

Slide 1 – Title slide



Slide 2 - Cautionary statement

Cautionary statements

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This document, including but not limited to all forward-looking figures, including those on slide 4, contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Rio Tinto Group. These statements are forward-looking statements within the meaning of Section 27A of the US Securities Act of 1933, and Section 21E of the US Securities Exchange Act of 1934. The words "intend", "aim", "project", "anticipate", "estimate", "plan", "believes", "expects", "may", "should", "will", "target", "set to" or similar expressions, commonly identify such forward-looking statements.

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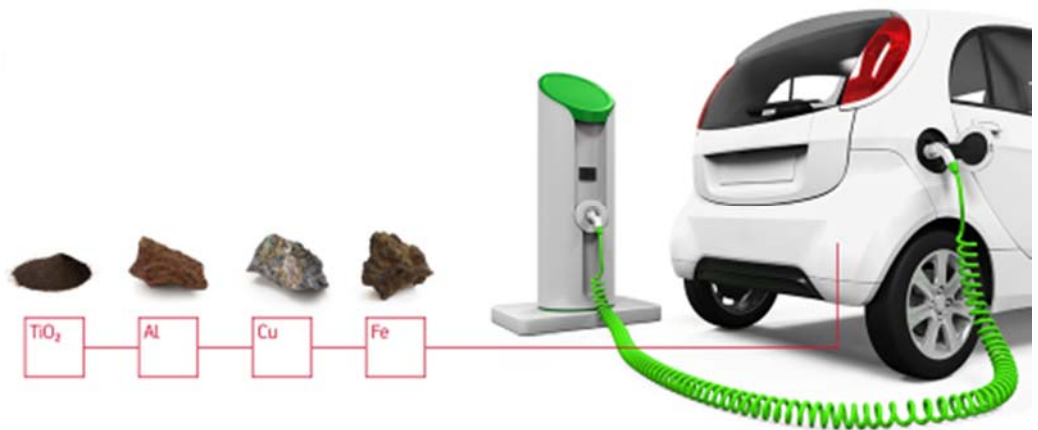
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Slide 3 – J-S Title slide

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J-S Jacques

Chief executive







Good morning all.

I am delighted to welcome you to the Rio Tinto 2016 Annual Results presentation.

Slide 4 – Our value proposition

Our value proposition

Long-term strategy	Cash focus	Capital discipline and shareholder returns	Team and performance culture
World-class assets	Value over volume	Strong balance sheet	Safety first
Delivering >2% CAGR ¹ CuEq growth	\$2 billion cost savings over 2016/17	40-60% returns through the cycle	Assets at the heart of our business
Licence to Operate	\$5 billion free cash flow from mine to market productivity by 2021	Portfolio shaping	Commercial and operational excellence

¹ Copper equivalent CAGR, 2015-2025.

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At our Capital Markets Day in November, we outlined our approach to deliver superior value for shareholders over the short, medium and the long term.

Our value proposition is clear:

- To pursue a long-term strategy built on world-class assets;
- To maximise cash through our value-over-volume approach;
- To allocate capital with discipline and deliver superior returns;
- To develop a high-performance culture across the Group.

Slide 5 – Delivering on our promises

Delivering on our promises

- ✓ **Strong operating cash flow of \$8.5 billion**
- ✓ **Portfolio optimisation with divestments announced of \$1.3 billion**
- ✓ **Investing in our three major growth projects**
- ✓ **Balance sheet strength with net debt reduced to \$9.6 billion**
- ✓ **Shareholder returns of \$3.6 billion**



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I am very pleased to report that in 2016, we kept all of our promises.

We maximised cash generation through 'value over volume'.

We strengthened our world-class portfolio of assets.

We invested in focused growth.

We made our strong balance sheet even stronger.

And most importantly, we are providing significant cash returns to shareholders.

Our strategy is working.




It has been a year of strong results but our teams in all of our operations are exploring every avenue to drive a step-up in performance.


Let's now look at some of the highlights.

Slide 6 - Strong results delivered in 2016

Strong results delivered in 2016

Robust financial performance	Capital allocation	Positioning for the long-term
Operating cashflow of \$8.5 billion	Full year 2016 dividend of \$3.1 billion	Oyu Tolgoi underground approved in May
Underlying earnings of \$5.1 billion	Share buy-back of \$0.5 billion in 2017	Silvergrass iron ore approved in August
Free cash flow of \$5.8 billion	Net debt reduced to \$9.6 billion at 31 December	Amrun development progressing to plan
Cash cost reductions of \$1.6 billion	Capital expenditure of \$3.0 billion	Portfolio shaping progressed with divestments announced totalling \$1.3 billion in 2016


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In 2016, we delivered on our promise to generate cash from our world-class assets, with net cash from operating activities of \$8.5 billion.

Our strong second half cash-flow reflects the recovery in prices and improved operational performance during this period.

I have been very pleased with our cost reduction programme.

We delivered \$1 billion in the second half.

This comes in addition to \$580 million in the first half.

So, we are well on track to deliver on our promise of \$2 billion in cost savings across 2016 and 2017.

During the year, we positioned our company for the long term, making good progress on our compelling growth projects – Oyu Tolgoi, Amrun and Silvergrass. Therefore, as we planned, capital expenditure increased in the second half.

Despite this, we maintained tight control and finished the year with capital expenditure of just over \$3 billion.

In 2016, we further strengthened our portfolio as we said we would. Again, not just talking – but delivering.

We announced disposals of more than \$1.3 billion in the year, closing the sale of Lochaber in the UK in December. And last month we announced the divestment of our thermal coal business in Australia for \$2.45 billion, which, subject to approvals, should complete later this year.

Our success in generating cash, controlling capex, and actively strengthening the portfolio means that we ended the year with net debt of \$9.6 billion. This is a reduction of more than \$4 billion, or 30 per cent down, compared to December 2015.

And most importantly, in 2016, even under challenging market conditions, we returned \$2.7 billion to shareholders.

Today we have announced total shareholder returns of \$3.6 billion, including a final dividend of 125 cents a share and a buy-back of \$500 million.

So, a strong set of results, and Chris will take you through the detail shortly.

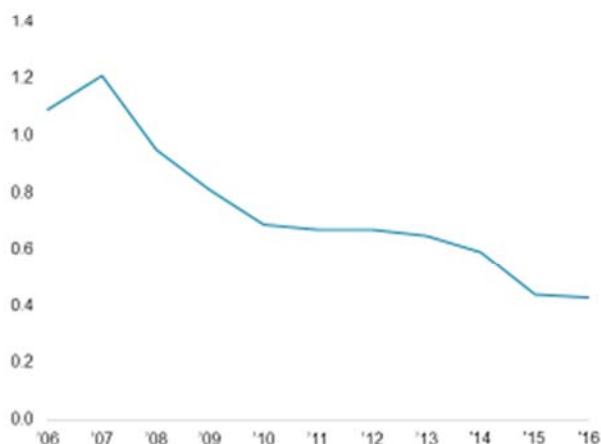
Before he does, I will cover some of our operational and product group highlights, starting with safety.

Slide 7 - Safety comes first

Safety comes first

A history of continual improvement in safety

AIFR per 200,000 hours worked



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Fatality at Paraburdoo in June

Continued focus on Fatality Prevention, Illness and Injury Reduction and Catastrophic Event Prevention

Critical Risk Management (CRM) Programme

– More than 1.3 million verifications in 2016



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Safety comes first at Rio Tinto. Our ambition is clear: all of our employees must return home safely at the end of each and every day. There are no compromises.

In 2016, most aspects of our safety performance improved but this is simply not good enough.

In June, a colleague died at our Pilbara operations in Western Australia. This is a tragedy.

I am working very hard to ensure that this doesn't happen again. We are continuing to roll out our critical risk management system to support fatality prevention. In 2016, we achieved the milestone of more than one million safety verifications which gives us a strong platform to step-up our safety performance this year.

Everyone at Rio Tinto, no matter where they work, is focused on personal and process safety.

Safety must come first. A well-run operation is a safe operation.

Slide 8 – World-class assets delivering value

World-class assets delivering value

	Iron Ore	Aluminium	Copper & Diamonds	Energy & Minerals
Margins	63% Pilbara operations FOB EBITDA margin	28% Integrated operations EBITDA margin	35% Operating EBITDA margin	30% Operating FOB EBITDA margin
Cash flow	Cash flows from operations of \$5,644m Free cash flow of \$4,776m	Cash flows from operations of \$2,074m Free cash flow of \$1,267m	Cash flows from operations of \$987m Free cash flow of \$78m	Cash flows from operations of \$1,431m Free cash flow of \$1,294m
				

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Our aim is to maximise cash and productivity across our entire portfolio of assets. Every part of the business is prioritising this work on a daily basis.

We made good progress during 2016 with EBITDA of \$13.5 billion, representing a margin of 38 per cent for the group.

In Iron Ore we delivered industry-leading EBITDA margins of 63 per cent and cost savings of \$315 million for the year.

In Aluminium, all of our assets were free cash flow positive, despite lower realised prices in the first half. This product group reduced cash costs by nearly \$500 million against a full year target of \$300 million.

The Copper & Diamonds product group had operating EBITDA margins of 35 per cent and continue to develop our world-class resources, including Oyu Tolgoi.

And Energy & Minerals matched production with market demand, generating significant free cash flow in 2016 due to improved prices in some commodities, including coal.

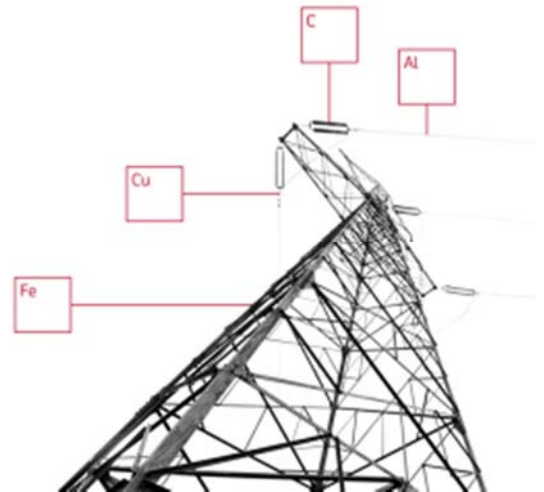
I'm delighted with the strong performance across the Group, and with the hard work and commitment of all of our employees around the world. Now let me hand over to Chris who will take you through the detailed financials.

Slide 9 - Chris Lynch Title slide

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Chris Lynch

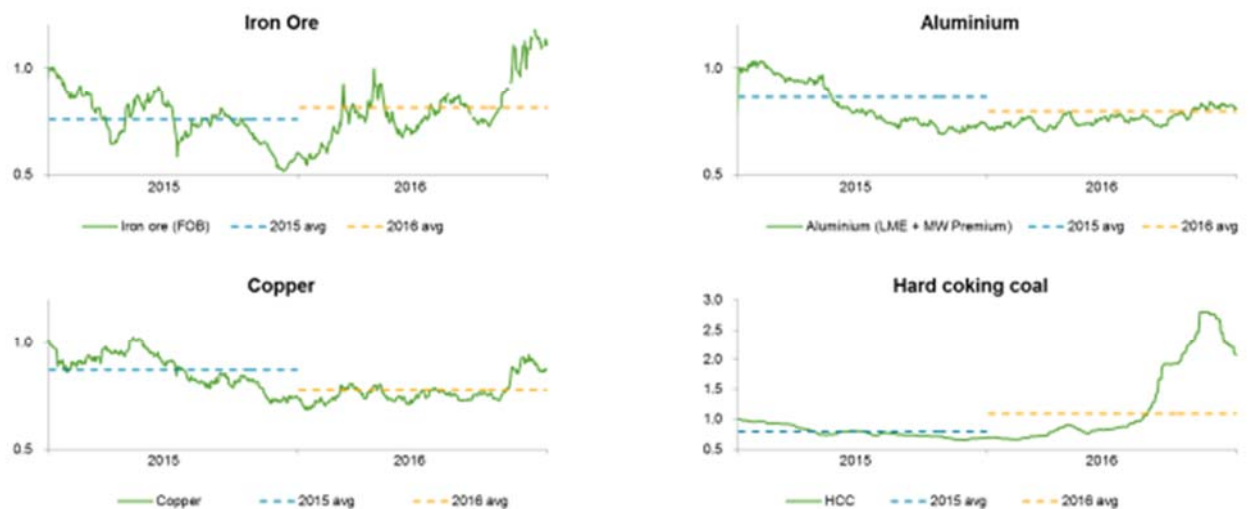
Chief financial officer



Thanks, J-S. These are another strong set of results. Let's have a look at the numbers in more detail, starting with commodities.

Slide 10 – Prices recovered in 2016 but lower than 2015 average

Prices recovered in 2016 but were lower in aggregate than 2015



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Prices were depressed at the start of 2016. However, we saw an improvement during the year in most of our main commodities.

Iron ore started the year at around \$40 per tonne and ended the year around \$75. The average price was \$53.60, 6 per

cent higher than 2015.

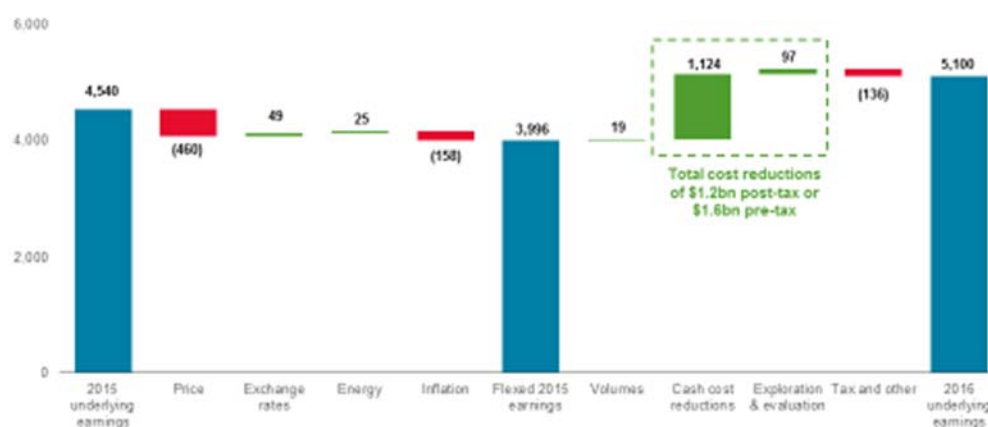
Copper prices were on average 11% lower than 2015, notwithstanding a 25% increase during the year.

Aluminium ended the year 20% higher, but the average was three percent below 2015. Market premia also fell. For example, the mid-west market premium, declined by 40%, to \$162 per tonne in 2016.

Slide 11 – Increased underlying earnings driven by cash cost reductions

Increased underlying earnings driven by cash cost reductions

Underlying earnings 2015 vs 2016
\$ million (post tax)



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But, as you can see here, the second half improvement was not enough to bring prices above the 2015 comparison, and pricing reduced underlying earnings by around \$460 million.

Volumes were relatively unchanged year on year.

Higher sales across most of our commodities were offset by lower copper and by-product sales. And there was a lower attributable share of coal, arising from the restructure of the Coal & Allied group, and the sale of Bengalla.

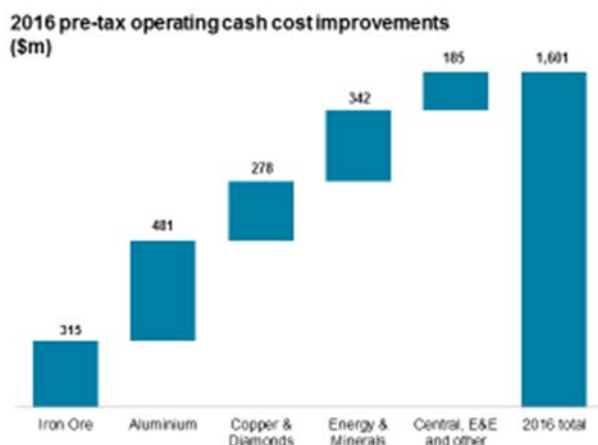
We delivered a further \$1.6 billion of unit cash cost savings in 2016, which equates to \$1.2 billion post tax.

And we maintain our target of \$2 billion of cost savings over 2016 and 2017 combined.

This strong achievement on cost savings has seen an increase of underlying earnings to \$5.1 billion for the year. A 12 per cent increase on the previous year.

Slide 12 – \$1.6 billion of cost reductions achieved in 2016

\$1.6 billion of cost reductions achieved in 2016



\$7.8 billion cost savings achieved since 2012

Cost performance helped deliver a 2016 EBITDA margin of 38% (34% in FY 2015)

Cost culture across all product groups

\$2 billion cost savings target across 2016 and 2017

Improving productivity to deliver \$5 billion free cash flow by the end of 2021

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The cost savings of \$1.6 billion were delivered across the group. This is an exceptional outcome.

As always, it is important to note that this excludes the impact of exchange rates, and changes in oil and energy costs.

This takes our total reductions against the 2012 cost base to \$7.8 billion.

A strong culture of cost control is required to assist in further reductions, especially when many of the easy wins have already been taken.

I'm sure that each of our businesses, will apply the same tenacity to our new target, of increasing free cash flow through productivity improvements, by \$5 billion over the next 5 years.

JS has already mentioned the outstanding work that we've seen in the Aluminium group this year, where cost reduction targets have again been beaten, delivering a further reduction of \$481 million.

Aluminium has found a total of \$1.6 billion of cost reductions since 2012, and a programme of more than 1,250 initiatives is still being worked on.

In Iron Ore, the completion of the major expansion projects, now allows the team to focus on maximizing the value of the system, and increasing productivity. This Product Group further reduced its cash costs by \$315 million in 2016, and has achieved industry-leading margins.

The Energy & Minerals group also reduced costs further, taking out an additional \$342 million in 2016, and bringing its cumulative total to \$1.4 billion. And Copper and Diamonds took out \$278 million in 2016, despite lower volumes.

Cost improvements mean that we generate quality margins and cash flow, throughout the cycle.

We have raised the profitability of the business, and are able to continue to deliver on our commitments to:

- maintain a strong balance sheet,
- invest in compelling growth projects, and
- deliver superior returns.

Slide 13 - Net earnings

Net earnings

	US\$m
2016 underlying earnings	5,100
Impairments/Onerous contracts	(512)
Net gains on disposals	382
Exchange gains/losses on debt and derivatives	536
Restructuring costs and global headcount reductions	(177)
Tax provision	(380)
Closure provisions	(282)
Other	(50)
2016 net earnings	4,617

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Turning now to net earnings.

During the year, we recognised \$512m relating to impairments and onerous contracts. We raised a provision in the first half of the year relating to our take or pay port and rail contracts at Abbott Point. Following a settlement with the port operator, this has been reduced to \$329 million net of tax.

There is also an impairment regarding lower volumes and pricing at Argyle. Non-cash exchange gains on US Dollar denominated debt in our non-US Dollar companies have positively impacted earnings by \$536 million. Importantly these are mostly offset by currency translation losses booked to equity, and therefore, there is minimal impact on net debt. In the past this number has been sizeable. But has been reduced following some restructuring of these debts in late 2015, mainly in our Australian dollar denominated companies.

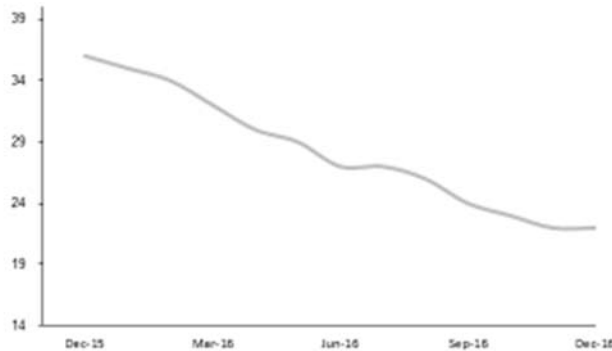
Other adjustments include a \$282 million increase in closure provisions at Gove, and \$380 million in respect of ongoing discussions with tax authorities regarding various multi-year reviews.

So overall we have delivered net earnings of \$4.6 billion.

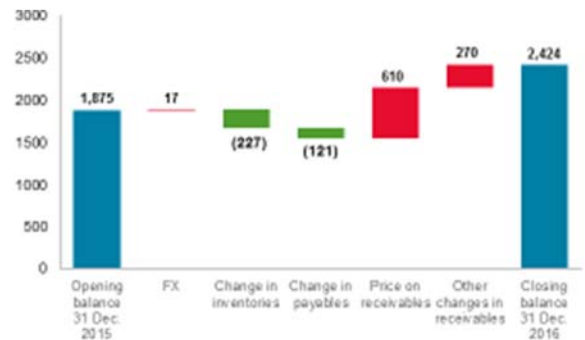
Slide 14 - Net cash movement in working capital driven by higher prices on receivables

Continued focus on trade working capital

Trade working capital days reduced from 35 to 22 in 2016
#days (12 month rolling average excluding financing)



Trade working capital balances
\$ million



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We continue to manage trade working capital closely, and will look for opportunities to make further improvements. As can be seen here, our trade working capital reduced to 22 days at the end of the period. Improvements in the prices of our products are clearly positive for the business.

But, from a working capital perspective, higher prices increased the value of our trade receivables by \$610 million.

Slide 15 - Our capital allocation framework

Our capital allocation framework

1 | Essential sustaining capex

2 | Ordinary dividends

3 | Iterative cycle of



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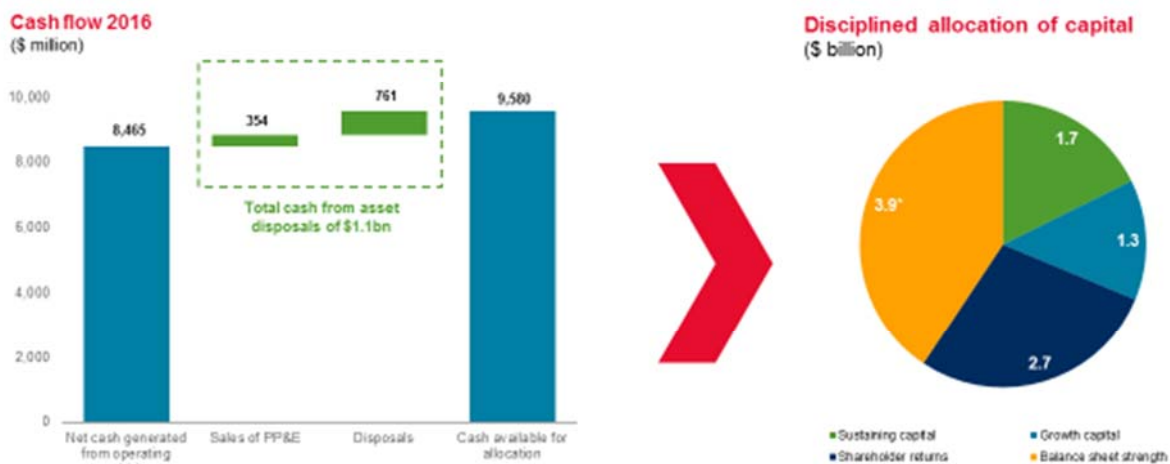
Now let's turn to our capital allocation framework. Rigorous management of cash remains at the core of what we do. And

we will continue to be consistent in our allocation of capital.

Having spent sustaining capex to ensure the integrity of the business, our next call on cash is dividends to shareholders. We then have an iterative cycle of managing the balance sheet, pursuing value-accretive growth options, and considering further returns.

Slide 16 – Disciplined allocation of strong free cash flow

Disciplined allocation of strong cash flow



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In 2016 we generated cash flows of \$8.5 billion. In addition to this, we realised \$1.1 billion from total disposals, leading to cash available for allocation of \$9.6 billion.

This allowed us to: meet our sustaining capital requirements; Invest in growth; Further strengthen the balance sheet; And we returned \$2.7 billion to shareholders through the final 2015 dividend, and the interim dividend for 2016.

Slide 17 – Disciplined capital expenditure

Sustaining capex and compelling growth

Capital expenditure profile
\$ billion

2016 capital reduction due to project optimisation, cost improvements and timing

H2 2016 spend of \$1.7 billion as projects progress

Three major projects approved and on track

Brownfields Pilbara mines replacement capital intensity of \$5 - \$20 / tonne

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Capital spend for 2016 finished at just over \$3 billion, of which \$1.7 billion related to sustaining our current operations, and \$1.3 billion to our compelling growth options.

The spend on our growth capital is starting to increase as we progress our key projects - we maintain our guidance for the next three years, with \$5 billion in 2017 and then \$5.5 billion in each of 2018 and 2019.

Our highly value-accretive projects are some of the very few that are being undertaken in the industry today.

The advantage of a strong balance sheet, and asset portfolio, is that we are able to continue to invest in world-class growth options, which will provide the basis for future shareholder returns.

When we make capital allocation decisions, we will ensure that we only fund the best projects.

Slide 18 – Investing in growth projects of >15% IRR

Investing in growth projects of >15% IRR



Silvergrass – delivering high-grade low, phosphorus iron ore, with system benefits, for the Pilbara Blend

On track for H2 2017, ~20Mtpa capacity



Amrun – high-quality greenfield bauxite project.

Advancing to schedule, 22.8 Mt/a¹ capacity, H1 2019



Oyu Tolgoi underground – large, high-grade, brownfield copper development

Underground mine development underway, ~560kt/a copper production (2025-2030)²

¹ The production target for Amrun was disclosed in a release to the market dated 27 November 2015 ("Rio Tinto approves US\$1.9 billion Amrun (South of Embley) bauxite project"). ² The production target for Oyu Tolgoi is the average production 2025-2030, including open pit production. This production target was disclosed in a release to the market on 6 May 2016 ("Rio Tinto approves development of Oyu Tolgoi underground mine"). All material assumptions underpinning these production targets continue to apply and have not materially changed.

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Our growth projects are progressing well under the oversight of our Growth & Innovation group.

The Silvergrass project in the Pilbara will deliver high-grade, low-phosphorous ore for the Pilbara blend, and give us operating benefits.

Our work and expenditure on this project is ramping up now, and we are on track for production in the second half of 2017. At the \$1.9 billion Amrun bauxite project in Queensland, the access road is complete, and we will have the river terminal operational this quarter.

As previously guided, most of the project spend will be over the next two years with first production in the first half of 2019.

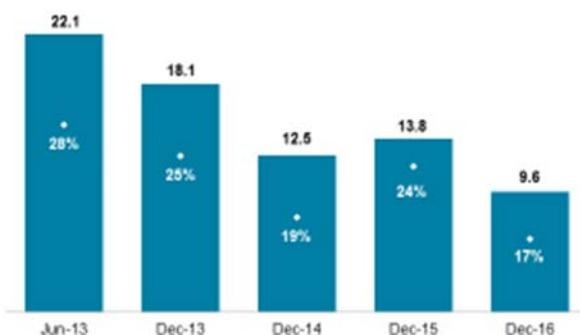
And last, but not least, at OT we are progressing well, with over 2000 people working on this significant underground development. Our current focus is on infrastructure to enable increased lateral development rates. Our capital spend will increase into 2017 with momentum building.

We are developing our portfolio of world-class assets. An opportunity that others don't have, and importantly, we are continuing to invest through the cycle.

Our compelling growth projects, and a focus on productivity, will deliver growth of over 2 per cent each year over the next decade and forms the basis of our commitment to deliver superior returns to shareholders through the cycle.

Slide 19 – Strengthening our balance sheet

Strengthening our balance sheet

Net debt and gearing ratio¹
(\$bn)¹ Gearing ratio (%) = net debt / (net debt + book equity)

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Net debt reduction of \$4.2 billion in 2016

Gearing below 20%

- Provides stable foundation during uncertain economic outlook
- Supports shareholder returns through the cycle
- Enables counter-cyclical investment in compelling growth

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The success of our actions:

- To further reduce costs,
- To control capital expenditure,
- and to deliver proceeds from disposals, have reinforced the balance sheet. During the second half of 2016 we further reduced our net debt to \$9.6 billion, an improvement of \$4.2 billion for the year.

Maintaining and enhancing the strength of our balance sheet, is a key priority and is a major competitive advantage.

Our net gearing ratio is now 17 per cent.

We mentioned in December that in the current environment, we are comfortable below the bottom of the guidance range of between 20 and 30 per cent. A conservative balance sheet is appropriate given the uncertain global economic environment.

A strong balance sheet provides:

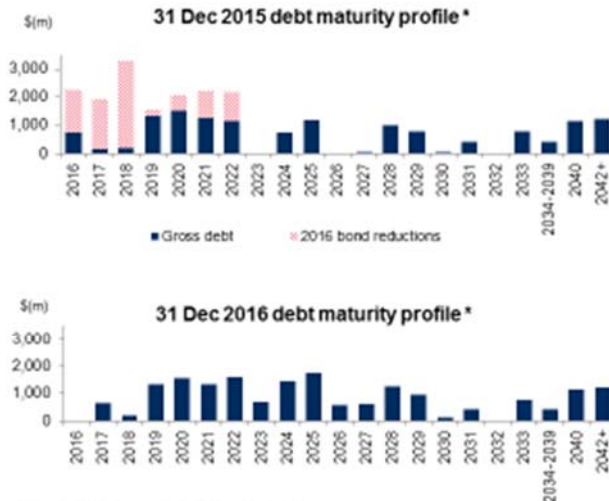
- robustness against volatility,
- the ability to make returns through the cycle,

and

- a readiness to take advantage of opportunities, should they arise.

Slide 20 – Near-term maturities greatly reduced

Near-term maturities greatly reduced



*Numbers based on year-end accounting value

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Gross debt reduced by \$5 billion in 2016

\$9.0 billion of bonds purchased or repaid with cash in 2016

\$4.1 billion of Oyu Tolgoi Project Finance fully consolidated in 2016

Average outstanding debt maturity now ~10 years

Net interest paid of \$0.5 billion associated with bond purchase programmes

No bond maturities until 2019

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Whilst our primary objective is to manage the level of NET debt, the level of gross debt is also important. And it is inefficient to run too much cash on the balance sheet, especially in the current interest rate environment.

During the year we reduced gross debt by \$5 billion.

We completed three bond purchase programmes, totalling \$7.5 billion and repaid \$1.5 billion of maturing bonds.

The early repayment led to redemption costs of \$500 million.

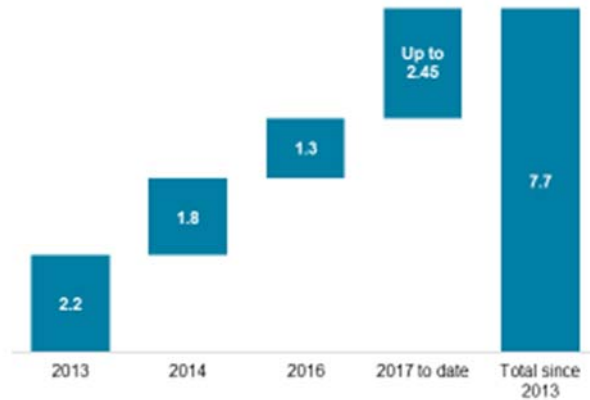
The reduction in cash was partially offset by the draw-down of \$4.1 billion of project finance for the OT underground.

So we have reduced gross debt and have delivered a notable improvement in our debt maturity profile.

There is a weighted average cost of total debt of 4 per cent and a weighted average maturity of around 10 years, with no more than \$1.7 billion of debt maturing in any one year.

Slide 21 – Continuing to shape our portfolio

Continuing to shape our portfolio

\$7.7 billion¹ disposals announced since 2013
(\$bn)¹ Based on amounts announced in Rio Tinto media releases, may vary from cash flow statement due to completion adjustments and exchange rates

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Value delivered through divestments

January announcement of Coal & Allied divestment for up to \$2.45 billion

Proceeds expected in 2017:

- Lochaber second tranche of \$0.2 billion in H1
- Coal & Allied of at least \$1.95 billion in H2

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We continue to refine our portfolio to ensure that we make most efficient use of our capital.

In 2016, we announced \$1.3 billion of divestments.

We closed the sales on our Bengalla mine and the Mt Pleasant thermal coal project.

We announced the sale of the Lochaber Aluminium smelter, for which we received slightly more than half the proceeds in 2016, with the remainder to be received shortly.

Two weeks ago, we announced that we had agreed the sale of Coal & Allied for up to \$2.45 billion plus potential royalties. This sale is subject to a number of conditions. But the transaction should close in the second half of this year.

Including Coal and Allied, we have announced divestments of more than \$7.7 billion in the last four years.

But we retain flexibility in our portfolio.

Some of our assets are smaller, but they are valuable and highly cash generative.

We will continue to exit any assets or projects that do not fit our portfolio, and where we can realise attractive value.

Slide 22 – Application of the new returns policy

Application of the new returns policy

Capital return considerations	Comments	Status
Results for 2016	Underlying earnings up 12% to \$5.1bn Net debt reduced to \$9.6bn.	✓
Long term growth prospects	Focused on Silvergrass, Amrun and Oyu Tolgoi.	✓
Balance sheet strength	Net debt <\$10bn	✓
Strong earnings/ cash generation – supplement with additional returns	Payout >60% threshold possible due to strong performance One-off asset disposal proceeds of \$1.1bn	✓
40-60 per cent of underlying earnings through the cycle	Payout over the 60% upper threshold possible based on (i) strong H2 2016 prices (ii) disposals (iii) strong balance sheet	✓
Balanced between growth and shareholder returns	Defined growth pipeline provides capacity to allocate more to shareholder cash return and debt reduction	✓
Not less than 110c per share in 2016	Minimum payout can be exceeded	✓
Outlook	Potential for continued price volatility	?

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I would like to finish with shareholder returns.

Last February we adopted a new returns policy, which is designed to ensure superior returns to shareholders. The new policy set out clear intentions so that shareholder interests are always at the centre of everything we do.

The policy requires that we maintain an appropriate balance between:

- Investment in compelling growth projects to drive future returns
- and total shareholder cash returns of 40-60% of underlying earnings through the cycle.

At our Capital Markets Day, I laid out the items that we would consider for our dividend, and I have set these out again here.

At the start of the year we stated that the dividend would be not less than 110 cents per share.

This has been more than honoured.

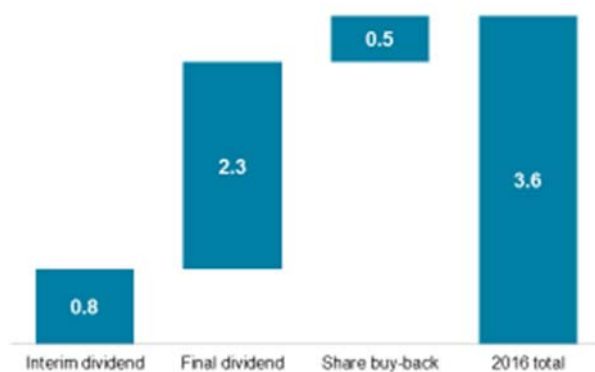
The outcome for the year has been positive – we controlled costs and generated significant cash. We have a well-defined growth profile – with clear and deliverable capex commitments. The balance sheet is in a strong position.

As you can see here, we've beaten expectations in 7 of the 8 items. This gives us the confidence to move beyond the 60% threshold. Our principal concern is around the uncertain macro outlook.

And, the best defence against this uncertainty is a strong balance sheet.

Slide 23 – Delivering superior returns for shareholders

Delivering superior returns for shareholders

Cash returns to shareholders
(\$bn)*

* Declared basis

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Final 2016 dividend declared of **125 US cents** per share, delivering full year dividend of **170 US cents** per share

Share buy-back totalling **\$0.5 billion** to be undertaken in 2017 in Rio Tinto plc shares

Total 2016 cash returns of **\$3.6 billion**, represent 70% of underlying earnings

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So, the board has therefore decided to pay a total of \$3.6 billion, which represents 70 per cent of underlying earnings, in total returns. The form of the return will be ordinary dividends and a share buy-back.

The ordinary dividend will be a total of \$1.70 per share for the year, of which 45 cents was paid at the interim.

The final dividend therefore will be \$1.25 per share, which will be paid in April.

The buy-back announced today will be an on-market purchase of shares in Rio Tinto Plc.

All shareholders, Ltd and Plc, will benefit equally from the EPS accretion arising from a smaller number of total shares in issue. This demonstrates our commitment to deliver superior cash returns to shareholders.

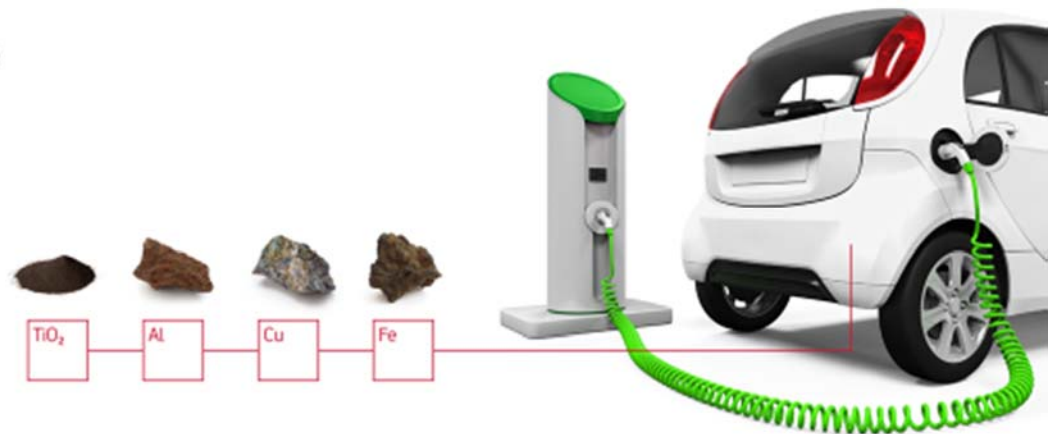
Now let me hand back to J-S.

Slide 24 – J-S Title slide

RioTinto

J-S Jacques

Chief executive

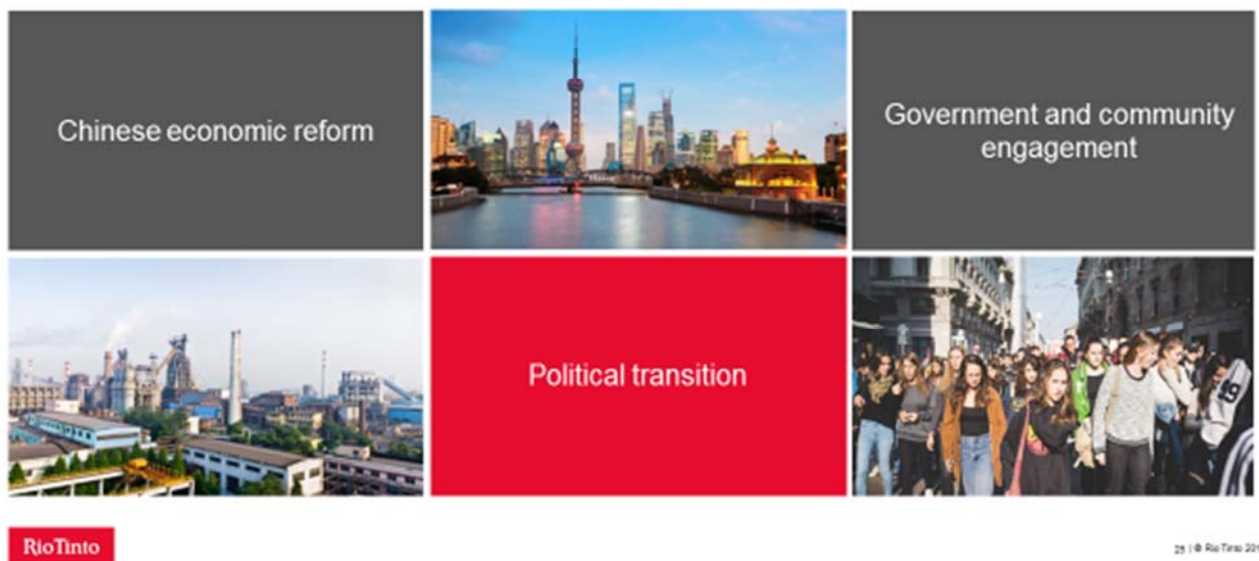


Thanks Chris.

I will now cover our views on the macro outlook and demonstrate why our strategy is right for the challenges ahead.

Slide 25 – Resilience in uncertain times

Resilience in uncertain times



Global businesses always face volatility but in recent times the level of uncertainty has increased in a material way. This uncertainty could have an impact on growth, trade, currencies and subsequently our industry fundamentals. I firmly believe our industry is underpinned by free trade and a level playing field. Political transitions are occurring around the

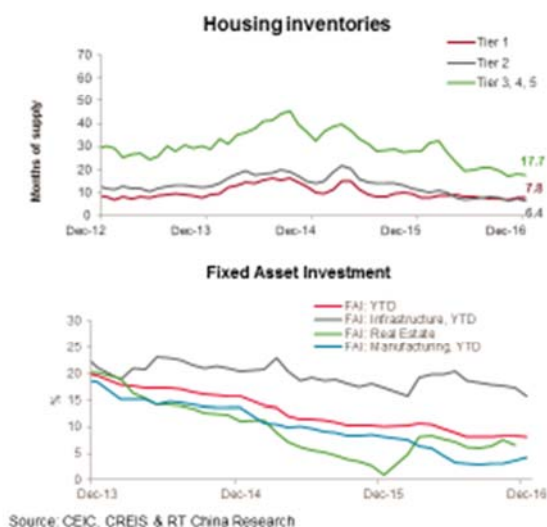
world, with more elections to come in 2017.

We are also keeping a close eye on economic reforms in China. As our key customer, China is important for Rio Tinto. Against this backdrop we need a resilient business.

Our strategy is delivering that resilience.

Slide 26 – Commodity recovery led by renewed activity in China

Commodity recovery led by renewed activity in China



Construction and downstream industrial activity has picked up, improving profitability

Housing inventories have normalised, in particular tier 3 and below

Fixed asset investment growth has moderated but manufacturing FAI is picking up after a long slump

Market recovery supported by surge in credit growth in early 2016

PMI indicates that manufacturers remain optimistic about early 2016

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In 2016, there was a significant recovery in many commodity prices, especially iron ore.

This, in part, reflects renewed growth in China's industrial sectors, which was stimulated by policy actions. As an example, stimulus packages for the property and construction sectors led to higher property prices and lower inventory levels. Stimulus was also provided to the infrastructure sector, with road and rail investment remaining at around 15 per cent for the year. The renewed industrial growth in China, combined with a higher degree of consumer confidence in some global markets, resulted in a better operating environment for our industry in 2016.

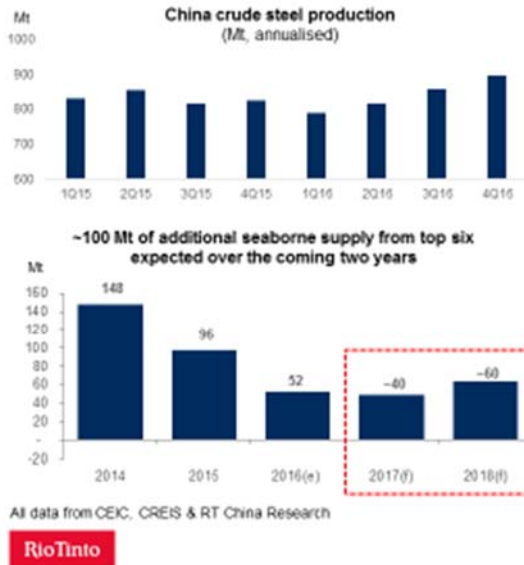
Rio Tinto's history with China goes back a long way....

For example, this year we will celebrate 30 years of our Channar joint venture with Sinosteel. A partnership that has delivered significant value for our business but also strengthened economic ties between Australia and China. Our strong relationship with China positions us to better understand the market and our customers, suppliers and partners.

If you were to ask me if I am worried about China – I would say 'no'. We expect the current government stimulus to be maintained ahead of the senior leadership conference towards the end of this year. But we are closely monitoring the pace of growth and State Owned Enterprise reform across all commodities.

Slide 27 – 2017 steel and iron ore outlook

2017 steel and iron ore outlook



Steel production curtailment leads to a more sustainable steel industry

- Reduction in steel mill capacity not directly linked to steel output
- Supports demand for high quality iron ore

Chinese domestic iron ore supply has been 'sticky' entering and exiting the market

- Peak of ~400mt/a
- Low point of ~230mt/a
- Currently ~260mt/a

Low cost iron ore supply growth has moderated

- 2017 growth primarily from S11D and Roy Hill
- Oversupply in low grade material

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Let's look at the iron ore market. Recently, the market has been much stronger than expected by many observers.

There are four key drivers that could impact the iron ore supply / demand balance in 2017:

- The first is the health of the Chinese economy, which I have just covered.
- Next, the Chinese domestic steel market is looking to drive out high-polluting production.

This is a clear opportunity for us as we will see demand switch from low-grade ore to the high-grade product we offer.

- Third, the additional supply from seaborne iron ore producers.

We expect about 40 million tonnes of new capacity in 2017.

And last but not least

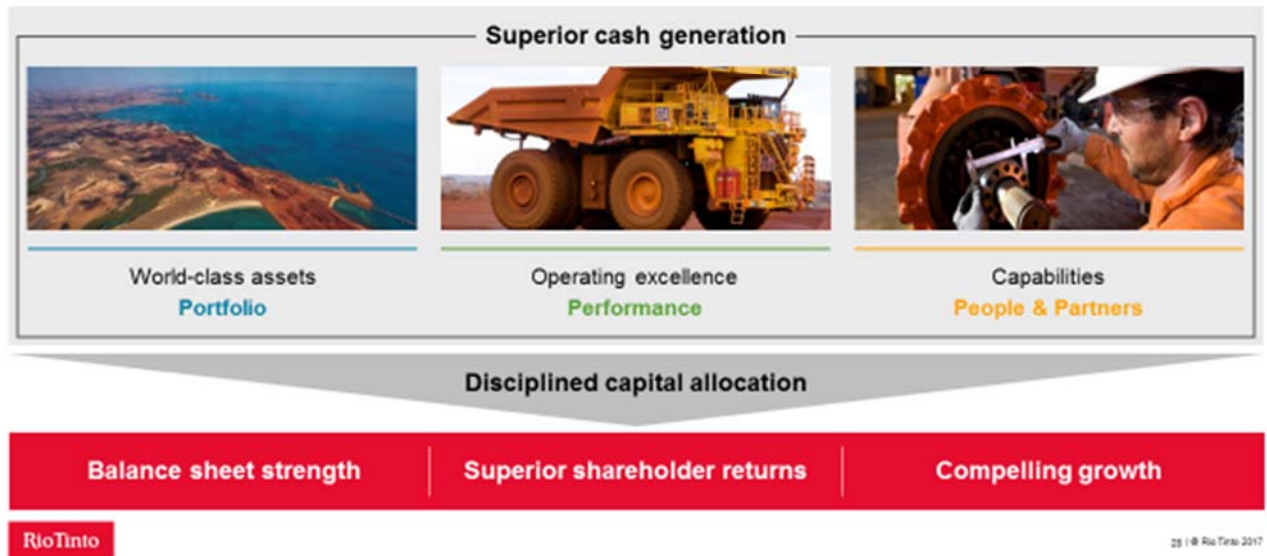
- The domestic iron ore production in China is a key source of uncertainty and could tip the balance.

We have not seen a material restart of idle capacity at this stage, but this could change going into the summer.

These factors all add to the uncertainty facing the iron ore market and shows why we need the right strategy in place to navigate any volatility and make the most of any opportunities.

Slide 28 – Strategy will deliver value through the cycle

Strategy will deliver value through the cycle



As I said in November, our strategy is to create superior value for shareholders by meeting our customers' needs, maximizing cash from our world-class assets and allocating capital with discipline.

To remind you, we will deliver this by focusing on our 4Ps:

Portfolio, Performance, People and Partners

- Portfolio, is about world-class assets.
- Performance, is about operating and commercial excellence....Our value-over-volume approach
- People, is about developing industry-leading capabilities.
- and Partners is about long-term relationships with our customers, investors, governments and communities to deliver commercial success.

Our value-creation model and our world-class assets will deliver superior cash. And we will use this cash to...

- provide compelling growth;
- deliver superior shareholder returns; and
- maintain our balance sheet strength.

Slide 29: We will deliver \$5 of free cash flow in productivity improvements over 5 years

We aim to deliver \$5 billion of free cash flow in productivity improvements over five years



Let me start with the first two Ps - portfolio and performance.

Put simply, in 2017 we will continue to strengthen our portfolio of world-class assets – those that are low cost and expandable.

We want to deliver superior performance. In safety. And in profitability. Increasing the productivity of our \$50 billion asset base is the highest return available to us. As such, we have promised to deliver an additional \$5 billion of free cash flow over the next five years. As we speak, our teams are looking for every opportunity to generate value from mine to market.

Slide 30 - Technology supporting our productivity programme

Technology supporting our productivity programme



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Let me give you one example: our leaders in Iron Ore have a smartphone app that shows, in real-time, the truck utilization of our haul fleet in the Pilbara. This is already helping us to improve productivity. We are looking for improvements in all aspects of the business. Operational excellence will drive superior performance, now and in the future.

Slide 31 - Prioritising people and partners

Prioritising people and partners



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Which brings me to the last 2Ps: people and partners.

Both are very important enablers of value creation.

In 2017, we will have a greater focus on developing our employees. We have increased investment in our graduate intake and the Executive Committee is now strengthening the development of the top leaders across the organisation. We want to build the capabilities of our people both commercially and technically. Now I'll turn to partnership.

In all jurisdictions, governments and communities are asking for a greater share of the wealth created by their natural resources. We are seeing this in Australia, Chile and more recently in Indonesia. Mining is a capital intensive industry and we need transparency and certainty as a platform for investment. For us, partnering is about building long-term relationships to create value and reduce licence-to-operate risks which are becoming more and more significant for our industry. We need strong partnerships and stable operating environments to grow our business for the benefit of all stakeholders. If the economic and geopolitical changes of the past year have told us anything, it is the importance of having a clear value-creation approach and the right strategy in place.

Slide 32 – Strong results delivered in 2016

Delivering on our promises

- ✓ Strong operating cash flow of \$8.5 billion
- ✓ Portfolio optimisation with divestments announced of \$1.3 billion
- ✓ Investing in our three major growth projects
- ✓ Balance sheet strength with net debt reduced to \$9.6 billion
- ✓ Shareholder returns of \$3.6 billion



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Let me wrap up: every decision we make at Rio Tinto will prioritise value over volume. That's what we did in 2016. And it's working.

On cash – we generated net cash from operating activities of \$8.5 billion. On costs – we delivered total cash cost savings of \$1.6 billion.

On growth – we progressed our projects at Oyu Tolgoi, Amrun and Silvergrass.

On the balance sheet – we closed the year with net debt of \$9.6 billion.

And we are returning \$3.6 billion to shareholders.

You can expect more of the same from us in the years to come. Rio Tinto is in great shape.

We have a resilient business, world-class assets, committed employees and the right strategy.

We will continue to deliver superior value to shareholders through the cycle and to invest for the long term.

For us, it is all about keeping our promises day in and day out.

And now questions...

Q&A Transcript**J-S JACQUES (Chief Executive):**

On this note I will open the Q&A for any questions you may have.

QUESTION:

To be honest, there is not much to ask given the solid numbers, but maybe one question.

The Company has clearly been very good at giving away assets and selling assets at fair value or reasonable value and giving some dividend back, but clearly the main value driver is reinvestment.

The Company is committed to two projects, but considering the very good balance sheet and the state of the commodity markets now, are you considering accelerating anything else in the pipeline and what are the main considerations around with this topic? And in relation to that, are there any jurisdictions that are out-of-bounds after the issues you have encountered over the last two or three years?

J-S JACQUES:

In terms of growth, the plans are pretty set for the next three years as is the capital guidance that we have reconfirmed today. Now the teams are really looking at long-term opportunities, the work is underway, but for the next three years it is pretty cast in stone, to be honest.

QUESTION:

Maybe a couple of questions.

First of all, on the cost savings it feels that either you are 'low balling' the potential here, \$1.6 billion delivered in 2016, \$400 million to come in 2017, or we are getting towards the end of the potential for cost savings.

Can you give a better sense of whether you are not revising the cost saving target because you want to beat it or because you genuinely believe there is not huge amount more to come?

And then, maybe Chris, give us a bit of sense as to how you thought about the buy-back versus the dividend? Why didn't you just give a \$2 dividend rather this small buy-back?

J-S JACQUES:

I will take the first one.

I go back to November last year, we were very clear that at some point in time we need to look not only at the cost line but the top line and that's what will be captured through the productivity program. With productivity you have got two ways to value it, either way you improve the efficiency of your trucks, your trains, your shovels, you produce more and you sell more from the same cost base, or you produce the same quantum, from a lower cost base - the decision will be made on a market by market, on the asset by asset basis, depending on supply and demand balance in relation to the assets.

So are we going to slow down on costs? The answer is "no", but we are already working on the \$5 billion productivity improvement programme and that's what the team is working on. So that's where we are. So are we going to slow down? No. But, as we said today, the best investment and the best return we can have is by improving the cash yield of our \$50 billion investment base, and that's what we are doing. It is much more leverage in that sense.

And the technical question about buy-back and so on, across to Chris.

CHRIS LYNCH (Chief Financial Officer):

This is the first outing of the new dividend policy and I think we've honoured everything we said we'd do in the policy settings that we published this time last year.

Going to the top of the range for the dividend I thought was important for all jurisdictions of shareholders. We want to make sure that we've embraced the variability that's in this dividend policy. I know some people won't find that attractive but that is the reality and it's important we honour that promise to have a distribution.

When you go through those criteria, the decision criteria, there was a favourable answer to most of those questions. The one I mentioned earlier in the speech was about the uncertainty on the more macro-geopolitical outcome or outlook, but the key was really to honour the commitment and we had the chance to go to the top end of range in the first outing.

The extra was because we also had capacity for more and we had that extra 10 per cent return of \$500 million. The choice of the buy-back was just another way to return that capital and we think we have honoured all those commitments on that basis. So I think it is a fairly modest buy-back, I do agree with that, but it's a good indication that we mean what we say when we are talking about returns.

J-S JACQUES:

To be clear, we have delivered on all our promises. We said we would continue to invest over the long-term in a very focused way; we said we would deliver superior cash returns; and at the same time we will continue to maintain and strengthen the balance sheet, and that's what we have done. But what you should expect going forward is exactly the same.

QUESTION:

A question on capex: if I look at your sustaining capex, your depreciation this year is 0.3, you have got it rising up to 0.5 next year. Chris, I know I have asked you about this before, but is this really sustainable for the medium term? And then the other one is just tax, any comments on the events, the evolution of the situation in Western Australia?

J-S JACQUES:

Chris, I will take the first one and then you can take the next one?

We did challenge all the teams about the level of sustained capex to make sure that they don't do anything stupid because, as we said, we are looking at the business with a long-term perspective and we did some very specific, very technical reviews, and today we are comfortable with the level of sustained capex across all our assets.

Now going forward, you will see an increase in terms of sustained capex, that is absolutely clear, and this will be combined as well, especially in the context of the Pilbara that you have seen on the graph, that we will have to spend more and more money in relation to replacement capex because when you move 330-340 million tonnes per annum at one stage you need to open up some new mines. So today are we comfortable with the level of sustained capex? The answer is "yes". But in the coming years it will increase.

CHRIS LYNCH:

The issue on this one is really about international competitiveness.

J-S mentioned Indonesia, but throwing changes into an environment like that unilaterally and targeting two companies - is a big statement about what the country risk or the investment risk is in those sorts of jurisdictions.

But, having said that, that is as much as I would say.

But we have got to make sure that we don't take advantage of people who are doing well purely to solve other problems. That's the challenge that is there. I think in the balance I doubt it will happen it's the wrong way to go about solving a state budgetary problem, to change a state agreement.

J-S JACQUES:

All right, why don't we take a question from the call?

QUESTION:

The first question is on the Aluminium Division.

Cost performance continues to be pretty impressive; the division did most of the heavy lifting for the Group in 2016. My calculations show that your primary metal unit costs dropped to 56 cents a lb, and the December half was a great performance.

The question is, how much further can you reduce primary metal unit costs or overhead reductions in production creep, and I'm really interested in what the contribution of the Aluminium Division is to the \$5 billion free cash flow target? That's the first question.

And I have a second question and more specific probably for J-S, it's actually on Grasberg. I listened to the comments about investing in these jurisdictions, but you spend a billion dollars on the Grasberg Block Cave and DMLZ underground mine, yet my interpretation is now there's a real risk that the ramp up of the underground is delayed. But the prize here is significant.

So the question is, with Freeport negotiating the Contract of Work extension, how do you ensure that shareholders will achieve a return on your investment? Thanks.

J-S JACQUES:

All right, I am going to pick the Grasberg one. Will you pick the other one, Chris?

The question on Grasberg is the following, we were of us all taken by surprise by the changes of regulations that occurred three weeks' ago. First of all, it is across the entire mining business, it is not only targeted at Grasberg per se. That's the first point.

The second point is, it was clearly not in the spirit of the discussion even four weeks' ago, and remember a couple of years' ago we had signed an MOU with the government to extend the Contract of Work. So everybody was taken by surprise.

It is a very challenging situation. I can tell you we are working very closely with Freeport. The last Conf-call we had with them was on Sunday, and Richard Atkinson – as far as I understand if I've got the timing right – should be on the plane as we speak on his way back to check up.

It's a very serious matter; we are taking it very seriously. Now, having said that, we shouldn't forget that Grasberg for us, is an option. We do not have equity ownership, it's an option, and depending on what may happen in the coming weeks and months we may have to take some decisions. But it's early days.

I can tell you there are lots of governments which are very concerned at this point in time about what's happening in Indonesia. There's lots of support to Freeport, to Rio, and a few others. Discussions are underway. As and when progress is made we will inform the market. That's where we are at this point in time.

Chris, if you could pick up the other one?

CHRIS LYNCH:

With regard to Aluminium, I guess you can isolate three components but the bauxite has the same productivity opportunities as any of the other mine sites do with regard to fleet and efficiency of those types of processes.

The refineries have made some significant progress and are now at cash neutral where if you went back a couple of years they were draining cash.

On the smelting side and in terms of productivity, we haven't actually allocated productivity to this business, that business or whatever at this stage. We have got some broad metrics and we will talking more about more detailed metrics in the future.

But when you get to the smelters productivity can have the same cost structure with more output or the same output with less costs, and both of those are productivity gains. The smelters are relatively a fixed environments so we have got capacity there for basic creep, a creep in the tonnage.

The other thing to keep an eye out for though in the smelters is they will have a few headwinds as well with costs, and just think about the carbon material side of the business for the coke and pitch and the like that will go in there. We expect them to be a healthy contributor to productivity gains, they will be under the same sort of internal pressures as everybody else will be, and they have made great progress on their cost structure thus far; there is more to come.

But I think you should expect – I think it was an earlier question – the low hanging fruit has been well and truly harvested here, so we are getting to the stage where incremental improvements are getting more and more difficult.

The productivity drive is important and it's important to get the focus not only on costs but also on the top line aspects of that as well, so it can be different product, it can be ability to ramp up and down with production as well. That also an important payback of productivity, the more you are in control of the process is what's going to deliver the productivity gains.

J-S JACQUES:

All right. Thank you, Chris. Why don't we come back to the room?

QUESTION:

It's following up on the question about the sustaining capex, and it's related to the growth profile, you are saying you want a Copper equivalent of 2 per cent per annum. I was just wondering if you have sort of outlined the growth capex over the medium and longer term that would be required to support that?

Should we be looking at sort of \$3 billion or \$4 billion as per what seems to be indicated here or what is your thinking on that?

And second, I mention again growth rate of about 2 per cent. Where does that sit relative to your assumptions about, say, global growth? Are you looking at growing output below or above that sort of trend GDP line? Thanks very much.

J-S JACQUES:

Thanks for your question. The 2 per cent that was quoted in November, that you see on the first slide again, is what we have in the pipeline today and we have given you and we reconfirm today the capital expenditure for the next three years. So that is no change from what we have given.

The 2 per cent that we currently have for the next ten years is below GDP.

QUESTION:

You mentioned the need to eventually increase replacement capex in the Pilbara. Back in the November Investor Day I think you put a \$1 billion mark on that.

J-S JACQUES:

For the next three years.

QUESTIONER:

Yes. When do you have to approve that billion dollars? When does that go to the Board?

J-S JACQUES:

It is not only one project, it is a series of different projects and it's on a regular basis. For example, in December we did approve the next stage of development of Yandi, so it's just on the regular basis.

QUESTIONER:

So is that in your Group capex guidance?

J-S JACQUES:

Yes, absolutely. It is fully baked in.

QUESTIONER:

And in terms of the ongoing investigations at Simandou and on the Mozambique Coal side, in your statement this morning you have spoken about a potential material financial cost. At what point do you have to provision for that?

CHRIS LYNCH:

Well, the investigations are at an early stage. We have no feedback even as to outcome, much less consequence, so we have to have a statement in the release to identify the fact of the investigation. But it's quite early and we have no basis for any even assessment, or the consequence of any outcome should it be a negative outcome. So we don't have any basis to provide at this stage, but the instant we do we'll be in communication.

J-S JACQUES:

We review the situation on a regular basis, it's early days, but we had to put something in the press release today.

QUESTION:

The first question on Copper and Resolution in particular, it's quite early days obviously in the new US Administration but some indications that they might be a bit more friendly and quicker in terms of permitting processes etc. Could you talk a little bit about any engagement that you've had there and what your feeling is on timings?

And secondly, just a very quick one on the buy-back, I think historically you've only announced buy-backs with your Annual Results. Should we expect that to be the same going forward or is this now a kind of six monthly decision?

J-S JACQUES:

Chris, I will take the Resolution question.

It's early days for the Trump Administration. We don't do politics as far as Rio is concerned. Remember that for some of our assets, like Borax, this year is a pretty special year because we have been for 125 years. So we are engaging with the Trump Administration, it's early days, and I will go to DC in March to meet directly with some of the key officials. We'll progress as much as we can, but nothing more I can say at this stage, no.

CHRIS LYNCH:

On the buy-backs, I think we have been pretty clear on the record about it, that this time is really the key returns decision timeframe for the year.

We do have to make more decisions now at the Interim than we previously did under the old progressive dividend; we had an arithmetic outcome for the Interim. Last year we had the undertaking of not less than a \$1.10, so we sort of provided toward that in the Interim.

So the Board does have to make some more decisions in August, but you should expect the February decision time to be the main conduit for all those decisions about returns.

QUESTION:

You have got this year \$9.6 billion available for capital allocation and that included this year \$3.9 billion that was used to reduced the balance sheet debt with the gearing target 17 per cent below where we are and also with prices likely to be higher than where they were through the year, as well as for the cost savings etc.

I guess the question I have, is there a point where there is too much cash returns? And further to an earlier question, can you start to think about other growth projects to speed up at this point?

J-S JACQUES:

We are working in terms of beefing up the growth pipeline but for the next three to four years it's pretty set.

It takes an awful lot of time to develop new options - I mean if you look at Oyu Tolgoi as an example, it's 25 years. I saw a statistic last week from our exploration people, on average between the time you find a nice rock, where you could have diamonds and the time you have got cash flow, is 30 years. So let's do the work properly in that space.

That's why we are very comfortable with reconfirming the capex guidance because those are the projects we want to pursue, not because they are the only ones which are available, it's because they will provide the right level of returns to our shareholders.

So that's what we have in the pipeline and then beyond that we are working on it, and for this reason we will provide you with more details as and when we can do in that space.

Now in terms of allocation of cash, the model is very simple, the first priority is to generate the cash through productivity, for example, through the strengthening of the portfolio and then we go through the so-called 'washing machine', that you have seen many, many times, and by that point in time we will take the right decision and we want to have a balanced view between shareholder returns, long-term growth and the strength of the balance sheet. So we go through the process on a regular basis.

But let's create the problem, the good problem to have, let's make sure we have got all the cash generated and then we can have a good conversation on how we will allocate the cash.

QUESTION:

Just harping on a little bit more about copper and options, it's a little bit unusual for a diversified miner to have zero percent of earnings coming from the Copper and Minerals Divisions.

Does it concern you that it is quite small and obviously the copper market could tighten in the coming months because of production disruptions at two mines that you have got a stake in?

So are there any other ways to heighten the contribution of copper to the portfolio that you are looking at, maybe on acquisitions, SMART acquisitions, or other greenfield opportunities like the Resolution copper project?

J-S JACQUES:

So the question on the M&A, the answer is pretty simple. For us the growth strategy is about build and SMART M&A, to answer your question.

When I look at the recent valuations of some of the transactions, like in the DRC, like Morenci which was a private transaction to some extent, or even Zaldivar, a great price, or even Northparkes that we sold if you remember a few years' ago, a great price for the seller. We will keep a watching brief on the M&A but unless the alignment of stars is the right one, unless we have a compelling business case we are not going to rush into the M&A space. That doesn't make sense; we will be consistent with this strategy.

Everybody knows more or less in this room that there are the four or five key assets, world class copper, I would absolutely love to have and I have on my Christmas list – I won't tell you which year by the way - but everybody knows which ones they are. But none of those assets aren't for sale today and the current owners have repaired their balance sheets, in a very significant way.

So we have a situation today, if one of those assets was for sale you can be sure of one thing, there would be an auction process and there would be the Chinese and a few others in the process and therefore you can be sure of one thing, the price would be very good for the seller; I'm not sure about the buyer. So yes, we need to grow but today it is about build and SMART buy. We have a very high level of threshold in relation to the buy.

QUESTION:

You mentioned in your reply to a question on the phone that Grasberg was an option. Can you just flesh that out a little bit more?

J-S JACQUES:

There is no doubt that Grasberg is a world-class resource but the key question, especially in light of what happened three weeks' ago, is whether Grasberg is a world-class business for Rio Tinto? The 1995 Agreement is a complicated one, we don't have equity in Grasberg, it's a stream, so for us if we want to have a meaningful off-take and stream beyond 2021 we would need to invest in a big way in the coming years.

Clearly in the context, the uncertain context that we have just described a few minutes' ago, we are going to watch very carefully what's happening before we commit additional material money into this project. That's what I mean by our option, we don't have equity in the normal sense in Grasberg, it's a stream - a complicated stream but it is a stream.

Maybe a question from the call?

QUESTION:

I have a couple of questions. First off, just in regard to the additional sort of rehabilitation costs for Gove, quite a significant increase and we have seen that happen I suppose with Ranger at ERA. Is that being looked and applied across, the other closure provisions across the other assets given the potential issue across the industry for closure costs to be underestimated?

And also just in regards to Autohaul®, essentially some progress being made there, what steps are required before we can actually run the trains without a driver on board with the automotive systems, but in terms of government approval etc?

J-S JACQUES:

Autohaul® is working, the technology is working, we are improving the technology further and now we are really in the ramp up and we do it in a very phased and structured way. There are lots of discussions, as we speak, with the regulators and we still have, I don't know if its 18 months/2 years ahead of us before it is fully deployed.

But the technology today is working and is working pretty well. When I was in the Pilbara with Chris they showed us all the safety tricks - putting a car in the middle of the rail to show that the train can stop and so on and so forth. It's working.

Now it's about deployment. It was a difficult process because we had a lot of IT issues, a lot of telcom, but today it's working and we are going through the ramp up and at the same time, as I said, we are working very closely with the regulator to get all the authorisation involved to do it. It's in a phased and structure way but we can see the light at the end of the tunnel, if I can put it this way.

CHRIS LYNCH:

The question about closure provisions for Gove, we curtailed the refinery at Gove. We are still continuing to mine there and we'll continue to do that for sometime. But it's really around the refinery and the residue dams, pertaining to refinery. We are in the normal capital expenditure approval process for the ideal path for exactly what will happen, it is the remediation there. We do have a process where we look at closure provisions on a regular basis and an annual basis.

As you get closer to the period where you are actually closing the operation or actually remediating, then it gets a whole lot more specifics scrutiny about exactly how that project will happen. We will continue work on that because we don't have the perfect answer for exactly what we want to do yet, but we had enough to warrant a review of that provision.

I think the same is true in the case of ERA with the current mining lease expires in 2021 and rehabilitation and remediation has to be completed by 2026. So that's our plan, we are working toward that and we are making sure we have got cash there available to do that rehabilitation.

J-S JACQUES:

All right. Thank you, Chris. Why don't we take another question from the Call?

QUESTION:

Just a couple of quick ones, and the first thing is Kennecott. Obviously they have had a pretty tough year, as we know, but it's still carrying a fair amount of book value. Are you still confident you will be able to turn that asset around? Obviously processing others' ores through the smelter isn't a very profitable exercise by the results and so I am just wondering whether you are confident in the turnaround there?

And then just on the presentation, on page 3, I notice you had a picture of an electric car. I mean, are we to take from that the Jadar lithium project is moving along quite nicely in the feasibility stage?

J-S JACQUES:

The electric car is made of aluminium, copper, lithium for the battery, even has strengthened steel in some of them, so don't draw any conclusions. But I can confirm that we are studying very carefully the Jadar project, the study is underway and when we have something else to share with the market we will do it. I think it is a broad range of products here.

On the KUC piece, we still have a few years which are challenging at KUC because we are doing the South Pushback but so far we are on track and we believe with the South Pushback we will be able to extend the life of the mine in a profitable way.

Now let me be clear, Kennecott will never come back to a Q1 asset, we have to be very clear, but it can be a solid Q2 or Q3 asset in a place, which is the US, which is a pretty friendly environment.

And then back to the question we had earlier today about Trump. It's early days but if Trump is serious about investing in the infrastructure that could be very positive for the copper industry and we are the largest player, as you know, or one of the largest players in the US.

The mine has been there for 112 years and I can tell you with the Obama Administration and with the Trump Administration there have been lots of discussions about how we can contribute even further to the US economy by providing what they call 'critical minerals', which is not only about copper but also the other by-products that we can extract from Kennecott today and potentially from Resolution in due course. So work is underway at Kennecott, the South Pushback is going well, and I hope that in a few years from now you'll see some nice meaningful cash flow coming out of Kennecott.

If we go back to the room, I'm just conscious of time so there won't be too many questions – there will be one last question.

QUESTION:

There are a lot of clever people around who think iron ore is going to be \$55/t by the end of this year; I'm not one of those people. You can manage value over volume to some extent, but is the price really being set by a bunch of taxi-drivers and day traders out of China in the Dalian Exchange, what is actually setting the price at these sorts of levels given supply and demand fundamentals?

J-S JACQUES:

My sense is that the key source of uncertainty in relation to China and therefore the iron ore is the old question about the domestic iron ore production. If you go back to three years' ago they produced 400 million tonnes; last year, and we don't have latest data, the latest statistics, but it was between 250-275 million tonnes.

We are in winter in China and so a lot of those small mines are shutdown. The old question is around when we get into the summer months are those mines going to restart or not? Depending on the answer to this question it could have an impact on prices.

Now what is important for us, when we talk about value over volume in the context of iron ore one dimension is really around making sure we produce the right product for the right customers.

Back to the point I mentioned today, as and when the government restructure the SOEs in China because of pollution issues and as they want to increase the productivity of their best blast furnaces, many on the coast by the way, in order to increase the productivity of your blast furnace you need to improve quality and that's where you are going to need higher coking coal quality and that's where you are going to need higher iron ore quality. We see lots of opportunities in that space, so that's where we are.

I'm just conscious of time. Thanks a lot for coming.

I think the story is pretty straightforward, if I wrap it up. If I go back to the Capital Markets Day– we have delivered on all our promises including the shareholder returns, the superior cash returns, and I think \$3.6 billion is a good quantum and what you should expect from us is exactly the same going forward.

We look forward to meeting you in August. Thank you and goodbye for now.

(End of Q&A Session)
