

RioTinto

2011 Annual review



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View this report alongside our Annual report and Sustainable development report on our website at riotinto.com/reportingcentre2011



From the earth to the world

Rio Tinto started celebrating the London 2012 Olympic and Paralympic Games early as the official supplier of the metals for the 4,700 gold, silver and bronze medals. We sourced the metals from mines on opposite sides of the globe – from our Kennecott Utah Copper mine near Salt Lake City, US, and from our Oyu Tolgoi project in Mongolia. In taking metals from mine to medals we did what we do on a daily basis, year in and year out. We extract metals and minerals taking them from the earth to the world: from our mines where they are produced and processed, to customers who transform them into things people rely on in their everyday lives.

The Olympic ethos of dedication, teamwork and playing by the rules is also reflected in our way of working. This year's Games are the "Sustainable Games". They convey the values that Rio Tinto has long held of ensuring that safety, the environment and the future of the communities that host our operations take precedence in the way we work at every stage from the **mine to the market**.

Highlights

A record financial performance

Underlying earnings (more information on p27)

US\$ **15.5 bn**

Net earnings

US\$ **5.8 bn**

Cash flows from operations

US\$ **27.4 bn**

Underlying EBITDA (more information on p27)

US\$ **28.5 bn**

Share buy-back substantially complete

US\$ **7 bn**

Full year dividend per share

US **145 ¢**

Exceptional operational delivery

All injury frequency rate
(per 200,000 hours worked)

0.67

Record global iron ore production
(100% basis)

245 mt/a

Capital expenditure

US\$ **12.3 bn**

Continuing progress on sustainable development

Greenhouse gas emissions intensity
from 2008

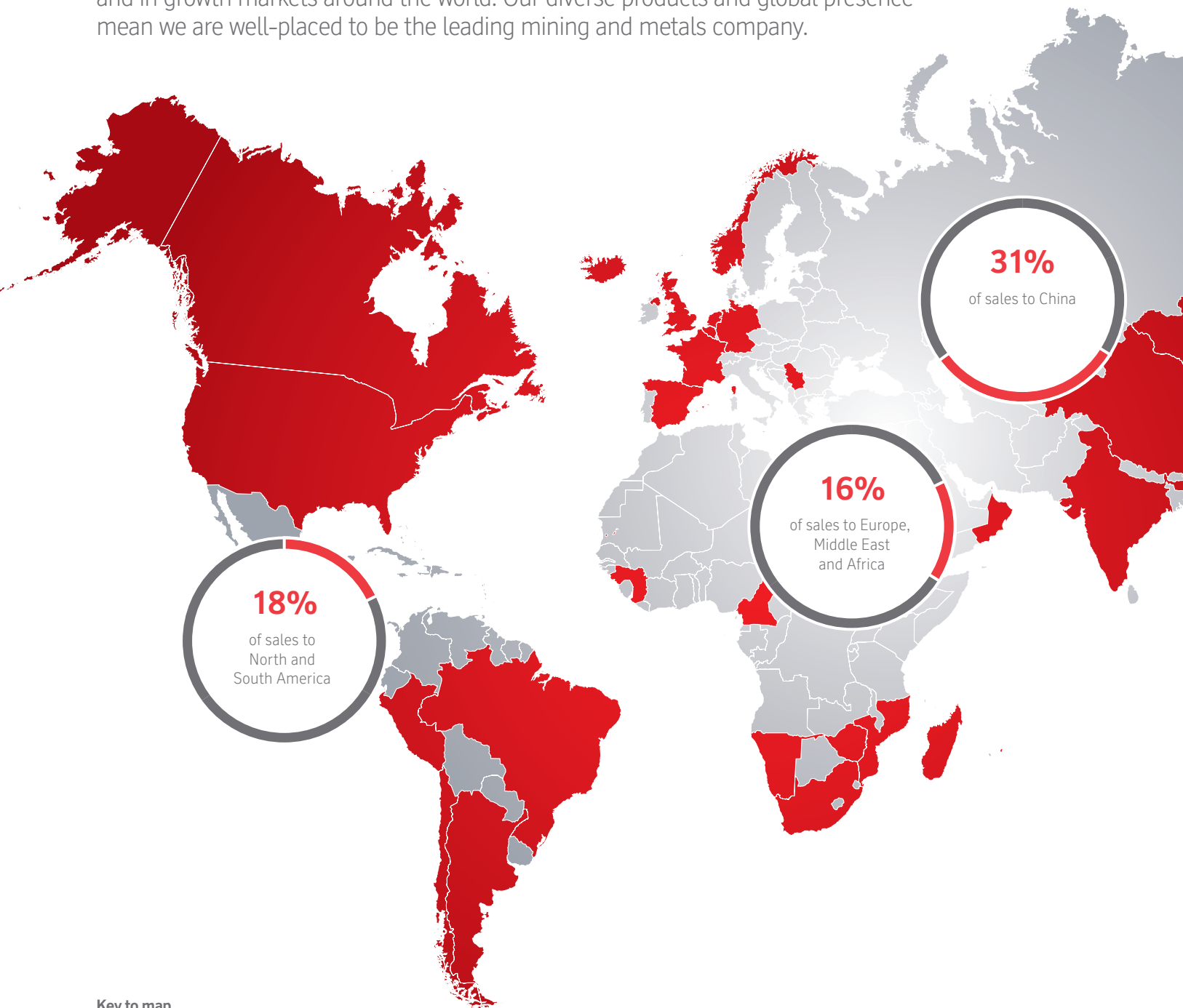
down **3.8%**

Community contributions

US\$ **294 m**

A global business with a **local perspective**

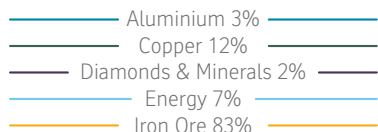
Through a balance of geology and operational expertise we supply the world with metals and minerals that make modern life work. From our operations on six continents, we supply the needs of our customers in our operating heartland and in growth markets around the world. Our diverse products and global presence mean we are well-placed to be the leading mining and metals company.



An interactive map detailing the specific activities of our operations is online at riotinto.com/ourproducts/index_ourproducts.asp

2011 underlying earnings by product group

% of Group total*



Aluminium

We are a global leader in the aluminium industry. Our facilities include high quality bauxite mines and alumina refineries, as well as technologically-advanced primary aluminium smelters.

Aluminium products range from cookware to bicycles, refrigerators to aeroplanes. Light, strong, flexible, non-corrosive and infinitely recyclable – aluminium is one of the world's most widely used metals.

Products: Bauxite, alumina, aluminium

Copper

Our copper business aims to be one of the most dynamic and forward-thinking participants in its market. Our portfolio of copper assets is one of the world's largest and most productive.

We also have some of the world's most exciting copper projects under development. Copper is found in nearly every home and vehicle, and in parts and appliances vital to infrastructure and technology development.

Products: Copper, gold, molybdenum, silver

Diamonds & Minerals

Our Diamonds & Minerals group is highly diversified and truly global in reach. The group comprises mining, refining and marketing operations across the diamonds and the minerals sectors. We are recognised leaders in borates and titanium dioxide supply and science.

Diamonds & Minerals' products are used in everyday products – from paint and sunscreen to flat-screen televisions and engagement rings.

Products: Diamonds, borates, titanium dioxide feedstocks, high purity iron, metal powders, zircon and rutile

Energy

We are one of the world's major producers of thermal coal, used for electricity generation in power stations, and of coking coal for steel making.

We are also one of the world's major producers of uranium. Our uranium is used exclusively for the generation of nuclear electricity. Strict security measures are followed to ensure our uranium products are used only for peaceful purposes.

Products: Thermal coal, coking coal, uranium

Iron Ore

Our iron ore business is the second largest supplier to the iron ore market which makes steel for industrial and infrastructure use. Our commitment to operational excellence and technological innovation continues to drive record performance.

We are also the world's largest salt exporter, producing industrial salt for the chemicals industry.

Products: Iron ore and salt

Exploration

We are a product of our exploration expertise and see this activity as a core part of our business. The team focuses on finding large, low-cost resources that are profitable at all parts of the commodity cycle. This process is often long and complex, involving the use of sophisticated technology in remote locations and under challenging conditions.

At the end of 2011 the Exploration group was actively exploring in 18 countries for a broad range of commodities including bauxite, copper, coking coal, diamonds, iron ore, nickel, potash and uranium.

Technology & Innovation

Working with Rio Tinto's product groups and business units, Technology & Innovation (T&I) has facilitated the capture of significant value for the company and its shareholders. Our centralised team of specialists focuses on improving current technologies and operations, with an emphasis on project evaluation, development and execution.

Our Mine of the Future™ programme has led to the use of remote controlled haul-trucks, block caving, and other technological innovations that are helping to improve safety and productivity.

35%

of sales to the rest of Asia and Australia

* 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.

Record earnings in volatile markets



with Jan du Plessis
and Tom Albanese

View this online at
[riotinto.com/
reportingcentre2011](http://riotinto.com/reportingcentre2011)

2011 was a record year for Rio Tinto. Our underlying earnings before interest, tax, depreciation, and amortisation (EBITDA) rose ten per cent on 2010 to US\$28.5 billion. In particular, the rise reflected strong pricing and record iron ore sales despite production being adversely affected by the weather in Australia in the early part of the year. We also achieved record underlying earnings of US\$15.5 billion, up 11 per cent on 2010.

The dividend has been increased by 34 per cent, reflecting confidence in the long-term future of our operations. However, our net earnings were US\$5.8 billion, a fall of 59 per cent reflecting an impairment charge of US\$9.3 billion.

Here, chairman, Jan du Plessis, and chief executive, Tom Albanese, discuss Rio Tinto's performance during 2011, their expectations for coming years and how the Group is maintaining its commitment to deliver its strategy sustainably.



2011 results

Q : How has the global economic and financial climate affected Rio Tinto's results?

Jan: The markets were very volatile in 2011 – yet we managed a record year. We were able to increase our dividend by 34 per cent and strengthen the company to meet forthcoming challenges – including those of growth and expansion.

Tom: The market volatility Jan mentions resulted in increasing pressure on our margin performance throughout 2011. The industry-wide phenomenon of high cost inflation coupled with strengthening currencies in some markets, adverse weather conditions and escalating raw material prices has squeezed our profits. Despite this, we were able to deliver record earnings which is a testament to the 68,000 employees we have working for the company.

Our performance in 2012

Q : How do you expect the markets to impact our performance in 2012?

Jan: We have experienced choppy waters in recent years but Rio Tinto has a long-term view. Emerging markets like China are industrialising, people are moving to the towns and working to raise their standards of living. Demand for the products we produce is expected to double over the next 20 years and we remain positive about the long-term demand prospects for our business.

Tom: In the short term, we believe there will be continuing volatility. The debt crisis in Europe has not only weakened demand there, it has the potential for contagion in other markets. The pace of recovery in the US is slow but there have been some signs that their situation is improving. China is still set to grow substantially. The economic environment is constantly changing so we must remain flexible and agile to adapt.

The challenges ahead

Q : What are the challenges you expect in the next few years?

Jan: We have had a disappointing year on the safety front. Although we have seen an improvement in our leading safety indicators, the deaths of six colleagues in 2011 were terrible tragedies. As we grow and operate in increasingly challenging geographies, we must retain our focus on zero harm – a core part of our sustainable development commitment. We will increasingly need to work with a variety of stakeholders – from governments to communities – and we are upping our game in managing these interactions even more effectively.

Tom: Our results this year were impacted, primarily as a result of an impairment charge of US\$8.9 billion related to the Group's aluminium businesses. The aluminium market is being squeezed by challenging supply and demand conditions, as well as rising input costs. We have started a transformation of the aluminium business and I am confident we are on track to deliver margin improvements. Costs generally have been rising which is making investment and operations more expensive. We are embarking on a number of cost management initiatives this year to optimise performance across all of our operations.

Strategy remains the same

Q : Have recent events changed Rio Tinto's strategy and its commitment to sustainable development?

Jan: Our strategy remains unchanged – to invest in large, long-term, cost-competitive mines and businesses. In 2012, total capital expenditure on approved projects and sustaining capital is expected to be US\$16 billion, which indicates our commitment to growth. But it isn't growth at any cost – we must do so sustainably and sensibly.

Tom: We have one of the most exciting growth pipelines in the business: the first coal from our Mozambique coalfields will be exported in the first quarter of 2012. Looking ahead, we will start producing copper at our Oyu Tolgoi project in Mongolia in 2012 and our first iron ore production from Guinea is also on track to be shipped in 2015. In addition, we have an ambitious organic growth programme with a continuing significant investment in our world-class iron ore operation in the Pilbara, Western Australia.

Sustainable development is incredibly important to us which is why it continues to be integral to everything we do. We have a commitment to engage with the communities that host our mines, supporting health, education, local suppliers and business programmes. We will retain our focus on best in class environmental practices, with our goal to have a net positive impact on biodiversity – that is, to leave mine sites at least as good as we found them.

To be the **leading** global mining and metals company

Our strategy keeps us focused on only the very best assets in the industry, and takes us ever closer to achieving our vision to be the leading global mining and metals company.

The benefits of sector leadership to our stakeholders are significant. For shareholders it means delivery of superior returns. For host governments and communities, it means ensuring widespread and lasting economic benefits. We are better able to respond to customers' needs. For employees we provide leading training and development opportunities in a world-class business.

We are well placed to capitalise on our leadership position. Our portfolio includes some of the world's best assets – from our world-class iron ore operations in Australia to the huge potential of our growth projects there and in Mongolia, Guinea and Mozambique. We also have a strong balance sheet and reputation for responsible business; and we employ some of the best people in the industry. This proven track record is built on how we integrate sustainable development practices in everything we do and on our strong values defined by our global code of business conduct *The way we work*.

As industry leaders we must aspire for the highest levels of performance in all that we do. This is why we continue to pursue our strategy of investing in and operating large, long-term, cost-competitive mines and businesses.

The opportunities we pursue are driven by the quality of each opportunity. Put simply, we look for high-quality assets that can provide superior returns throughout the production cycle with options for expansion when the time is right.

This consistent strategy has served us well and we are confident it will continue to do so in the years ahead. Our strategic focus requires the combination of our people's talent throughout the organisation – from individual mining and processing sites across the globe to shared functions that span our activities. In every aspect of our strategy we aim to create the processes and culture that puts safety in the forefront of our minds and to utilise technology and innovation to drive safety performance, operational excellence and superior environmental practices.

From the iron ore
of the **Pilbara**
to the steel that enables
global growth

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Our strategic framework

Vision

Our vision is to be the leading global mining and metals company.

Strategy

To invest in and operate large, long-term, cost-competitive mines and businesses, driven by the quality of each opportunity.

Strategic drivers

Five strategic drivers are helping us deliver our strategy and achieve our vision (see list below).

Key performance indicators

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

Underlying earnings

US\$15.5bn (2010: US\$14.0bn)

Net debt

US\$8.5bn (2010: US\$4.1bn)

Total shareholder return

(31.8) per cent (2010: 33.2 per cent)

Operating cash flows

US\$27.4bn (2010: US\$23.5bn)

Capital expenditure

US\$12.3bn (2010: US\$4.6bn)

All injury frequency rate

(per 200,000 hours worked)

0.67 (2010: 0.69)

Greenhouse gas (GHG) emissions intensity

3.8 per cent down from 2008

Find more information on our key performance indicators online at riotinto.com/reportingcentre2011

Our strategic drivers

Financial and operational excellence

In planning, developing, operating and marketing our products, we use our industry knowledge and experience to maximise returns. We use our skills to manage our portfolio, acquiring undervalued assets or, through prudent divestments, capturing value from assets that no longer fit with our strategic direction.

We aim for world-beating cost competitiveness and productivity. Our work in improving performance across all our operations is focused on achieving market-leading margins and returns to our shareholders.

There is no area of our business in which we compromise on safety.

Growth

We seek to identify and access new projects through exploration and establishing community-oriented presence in resource-rich regions. Our objective is to develop orebodies to deliver their greatest potential. We do so in a way that delivers lasting benefits for our business, as well as host economies and communities.

We seek to achieve this through acquisitions or organic growth at industry-leading capital and operating costs, without compromising our existing high safety and reliability levels.

Licence to operate

As external stakeholders increase their expectations of us, our work in the area of sustainable development will be essential to building our licence to operate. This means we must work more effectively with host governments and communities to support the development of health, education, local supplier and business programmes where our operations exist. Our licence to operate also means we protect the environment and leave a sustainable legacy when our mining is done.

Globalising the business

In globalising our business we employ global standards, systems and processes that help us streamline the way we do things and increase efficiencies, but not at the expense of local responsiveness. Our aim is to develop a diverse workforce of people, cultures and skills, ensuring our approach is focused at the local level. This allows the cross-pollination of ideas that will help improve the way we do business around the world.

Technology and innovation

We seek to apply technology and innovation in all that we do to improve safety, reduce our environmental impact and enhance productivity. We are innovative not only in science and technology, but also in our management and mindset. We employ scientists and engineers whose work helps protect the environment and improve the lives of those who live in the communities where we mine.

There are case studies on our strategic drivers on pages 12-21 in this review and online at riotinto.com/reportingcentre2011

Delivering long-term value

Our business is sustainably finding, mining and processing mineral resources. Over long-term horizons we deliver value for our shareholders and generate opportunities for the people and places where we work.

We create and preserve value through investing in and operating large-scale, long-term, cost-competitive mines and businesses. Our commitment to the highest standards of safety, sustainability and corporate governance help us in our aim to be the developer of choice in all of the markets in which we operate. Our aim is to apply world-class technologies and processes in our operations to optimise productivity, improve safety, and foster sustainable development.

Our leading proprietary technologies are aimed at maximising recovery of minerals from ore, and at making our processes as efficient as possible. Such innovations are also used to cut carbon use. We produce materials that are of the right quality for our customers. The majority of our customers are industrial companies that further process our products into a wide range of applications supplied to end-users in the construction and infrastructure, automotive, industrial machinery and equipment, energy and consumer goods markets.

Explore and evaluate

Rio Tinto's knowledgeable and experienced exploration team have a track record discovering large, long-life orebodies. We evaluate investment plans for the development, operation and marketing of our products.

» Develop

We study a resource to identify the optimal development configuration. Working with our customers we prepare the market to take the type or grade of product that will maximise value over the lifecycle of the resource.

» Operate and market

We create value through operating large, long-term, cost-competitive assets safely and efficiently. We employ efficient operating and maintenance processes to reduce the use of consumables, improve operating efficiency and optimise value. We aim to employ our superior knowledge of market fundamentals to ensure we deliver products our customers value.

» Close-down and reclamation

We integrate closure planning in the early stages of project development. When a resource reaches the end of its life, we are committed to high standards of close-down and reclamation. We seek to leave a positive legacy of sustainable development, and ensure stakeholder expectations are met.

Find more information about our business model online at riotinto.com/reportingcentre2011

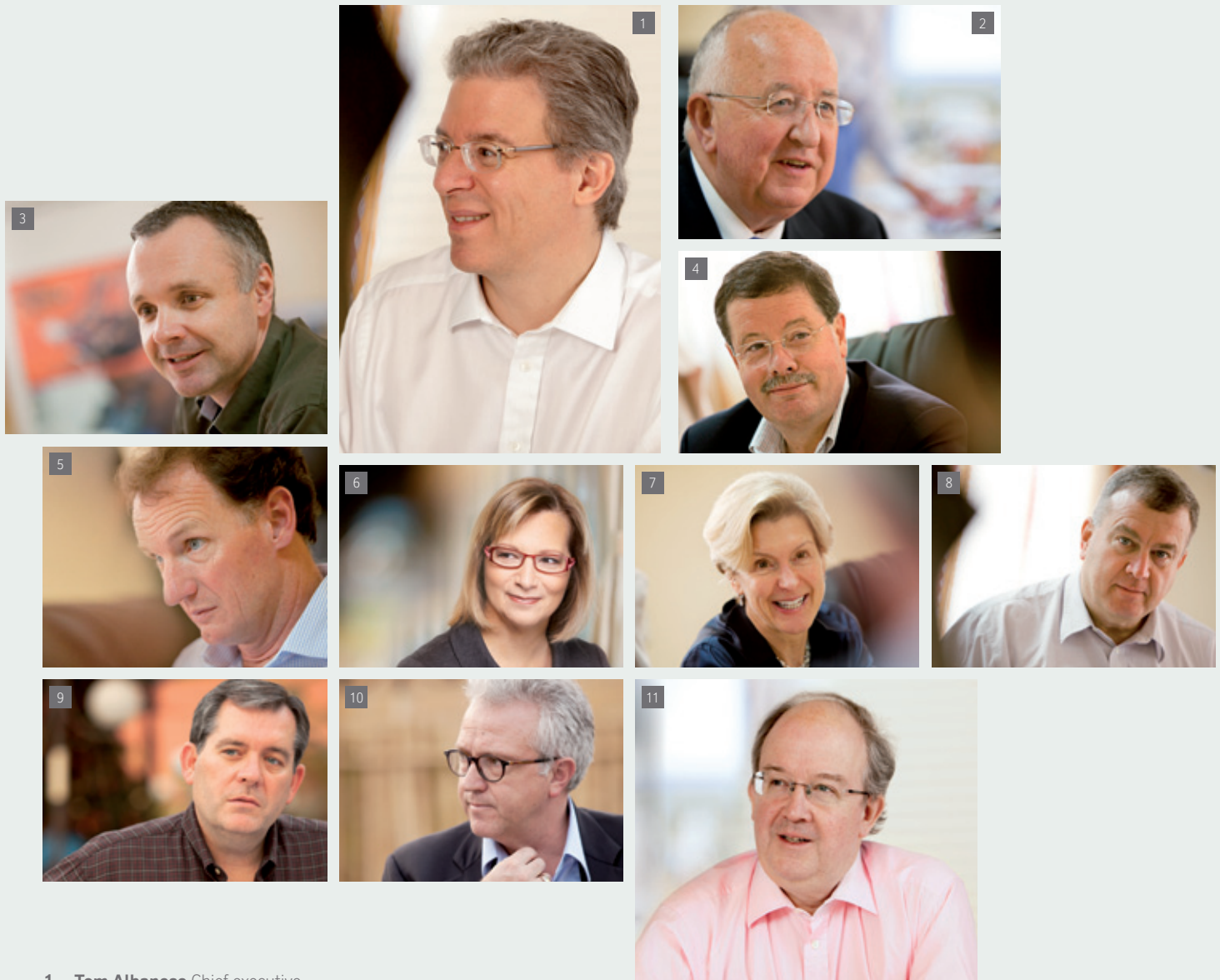
From the **copper** of the Oyu Tolgoi mine in Mongolia to the gateway of the modern world

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Leading with **experience** and **expertise**

Under the leadership of our chief executive, the eleven members of our Executive committee combine their diverse knowledge and ideas to make decisions that bring our strategy to life.



- 1 **Tom Albanese** Chief executive
- 2 **Sam Walsh AO** Executive director and chief executive, Iron Ore and Australia
- 3 **Andrew Harding** Chief executive, Copper
- 4 **Doug Ritchie** Chief executive, Energy
- 5 **Harry Kenyon-Slaney** Chief executive, Diamonds & Minerals
- 6 **Jacynthe Côté** Chief executive, Rio Tinto Alcan
- 7 **Debra Valentine** Group executive, Legal & External Affairs
- 8 **Preston Chiaro** Group executive, Technology & Innovation
- 9 **Bret Clayton** Group executive, Business Support & Operations
- 10 **Hugo Bague** Group executive, People & Organisation
- 11 **Guy Elliott** Chief financial officer

Find information about the Executive committee online at riotinto.com/reportingcentre2011

Towards a sustainable future

Our approach to sustainable development is central to *The way we work*, wherever we operate. We believe it not only makes good business sense but that we have a responsibility to future generations and all our stakeholders – from employees, to communities, to governments.

Integral to how we work

Our commitment to sustainable development drives the way we conduct ourselves as an organisation. In line with our Group strategy, we operate on extended time horizons, giving us opportunities to plan, implement and deliver sustainable contributions to social wellbeing, environmental stewardship and economic prosperity within our strong governance systems.

We also recognise it is not about what we say, but what we do. As society's and stakeholders' expectations rise we need to align our activities and delivering on our commitments is the standard on which Rio Tinto is judged. We have developed and implemented a structured sustainable development framework that ensures we manage the risks, maximise the opportunities and meet the goal of delivering our sustainable development commitments.

This framework begins with our global code of business conduct, *The way we work*, supported by corporate policies, strategies and standards that lay down the minimum acceptable requirements for behaviour and operating conditions.

The minerals and metals we produce contribute to society's needs, creating wealth to support community infrastructure, and deliver financial returns for our shareholders.

Our leadership position enables us to provide the means and opportunity to develop new approaches to environmental and human development challenges confronting society, such as climate change and poverty. We also recognise we have responsibility to manage our activities, such as our future use of land and water, which could detract from our sustainable development goals. Our focus on sustainable development allows us to retain a highly-regarded reputation that ensures we gain and maintain our licence to operate. We believe our strong focus on sustainable development helps us manage risks effectively, reduce environmental impacts, engage with our communities, decrease operating costs, while attracting high calibre employees and delivering superior returns for our shareholders. In short, we see it as a great source of our competitive advantage.



Our **focus** on sustainable development is a great source of competitive advantage



Our online report provides highlights of our sustainable development programmes across the Group and progress towards our goals and targets.

Key achievements in 2011

Exposure to an eight hour noise dose of more than 85 decibels was reduced by 4.3 per cent per 10,000 employees in 2011.

We remained the largest private sector employer of Indigenous Australians.

We retained our listing on the FTSE4Good and Dow Jones Sustainability Indexes.

Identified as the sector leader in the Natural Value Initiative analysis on biodiversity and ecosystems management.

Key priorities for 2012

Following the six fatalities in 2011, our first priority is to eliminate any workplace fatalities and continue to reduce incident and injury rates towards our goal of zero harm.

Improve the identification and evaluation of higher-consequence/lower-frequency hazards.

Continue to improve the diversity of our workforce and to focus on the health and wellbeing of employees.

Maintain our energy use and greenhouse gas emission reduction programmes.

Progressively rehabilitate our operational land as it comes out of use.

Continue to enhance our approach to sustainable development to ensure it remains focused on the social, environmental, economic and governance issues most relevant to delivering our business strategy.

Social wellbeing

We aim to have the most effective practices in safety, health and the environment. We have an ambitious growth agenda, but it is not growth at all costs: we aim to grow in the most sustainable way possible to benefit the people who work for us and the communities in which we operate.

Our Simandou Communities team in Guinea has received international recognition for their work in the communities that surround our iron ore project. In 2011 the team was awarded the prestigious Global Business Coalition Health, Business Action on Health Award for furthering the prevention of malaria and HIV/AIDS in the local communities.

Prosperity and the future

Our work in more than 40 countries around the world means we can be a catalyst for economic prosperity. One of the ways we do this is to engage local businesses to supply our operations. In Canada, we have trialled new opportunities to help smaller local suppliers work with large companies.

We invited six businesses from the small town of Kitimat, British Columbia, to meet with 20 businesses in Quebec who were already servicing Rio Tinto Alcan smelters. The plan was to facilitate partnership between the technologically-advanced suppliers in Quebec and the Kitimat suppliers.

From the earliest stages of development, we employ from the local community, engage local suppliers and we help finance businesses that will maintain economic activity when our mines have closed. Under our "Mongolia First" initiative at our Oyu Tolgoi operation, over US\$1 billion has been spent with local suppliers, and US\$1.2 million in micro-lending is supporting local businesses across South Gobi. This seed money will allow the creation of businesses that serve the local community.

Environmental stewardship

Taking a responsible approach to our use of water, energy and land is good for the environment, but also good for business.

We build closure into our plans before we develop an operation and make a major contribution to creating a sustainable economic legacy when our mining operations cease.

Water is an issue in the arid Pilbara in Western Australia. We are investing US\$310 million to assure a sustainable water supply for our iron ore operations.

As people and governments concentrate on the impact of economic volatility, the issue of carbon emissions should not be overlooked. For us it remains a key environmental and business imperative. About half our energy use is self generated. Two thirds of that is from renewable hydroelectricity generation or nuclear power plants. Our aim remains to reduce our greenhouse gas emissions by ten per cent by 2015.

At the Diavik Diamond Mine in Canada's Northwest Territories we are constructing a wind farm to reduce the amount of diesel we use. Initially four turbines will reduce our diesel use by approximately four million litres a year, about ten per cent of our total diesel consumption. The wind farm will also reduce our greenhouse gas emissions by approximately 12,000 tonnes, or six per cent of total emissions.

Aluminium

Operating highlights

	2011 US\$ million	2010 US\$ million
Revenue	12,159	11,313
Operating cash flow	1,216	1,225
Underlying earnings	442	611
Capital expenditure	1,957	963
Net operating assets	26,204	30,815

Figures for 2011 and restated figures for 2010 exclude assets identified for divestment or closure. These assets are now managed by the Rio Tinto Business Support & Operations group.

A versatile commodity

There is more to aluminium than recyclable beverage cans and cooking foil. Our customers represent a wide variety of industries and continue to innovate as more end-products make use of aluminium's exceptional qualities. In electricity transmission its light weight makes it cost effective to install, while its conductivity helps save energy. Its corrosion resistance and strength make it versatile and appealing to builders and the transportation industry, where it helps reduce downstream greenhouse gas emissions. Aluminium can be infinitely recycled so its products also have a more sustainable lifecycle.

The current economic environment has been particularly challenging for the aluminium industry. The annual impairment review of the aluminium businesses resulted in a goodwill impairment charge of US\$6.6 billion for Rio Tinto Alcan. This was largely a result of the current economic environment and related market volatility in aluminium prices in the second half of 2011, leading to declines in market values for aluminium assets.

Our focus has been on optimising our position for when the markets improve. We are aiming to secure our place as the lowest-cost producer in the aluminium industry and build a portfolio of modern mines, refineries, and smelters supported by clean energy sources.

Aluminium production was broadly consistent year-on-year. Rio Tinto Alcan expects to benefit in the long term from its low-cost structure, sustainable transformation savings, and its position as an integrated producer throughout the value chain – bauxite, alumina, and aluminium.

The Aluminium group's portfolio was restructured in October 2011, resulting in the creation of Pacific Aluminium. The assets comprising Pacific Aluminium have been identified for divestment. We are currently working to deliver another US\$1 billion of EBITDA and increase margins to 40 per cent. This will be driven by disciplined portfolio management, business improvement initiatives and strategic investments.



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Growth using innovation

Rio Tinto Alcan is committed to growing sustainably, focusing on high-return production capacity increases and modernisation projects that leverage renewable, low-cost hydroelectric power. We aim to have the best bauxite position in the industry. After the recent portfolio change, almost 85 per cent of the group's energy is hydroelectric and in the lowest cost quartile for power. Furthermore, its technological capabilities continue to create value from sales, faster operational improvements and lower costs on new projects.

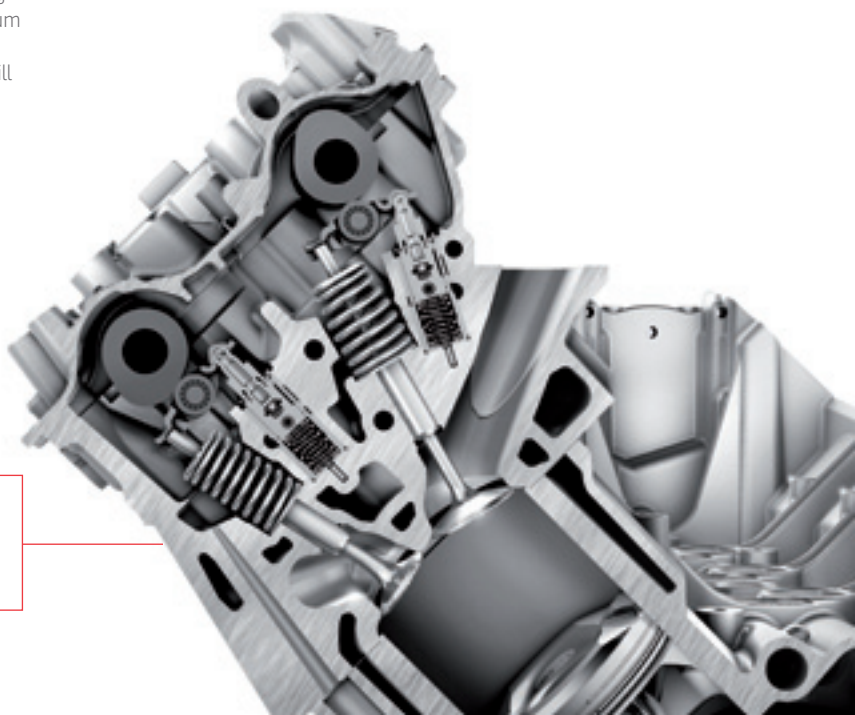
The group also has a significant modernisation project under way at the Kitimat smelter in Canada. Once complete in 2014 it is expected to be one of the lowest-cost smelters in the world, delivering increased capacity. Powered by self-generated hydroelectricity, it will use AP40 technology to cut total emissions by about half.

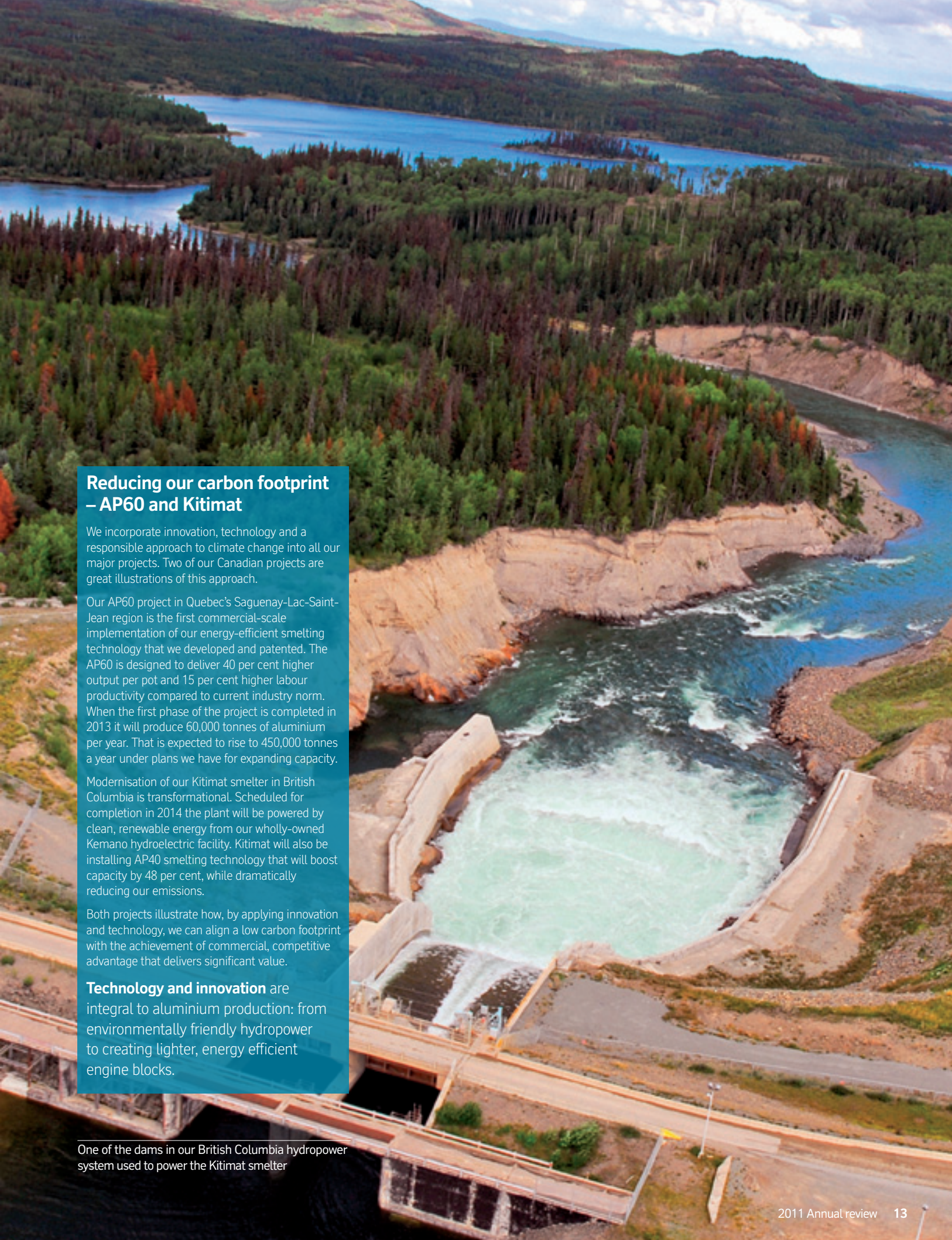
Outlook

While the short-term economic outlook is volatile, we are confident that the fundamentals of the industry recognise aluminium's advantages in power generation, transport, consumer electronics, packaging and construction, particularly in emerging economies. These fundamentals are expected to underpin growth in demand of about six per cent a year until 2020.

Our priorities for 2012

- Continued focus on improving our safety record.
- To build on significant improvements already made to our business and cost structures.
- To leverage our industry-leading, proprietary technology and strong hydropower position to achieve the lowest cost carbon footprint in the industry.
- To increase the group's long position in both bauxite and alumina and supply China's growing raw material needs.





Reducing our carbon footprint – AP60 and Kitimat

We incorporate innovation, technology and a responsible approach to climate change into all our major projects. Two of our Canadian projects are great illustrations of this approach.

Our AP60 project in Quebec's Saguenay-Lac-Saint-Jean region is the first commercial-scale implementation of our energy-efficient smelting technology that we developed and patented. The AP60 is designed to deliver 40 per cent higher output per pot and 15 per cent higher labour productivity compared to current industry norm. When the first phase of the project is completed in 2013 it will produce 60,000 tonnes of aluminium per year. That is expected to rise to 450,000 tonnes a year under plans we have for expanding capacity.

Modernisation of our Kitimat smelter in British Columbia is transformational. Scheduled for completion in 2014 the plant will be powered by clean, renewable energy from our wholly-owned Kemano hydroelectric facility. Kitimat will also be installing AP40 smelting technology that will boost capacity by 48 per cent, while dramatically reducing our emissions.

Both projects illustrate how, by applying innovation and technology, we can align a low carbon footprint with the achievement of commercial, competitive advantage that delivers significant value.

Technology and innovation are integral to aluminium production: from environmentally friendly hydropower to creating lighter, energy efficient engine blocks.

One of the dams in our British Columbia hydropower system used to power the Kitimat smelter

Copper

Operating highlights

	2011 US\$ million	2010 US\$ million
Revenue	7,634	7,797
Operating cash flow	3,134	4,125
Underlying earnings	1,932	2,530
Capital expenditure	3,784	990
Net operating assets	12,094	7,718

Bringing copper to life

High-grade copper ore is one of the most challenging materials to extract, often located in the world's remotest and toughest environments. Yet it is also one of our most sought-after commodities – essential to the electrical goods and technologies that drive modern life.

Over the past 12 months, Rio Tinto Copper has reinforced its position in the market with an exciting number of growth opportunities. Focusing on large, long-life operations, our portfolio comprises interests in many of the world's largest and most productive copper mines. From the wholly-owned Kennecott Utah Copper, which provides about 25 per cent of US copper and molybdenum supply and provides more than 17 per cent of US refined copper requirements, to a 30 per cent share in Escondida in the Atacama desert in Chile – the world's largest copper producing mine.

Advancing innovation

We continue to invest extensively in leading-edge technologies both to advance the efficiency and safety of our mining processes and to reduce our environmental impact. In Northparkes, New South Wales, Australia, and at Kennecott, we are working to develop new tunnel boring systems that could decrease the time it takes to construct an underground mine by 40 per cent. Meanwhile at Kennecott work has also begun to convert 100 megawatts of coal power to natural gas. Trials of alternative fuel vehicles, best-in-class lighting technologies and new means of equipment optimisation are all being employed to reduce greenhouse gas emissions.

Sustainable development

Our work at Oyu Tolgoi in the South Gobi region of Mongolia is setting new benchmarks in sustainable and social partnership. Oyu Tolgoi will be a top ten copper producer and a significant gold producer, with the potential to provide industrial-scale quantities of copper and gold for at least 50 years.

The metal of all 4,700 medals for the London 2012 Olympic and Paralympic Games will be sourced from Kennecott Utah Copper in Salt Lake City, US, and Oyu Tolgoi in Mongolia.

The economic benefit to Mongolia through our Oyu Tolgoi project has already been significant. During construction, US\$8 million is being spent per day, and 10,000 local people are being employed. Once in operation, it is expected that the Mongolian economy will be more than a third (36 per cent) larger by 2019 because of the Oyu Tolgoi project – supported by a massive programme of social, educational, training and infrastructural investment in collaboration with Rio Tinto Copper (see panel, right).

Outlook

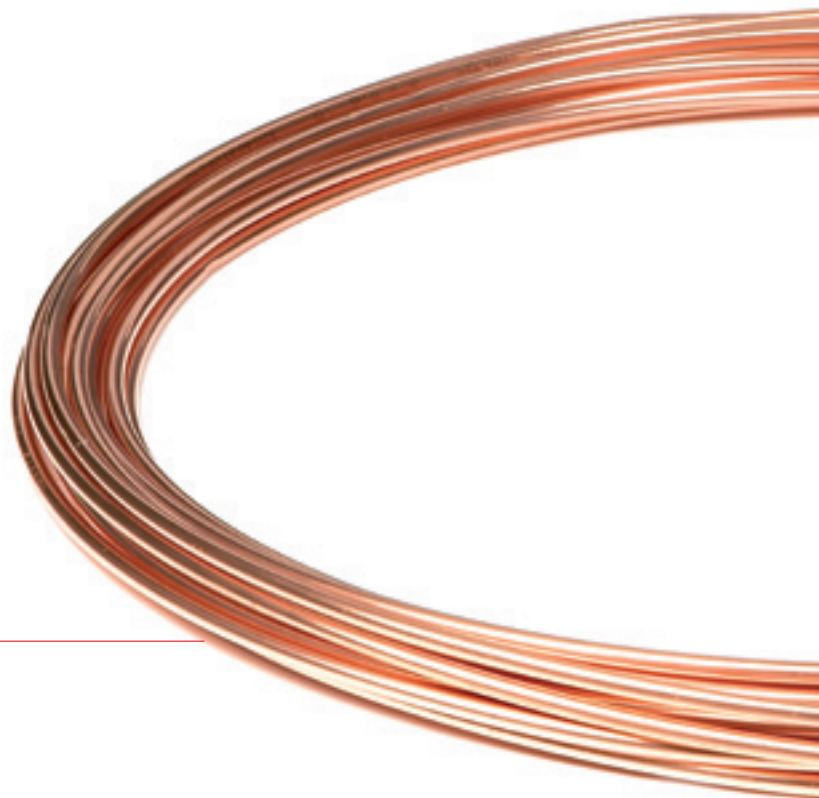
As the world's leading economies continue to urbanise and industrialise, refined copper demand will increase by an additional 6.5 million tonnes by 2020 to around 25.5 million tonnes of which around 19 million tonnes will be met by mined copper with the remainder being supplied from scrap.

Our priorities for 2012

- Continue working collaboratively towards a goal of zero harm.
- Continue to invest in innovative technologies and optimise operating assets with advances in safety and productivity.
- Contribute to sustainable development through collaboration with local governments, communities and non-government organisations.
- Focus on high-quality growth projects.
- Continue to bring together the talent, ideas and leadership that can deliver growth and shareholder value.
- Progress the Oyu Tolgoi project, preparing for the first commercial production in 2013.



Cu





Supporting development of a 21st Century Mongolia

The biggest advances in mining can be measured by what goes on above ground as well as what happens below it.

The Oyu Tolgoi project in the South Gobi desert is creating a blueprint for economic and social collaboration that offers a sustainable legacy for generations of Mongolians far beyond the mine's predicted 50-year lifespan.

The largest employment training effort in Mongolian history will enable 90 per cent of the workforce to be drawn from the local population. A vast infrastructure programme, including a new airport, two new Mining Schools of Excellence, a 70km new water pipeline, 100km of new roads, plus an enhanced electricity supply stand to advance living standards across the region. Under our "Mongolia First" initiative over US\$1 billion has been spent with local suppliers, and US\$1.2 million in micro-lending is supporting local businesses across South Gobi.

But while the economic legacy of Oyu Tolgoi will be significant, we aim to ensure its environmental impact will be minimal. A participatory environmental monitoring programme is being run in cooperation with local government, herders and non-government organisations. Biodiversity experts are advising on wildlife protection strategies. The project is implementing water efficiency techniques that will ensure Oyu Tolgoi has one of the most stringent water-conservation practices of any mine worldwide. This work is complemented by substantial initiatives aimed at community health and protecting the country's rich cultural heritage.

Investing for growth in Mongolia will bring products like copper transmission wire to other rapidly urbanising and industrialising emerging economies.

P. Batzaya (standing) a rigger, and U. Erdenetsogt an operator, in the open pit mine of the Oyu Tolgoi project

Diamonds & Minerals

Operating highlights

	2011 US\$ million	2010 US\$ million
Revenue	3,220	3,035
Operating cash flow	333	598
Underlying earnings	252	328
Capital expenditure	639	300
Net operating assets	3,605	4,580

Diamonds, borates and titanium dioxide have much in common. Demand for our products is linked to rising standards of living manifested by better diets, more energy efficient homes, and higher discretionary spending on everything from diamond jewellery to flat screen televisions.

Amongst multiple other uses borates are used by our customers to make fibreglass, glass, ceramics, fertilisers and wood preservatives. Titanium dioxide is the world's main white pigment in the coatings and plastics industry. Being non-toxic and biologically inert it can also be used as a strong, lightweight material for hip and knee replacements.

Solid performance in volatile markets

The group businesses serve a range of different industries, but are linked through their track record of creating and defining new and profitable markets for their products. The product group's earnings of US\$252 million were 23 per cent lower than 2010. Excluding the effects of a US\$79 million tax benefit in 2010, underlying earnings were slightly higher than the previous year. The group benefited from higher prices stemming from improved market conditions across all products. This was offset by lower volumes and increased costs, primarily in the diamonds business, due to the transition to underground mining at our Argyle mine and severe weather conditions.

Growing the portfolio

The Diamonds & Minerals group has an exciting array of growth opportunities across the world. In 2011, we re-entered the potash business through an exploration joint venture with North Atlantic Potash Inc., a subsidiary of JSC Acron, a world leader in fertiliser production. Development also progressed at the group's Jadar lithium-borate deposit in Serbia. If developed the deposit has the potential to supply more than 20 per cent of global lithium demand. In addition, we are continuing pre-feasibility studies at our Bunder diamond project in India and developing our Argyle underground diamond mine in Australia.

Outlook

Demand for diamonds and industrial minerals typically follows peak requirements for commodities such as iron ore and copper. The medium to long-term fundamentals for the diamond market are positive. The global mineral reserve base is steadily declining, compounded by limited exploration investment and success, and expected supply reductions over the medium to long-term. Demand in India and China will continue to grow, and is forecast to represent some 20 per cent of diamond consumption by 2012 and around 40 per cent by 2020. We anticipate demand in mature markets to grow in line with gross domestic product.

Industrial mineral fundamentals are expected to strengthen in line with urbanisation trends and demand growth in emerging markets. We are well placed to benefit from improved titanium dioxide market conditions through our commercial strategy and expansion plans. In the borate market, we will seek to capture profitable growth in emerging economies and maintain our position in established markets.

Our priorities for 2012

- To continue making safety our most important value.
- To improve our existing businesses' operational and commercial performance.
- To build capacity by executing growth projects within existing assets.
- To grow our portfolio through value-adding exploration and acquisitions.
- Move towards more flexible titanium dioxide pricing terms.



Ti





Commitment to ecological restoration

Since 1977 Richards Bay Minerals has mined heavy minerals from the coastal dunes of KwaZulu-Natal. Post-mining dune rehabilitation restores to the mined lands a combination of native coastal dune forest (one-third of the land) and cash crop trees for local communities. A proactive approach is employed to restore the native forest. Topsoils are first moved from pre-mining areas to post-mining areas. The natural inventory of seeds in the soil sprouts rapidly-growing, short-lived trees which quickly blanket the dunes. As these trees mature then die, they are gradually replaced by a diverse range of plants.

Independent studies by the Coastal Ecology Research Unit of the University of Pretoria follow the development of differently-aged rehabilitation parcels to understand and evaluate progress. Forest soils, trees, millipedes, birds and small mammals all show an impressive restoration of biodiversity.

The ecological trajectories are complex, but the data show that a forest approaching the structural and functional biodiversity of undisturbed forest patches in the region develops after about 30 years. The rehabilitation effort demonstrates the value of RBM's long-term commitment to ecological restoration and the power of its local science partnerships in evaluating success.

At Richards Bay Minerals, as we extract minerals containing titanium dioxide, used in paint pigment, we are restoring native trees and sand dunes and renewing our **licence to operate**.

Lake Nhlabane, a small estuary nestled safely in the midst of RBM's rehabilitated dune forests

Energy

Operating highlights

	2011 US\$ million	2010 US\$ million
Revenue	7,327	5,652
Operating cash flow	2,019	2,463
Underlying earnings	1,074	1,187
Capital expenditure	1,327	685
Net operating assets	8,164	3,694

Even under the most ambitious climate change scenarios, the International Energy Agency forecasts global energy demand will increase by more than 20 per cent by 2035. Growth will be dominated by Asia, where urbanisation and industrialisation are driving the demand for our products. Access to energy can transform lives and the electricity generated by the products we produce is playing a role in alleviating poverty in developing countries.

Strong earnings in a challenging environment

Our energy business faced a number of challenges in 2011 – in particular severe wet weather in Australia which constrained supply of uranium and coal, and the Japanese tsunami which impacted demand for uranium.

The Group's Australian coal operations were impacted by severe weather events which saw all four Queensland mines declare force majeure in December 2010. However, favourable pricing in 2011 contributed to underlying earnings of US\$1.24 billion for Rio Tinto Coal Australia – an increase of 32 per cent on the previous year. Coal production is set to increase in 2012 through expanded capacity at our existing operations, the ongoing ramp-up of the Clermont Mine and productivity benefits from a significant business improvement programme.

Energy Resources of Australia was also severely affected by the third highest wet season on record. ERA raised A\$500 million via an accelerated renounceable entitlement offer to progress strategic projects around exploration and water management. With a view to improving reliability and increasing production, the Rössing mine in Namibia completed and began implementing a major business improvement diagnostic in 2011.

Significant growth options

Our Energy group is now entering a new phase, with many prospects for value-adding growth to meet expanding long-term global energy demand, while continuing to focus on operational excellence, community engagement, and environmental performance. Our coal and uranium operations in Australia and Africa have expansion projects in either evaluation or execution phase.

During 2011 we completed the acquisition of Riversdale, which has now been renamed Rio Tinto Coal Mozambique. This provides a substantial Tier 1 coking coal development pipeline in the emerging Moatize Basin. We also completed the acquisition of Hathor in Canada. This encouraging uranium exploration and development opportunity is in one of the highest grade uranium basins in the world.

Sustainable development

We are committed to a future where energy is about sustainable practices that will minimise global carbon emissions. Initiatives and projects at each operation are helping us to reduce energy use and greenhouse gas emissions, and the group continues to dedicate resources to the development of low-emissions coal technology.

Outlook

Increasing prosperity, urbanisation and industrialisation in large developing countries, such as China and India, will continue to drive global demand growth for energy in the coming decades.

While uranium is a much smaller source of energy than coal, it remains significant in the global energy mix, and there are expectations demand will rise in a carbon-constrained future.

For many countries energy diversification is the key to their energy security. Coal will continue to be an important baseload fuel for decades to come. Nuclear energy also provides energy security with the added benefit of no greenhouse gas emissions. For these reasons we are confident about the demand outlook for both coal and uranium.

Our priorities for 2012

- Maintain our focus on safety and our goal of zero harm.
- To continue safely supplying the world's growing energy needs through the sustainable development and operation of large-scale, long-life, cost-competitive assets.
- Improve productivity by eliminating waste and duplication across our business.
- Continue to grow our world class portfolio of energy assets through the development of the recently acquired Hathor and Riversdale projects and increasing production at existing operations.



C





Powering the world

Our new coal business, Rio Tinto Coal Mozambique (RTCM), gives us the opportunity to develop African talent for future generations.

Our strategic investment in the highly prospective Moatize Basin in Mozambique gives us access to one of the largest undeveloped coking coal regions in the world and underlines our commitment to Africa.

Our aim is to continue to grow and add value to this asset while contributing to the local economy and improving the wellbeing of people in the local communities.

As part of our community investment we're providing training and employment. RTCM is committed to continuing the work at the training centre which was originally established by the previous owner Riversdale in Tete in 2009.

Community members have been registering at the training centre, and as at January 2012, 1,731 people have received training with 60 gaining employment at our operations.

Providing local people with challenging work and development opportunities means our employees and future leaders will truly represent the increasingly diverse regions and cultures in which we operate.

Global demand for energy is expected to grow in coming decades. Through the development of Mozambique's massive coal reserves we can help meet that demand and contribute to the transformation of the country's economy.

Globalising the business in Rio Tinto means bringing training to Mozambique whose coal will bring light and power to countries in other parts of the world.

Trainees at Rio Tinto's Training Centre in Tete, Mozambique

Iron Ore

Operating highlights

	2011 US\$ million	2010 US\$ million
Revenue	29,909	24,024
Operating cash flow	21,486	15,976
Underlying earnings	12,853	10,189
Capital expenditure	4,757	1,716
Net operating assets	13,368	11,628

Iron ore is required in a variety of applications around the world, from household appliances to the steel used to build the cities of the future. Iron ore from our mines helps build global growth.

Significant expansion

The iron ore business delivered an impressive performance in 2011, with a record year of production and shipments at our world-class Australian Pilbara operations. This has underpinned the highest ever operating cash flow and underlying earnings performance for the product group. These results are the more impressive, given weather disruptions and a significant expansion programme.

The further expansion of the Pilbara's output is progressing as planned and we have accelerated one of the most exciting iron ore growth projects in the world. The Simandou project in Guinea is moving forward towards its first shipment of ore by mid-2015.

On the marketing front, changes in market conditions advanced our move to a more diversified and flexible sales pricing portfolio. In line with broader markets, the second half of the year saw high levels of volatility in iron ore pricing. This led to a shift to shorter-term pricing on our sales portfolio, with around 60 per cent of our customers moving away from the quarterly lagged price.

Our aim is to continue working closely with our customers to align our resource base with customer needs and ensure the high value of our products is recognised by the market.

Driving innovation

We are the owner of the world's largest fleet of autonomous trucks after we signed a memorandum of understanding to buy at least 150 from Komatsu Limited over the next four years. The new trucks will be used in our Pilbara iron ore mines but can be managed from our Operations Centre in Perth up to 1,500 kilometres away. This will further improve the reliability and efficiency of the supply chain from the mine to our customers. The move follows the successful trial of driverless trucks and represents a 15-fold expansion from the previous plan to double the fleet to ten trucks.

Outlook

Global supply of iron ore has struggled to keep pace with growing customer demand. Despite eurozone challenges and a softening in steel markets we remain confident that continued investment in housing, infrastructure and industrial equipment, which are the main end-use markets for iron ore, will support demand in major markets. Our significant expansion programmes in the Pilbara, Australia and in Simandou, Guinea in West Africa are based on the premise that our customer base and the overall long-term demand will remain strong, despite current global volatility.

Our priorities for 2012

- To improve our safety record.
- Maintain close control of capital and operating costs to protect margins.
- Implement expansion while producing at or above nameplate capacity.
- Achieve a portfolio of alternative contract and pricing methodologies across different markets and customers to better suit their requirements and manage more volatile market conditions.



Fe





Remote mining

The International Space Station is controlled from Mission Control centres back on Earth, some 400 kilometres away. Rio Tinto's Operations Centre in Perth, can control autonomous trucks, trains and mining equipment in our vast Pilbara operations in Western Australia from nearly four times the distance of the space station, some 1,500 kilometres away.

In the highly competitive markets in which our products are sold, Rio Tinto needs to constantly strive for operational and financial efficiency. The technical demands, the distance, the cost, the heat, aridity and the fatigue of working in such conditions have lent themselves to a major initiative aimed at improving the way we work. Our revolutionary Mine of The Future™ project involves harnessing innovation and technology to give us a competitive edge.

Our controllers operate the driverless, "intelligent" truck fleet, load and supervise the blending of ore, delivery of product to the ports and the loading of ships. In 2014 our first driverless trains will carry iron ore to our ports.

The benefits include enhanced employee health and safety; technical efficiencies to achieve better use of equipment; reduced materials and energy use; and reduced impact on the environment. Our customers also benefit from the improved efficiency, not least from our ability to process and deliver far more ore within scheduling and technical specification requirements.

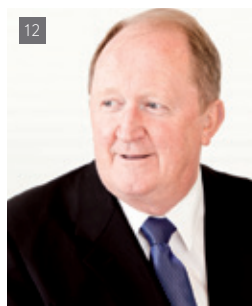
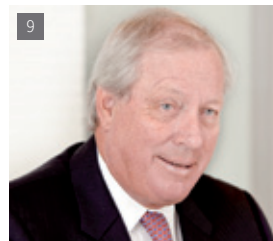
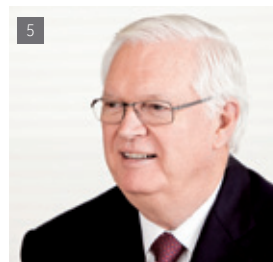
The operations centre in Perth helps bring **financial and operational excellence** to our iron ore mines feeding construction and infrastructure in growing economies.

200 staff in our Perth Operations Centre control our integrated network of mines, rail, power and ports in the Pilbara

Upholding our **strong** governance systems

Rio Tinto's board comprises the chairman, three executive directors and ten non-executive directors

- 1 Jan du Plessis**
Chairman
- 2 Tom Albanese**
Chief executive
- 3 Sam Walsh AO**
Executive director and
chief executive Iron Ore and
Australia
- 4 Guy Elliott**
Chief financial officer
- 5 Robert Brown**
Non executive
- 6 Vivienne Cox**
Non executive
- 7 Michael Fitzpatrick**
Non executive
- 8 Ann Godbehere**
Non executive
- 9 Richard Goodmanson**
Non executive
- 10 Andrew Gould**
Non executive
- 11 Lord Kerr of Kinlochard**
Non executive
- 12 Christopher Lynch**
Non executive
- 13 Paul Tellier**
Non executive
- 14 John Varley**
Non executive



Detailed information on the board of directors can be found online at riotinto.com/reportingcentre2011

Summary corporate governance report

Letter from the chairman

Dear Shareholder,

To achieve our vision of global leadership in the mining and metals sector, we must maintain the highest standards of corporate governance. In the section that follows, we focus on our corporate governance framework and practice, provide you with further details about the board and explain how it carries out its responsibilities to safeguard the Group's assets. I hope this will demonstrate to you that the way in which we conduct our business supports our strategic aim of creating long-term, sustainable returns to you, our shareholders.

In this letter, I wanted to share with you my views on the composition of the board, its continued evolution, the importance we place on diversity, and on sound and effective corporate governance, which I see as fundamental to the successful delivery of our strategy.

My role as non-executive chairman is to lead the board and to ensure it is focused on its oversight of management and the delivery of our strategy. Tom Albanese's role, as chief executive, is to focus on sustained operational excellence and growth of the business – and to do so safely. Our roles are complementary, but importantly, they are distinct, with our respective responsibilities set out in writing and in a form which has been approved by the board.

For me, the delineation between these executive and non-executive roles is crystal clear: the non-executives have oversight of the executive management team whilst the executive, under Tom's leadership, have an operational role based upon our vision of leadership in the mining and metals sector. The non-executive directors nevertheless exercise a strong and deliberately challenging role in the board decision-making process and ensure appropriate control mechanisms are in place to safely implement our strategy and plans.

With me as chairman, the board comprises three executive directors and ten independent non-executive directors, all of whom meet our own independence criteria, which are in turn based upon the requirements of the corporate governance codes in the UK, the US and Australia.

We are a balanced and diverse board. The directors bring with them truly international experience from a wide range of professional, business and public office backgrounds. For Rio Tinto, diversity embraces a range of different measures, including, of course, gender diversity. We have adopted a diversity and inclusion policy with measurable objectives for achieving diversity across the company, including on the board. More information on this policy is set out in this report.

When I was appointed three years ago I made it clear that one of my objectives was to gradually and systematically refresh the board. Since then our Nominations committee, which I chair, has dedicated considerable attention to succession planning, both non-executive and executive. The composition of the board has changed considerably in this period. It will continue to evolve as we constantly review the profile, skill sets, diversity and individual qualities of our non-executives against the current and future needs of the business and the ever-changing environment in which we operate.

Your board devotes much of its time to reviewing, debating and challenging proposals for investment from management, as well as dealing with a wide range of other issues including safety, the Group's strategic direction, monitoring business performance, optimising capital allocation and expenditure whilst carefully evaluating the wide range of risks facing the business. As you will read in the sections that follow, the board committees, under the effective leadership of their respective chairs, carry out important and demanding roles on the board's behalf and facilitate the embedding of effective governance across the organisation.

As they typically come from a wide range of backgrounds, we provide new board members with a detailed induction programme and extensive training. I also lead a rigorous evaluation exercise of the performance of the directors each year and having just completed this for 2011, I am very comfortable with the contribution each member of the board is making. Resulting from that evaluation, I also support the need for continuous improvement and the desire for a renewed focus on the Group's strategic position relative to its peers, as well as how we will deal with the growing human resource and productivity challenges facing the sector generally.

I believe that our non-executive directors cannot make an effective contribution without the familiarisation and deeper understanding gained through site visits. So in 2011, the directors visited our operations in the Pilbara, Western Australia; and our coal operations in Queensland, Australia. Future visits are planned to the Group's new operations in Mozambique, and to our established operations in South Africa. Indeed, of the eight board meetings held in 2011 five were in the UK, two in Australia and one in Canada.

We want to ensure we have people on your board for whom corporate governance is not simply a set of rules: we need those who are also willing to embrace it openly and appreciate how we want the Group to be managed in the interests of all our stakeholders. Good governance is, in essence, at the heart of everything we do.

I would welcome your feedback.

Yours sincerely,



Jan du Plessis
Chairman

Progress against our priorities

What we said

- Prioritise value-adding growth, and opportunistic merger and acquisition activity;
- Support the vision of global sector leadership through regular review and oversight of Group strategy;
- Review financial and non-financial performance metrics to maintain a strong balance sheet;
- Lead succession planning for the board and senior executives;
- Strive for excellence in the Group's governance processes and policies, including risk governance; and
- Deliver year-on-year improvement in safety performance.

What we have achieved

- Organic growth programme continues to ramp up whilst acquisitions completed have created further growth options;
- Major projects progressing well with phased approach to allocating cash for investment through the cycle;
- Disciplined capital approval process resulting in US\$16 billion capital expenditure approved for 2012;
- High quality Tier 1 projects in advanced study;
- Keen focus on the Group's risks, increasing oversight and review of key risks by board and committees;
- Secured an enhanced mix of experience on the board through the appointments of Chris Lynch and John Varley in 2011;
- Overall good progress against key indicators in 2011. Regrettably there were fatalities in controlled operations;
- Delivered continued improvements in safety in terms of injury frequency rates; and
- Achieved balance sheet flexibility allowing the Group to pursue further economic growth and/or mergers and acquisitions.

What are our priorities

Succession

- Review executive succession planning under the leadership of the Nominations committee.

Performance

- Optimal application of human resources;
- Leadership in mine operations, profitability and value accretive growth;
- Maintaining strength in the balance sheet;
- Delivery on existing commitments without losing sight of credible alternatives;
- Addressing the performance challenges within Rio Tinto Alcan; and
- Continued drive for improvements in safety performance.

Strategy

- Enhanced economic scenario planning;
- An asset allocation strategy focusing on the relative merits of dividend/capital management versus M&A growth; and
- Weather the current economic weakness and volatility and capitalising on opportunities, as and when these arise.

People

- Globalising the business in relation to employee diversity and ensuring host country employee representation; and
- Embedding values, ethics and governance.

Diversity

In leading a global mining and metals company, the board seeks to continually evolve its membership by seeking non-executive directors with diverse and complementary skills and perspectives, as well as experience which reflects the geographic spread of the Group's operations. Core skills required for non-executive membership of the board are maintained. These skills may, depending upon the circumstances, comprise international business, financial or public policy experience, strategic acumen or mining or metals industry experience. The board aspires to increase other aspects of diversity, including the gender diversity, of directors in order to bring a diversity of skills, experience and perspective to the governance of the Group. The board recognises that the evolution of the mix of skills and diversity is a long-term process and weighs the various factors relevant to board balance and diversity when vacancies arise.

Summary remuneration report

Letter from the Remuneration committee chairman

Dear Shareholder,

As the new chairman of the Remuneration committee, I am pleased to introduce our summary remuneration report for 2011. The summary report seeks to provide you with the necessary information to demonstrate the link between our Group's strategy, its performance, and the remuneration for the executive directors. For more detailed information please see the full remuneration report which is available on the Group's website.

In writing to you, I am fully aware of the strength of feeling which the subject of executive remuneration provokes; and I'm aware too that many of our shareholders have registered their concerns through their votes on the remuneration report at recent annual general meetings. Both the board and the Remuneration committee have reflected very carefully on this. I realise that the decisions made by the Committee will not always please all our owners: if we seek perfect consensus among shareholders, I'm afraid we will seek in vain. But we are conscious of our obligation to be as accessible to you as we can so that, on behalf of the board, I hear your views, and try to answer your questions; and in so doing, carry those opinions into our decision-making forums. Since my appointment I have met a number of major shareholders in the UK and in Australia and this process has been invaluable to me in understanding shareholders' perspectives on legacy and current issues.

Reflecting shareholder feedback, we will be bringing to our 2013 annual general meetings proposals relating to the future structure of our incentive plans. We intend to consult widely on these proposals and on the broader remuneration context, particularly during 2012, so that by the time we make our recommendations to you in 2013, we will have had the benefit of the thoughts and feedback of as many major shareholders as practical.

Our remuneration strategy and policies focus on using remuneration resource to help implement a successful corporate strategy that will create superior value for our shareholders over the long term. We see that resource as yours; and our endeavour is to use it wisely to promote and protect your interests. We want to use it to ensure that your company can attract, motivate and retain the high quality and committed people that are critical to lead the business. We seek to reward employees fairly and responsibly, by providing an appropriate balance between fixed and variable remuneration, the payment of which is linked to the achievement of what are intended to be demanding Group and individual performance measures. But our aim is to pay no more than is necessary to achieve this goal.

Whilst we delivered another record year of underlying earnings performance, short-term incentive payments are, on average, lower than in 2010 as the Group did not outperform to the same extent, the challenging financial and safety targets set by your board for 2011. I also acknowledge the responsibility shown by Tom Albanese and Guy Elliott in informing the Committee that they did not wish to be considered for an annual bonus in the light of the impairments in our Aluminium business.

Yours sincerely,



John Varley

Remuneration committee chairman

Executive remuneration

Remuneration strategy

Rio Tinto operates in global and local markets where it competes for a limited pool of talented executives. High quality people, who are capable of achieving stretching performance targets, are essential to generating superior returns for the Group. Our people and remuneration strategies aim to provide this support by enabling the Group to attract and retain talent that will maximise shareholder value.

Our remuneration strategy is based on the principles of aligning remuneration arrangements with strategic business objectives, empowering employees by differentiating top performers, whilst achieving simplicity and transparency in the design and communication of remuneration arrangements.

For the purposes of assessing the appropriate level of executive remuneration, the Committee references the FTSE30 (excluding financial services) companies. The FTSE30 is considered the most relevant comparator group as it comprises organisations broadly comparable to the Group in terms of global reach, revenue, market capitalisation and complexity. Additional references are also made to other relevant supplementary comparator groups.

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

Base salary increases in 2012

Base salaries are reviewed annually, with reference to: underlying Group and individual performance, global economic conditions, role responsibilities, an assessment against relevant comparator groups, and base salary budgets applying to the broader employee population.

The base salary increases shown below for Tom Albanese and Guy Elliott were below the average for Rio Tinto employees in the UK and the increase for Sam Walsh was below the average for Rio Tinto employees in Australia.

Base salary (stated in '000)	2012	2011	% change
Tom Albanese	£1,056	£1,030	2.5
Guy Elliott	£738	£720	2.5
Sam Walsh	A\$1,654	A\$1,590	4.0

Short Term Incentive Plan (STIP) objectives and outcomes for 2011

The Committee sets tough targets for our STIP and demands that sustainable business practices are adhered to, particularly around safety. Whilst Rio Tinto delivered another record year of underlying earnings performance, STIP payments are, on average lower than in 2010 as the Group did not outperform, to the same extent, the challenging financial and safety targets set for 2011.

The Group's safety performance was disappointing. There were six fatalities in 2011. The target 15 per cent reduction in the all injury frequency rate (AIFR) was not achieved; however near or above target results were achieved for the other key health and safety measures.

Tom Albanese and Guy Elliott notified the Remuneration committee that they did not wish to be considered for an annual bonus, recognising the significant impairment charge in relation to our Aluminium business. The Remuneration committee's decision endorsed this request. The committee with input from the chief executive, assessed Sam Walsh's performance against his business and individual objectives as 125.4 per cent (out of a maximum 200 per cent).

Long Term Incentive Plan (LTIP) awards granted in 2011

Award levels are set so as to incentivise executives to meet the long-term strategic goals of the Group, to provide sufficient retention for the executive team and to contribute towards the competitiveness of the overall remuneration package. The expected value of awards granted in 2011, based on the fair value calculations performed by independent advisers, was 190 per cent of base salary for the executive directors. The eventual value of the award will depend on performance during the years 2011-2014.

LTIP awards for 2012

The Committee has decided that the award level in 2012 should again have an expected value of 190 per cent of base salary. The eventual value of the award will depend on performance during the years 2012-2015.

LTIP outcomes for the period ended 31 December 2011

The performance shares under the Performance Share Plan (PSP) awarded in 2008 had a four year performance period that ended on 31 December 2011. This award did not vest for the executive directors.

Share options under the Share Option Plan (SOP) granted in 2009 had a performance period that ended on 31 December 2011. This award vested in full. Options can be exercised from 17 March 2012.

TSR performance graph

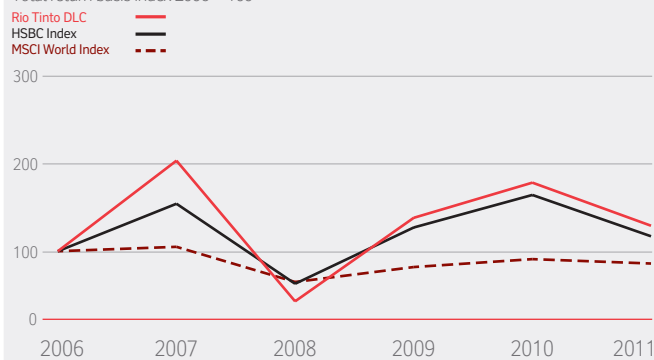
We reward executives for delivering shareholder value by using relative TSR as the metric for determining the vesting of awards made under the PSP and SOP. TSR is considered an appropriate performance measure for the LTIP as it captures the return delivered to shareholders over the long term and rewards executives based on the Group's TSR performance against its comparators.

The choice of the HSBC Global Mining Index and the Morgan Stanley Capital World Index (MSCI) reflects the fact that Rio Tinto competes against a global market for investors as well as within the mining sector and is consistent with rewarding executives for providing stable returns over the long term relative to the broader market and the mining sector.

The graph opposite illustrates the Group's TSR performance against the HSBC Global Mining Index and the MSCI over the past five years.

TSR (US\$) – Rio Tinto Group vs the HSBC Global Mining and MSCI World indices

Total return basis index 2006 = 100



Total remuneration

The table below provides a summary of actual remuneration for the executive directors in respect of 2009, 2010 and 2011 and is stated in the currency of payment. This is in addition to statutory disclosure requirements set out in the full annual report which include theoretical accounting values relating to various parts of the remuneration packages, most notably LTIP arrangements. The purpose of this table is to enable shareholders to better understand the actual remuneration received and to provide an overview of the actual outcomes of the Group's remuneration arrangements. The table for the non-executive directors provides the details of the fees and other benefits and is reported in US dollars.

(Stated in '000)	Tom Albanese			Guy Elliott			Sam Walsh		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Base salary paid ^(a)	£1,010	£907	£907	£713	£675	£675	A\$1,571	A\$1,475	A\$1,475
STIP payment – cash	0	£797	£589	0	£632	£552	A\$1,196	A\$1,416	A\$1,308
STIP payment – deferred shares ^(b)	0	£797	0	0	£632	0	A\$1,196	A\$1,416	0
Total short-term pay	£1,010	£2,501	£1,496	£713	£1,939	£1,227	A\$3,963	A\$4,307	A\$2,783
Expected value of LTIP awards granted ^(c)	£1,957	£1,723	£1,723	£1,368	£1,283	£1,283	A\$3,021	A\$2,803	A\$2,803
Pension or superannuation ^(d)	£1,230	£1,105	£784	£351	£331	£248	A\$372	A\$377	A\$395
Other benefits ^(e)	£269	£208	£211	£210	£173	£122	A\$92	A\$100	A\$116
Total remuneration	£4,466	£5,537	£4,214	£2,642	£3,726	£2,880	A\$7,448	A\$7,587	A\$6,097
Percentage change in total remuneration (2011 versus 2010; 2010 versus 2009)	(19.3%)	31.4%	–	(29.1%)	29.4%	–	(1.8%)	24.4%	–
Percentage of maximum STIP awarded	0	87.8%	54.1%	0	93.6%	68.1%	75.2%	96.0%	73.9%
Percentage of maximum STIP forfeited	100%	12.2%	45.9%	100%	6.4%	31.9%	24.8%	4.0%	26.1%
Percentage of target STIP awarded	0	146.4%	108.2%	0	155.9%	136.2%	125.4%	160.0%	147.8%

(Stated in US\$'000)

	2011			2010		
	Fees	Other benefits	Total remuneration	Fees	Other benefits	Total remuneration
Chairman						
Jan du Plessis	1,123	333	1,456	1,082	243	1,325
Non executive directors						
Robert Brown	156	101	257	98	44	142
Vivienne Cox	175	40	215	144	12	156
Sir Rod Eddington	51	29	80	120	33	153
Michael Fitzpatrick	166	55	221	145	22	167
Yves Fortier	55	47	102	131	41	172
Ann Godbehere	196	43	239	144	23	167
Richard Goodmanson	196	65	261	166	66	232
Andrew Gould	238	12	250	197	–	197
Lord Kerr	180	31	211	178	23	201
Chris Lynch	43	22	65	–	–	–
Paul Tellier	180	84	264	158	59	217
John Varley	59	–	59	–	–	–

(a) Salary paid in the financial year to 31 December. Salaries are reviewed with effect from 1 March.

(b) Value of STIP deferred under the Bonus Deferral Plan (BDP).

(c) Based on the expected value of awards (PSP awards are calculated to have an expected value of 65 per cent of face value, SOP awards are calculated to have an expected value of 20 per cent of face value).

(d) Pension or superannuation represents the value of one year's pension or superannuation accrual calculated using an IAS19 methodology and assumptions on rates of investment return, inflation and salary increases and is sensitive to changes to those assumptions. As at 31 December 2011, all executive directors were accruing retirement benefits on a defined benefit basis (2010: three directors). Additionally, Sam Walsh was accruing additional benefits on a money purchase basis (2010: one director). Actual contributions of A\$59,000 were paid on a money purchase basis on behalf of Sam Walsh (2010: A\$59,000 for one director). Notional pension contributions to money purchase schemes were \$nil (2010: \$nil). These contributions are included in "Pension or Superannuation" above.

(e) Includes health care, provision of a car and driver where applicable, and other contractual payments.

Summary remuneration report

Executive remuneration structure

Consistent with the Group's strategy, the Committee seeks to achieve a remuneration mix which best reflects the long-term nature of the business. As such, the total remuneration package is designed to provide an appropriate balance between fixed and variable components with a focus on long-term variable pay. Assuming on-target performance under the STIP and LTIP, approximately 75 per cent of total remuneration is at risk with the balance fixed.

The remuneration structure for executive directors, including the relationship between each element of remuneration and Group performance, is summarised below:

Fixed	Link to Group performance	Remuneration arrangements
Base salary	- Provides the fixed element of the remuneration package - Reflects an employee's sustained contribution to the organisation	Any increases are determined with reference to underlying Group and individual performance, global economic conditions, role responsibilities, an assessment against relevant comparator groups and base salary budgets applying to the broader employee population
Benefits	Provides locally competitive post employment and other benefits in a cost efficient manner	- Post employment benefit arrangements include pension or superannuation and post retirement medical benefits where applicable - Other benefits include healthcare, accident insurance where applicable, provision of a car, professional advice, spouse travel, flexible perquisites and secondment costs comprising housing, education, tax equalisation and relocation payments made to and on behalf of executives living outside their home country
Performance related (At risk)		
STIP	- Focuses participants on achieving demanding performance goals, based on the Group's KPIs 50 per cent of the STIP delivered in cash and 50 per cent delivered in deferred shares	- The maximum annual bonus opportunity for outstanding performance under the STIP for executives is 200 per cent of base salary (for target performance, this is 120 per cent of base salary for executive directors) - Threshold, target and outstanding performance levels are established for all STIP measures in order to drive high levels of business and individual performance. The STIP awards for achieving these performance levels are 50 per cent, 100 per cent and 200 per cent of the STIP opportunity respectively - The inclusion of health and safety in the STIP is a strong reminder that the safety of our employees is paramount and should not be compromised when targeting superior financial results - The Committee selected the financial measures as they are KPIs used in managing the business. The financial performance targets are established through an annual planning process, where the product group and Group plans are ultimately approved by the board. The central case or "base" plan delivers what the board considers to be target performance. Probability factors are then applied based upon a range of potential operating and cost scenarios to establish the threshold and outstanding performance levels. These threshold and outstanding levels are approved by the Remuneration committee at the beginning of each performance year - Individual objectives are tailored to each executive but are generally based on the achievement of strategic initiatives, key project deliverables and leadership competencies
LTIP Performance Options – SOP and Performance Shares – PSP	- Rewards participants for delivering superior TSR performance - Motivates individual contribution while focusing individuals on the collective performance - Three and four year performance periods to provide long-term alignment with shareholders	- Awards have an expected value equal to 190 per cent of base salary - Executives can express a preference regarding the "mix" of the long term incentive opportunity between: - A mix of performance shares and performance options - Receiving their full opportunity in performance shares - SOP awards vest subject to the achievement of a stretching TSR performance condition, comparing Rio Tinto's TSR performance to that of the HSBC Global Mining Index - PSP awards vest subject to the achievement of a stretching TSR performance condition, comparing the Rio Tinto's TSR performance against: 50 per cent – the HSBC Global Mining Index 50 per cent – the Morgan Stanley Capital World Index (MSCI)

Executive director service contracts

The directors have service contracts that can be terminated by either party with 12 months' notice, or immediately by paying the base salary only in lieu of any unexpired notice.

If termination is a result of a redundancy, the terms of the relevant policy may 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. STIP and outstanding awards under the LTIP are forfeited in these circumstances.

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 2011 Annual report.

	Gross sales revenue ^(a)		EBITDA ^(b)		Net earnings ^(c)	
	2011 US\$m	2010 US\$m	2011 US\$m	2010 US\$m	2011 US\$m	2010 US\$m
Iron Ore	29,909	24,024	20,930	16,605	12,853	10,189
Aluminium	12,159	11,313	1,763	1,888	442	611
Copper	7,634	7,797	3,394	4,499	1,932	2,530
Energy	7,327	5,652	2,232	2,299	1,074	1,187
Diamonds & Minerals	3,220	3,035	703	606	252	328
Other operations	8,246	10,151	411	757	(120)	237
Other	(2,817)	(2,758)	(912)	(676)	(884)	(1,095)
Underlying EBITDA/earnings			28,521	25,978	15,549	13,987
Share of equity accounted unit sales	(5,085)	(4,043)				
Items excluded from underlying earnings ^(d)	(56)	–	115	575	(9,723)	251
Consolidated sales revenues/EBITDA/net earnings	60,537	55,171	28,636	26,553	5,826	14,238

	Capital expenditure ^(e)		Depreciation & amortisation		Operating assets ^(f)	
	2011 US\$m	2010 US\$m	2011 US\$m	2010 US\$m	2011 US\$m	2010 US\$m
Iron Ore	4,757	1,716	1,203	993	13,368	11,628
Aluminium	1,957	963	1,098	1,062	26,204	30,815
Copper	3,784	990	538	568	12,094	7,718
Energy	1,327	685	520	367	8,164	3,694
Diamonds & Minerals	639	300	337	268	3,605	4,580
Other operations	729	570	535	587	3,830	7,160
Other	(895)	(671)	(414)	(408)	(3,293)	(1,977)
Total	12,298	4,553	3,817	3,437	63,972	63,618
Less: Net debt					(8,451)	(4,071)
Less: EAU funded balances excluded from net debt					(2,982)	(1,300)
Equity attributable to Rio Tinto's shareholders					52,539	58,247

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 Aluminium group excludes Pacific Aluminium, Other Aluminium and the Cable division of Alcan Engineered Products which are included in "Other operations".

- (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 period 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) Underlying earnings is the key financial performance indicator which management uses internally to assess performance. Underlying earnings is defined and reconciled to net earnings in note 2 of the 2011 financial statements.
- (e) 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.
- (f) 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).

Summary income statement

Years ended 31 December

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 2011 Annual report and full financial statements may be obtained from the addresses shown on the outside back cover.

	2011 US\$m	Restated ^(a) 2010 US\$m
Continuing operations		
Consolidated sales revenue	60,537	55,171
Net operating costs (excluding items shown separately)	(36,260)	(35,262)
Impairment charges less reversals	(9,174)	(982)
Gain on consolidation and on disposal of interests in businesses	185	753
Exploration and evaluation costs	(1,437)	(594)
Profits on disposal of interests in undeveloped projects	89	522
Operating profit	13,940	19,608
Share of profit after tax of equity accounted units	704	1,101
Impairment after tax of investments in equity accounted units	(592)	–
Profit before finance items and taxation	14,052	20,709
Finance items	(838)	(218)
Profit before taxation	13,214	20,491
Taxation	(6,439)	(5,296)
Profit from continuing operations	6,775	15,195
Loss after tax from discontinued operations	(10)	(97)
Profit for the year	6,765	15,098
– attributable to non-controlling interests	939	860
– attributable to owners of Rio Tinto (Net earnings)	5,826	14,238
Basic earnings/(loss) per share		
Profit from continuing operations	303.5c	731.0c
Loss from discontinued operations	(0.5c)	(4.9c)
Profit for the year	303.0c	726.1c
Diluted earnings/(loss) per share		
Profit from continuing operations	301.5c	726.7c
Loss from discontinued operations	(0.5c)	(4.9c)
Profit for the year	301.0c	721.8c
Dividends paid during the year (US\$m)	2,236	1,754
Dividends per share: paid during the year	117.0c	90.0c
Dividends per share: declared in respect of the year	91.0c	63.0c

(a) The Financial statements for the year ended 31 December 2010 have been restated in accordance with IFRS 3 “Business Combinations” (Revised), following the reclassification of certain balances relating to the Consolidation of Oyu Tolgoi LLC.

Summary statement of comprehensive income

Years ended 31 December

	2011 US\$m	Restated 2010 US\$m
Profit after tax for the year	6,765	15,098
Other comprehensive income:		
Currency translation adjustment	(974)	1,504
Currency translation on companies disposed of transferred to the income statement	46	6
Cash flow hedge fair value gains/(losses)	223	2
(Losses)/gains on revaluation of available for sale securities	(236)	215
Losses on revaluation of available for sale securities transferred to the income statement	(19)	(10)
Actuarial losses on post retirement benefit plans	(1,956)	(782)
Share of other comprehensive income of equity accounted units, net of tax	48	206
Tax relating to components of other comprehensive income	468	253
Other comprehensive (loss)/income for the year, net of tax	(2,400)	1,394
Total comprehensive income for the year	4,365	16,492
– attributable to owners of Rio Tinto	3,504	15,350
– attributable to non-controlling interests	861	1,142

Summary cash flow statement

Years ended 31 December

	2011 US\$m	2010 US\$m
Cash flow from consolidated operations	26,589	22,126
Dividends from equity accounted units	799	1,404
Cash flows from operations	27,388	23,530
Net interest paid	(613)	(696)
Dividends paid to holders of non-controlling interests in subsidiaries	(548)	(457)
Tax paid	(6,197)	(4,100)
Net cash generated from operating activities	20,030	18,277
Cash flows from investing activities		
Acquisitions of subsidiaries, joint ventures & associates ^(a)	(4,156)	(907)
Disposals of subsidiaries, joint ventures & associates, and assets held for sale	420	3,800
Purchase of property, plant & equipment and intangible assets	(12,335)	(4,591)
Other investing cash flows	(767)	(13)
Cash used in investing activities	(16,838)	(1,711)
Cash flow before financing activities	3,192	16,566
Cash flows from financing activities		
Equity dividends paid to owners of Rio Tinto	(2,236)	(1,754)
Purchase of non-controlling interests	(2,243)	–
Other financing cash flows	1,053	(8,856)
Cash used in financing activities	(3,426)	(10,610)
Effects of exchange rates on cash and cash equivalents	(71)	(139)
Net (decrease)/increase in cash and cash equivalents	(305)	5,817
Opening cash and cash equivalents less overdrafts	9,959	4,142
Closing cash and cash equivalents less overdrafts	9,654	9,959

(a) Cash flows relating to the Group's purchase of its interest in Rio Tinto Coal Mozambique are allocated between investing and financing activities in accordance with the presentation requirements for staged acquisitions under IAS 7 "Cash flow statements". In the interim Financial Statements for the six months ended 30 June 2011, all cash flows relating to the purchase of interests in Rio Tinto Coal Mozambique were included within investing activities. Comparative figures for the six months ended 30 June 2012 will be revised accordingly.

Summary statement of financial position

At 31 December

	2011 US\$m	Restated 2010 US\$m
Non-current assets		
Goodwill	8,187	15,316
Intangible assets	7,955	5,700
Property, plant and equipment	64,967	56,024
Investments in equity accounted units	9,833	6,855
Inventories	381	375
Trade and other receivables	2,365	1,826
Deferred tax assets	1,875	1,863
Tax recoverable	74	52
Other financial assets (including loans to equity accounted units)	1,922	1,597
	97,559	89,608
Current assets		
Inventories	5,307	4,756
Trade and other receivables	6,058	5,582
Tax recoverable	278	542
Other financial assets (including loans to equity accounted units)	585	631
Cash and cash equivalents	9,670	9,948
	21,898	21,459
Assets of disposal groups held for sale	88	1,706
Total assets	119,545	112,773
Current liabilities		
Borrowings and other financial liabilities	(1,447)	(2,416)
Trade and other payables	(9,381)	(6,570)
Tax payable	(2,651)	(2,773)
Provisions including post retirement benefits	(1,487)	(1,117)
	(14,966)	(12,876)
Non-current liabilities		
Borrowings and other financial liabilities	(20,357)	(13,693)
Trade and other payables	(719)	(879)
Tax payable	(382)	(417)
Deferred tax liabilities	(6,210)	(5,222)
Provisions including post retirement benefits	(17,670)	(13,367)
	(45,338)	(33,578)
Liabilities of disposal groups held for sale	(33)	(1,807)
Total liabilities	(60,337)	(48,261)
Net assets	59,208	64,512
Capital and reserves		
Share capital	5,816	5,847
Reserves	46,723	52,400
Equity attributable to owners of Rio Tinto	52,539	58,247
Attributable to non-controlling interest	6,669	6,265
Total equity	59,208	64,512

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 Total remuneration information on page 25, within the accompanying 2011 Annual review (the Summary financial information).

Respective responsibilities of directors and auditors

The directors are responsible for preparing the 2011 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 2011 Annual review with the full 2011 annual financial statements and the Remuneration 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 (as amended on 17 February 2012), and the regulations made thereunder.

We also read the other information contained in the 2011 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 26.

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 as amended on 17 February 2012 (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 annual financial statements describes the basis of our audit opinions on those financial statements and the Remuneration report.

Opinion

In our opinion the Summary financial information is consistent with the 2011 annual financial statements and Remuneration report of the Rio Tinto Group for the year ended 31 December 2011 and complies 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 (as amended on 17 February 2012), and the regulations made thereunder.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

5 March 2012

In respect of the members of Rio Tinto plc

PricewaterhouseCoopers

Chartered Accountants

Robert Hubbard

Partner

Brisbane

5 March 2012

In respect of the members of Rio Tinto Limited

Liability limited by a scheme approved under Professional Standards Legislation

Useful information

Financial calendar

2012

17 January	Fourth quarter 2011 operations review
9 February	Announcement of results for 2011
29 February	Rio Tinto plc and Rio Tinto Limited shares and Rio Tinto plc ADRs quoted “ex-dividend” for 2011 final dividend
2 March	Record date for 2011 final dividend for Rio Tinto plc shares and ADRs
6 March	Record date for 2011 final dividend for Rio Tinto Limited shares
16 March	Publication of 2011 Annual report, Annual review and Notices of annual general meetings
20 March	Plan notice date for election under the dividend reinvestment plan and date for electing dividends paid in alternate currency for the 2011 final dividend
3 April	Dividend currency conversion date (Rio Tinto plc holders electing to receive Australian dollars and Rio Tinto Limited holders electing to receive pounds sterling)
12 April	Payment date for 2011 final dividend to holders of ordinary shares and ADRs
17 April	First quarter 2012 operations review
19 April	Annual general meeting for Rio Tinto plc
10 May	Annual general meeting for Rio Tinto Limited
17 July	Second quarter 2012 operations review
8 August	Announcement of half year results for 2012
15 August	Rio Tinto plc and Rio Tinto Limited shares and Rio Tinto plc ADRs quoted “ex-dividend” for 2012 interim dividend
17 August	Record date for 2012 interim dividend for Rio Tinto plc shares and ADRs
21 August	Record date for 2012 interim dividend for Rio Tinto Limited shares
22 August	Plan notice date for election under the dividend reinvestment plan and date for electing dividends paid in alternate currency for the 2012 interim dividend for Rio Tinto plc
23 August	Plan notice date for election under the dividend reinvestment plan and date for electing dividends paid in alternate currency for the 2012 interim dividend for Rio Tinto Limited
6 September	Dividend currency conversion date (Rio Tinto plc holders electing to receive Australian dollars and Rio Tinto Limited holders electing to receive pounds sterling)
13 September	Payment date for 2012 interim dividend to holders of ordinary shares and ADRs
16 October	Third quarter 2012 operations review

2013

January	Fourth quarter 2012 operations review
February	Announcement of results for 2012

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.



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Investor Centre

To find out more about our 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.

ADR administrator

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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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- view our full 2011 Annual report; and
- view our full sustainable development reporting.

