $742 million compared with 2008. Controllable operating cost savings of $2.6 billion were achieved in 2009, exceeding the target set in December 2008 and delivered one year in advance. Lower unit costs in the Copper group, notably at Kennecott Utah Copper, were driven by higher production and a bottom-up cost reduction programme. The Iron Ore group benefited from lower unit cash costs in line with higher sales volumes and a reduction in contractor and maintenance costs. Decreased costs at Rio Tinto Alcan were driven by the major cost cutting initiatives undertaken in response to the global financial crisis including reduction of all non-critical, discretionary spend along with programmes to reduce operating costs across the production sites.

Lower energy costs across the Group boosted underlying earnings by a further $318 million, reflecting the impact of a lower oil price. Evaluation work at many of the Group s advanced projects was scaled back in 2009 and the central exploration budget was reduced by 60 per cent, which, together with the divestment of some exploration and evaluation properties, resulted in a favourable impact to underlying earnings of $890 million compared with 2008. In line with Rio Tinto s exploration policy, the $797 million gain on disposal of the undeveloped potash properties in Argentina and Canada has been recognised within underlying earnings. This is reflected in the exploration variance in the table above net of the $483 million gain on disposal of the undeveloped Kintyre uranium project in 2008.

The effective tax rate on underlying earnings, excluding equity accounted units, was 24.8 per cent compared with 31.6 per cent in 2008. The decrease largely related to the one-off non-taxable profit on disposal of the potash assets which was recognised in 2009. The group interest charge was $452 million lower than in 2008, mainly reflecting a decline in interest rates, and lower debt in 2009 following completion of the rights issues.

2008 financial performance compared with 2007

2008 underlying earnings of US$10,303 million and net earnings of US$3,676 million were, respectively, US$2,860 million above and US$3,636 million below the comparable measures for 2007. The principal factors explaining the movements are set out in table below:

Changes from 2007 to 2008		Underlying earnings US$m	Net earnings US$m
2007		7,443	7,312
Effect of changes in:			
Prices	4,983		
Exchange rates	299		

Volumes	233		
General inflation	(336)		
Energy	(219)		
Other cash costs	(882)		
Exploration and evaluation costs (net of disposals of exploration properties)	(47)		
Interest, tax, other	(1,171)		
Total change in Underlying earnings		2,860	2,860
Profits on disposal of interests in businesses			1,469
Impairment (charges) less reversals			(8,293)
Exchange differences and gains/(losses) on derivatives			653
Other, including divestment and takeover defence costs			(325)
2008		**10,303**	**3,676**

(a) See Note 2 on page A-25 of the *2009 Financial statements* for a reconciliation of underlying earnings to net earnings.

The effect of price movements on all major commodities during 2008 was to increase earnings by US$4,983 million compared with 2007. Prices for the Group s major traded products remained strong for the first nine months of 2008 in an environment of favourable economic conditions and strong demand. However, these favourable market conditions came to an end at the end of the third quarter of 2008, as significant financial turbulence led to sharp declines in the rate of global demand for commodities and in the price of most of the Group s principal products.

Rio Tinto negotiated strong benchmark pricing levels for its iron ore production, with effect from 1 April 2008. Agreements were reached with major iron ore customers for a 96.5 per cent increase for lump ore and 79.9 per cent increase for fines for the 2008 contract year, representing an 85.7 per cent weighted average increase. Since the beginning of the third quarter

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of 2008, the spot price for iron ore suffered a decline similar to the commodities listed above. However Rio Tinto s exposure to this decline was ameliorated by its long term contract portfolio.

Contract prices for the seaborne thermal and coking coal markets reflected strong demand and tight supply. Aluminium inventories were written down by US$185 million at the year end to reflect realisable values.

There was a sharp appreciation of the US dollar in late 2008 relative to the currencies in which Rio Tinto incurs the majority of its costs. However, the effect on average exchange rates for 2008 was not significant compared with 2007. In 2008, the Australian and Canadian dollars strengthened in the first half of the year and then weakened sharply in the second half such that the average exchange rate for both currencies for 2008 was within one per cent of the prior year. The effect of all currency movements was to increase underlying earnings relative to 2007 by US$299 million.

Higher sales volumes from iron ore growth projects, coking and thermal coal and the inclusion of a full year of Alcan s operations were partly offset by lower copper and gold volumes at Escondida, Kennecott Utah Copper, Grasberg and Northparkes. The overall impact of all volume movements was an increase of US$233 million relative to 2007.

The Group continued to invest further in the future development of the business with an increased charge to underlying earnings of US$530 million from exploration and evaluation costs. In line with Rio Tinto s policy, the US$483 million gain on disposal of the Kintyre undeveloped property was recognised within underlying earnings. The net impact on underlying earnings from the change in exploration and evaluation costs was a decrease of US$47 million compared with 2007. Increased energy costs reduced underlying earnings by US$219 million. Higher freight, contractor, maintenance and input costs were experienced throughout the Group, notably in the Energy, Copper and Diamonds & Minerals product groups, as industry supply constraints persisted.

The effective tax rate on underlying earnings, excluding equity accounted units was 31.6 per cent compared with a rate of 25.7 per cent in 2007. The increase compared with 2007 relates to the absence of the 2007 Canadian tax rate benefit, the adverse impact in 2008 of foreign exchange movements, particularly the revaluation of Canadian dollar denominated tax balances, and increased expenditure in 2008 on growth projects on which no tax relief is recognised.

The Group interest charge was US$765 million higher than in 2007, mainly reflecting a full year of increased net debt following the acquisition of Alcan. The debt under the Alcan acquisition facilities continued to incur an interest rate of 30 to 40 basis points over US$ LIBOR during 2008.

Exclusions from underlying earnings 2007-2009

Earnings contributions from Group businesses and business segments are based on underlying earnings. Amounts excluded from net earnings in arriving at underlying earnings are summarised in the discussion of year on year results below.

	2009 US$m	2008 US$m	2007 US$m
Profit less losses on disposal of interests in businesses	**499**	1,470	1
Net impairment charges[1]	**(1,552)**	(8,406)	(113)
Exchange differences and gains/(losses) on derivatives (including those relating to equity accounted units)	**28**	843	190
Chinalco break fee[2]	**(182)**		
Restructuring/severance costs from global headcount reduction	**(231)**	(57)	
Other exclusions	**12**	(477)	(209)
Total excluded in arriving at underlying earnings	**(1,426)**	(6,627)	(131)

1. Net impairment charges include impairment charges of

US$1,103 million (2008: US$7,579 million; 2007: US$113 million) and loss after tax of discontinued operations of US$449 million (2008: US$827 million; 2007; nil).

2. The Chinalco break fee was US$195 million pre-tax.

2009

In 2009, the Group completed the divestments of its interests in the Ningxia aluminium smelter, the Corumbá iron ore operation, the Jacobs Ranch coal mine, Alcan Composites and the sale of 52 per cent of the Group s interest in Cloud Peak Energy Resources LLC. Net gains on these transactions totalling $0.5 billion have been excluded from underlying earnings as divestments of interests in businesses are considered to be outside the underlying activities of the Group.

The sale of the majority of the Alcan Packaging businesses to Amcor was completed on 1 February 2010. The sale of the Alcan Packaging Food Americas division to Bemis Company, Inc for a total all cash consideration of US$1.2 billion was completed on 1 March 2010. The sale of Maules Creek to Aston Resources was completed on 18 February 2010. The sale of the Alcan Packaging Medical Flexibles operations remains subject to regulatory approvals and other customary closing conditions. These divestments have not been reflected in the 2009 results and will be reflected in the period in which the sales are complete.

Of the Group s total post-tax impairment charge of $1.6 billion, $0.5 billion relates to Alcan Engineered Products, $0.5 billion relates to Alcan Packaging, $0.2 billion relates to the Group s aluminium businesses and $0.4 billion relates to the Group s diamond businesses. All impairments have been measured based upon an assessment of fair value less costs to sell. These impairments have been caused by continued weakness in the economic environment.

In 2009, Rio Tinto paid a break fee of $195 million ($182 million post-tax) to Chinalco which has been excluded from underlying earnings.

During 2009, the Group incurred restructuring and severance costs of $231 million associated with its global headcount reduction programme.

2008

Profit on disposal relates to the disposal of the Cortez gold mine and the Greens Creek silver/zinc/lead mine. These disposals were part of the previously announced divestment programme.

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During 2008 the Group incurred advisory and other costs related to the rejection by the board of the pre-conditional takeover proposal from BHP Billiton which was withdrawn in November. These costs totalled US$270 million (net of tax) in 2008 and were excluded from underlying earnings. Other charges excluded from underlying earnings comprise costs relating to non recurring acquisitions, disposals and similar corporate projects.

Of the Group s total post tax impairment charge of US$8.4 billion (which includes US$0.8 million in respect of discontinued operations) US$7.9 billion relates to the Group s aluminium businesses including the Packaging unit.

The acquisition price of Alcan anticipated significant growth in smelter and refinery capacity, but following the significant weakening in economic and market circumstances during 2008, many of these growth projects were deferred. These deferrals, together with the weak economic environment and increases in input costs, resulted in the impairment charge.

In measuring the amount of the impairment, the Group compared the carrying value of the upstream aluminium business with its value in use, assessed using discounted cash flow techniques. This follows the requirements of the accounting standards as, in the Group s view, the upstream aluminium business fair value less cost to sell was lower than its value in use. For the purposes of the annual goodwill impairment test, goodwill was allocated to a group of cash generating units that included both Alcan and the aluminium activities previously owned by Rio Tinto which are now managed as a single business.

The impairment charge did not trigger the covenant under the Alcan acquisition facilities, which requires that the ratio of net debt to underlying EBITDA be no greater than 4.5 times.

Exchange differences and gains/(losses) on derivatives of US$843 million relates to a gain of US$1.9 billion on Australian dollar intragroup liabilities, held by Group entities with a US dollar functional currency offset by a loss of US$1.7 billion on external US dollar debt held by an entity with an Australian dollar functional currency. The weakening of the Australian dollar against the US dollar, particularly towards the end of 2008, led to these significant movements. The tax on exchange gains and losses includes a benefit of US$254 million through recovery of tax relating to the prior years. It also includes tax relief for losses on US dollar denominated debt. The pre-tax loss is offset by gains on intragroup balances which are largely not subject to tax.

An impairment of discontinued operations of US$827 million relating to Packaging was recognised outside of underlying earnings. As required by IFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations, the amount of this impairment was determined by reference to the Group s best estimate of expected proceeds to be realized on the sale of Packaging, less an estimate of remaining costs to sell. The Packaging business was valued based upon an assessment of its fair value, which is required because this business was presented as an Asset Held for Sale in the Group balance sheet. Engineered Products was also valued based upon an assessment of its fair value, as the Group s intention is to sell this group of businesses.

2007

In 2007 an impairment charge of US$328 million after tax was recognised at Argyle following a decline in value as a result of large increases in the estimated capital costs of the underground project. This was partly offset by the reversal of the residues of the impairments of Tarong Coal and Palabora.

Other exclusions from underlying earnings in 2007, a charge of US$209 million, mainly comprised non recurring consequences of the Alcan acquisition, including Integration costs. Of this total, US$146 million resulted from the sale of Alcan inventories that were revalued based on selling prices at the date of acquisition

Group financial results by product group 2007 2009

	2009 US$m	2008 US$m	2007 US$m
Iron Ore	**4,126**	6,017	2,664
Aluminium	**(578)**	1,271	1,051
Copper	**1,866**	1,597	3,373
Energy	**1,420**	2,581	498
Diamonds & Minerals	**800**	474	475

Other operations	**(188)**	(133)	167
Inter-segment transactions	**(28)**	25	
Other items	**(547)**	(366)	(540)
Exploration and evaluation	**5**	(133)	20
Net interest	**(578)**	(1,030)	(265)
Group underlying earnings	**6,298**	10,303	7,443
Exclusions from underlying earnings	**(1,426)**	(6,627)	(131)
Net Earnings	**4,872**	3,676	7,312

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Sustainable development

Performance data

Rio Tinto s sustainable development data are reported for calendar years and, unless otherwise stated, our inventories represent 100 per cent of the parameter at each managed operation, even though Rio Tinto may have only partial ownership.

Data reported in previous years may be modified if verification processes detect material errors, or if changes are required to ensure comparability over time.

Wherever possible, data for operations acquired prior to 1 October of the reporting period are included. Divested operations are included in data collection processes up until the transfer of management control.

We report in line with the Global Reporting Initiative (GRI) G3 guidelines at Application level A+.

Environmental stewardship

We continue to proactively manage climate change, water, land stewardship, biodiversity, mineral and non mineral waste, air quality and closure. These programmes include input from our local communities as well as from experts in these fields, and are supported by our external partnerships with BirdLife, Earthwatch, Fauna & Flora International and Royal Botanic Gardens, Kew.

In 2009 we set new five year targets for a range of environmental metrics, including greenhouse gas emissions intensity, which is discussed in the section below. We also made progress with the development of a formal relationship with IUCN.

Greenhouse gas emissions

We accept the urgent need for climate change action and recognise the issue as being one of our greatest challenges and opportunities. Reducing the greenhouse gas (GHG) emissions intensity of our production is a key performance indicator for the Group and we aim to improve the energy intensity of all our operations. We are also working to identify step change opportunities to improve our performance over the longer term.

Greenhouse gas emissions intensity

Indexed relative to 2008	**Group intensity**
2005	109.4
2006	110.8
2007	110.2
2008	113.1[(1)]
	100.0[(2)]
2009	92.5[(2)]

(1) Rio Tinto excluding former Alcan

(2) Rio Tinto including former Alcan

As a result of the Alcan integration, the emissions intensity of our production decreased by ten per cent between 2007 and 2008, reflecting the high percentage of low carbon energy within Alcan s smelter portfolio. Removing the effect of this acquisition, our intensity would have increased in 2008.

In 2009 we set a new target to reduce our total GHG emissions intensity by six per cent between 2008 and 2013. A further four per cent reduction is targeted to give an overall ten per cent reduction by 2015 as a result of the expected completion of planned capital projects. We index our performance relative to 2008 as the base year.

During 2009, our GHG emissions intensity reduced by 7.5 per cent, largely as a result of divesting the Ningxia aluminium smelter in China, which is powered by coal based electricity, and reduced production at a number of operations with a higher than average emissions intensity. We expect some reversal of this positive performance in future years as production levels increase.

Our total GHG emissions, defined as the sum of on site emissions and those from the net purchase of electricity and steam minus net carbon credits voluntarily purchased from, or sold to, recognised sources, were 41.0 million tonnes of carbon dioxide equivalent, nearly nine million tonnes lower than in 2008. This is the result of asset divestments and reduced levels of production at some operations. Rio Tinto s on site emissions were 26.1 million tonnes in 2009.

We operate in an energy intensive sector and we seek to improve the greenhouse gas emissions over the full life cycle of our products. For instance, Rio Tinto Alcan is a leader in the development of energy efficient aluminium smelting technology. While it represents 71 per cent of the Group s energy use, it only produces 64 per cent of our total GHG emissions due to its low carbon energy portfolio.

We recognise that there are significant GHG emissions associated with the transportation, processing and use of Rio Tinto s products. In 2009, the three most significant sources of indirect emissions associated with our products were:

Approximately 4.5 million tonnes of CO_2-e associated with third party transport of our products and raw materials.

An estimated 120 million tonnes of CO_2-e associated with customers using our coal in electricity generation and steel production.

Approximately 330 million tonnes of CO_2-e associated with customers using our iron ore to produce steel. These emissions are not in addition to the coal use emissions above, as some customers use both our iron ore and our coal to produce steel.

Emissions associated with third party transport and combustion of our coal reduced significantly in 2009 with the divestment of Rio Tinto Energy America.

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Due to global demand, coal is likely to remain a significant source of energy for the foreseeable future. We are therefore investing in developing and commercialising carbon capture and storage (CCS) technology. In particular, we continued to progress our studies on the Hydrogen Energy California project, a joint venture with BP. Rio Tinto is a founding member of the Global CCS Institute and supports other collaborative efforts to deploy the technology, such as the CO2CRC s Otway Basin geosequestration project in Australia.

Where we can influence our customers, we work to develop efficient downstream processes, and our metals and minerals can bring energy and emissions benefits. For example:

Uranium is used in low carbon power generation.

Our high purity ductile iron is used in the production of wind turbines.

Aluminium makes cars lighter, reducing the amount of fuel used during their operation, and it can be efficiently recycled.

During 2009 climate change legislation was debated in a number of jurisdictions in which we operate. In Australia the Carbon Pollution Reduction Scheme cap and trade bill was brought before, but not passed by, the Senate. Australian legislation was enacted for reporting energy use and GHG emissions, and legislation for the use of renewable energy may be expanded. The requirement to purchase Renewable Energy Certificates will increase operating costs. The US House of Representativea passed a cap and trade bill. In the EU, some of Rio Tinto s operations are subject to the second phase of the EU emissions trading scheme. This exposure will increase when the third phase starts in 2013. The proposed legislation will increase operating costs as the Group will have to purchase emissions permits, the number of which would increase over time. Rio Tinto continued to participate in collaborative efforts to promote effective public policy frameworks to address climate change, including the US Climate Action Partnership and submissions on proposed legislation to governments in Australia, the US, the EU and Canada. A comprehensive programme is under way to prepare the Group for climate legislation. All Australian legislated reporting requirements were met in 2009.

Rio Tinto s operations are exposed to the physical risks of climate change. In 2009 our Energy & Climate Strategy group commenced a review of progress in identifying, managing and communicating these risks to better coordinate and support the integration of projected physical climate change risks in project planning and operations.

Energy use

Rio Tinto both consumes energy in its operations and produces it, with significant electricity generation at our hydropower facilities in Canada and in other locations. Our smelting and mineral processing operations are energy intensive and depend on hydroelectricity, nuclear power, coal, oil, diesel and gas to keep them running.

This year our energy use decreased from 553 to 497 petajoules. This change has been influenced by the divestment of the energy intensive Ningxia aluminium smelter and reduced production for some commodities. Depending on the mix of commodity production, we would expect some reversal of this positive performance in future years as production levels increase.

Rio Tinto uses a significant portfolio of hydro, nuclear and other renewable power sources in its energy mix, which represented 70 per cent of our electricity use in 2009. A number of new projects and technology upgrades that are either under way or planned will ensure that we use electricity available from our hydroelectric sources with greater efficiency.

Total energy use	**Petajoules**
2005	245[1]
2006	257[1]
2007	540[2]
2008	553[2]
2009	497[2]

(1) Rio Tinto

(2) Rio Tinto including former Alcan

To drive improvement in energy efficiency our businesses have set a range of local energy targets that cover nearly three quarters of the Group s energy use.

The Group is working to reduce the energy intensity of new projects through demand reduction using asset design and the development of alternative sources of energy supply. We are also currently developing step change technologies for several of our products, including the drained cathode cell for aluminium production. This has the potential to significantly reduce the amount of energy required to produce aluminium.

Assurance

We engaged an independent external assurance organisation, PricewaterhouseCoopers (PwC), to provide the board of directors of Rio Tinto plc and Rio Tinto Limited assurance on selected sustainable development subject matter. Their full assurance statement is on page 33 of the 2009 *Annual report.*

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Aluminium

Transforming the Aluminium business

The Aluminium product group, Rio Tinto Alcan, is a global leader in the aluminium industry. Its operations are closely integrated across the globe, and include mining high quality bauxite, refining alumina for both primary aluminium production and specialty alumina markets, and producing primary aluminium at some of the lowest cost, most technologically advanced smelters in the industry. Rio Tinto Alcan is renowned for its technology leadership as well as its advantaged position among aluminium producers in generating clean, renewable hydroelectricity.

2009 Operational highlights

US$ million	
Revenue	12,038
Operating cash flow	688
Underlying earnings	(578)
Capital expenditure	1,690
Net operating assets	35,992

Operating cash flow contribution: 5%

Underlying earnings contribution* 2007-2009	**US$m**
2007 Underlying earnings	1,040
Effect of changes in:	
Prices and exchange	(207)
Inflation	(55)
Volumes	1,073
Costs	(86)
Tax and other	(495)
2008 Underlying earnings	1,271
Effect of changes in:	
Prices and exchange	(2,243)
Inflation	(4)
Volumes	(41)
Costs	233
Tax and other	206
2009 Underlying earnings	(578)

2007 comparatives have been restated to remove Engineered Products.

* See note 31 on page A-44 and note 51 on page A-80 of the *2009 Financial statements* for a reconciliation of underlying earnings by

product group to consolidated net profit for the year as determined under IFRS. All amounts presented by the product groups exclude net interest and other centrally reported items.

Strategy

Deliver on our baseline commitments including customer service, sustainable development, and ensuring the safety of our employees.

Continue our journey of transformation and deliver on cost improvements.

Surpass our synergy target and complete the integration process, which includes accelerating our cultural integration.

Protect and enhance our superior growth options while preserving cash.

Achievements

Reduction of 22 per cent in the all injury frequency rate from 2008 to 2009.

Delivered after tax synergy benefits of US$924 million during 2009 with an annualised sustainable run rate of US$1.1 billion at the end of 2009.

Transformational change to both administrative and production costs drove further efficiencies across the entire organisation.

Strategically managed sustaining capital expenditure allocations, and completed value improvement exercises at major capital project sites to improve long term costs.

Adjusted production of bauxite, alumina and aluminium to align with the downturn in market demand.

Key Priorities

Improve safety performance towards the objective of zero harm.

Maintain focus on transformational change to enhance margins, reduce operating costs and optimise efficiencies at all operations worldwide.

Continue to align production levels with market requirements.

Drive additional value growth initiatives such as capital efficiency projects and research and development programmes.

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Strategically progress key projects including the Yarwun 2 expansion project (Australia), Kitimat Modernisation Project, AP50 pilot plant and Shipshaw optimisation (Canada).

Outlook

Rio Tinto Alcan remains committed to delivering on operational efficiencies and improving its baseline cost structure.

Major cost reduction measures and further aligning production with market demands are expected to position Rio Tinto Alcan to continue to lead the restructured global aluminium industry going forward.

To build stronger margins and remain long in bauxite and alumina, the group holds the world s largest bauxite reserves and a competitive position in the alumina sector.

Carbon trading and emissions regulations will factor strongly in the coming years, particularly in OECD countries, and the group s AP technology and clean energy sources are expected to provide advantages in a carbon constrained marketplace.

Performance

In 2009, Rio Tinto Alcan s annual bauxite production was 30.7 million tonnes, down from 35.0 million tonnes in 2008 mainly due to production curtailments at Weipa, Australia. The group has a leading position in alumina refining and full ownership or participation in 21 aluminium smelters with a total annual capacity of nearly 4.0 million tonnes (Rio Tinto s share), the vast majority of which are located in OECD countries.

In the current environment of weaker than average demand, the group retains a competitive advantage, as about 80 per cent of its aluminium is produced in the first half of the industry cost curve and it has curtailed higher cost production. Rio Tinto Alcan s favourable cost position, especially with regard to energy inputs, has benefited the business during the current global economic downturn.

In 2009, Rio Tinto Alcan s contribution to underlying earnings was a negative US$578 million, a decrease of US$1,849 million from 2008. This is mainly due to the sharp decline in LME prices experienced during the first half of 2009, coupled with the continuing economic downturn in most markets. The effects of the LME and market conditions were partially reduced by improved raw material costs through negotiation of prices, lower oil prices, and lower cash costs due to cash initiatives, production curtailments, and ongoing synergy benefits. Second half EBITDA improved by over US$1 billion compared to the first half as transformational initiatives enabled Rio Tinto Alcan to be well positioned for the aluminium price recovery.

The average aluminium market price in 2009 was US$1,701 per tonne compared with US$2,620 per tonne in 2008. The group s average realised price for ingot products in 2009 was US$1,833 compared to US$2,753 in 2008.

Strategy

Rio Tinto Alcan will continue to deliver on its baseline commitments, including customer service, sustainable development and ensuring employee safety. The group will also remain focused on delivering value through large scale, long term cost competitive assets.

Financial performance will be founded on continued transformational change, a reduced cost structure, and robust cash management. Cash preservation and optimisation of working capital remain key ongoing priorities. Synergy targets and completing integration, including cultural integration by aligning systems and exchanging personnel with other Rio Tinto businesses, will also be key.

Strategically protecting and enhancing our superior growth options has meant slowing growth oriented capital expenditures. Value improvement projects at selected sites are targeting 20-30 per cent reductions in capital costs for major projects. In the medium term, previously announced modernisations or closures are expected to move our portfolio even further down the industry cost curve. This will allow us to create value throughout future economic cycles and reduce our global carbon footprint.

Our business strategy also includes being long in bauxite and alumina. This supports our growth and ensures that the group is not exposed to the asymmetric alumina pricing risk when the global alumina market falls into deficit. Expansion of the Yarwun refinery in Australia will increase alumina production by two million tonnes per annum.

Slowing of construction has resulted in a revised completion date for the second half of 2012.

Key achievements

Synergies from the integration of Alcan were delivered ahead of target despite economic pressures and capital constraints. This was achieved using only 70 per cent of the planned operational expenditure, and 23 per cent of the planned capital expenditure. Furthermore, full recurring synergies delivered are expected to exceed the previously stated US$1.1 billion target.

At the end of 2009, Rio Tinto Alcan had closed, sold or curtailed approximately ten per cent of its aluminium smelting production, which represents the removal of a significant portion of its capacity in the top half of the cost curve. The group has also slowed selected projects, using the delay to complete value improvement exercises aimed at improving costs for the long term.

Transformational change to both administrative and production costs drove further efficiencies across the entire organisation.

In addition to completion of the Ningxia joint venture sales transaction in China, strategic divestments included the sale of the group s 80 per cent interest in the Ghana Bauxite Company, including the Awaso bauxite mine, as it was not aligned with our long term strategy. The sale was completed on 1 February 2010.

The Sohar Aluminium smelter in Oman, which poured its first metal in 2008, reached its full capacity of 360,000 tonnes per annum in 2009. The state of the art smelter uses Rio Tinto Alcan s benchmark AP36 technology a highly efficient and environmentally friendly smelting technology.

Energy efficiency improved by one per cent over last year in North America due to aggressive improvement targets at each of the group s smelters, energy self audits to reduce natural gas consumption at anode baking furnaces, and auxiliary natural gas consumption reductions. These initiatives required no additional investment from Rio Tinto Alcan.

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Despite economic pressures, safety was a top priority and overall, the group achieved a 22 per cent reduction in the all injury frequency rate from 2008 to 2009.

Safety

Rio Tinto Alcan and its employees have integrated Rio Tinto safety performance standards and risk management practices throughout its businesses. The ultimate goal remains zero harm. Regrettably, one fatality occurred at the Ghana Bauxite Company site in August 2009.

A key priority has been the reduction of major risks through the implementation of Rio Tinto HSE performance standards and risk management practices. At critical sites, Process Safety Management to prevent collapse, fire, and explosion as well as the release of toxic, reactive, flammable, or explosive materials has progressed significantly.

During 2009, the integration process was successfully completed including key elements of the Rio Tinto HSEQ management system and deployment of the Safety Leadership Development Programme.

Completion of this work lays the foundation for establishing clear global priorities and common business standards.

Rio Tinto Alcan s all injury frequency rate (AIFR) of 1.04 at the end of 2009 represented a 38 per cent reduction over the 2007 integrated former Rio Tinto Aluminium and Alcan baseline.

All injury frequency rate	Per 200,000 hours worked
2005	1.41
2006	1.45
2007	1.67(1)
2008	1.33
2009	1.04

(1) Including former Alcan

Greenhouse gas emissions

Total greenhouse gas emission intensity at Rio Tinto Alcan reduced by 9.9 per cent for aluminium. This is the result of the divestment of the Ningxia joint venture smelter in China, closure of some older operations, curtailment of production at selected facilities and increased operational efficiency.

Rio Tinto Alcan is a leader in the generation of low GHG intensity power, with projects in place to continue improvements to overall site performance, as well as leverage energy efficiency, best practice sharing, and research and development efforts to achieve both GHG reductions and low carbon targets.

Aluminium greenhouse gas emissions intensity

Indexed relative to 2008	Group intensity
2005	117.7
2006	119.4
2007	117.0
2008	118.7(1)
	100.0(2)
2009	90.1(2)

(1) Rio Tinto excluding former Alcan

(2) Rio Tinto including former Alcan

Rio Tinto Alcan contributes 64 per cent of Rio Tinto s total GHG emissions. Our achieved and continued reductions also contribute significantly to the Rio Tinto Group s overall intensity improvements.

Furthermore, Rio Tinto Alcan products play an important role in attaining sustainable downstream GHG savings across numerous commercial and civilian sectors, notably in automobiles, trucks, buses and trains. Aluminium can also be recycled indefinitely without compromising its quality.

Integration Of Alcan

The integration of Alcan delivered after tax synergy benefits of US$924 million during 2009 with an annualised sustainable run rate of US$1.1 billion at the end of 2009. Despite economic turbulence and capital constraints, the integration programme has successfully achieved its US$1.1 billion target for 2010 using only 70 per cent (US$173 million) of the planned operational expenditure, and 23 per cent (US$122 million) of the planned capital expenditure. As remaining projects realise their full potential in 2010, the full recurring synergies delivered are expected to be US$1.2 billion per year, which exceeds the stated target of US$1.1 billion.

The delivered benefits are derived from a range of business areas such as logistics and operations. The operating synergies are driven primarily by cost reduction initiatives in procurement and combining knowledge and resources between business units, by optimising Australian bauxite production which, when ramped up, is expected to result in synergies of US$24 million annually.

Within the worldwide Primary Metal Research & Development function, optimisation and coordination of research project streams generated annualised savings of US$22 million.

As we conclude the integration programme, synergies will become embedded into normal business operations. Deferred projects will be transferred to Business Improvement teams for future realisation, and best practices will continue to be shared across Rio Tinto.

Review of operations

In addition to meeting synergies and integration targets, cash preservation and optimisation of working capital remain key priorities. Improvement programmes and reductions have targeted both structural and cyclical elements such as the cost of key inputs including coke, caustic and pitch. To sustain input cost reductions over the longer term, Rio Tinto Alcan widened its

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specification ranges, capitalised on logistic opportunities, and leveraged its position as a part of the Rio Tinto Group during procurement negotiations.

Rio Tinto Alcan permanently closed or divested higher cost facilities to centre its asset base on top tier, large scale assets. The Beauharnois smelter in Quebec ceased smelting operations in April and the Anglesey Aluminium Metal joint venture in the UK closed in September. Regional industrial development teams have assisted both sites to reduce the impact of the closure on the community and identify potential long term projects such as a remelt and recycling centre at Beauharnois and a standalone casting centre at Anglesey. The sale of Rio Tinto Alcan s share of the Ningxia smelter in China was completed in 2009.

The group also temporarily curtailed production capacity at selected facilities worldwide. Globally, the business has closed, sold or curtailed approximately ten per cent of its aluminium smelting production as at the end of 2009, which represents the removal of a significant portion of its capacity in the first half of the cost curve.

Bauxite and alumina production was also adjusted to align with market demand and internal requirements. Bauxite production was curtailed by 12 per cent globally, including a 3.8 million tonne reduction at Weipa, and alumina capacity was curtailed by two per cent. Cost reduction and cash conservation initiatives included slowing construction of the Yarwun alumina refinery expansion in Australia, introducing a flexible production model at the Jonquière (Vaudreuil) refinery in Canada and lowering operating costs. At year end, 76 per cent of bauxite production and 36 per cent of alumina production were situated in the lower half of their respective cost curves.

Primary Metal operations in North America delivered 182 per cent on anticipated synergies and integration targets. Efficiency was greatly improved by a strong commitment to Business Improvement and quick, integrated deployment of Improving Performance Together (IPT) asset management and LEAN methodologies. Primary Metal, Asia Pacific also exceeded its synergy targets by 47 per cent at its smelting operations.

To further global competitiveness, a restructuring programme is under way in France to improve productivity by 20 per cent and align production costs with the global industry average. This will position both the smelters and alumina operations to take advantage of potential carbon constraints and the benefits of nuclear electricity.

After registering a low of US$1,367 per tonne in February, average monthly LME prices trended upward during the rest of the year, reaching US$2,213 per tonne in December. Automobile production in the US, Japan and Western Europe has begun to increase. Industrial production and semis shipments in these regions have also moved upward since reaching a trough in the April-June 2009 period.

The Chinese aluminium market moved from being a slight net exporter during the last five years to a net importer. But as a result of slower economic growth earlier in the year and dramatic capacity curtailments in the domestic aluminium industry, an energy surplus has emerged, pushing down the cost of production and encouraging restarts of aluminium capacity. It is likely that the energy situation will prove to be temporary. Ongoing urbanisation and increases in standards of living will drive competition for energy, moving China back into an energy deficit and placing upward pressure on costs.

Because the aluminium industry took a significant amount of high cost capacity offline in 2009, average industry costs have declined, resulting in a flattening of the aluminium cost curve. This is likely to be temporary and to reverse as demand picks up and causes some restarts of higher cost smelters. If this occurs, a steeper cost curve will emerge, favouring low cost producers such as Rio Tinto Alcan.

The group has therefore prioritised the protection and enhancement of its superior growth initiatives, although no new capacity is planned before 2012 and large scale projects worldwide have been slowed. This delay has been used to complete value improvement exercises aimed at reducing costs for the long term. Both the AP50 pilot plant in Quebec and the Kitimat Modernisation Project in British Columbia are working to implement the latest in low energy consumption technology, maximise their use of existing infrastructure, and apply lean construction principles in the years ahead.

Rio Tinto Alcan has also signed a memorandum of understanding with the Government of Cameroon in preparation for a greenfield project that includes a hydropower dam, aluminium smelter and port facilities. Construction is expected to begin toward the end of 2011, with first metal in 2016.

The Shipshaw power station optimisation is on budget and on schedule, and is expected to improve this major component of Rio Tinto Alcan s extensive hydroelectric network in Quebec, which has a total installed capacity of

approximately 2,900 megawatts.

Outlook

In the short term, Rio Tinto Alcan remains committed to delivering on operational excellence and improving its baseline cost structure. By maintaining major cost reduction measures made in 2009, we expect that the business will be in a strong position to lead the restructured global aluminium industry going forward. Rio Tinto Alcan will continue aligning production with sales and marketing needs. As part of an ongoing reorganisation of its operating structure in France, the group will adopt cost reduction measures for selected European aluminium and specialty alumina operations.

Global aluminium consumption growth is expected to grow in the range of four to six per cent during the next decade, supported by China s continued urbanisation, industrialisation and economic development, as well as that of developing economies such as India, Indonesia and Brazil. Our analysis suggests that by 2020, meeting increased demand will require the equivalent of one new Quebec smelting system every nine months, as well as the equivalent of a fully expanded Yarwun every year, and a Weipa every three years.

Because Rio Tinto Alcan s energy costs are believed to be less linked to pricing on the London Metal Exchange than other large producers, we are well positioned to capture value when prices rise. The group intends to leverage this advantage through growth and additional efficiency initiatives.

Carbon trading and emissions regulations will factor strongly for aluminium in the coming years, particularly in OECD countries. The New Zealand government has a legislated Emissions Trading Scheme, expected to include the NZAS joint venture from July 2010, and the Australian government has proposed a carbon pollution reduction scheme to commence in July 2011. As of 2013, Rio Tinto Alcan sites within the European Union will join the European Trading Scheme and therefore be covered by all applicable regulations.

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Rio Tinto Alcan s growth portfolio includes projects that centre on clean energy sources as well as high performance technologies as means of reducing emissions. Our comprehensive, proprietary AP technology suite also makes Rio Tinto Alcan a partner of choice for project development, driven by a disciplined, proven engineering and technology delivery process. We continue to develop the next generation of our smelting technology as an ideal complement to strong, renewable power assets. An AP50 pilot plant is under construction in the Saguenay, Quebec, Canada, and the AP-Xe suite is being designed to be retrofitted to previous AP series cells.

In addition to its modern, low cost smelting fleet, Rio Tinto Alcan is a fully integrated aluminium producer. The group can leverage various supply chain benefits from mine to metal, and expects sufficient supplies to sustain its long term growth strategy. It holds interests in three of the four largest bauxite mines in the world (Weipa, Porto Trombetas and Sangaredi), situated in the top three bauxite reserve countries (Australia, Brazil and Guinea). This provides optionality through size, expandability and proximity to key growth markets.

Rio Tinto Alcan s bauxite reserves in north eastern Australia, Weipa and Gove mines, and alumina refineries at Gove, Yarwun, and Queensland Alumina have made this region in particular a hub for future optimisation opportunities.

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Copper

Growth Through Innovation

Rio Tinto s Copper group is a world leader in copper production. Operations include Kennecott Utah Copper in the US and interests in the producing copper mines of Escondida in Chile, Grasberg in Indonesia, Northparkes in Australia and Palabora in South Africa. In 2009, the group produced approximately 800,000 tonnes of copper, which places it among the top five copper producers in the world. Gold and molybdenum are also valuable by-products of the group s mines. In addition to its producing assets, the group has interests in three of the world s largest undeveloped greenfield copper projects. The group also includes major nickel deposits in the US and Indonesia.

2009 Operational Highlights

US$ million

Revenue	6,206
Operating cash flow	2,223
Underlying earnings	1,866
Capital expenditure	553
Net operating assets	5,028

Operating cash flow contribution: 16%

Underlying earnings contribution* 2007-2009	**US$m**
2007 Underlying earnings	3,479
Effect of changes in:	
Prices and exchange	(185)
Inflation	(49)
Volumes	(963)
Costs	(620)
Tax and other	(66)
2008 Underlying earnings	1,597
Effect of changes in:	
Prices and exchange	(487)
Inflation	(40)
Volumes	556
Costs	304
Tax and other	(64)
2009 Underlying earnings	1,866

* See note 31 on page A-44 and

note 51 on page A-80 of the *2009 Financial statements* for a reconciliation of underlying earnings by product group to consolidated net profit for the year as determined under IFRS. All amounts presented by the product groups exclude net interest and other centrally reported items.

Strategy

Deliver shareholder value by significantly increasing copper production in the medium term.

Be an innovative, disciplined acquirer and developer of value creating assets.

Optimise and develop the group s existing assets.

Continue to invest in innovative technologies such as block caving and sulphide leaching to maintain leadership in the mines of the future.

Leverage the diverse portfolio of producing and developing mines to adapt to changing economic conditions.

Achievements

At Kennecott Utah Copper (KUC), the concentrator set multiple plant production records, including total ore milled and copper in concentrate produced.

Also at KUC, the resource development team identified a new copper-molybdenum-gold porphyry system.

KUC and Escondida both successfully negotiated new mutually beneficial collective bargaining agreements with their work forces in 2009.

A landmark investment agreement with the Government of Mongolia progressed the development of the Oyu Tolgoi project. Rio Tinto increased its stake in Ivanhoe Mines to 19.7 per cent.

Kennecott Eagle Nickel successfully addressed certain key legal challenges to its mine permits in the US.

Key Priorities

Exceed the improved safety performance in 2009 with a focus on embedding process safety risk reviews.

Development of the world class Oyu Tolgoi copper-gold deposit in Mongolia.

At KUC, progress the molybdenum autoclave project and continue life of mine extension through local drilling programmes.

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Complete the Northparkes E48 development and ramp up to full production.

The Copper Projects function will maintain and maximise options around key projects and pursue opportunities to accelerate the start of production.

Outlook

Industry fundamentals support a strong outlook on price, with robust long term demand and supply side constraints.

Continued price volatility with upside potential.

Industry will be challenged by mines of increasing depth, decreasing grade profiles and increasing exposure to higher risk regions.

Gradual transition to underground mines which require higher capital costs and investment in innovative technologies.

Performance

As markets recovered from the turbulence of 2008, the Copper group achieved an increase in underlying earnings of 17 per cent in 2009. This was achieved through cost reductions and higher volumes. Performance highlights included mined copper production in 2009 up 15 per cent over 2008 and refined copper production up 28 per cent over 2008, following higher grades and a further improvement in performance at Kennecott Utah Copper.

The Copper group s contribution to underlying earnings increased by US$269 million to US$1,866 million due to higher production at Kenncott Utah Copper and Grasberg as well as cost improvements across the product group. This was offset by lower copper and molybdenum prices.

Strategy

The Copper group s strategy is to deliver shareholder value through significantly increasing copper production in the medium term. This will be achieved by continuing to optimise and develop the group s existing assets and by proactively seeking opportunities to grow the copper portfolio. Key components of the strategy include exploring opportunities to improve and expand existing operations, accelerating the development of key projects, maintaining an emphasis on exploration activities, and pursuing other opportunities for growth.

The group s strategy is based on industry fundamentals that support a strong outlook on prices, particularly in the medium term. Emerging economies, particularly China and India, are expected to continue to drive copper demand over the coming decade. On the supply side, the challenges associated with finding and developing new projects will mean that copper supply will likely be constrained in the medium to long term.

The group has a set of world class operating assets and a strong portfolio of long term greenfield projects that allows it the flexibility to adapt to changing economic conditions. Investment plans are rigorously evaluated in light of evolving market conditions.

While certain investments have been delayed in response to recent macro-economic conditions, Rio Tinto believes it has the capability and experience to develop and expand its portfolio of assets when economic conditions improve further. Rio Tinto is investing in the application of innovative technologies including block caving, automation, flash converter smelting and sulphide leaching. As copper mining shifts from open pit to underground, Rio Tinto s block caving expertise will enable mine life extensions through access to new high grade deposits at greater depths. Rio Tinto has developed its block caving expertise through its interests in Northparkes, Palabora and Grasberg. Future developments are expected to rely on large scale block caving and include Oyu Tolgoi, Resolution and Bingham Canyon.

The Copper group is not constrained by geographic considerations and can work where development opportunities exist. It is committed to the principles of Rio Tinto s code of conduct *The way we work*, with a focus on responsible environmental performance and a commitment to strong community relations.

Key Achievements

The group saw significant achievements at operations and projects during 2009. At KUC, the Copperton concentrator set multiple plant production records, including total ore milled (7.6 per cent increase) and copper in concentrate

produced (28 per cent increase over the previous year). Gold and silver in concentrate exceeded 2008 levels by 58 per cent and 43 per cent respectively.

KUC and Escondida both successfully negotiated new mutually beneficial collective bargaining agreements with their workforces in 2009.

At Grasberg, expansion of the currently producing Deep Ore Zone mine to 80,000 tonnes per day is essentially complete.

At the Oyu Tolgoi project, the Investment Agreement with the Government of Mongolia was completed in October and subsequently Rio Tinto increased its stake in Ivanhoe Mines to 19.7 per cent with fixed price options to further increase the stake to 43 per cent.

At Palabora, the Broad Based Black Economic Empowerment transaction required under South Africa s new Mining Charter is progressing well. In April, Palabora submitted a Transaction Framework Agreement bearing the signatures of its Broad Based Black Economic Empowerment partners.

At the Kennecott Eagle nickel project, a judge affirmed the Michigan Department of Environmental Quality s issuance of key permits for the mine. This put all of the necessary state permits for the project into effect. Production is being targeted for 2013.

Safety

Safety continued to be a major focus in 2009 at all operations. Despite the continued emphasis, there was one fatality at Copper group managed operations during the year, which occurred at Palabora. Overall, the group realised a significant improvement in the all injury frequency rate (AIFR) in 2009 with an annual rate of 0.67 compared to 1.06 in 2008.

At KUC, the safety strategy is defined in a three year safety plan which is supported by improvement action plans at the plant, department and individual level. Key safety improvement achievements during 2009 included implementation of the Rio Tinto Significant Potential Incident (SPI) reporting and investigation process; development and roll out of a substantial front line

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safety leadership skills improvement programme; and implementation of new safety controls for delivery drivers. During 2010, KUC will continue safety improvement efforts with specific focus on process safety and contractor safety.

All injury frequency rate	Per 200,000 hours worked
2005	1.26
2006	1.31
2007	1.24
2008	1.06
2009	0.67

Greenhouse gas emissions

The Copper group is committed to continual improvements in energy management and efficiency. Spending on improvement projects in 2009 led to substantial progress on embedding behavioural energy management initiatives such as reductions in idling of light duty vehicles and improving electrical energy demand management systems at KUC.

In 2009, KUC reported for the first time to the Climate Registry, a multi-state voluntary greenhouse gas reporting system. KUC s overall greenhouse gas emissions intensity decreased, primarily due to efficiencies associated with higher copper production.

In 2010, the Copper group anticipates additional progress in greenhouse gas and energy management across the business portfolio.

Copper cathode greenhouse gas emissions intensity

Indexed relative to 2008	Group intensity
2005	74.6
2006	84.6
2007	72.7
2008	100.0
2009	81.3

Operations

Kennecott Utah Copper (Rio Tinto: 100 per cent)

KUC operates the Bingham Canyon mine, Copperton concentrator and Garfield smelter and refinery complex near Salt Lake City, Utah.

In 2009 the Copperton concentrator set multiple plant production records. Milled ore of just under 53 million tonnes topped the record established in 2008 by 7.6 per cent. Copper in concentrate also reached a new high in 2009 of 303,536 tonnes, a 28 per cent increase over the previous year. Gold and silver in concentrate improved in 2009, exceeding 2008 levels by 58 per cent and 43 per cent respectively, whilst molybdenum concentrate production increased 11 per cent.

Recent exploration at the Bingham Canyon mine has identified a new copper- molybdenum-gold porphyry system beneath the current open pit (disclosed in March 2009). The molybdenum mineralisation is substantial and has a grade

which is higher than the average grade of the open pit reserve.

Current ore reserves are expected to enable open pit operations to continue until 2020 with additional mineralised material potentially extending the open pit mine life to 2032.

Evaluation of open pit expansion options at the mine continued through the Keystone project. A pre-feasibility study is expected to be completed in 2010 potentially allowing conversion of significant open pit mineralised material to reserve. Study of the underground expansion option was temporarily halted in 2009 due to the global economic downturn.

Escondida (Rio Tinto: 30 per cent)

The Escondida copper mine located in Chile s Atacama Desert is the largest copper mine in the world in terms of annual production. BHP Billiton owns 57.5 per cent of Escondida and is the operator and product sales agent.

During the first half of 2009, concentrate production was impacted by the Laguna Seca SAG mill being operated at a reduced rate to limit the risk of failures. These problems were successfully resolved during a 32 day full stoppage of the concentrator in July and August. The combined effect of lo