

Coal Australia

2008 sustainable development highlights

Highlights from Rio Tinto Coal Australia's 2008 sustainable development results, in the areas of health and safety, people commitment, environment and communities, market position and operational excellence. The full report is available to view online in the 'Our Approach' section of the Rio Tinto Coal Australia and Coal & Allied websites.

www.riotintocoalaustralia.com.au/ourapproach
www.coalandallied.com.au/ourapproach



From the managing director

I am delighted to present Rio Tinto Coal Australia's 2008 sustainable development highlights, which provides a snapshot of our achievements and results throughout the past year.



In 2008 there were no critical environmental incidents, or incidents with regulatory fines or penalties recorded at any of our mines.

Last year brought many highs and lows to Rio Tinto Coal Australia - our best safety performance in six years, record coal prices, record annual coal production at Hail Creek Mine, remarkable teamwork shown by our workforce in the quick recovery from the Queensland floods, and numerous award wins and accolades for our business.

However, to ensure that our approach to sustainable development is not impacted by these or other distractions, we have a commitment to integrate sustainable development into everything we do, from high level business planning to everyday tasks. It is something we take very seriously, and as a result we voluntarily set ourselves stretch targets - in addition to our statutory requirements.

The global economic climate is certainly bringing new challenges to all businesses in 2009, and environment and sustainable development are no exception. Due to this uncertainty we are currently not in a position to set meaningful 2009 targets.

I hope that you enjoy reading this highlights document, and will visit our website for further details. As always, throughout 2009 stakeholders will have the opportunity to provide feedback on our sustainable development reporting through our community consultative committees, and on our websites you can also complete an online feedback section.

Bill Champion
Managing director, Coal Australia

Health and safety

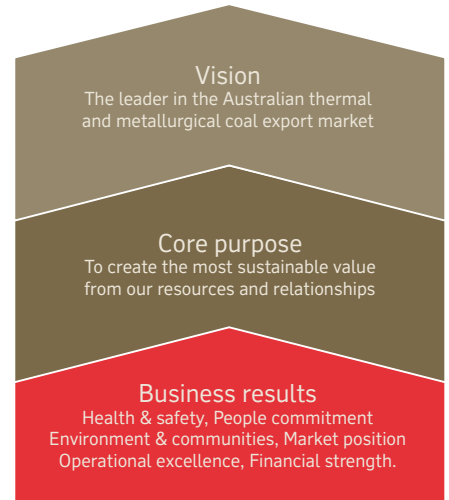
At Rio Tinto Coal Australia, our employees are our most important asset. Our goal is zero injuries and occupational illness. In 2008:

- Rio Tinto Coal Australia recorded an all injury frequency rate of 0.76 injuries per 200,000 hours worked - our lowest since 2003, when our current record keeping was introduced
- Our lost time injury frequency rate was 0.46, an improvement on our 2007 result of 0.53
- We met our voluntary internal target to further imbed Rio Tinto health standards across our sites and implement the health and wellness strategy through the introduction of the Safety Leadership and Development Programme and Achieve Health programme.

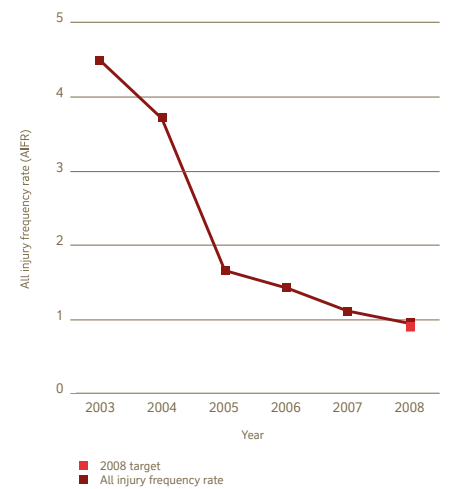
People commitment

To recruit and retain high potential employees, Rio Tinto Coal Australia endeavours to foster good working relationships, provide benefits for work and lifestyle, offer career development and maintain a focus on safety.

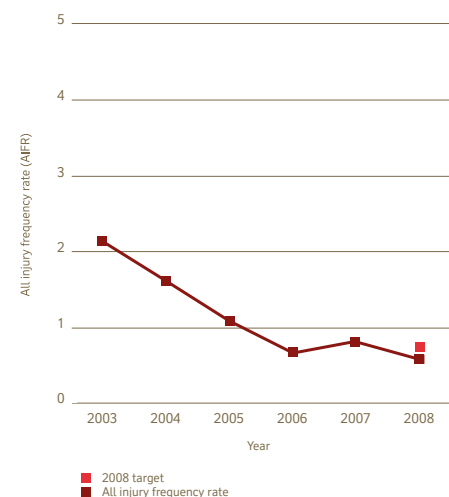
- We employed 1700 people in New South Wales and 1550 in Queensland
- Each site met its target to develop and deliver a human resources plan specific to its business needs
- Twenty seven per cent of the new Clermont Mine's workforce is female, compared to 11 per cent in the mining industry, thanks to the mine's proactive recruitment strategy. This saw the mine win the 2009 Queensland Resource Council's Resources for Women - Best Company Initiative.



Queensland all injury frequency rate



New South Wales all injury frequency rate



Environment and communities

Land

Throughout the life of a mine, we develop a range of environmental plans to manage our impact on land, including providing a framework for rehabilitation and other land management programmes. This framework includes internally set targets. While efforts are made to adhere to these targets, changes in mine planning throughout the year can result in variations to the amount of land disturbed and/or rehabilitated. In 2008:

- We rehabilitated 82 hectares of land in Queensland, eight hectares above our target of 74 hectares. We disturbed 97 hectares of land less than our targeted 344 hectares
- We rehabilitated 179 hectares of land in New South Wales, 19 hectares above our target of 160 hectares. We disturbed 270 hectares of land in New South Wales, 112 more than the targeted 160 hectares, due to changes in mine planning and pit re-designs
- We developed regional Biodiversity Action Plans for all our operations.

Water

Rio Tinto Coal Australia sites use a combination of fresh, poor quality and recycled water, and sets internal targets for freshwater use. We aim to minimise the use of freshwater and maximise the amount of water captured in the pit and recycled through coal processing. Overall in 2008,

Rio Tinto Coal Australia was significantly below its freshwater use target. In 2008:

- Our Queensland sites used 539 litres of freshwater per tonne of product, slightly more than our internal target of 495 litres per tonne of product, but this was due to flooding at Hail Creek Mine
- New South Wales operations used less freshwater (25 litres of freshwater per tonne of product) than our targeted 43 litres of freshwater per tonne of product.

Community

Rio Tinto Coal Australia works to develop robust relationships with the communities in which we operate and contribute to these regions' long term sustainability. In 2008 we:

- Completed a socio economic baseline study for the Bowen Basin in Queensland and incorporated feedback from a completed Hunter Valley study to guide future consultation and communication activities
- Implemented the Clermont Preferred Future Strategy project, led by the Isaac Regional Council, to develop a wider economic base, build self reliance and consider local residents' vitality, health and wellbeing
- Opened a new shopfront in Singleton,

New South Wales to improve our community interaction.

Community safety

Safety is a core value at Rio Tinto Coal Australia operations and we are also involved in a number of community safety initiatives. Safe driving is a key focus of these initiatives. In 2008:

- Kestrel Mine invested \$40,000 in sponsoring defensive driver training for all Emerald Year 12 students for the second year in a row
- Hail Creek Mine ran the 'Road Safe September' programme, which promoted safe driving behaviour on the road travelled by employees and families, and won the 2008 Queensland Road Safety Awards
- We supported the Singleton Driver Reviver programme conducted during the Christmas holiday period.

Climate change

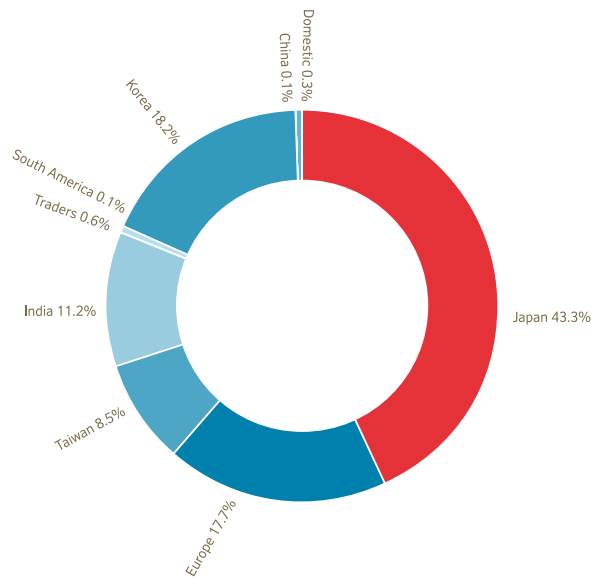
Rio Tinto Coal Australia continued to implement its climate change action plan, aimed at addressing the challenges of climate change through energy management, risk management, clean coal and raising awareness. In 2008:

- Our energy management programme reduced emissions of 38,000 tonnes of CO₂ equivalents, through a range of efficiency programmes across our sites. This built on the reduced emissions of 18,000 tonnes of CO₂ equivalents achieved in 2007
- Our Queensland sites met their voluntary target to use 0.011 gigajoules per tonne of material moved
- Our New South Wales sites used 0.014 gigajoules per tonne of equivalent material moved, narrowly missing their voluntary target of 0.013. Factors that contributed to this result included mine plan changes, degree of product processing to meet market demand and the use of additional fleet vehicles, all of which increase our operations' fuel usage
- We committed around \$10 million to the COAL21 fund to support the deployment of low emissions coal technologies.

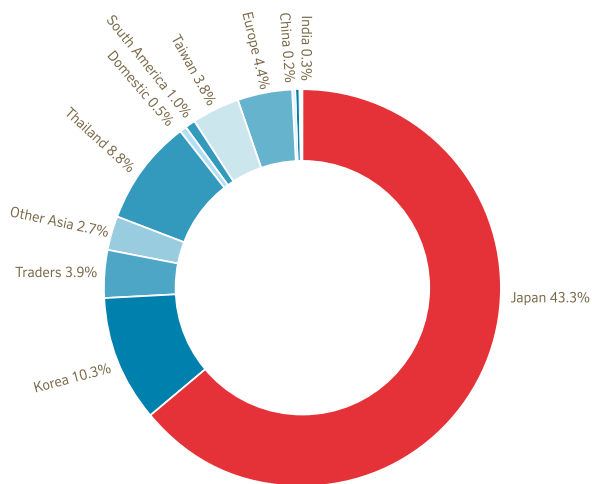
Local residents at the launch of the Clermont Aboriginal Community Development Fund in 2008.



Coking coal product destination
Shipments by market



Thermal and semi-soft coking coal product destination
Shipments by market



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Market position

Asia is the dominant market for Rio Tinto Coal Australia's products, with approximately 56 per cent of total sales made to Japan.

In 2008, Rio Tinto Coal Australia produced more than 22.3 million tonnes of thermal and semi-soft coking coal, and 7.4 million tonnes of hard coking coal.

Operational excellence

Rio Tinto Coal Australia delivered \$655 million in value through business improvement programmes across all operations despite the external impacts of the economic downturn in the latter part of the year. In 2008:

- Coal handling and preparation improvement projects at Hail Creek Mine delivered more than \$52 million of savings for the site
- Projects to improve yield and efficiency at Kestrel Mine through coal processing improvement contributed about one third (\$10.9 million) to Kestrel Mine's \$32.1 million total of value improvements.

Financial strength

In 2008, Rio Tinto Coal Australia contributed net earnings of \$US1.7 billion to Rio Tinto, a 600 per cent increase on 2007. This equated to approximately 16.7 per cent of Rio Tinto Group's earnings in 2008.

Through our operations, we make a significant contribution to the national economy, as well as the economies of Queensland and New South Wales and the local communities surrounding our operations. In 2008:

- In Queensland, we paid \$675 million to suppliers and \$178 million to employees in wages, salaries and benefits
- Coal & Allied paid \$1.17 billion to local, regional and national suppliers to our operations and \$212 million to employees in wages, salaries and benefits.

Community contributions

Since their inception, Rio Tinto Coal Australia's community development funds have contributed approximately \$12 million to the communities around our operations. In 2008:

- Our five community development funds approved close to \$2 million in funding
- Rio Tinto Coal Australia announced the continuation of four funds, committing \$3 million over three years in Queensland and New South Wales
- We also created three new Aboriginal community development funds, the Clermont Aboriginal Community Development Fund, the Wiri Yuwiburra Community Benefits Trust and the Kestrel Aboriginal Community Development Fund.

Read more about our 2008 sustainable development results on our websites.