

RioTinto

2010 Annual review

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Striving for global sector leadership



Striving for global sector

Rio Tinto is a leading global business delivering value at each stage of mineral and metal production.

Contents

Performance highlights	1
Group overview	2
Chairman's message	4
Chief executive's message	6
Chief financial officer's message	8
<i>The way we work</i>	9
Group strategy	10
Delivering our strategy	12
Sustainable development	14
Aluminium	18
Copper	19
Diamonds & Minerals	20
Energy	21
Iron Ore	22
Exploration	23
Technology & Innovation	23
Board of directors and Executive committee	24
Summary corporate governance	26
Summary remuneration report	28
Summary financial statements	31
Financial information by business unit	34
Auditors' report	35
Financial calendar	36
Useful information and contacts	37

Opportunities for long term growth

Our assets are ideally positioned to serve our customers worldwide. While our operating heartland is in OECD countries, much of our sales are to emerging economies.

Read our Group overview

2

Our global code of conduct

Underpinned by our values, our approach to sustainable development, and by effective corporate governance.

Read about
The way we work

9

Our strategy

Maximising shareholder return by sustainably finding, mining, developing and processing natural resources.

Read about our
Group strategy

10

Adding value across the cycle

We create and preserve value through investing in and operating large scale, long term, cost competitive mines and businesses.

Read about how we deliver
our strategy

12

www.riotinto.com

The "Shareholders" section at www.riotinto.com provides the following information on Rio Tinto: financial information; corporate information; Rio Tinto share price charts and data; the Rio Tinto event calendar and dividend information; and the latest presentations by management for investors and financial analysts.

leadership

Our commitment to the health, safety and prosperity of our people is at the heart of our operations. So is our determination to maintain the environmental integrity of what we do. Our well established strategy, our single set of standards and values and our diverse portfolio of quality assets position us for growth on a global scale.

2010 performance highlights

Strong financial performance

- Record underlying earnings of US\$14.0 billion, 122 per cent above 2009
- Record cash flows from operations of US\$23.5 billion, up 70 per cent on 2009
- Record underlying EBITDA of US\$26.0 billion, up 82 per cent on 2009

Exceptional operational delivery

- 18 per cent decrease in all injury frequency rate from 2009
- Production at, or above, capacity at many operations
- Record annual production of iron ore

Growth potential across the business

- US\$11 billion of major capital approvals in 2010, with US\$13 billion of capital expenditure expected in 2011

Continuing progress on sustainable development

- Reduced greenhouse gas (GHG) emissions intensity by 3.7 per cent from 2008
- Community contributions of US\$166 million, up 40 per cent on 2009

Underlying earnings

US\$ **14.0^{bn}**

Cash flows

US\$ **23.5^{bn}**

Net debt reduced to

US\$ **4.3^{bn}**

GHG emissions intensity reduced from 2008

3.7%



Opportunities for long term growth

Our assets are ideally positioned to serve our customers worldwide. The majority of our operations are in Australia and North America, but we also have businesses in South America, Europe, southern Africa and Asia. While our operating heartland is in OECD (Organisation for Economic Co-operation and Development) countries, much of our sales are to emerging economies – which are driving the anticipated growth in metals and minerals demand. To meet rising demand, we will continue to pursue value-adding organic growth, plus targeted small to medium sized acquisitions.

Aluminium

We are a global leader in the aluminium industry. Our closely integrated facilities include high quality bauxite mines and alumina refineries, as well as some of the world's lowest cost primary aluminium smelters.

Products

Bauxite, alumina, aluminium



[Read more on page 18](#)

Copper

With diverse assets and leading technology, our Copper group is uniquely positioned to supply growing global demand. In 2010, we produced 678 thousand tonnes of copper, making us the world's fifth largest supplier. We also produced 772 thousand ounces of gold and 13 thousand tonnes of molybdenum as by-products of our copper operations.

Products

Copper, gold, molybdenum, silver, nickel



[Read more on page 19](#)

Diamonds & Minerals

The Diamonds & Minerals group comprises mining, refining and marketing operations across three sectors. Rio Tinto Diamonds is one of the world's leading diamond producers, active in mining and sales and marketing. Rio Tinto Minerals is a world leader in borates and talc, with mines, processing plants, commercial and research facilities. Rio Tinto Iron & Titanium is an industry leader in high grade titanium dioxide.

Products

Diamonds, borates, titanium dioxide feedstocks, talc, high purity iron, metal powders, zircon, rutile



[Read more on page 20](#)

Underlying earnings^(a)
% of Group total

6%

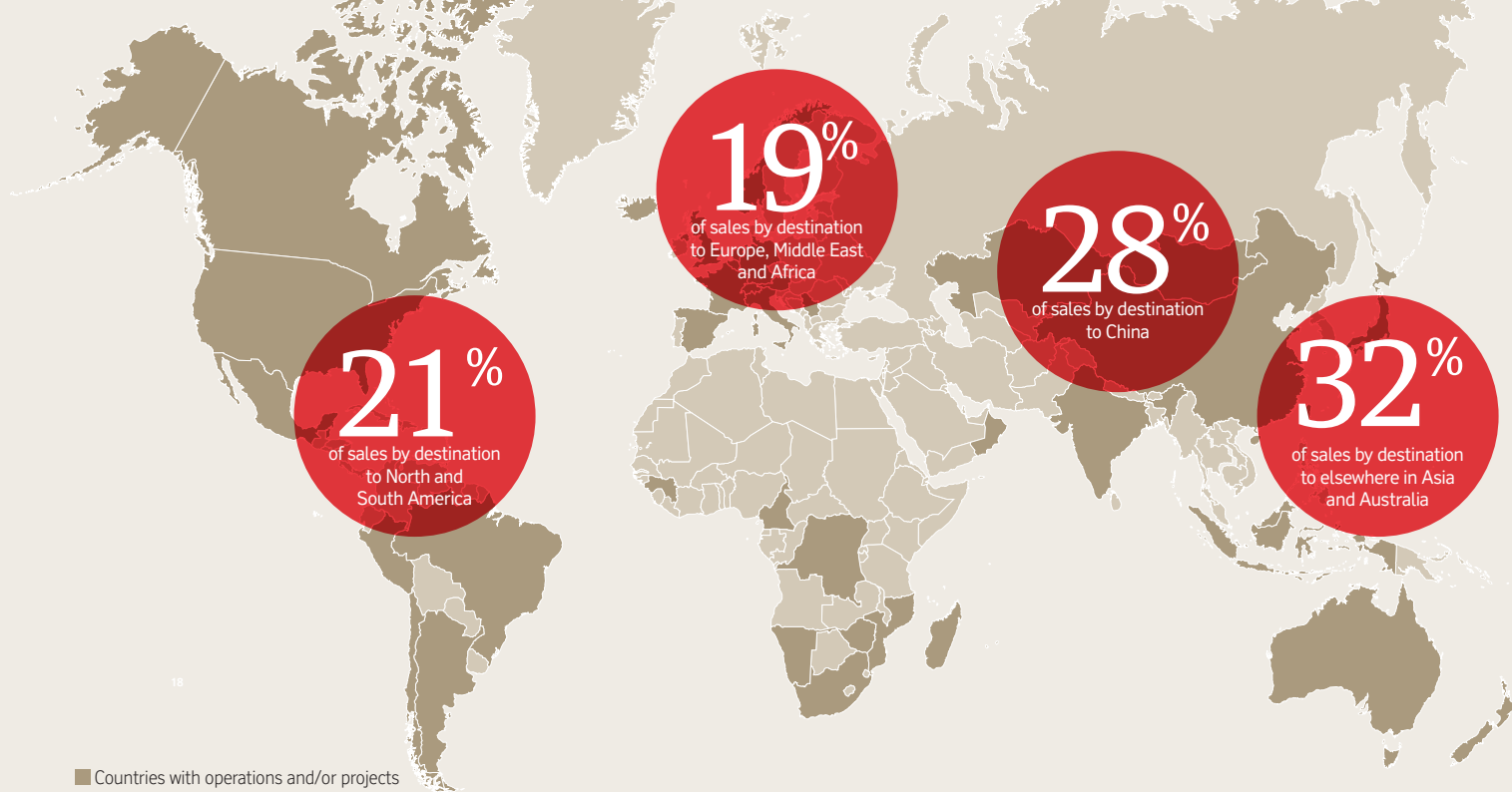
Underlying earnings^(a)
% of Group total

18%

Underlying earnings^(a)
% of Group total

2%

(a) Aggregate product group underlying earnings contribution of 107 per cent is reduced to 100 per cent by negative amounts for Other items and Net interest.



Energy

We are a leading supplier of thermal and coking coal to the Asian seaborne market and are one of the world's largest uranium producers, serving electric power utilities worldwide. Our Energy portfolio includes: Rio Tinto Coal Australia; a coal mine at Colowyo in Colorado, US; Energy Resources of Australia, which produces uranium oxide from its Ranger operation; and Rössing, a Namibian uranium oxide producer.

Products

Thermal coal, coking coal, uranium



[Read more on page 21](#)

Iron Ore

We are the second largest producer supplying the global seaborne iron ore trade. After a decade of dramatic expansion in Australia, and more recent growth in both Australia and Canada, we believe we are well positioned to benefit from the continuing demand surge in China and other Asian markets. We are driving performance through effective project management and enhanced operational efficiency.

Products

Iron ore, salt



[Read more on page 22](#)

Exploration

Exploration is one of the Group's core activities – largely paying for itself through the sale of non core discoveries.

Potential Tier 1 discoveries are retained for development and operation. These have included two of the largest copper opportunities in the world at Resolution in Arizona, US and La Granja in Peru. Exploration has also delivered one of the world's largest known undeveloped high grade iron ore deposits, at Simandou in Guinea, as well as the Caliwingina channel iron deposits in the Pilbara, Australia.

[Read more on page 23](#)

Technology & Innovation

Our centralised team of specialists focuses on improving current technologies and operations, with emphasis on project development, execution and evaluation. The Group's Innovation Centre concentrates on step changes that will give us competitive advantages in developing the orebodies of the future. A special Energy & Climate Strategy Centre is dedicated to improving the Group's use of energy, reducing greenhouse gas emissions and understanding the effects of climate change on our operations and prospects.

[Read more on page 23](#)

Underlying earnings^(a) % of Group total

8%

Underlying earnings^(a) % of Group total

73%

A year of record results

Our commitment to operational excellence has seen us capitalise on improved conditions in the external environment.

2010 was an outstanding year for Rio Tinto. Having stabilised and strengthened the Group in the wake of the global financial crisis, we can now concentrate on delivering operational excellence.

This is central to Rio Tinto accomplishing its vision of global sector leadership. By continuing to aspire to this vision, we are now well placed to take advantage of the opportunities created by the improved business environment.

Rio Tinto's people have been key to our success in 2010. For example, by working our assets at, or above, normal capacity, they set a new record in the annual production of iron ore. At the same time they improved our safety performance.

Efficient capital management

We believe that long term creation of shareholder value requires a balanced approach to investing in growth and returning excess capital to shareholders, while maintaining a strong balance sheet.

Our confidence, both in our own portfolio and in future demand for our products, has allowed us to increase our annual dividend by 20 per cent compared with our previous commitment. We are also proceeding with a US\$5 billion share buy-back, which we intend to complete by the end of 2012, subject to market conditions.

Improved global economy

Fiscal and monetary stimulus by governments has gradually stabilised major economies and revived trade from the low point of the global crisis. In particular, China's annual growth rebounded from an annual rate of nearly six per cent in 2009 to over ten per cent in 2010.

While we anticipate continuing volatility in our markets, we have the strength and ability to grow through changeable times. Our stronger balance sheet has positioned us to take advantage of this recovery. We have sharpened our focus on organic growth, and for 2011, capital expenditure is set to increase to US\$13 billion.

Improving markets create new challenges: we face increased competition for skilled and talented people, not only from new players attracted to our sector, but also from other expanding sectors such as oil and gas.

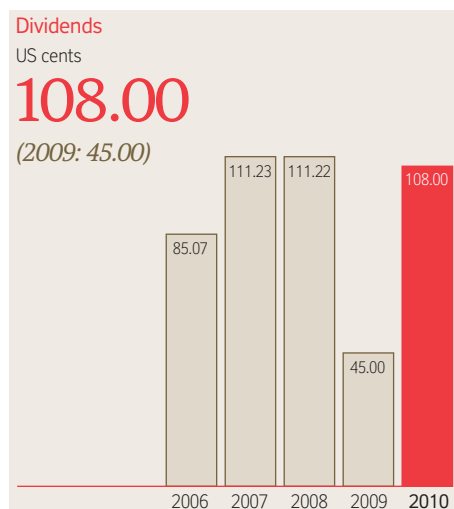
We also need to address the growing technical demands imposed on us in finding and developing increasingly remote and complex orebodies.

Sustainable development

Our access to the right people, as well as to capital and resources, is determined by our values and our reputation. Maintaining our leadership in sustainable development and building our reputation allows us to constantly renew our licence to operate. Being a responsible employer, neighbour, partner and citizen is integral to what we do today, contributes to our legacy and helps build all of our futures.

For more than a decade we have been at the forefront of promoting and participating in sustainable development. This is recognised by our continued listing on FTSE4Good, the Dow Jones Sustainability Indexes and the Carbon Disclosure Leadership Index.

Our record and reputation allow us to align with organisations that lead the way in sustainable development. In 2010, we formed a three year partnership with the International Union for Conservation of Nature. We will share knowledge and best practice with our partners to develop and deliver sustainable benefits to the people and places where we work.



“The long term creation of shareholder value requires a balanced approach to investing and returning excess capital.”

Share buy-back by the end of 2012

US\$ 5bn

Governance and risk

Rio Tinto's board oversees the Group's management in maintaining the highest standards of corporate governance.

These standards are underpinned by the ethical guidance in Rio Tinto's global code of conduct, *The way we work*, through the application of best practice and by continually striving for excellence so as to create value for our shareholders.

Management also has the board's support in delivering sustained operational excellence. The Group actively encourages the pursuit of opportunities whether they are likely to arise through organic growth or prudent corporate activity.

The board recognises that risk is an integral and unavoidable part of doing business. While risk carries threats, it also offers opportunities. Our risk management processes are embedded in our Group, as they are vital for maintaining our competitive advantage.

Board succession planning is an essential component of effective corporate governance. In 2010, we strengthened our board through the appointment of two new non executive directors, Ann Godbehere and Robert Brown.

We also saw two retirements from the board. Sir David Clementi, who was chairman of the Audit committee, stepped down in May, as did David Mayhew. In accordance with a provision of the new UK Corporate Governance Code, all of the directors will stand for re-election

by shareholders annually with effect from the 2011 annual general meetings. As previously indicated, Yves Fortier, formerly chairman of the board of Alcan Inc., and also Sir Rod Eddington will not be standing for re-election by shareholders in 2011. Each have made significant contributions to the board during their tenure with Rio Tinto and I would like to express my personal appreciation of the tremendous support they have given to me over the years.

Meanwhile, Andrew Gould, Senior Independent Director and chairman of the Remuneration committee, has announced that he will be leaving the board at the conclusion of the 2012 annual general meetings.

On behalf of the board, I continue to lead the succession and routine refreshment of directors to ensure the most appropriate balance of skills and experience, and to drive effective decision making.

Outlook

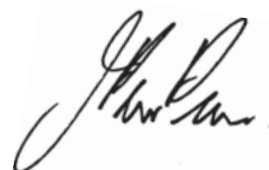
Urbanisation and industrialisation in populous parts of the world will continue to drive increasing demand for metals and minerals. Although long term fundamentals for growth are strong, there are downside risks in the short term, and potential for medium term volatility due to persistent economic imbalances. Financial systems remain fragile, particularly in OECD countries. The increase in sovereign debt and government action to tackle fiscal imbalances are likely to temper short term growth.

We will continue to factor the potential for these conditions into the Group's plans and to enhance our capabilities to predict demand and understand our markets.

Our people's commitment

It is inspiring to see the way our global team of people works together and strives for ways to improve our collective performance. Throughout the year, their commitment, talent and integrity have led to the delivery of remarkable results.

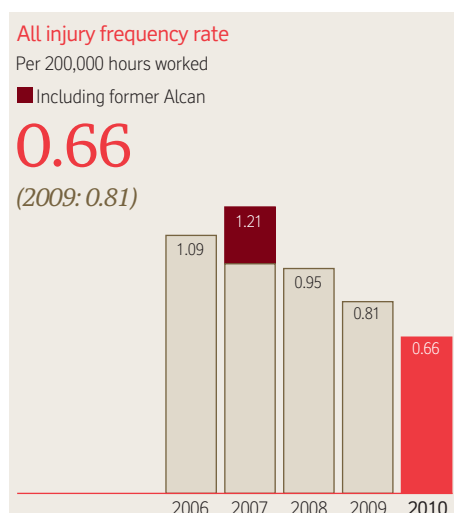
On behalf of the board, I would like to thank all of our people for their hard work during the past year. Our thanks also go to our shareholders, whose continued support of Rio Tinto has helped us achieve record levels of performance in 2010.



Jan du Plessis, chairman

Strong momentum and value adding growth

From a position of increased strength and with growth firmly on our agenda, we are making significant progress towards our vision of global sector leadership.



Our achievements in 2010 owe much to the consistency with which we pursue our strategy – investing in and operating large, long term, cost competitive mines and assets driven not by choice of commodity, but by the quality of each opportunity.

The Group's performance is a testament to our focus on creating shareholder value in the long term.

2010 objectives

To support this strategy, in 2010 we focused the business on five short term priorities: operational delivery, prudent balance sheet management, growth, strengthening of our relationship with China and completing the proposed Western Australian iron ore production joint venture.

Credit for significant progress being made in almost all of these areas is due to the 77,000 employees who work for Rio Tinto across the world. I would like to thank them for their ongoing commitment.

Over the course of the year our financial strength has improved, our flexibility has increased and our options have expanded. This has been achieved through the combination of progress of our divestment programme, the efficiencies arising from business transformation and record annual production of iron ore at a time of improved market conditions. During 2010, these conditions enabled us to approve US\$11 billion of investment in major capital projects. Growth is firmly on our agenda.

In 2010, our focus on operational efficiency and risk management increased. We placed particular emphasis on continuous improvement and compliance. In this regard achieving safe, reliable and injury and illness free operations is our number one priority. We are proud to have improved our safety record with an 18 per cent decrease in the all injury frequency rate.

However, I must record with sorrow the deaths of three people in our managed facilities in the course of the year. As a result of these tragedies we have increased our focus on process and contractor safety. We remain wholly committed to safety in the workplace. Our goal is zero harm in all our operations.

In 2010, we made significant progress in developing stronger ties with China. We signed a joint venture agreement with Chalco, for development and operation of the Simandou iron ore project in Guinea and continue to have discussions with the Government of Guinea. At the end of the year, we signed a memorandum of understanding with Chinalco to establish a landmark exploration joint venture in China. We also agreed to extend our Channar Mining joint venture in the Pilbara with our partner Sinosteel Corporation.

In the course of the year we terminated the employment of four Shanghai based employees who were convicted of receiving bribes and obtaining commercial secrets, in violation of the Group's strong ethical culture and Chinese law. An independent review concluded their activities were conducted entirely outside the Group's systems.

We were disappointed that we were unable to reach mutually acceptable terms with the regulators to form the proposed Western Australian iron ore production joint venture with BHP Billiton, but we respect their decisions. We remain focused on the expansion of our iron ore business in the Pilbara by over 50 per cent.

Strong sustainable development framework

Whatever we do, wherever we operate, sustainable development underpins our vision.

Our sector has become an increasing focus for governments and other stakeholders.

“Confidence in the Group’s existing business and the outlook for our markets allowed us to grow organically.”

Major capital approvals in 2010

US\$11bn

But the Group’s commitment to sustainable development means proactive leadership and effective management can create new opportunities and strong relationships with all our stakeholders.

We can turn this area of challenge and complexity into a source of competitive advantage. Our approach to sustainable development gives governments confidence that we will develop resources in ways that will benefit their economies and communities and will protect their environments, so preserving options for future generations.

Sustainable development means engaging with communities around our activities and providing clear economic benefits to them. This is crucial in maintaining and extending our ability to do business – securing our licence to operate. It allows us to plan, implement and deliver contributions to social wellbeing, environmental stewardship and economic prosperity all within our strong governance systems.

We continue to care for the safety and health of our people as well as engage with surrounding communities and show leadership in global issues vital to the future of the world’s environment such as carbon, water use and biodiversity.

Well placed to meet rising demand

Our short term outlook for global growth justifies caution. Whilst we are positive about the long term prospects, we cannot rule out periods of volatility as the world addresses persistent economic imbalances.

Governments’ fiscal and monetary stimulus initiatives helped the recovery of prices and a resumption of normal trade. However, fading benefits of the stimuli can be expected to slow momentum.

In the longer term we believe fundamentals are strong. Globally, we expect GDP growth in 2011 to continue at broadly healthy levels of around 4.5 per cent. Our strategy means we are well placed to meet the rising demand from China and other emerging economies.

Achieving our vision

Confidence in the Group’s existing business and the outlook for our markets allowed us to grow organically. Success is borne out by the announcement of new investments of US\$11 billion in 2010. This significantly enhances our global presence in key operational areas.

Several projects stand out: our iron ore expansion plans in the Pilbara; our increased stake in the Oyu Tolgoi copper-gold project; and progress towards modernising and expanding our Canadian aluminium portfolio. At the end of the year we announced a recommended offer for Riversdale Mining Limited, which, if successful, would provide us with a substantial Tier 1 coking coal development pipeline in Mozambique. It is an example of the small to medium sized acquisitions that we are also focused on.

The people who make it all happen

Rio Tinto wishes to add to the diversity of its workforce, which increasingly mirrors our customer base and our geographic footprint.

We face competitive labour markets, but our aim to make Rio Tinto the employer of choice is underwritten by offering employees opportunities for personal and professional development.

I wish to thank our shareholders, my leadership team and our employees. It has been a year of exceptional performance and momentum, which was truly a team effort. I am looking forward to building on this success in 2011.

In a world of growing commodity demand and increasing sustainable development challenges I believe Rio Tinto will set itself apart through its leadership in operational delivery, exploration, technology and innovation and sustainable development to become the preferred industry partner and developer.



Tom Albanese, *chief executive*

Creating shareholder value

Guy Elliott



"A strong balance sheet will allow us to take advantage of value-creating opportunities."

Record underlying earnings
in 2010

US\$14^{bn}

In 2010, our record earnings and cash flows allowed us to further strengthen our balance sheet. This has paved the way for investment in high quality growth and an increased dividend at the same time as returning US\$5 billion to shareholders.

Record financial performance

Robust commodity prices and strong operational performance allowed us to deliver record underlying earnings in 2010. At US\$14.0 billion underlying earnings were 122 per cent higher than 2009. Record cash flows from operations of US\$23.5 billion demonstrated the exceptional cash generation capabilities of our high quality, cost competitive, long term, large scale Tier 1 assets.

Global economic recovery meant that we began to face cost pressures. However, we are addressing these with productivity improvements, effective procurement and operating efficiencies.

Balance sheet strength

Since the beginning of 2008 we have realised over US\$11 billion from the sale of non core assets. Coupled with strong cash flows from operations we have reduced our net debt to US\$4.3 billion at the end of 2010.

This prudent approach to managing the balance sheet is in line with our strategy to achieve a single A credit rating.

Investing in organic growth

A strong balance sheet will allow Rio Tinto to invest in our first class growth projects and to take advantage of value-creating opportunities. In 2010, we began to reinvigorate our exploration and evaluation programmes to develop the next generation of Tier 1 assets supporting Rio Tinto's pipeline of high quality organic projects.

While these will allow for sustainable, long term growth, we will continue to look for innovative joint ventures and investments to gain entry to Tier 1 assets.

Capital expenditure in 2010 was US\$4.6 billion. We approved US\$11 billion of new major projects during 2010, including the expansion of our iron ore operations in Australia and Canada, and the modernisation and expansion of our aluminium smelting capacity. We expect capital expenditure to reach approximately US\$13 billion in 2011.

The business environment

Our outlook is for strong underlying growth for our products in urbanising and industrialising markets like India and China. Our strong balance sheet positions us to withstand volatility that may arise from imbalances in the global economy.

Australia's proposed Mineral Resource Rent Tax highlighted that resource nationalism is now on the political agenda in many countries. Rio Tinto is committed to working constructively with host governments to

ensure that tax policy does not create a hostile environment for investment.

The return of capital to shareholders

We were pleased to announce a final dividend of 63 US cents per share. The total dividend in respect of 2010 was 108 US cents per share, 20 per cent higher than the dividend commitment we made to shareholders at the time of the rights issues in June 2009.

This will form the basis of a progressive dividend policy, so that the US dollar value of ordinary dividends will increase over time.

We recognise that during times of high cash generation a progressive dividend policy alone will not return excess cash to shareholders. Therefore, we are undertaking a US\$5 billion share buy-back programme over 2011 and 2012, subject to market conditions. This commitment will still leave us with the flexibility to make significant investments in our business and remain committed to a single A credit rating.

Rio Tinto's established strategy, financial discipline and leadership in project execution all mean that we are well positioned to continue creating sustainable growth in shareholder value over the coming decades.

A handwritten signature of Guy Elliott in black ink.

Guy Elliott, chief financial officer

Our global code of conduct

“The way we work – our global code of conduct – defines how we manage the economic, social and environmental challenges of our operations. It is underpinned by our values, our approach to sustainable development, and by effective corporate governance.”

– Jan du Plessis

Governance

Innovative thinking combined with business experience

Rio Tinto's board of directors is responsible for the Group's success and is accountable to shareholders for our performance. Its members contribute a balance of innovative thinking with business knowledge and experience.

The board operates four principal committees, each playing a vital role in underpinning how we work. To ensure their relevance and continuing adherence to best practice, the committees annually review their terms of reference.

Rio Tinto recognises that risk is an integral component of its business, and that it is characterised by both threat and opportunity. Through skilled application of high quality, integrated risk analysis and management, we enhance opportunities and reduce threats, and so achieve and maintain competitive advantage.

Our Risk standard guides the process by providing an overall methodology and structure for the handling of risk within the organisation. The Group seeks to provide the board and senior management with a consistent, Group wide perspective of the key risks.

Sustainable development

Key to our licence to operate

Sustainable development is good business as well as good sense.

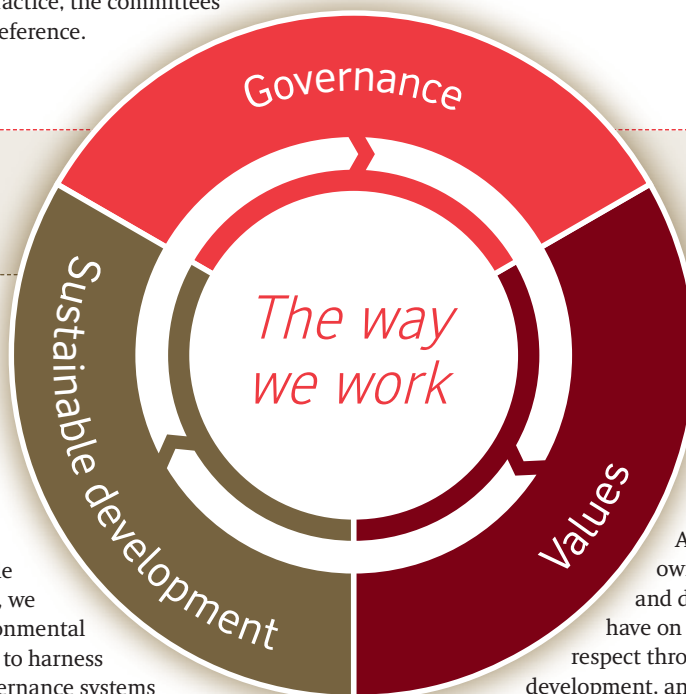
Our continuing financial success depends on our ability to gain access to the land, people and capital we need. To do that, we put our economic, social, environmental and technical expertise to work to harness these resources. Our strong governance systems ensure that we manage our business with openness and accountability. This process creates prosperity that is shared among shareholders, employees, communities, governments and business partners.

Values

The essence of who we are

Our reputation stems from our four core values, which define the essence of who we are and who we will be: accountability, respect, teamwork and integrity.

Accountability is about taking ownership of our performance and decisions, and the impact they have on the business. We demonstrate respect through our approach to sustainable development, and by recognising our people's contribution to the business. By working as a team, we can focus our collective efforts on where they deliver the best outcome for the Group. Finally, we work with integrity, treating all our stakeholders with fairness, honesty and openness.



Striving for global sector leadership

Vision

To become the sector leading global mining and metals company.

Strategy

To invest in and operate large, long term, cost competitive mines and businesses, driven not by choice of commodity but rather by the quality of each opportunity.



Enabling growth

Rio Tinto's major iron ore expansion project in the Pilbara, Western Australia will more than double the capacity of the Cape Lambert port.

As we work to achieve our vision, we will maximise shareholder return by sustainably finding, developing, mining and processing natural resources. We will do this through a strategy of investing in and operating large, long term, cost competitive mines and businesses, driven not by choice of commodity but by the quality of each opportunity.

Strategic drivers

Five strategic drivers are helping us deliver our strategy and achieve our vision.

Financial and operational excellence

- Operating large, long term, cost competitive, scaleable assets
- Achieving further productivity, efficiency and cost improvements
- Maintaining a strong balance sheet
- Preserving and creating options
- Causing zero harm

Licence to operate

- Being the partner of choice for governments, communities and other stakeholders
- Making sustainable development integral to everything we do
- Maintaining integrity and high standards of corporate governance

Growth

- Obtain and grow Tier 1 assets
- Investing for organic growth
- Being constantly aware of customers' changing requirements
- Leadership in project development and implementation

Globalising the business

- Achieving global sector leadership
- Maintaining reputation to access people, capital and resources
- Embracing diversity
- Turning challenges and complexity into competitive advantage

Technology and innovation

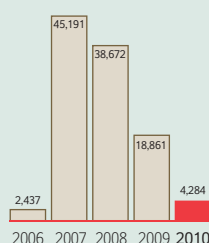
- Achieving productivity gains through innovative technologies
- Applying technology to sustainable development
- Finding new ways to do old things better, cheaper and safer
- Expanding access to technology

Key performance indicators

Achievement of our strategy and goals is measured by a mixture of financial and non financial performance indicators, some of which are linked to executive remuneration.

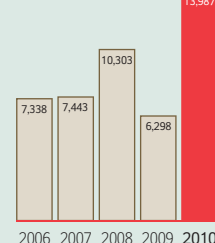
Net debt

US\$ millions



Underlying earnings

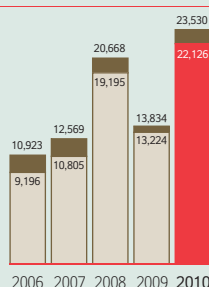
US\$ millions



Operating cash flows

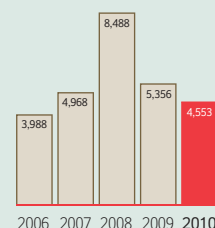
US\$ millions

■ Dividends from equity accounted units
■ Cash flows from consolidated operations



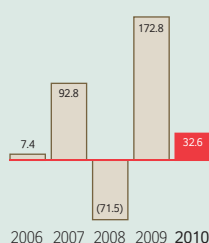
Capital expenditure

US\$ millions



Total shareholder return

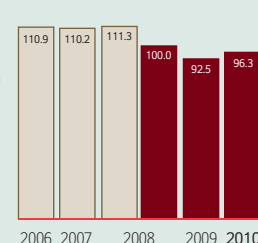
%



GHG emissions intensity

Indexed relative to 2008

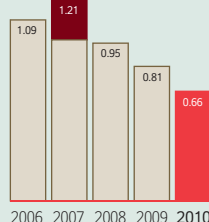
■ Including former Alcan



All injury frequency rate

Per 200,000 hours worked

■ Including former Alcan



Adding value across the cycle

Investing

Explore and evaluate

The orebodies for which we explore are increasingly remote and complex. We seek large, long term, cost competitive assets that we select not by choice of commodity, but by the quality of each opportunity. In this way we can maximise their value to shareholders and other stakeholders as well as contribute to sustainable development in the wider community. We also consider growth through other business combinations, for example acquisitions and joint ventures.

Develop

Rio Tinto develops and manages its assets to the highest industry standards: we support investment in health, education, jobs and other important economic benefits for the communities in which they are located. We also provide the essential resources that the global economy needs to grow and prosper.



Bunder project, diamonds, India

The Bunder project, in the Indian state of Madhya Pradesh, is Rio Tinto's most advanced diamond project. Rio Tinto discovered a cluster of eight diamondiferous pipes in 2004 as part of a regional exploration reconnaissance programme which commenced in 2002. The Bunder deposit is the most important diamond discovery in India for many decades and one of only four new diamond mines likely to become functional globally in the next ten years. An Order of Magnitude study was completed in 2009 and a sample processing plant constructed the same year to further evaluate the nature of production. In 2010 a pre-feasibility study began, and the Government of Madhya Pradesh signed a State Support Agreement with us as further endorsement of the project.

Oyu Tolgoi, copper-gold, Mongolia

When Oyu Tolgoi, in Mongolia's South Gobi Desert, reaches full production in 2018, it will be a top ten copper producer and one of the world's biggest gold producers. Rio Tinto signed an agreement with Ivanhoe Mines in December 2010, under which we have assumed direct management of the project. In February 2011, Rio Tinto also increased its ownership of Ivanhoe Mines to 42.1 per cent. The transition of management of Oyu Tolgoi to Rio Tinto has officially started, with a vision to safely deliver on schedule and on budget, and to be firmly aligned with Rio Tinto's strategy, values and standards for excellence. In addition, we will fully deliver on the commitment to employ approximately 90 per cent of the project's workforce from Mongolia – representing around 3,000 to 4,000 direct jobs, including contractors. There are currently 6,000 people working at Oyu Tolgoi during its construction phase.

We create and preserve value through investing in and operating large scale, long term, cost competitive mines and businesses. The nature of our business means that an orebody may last for many decades. Throughout the life of an orebody, from initial exploration to final closure and restoration, we commit to the highest standards of sustainable development.

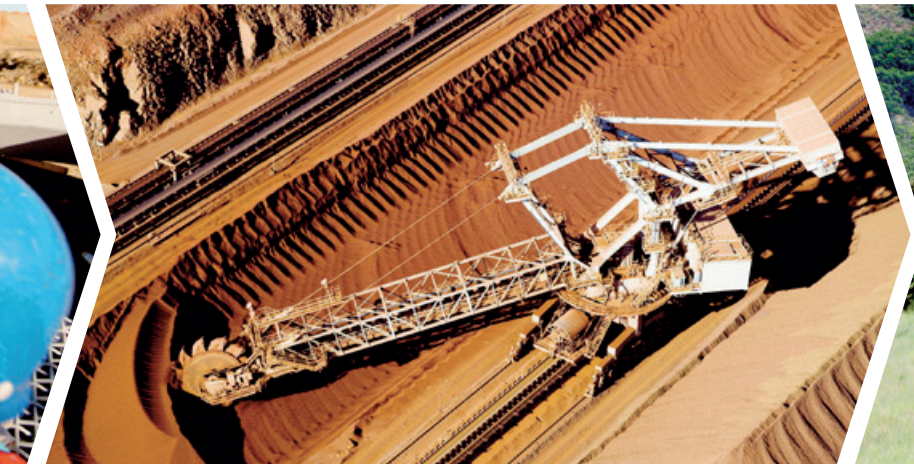
Operating

Operate

The first principle for Rio Tinto is “zero harm” – maintaining operational excellence in order to keep the workplace safe. Operational excellence is also at the heart of our vision to achieve global leadership in our sector – investing for growth, optimising productivity, maintaining integrity and high standards of corporate governance so we constantly maintain our licence to operate.

Close down and restore

At the end of the life of a resource Rio Tinto has an imperative to carefully wind down operations, remove our infrastructure, close our mines and processes and to monitor sites. Being a responsible employer, neighbour, partner and citizen is integral to what we do today, contributes to our legacy and helps build our future.



The Pilbara, iron ore, Australia

Rio Tinto's operations in the Pilbara region of Western Australia make us the leading iron ore supplier close to the world's largest, fastest growing markets. We have made a series of major announcements relating to the expansion of the Pilbara rail and port infrastructure to 283 million tonnes per year. Feasibility studies into further expansion to 333 million tonnes a year are well under way, as the Group intends to expand capacity here by more than 50 per cent over the next five years in what we believe is the lowest risk, highest return major iron ore project in Australia. The expansion will more than double capacity at the Cape Lambert port facility. During 2010, Rio Tinto announced US\$5.6 billion of investment in the Pilbara expansion programme (100 per cent basis).

Barneys Canyon, gold, US

Rio Tinto mined gold at Barneys Canyon until 2001. The waste rock dumps in Utah's Oquirrh Mountains have since been successfully rehabilitated into prime habitat for elk and deer, thickly covered with grasses, wildflowers and shrubs. Waste rock dumps spanning nearly 230 hectares have been recontoured into natural landforms and revegetated. Secure repositories with thick vegetated covers were also created on 16 hectares of restored land to contain the five per cent of waste rock that could have posed a risk to vegetation or water quality because of its sulphide content. As a result soils, water and vegetation in the area all meet applicable standards required to support healthy vegetation and wildlife. In 2004, Barneys Canyon received the Earth Day award from the State of Utah for excellence in mine rehabilitation.

Central to the way we work

Our approach to sustainable development creates competitive advantage. It helps us deliver better returns for our shareholders, manage risk effectively, reduce environmental impacts, cut operating costs, attract high calibre employees and provide more business opportunities.

Every year, we report on our sustainable development performance through a number of channels. In addition to the summary of our performance and sustainable development highlights in our *Annual report*, we publish sustainable development programme information, progress against our goals and targets and performance data online. We also report under other voluntary commitments such as the Global Reporting Initiative and the Carbon Disclosure Project.

Integral to how we operate

In 1998, we took a leadership role in the creation of the Global Mining Initiative, an industry programme that, ahead of most sectors, identified how mining can make a positive contribution to sustainable development.

Since then our commitment to contributing to sustainable development has become integral to delivering our business strategy; it is the standard on which Rio Tinto is judged – by governments, employees and communities.

Over the years, the backdrop against which we work has changed. The industry has been transformed by strong demand for metals and minerals from China, India and others. Expanding to meet that public demand has drawn the spotlight: on our role, our contribution and our impact.

The minerals and metals produced at our operations contribute to society's needs, delivering financial dividends for our shareholders, paying wages and salaries for our employees, and creating wealth to support community infrastructure, health care, employment and education. Our activities also provide the means and opportunity to develop new approaches to the environmental and human development challenges confronting society, such as climate change and poverty.

We also recognise that, if not managed appropriately, some aspects of our activities have the ability to detract from sustainable development, such as options for the future use of water and land, impacts on local communities, and greenhouse gas emissions from our operations and the use of our products.

The extended timeframes associated with the life of our operations from exploration, through development and operation to closure provide us with opportunities to plan, implement and deliver sustainable contributions to social wellbeing, environmental stewardship and economic prosperity, within our strong governance systems.

Our continued licence to operate is subject to the ever increasing expectations of society. We therefore developed and implemented a structured framework to ensure that we meet our goal of contributing to the global transition to sustainable development. This framework contains the “must have” building blocks, which must all work together to achieve leading performance and effectively manage risk.

Sound governance and high standards of conduct are sources of competitive advantage for us. Our global code of business conduct, *The way we work*, reinforces our commitment to integrate sustainable development thinking in the way we make decisions about finding, acquiring, developing, and operating assets around the world.

This approach begins with our corporate policies, which are supported by strategies and standards that lay down the minimum acceptable requirements for behaviour or operating conditions, wherever we operate. Our policies are also supported by a range of leadership tools and accountabilities to ensure appropriate implementation across the Group. We monitor and report against our performance using established indicators and

metrics with a suite of Group wide goals and targets. Increasingly we are also using leading performance indicators such as significant potential incidents to focus our programmes on mitigating the potential impacts of our activities. These metrics also form part of our remuneration.

By communicating and raising awareness of our approach to our internal and external stakeholders, we are embedding a sustainable development culture that touches every part of our organisation.

In 2010, we initiated a review of our sustainable development strategy which will allow us to reassess the effects of these changes and refresh our approach to ensure it remains focused on the social, environmental, economic and governance factors most relevant to creating shareholder value and meeting stakeholder needs.

The steps we have taken in the course of the year not only reconfirm our commitment to sustainable development. They are part of the continuing process to renew and maintain the leadership that Rio Tinto sees as integral in moving the Group towards its vision of global sector leadership.

Sustainable development framework



Key achievements

- Our all injury frequency rate continued to improve, with an 18 per cent reduction achieved in 2010.
- Sixty seven per cent of the electricity we used in 2010 was from low carbon sources, mainly hydroelectricity.
- We remained the largest private sector employer of indigenous Australians.
- We entered into formal partnerships with the International Union for Conservation of Nature and the Danish Institute of Human Rights.
- We retained our listing on the FTSE4Good, Dow Jones Sustainability Indexes and Carbon Disclosure Leadership Index.

Key priorities

- Refresh our approach to sustainable development to ensure it remains focused on the social, environmental, economic and governance risks most relevant to delivering our business strategy.
- Continue to reduce incident and injury rates toward our goal of zero.
- Identify and prioritise management of emerging health risks.
- Improve the diversity of our workforce.
- Maintain our energy use and greenhouse gas emission reduction programmes.
- Realise the potential for carbon, water and biodiversity offsets on our non operational landholdings.

Goals and targets	Trend	Progress to date
Our safety goal is zero injuries and zero fatalities. Progress is measured through our all injury frequency rate (AIFR) per 200,000 hours worked.	⬆️	18 per cent reduction in our all injury frequency rate compared with 2009.
30 per cent reduction in the rate of new cases of occupational illness per 10,000 employees between 2008 and 2013.	⬆️	56 per cent reduction in the rate of new cases of occupational illness compared with 2008.
Ten per cent reduction in the rate of employees per 10,000 employees exposed to an eight hour noise dose of more than 85 decibels between 2008 and 2013.	⬇️	0.3 per cent increase in the rate of employees potentially exposed to an eight hour noise dose of more than 85 decibels compared with 2008.
Six per cent reduction in total greenhouse gas emissions intensity between 2008 and 2013. We are also targeting a further four per cent reduction by 2015, to deliver an overall ten per cent reduction.	⬆️	3.7 per cent reduction in our total greenhouse gas emissions intensity compared with 2008.
Six per cent reduction in our freshwater use per tonne of product between 2008 and 2013.	⬇️	2.3 per cent increase in our freshwater use per tonne of product compared with 2008.
Our diversity goal is to employ people based on job requirements that represent the diversity of our surrounding communities. We are targeting:		
• Women to represent 20 per cent of our senior management by 2015. • Women to represent 40 per cent of our 2015 graduate intake. • 15 per cent of our 2015 graduate intake to be nationals from regions where we are developing new businesses.	⊖	• Women represented 14 per cent of our senior management in 2010. • Women represented 27 per cent of our 2010 graduate intake. • Eight per cent of our 2010 graduate intake were nationals from regions where we are developing new businesses.
All operations have in place locally appropriate, publicly reported social performance indicators that demonstrate a positive contribution to the economic development of the communities and regions where we work, consistent with the Millennium Development Goals, by 2013.	⊖	We collected data for the first time in 2010. 20 per cent of our operations had locally appropriate, publicly reported social performance indicators in place in 2010.



Improving performance



Declining performance



New target

Zero harm culture

In its determination to achieve zero harm, Rio Tinto is encouraging individual sites to adopt an innovative way to promote a culture of safety.



The Site Safety Acceleration Process (SSAP), introduced in 2010, aims to speed up the pursuit of zero harm by helping sites understand and address barriers to its achievement.

Sites volunteering to implement SSAP are supported in their motivation by global Health, Safety, Environment and Communities (HSEC). They design, develop and implement

safety improvements and, crucially, align the leadership team to commit to “doing what it takes” to achieve zero harm.

In embracing SSAP, site leaders shortlist challenges that, if addressed, will underpin safety improvements. By identifying strategic safety themes, SSAP supports development of plans to accelerate the journey to zero harm.

Applied at five pilot sites in the course of the year, SSAP is already promoting understanding of the leadership, behavioural and cultural aspects of safety performance and thus becoming part of employees’ day-to-day thinking about zero harm.

Life after death in Death Valley

How preserving our history has benefited generations of visitors to a spectacular wilderness

Rio Tinto's borate business first started mining in California's Death Valley in the 1880s. When activity ceased in 1927 – after the present mine in Boron was discovered – the area's future could have looked as bleak as the surrounding desert. But in the intervening years, company leaders had set about preserving that wilderness. In 1916, they helped write the language that was adopted by Congress to establish the National Park Service. Their successors donated land holdings to the Federal Government and lobbied to have the area protected as a National Monument in 1933, and as a National Park in 1994. The company not only protected the land, it also played a part in broadening awareness of this singular ecosystem by transforming old mining camps into hotels and developing radio and television shows based on true stories of the region. Rio Tinto is now giving additional acreage to the Park along with its associated mineral rights, providing the nearly one million people who visit the largest Park in the US every year even more to explore.



 Visit www.riotinto.com/ourapproach for more case studies

Aluminium

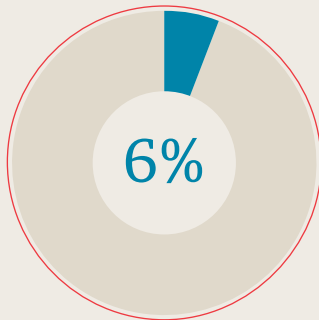
Transformation, modernisation and expansion

Our high quality bauxite mines and alumina refineries, state of the art technologies, clean and renewable energy assets and low cost aluminium smelters make us a global leader in the aluminium industry.

Jacynthe Côté, *chief executive, Rio Tinto Alcan*



Contribution to Group operating cash flow



Underlying earnings contribution 2008 – 2010

	US\$ million	
2008	1,281	
Prices and exchange	(2,243)	
Inflation	(4)	
Volume	(41)	
Costs	387	
Tax and other	60	
2009	(560)	
Prices and exchange	1,178	
Inflation	(83)	
Volume	160	
Costs	(77)	
Tax and other	155	
2010	773	

Operating highlights

	2010 US\$ million	2009 US\$ million
Revenue	15,206	12,038
Operating cash flow	1,334	549
Underlying earnings	773	(560)
Capital expenditure	1,328	1,690
Net operating assets	38,326	36,340

Strategy

- The second phase of transformation will target incremental EBITDA improvement of US\$1 billion by 2014.
- Leverage the group's robust growth pipeline with a priority on modernising and expanding existing Tier 1 assets; lower costs of existing facilities; and progress the development of greenfield options at a pace aligned with market demand.
- Be long in bauxite and alumina, providing strong growth potential, particularly in the Asian region.

Key achievements

- Increase of US\$1,333 million in underlying earnings from 2009.
- Value added aluminium product sales volumes increased to 65 per cent of total sales.
- Bauxite production up by nine per cent over 2009 mainly in response to increased production at Weipa in Australia to meet the demands of the growing Chinese market.
- Alumina production up by three per cent on 2009 due to improved production at Yarwun in Australia, ramp up at Alumar in Brazil, and restarting idled capacity at Vaudreuil in Canada.
- Construction at the Yarwun expansion project has been accelerated and the completed co-generation plant and ship unloader handed over to operations.
- ISAL aluminium smelter won Rio Tinto's top safety award with 4.7 million work hours without a lost time injury as at December 2010.

Key priorities

- Proceed with cost efficiencies, capacity creep and step change improvement through strategic capital investment; includes phase one of the AP60 plant in Canada and the ISAL expansion in Iceland.
- Continue steps towards optimising the group's asset portfolio; progress with Kitimat aluminium smelter modernisation in Canada and Yarwun refinery expansion.
- Capitalise on our value added product capabilities and optimise our casting portfolio to serve customers in all key regions.
- Prioritise power sources with the lowest carbon footprint and improving energy efficiency.
- Create value from AP Technology™ via increased technology sales, faster operational improvements and lower full economic costs on new projects.

Outlook

- Favourable position to leverage strong demand from emerging economies and seize opportunities across the aluminium value chain as the industry continues its recovery.
- Alumina pricing mechanisms are developing and as liquidity builds, the group's strategy of remaining long in bauxite and alumina will allow it to use various pricing alternatives.
- As aluminium markets continue to recover, the group is expected to benefit from stable energy sources, less linked to LME pricing than those of other large producers.

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Copper

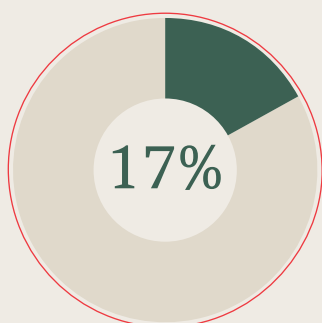
Resource, optimise, grow

We believe Rio Tinto's Copper group is uniquely positioned to supply growing global demand for copper, with a diverse, balanced asset base and industry leading technology and innovation that allows the Copper group to optimise its resources and grow.

Andrew Harding, *chief executive, Copper*



Contribution to Group operating cash flow



Underlying earnings contribution 2008 – 2010

	US\$ million	
	1,615	2008
	(487)	Prices and exchange
	(40)	Inflation
	556	Volume
	304	Costs
	(70)	Tax and other
	1,878	2009
	1,344	Prices and exchange
	(24)	Inflation
	(256)	Volume
	(363)	Costs
	(45)	Tax and other
	2,534	2010

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Operating highlights

	2010 US\$ million	2009 US\$ million
Revenue	7,782	6,206
Operating cash flow	4,048	2,223
Underlying earnings	2,534	1,878
Capital expenditure	958	553
Net operating assets	6,663	5,187

Strategy

- Deliver shareholder value with a material increase in production in the medium term.
- Optimise our operating assets by delivering meaningful improvements in safety and productivity, championing various technologies and remaining a leader in sustainable development.
- Partner with local governments and communities to contribute to sustainable development.
- Develop strong leadership and diverse, high quality talent needed to deliver growth.

Key achievements

- Completed Northparkes E48 block cave project.
- Began process of updating environmental permits at Kennecott Utah Copper's Bingham Canyon copper mine and extending its life to 2028 while maintaining additional long term options.
- Launched construction of US\$340 million Molybdenum Autoclave Process at Kennecott Utah Copper.
- Progressed a number of underground projects at Grasberg, namely the Grasberg Block Cave and DMLZ (Deep Mill Level Zone) projects.
- Continued to develop Oyu Tolgoi, one of the most promising undeveloped copper-gold deposits in the world.
- Became the development and operating manager of Oyu Tolgoi and established a clear pathway to 49 per cent ownership in Ivanhoe Mines Limited.
- Began construction of the Eagle nickel-copper project, which is expected to begin production in late 2013.
- Obtained tenure over Sulawesi nickel resources.
- Secured land contracts to advance drilling at the La Granja project.

Key priorities

- Continue to improve safety performance with an emphasis on process safety and underground safety.
- Leverage industry leading technology and innovation to drive value-generating growth in every operation and shorten development for greenfield projects.
- Proactively advance application of key technologies that will drive value in Rio Tinto's copper assets.
- Manage and provide support to the Oyu Tolgoi copper-gold project, with a focus on safety, resourcing and sustainable development.
- Keep the growth pipeline full of potential projects and opportunities.
- Ensure high quality resources are in place to deliver growth.

Outlook

- Solid fundamentals in the near to medium term.
- Growth in emerging economies, led by China and India, will drive increasing demand.
- Potential for supply side challenges linked to increased sovereign risk, higher operating costs, increasing depths, decreasing grades and project disruption.
- The Copper group's asset base is resilient to volatile prices and has opportunities for development, while its growth pipeline is world class.

Diamonds & Minerals

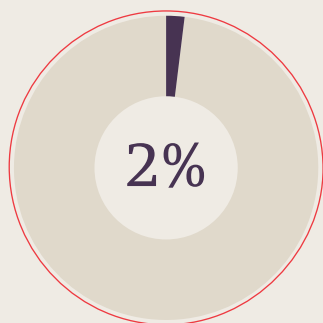
Differentiation in the marketplace

The Diamonds & Minerals group is well positioned to benefit from late cycle demand growth in mature and emerging markets. Our businesses occupy strong positions in their respective sectors, combining high quality assets with technical expertise and a robust understanding of our markets and customers.

Harry Kenyon-Slaney, *chief executive, Diamonds & Minerals*

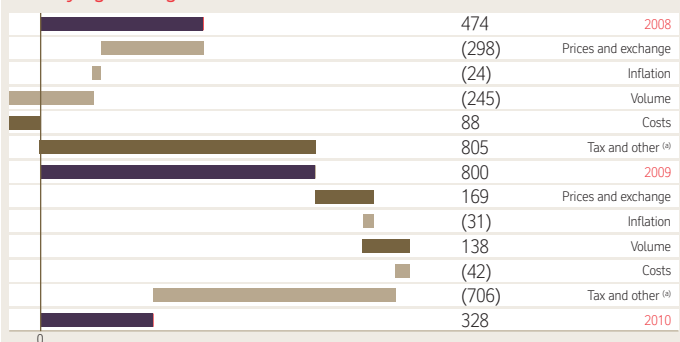


Contribution to Group operating cash flow



Underlying earnings contribution 2008 – 2010

US\$ million



(a) Includes US\$797 million gain on the sale of potash assets in 2009.

Operating highlights

	2010 US\$ million	2009 US\$ million
Revenue	3,035	2,618
Operating cash flow	510	528
Underlying earnings	328	800
Capital expenditure	300	519
Net operating assets	4,580	4,612

Strategy

- To maximise shareholder value by contributing material earnings to Rio Tinto and delivering better than comparable industry returns.
- To benefit from increasing demand for Diamonds & Minerals' products by improving the efficiency of the group's existing assets, building the growth projects in its pipeline and growing through value accretive acquisitions in existing and new sectors.
- To share best practices in safety and community engagement in order to maintain employer and developer of choice status across the six continents that constitute our operations base.

Key achievements

- Lowest all injury frequency rate among Rio Tinto product groups.
- Commenced underground ore production at the Diavik diamond mine.
- Gained approval and funding to complete the Argyle diamond mine underground project in Australia.
- Launched a pre-feasibility study for the Bunder diamond project, India.
- Delivered flexibility and efficiency improvements through a new labour agreement at Rio Tinto Minerals' Boron Operations in California.
- Received a binding offer in early 2011 from Imerys to acquire Rio Tinto's talc business for an enterprise value of US\$340 million.
- Expanded deposit boundaries and identified additional sodium borate mineralisation at Jadara, a lithium and borates development project in Serbia.
- Rio Tinto Iron & Titanium increased titanium dioxide production by 21 per cent compared to 2009 in response to improved market conditions.
- Achieved the first full year of production of ilmenite ore at QIT Madagascar Minerals (QMM).
- Progressed construction of the tailings treatment plant at Richards Bay Minerals ahead of start up in early 2011.

Key priorities

- Continue to strive for zero harm to people across all operations.
- Deliver material earnings and cash flow to Rio Tinto, and generate better than comparable industry returns.
- Differentiate Rio Tinto from other suppliers in Diamonds & Minerals' markets by providing a reliable supply of high quality products, technical expertise and marketing support programmes.
- Ramp up to full production at QMM.
- Progress development projects to plan.
- Achieve incremental expansions at Rio Tinto Fer et Titane and Boron through efficiency and technology improvements.
- Identify and execute opportunities for inorganic growth.

Outlook

- Following recovery in 2010, the outlook for the product group's markets is favourable, driven primarily by increased demand from emerging markets.
- The medium to long term fundamentals for the diamond industry are positive.
- Demand growth offers opportunities across titanium dioxide and borates.

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Energy

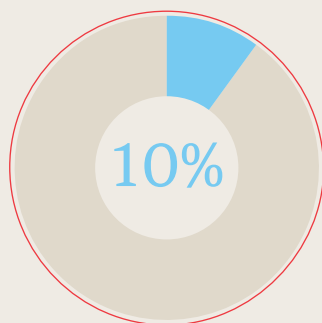
Portfolio positioned to meet growing demand

Rio Tinto's Energy group will meet strong future demand for energy and steel, and maximise shareholder return, through operating and growing its global coal and uranium portfolio.

Doug Ritchie, *chief executive, Energy*



Contribution to Group operating cash flow



Underlying earnings contribution 2008 – 2010

	US\$ million	
2008	2,432	
	(729)	Prices and exchange
	(31)	Inflation
	(20)	Volume
	43	Costs
	(528)	Tax and other
2009	1,167	
	(74)	Prices and exchange
	(28)	Inflation
	58	Volume
	(177)	Costs
	241	Tax and other
2010	1,187	

Operating highlights

	2010 US\$ million	2009 US\$ million
Revenue	5,652	4,869
Operating cash flow	2,463	2,069
Underlying earnings	1,187	1,167
Capital expenditure	685	510
Net operating assets	3,694	2,809

Strategy

- The Energy group is focused on safely supplying the world's growing energy needs through the responsible and sustainable development and operation of large scale, long life, cost competitive assets.
- The group aims to be a sector leader in the development and operation of the world's coal and uranium resources.
- The group seeks to build strong customer relationships and provide superior customer outcomes while earning significant premiums to the market.
- The group is pursuing opportunities for growth to meet expanding global energy demand, while continuing to focus on operational excellence, community engagement and environmental performance to ensure it is the developer of first choice.

Key achievements

- Commissioning of the new Clermont mine in Queensland, an open cut thermal coal mine due to reach annual peak production of 12.2 million tonnes in 2013.
- Feasibility study started into the open cut thermal coal Mount Pleasant project.
- Australian hard coking coal production increased by 20 per cent in 2010 and set a new record of 2.4 million tonnes in the third quarter.
- A successful heap leach processing trial at Rössing, and finalising work on a proposed exploration decline at Energy Resources of Australia's Ranger mine.
- Completion of a detailed study of global energy demand to support strategic decision making and growth planning.
- Announced a recommended cash offer for Riversdale Mining Limited. If successful, this acquisition would provide Rio Tinto with a coking coal development pipeline in the emerging Moatize Basin in Mozambique, in line with our established strategy.
- Divestment of Rio Tinto's remaining 48 per cent equity holding in Cloud Peak Energy Inc. (gross proceeds of US\$573 million).

Key priorities

- Continued focus on operational excellence; in particular safety performance to achieve the group's goal of zero harm.
- Expanding and developing existing assets to meet the strong demand.
- Focusing on exploration and strategic acquisition and/or joint venture arrangements.

Outlook

- The world's demand for energy and steel production is expected to grow strongly in coming decades, driven by increasing populations and industrialisation in large developing countries.
- The forecast growth in demand for coal over coming decades for both energy and steel production presents a significant opportunity to target expanding export markets, particularly in the Asia Pacific region.
- Global demand for uranium is expected to remain strong due to a desire for base load electricity generation with reduced greenhouse gases, as well as the need for energy security, diversity of supply and strong growth plans in China.

Iron Ore

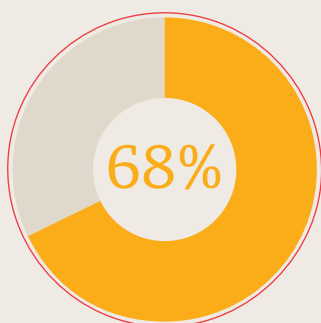
Performance, efficiency and robust outlook

Following a decade of dramatic expansion, we are well positioned to supply rising global iron ore demand through further capacity increases. We will continue to drive performance through leadership in project delivery and operational excellence.

Sam Walsh, *chief executive, Iron Ore and Australia*



Contribution to Group operating cash flow



Underlying earnings contribution 2008 – 2010

US\$ million

	6,017	2008
	(2,920)	Prices and exchange
	(22)	Inflation
	694	Volume
	352	Costs
	5	Tax and other
	4,126	2009
	5,611	Prices and exchange
	(79)	Inflation
	658	Volume
	(262)	Costs
	135	Tax and other
	10,189	2010

Operating highlights

	2010 US\$ million	2009 US\$ million
Revenue	24,024	12,598
Operating cash flow	15,915	7,389
Underlying earnings	10,189	4,126
Capital expenditure	1,716	2,148
Net operating assets	11,628	11,263

Strategy

- Continue to build the Pilbara operations as the leading iron ore supplier close to the world's largest, fastest growing markets.
- Focus on implementing a major expansion programme while maintaining maximum production.
- Continue to develop and benefit from technology innovation to deliver supply chain efficiencies, maximising margins per tonne.

Key achievements

- Record global iron ore production of 239 million tonnes (Rio Tinto share 184.6 million tonnes), a ten per cent increase on 2009 global production.
- Full ramp up of the Operations Centre in Perth, including transition of ports and new mines.
- Opening of Brockman 4, Mesa A and Western Turner Syncline mines. Subsequent decision to expand Brockman 4 to 40 Mt/a capacity and Western Turner Syncline to 15 Mt/a.
- Approval to develop the US\$1.6 billion Hope Downs 4 mine and linking rail spur (Rio Tinto share US\$1.2 billion).
- Improving on an already sector leading safety record, in the context of high production levels and the complexities of expansion.
- The employment of more than 900 Aboriginal people in Western Australia through targeted recruitment and retention strategies.
- Resuming expansion programme at Iron Ore Company of Canada.
- Opening the US\$503 million Yurrallyi Maya power station (Rio Tinto share US\$397 million), providing more environmentally efficient power to support Pilbara operations and communities.

Key priorities

- Maintaining production and sales at nameplate capacity.
- Advancing technological integration into the group's operations through Mine of the Future™ initiatives.
- Further improving the product group's safety record towards zero harm.
- Emphasis on operational efficiency, removal of bottlenecks and cost control measures.
- Progress studies of total system capacity to 333 million tonnes per year in 2015.
- Continued emphasis on brownfield developments, to leverage an unrivalled network of assets close to existing infrastructure.
- Advance new project development options outside of the Pilbara.

Outlook

- Market to remain tight for the short to medium term, with delays to new supply and strong demand driving prices.
- The Iron Ore group's strategy and performance will continue to be driven by the rapid urbanisation and industrialisation in China, and the steady recovery in other major Asian markets.
- India is expected to continue emerging as a major market as it follows China's lead in urbanisation. The group also remains confident in the longer term potential for other markets of South East Asia, Central Asia, the Middle East and Africa.

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Exploration

Investing for the future

Rio Tinto considers exploration to be one of its core competencies. Mature Group operations, such as Weipa, the Pilbara and Rössing, were Tier 1 greenfield discoveries by Rio Tinto. The value of these discoveries is still being realised after more than 40 years.

The purpose of Exploration is to add value to the Group by discovering or acquiring resources that can increase future cash flows. A fundamental element of the Group's business strategy is a clear focus on finding and mining only the largest, lowest cost resources that are profitable at all parts of the natural price cycle and that deliver sustainable competitive advantage. These are described as Tier 1 resources.

Greenfield exploration, which aims to establish completely new operating business units, involves geographic or commodity diversification away from existing Group operations. Brownfield exploration is directed at sustaining or growing existing Group businesses. Greenfield exploration programmes are prioritised on a global basis so that only the most attractive opportunities are pursued. Investment decisions are driven not by location or choice of commodity but rather by the quality of each opportunity.

Exploration teams frequently present the first face of Rio Tinto in a community and lay the groundwork for what could become

a multi-decade relationship. We place a high priority on effective community engagement and consider our commitment to sustainable development as fundamental to securing our social licence to operate.

At the end of 2010, the Exploration group was actively exploring in 16 countries, and assessing opportunities in a further seven, for a broad range of commodities including bauxite, copper, coking coal, iron ore, diamonds, nickel, uranium and potash. The group will explore for a range of commodities across at least 17 countries in 2011 and plans to deliver the Amargosa bauxite Order of Magnitude project to the Rio Tinto Alcan product group at the end of the year. The next crop of potential discoveries also includes the Sanxai bauxite deposit in Laos. Reinvigorating early stage target generation will continue to be a priority to drive sustained exploration success. Divestment of Tier 2 assets will continue where real value can be realised, with a target of 50 per cent of the annual greenfield exploration budget returned to the Group.

Technology & Innovation

Strategic commitment driving competitive advantage

Technology & Innovation (T&I) consists of a central team of technology professionals, the Innovation group, and a number of technology centres that develop leading practice and promote improvements in mining, processing, asset management, strategic production planning, energy use, and project development, execution and evaluation.

T&I's strategy is to:

- Maintain and promote a safe working environment.
- Continue to embed operational excellence in business units.
- Maximise the contribution of technology to the Group's vision of industry leadership.
- Deploy technology solutions that increase earnings.
- Design and build valuable new investment projects.
- Position the Group to unlock orebodies that require innovative mining solutions.
- Lead the Group's response to climate change.

T&I milestones in 2010 included the first flight of the VK1 airborne gravity instrument; improved copper recovery with the trial of an innovative flotation control system; and higher than planned productivity from the Autonomous Haul System fleet. T&I also helped to deliver more than US\$1 billion pre-tax cash flow through

collaborative efforts with operations in the Improving Performance Together initiative.

In 2011 T&I will continue to maintain a culture that places a high priority on safety and safety improvement. It will work with Group businesses to deliver measurable increases in earnings and to assist from a technology viewpoint in the selection of the most attractive investment opportunities. It will continue to focus on the safe and efficient implementation of projects and will build systems to support management of projects across the Group. The pursuit of the Mine of the Future™ programme and the development of innovative alliances and relationships that will create competitive advantage for the Group remain a significant focus. T&I will also focus on delivering improvements in the Group's energy efficiency, long term business decarbonisation options, compliance processes and performance, and carbon markets participation. T&I will look to significantly increase staff levels as the business environment continues to improve.

Leading Rio Tinto into the future

The board comprises the chairman, three executive directors and ten independent non executive directors.



1. Jan du Plessis



2. Tom Albanese



3. Robert Brown



4. Vivienne Cox



5. Sir Rod Eddington



6. Guy Elliott



7. Michael Fitzpatrick



8. Yves Fortier



9. Ann Godbehere



10. Richard Goodmanson



11. Andrew Gould



12. Lord Kerr of Kinlochard



13. Hon. Paul Tellier



14. Sam Walsh

Notes

- (a) Audit committee
- (b) Remuneration committee
- (c) Nominations committee
- (d) Committee on social and environmental accountability
- (e) Chairman's committee
- (f) Independent

 View more about our board of directors and Executive committee at www.riotinto.com/annualreport2010

The Executive committee is responsible, under the leadership of the chief executive, for the management of the business, setting performance targets and implementation of the Group's strategy.



15. Hugo Bague



16. Preston Chiaro



17. Bret Clayton



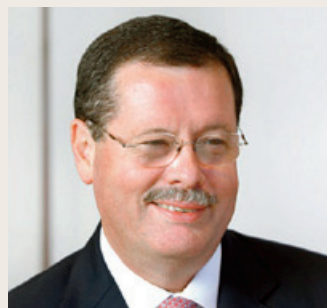
18. Jacynthe Côté



19. Andrew Harding



20. Harry Kenyon-Slaney



21. Doug Ritchie



22. Debra Valentine

Board of directors

1. **Jan du Plessis (c and e)** Chairman, BCom, LLB, CA(SA), age 57
2. **Tom Albanese (e)** Chief executive, BS (Mineral Economics), MS (Mining Engineering), age 53
3. **Robert Brown (c, d, and f)** Non executive director, BSc, age 66
4. **Vivienne Cox (a, c, d and f)** Non executive director, MA (Oxon), MBA (INSEAD), Honorary PhD (Hull), age 51
5. **Sir Rod Eddington (c, d and f)** Non executive director, BEng, MEng, DPhil (Oxon), age 61
6. **Guy Elliott (e)** Chief financial officer, MA (Oxon), MBA (INSEAD), age 55
7. **Michael Fitzpatrick (a, b, c and f)** Non executive director, BEng, BA (Oxon), age 58
8. **Yves Fortier (c, d and f)** Non executive director, CC, OQ, QC, LLD, Av Em, age 75
9. **Ann Godbehere (a, c and f)** Non executive director, FCGA, age 55
10. **Richard Goodmanson (b, c, d and f)** Non executive director, MBA, BEc and BCom, BEng (Civil), age 63
11. **Andrew Gould (b, c and f)** Non executive director, BA, FCA, age 64
12. **Lord Kerr of Kinlochard (a, c, d and f)** Non executive director, GCMG, MA, age 69
13. **Hon. Paul Tellier (a, b, c and f)** Non executive director, LL.L, BLitt (Oxon), LLD, CC, age 71
14. **Sam Walsh** Executive director, AO, BCom (Melbourne), age 61

Executive committee

15. **Hugo Bague** Group executive, People & Organisation, MA (Linguistics), age 50
16. **Preston Chiaro** Group executive, Technology & Innovation, BSc (Hons) (Environmental Engineering), MEng (Environmental Engineering), age 57
17. **Bret Clayton** Group executive, Business Support & Operations, BA (Accounting), age 49
18. **Jacynthe Côté** Chief executive, Rio Tinto Alcan, BChem, age 53
19. **Andrew Harding** Chief executive, Copper, BEng (Mining Engineering), MBA, age 44
20. **Harry Kenyon-Slaney** Chief executive, Diamonds & Minerals, BSc (Hons) (Geology), age 50
21. **Doug Ritchie** Chief executive, Energy, LLB, FAusIMM, FAIM, FAICD, age 54
22. **Debra Valentine** Group executive, Legal & External Affairs, BA (History), JD, age 57

A unified approach

Rio Tinto's board is ultimately responsible for the success of the Group and upholds the high standards of corporate governance that will enable us to achieve our vision of global sector leadership.

Board performance

Key activities during 2010

- Monitoring economic developments in order to meet the challenges of the financial volatility of OECD countries and the opportunities presented by the growing levels of urbanisation and industrialisation in populous parts of the world.
- Promoting the growth of the business, evidenced in particular by: the signature of a joint venture agreement with Chalco for the development and operation of the Simandou iron ore project in Guinea; the approval of further funding for expansion of Pilbara iron ore capacity to 283 million tonnes per annum; and other corporate activity relating to Oyu Tolgoi and Riversdale.
- Positioning Rio Tinto to meet fiscal and monetary challenges, including engagement with the Australian Government in relation to its proposed Resources Super Profits Tax and its subsequent replacement with a Minerals Resource Rent Tax.
- Overseeing the management of the risks facing Rio Tinto, seeking to influence government and other external stakeholders within the mining and natural resource sector relating to resource nationalism and socio-economic development.
- Reviewing each of the product group strategies.
- Considering and eventually withdrawing from plans to create the Western Australian iron ore production joint venture with BHP Billiton.
- Driving completion of the divestment programme.

Board objectives

- Prioritise value adding growth.
- Support the vision of global sector leadership.
- Regular review and oversight of Group strategy.
- Review financial and non-financial performance metrics.
- Oversee succession planning for the board and senior executives.
- Strive for excellence in the Group's governance processes and policies, including risk governance.
- Review and implement actions from board and board committee performance evaluations.
- Deliver year-on-year improvement in safety performance.
- Maintain a strong balance sheet.

Board balance

Rio Tinto has a diverse board comprising directors drawn from a wide range of professional backgrounds and geographic areas. The board supports the principle of diversity and its implementation throughout Rio Tinto and believes that a board and employee community reflective of the Group's global activities is critical to the success of the organisation.

Board effectiveness

The board considers that the executive and non executive directors together have the range of skills, knowledge and experience necessary to enable them to effectively govern the business.

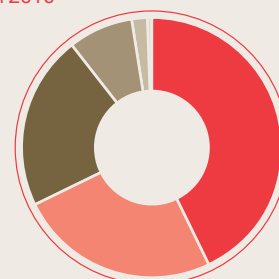
New non executive directors undertake formal induction programmes on appointment, and are subsequently provided with training and development opportunities to continue building their knowledge and experience of the Group. They are also encouraged to make site visits to the Group's operations around the world and to meet local employees. In 2010, these opportunities included a briefing on reserves and mineral resource reporting, and directors were also able to visit the Group's coal operations in Australia.

The board has regular discussions with the executives during the year on the Group's strategy. The board also holds an annual two day strategy-setting meeting with the Executive committee which includes a detailed review of the Group's strategic direction. The outputs from this annual event help underpin the board's financial planning and provide direction and focus to the executive team and to the rest of Rio Tinto's people through effective allocation of the Group's resources.

The board met regularly in 2010 in order to conduct its business. There were 11 board meetings, of which three were convened at short notice. The number of meetings is a reflection of the considerable corporate activity considered by the board during the year.

How the board members spent their time in 2010*

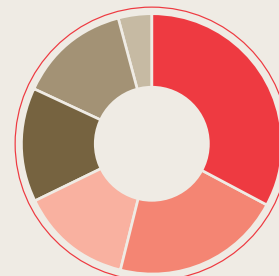
- Strategy 43%
- Site visits & familiarisation 25%
- Operational & financial performance 22%
- Governance 8%
- Board evaluation 2%



*Excludes board committee responsibilities and delegated authorities by the board

Industry/background experience

- Mining/engineering 33%
- Consumer goods/services 21%
- Business/finance 14%
- General industry 14%
- Government affairs 14%
- Law 4%



Board performance evaluation

Each non executive director's performance is appraised personally by the chairman each year. The process is managed by the company secretary, but overseen by an independent third party in order to promote further transparency and objectivity and to facilitate a challenging and rigorous self-assessment process.

A similar process is followed for the board committees, again with the assistance of the external facilitator, agreed with the committee chairman and undertaken by each committee member and regular attendees.

The senior independent director leads a discussion of all the non executive directors without the chairman in attendance to assess the chairman's performance, taking into consideration the views of executive colleagues.

Based upon the results of these evaluations, it was concluded that the board and its committees are operating effectively and that the individual directors' performance continues to be effective and demonstrates the level of commitment expected by Rio Tinto.

Risk management

Rio Tinto's overriding objective is to maximise the overall long term return to shareholders through a strategy of investing in large, long term cost competitive mines and businesses. The directors recognise that creating shareholder return is the reward for taking and accepting risk.

The board has delegated the oversight of risk management to the Risk management committee and the Executive committee, and reviews and considers the risk profile for the whole business annually. In addition, the Group fosters a risk aware corporate culture in all

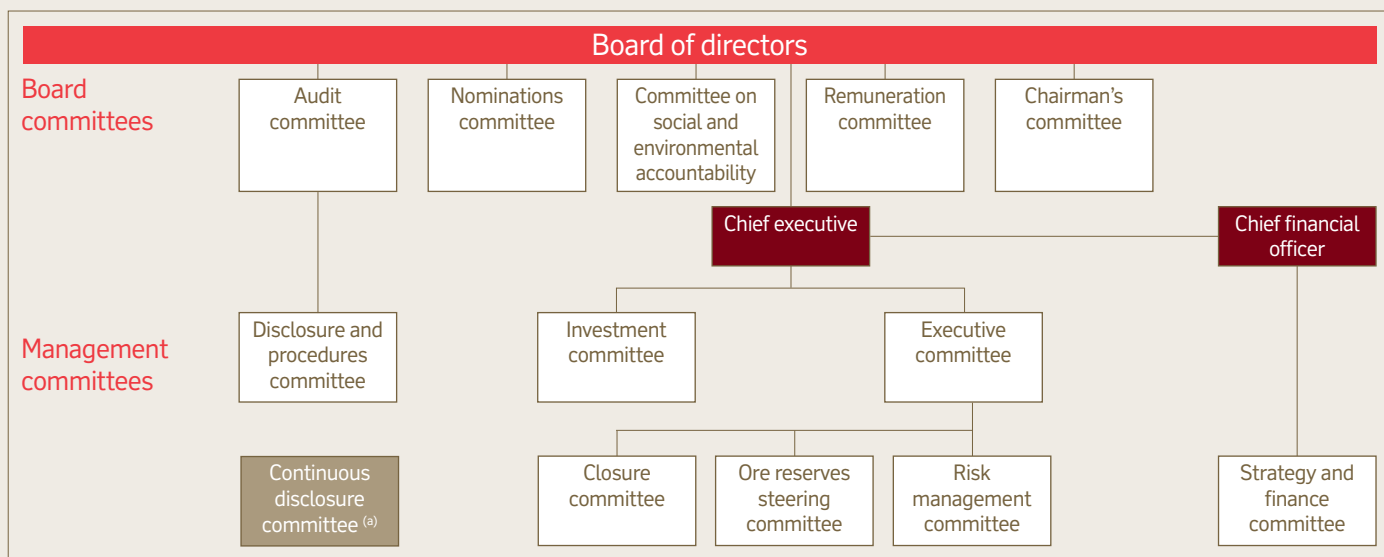
decision making, and is committed to managing all risk in a proactive and effective manner through competent risk management. To support this commitment, risk is analysed in order to inform the management decisions taken at all levels within the organisation.

The possible risks faced by the Group and the risk management policies and approach are identified in detail on our website in the Principal risks and uncertainties section of the *Annual report* and in the Risk policy and standard in the corporate governance section of the website.

Diversity

We believe that diversity improves business outcomes. We are a global company, and wherever we operate, and across every part of our business, we strive to create an inclusive culture in which difference is recognised and valued. By bringing together men and women from diverse backgrounds and giving each person the opportunity to contribute their skills, experience and perspectives, we believe that we are best able to develop innovative solutions to challenges and deliver sustainable value for Rio Tinto and its stakeholders. To understand what diversity and inclusion means for Rio Tinto, how we are building an inclusive environment, and what our current focus is, please see the corporate governance section of the *Annual report* on our website.

Governance structure



(a) The Continuous disclosure committee is an independent management committee.

Executive remuneration policy

Rio Tinto operates in global and local markets where it competes for a limited pool of talented executives. To support its strategic drivers, the Group needs high quality, committed people. The executive remuneration strategy, and underlying policy, provides this support by enabling the Group to attract and retain talent that will maximise shareholder value.

The Remuneration committee has recently conducted a review of the comparator groups which should be used for remuneration benchmarking comparisons. It has concluded that, for the purposes of assessing the appropriate level of executive remuneration, the FTSE 30, (excluding financial services companies, and with due regard for

size and complexity) will be an initial comparator group. Additional references will be made to a supplementary comparator group, composed of a cross section of international industrial organisations (broadly comparable to Rio Tinto in terms of global reach, revenue, market capitalisation and complexity) for which the Company competes for talent. Specific comparisons will also be made against other international mining companies where appropriate.

Typically, base salaries will be positioned at the median of these comparator groups, with total remuneration positioned across the full market range according to performance.

A summary of the current remuneration arrangements is set out below:

	Objective of component	Remuneration arrangements
Base Salary (fixed)	- Provides the fixed element of the remuneration package - Typically, base salaries will be positioned at the median of the identified comparator groups, with total remuneration positioned across the full market range according to performance	- Salary adjustments effective 1 March 2011 - Any increases are determined with reference to underlying Group performance and global economic conditions
Short Term Incentive Plan ("STIP") (at risk)	- Focuses participants on achieving annual performance goals, which are based on the Group's KPIs to create sustainable shareholder value 50 per cent of the bonus delivered in cash and 50 per cent delivered in deferred shares under the Rio Tinto Bonus Deferral Plan (BDP), vests in the December of the third year after the end of performance year to which they relate (generally subject to continued employment) to ensure ongoing alignment between the executives and shareholders	- Target STIP opportunity 100 per cent for PGCEOs and Group executives to 120 per cent of base salary for executive directors - Maximum STIP opportunity of 200 per cent of base salary - Performance targets include earnings, cash flow, safety and individual performance objectives
Performance Options – Share Option Plan ("SOP") (at risk)	- Rewards participants for increasing the share price and delivering superior TSR performance against other companies over a long term horizon - Three year performance period to provide long term alignment with shareholders "How" performance is generated is as important as "what level" of performance is delivered. Therefore, before awards vest, the Committee must also satisfy itself that TSR performance is an appropriate reflection of the underlying performance of the business and can adjust vesting accordingly	- Market value Performance Options vest based on the TSR performance against the HSBC Global Mining Index - Target (and maximum) face value of 300 per cent of base salary
Performance Shares – Performance Share Plan ("PSP") (formerly the Mining Companies Comparative Plan) (at risk)	- Rewards participants for increasing the share price and delivering superior TSR performance against other companies over a long term horizon - Four year performance period to provide long term alignment with shareholders - As with Performance Options, before vesting the Committee must also satisfy itself that TSR performance is an appropriate reflection of the underlying performance of the business and can adjust vesting accordingly	- Conditional share awards vest based on TSR performance relative to 50 per cent – HSBC Global Mining Index; 50 per cent – the Morgan Stanley Capital World Index (MSCI) - Target award equal to face value of 200 per cent of base salary 1.5 times target award vesting for outperformance of the relevant index - Subject to shareholder approval at the 2011 annual general meeting, from 2011 executives allowed to express a preference regarding the "mix" of the long term incentive opportunity between: - Keeping the current mix of Performance Shares and Performance Options - Receiving their full opportunity in Performance Shares - Overall the expected value of the total compensation opportunity will remain the same. In order to facilitate this choice it is proposed that the individual grant limits under the PSP be increased
Management Share Plan ("MSP") (usually time based)	Enhance the Group's ability to attract and retain key staff in an increasingly tight and competitive labour market	- Conditional share awards generally vest based on continued service with the company until the date of vesting - Members of the Executive committee are not eligible to participate in awards under this plan - Shares to satisfy the awards are purchased in the market and no new shares are issued to satisfy awards
Post employment benefits (fixed)	Provides locally competitive post employment benefits for participants in a cost efficient manner	Post employment benefit arrangements offered

Looking ahead – Key developments in 2011

Proposed changes to the Performance Share Plan from 2011

The Committee is recommending to shareholders for approval at the 2011 annual general meetings certain technical changes to the PSP rules. Those changes ensure that participants are not adversely impacted by the recent change in the tax treatment of options in Australia. The Committee currently grants Performance Shares under the PSP with a face value of up to 200 per cent of base salary and Performance Options with a face value of up to 300 per cent of base salary.

The Committee believes that Performance Options continue to be an appropriate incentive tool for senior executives as they create an alignment with shareholders. However, following the tax changes in Australia, the Committee intends that, for long term incentive plan (LTIP) awards granted from 2011 onwards, executives will be given an opportunity to indicate their preference regarding the “mix” of their LTIPs. The alternative approaches will be to:

- retain the current mix of Performance Shares and Performance Options, which is determined annually by the Remuneration committee; or
- receive their full long term incentive opportunity in Performance Shares.

To allow Rio Tinto the flexibility to grant participants their full LTIP award in the form of Performance Shares (where they choose to do so), the individual limits under the rules of the PSP will need to be increased to a face value award of up to 300 per cent of base salary. Participants would have the opportunity to earn up to one and half times this amount based on the extent to which the performance condition is met. This amount has been calibrated to be broadly equivalent in expected value terms to the value of the LTIP awards under the current mix of shares and options. Therefore, the increase in face value terms of Performance Shares is not on a one-for-one basis to Performance Options.

The Company will seek shareholder approval at the 2011 annual general meetings to increase the individual PSP limits so that annual maximum face value of Performance Shares that may be awarded is increased from 200 per cent to 300 per cent of base salary.

Base salary in 2011

The Committee has completed a comprehensive review of the remuneration levels of the chief executive, executive directors, Product group chief executives (PGCEOs) and Group executives (together executives).

This review took into account:

- Rio Tinto's strong performance in 2010 and the Group's growth ambitions for the future;
- an assessment of individual performance;
- the motivation of people with critical skills, at a time of a highly competitive market for talent in the industry;
- the retention of individuals within the Group's succession planning processes who are vital to the creation of long term shareholder value; and
- that salaries have remained at March 2008 levels for the chief executive and members of the Executive committee.

These factors were viewed in light of the results of a full, independent review of base salary and total compensation, which was commissioned by the Committee to enable it to make fully informed decisions around pay. This made reference to the Company's

benchmarking comparator groups, namely the FTSE 30, excluding financial services, and additional references to global industrial companies that the company competes with for talent. The conclusion from this review was that it was considered in the best interests of our shareholders to restore pay to a more competitive market position. The Committee therefore approved adjustments in base salaries, which take effect on 1 March 2011, as shown in the table below.

The Committee was aware, when making this decision, that these adjustments were outside the range of a typical annual salary review in its major markets. However, it is equally aware that this still leaves the remuneration of the majority of executives below market rate within a highly competitive global market for talent.

Name	2011 Base salary	2010 Base salary	2009 Base salary
Executive directors			
Tom Albanese	£1,030,000	£907,500	£907,500
Guy Elliott	£720,000	£675,500	£675,500
Sam Walsh	A\$1,590,000	A\$1,475,000	A\$1,475,000
Other members of executive committee			
Hugo Bague	£415,000	£360,000	£360,000
Preston Chiaro	US\$770,000	US\$725,000	US\$725,000
Bret Clayton	US\$745,000	US\$700,000	US\$700,000
Jacynthe Côté	US\$885,000	US\$825,000	US\$825,000
Andrew Harding ^(a)	£420,000	US\$650,000	US\$650,000
Harry Kenyon-Slaney	£420,000	£360,000	£360,000
Doug Ritchie	A\$930,000	A\$850,000	A\$850,000
Debra Valentine	US\$630,000	US\$570,000	US\$570,000

(a) Andrew Harding was paid in USD until his relocation to the UK

Executives' service contracts

The executives have service contracts that can be terminated by either party with 12 months' notice in writing, or immediately by paying the base salary only in lieu of any unexpired notice. Debra Valentine's service contract can be terminated by either party with six months' notice in writing.

If the termination is a result of a redundancy, the terms of the relevant policy would apply in the same way as for other local employees. In the case of dismissal for cause, the Company can terminate employment without notice and without payment of any salary or compensation in lieu of notice. The annual bonus and outstanding awards under the LTIP are forfeited. STIP and LTIP rules cover any entitlements that participants may have upon termination.

Contractual entitlements to severance are not triggered by a change of control. All of the Company's share plans contain provisions relating to a change of control. Outstanding deferred shares would normally vest in full and outstanding performance shares and performance options would normally vest and become exercisable on a change of control on a pro rata basis, subject to the satisfaction of any performance conditions at that time.

Summary remuneration report continued

Summary remuneration tables

Summary of remuneration received based on theoretical accounting values, most notably LTIP arrangements, and converted to USD (please refer to the full Remuneration report for details on the actual remuneration received).

Executives' remuneration

		Short term benefits			Long term benefits	Post employment benefits ^(f)				
Stated in US\$'000 ^(a)		Base salary	Cash bonus ^(b)	Other benefits ^{(c)(b)}	Value of share based awards ^(e)	Pension and superannuation	Other post employment benefits	Total remuneration	Gain on exercise of share options	Value of vested LTIP
Executive directors										
Tom Albanese	2010	1,403	1,248	321	3,683	1,708	–	8,363	10,852	1,232
Guy Elliott	2010	1,044	989	267	2,486	512	–	5,298	1,307	1,045
Sam Walsh	2010	1,354	1,391	92	2,911	346	–	6,094	5,106	1,051
Other key management personnel										
Hugo Bague	2010	557	396	299	1,098	41	–	2,391	–	349
Preston Chiaro	2010	725	563	888	1,738	210	–	4,124	6,302	852
Bret Clayton	2010	700	476	1,106	1,591	163	1	4,037	1,289	377
Jacynthe Côté	2010	907	2,214	40	2,393	409	4	5,967	–	869
Andrew Harding	2010	603	469	581	1,118	58	–	2,829	913	597
Harry Kenyon-Slaney	2010	557	466	137	922	131	–	2,213	–	649
Doug Ritchie	2010	780	593	124	1,550	207	–	3,254	13	897
Debra Valentine	2010	570	433	906	1,332	187	7	3,435	–	443

- (a) The total remuneration is reported in US dollars. The amounts have been converted using the relevant 2010 average exchange rates of £1 = US\$1.5459, A\$1 = US\$0.9178, €1 = US\$1.3262 and C\$1 = US\$0.9704. The annual cash bonus payable under the STIP has been converted using the relevant 2010 year end exchange rates of £1 = US\$1.5660, A\$1 = US\$0.9825 and C\$1 = US\$0.9886.
- (b) 'Cash bonus' relates to the cash portion of the STIP. For Jacynthe Côté, it also includes a special one-off bonus.
- (c) 'Other cash based benefits' include cash in lieu of a car and fuel. For Hugo Bague, Harry Kenyon-Slaney and Andrew Harding, it includes a cash supplement equal to 20 per cent of the amount by which their 'Contributory Salary' exceeds the 'Earning Cap' as defined in the Rio Tinto Pension Fund. For Andrew Harding, it also includes a Long Service Leave payment for his service in Australia.
- (d) 'Non monetary benefits' for executives include healthcare, the provision of a car, professional advice and secondment costs comprising housing, tax equalisation and relocation payments made to and on behalf of executives living outside their home country.
- (e) The value of share based awards has been determined in accordance with the recognition and measurement requirements of IFRS2 "Share - based Payment". The fair value of awards granted under the SOP, the Management Share Plan (MSP), the BDP and the Share Savings Plan (SSP) have been calculated at their dates of grant using an independent lattice based option valuation model provided by external consultants, Lane Clark and Peacock LLP. Some of these awards will be settled in cash, rather than the transfer of shares, and so the fair value of these cash settled awards has been calculated based on Rio Tinto's share price at 31 December 2010. With effect from 2010, the Group's policy for settling awards granted under the Performance Share Plan (the PSP) changed. For settlement of all future awards under this plan, participants will be assigned shares and offered a third party facility to realise these shares for cash and/or to meet any tax liabilities. Accordingly, the fair values of the awards granted prior to this change were re-measured at 1 July 2010 and from that date treated as equity-settled awards. This re-measurement was calculated using a Monte Carlo valuation model based on the market price of shares and their relative TSR performance at 30 June 2010. The fair value of awards granted after July 2010 is measured at date of grant. Further details of the valuation methods and assumptions used for these awards are included in note 49 (Share Based Payments) in the 2010 Full financial statements. The fair value of other share based awards is measured at the purchase cost of the shares from the market. The non executive directors do not participate in the long term incentive share schemes.
- (f) The costs shown for defined benefit pension plans and post retirement medical benefits are the service costs attributable to the individual, calculated in accordance with IAS19. The cost for defined contribution plan is the amount contributed in the year by the Company. For Andrew Harding, the 2009 cost has been restated to remove US\$2,374 which were his own contributions. For Tom Albanese, the 2009 cost has been restated as an incorrect methodology was used in 2008 and 2009 to value future salary increases to retirement. The restated figure for 2008 is US\$1,702,000. The figure previously disclosed in 2008 was US\$1,443,000.

Non executive directors' remuneration

Stated in US\$'000 ^(a)		Short term benefits			Total remuneration ^(d)
		Fees	Other cash based benefits ^(b)	Non monetary benefits ^(c)	
Chairman					
Jan du Plessis	2010	1,082	–	243	1,325
Non executive directors					
Robert Brown	2010	98	44	–	142
Sir David Clementi	2010	74	–	5	79
Vivienne Cox	2010	144	12	–	156
Sir Rod Eddington	2010	120	33	–	153
Micheal Fitzpatrick	2010	145	22	–	167
Yves Fortier	2010	131	41	–	172
Ann Godbehere	2010	144	23	–	167
Richard Goodmanson	2010	166	66	–	232
Andrew Gould	2010	197	–	–	197
Lord Kerr	2010	178	23	–	201
David Mayhew	2010	58	–	6	64
Paul Tellier	2010	158	59	–	217

- (a) The total remuneration is reported in US dollars. The amounts have been converted using the relevant 2010 average exchange rates of £1 = US\$1.5459 and A\$1 = US\$0.9178.
- (b) The 'Other cash based benefits' for non executive directors comprise overseas of meeting allowances.
- (c) 'Non monetary benefits' include for Jan du Plessis the value of company provided transport and medical insurance premiums. For Sir David Clementi and David Mayhew, it includes the value of a retirement gift. Rio Tinto plc provides accident cover for non executive directors; the total premium paid in 2010 was US\$5,092.
- (d) Represents short term benefits total required under the UK Companies Act 2006 and total remuneration under Australian Corporations Act 2001 and applicable accounting standards.

Performance graph

TSR performance of the Group against the HSBC Global Mining Index and the MSCI over the past five years



Summary financial statements

These Summary financial statements have been extracted from the Full financial statements, which have been reported on by the auditors, and which will be filed with the United Kingdom Registrar of Companies and the Australian Securities and Investments Commission. The auditors' report of the Full financial statements is unqualified and does not contain a statement under either S498(2) or S498(3) of the UK Companies Act 2006. The Summary financial statements do not contain sufficient information to allow as full an understanding of the results and affairs of the Group and parent companies as is provided in the Full financial statements. Copies of the *2010 Annual report* and Full financial statements may be obtained from the addresses shown on the outside back cover.

Summary income statement

Years ended 31 December

	2010 US\$m	2009 US\$m
Gross sales revenue (including share of equity accounted units)	60,323	44,036
Continuing operations		
Consolidated sales revenue	56,576	41,825
Net operating costs (excluding items shown separately)	(36,667)	(33,818)
Impairment charges less reversals	(982)	(1,573)
Gain on consolidation and on disposal of interests in businesses	839	692
Exploration and evaluation costs	(594)	(514)
Profit on disposal of interests in undeveloped projects	522	894
Operating profit	19,694	7,506
Share of profit after tax of equity accounted units	1,101	786
Profit before finance items and taxation	20,795	8,292
Finance items	(218)	(432)
Profit before taxation	20,577	7,860
Taxation	(5,296)	(2,076)
Profit from continuing operations	15,281	5,784
Loss after tax from discontinued operations	(97)	(449)
Profit for the year	15,184	5,335
– attributable to non-controlling interests	860	463
– attributable to owners of Rio Tinto (Net earnings)	14,324	4,872
Basic earnings/(loss) per share		
Profit from continuing operations	735.4c	301.7c
Loss from discontinued operations	(4.9c)	(25.5c)
Profit for the year	730.5c	276.2c
Diluted earnings/(loss) per share		
Profit from continuing operations	731.1c	300.7c
Loss from discontinued operations	(4.9c)	(25.4c)
Profit for the year	726.2c	275.3c
Dividends paid during the year (US\$m)	1,754	876
Dividends per share: paid during the year	90.0c	55.6c
Dividends per share: declared in respect of the year	108.0c	45.0c

Summary statement of comprehensive income

Years ended 31 December

	2010			2009		
	Attributable to owners of Rio Tinto US\$m	Non-controlling interests US\$m	Total US\$m	Attributable to owners of Rio Tinto US\$m	Non-controlling interests US\$m	Total US\$m
Profit after tax for the year	14,324	860	15,184	4,872	463	5,335
Other comprehensive income						
Currency translation adjustments	1,236	274	1,510	3,719	429	4,148
Cash flow hedge fair value (losses)/gains	(25)	27	2	(194)	(74)	(268)
Gains on available for sale securities	203	2	205	354	1	355
Actuarial losses on post retirement benefit plans	(765)	(17)	(782)	(847)	3	(844)
Share of other comprehensive income of equity accounted units, net of tax	206	–	206	368	–	368
Tax relating to components of other comprehensive income	257	(4)	253	297	24	321
Other comprehensive income for the year, net of tax	1,112	282	1,394	3,697	383	4,080
Total comprehensive income for the year	15,436	1,142	16,578	8,569	846	9,415

Summary cash flow statement

Years ended 31 December

	2010 US\$m	2009 US\$m
Cash flow from consolidated operations	22,126	13,224
Dividends from equity accounted units	1,404	610
Cash flows from operations	23,530	13,834
Net interest paid	(696)	(1,136)
Dividends paid to holders of non-controlling interests in subsidiaries	(457)	(410)
Tax paid	(4,100)	(3,076)
Net cash generated from operating activities	18,277	9,212
Acquisitions of subsidiaries, joint ventures & associates	(907)	(396)
Disposals of subsidiaries, joint ventures & associates, and assets held for sale	3,800	2,424
Purchase of property, plant & equipment and intangible assets	(4,591)	(5,388)
Other investing activities	(13)	3
Cash used in investing activities	(1,711)	(3,357)
Cash flow before financing activities	16,566	5,855
Equity dividends paid to owners of Rio Tinto	(1,754)	(876)
Other financing activities	(8,856)	(1,587)
Cash used in financing activities	(10,610)	(2,463)
Effects of exchange rates on cash and cash equivalents	(139)	(284)
Net increase in cash and cash equivalents	5,817	3,108
Opening cash and cash equivalents less overdrafts	4,142	1,034
Closing cash and cash equivalents less overdrafts	9,959	4,142

Summary statement of financial position

At 31 December

	2010 US\$m	2009 US\$m
Non-current assets		
Goodwill	15,296	14,268
Intangible assets	5,700	5,730
Property, plant and equipment	56,024	45,803
Investments in equity accounted units	6,503	6,735
Loans to equity accounted units	227	170
Inventories	375	284
Trade and other receivables	1,826	1,375
Deferred tax assets	1,863	2,231
Tax recoverable	89	85
Other financial assets	1,334	841
	89,237	77,522
Current assets		
Inventories	4,756	4,889
Trade and other receivables	5,582	4,447
Loans to equity accounted units	110	168
Tax recoverable	542	501
Other financial assets	521	694
Cash and cash equivalents	9,948	4,233
	21,459	14,932
Assets of disposal groups held for sale	1,706	4,782
Total assets	112,402	97,236
Current liabilities		
Bank overdrafts repayable on demand	(7)	(91)
Borrowings	(1,057)	(756)
Trade and other payables	(6,576)	(5,759)
Other financial liabilities	(265)	(412)
Tax payable	(2,773)	(1,329)
Provisions	(1,117)	(1,182)
	(11,795)	(9,529)
Non-current liabilities		
Borrowings	(13,277)	(22,155)
Trade and other payables	(879)	(591)
Other financial liabilities	(416)	(601)
Tax payable	(417)	(299)
Deferred tax liabilities	(5,175)	(4,304)
Provision for post retirement benefits	(4,339)	(4,993)
Other provisions	(9,023)	(7,519)
	(33,526)	(40,462)
Liabilities of disposal groups held for sale	(1,807)	(1,320)
Total liabilities	(47,128)	(51,311)
Net assets	65,274	45,925
Capital and reserves		
Share capital	5,847	5,170
Reserves	52,486	38,661
Equity attributable to owners of Rio Tinto	58,333	43,831
Attributable to non-controlling interest	6,941	2,094
Total equity	65,274	45,925

Summary financial information by business unit

At 31 December

This summary financial information by business unit section has been extracted from the full financial statements contained within the *2010 Annual report*.

	Gross sales revenue ^(a)		EBITDA ^(b)		Net earnings ^(c)	
	2010 US\$m	2009 US\$m	2010 US\$m	2009 US\$m	2010 US\$m	2009 US\$m
Iron Ore	24,024	12,598	16,605	7,112	10,189	4,126
Aluminium	15,206	12,038	2,418	594	773	(560)
Copper	7,782	6,206	4,503	3,474	2,534	1,878
Energy	5,652	4,869	2,299	2,225	1,187	1,167
Diamonds & Minerals	3,035	2,618	606	1,209	328	800
Other	4,624	5,707	(453)	(302)	(1,024)	(1,113)
Underlying earnings			25,978	14,312	13,987	6,298
Items excluded from Underlying earnings			661	159	337	(1,426)
Total	60,323	44,036	26,639	14,471	14,324	4,872

	Capital expenditure ^(d)		Depreciation & amortisation		Operating assets ^(e)	
	2010 US\$m	2009 US\$m	2010 US\$m	2009 US\$m	2010 US\$m	2009 US\$m
Iron Ore	1,716	2,148	993	763	11,628	11,263
Aluminium	1,328	1,690	1,563	1,551	38,326	36,340
Copper	958	553	565	541	6,663	5,187
Energy	685	510	367	296	3,694	2,809
Diamonds & Minerals	300	519	268	290	4,580	4,612
Other	(434)	(64)	(319)	(14)	(2,274)	2,481
Total	4,553	5,356	3,437	3,427	62,617	62,692
Less: Net debt					(4,284)	(18,861)
Total Rio Tinto shareholders' equity					58,333	43,831

Business units have been classified according to the Group's management structure. Generally, business units are allocated to product groups based on their primary product. The Energy group includes both coal and uranium businesses. The Diamonds & Minerals product group includes businesses with products such as borates, talc and titanium dioxide feedstock together with diamonds operations. The Copper group includes certain gold operations in addition to copper. The Aluminium group excludes Alcan Engineered Products which is included in "Other Operations" and Alcan Packaging which is included in "Net assets held for sale".

- (a) Gross sales revenue includes 100 per cent of subsidiaries' sales revenue and the Group's share of the sales revenue of equity accounted units (after adjusting for sales to subsidiaries).
- (b) EBITDA of subsidiaries and the Group's share of EBITDA relating to equity accounted units represents profit before: tax, net finance items, depreciation and amortisation. Underlying EBITDA excludes the same items that are excluded from Underlying earnings.
- (c) Net earnings represent profit after tax for the year attributable to the owners of the Rio Tinto Group. Earnings of subsidiaries and equity accounted units are stated before finance items but after the amortisation of discount related to provisions. Earnings attributed to business units do not include amounts that are excluded in arriving at Underlying earnings.
- (d) Capital expenditure comprises the net cash outflow on purchases less disposals of property, plant and equipment, capitalised evaluation costs and purchases less disposals of other intangible assets. The details provided include 100 per cent of subsidiaries' capital expenditure and Rio Tinto's share of the capital expenditure of equity accounted units. Amounts relating to equity accounted units not specifically funded by Rio Tinto are deducted before arriving at total capital expenditure for the Group.
- (e) Operating assets of subsidiaries comprise net assets excluding post retirement assets and liabilities, net of tax, and are before deducting net debt. Operating assets are less non-controlling interests, which are calculated by reference to the net assets of the relevant companies (ie net of such companies' debt).

Independent auditors' statement to the members of Rio Tinto plc and Rio Tinto Limited

We have examined the Summary financial statements of the Rio Tinto Group which comprise the Summary income statement, Summary statement of comprehensive income, Summary cash flow statement, Summary statement of financial position, Summary financial information by business unit and the Executives' remuneration information on pages 28 to 30, within the accompanying *2010 Annual review* (the Summary financial information).

Respective responsibilities of directors and auditors

The directors are responsible for preparing the *2010 Annual review* in accordance with applicable law.

Our responsibility is to report to you our opinion on the consistency of the Summary financial information within the *2010 Annual review* with the *2010 Annual report* and its compliance with the relevant requirements of Section 428 of the United Kingdom Companies Act 2006 and Section 314 of the Australian Corporations Act 2001 as amended by the Australian Securities and Investments Commission order dated 22 December 2010, and the regulations made thereunder.

We also read the other information contained in the *2010 Annual review* and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the Summary financial information. The other information comprises the items on pages 1 to 27.

This statement, including the opinion, has been prepared for and only for each company's members as a body in accordance with Section 428 of the United Kingdom Companies Act 2006 (in respect of Rio Tinto plc) and Section 314 of the Australian Corporations Act 2001 as amended by the Australian Securities and Investments Commission order dated 22 December 2010 (in respect of Rio Tinto Limited) and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board for use in the United Kingdom. Our report on the Rio Tinto Group's *2010 Annual report* describes the basis of our audit opinions on those financial statements, the Directors' report and the Remuneration report.

Opinion

In our opinion the Summary financial information is consistent with the *2010 Annual report* of the Rio Tinto Group for the year ended 31 December 2010 and comply with the applicable requirements of Section 428 of the United Kingdom Companies Act 2006 and Section 314 of the Australian Corporations Act 2001 as amended by the Australian Securities and Investments Commission order dated 22 December 2010, and the regulations made thereunder.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
4 March 2011
In respect of the members of
Rio Tinto plc

PricewaterhouseCoopers
Chartered Accountants

Robert Hubbard

Partner
Brisbane

4 March 2011
In respect of the members of
Rio Tinto Limited

Liability limited by a scheme approved under
Professional Standards Legislation

Financial calendar

2011

18 January	Fourth quarter 2010 operations review
10 February	Announcement of results for 2010
2 March	Rio Tinto plc and Rio Tinto Limited shares and Rio Tinto plc ADRs quoted "ex-dividend" for 2010 final dividend
4 March	Record date for 2010 final dividend for Rio Tinto plc shares and ADRs
8 March	Record date for 2010 final dividend for Rio Tinto Limited shares
9 March	Plan notice date for election under the dividend reinvestment plan for the 2010 final dividend for Rio Tinto Limited shares and dividend currency conversion date (Rio Tinto Limited shareholders electing to receive pounds sterling)
10 March	Plan notice date for election under the dividend reinvestment plan for the 2010 final dividend for Rio Tinto plc shares and dividend currency conversion date (Rio Tinto plc shareholders electing to receive Australian dollars)
24 March	Dividend currency conversion date (Rio Tinto plc holders electing to receive Australian dollars and Rio Tinto Limited holders electing to receive pounds sterling)
31 March	Payment date for 2010 final dividend to holders of ordinary shares and ADRs
13 April	First quarter 2011 operations review
14 April	Annual general meeting for Rio Tinto plc
5 May	Annual general meeting for Rio Tinto Limited
14 July	Second quarter 2011 operations review
4 August	Announcement of half year results for 2011
10 August	Rio Tinto plc and Rio Tinto Limited shares and Rio Tinto plc ADRs quoted "ex-dividend" for 2011 interim dividend
12 August	Record date for 2011 interim dividend for Rio Tinto plc shares and ADRs
16 August	Record date for 2011 interim dividend for Rio Tinto Limited shares
17 August	Plan notice date for election under the dividend reinvestment plan for the 2011 interim dividend
1 September	Dividend currency conversion date (Rio Tinto plc holders electing to receive Australian dollars and Rio Tinto Limited holders electing to receive pounds sterling)
8 September	Payment date for 2011 interim dividend to holders of ordinary shares
9 September	Payment date for 2011 interim dividend to holders of Rio Tinto plc ADRs
13 October	Third quarter 2011 operations review

2012

January	Fourth quarter 2011 operations review
February	Announcement of results for 2011

Cautionary statement about forward looking statements

This document contains certain forward looking statements with respect to the financial condition, results of operations and business of the Rio Tinto Group. The words "intend", "aim", "project", "anticipate", "estimate", "plan", "believes", "expects", "may", "should", "will", or similar expressions, commonly identify such forward looking statements.

Examples of forward looking statements in this Annual review include those regarding estimated ore reserves, anticipated production or construction dates, costs, outputs and productive lives of assets or similar factors. Forward looking statements involve known and unknown risks, uncertainties, assumptions and other factors set forth in this document that are beyond the Group's control. For example, future ore reserves will be based in part on market prices that may vary significantly from current levels. These may materially affect the timing and feasibility of particular developments. Other factors include the ability to produce and transport products profitably, demand for our products, the effect of foreign currency exchange rates on market prices and operating costs, and activities by governmental authorities, such as changes in taxation or regulation, and political uncertainty.

In light of these risks, uncertainties and assumptions, actual results could be materially different from projected future results expressed or implied by these forward looking statements which speak only as to the date of this report. Except as required by applicable regulations or by law, the Group does not undertake any obligation to publicly update or revise any forward looking statements, whether as a result of new information or future events. The Group cannot guarantee that its forward looking statements will not differ materially from actual results.

Useful information and contacts

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Shareholders

Please contact the respective registrar if you have any queries about your shareholding.

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Investor Centre

To find out more about Investor Centre, go to
www.investorcentre.co.uk/riotinto

Holders of Rio Tinto American Depositary Receipts (ADRs)

Please contact the ADR administrator if you have any queries about your ADRs.

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Investor Centre

To find out more about Investor Centre go to www.investorcentre.com

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RioTinto

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 www.riotinto.com/annualreport2010

What you can find online

Find out more about our business and performance online

- 2010 Annual report
- Webcast of our 2010 results
- Full sustainable development reporting
- Register for e-communications

