Resource challenges: navigating through volatility to create long-term value

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Discussion topics

- The global economy: With a particular look at how we see China and the rest of Asia in terms of growth and commodity demand
- Supply side challenges: Supply side challenges for resource sector
- Rio Tinto and Japan: Fifty year partnership
- Long term partnerships: Partnerships for sustainable growth
Short term market uncertainty and volatility continue

- Continued deleveraging and austerity in OECD
- Rate of growth in our markets in China is robust but is decelerating
- Expect a sequential pick-up in Q4 with signs of improvement in property market
- Impacts of stimulus extended out vs previous estimates: to be felt after Party Congress
- Market to remain volatile
The long term demand outlook remains attractive

- ~2 billion additional people to urbanise by 2030
- Global steel consumption expected to grow by 2 per cent per annum
- China to remain key driver until mid-2020s
- China GDP per capita currently 19% of USA levels
- India and South East Asian economies more than offset flat and then falling consumption in China

Source: Rio Tinto analysis
Japan as a key market for Rio Tinto

- Second-largest market in terms of revenue
- $10.6B in 2011, 16% of Rio Tinto global revenue
- Approximately half of global mining machinery and equipment procured from Japanese companies
- Japanese ships and shipping lines used for seaborne trade
- Japanese joint venture business partners in Rio Tinto operations around the world

- Gross sales revenue in 2011 = $65 billion
Japanese steel industry underwrote Pilbara development nearly five decades ago

First official train departing Tom Price, 1966

Hamersley Iron official opening, 1966
The industry supply response is increasingly challenged

- Cost escalation and rising capital intensity will increase pressure on marginal project returns
- Scarcity of highly skilled labour, access to financing
- Rising threat of resource nationalism
- Recent high profile project deferrals

Local Chinese iron ore supply is working harder

Source: World Steel Association /GTIS/Rio Tinto analysis

Global iron ore fines cost curve 2012 (CIF China)

Source: Macquarie
Rehabilitation forests, Richard's Bay, South Africa
Iron ore used to build the cities of the future
Rio Tinto and Mitsui & Co. joint venture in Laos
We drive step change innovation

Our Mine of the Future™ is shaped by four significant value levers

Find

- Find future tier one ore bodies
- VK1 in initial flight trials
- Complex testing programme under way

Develop

- Develop future block cave mines safer, faster, better
- Tunnel boring system trials to commence at Northparkes during H2 2012

Mine

- Optimise resource productivity
- Expansion of driverless truck fleet to 150
- Operations Centre
- Smart drilling and blasting
- Autonomous trains (AutoHaul™)

Recover

- Recover more from mineral deposits
- NuWave™ copper sorting pilot plant being commissioned at KUC

Innovation networks created through long term strategic alliances
Protection of Intellectual Property is key to sustaining competitive advantage
Mine of the Future™ - surface operations in action

Advanced robotics and remote operations drive the Mine of the Future™

Autonomous drilling
Smart blasting
Autonomous haulage
Autonomous trains

Remote Operations Centre, Perth
Questions and Answers