



Committee for Economic Development of Australia

**Looking beyond tomorrow
the role of mineral resources in WA's future**

Sam Walsh
CEO, Rio Tinto Iron Ore

1 August 2006



Four key themes

- **Looking over the horizon:** capturing long term benefits from the current situation
- **Making things happen:** translating visions into achievements as quickly as possible
- **Innovating:** taking note that innovation takes many diverse forms
- **Partnering:** recognising we can't do things alone



Looking at the horizon





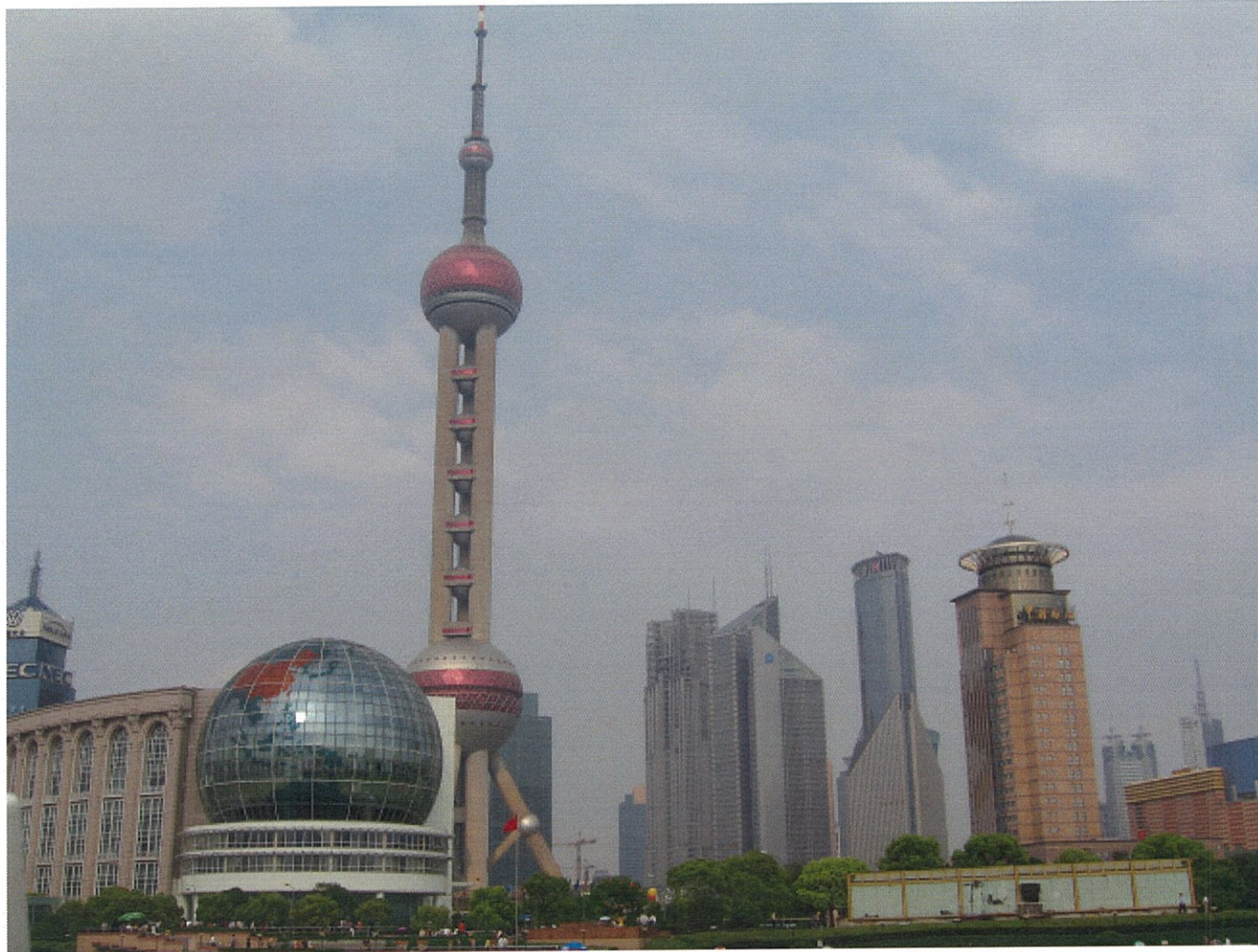
RTIO's trading relationship with China – long term thinking in practice

- Since the 1970s, RTIO has built relationships with Chinese customers
- In the 1980s, Channar joint venture established
- Chinese steel industry now RTIO's largest market
- Continue to look over the horizon for the next ten to twenty years



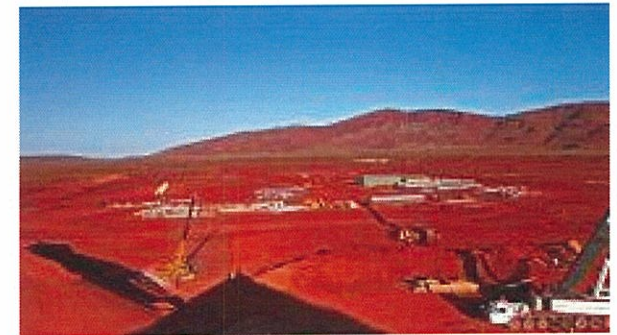
The opening of the Channar mine in 1987 was attended by senior delegates of the Chinese and Australian governments

China's economic growth



Making it happen with expansions

- From one mine, port and rail line in 1966 to ten mines, three ports and the largest privately owned heavy freight rail network in the world in 2006
- With a US\$3.7b expansion programme RTIO has taken on the challenge
- Committed projects:
 - Hope Downs mine
 - Dampier Port expansion
 - Brownfields mine expansion
 - Power
 - Accommodation

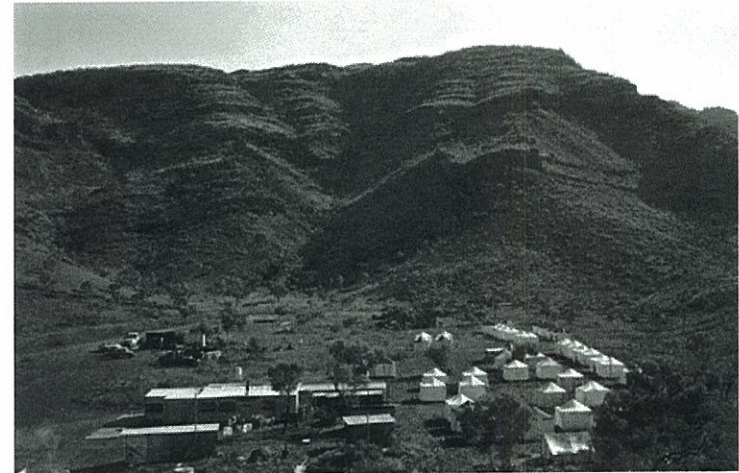




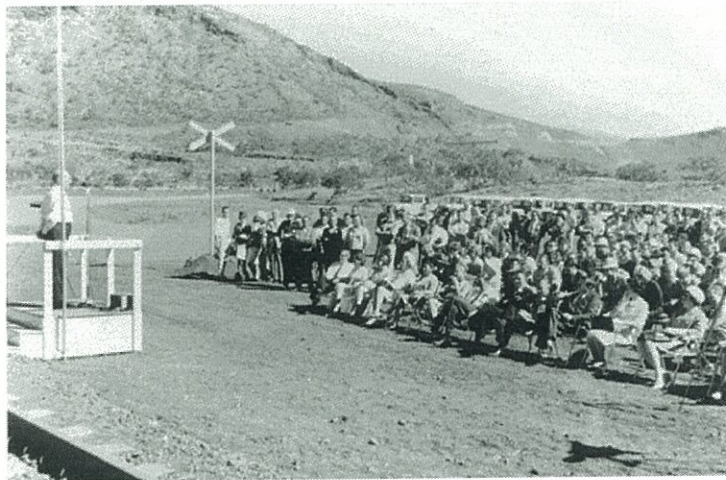
40 years in the Pilbara



Track laying work, 1965/66



Mining camps during construction at Tom Price, April 1965



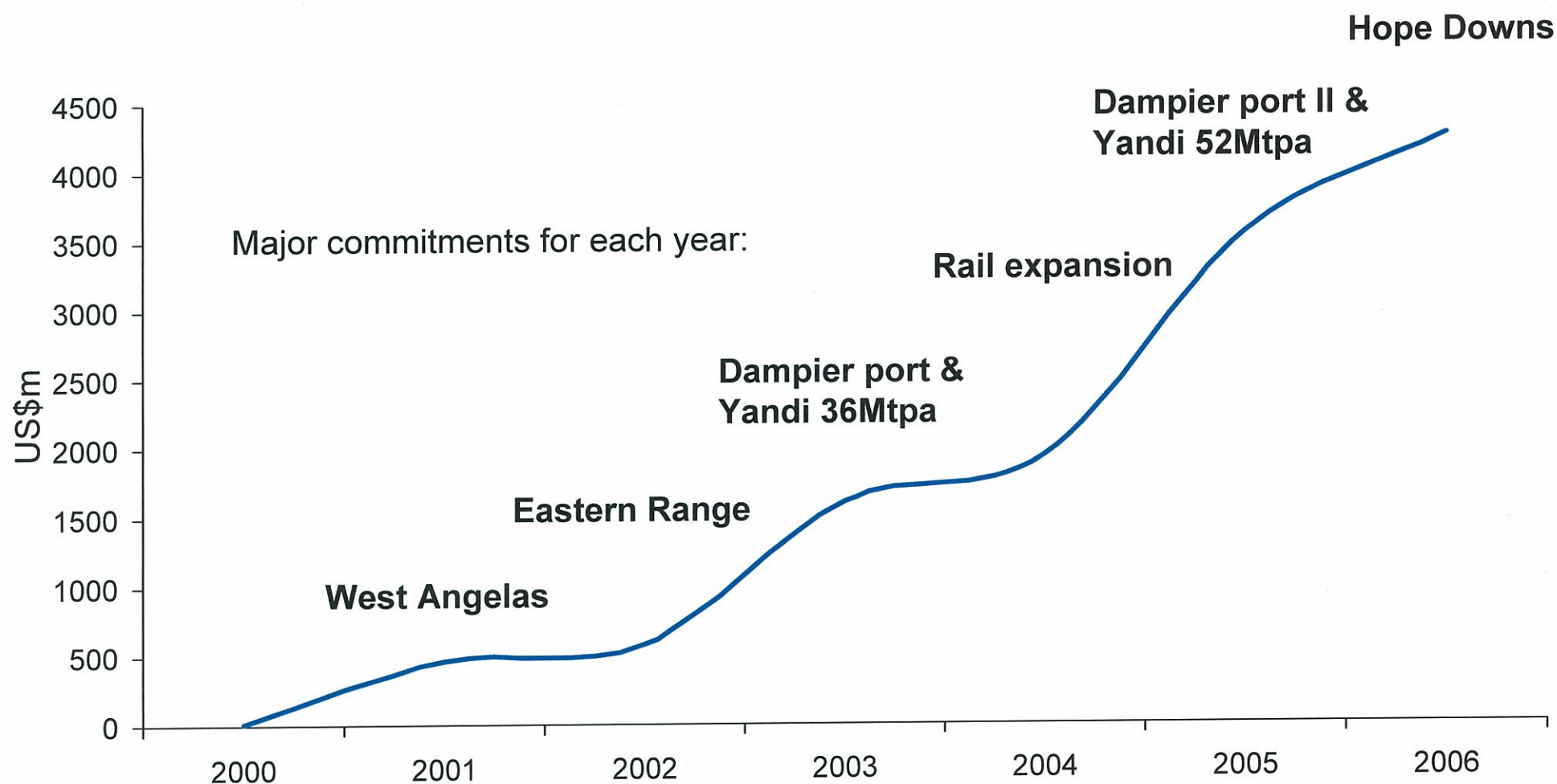
Mount Tom Price official opening, June 1st 1966



New ore cars leaving Parker Point on their arrival, 1966



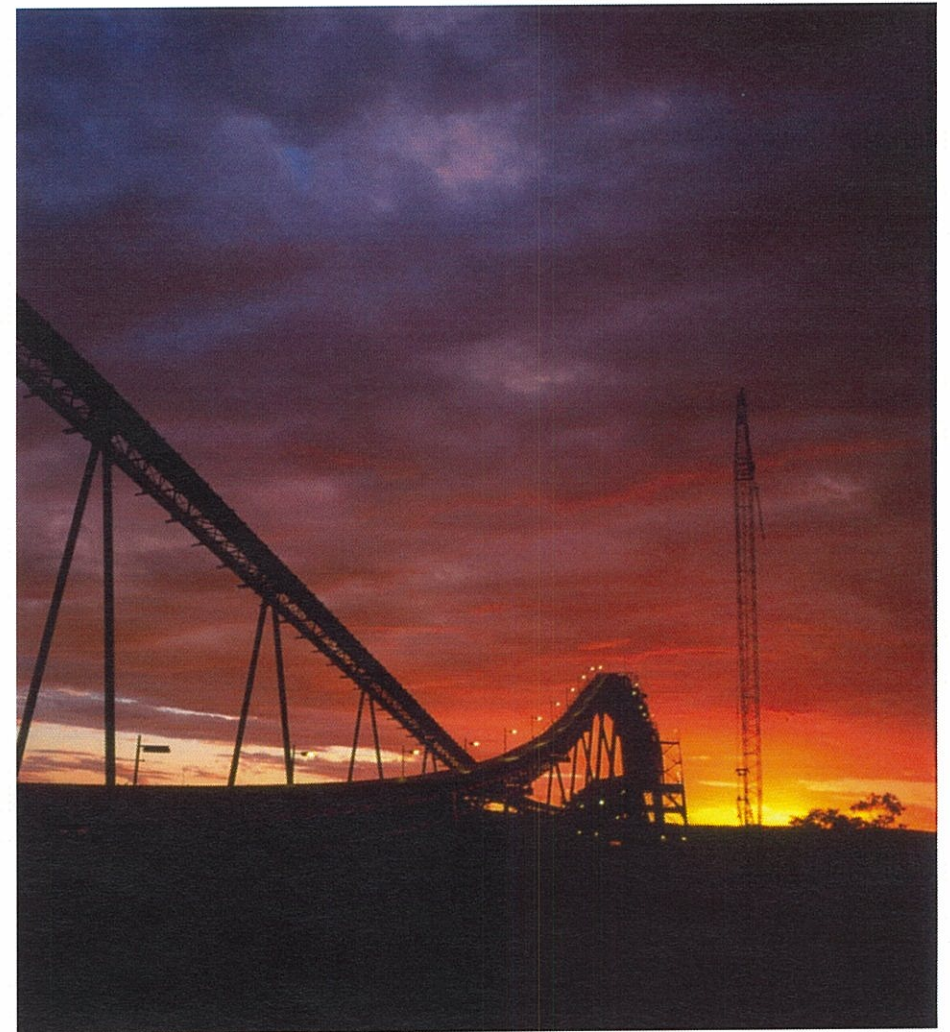
Rio Tinto cumulative iron ore investment since 2000* - more than US\$4 billion



*On a commitment basis – Rio Tinto share

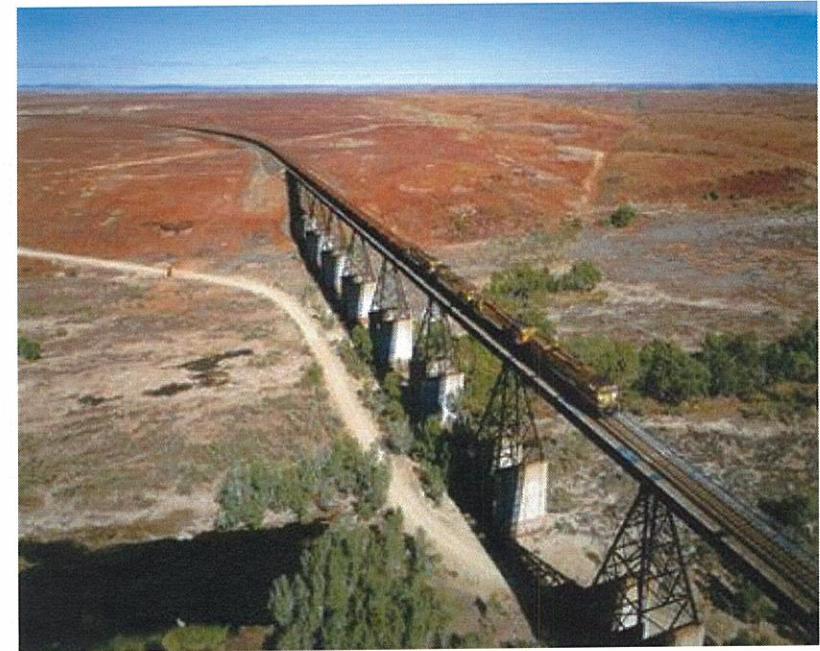
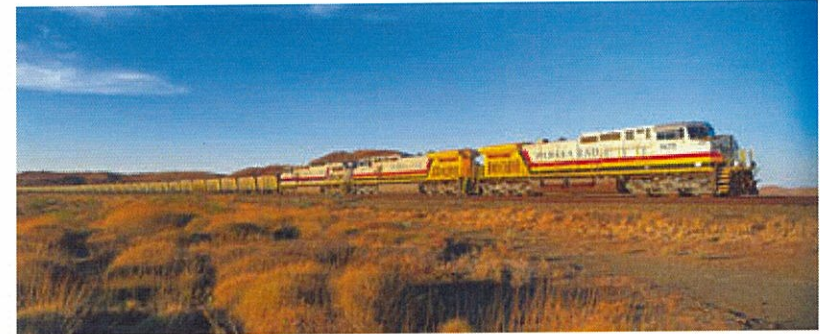
Innovating

- Not all innovation takes place in a laboratory
- Examples:
 - All staff workforce
 - One mine system
 - World class railway
- Strengthening each link of our production chain through innovation



Innovating and improving

- RTIO in WA operates and owns the largest privately owned heavy haul railway in the world
- Continuous investment in latest technologies eg. infra-red sensing, wheel impact detectors, integrated cab-signalling system
- Rail facts:
 - Trains up to 2.4km length
 - Round trip from Dampier to Yandi is 31 hours, almost 900km and uses 20,100 litres of fuel





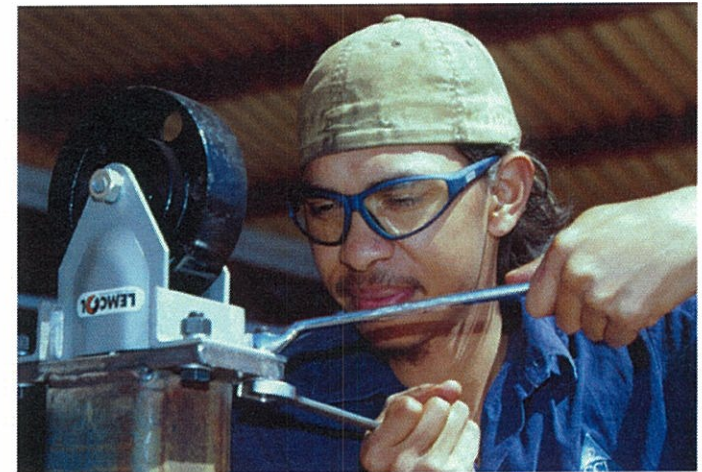
Hismelt in Kwinana

- Hismelt is the largest private research and development project in Australia
- New technology to directly smelt iron ore fines into high quality pig iron without using coke ovens and sinter plants
- Evidence that a mature industry is capable of making dramatic breakthroughs
- Combination of long-term thinking and innovation



Partnering with Government and Aboriginal communities

- RTIO has operated a successful Aboriginal training and liaison program, providing training and employment opportunities since 1992
- However, research indicates most local Aboriginal people are worse off today than 20 years ago
- RTIO cannot work alone and needs partnership approach with Government and communities to make a long-term difference
- No quick-fix: long-term thoughtful approach to solutions required





Rio Tinto Iron Ore's community investment in WA

- Rio Tinto invests \$50M annually on community programs and support for regional infrastructure
- Rio Tinto WA Future Fund developed more than 30 partnerships and committed \$10M in funding since 2001
- Leveraged additional funding of more than \$30M towards community programs in WA

RIO TINTO





The iron ore industry

The iron ore industry may have its roots in the distant past, but we are a state of the art, world class and world scale industry that is vital to West Australians and all Australians



Conclusion

The role of mineral resources in WA's future depends on our willingness to look well beyond tomorrow – and to think of the world as our marketplace

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