

Press release

Rio Tinto and BHP Billiton sign binding agreements on iron ore production joint venture

5 December 2009

On 5 June 2009, Rio Tinto and BHP Billiton signed an agreement of core principles to establish a production joint venture covering the entirety of both companies' Western Australian iron ore assets. The companies today signed binding agreements on the proposed JV that cover all aspects of how the joint venture will operate and be governed.

The companies have also filed submissions with the European Commission and the Australian Competition and Consumer Commission in relation to the proposed production joint venture and expect to submit filings in other relevant jurisdictions shortly. The companies understand that the European Commission will review the production joint venture under Article 101 (formerly Article 81). Taking into account all regulatory review processes and shareholder approvals, Rio Tinto and BHP Billiton anticipate completion of the JV in the second half of calendar year 2010

The production joint venture encompasses all current and future Western Australian iron ore assets and liabilities and will be owned 50:50 by Rio Tinto and BHP Billiton. It will deliver substantial synergies resulting from combining the companies' Western Australian iron ore operations, with the aim of producing more iron ore at lower cost. Rio Tinto and BHP Billiton believe the net present value of these unique production and development synergies will be in excess of US\$10 billion (100 per cent basis). As previously outlined, these synergies are anticipated to come from:

- Combining adjacent mines into single operations;
- Reducing costs through shorter rail hauls and more efficient allocations of port capacity;
- Blending opportunities which will maximise product recovery and provide further operating efficiencies;
- Optimising future growth opportunities through the development of consolidated, larger and more capital efficient expansion projects;
- Combining the management, procurement and general overhead activities into a single entity.

Tom Albanese, chief executive, Rio Tinto, said, "Signing binding agreements brings us one step closer to unlocking the full production potential of our Pilbara iron ore assets and achieving substantial benefits for all our stakeholders. Completing the joint venture is a priority for Rio Tinto in 2010 and I look forward to realising this vision and capturing the synergies for our shareholders."

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BHP Billiton CEO, Marius Kloppers, said, "We are very pleased to now have formal and binding agreements in place to develop this important joint venture. With the history of both companies' attempts to join together these two world-class iron ore operations in WA at various times, this deal has effectively been more than a decade in the making. It is an important milestone towards delivering substantial additional benefits to both sets of shareholders, and to the shareholders of our respective joint venture partners in the Pilbara."

On 15 October 2009, Rio Tinto and BHP Billiton announced that the partners would not proceed with any joint venture marketing activity. This is the only material change to the non-binding core principles agreement signed on 5 June 2009. The production joint venture will deliver all its iron ore output to Rio Tinto and BHP Billiton to sell independently through their own marketing groups.

About Rio Tinto

Rio Tinto is a leading international mining group headquartered in the UK, combining Rio Tinto plc, a London and NYSE listed company, and Rio Tinto Limited, which is listed on the Australian Securities Exchange.

Rio Tinto's business is finding, mining, and processing mineral resources. Major products are aluminium, copper, diamonds, energy (coal and uranium), gold, industrial minerals (borax, titanium dioxide, salt, talc) and iron ore. Activities span the world but are strongly represented in Australia and North America with significant businesses in South America, Asia, Europe and southern Africa.

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