

**Rio Tinto Finance (USA) Limited**  
ABN 84 062 129 551

**General purpose financial report**  
31 December 2020

# **Rio Tinto Finance (USA) Limited**

ABN 84 062 129 551

## **General purpose financial report**

31 December 2020

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Your directors present their report on Rio Tinto Finance (USA) Limited ("the Company") for the year ended 31 December 2020.

#### **Directors**

The following persons held office as directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

T A Paine  
A S Portas  
Z M Ramsey (appointed 24 March 2021)  
A Martins Alexandre (resigned 17 March 2021)

#### **Principal activities**

The principal activity of the Company is conducting financing activities for the Rio Tinto group of companies ("the Group").

There were no significant changes in the nature of the activities of the Company during the year.

#### **Review of operations**

The result for the financial year amounted to A\$nil (2019: A\$nil). The Company earned interest income from a related party of A\$231 million (2019: A\$230 million) in relation to intra-group bonds and incurred interest and finance charges of A\$231 million (2019: A\$230 million) in relation to US\$ Yankee Bonds held.

During 2020, the Company did not issue new bonds, invest in new intra-group bonds or redeem any bonds.

#### **Dividends - Rio Tinto Finance (USA) Limited**

There were no dividend payments made to members in either the current year or prior year.

#### **Significant changes in the state of affairs**

There have been no significant changes in the state of affairs of the Company during the financial year ended 31 December 2020.

#### **Principal risks and uncertainties**

The Company's principal risks and uncertainties, such as financial, operational and compliance risks, are integrated with those of the Group and are not managed separately.

Assessment of the potential economic and non-economic consequences of risks is undertaken by the Group's business units and functions using the framework defined by the Group's Risk policy and standard. Once identified, each principal risk and uncertainty is reviewed and monitored by the relevant internal experts and by the Risk Management Committee, the relevant board committees and the board. Full details of the Group's risk factors and policies for financial risk management are discussed in its 2020 Annual Report which does not form part of this report.

#### **Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 31 December 2020 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

### **Going concern**

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future. As the principal activity for the Company is to raise external funding for the benefit of fellow group undertakings, its ability to continue as a going concern is dependent on the operational performance of the Group, and the guarantee of its debt by Rio Tinto plc and Rio Tinto Limited.

The directors have determined that there are no foreseeable circumstances which would indicate that the Company could not continue to operate as a going concern for at least the twelve months from the issuance of the financial statements.

### **Likely developments and expected results of operations**

Information on likely developments in the operations of the Company and the expected results of operations have not been included in this general purpose financial report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

### **Insurance of officers**

Insurance premiums associated with the insurance of directors against legal costs that would be incurred in defending civil or criminal proceedings that may be brought are paid by related entities of the Company.

### **Environmental regulation**

The Company is not subject to any significant environmental regulation in respect of its activities.

### **Auditors' independence declaration**

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

### **Rounding of amounts**

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest hundred thousand dollar.

This report is made in accordance with a resolution of directors.



T A Paine  
Director

Perth  
23 April 2021



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Rio Tinto Finance (USA) Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Rio Tinto Finance (USA) Limited for the financial year ended 31 December 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG.

A handwritten signature in blue ink, appearing to read 'R Gambitta', with a stylized flourish at the end.

KPMG

R Gambitta

*Partner*

Perth

23 April 2021

# Rio Tinto Finance (USA) Limited

ABN 84 062 129 551

## Financial report

31 December 2020

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These financial statements are the financial statements of Rio Tinto Finance (USA) Limited as an individual entity. The financial statements are presented in Australian dollars.

Rio Tinto Finance (USA) Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 7  
360 Collins Street  
Melbourne VIC 3000

The immediate and ultimate parent entity is Rio Tinto Limited.

A description of the nature of the Company's operations and its principal activities is included in the directors' report, which does not form part of these financial statements.

The financial statements were authorised for issue by the directors on 22 April 2021. The directors have the power to amend and reissue the financial statements.

**Rio Tinto Finance (USA) Limited**  
**Statement of comprehensive income**  
**For the year ended 31 December 2020**

		31 December 2020 \$'000	31 December 2019 \$'000
	Notes		
<b>Revenue</b>	3	231,356	230,086
<b>Finance costs</b>	4	<u>(231,356)</u>	<u>(230,086)</u>
<b>Profit before income tax</b>		-	-
<b>Income tax expense</b>	5	<u>-</u>	<u>-</u>
<b>Profit for the year</b>		-	-
<b>Other comprehensive income for the year, net of tax</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>-</u>	<u>-</u>
Total comprehensive income for the year is attributable to:			
Owners of Rio Tinto Finance (USA) Limited		<u>-</u>	<u>-</u>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Rio Tinto Finance (USA) Limited**  
**Balance sheet**  
**As at 31 December 2020**

	31 December 2020	31 December 2019
Notes	\$'000	\$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	667	667
Receivables	47,437	52,034
<b>Total current assets</b>	<b>48,104</b>	<b>52,701</b>
 <b>Non-current asset</b>		
Receivables	4,021,325	4,408,479
<b>Total non-current asset</b>	<b>4,021,325</b>	<b>4,408,479</b>
 <b>Total assets</b>	<b>4,069,429</b>	<b>4,461,180</b>
 <b>LIABILITIES</b>		
<b>Current liability</b>		
Payables	47,437	52,034
<b>Total current liability</b>	<b>47,437</b>	<b>52,034</b>
 <b>Non-current liability</b>		
Other financial liability	4,021,325	4,408,479
<b>Total non-current liability</b>	<b>4,021,325</b>	<b>4,408,479</b>
 <b>Total liabilities</b>	<b>4,068,762</b>	<b>4,460,513</b>
 <b>Net assets</b>	<b>667</b>	<b>667</b>
 <b>EQUITY</b>		
Contributed equity	-	-
Retained earnings	667	667
 <b>Total equity</b>	<b>667</b>	<b>667</b>

*The above balance sheet should be read in conjunction with the accompanying notes.*



**Rio Tinto Finance (USA) Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2020**

	<b>Contributed Equity \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total equity \$'000</b>
<b>Balance at 1 January 2020</b>	-	667	667
Result for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
<b>Balance at 31 December 2020</b>	<b>-</b>	<b>667</b>	<b>667</b>

  

	<b>Contributed Equity \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total equity \$'000</b>
<b>Balance at 1 January 2019</b>	-	667	667
Result for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
<b>Balance at 31 December 2019</b>	<b>-</b>	<b>667</b>	<b>667</b>

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

**Rio Tinto Finance (USA) Limited**  
**Statement of cash flows**  
**For the year ended 31 December 2020**

	31 December 2020	31 December 2019
Notes	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Interest paid	(228,039)	(226,410)
Interest received	228,039	226,410
Income taxes received	-	106
<b>Net cash inflow from operating activities</b>	17 <u>-</u>	<u>106</u>
<b>Cash flows from investing activities</b>		
<b>Net cash inflow from investing activities</b>	<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
<b>Net cash outflow from financing activities</b>	<u>-</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	-	106
Cash and cash equivalents at the beginning of the year	667	561
<b>Cash and cash equivalents at end of year</b>	6 <u>667</u>	<u>667</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

## 1 Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for Rio Tinto Finance (USA) Limited.

### (a) Reporting entity

Rio Tinto Finance (USA) Limited is a Company domiciled in Australia and primarily is involved in conducting financing activities for the Rio Tinto group of companies ("the Group").

### (b) Basis of preparation

#### (i) General purpose financial report

These general purpose financial statements have been prepared on a going concern basis and in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Rio Tinto Finance (USA) Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements of the Company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

#### (ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) - measured at fair value

#### (iii) Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future. As the principal activity for the Company is to raise external funding for the benefit of fellow group undertakings, its ability to continue as a going concern is dependent on the operational performance of the Group, and the guarantee of its debt by Rio Tinto plc and Rio Tinto Limited.

The directors have determined that there are no foreseeable circumstances which would indicate that the Company could not continue to operate as a going concern for at least the twelve months from the issuance of the financial statements.

#### (iv) New and amended standards adopted by the Company

The Company has applied the following interpretations, standards and amendments for first time in their annual reporting period commencing 1 January 2020:

- AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business [AASB 3]
- AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material [AASB 101 and AASB 108]
- AASB 2019-5 Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia [AASB 1054]

## 1 Summary of significant accounting policies (continued)

### (b) Basis of preparation (continued)

- *Conceptual Framework for Financial Reporting and AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework.*

The adoption of these amendments did not have a material impact on the current or any prior period and is not likely to affect future periods.

#### *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

New standards, interpretations and amendments not yet adopted	Effective date
AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not for-Profit Tier 2 Entities</i>	1 July 2021
AASB 17 <i>Insurance Contracts</i> and AASB 2020-5 <i>Amendments to Australian Accounting Standards – Insurance Contracts [AASB 4 and AASB 17]</i>	1 January 2023
AASB 2014-10 <i>Amendments to Australian Accounting Standards: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture</i>	1 January 2022
AASB 2015-10 <i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128</i>	1 January 2022
AASB 2017-5 <i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</i>	1 January 2022
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current [AASB 101]</i> and AASB 2020-6 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date [AASB 101]</i>	1 January 2023
AASB 2020-2 <i>Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities</i>	1 July 2021
AASB 2020-3 <i>Amendments to Australian Accounting Standards – Annual Improvements to IFRS Standards 2018–2020 and Other Amendments [AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 &amp; AASB 141]</i>	1 January 2022
AASB 2020-4 <i>Amendments to Australian Accounting Standards – Covid -19 – Related Rent Concession [AASB 16]</i>	1 June 2020
AASB 2020-7 <i>Amendments to Australian Accounting Standards – Covid-19-related Rent Concessions: Tier 2 Disclosures [AASB 16 &amp; AASB 1060]</i>	1 July 2021
AASB 2020-8 <i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform Phase 2 [AASB 9, AASB 139, AASB 7, AASB 4 and AASB 16]</i>	1 January 2021

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### (c) Foreign currency

#### (i) *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Australian dollars, which is Rio Tinto Finance (USA) Limited's functional and presentation currency.

## 1 Summary of significant accounting policies (continued)

### (c) Foreign currency (continued)

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### (d) Revenue recognition

#### Interest revenue

Interest revenue is recognised on a time proportionate basis using the effective interest method.

### (e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### (f) Income tax

The income tax expense or benefit for the period is the tax payable or receivable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Where the amount of tax payable or recoverable is uncertain, the Company establishes provisions based on either: the Company's judgment of the most likely amount of the liability or recovery; or, when there is a wide range of possible outcomes, a probability weighted average approach.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

## **1 Summary of significant accounting policies (continued)**

### **(f) Income tax (continued)**

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### *(i) Tax Consolidation Legislation*

The Company is a member of a tax consolidated group, of which Rio Tinto Limited is the head entity.

The head entity and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

The Company has entered into a tax sharing and funding agreement with the head entity of the tax consolidated group in relation to their participation in the tax consolidation regime. Under the terms of this agreement, the subsidiary entities in the tax consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. The reimbursements are payable at the same time as the associated income tax liability falls due and have therefore been recognised as a "current intercompany payable/receivable in respect of tax" by the Company.

### **(g) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and with Rio Tinto Finance Limited and other short-term, highly liquid investment (mainly money market funds) that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts and amounts owing to Rio Tinto Finance Limited are disclosed within current liabilities in the balance sheet.

For the purposes of the statement of cash flows, bank overdrafts and movements in the Rio Tinto Finance Limited payable or receivable balance have been accounted for as cash movements.

### **(h) Receivables**

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Details about the Company's impairment policies and the calculation of the loss allowance are provided in note 1(i).

## 1 Summary of significant accounting policies (continued)

### (i) Investments and other financial assets

#### **Classification and measurement**

The Company classifies its financial assets in the following categories:

- financial assets held at amortised cost
- financial assets held at fair value through other comprehensive income ('FVOCI')
- financial assets held at fair value through profit or loss ('FVPL').

Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of financial assets at initial recognition. Generally, the Company does not acquire financial assets for the purpose of selling in the short term. The Company's business model is primarily that of 'Hold to collect' (where assets are held in order to collect contractual cash flows). When the Company enters into derivative contracts, these transactions are designed to reduce exposures relating to assets and liabilities, firm commitments or anticipated transactions.

#### *(i) Financial assets held at amortised cost*

This classification applies to debt instruments which are held under a hold to collect business model and which have cash flows that meet the "Solely payments of principal and interest" (SPPI) criteria.

At initial recognition, trade receivables that do not have a significant financing component, are recognised at their transaction price. Other financial assets are initially recognised at fair value plus related transaction costs; they are subsequently measured at amortised cost using the effective interest method. Any gain or loss on de-recognition or modification of a financial asset held at amortised cost is recognised in profit or loss.

#### *(ii) Financial assets held at fair value through other comprehensive income ('FVOCI')*

This classification applies to the following financial assets:

- Debt instruments that are held under a business model where they are held for the collection of contractual cash flows and also for sale ('Collect and sell') and which have cash flows that meet the SPPI criteria.

All movements in the fair value of these financial assets are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue (including transaction costs by applying the effective interest method), gains or losses arising on derecognition and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative fair value gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

- Equity investments where the Company has irrevocably elected to present fair value gains and losses on revaluation in other comprehensive income. The election can be made for each individual investment however it is not applicable to equity investments held for trading.

Fair value gains or losses on revaluation of such equity investments, including any foreign exchange component, are recognised in other comprehensive income. When the equity investment is derecognised, there is no reclassification of fair value gains or losses previously recognised in other comprehensive income to profit or loss. Dividends are recognised in profit or loss when the right to receive payment is established.

## 1 Summary of significant accounting policies (continued)

### (i) Investments and other financial assets (continued)

#### (iii) *Financial assets held at fair value through profit or loss ('FVPL')*

This classification applies to the following financial assets, in all cases, transactions costs are immediately expensed to profit or loss:

- Debt instruments that do not meet the criteria of amortised cost or fair value through other comprehensive income.
- Equity Investments which are held for trading or where the FVOCI election has not been applied.

All fair value gains or losses and related dividend income are recognised in profit or loss.

- Derivatives which are not designated as a hedging instrument.

All subsequent fair value gains or losses are recognised in profit or loss.

#### **Impairment**

A forward looking expected credit loss (ECL) review is required for; debt instruments measured at amortised cost or held at fair value through other comprehensive income; loan commitments and financial guarantees not measured at fair value through profit or loss; lease receivables and trade receivables that give rise to an unconditional right to consideration.

As permitted by AASB 9, the Company applies the 'simplified approach' to trade receivable balances and the 'general approach' to all other financial assets. The general approach incorporates a review for any significant increase in counterparty credit risk since inception. The ECL reviews include assumptions about the risk of default and expected loss rates. For trade receivables, the assessment takes into account the use of credit enhancements, for example, letters of credit. Impairments for undrawn loan commitments are reflected as a provision.

Cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

### (j) Payables

Payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid and interest accrued which is unpaid.

### (k) Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### (l) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at the end of the reporting period.



## **1 Summary of significant accounting policies (continued)**

### **(m) Rounding of amounts**

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest hundred thousand dollar.

## **2 Critical accounting estimates and judgements**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

Management are not aware of any estimates and assumptions concerning the future and have not applied any critical judgements in applying the Company's accounting policies that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

## **3 Revenue**

	<b>31 December 2020 \$'000</b>	<b>31 December 2019 \$'000</b>
Interest income from related party	<u>231,356</u>	<u>230,086</u>
	<b>231,356</b>	<b>230,086</b>

## **4 Finance costs**

	<b>31 December 2020 \$'000</b>	<b>31 December 2019 \$'000</b>
Interest and finance charges payable	<u>231,356</u>	<u>230,086</u>
	<b>231,356</b>	<b>230,086</b>

## **5 Income tax expense**

	<b>31 December 2020 \$'000</b>	<b>31 December 2019 \$'000</b>
Net income tax expense attributable to wholly owned tax consolidated entities	<u>-</u>	<u>-</u>
	<b>-</b>	<b>-</b>

## 5 Income tax expense (continued)

### (a) Tax consolidation legislation

Rio Tinto Finance (USA) Limited has entered into tax sharing and funding agreements with the head entity of the tax consolidated group, Rio Tinto Limited, in relation to their participation in the tax consolidation regime. Under the terms of this agreement, the entities in the tax consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the Company. The reimbursements are payable when the associated income tax liability or asset falls due and are therefore recognised as a current tax related payable/receivable by the Company until this date (note1(f)).

## 6 Cash and cash equivalents

	31 December 2020 \$'000	31 December 2019 \$'000
Related party receivables treated as cash	667	667
	<u>667</u>	<u>667</u>

## 7 Current assets - Receivables

	31 December 2020 \$'000	31 December 2019 \$'000
Related party interest receivable	47,437	52,034
	<u>47,437</u>	<u>52,034</u>

Further information relating to the fair value of related party receivables is set out in note 8.

## 8 Non-current assets - Receivables

	31 December 2020 \$'000	31 December 2019 \$'000
Related party receivables	4,021,325	4,408,479
	<u>4,021,325</u>	<u>4,408,479</u>

## 8 Non-current assets - Receivables (continued)

Related party receivables consist of three intra-group bonds invested with Rio Tinto Finance Limited, a Group company, consisting of US\$1,200 million 3.75% bond due 2025, US\$750 million 7.125% bond due 2028 and US\$1,150 million 5.2% bond due 2040 (2019: three bonds consisting of US\$1,200 million 3.75% bond due 2025, US\$750 million 7.125% bond due 2028 and US\$1,150 million 5.2% bond due 2040).

The year-end exchange rate is A\$1: US\$0.76820 (31 December 2019: A\$1: US\$0.70)

The Company did not invest in new intra-group bonds in 2020.

The intra-group bonds are back-to-back with the listed Yankee bonds and have a carrying value of A\$4,021 million (2019: A\$4,408 million) and a fair value of A\$5,343 million (2019: A\$5,448 million) and are categorised as level 2 in the fair value hierarchy. The fair values are based off the external Yankee bond listed market bond price, a quoted price from a comparable instrument from active markets.

During 2020 the Company did not redeem any bonds.

These intra-group bonds have been classified as financial asset held at amortised cost.

## 9 Current liabilities - Payables

	31 December 2020 \$'000	31 December 2019 \$'000
Interest payable	47,437	52,034
	<u>47,437</u>	<u>52,034</u>

## 10 Non-current liabilities - Interest bearing liability

	31 December 2020 \$'000	31 December 2019 \$'000
US\$ Yankee Bonds	4,021,325	4,408,479
	<u>4,021,325</u>	<u>4,408,479</u>

The Company has issued three bonds consisting of US\$1,200 million 3.75% bond due 2025, US\$750 million 7.125% bond due 2028 and US\$1,150 million 5.2% bond due 2040 (2019: three bonds consisting of US\$1,200 million 3.75% bond due 2025, US\$750 million 7.125% bond due 2028 and US\$1,150 million 5.2% bond due 2040).

The year-end exchange rate was A\$1: US\$0.77 (31 December 2019: A\$1: US\$0.70).

The Company did not issue new bonds in 2020. These intra-group bonds have been classified as loans and receivables.

These bonds are classified as financial liabilities and are guaranteed by Rio Tinto plc and Rio Tinto Limited.

## **10 Non-current liabilities - Interest bearing liability (continued)**

US\$ Yankee Bonds with a carrying value of A\$4,021 million (2019: A\$4,408 million) relate to listed bonds with a fair value of A\$5,343 million (2019: A\$5,448 million) and are categorised as level 1 in the fair value hierarchy. The fair values were calculated based off listed market prices. They are classified as level 1 fair values in the fair value hierarchy due to the availability of listed market prices.

During 2020 the Company did not redeem any bonds.

## **11 Financial risk management**

This note explains the Company's exposure to financial risks and how these risks could affect the Company's future financial performance.

### ***Objectives and policy***

The Company's policies on financial risk management are integrated with those of the Group and are defined such that the Group has a capital structure in place to manage the organisation through the commodity cycle.

The Company is exposed to liquidity, credit, and foreign exchange risk. Group Treasury oversees the management of these risks along with the cash management and investment activities of the Company. It performs its activities in a strong control environment, within board-approved limits.

The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. The Company does not apply hedge accounting.

### **(a) Market risk**

#### ***(i) Foreign exchange risk***

The Company's foreign exchange risk arises when assets and liabilities are denominated in a currency that is not the entity's functional currency. The exposure on US dollar denominated liabilities have a natural hedge of an equal and offsetting US dollar denominated asset held with related entities.

#### ***(ii) Interest rate risk***

The Company does not have any exposure to interest rates as all long term borrowings are fixed-rate and intra-group bonds invested with Rio Tinto Finance Limited have the same terms.

### **(b) Credit risk**

Credit risk arises from long-term financial assets due from a related entity, Rio Tinto Finance Limited. Credit risk is managed by Group Treasury in accordance with a board-approved policy.

All liabilities of Rio Tinto Finance Limited are guaranteed by Rio Tinto plc and Rio Tinto Limited.

### **(c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

The Company has access to financing through the US Shelf and European Debt Issuance Programme. All existing debt issued in the Company was through the US Shelf Programme.

The Company did not issue any listed debt in 2020 under these programmes.

Net debt decreased from A\$4,408 million at 31 December 2019 to A\$4,021 million at 31 December 2020.

## 11 Financial risk management (continued)

### (c) Liquidity risk (continued)

#### (i) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows, these balances will not necessarily agree with the amounts disclosed in the balance sheet.

	Less than 6 months \$'000	6 - 12 months \$'000	1 - 2 years \$'000	2 - 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
<b>At 31 December 2020</b>						
<b>Non-derivatives</b>						
Borrowings	(102,993)	(102,993)	(205,986)	(588,668)	(5,411,782)	(6,412,422)

#### At 31 December 2019

<b>Non-derivatives</b>						
Borrowings	(112,974)	(112,974)	(225,947)	(677,842)	(6,130,046)	(7,259,783)

## 12 Contributed equity

### (a) Share capital

	Notes	31 December 2020 Shares	31 December 2019 Shares	31 December 2020 \$'000	31 December 2019 \$'000
Ordinary shares					
Fully paid - issue price A\$1.00	12(b)	5	5	-	-

### (b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

### (c) Capital management

The Company's objectives, policies and processes for managing capital are integrated with those of the Group and are not managed separately. The Group's capital management policy is discussed in the financial instrument and risk policies of the Group's 2020 Annual report which does not form part of this report.

### 13 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company:

**(a) Auditor of the Company - KPMG**

	31 December 2020 \$	31 December 2019 \$
Audit and review of financial statements	185,014	-
Total remuneration of KPMG	<u>185,014</u>	<u>-</u>

**(b) PricewaterhouseCoopers Australian firm**

	31 December 2020 \$	31 December 2019 \$
<b>Audit and other services</b>		
Audit and review of financial statements	-	29,744
Other assurance services relating to EMTN renewal	19,440	26,845
Total remuneration of PricewaterhouseCoopers	<u>19,440</u>	<u>56,589</u>

**(c) PricewaterhouseCoopers LLP UK firm**

	31 December 2020 \$	31 December 2019 \$
<b>Audit and other services</b>		
Audit and review of financial statements	-	175,975
Fees from PWC: EMTN and US Shelf renewal	80,963	28,143
	<u>80,963</u>	<u>204,118</u>
<b>Total auditor's remuneration</b>	<u>285,417</u>	<u>260,707</u>

The audit and non-audit fees paid by Rio Tinto Finance Limited above are on behalf of Rio Tinto Finance Limited, Rio Tinto Finance (USA) Limited and Rio Tinto (Commercial Paper) Limited.

### 14 Contingencies

The Company has no contingent liabilities.

### 15 Commitments

The Company currently has no commitments which require disclosure other than the liabilities that have been recognised in the balance sheet (2019: no commitments).

## 16 Parent entity guarantee

Rio Tinto Limited has guaranteed all the borrowings of the entity.

## 17 Reconciliation of result after income tax to net cash inflow from operating activities

	31 December 2020 \$'000	31 December 2019 \$'000
Result for the year	-	-
(Decrease)/increase in interest payable	(4,597)	297
Decrease/(increase) in related party interest receivable	4,597	(297)
Decrease in intercompany tax receivable	-	106
Net cash inflow from operating activities	<u>-</u>	<u>106</u>

## 18 Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

	31 December 2020 \$'000	31 December 2019 \$'000
<b>Net debt</b>		
Cash and cash equivalents	667	667
Borrowings - repayable after one year	<u>(4,021,325)</u>	<u>(4,408,479)</u>
Net debt	<u>(4,020,658)</u>	<u>(4,407,812)</u>
Cash and liquid investments	667	667
Gross debt - fixed interest rates	<u>(4,021,325)</u>	<u>(4,408,479)</u>
Net debt	<u>(4,020,658)</u>	<u>(4,407,812)</u>

	Cash and cash equivalents \$'000	Borrowings due after 1 year \$'000	Total \$'000
Net debt as at 1 January 2020	667	(4,408,479)	(4,407,812)
Foreign exchange adjustments	-	389,526	389,526
Other non-cash movements	-	(2,372)	(2,372)
Net debt as at 31 December 2020	<u>667</u>	<u>(4,021,325)</u>	<u>(4,020,658)</u>

	Cash and cash equivalents \$'000	Borrowings due after 1 year \$'000	Total \$'000
Net debt as at 1 January 2019	561	(4,385,826)	(4,385,265)
Cash flows	106	-	106
Foreign exchange adjustments	-	(20,401)	(20,401)
Other non-cash movements	-	(2,252)	(2,252)
Net debt as at 31 December 2019	<u>667</u>	<u>(4,408,479)</u>	<u>(4,407,812)</u>

## **19 Economic dependency**

The Company depends on the guarantee issued by Rio Tinto plc and Rio Tinto Limited in order to raise bonds. The Company also depends on Rio Tinto Finance Limited, a commonly controlled entity of Rio Tinto Limited, for a significant amount of interest revenue and funding if required.

## **20 Events occurring after the reporting period**

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial years.



**Rio Tinto Finance (USA) Limited  
Directors' declaration  
31 December 2020**

In the opinion of the directors of Rio Tinto Finance (USA) Limited ('the Company'):

- (a) the Company is a publicly accountable and a reporting entity;
- (b) the financial statements and notes set out on pages 4 to 22, are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of the Company as at 31 December 2020 and of its performance for the year ended on that date in accordance with the basis of preparation described in Note 1; and
  - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 1, and the *Corporations Regulations 2001*; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



T A Paine  
Director

Perth  
23 April 2021



# Independent Auditor's Report

To the shareholder of Rio Tinto Finance (USA) Limited

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report** of Rio Tinto Finance (USA) Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 31 December 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Balance Sheet as at 31 December 2020
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

### Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Presentation of non-current liabilities - interest bearing liability (\$4,021,325 thousand)	
Refer to Note 10 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The Company has issued three bonds with different maturities. The proceeds from these bonds are on-lent to related parties within the Rio Tinto Group.</p> <p>The presentation of interest bearing liabilities is a key audit matter due to the size of the balance (being 99% of the Company's total liabilities) and is a focus area for senior team members.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>Understanding the Company's processes for determining the presentation of interest bearing liabilities and understanding the terms of the signed loan agreements;</li> <li>Assessing the maturity dates with reference to the twelve months post balance date to check the classification between current and non-current liabilities in the Financial Report. Maturity dates were checked to the loan agreements, confirmations received from the trustees and publicly available information;</li> <li>Assessing the disclosures in the Financial Report against the requirements of the accounting standards.</li> </ul>

## Other Information

Other Information is financial and non-financial information in Rio Tinto Finance (USA) Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf). This description forms part of our Auditor's Report.

KPMG

R Gambitta  
*Partner*

Perth

23 April 2021