

J-S JACQUES (Chief Executive):

Now let's turn to questions.

QUESTION:

Hi J-S and team. J-S, a question on Simandou. We are starting the study work; it is a pretty big deal for the iron ore market. It's pretty clear that the Northern Block will be developed in the next five years or so. There are huge savings to be gained by Rio Tinto by working with the Chinese consortium in the north. Are you going to look into a joint venture on the infrastructure?

J-S JACQUES:

Good evening first. It's good to hear your voice. On Simandou, first of all, let me step back. In all our models, and I guess yours as well, it is that Simandou will take place, and Simandou will take place with or without the involvement of Rio Tinto. That's the first point.

The second point is there has been lots of activity and you've mentioned it recently in relation to Blocks 1 and 2, and from what we can see is the Chinese are pretty active in order to see if there is a pathway to develop those two Blocks. We at Rio, the way we are looking at it, with our partners Baowu and Chinalco, is to better understand the value of the option.

If you step back, Simandou is a big, is a large, infrastructure project. If you think about all the progress that has been made in the last few years in relation to bauxite in Guinea, we are looking at trans-shipment, I think the time has come, if you think about the activity I have just mentioned in relation to Blocks 1 and 2 and the fact that there are potentially new logistical routes, is to look again at what the economics could look like.

Now back to your specific question, is if you think through the lens of a large infrastructure project then the scale does matter and I think it will be important for all of us to look at options not only in relation to Blocks 3 and 4, but we have to look as

well at options that involve all the Blocks, 1, 2, 3, 4, and that is the work that will be carried out.

From our perspective if people like to understand the value of the option, not only on the project, but to understand what could be the value of Simandou to complement our product offering, or complement the iron ore we sell from IOC as an example, or complement the product that we are selling out of the Pilbara?

Because it is fair to say that in relation to China the demand for high-quality iron ore will continue to increase going forward and I think that's one of the main reasons why Simandou will take place with or without Rio Tinto, developed by the Chinese, and therefore it is important for us to understand what is the value of the project itself, in its own right, but to understand as well what could be the benefits for us if we were to complement what we are doing in relation to IOC or in relation to the Pilbara.

But to cut a long story short, is we are looking at all options in relation to the economics, once we have visibility of the economics then there can be a conversation in relation to what is the right equity structure to unlock the value of this deposit, but it is still a long way down the road to that.

QUESTION:

And one quick follow up in that case, under the value over volume strategy, you mentioned about the value in use in the Pilbara, what does this mean to Pilbara volumes if you bring Simandou online? Could you let Yandi deplete? Could you let Hope Downs deplete? Let the lower grade deposits deplete?

J-S JACQUES:

First, the way I look at it is from the customer's standpoint. So I look at what are the requirements coming from the Chinese or the Japanese and the Koreans, because that's primarily our market here, and try to see how we position ourselves in the best possible way.

And look what we have done this year – we have done some things that we have never done before; we have blended some products of IOC with some products from

the Pilbara, we did blend some products from the Pilbara with some domestic high-grade concentrate from China.

So what is important for us to make sure that we have the best product offering in relation to our Chinese, Japanese and Korean customers, to name but a few.

Back to what I said in the previous question, let's look at the merit of Simandou on its own right and then we can have a conversation around how we can complement what we are offering both out of IOC or out of the Pilbara. So as I said early days. I am sure we will continue this conversation.

QUESTION:

Good evening, J-S, and thanks for taking these calls from us. Still on iron ore, and now more on the Pilbara, there is this general view that the iron ore business has been under-capitalised. You are now in the process of re-capitalising it. Where do you think you are on that journey and how long is it before the business is really back to an appropriate steady state level of capitalisation?

J-S JACQUES:

Thank you. It's good to hear your voice today. I mean, you know as much as I do, between 2003 and 2012 the whole industry went through a massive, absolutely massive, capital investment cycle and then in the subsequent year the requirement in terms of sustaining capex did reduce. We are entering a new phase and I think we have given some guidance here about the level of sustaining capex that will be required.

But the other piece, which is important, is we should step back and don't forget that when you move one million tonnes of iron ore everyday depletion is becoming a reality. So the truth of the matter is we will have to invest in a significant way, and we have given you guidance for the next three years.

In the context of the Pilbara, you have got the sustaining element but you have the replacement capex or what other industries call development capex. But we are going to have to continue to invest a lot of money just to stand still.

So we have given you guidance; we are pretty comfortable overall at the Group level where we are for the next three years. Do I believe it will creep even further from there? I don't think so. So take this guidance as a good proxy for the future.

QUESTION:

Thanks very much. Look, the first question is just on the Juukan Gorge issue. I am just wondering if you could help us understand how many other similar sites sit within the Pilbara that you may need to sort of mine around in future years depending on what comes about from these various reviews? I am just trying to get a bit of a sense of what that could mean for product quality and the like.

And the next question is just around Pacific Aluminium. Are you able to help us understand the closure cost of Tiwai and even the impairments, whether there is a review imminent for some of the other smelters? Thanks.

J-S JACQUES:

Jakob, do you want to start with PACAL, the impairment process we have been through, and I will pick up the Juukan question after?

JAKOB STAUSHOLM (CFO):

Yes, thank you. We obviously have always taken a fairly conservative view on our Aluminium business, we have talked about that before, but right now with the COVID-19 it has been another pressure point for the Aluminium Industry, so it should come as no surprise that the two industries that have seen impairments are Diamonds and Aluminium. We basically have written down Bell Bay, Tiwai Point, ISAL to practically zero. We are still working hard on our estimates for closure of Tiwai but I think we have appropriately provided for it.

J-S JACQUES:

Okay. Thank you, Jakob. So I will pick up the Juukan question. The first point I want to make is we are really sorry for what happened, that's clearly not the intent to create

such an issue and we are absolutely, and I am absolutely, determined to understand what happened to get to the bottom of it in order to make sure it doesn't happen again.

There is a lot of work being carried out but we have already taken some actions. In particular we have introduced additional screening, we are reviewing all of Section 18, we have put a very clear process in order to identify the sites which are high risk and changed the delegation of authority, so probably with high risk there is a sub-set of the Exco chaired by myself for obvious reasons to decide what we do.

We have been managing those heritage sites pretty well for a long period of time, but having said that we fully recognised that something went wrong there and we will learn from it.

So we have put additional measures in place and where we are today is we can re-confirm the guidance for this year. We will have to modify some of the mining plans, the team is on the case, it is working on it, and what I can say today is we can re-confirm the guidance for this year.

We will provide you, as every year, guidance in November/December for next year, but rest assured that we have put additional measures in to make sure it doesn't happen again and for this year there is no impact on the guidance whatsoever. That's where we are at this point in time.

QUESTION:

Great, thank you. Are you concerned that there could be some sort of windfall tax in the second half? Obviously governments have been paying out lots of money and you have been making lots of money in iron ore. There has been some speculation in the media that we could see some sort of super profit tax. I mean how big a risk do you think that is as you look over the next 6 to 12 months?

J-S JACQUES:

Thank you. From a tax standpoint we shouldn't forget that in the first half of this year we paid \$2.7 billion in corporate taxes and \$1.2 billion of royalties. That's the first point. So yes, we are making a lot of money but as and when we make a lot of money we pay a lot of taxes as well.

And this point is fully recognised in all the discussions we are having and I guess your question is primarily around Australia. In all our discussions we have either at the Federal or the State level, they know very well that the best way for Australia to get out of the COVID crisis, and the Government has been very clear about this, is about investments.

At this point in time, as we have been in conversations including with the Treasury again this week, all the indication is for the Government to support us to invest more and I am sure they would be very happy to see that we have invested even more than last year but, for sure, no room for complacency. But, at this point in time I have got no indication that there could be an increase in taxation or royalties.

However, that is as of today. What I have learned in the last 6 months with COVID-19 is expect the unexpected, but at this point in time there is no indication whatsoever on this topic. That's the first one.

The second point is, and it's not only about Australia, it's across all countries, the mining industry has been, is being assessed or considered by the relevant governments as a nation-shoring industry. Remember we continue to employ a lot of people and in the context of Rio Tinto, as we are having this conversation, we have more than 500 vacancies.

We are still recruiting people, we keep people employed, we pay taxes, we buy lots of products, from local suppliers, so we are contributing to society in general.

There is no room for complacency but at this point in time I don't have any indication of additional taxation in the context of Australia. But every day is a new day, to be honest.

QUESTION:

My question is around net debt and how you think about leverage. You have refrained in the past from committing to a rigid target. How or has the pandemic affected how you think about adequate leverage ratios, in other words, will it prompt you to become even more conservative with your internal leverage target as compared to 6 or 12 months ago? Thank you.

J-S JACQUES:

Jakob, that is definitely a question for you.

JAKOB STAUSHOLM:

Thank you. Look, there are a lot of things that we haven't been able to predict, a lot of unforeseen things that have happened, but we have had absolutely no change in our capital allocation policy, nor in our views on net debt. As you can see, we have a stable – even slightly declining – when you look at the pro-forma net debt development in the first half, in fact, we have the lowest pro-forma net debt in 12 years.

But, quite frankly, we feel very comfortable about that given the uncertainties in the world right now. But it is not that we are afraid of using the balance sheet but we just only want to use it if we are convinced that it can create real value.

QUESTION:

Just changing tack a bit on to Scope 3 Emissions. You've made your position clear that you can't commit to emissions you don't control, but do you plan to disclose more on your downstream investments and over what sort of timeframe can we expect to hear more on that?

And linked to that, longer term do you ultimately expect to have to invest materially more in downstream technology and R&D? Thank you.

J-S JACQUES:

Thank you. That's a very good question. You said our position on Scope 3 is clear. Now we are committed to be part of the solution and that's why among other things we have put in place the partnership with Baowu and Tsinghua last year. We are very conscious that we would have to disclose more about those activities but the work is underway. That's one point.

The second point is, as you will remember, when we disclosed our targets for Scopes 1, 2 and 3 we committed to a billion dollars in the next five years. If I step back, the situation is the following, remember we had two targets or two milestones, let me put

it this way, one is in the next ten years and the other one is by 2050. We believe that in the next ten years we should be able to meet the targets we have set for ourselves by using existing technology.

Now if there are developments much faster in terms of new technology then that would be great, but what is clear in our mind is if we want to meet our 2050 target that will happen only if there are some technology breakthroughs because otherwise you simply cannot get there.

In that context, the name of the game is going to be about partnerships, it will be partnerships in order to improve our own footprints, Scope 1 and 2, but it is going to be partnership about improving the Scope 3, which is the emissions generated by the customers or the customer of our customers.

So to answer your question, partnership is the name of the game. The second point is we are absolutely clear that we need to invest more money in technology and we are already doing some things. I can only repeat so many times, we are committed to be part of the solution and I fully accept that we can add to disclosure to provide the market with more visibility on some of the work that is being carried out in that space.

So bear with us, it is coming. But what is important is to show tangible examples of what we doing. But the work is taking place.

QUESTION:

Yes, that's very clear. In terms of timing, could we expect or could we see something later this year or is it more likely in 2021?

J-S JACQUES:

Every year we have to disclose more. I mean one of the questions I have not discussed with Jakob and Menno yet is, should we have an Investor Day this year because of COVID? But let's say that in the next 12 months we will have an Investor Day and clearly climate change sustainability will be a key feature of it.

We will disclose more because we have nothing to hide. The only caveat I have in my mind to be honest is sometimes some of the work we are doing with our partners is confidential and therefore we are slightly constrained about what we can say.

I mean a good example is our development of new aluminium technology with our peers of Alcoa and Apple, is there are some constraints on what we can disclose, to be honest. But we will find a way to provide to the market more visibility about the real action that we are taking in that space because, as I said, we want to be part of the solution and partnership with our customers is absolutely essential. That's where we are at.

QUESTION:

J-S, I just wanted to talk a little bit about Oyu Tolgoi, no-one has brought it up yet, and I know it is not an easy one, there are a lot of moving parts. But I want to focus more on the estimates you got excluding COVID, and I know you said obviously we are probably going to have to learn to live with it, but I am just wondering what sort of slippage is it causing? You know, like if COVID was to miraculously disappear tomorrow could you get it within the timeline? I am just trying to understand how much that is adding to the timeline? I guess we have got Steve on the line. Thanks.

J-S JACQUES:

Thank you for the question. I will turn maybe to Arnaud first and then Steve, but let me give one simple example of what happened this week, and I am very proud of what the team has achieved. This week it's the first time we were able – or last week, I am lost in the days now – is the first time for maybe four or five months we were able to send a plane with some our colleagues back into Mongolia.

But what people need to understand is, and that's why I have got the utmost respect for the people who have raised their hands to be on this plane, they will have to spend five weeks of quarantine in Mongolia before they can do some work.

So that is a very practical consequence of what COVID means in the context of a project like Oyu Tolgoi - five weeks of quarantine. So we can't send a family and we have to send a colleague for a long period of time. That's the conditions in which we operate.

Now there are some very good stories around how we can use remote technology and so on, but maybe on this note Steve you want to go first or Arnaud you want to go first, whoever.

ARNAUD SOIRAT (CEO, Copper & Diamonds):

Yes, thank you. I would like to comment on the project, which isn't the specific question, and I would just add to J-S's comments that at OT as in all of our other operations a lot of good work has been done to protect our employees from COVID and also to contribute to the well-being of the communities where we operate.

In his video J-S mentioned a lot of innovations that we have put in place with remote access with the experts from all over the world, to be able to carry some complex technical/maintenance activities in the operations and in the project as well with our local workforce. So we are definitely inventing new ways of operating - and COVID is a challenge - it is also full of opportunities and we are trying to seize those opportunities.

So Steve, if you would like to make some comments on the project itself?

STEPHEN McINTOSH (Group Executive, G&I):

Thanks Arnaud and J-S. It's a good question and it is not, as you said, it is not one that we can easily answer as we sit here. As you know, we are working towards the definitive estimate at this time. We now have the final detailed mine design for Panel 0, so those are being flowed into the full assessment of the definitive estimate.

What is happening is that the underground lateral development is going extremely well, so we are still achieving record rates in the mine footprints for the development.

What we have said in this release is that it is the material handling system and the ancillary equipment that is being impacted by COVID delays, and it manifests in a couple of different ways because we also have to adhere to social distancing rules on site according to the government regulations, so it caps us in terms of headcount.

What we are doing at this time is we had to reduce some of our manning levels for the underground construction workforce. We are now trying to bring those back up by

reassigning some of the headcount and capability out of the mine development team back into the construction packages.

At the moment we are running at about 40 per cent of planned rates in the material handling construction – we are just making the changes as we speak - and we are hoping to bring that back up to higher levels.

The other reason why it is complex is because we have now switched from the original panel cave plans to block cave, actually it gives us some advantages because it means we can isolate the components required to deliver Panel 0 initially, and so some parts we can actually go faster in fact.

But we can only do that once we have all of the final designs and we have done the definitive estimate work to understand where all the critical parts now flow, so that will be towards the back end of the year.

The teams will absolutely come up with a framework for how we measure the COVID impacts and how we then think about those on a go-forward basis. But, as we sit here today, we will probably be in a much better position to talk to that in the latter part of the year.

QUESTION:

Thank you. Just as a quick follow up, it is essentially the people that cost all the money there, the fixed costs, so is it fair to say every year it is about half to three-quarters of a billion in just salary costs for the workers?

STEPHEN McINTOSH:

Not really because we actually have very high levels of local workers, much higher than was originally planned. So yes, obviously, there is a cost, there is an overhead cost, in the cost of keeping the workforce going in the project but substantially we also still have the critical elements that are required to go into the material handling systems and then the requirements to complete the shaft sinking and the fit-out components.

Again, it is not that straightforward because we have actually seen a lot of people leave the project as well during this time. So again, I think by the time we get to the end of the year when we are able to talk about the definitive estimates and the go-forward

piece we will be able to talk to the impacts of those rates and the overheads and the fixed costs.

QUESTION:

Great, thanks very much. As you said, J-S, COVID is going to be with us for a long time and I appreciate it's still early but with the resilience and productivity and cost control that you showed in the first half are there any general positive trends or benefits you have uncovered from having to approach the operations in a different way? And I guess conversely when you look out 12 months what will be the longer term issues that leave you concerned here?

J-S JACQUES:

Well, that is a very good question. First of all, let's be clear, COVID is an absolute human tragedy so we shouldn't forget that, but there are some benefits. We did manage to benefit from it and one of the benefits of it is really we are rethinking some of our business model and I give you a few examples of it.

We are clearer about what we need onsite to be able to run it and we find out that we don't need to have as many people as we need to, or used to, to run the site. Now this was enabled by technology to a large extent and I think that's one of the benefits we want to lock in, in the future.

The fact that we had more than 5,000 working from home – it is not always easy working from home and we shouldn't forget that, and I think I made a point in the speech about mental health issues and so on – but because of COVID-19 and because people had to work in a different way we had to be much more focused on what I would describe as the essentials, really the few things that keep the business running.

We had to remove some of what people could describe as distractions and as a result the performance is very strong and therefore we need to lock in some of those benefits going forward.

Now there are some elements which are a question mark at this point in time and one of them is clearly around the global supply chain. That's a piece of work we are

currently doing, which is to say in order to make sure that we have a resilient business model what do we need to do in terms of the supply chain going forward?

At some point in time, and we still have some of the issues in some ways, in that we buy lots of equipment from China, but today the issue is not China itself, is the element - the electronics or whatever that is coming from Europe - to be set up / installed in the equipment in China.

So we are exposed to the global supply chain and therefore there are certain questions that we need to ask ourselves: Should we continue this way? Should we do it a different way? Should we build some strategic inventory scenarios either by ourselves or in partnership with others? That is one of the questions. And the answer is not clear at this point in time.

The other piece is - what is absolutely clear in our mind is - part of the reason why we had like everybody else in the industry and across industry, enter into off-shoring contracts, was to say that if you had a provider with a service centre in India, if the service centre collapsed in India then you move to the Philippines, and if collapsed in the Philippines you move to, I don't know, Poland or Mexico.

What we have experienced in the last few months is that it doesn't always work this way. So there are some questions where we are going to have to bring back in the company, or bring back at least to do some kind of onshoring, in order to make sure that all businesses are resilient in a very volatile and very uncertain environment.

The other areas where we have to do the work, and we are doing it as we speak, is the assumption that we were making even 6 months ago, is that you could move people around all over the world. Today, I can't send any expats in the US, for example; I gave you the example about Mongolia a few minutes ago.

So this whole assumption about the ability to move people on short notice is no longer there, so we need to rethink what do we need on a local basis, what do we need on a regional basis and what is the real very future that we need on a global basis using remote technologies.

So your question is absolutely spot-on, that's the work that we are currently carrying. We don't have all the answers but we want to lock in the new cultures, the new ways of working and we clearly want to lock in the performance we are enjoying today. But

there are some questions which totally need to be worked out in the coming months and the coming years. So, that's where we are at this stage.

QUESTION:

Hello everyone. Thank you very much. I have one follow-up first to a question asked before on Simandou. If I heard correctly, you are now getting down to the optimisation phase to see how you can bring the parameters of the project to a desired level. How long do you think this will take, this preliminary phase, and if you could provide maybe some milestones for a couple of years' ahead for us to understand how you plan to proceed?

My main question is about Winu, if I may, now that it has been officially announced basically that you are going ahead. Is it possible to provide some guidance as to what capex for this project may be, if included in your guidance for the next few years, and what is the planned throughput of the mill? Thank you very much.

J-S JACQUES:

Why don't we start with Winu? Come on Steve, your baby. Tell me or tell us how healthy is the baby here?

STEPHEN McINTOSH:

As we've said previously, and J-S has said, we are very pleased to be able to deliver the maiden resource yesterday and basically we will be on track by the latter part of this year to talk more about timing and schedule and potential costs. We are working through the key elements of the study as we speak.

As we've said, the aim here is to be very agile and to be very innovative in our approach to bringing Winu forward and to the best of our ability we are targeting a 2023 commencement of production. Now we are going through the permitting phase and we are working through the next phase of the metallurgical results etc. There will be a natural size that will come out of that work and we are not ready to talk to that at this time.

But I think the other part I would say is having declared the initial Winu resource, I just need to remind everyone that the resource remains open, North, South and Southeast and at depth, and within two kilometres we are now starting to see there is a very high-grade gold dominated mineralisation.

A lot of it different to Winu itself; this entire area is covered by shallow sand cover, but it is essentially blind which means we need to just keep drilling. So I think, as J-S has said on a number of occasions, there is a concept of potentially a hub or a system. A hub and spoke system here still remains a very viable thesis.

We have explored less than 2 per cent of the land holding and we are seeing really encouraging results in some holes in the very recent times we have just completed drilling. So really exciting I think moment in time here.

JAKOB STAUSHOLM:

I just want to comment just to complete the answer, is to say and clearly we all want to talk about Winu because it is such an exciting project. But back to your question, it is part of our capital guidance. What we do with development projects is that we are risking them in, in our assessments, for the \$6 billion [in 2020] and the \$7 billion in the coming two years. Thank you.

J-S JACQUES:

Thank you. On the question of Simandou, I am not going to commit to any milestone because although we are clear what we want to do which is really to reassess the infrastructure in Rio we have, as I think I said in the speech, we have already lined up some Chinese designs, Institutes and some Chinese engineering companies.

One of the question marks I have in the back of my mind is how much work will be required on-the-ground and how much work we will be able to deliver in the coming months because of COVID-19.

Moving back to my question about moving people, it is very difficult for us to send people into Guinea as we speak, but we will progress it as quickly as we can because we really want to understand the option value here. But I am not in a position today to

give you a specific timetable on the milestones; I mean, I could tell you 12 months but I don't think that's very appropriate at this point in time.

(End of Q&A Session)