

Kennecott Utah Copper
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Press Release

Kennecott Utah Copper plans for the next generation of mining and extending economic benefits to Utah

University of Utah study shows company's annual economic impact at nearly \$1 billion

Monday, August 16, 2010

South Jordan, Utah - Rio Tinto's Kennecott Utah Copper today announced it is evaluating the potential to extend the life of the Bingham Canyon Mine and operations to 2028, with study toward additional extensions that may allow continued mining for another 20 to 30 years from now. The extension, called the Cornerstone Project, would be the latest in a long line of major investments over past decades to keep the Mine operating productively and efficiently. Putting this plan in place would, if approved, allow Kennecott to maintain current production levels. Kennecott expects the evaluation process to take two years and approval from the Rio Tinto Board of Directors will be required before beginning the project.

The Mine has been one of Utah's major economic engines for more than a century and has produced 18.7 million tons of copper, which is more copper than any other mine in history. The Mine's output currently comprises nearly 25 percent of U.S. refined copper production. In 2009, Kennecott produced 7 percent of U.S. refined gold, 10 percent of refined silver and 23 percent of molybdenum.

"Kennecott has a great history in the U.S., and this mine extension would be a significant opportunity to continue producing nearly a quarter of the country's copper for years to come," said Kelly Sanders, President and CEO, Kennecott Utah Copper.

Over the next few years, Rio Tinto is looking to make a significant long-term investment in new equipment and technology as part of the Cornerstone Project. That's in addition to the hundreds of millions of dollars that Rio Tinto already spends each year in the local and national economy. According to the University of Utah's Bureau of Economic and Business Research (BEBR), in 2009 Kennecott Utah Copper and Rio Tinto support services in Utah spent \$900 million on employee salaries and benefits, taxes and fees, as well as purchases from about 1,000 Utah area vendors.

BEBR also estimates that extending the life of the Mine will pump an average of \$1 billion a year into the local economy through the mid-2030s. This economic

contribution will decrease beginning in 2021 by an average of \$630 million annually if the Cornerstone investment were not made.

“Rio Tinto’s employment of 2,400 people in Utah has a six-to-one multiplier effect in the local community adding an additional 14,800 indirect jobs,” says Pam Perlich, Senior Research Economist, BEBR. “These 17,200 jobs could grow to 23,000 jobs at its peak if the mine life is extended. In addition, the average pay and benefits for Rio Tinto employees is among the highest in the state at \$93,000, which is double the state average.”

Throughout much of the 20th century, the combined economic activity at Bingham Canyon Mine and related facilities, has sustained more households than any other private Utah firm. In addition, no other single private sector operation has generated more production, exports, income and employment for as many years in Utah. Over the 107-year life of the Bingham Canyon Mine, constant improvements in mining and refining techniques have allowed continued operation as the pit increases in depth and width. While a significant amount of copper (as well as molybdenum, gold and silver) remains, extracting the resources requires greater effort.

“Kennecott provides Utah families with jobs and income, state and local governments with needed tax revenue, and scores of organizations with contributions that make our community a better place to live,” says Lane Beattie, President, Salt Lake Chamber. “Even through down economic times Kennecott remains a steady part of our Utah’s economy.”

The Cornerstone Project entails pushing back the south wall of the Mine about 1,000 feet and deepening the Mine about 300 feet to reach 700 million tons of ore resource. This will require increasing the size of the pit’s fleet of large haul trucks over time, adding an in-pit crusher and another grinding line and supporting equipment at the Copperton Concentrator. Kennecott will also need to generate or procure another 100 megawatts of electricity to power these improvements, and more tailings will be created.

This extension project requires Kennecott to update a number of existing air, water and land permits in order to allow it to move and crush more rock and store more tailings to produce the same amount of copper. As a heavily regulated company, Kennecott will soon begin submitting applications to various state and federal agencies to seek approvals to help keep the operations active for decades to come. Of the 70 primary environmental permits that Kennecott Utah Copper operates under, roughly 25 will require an update to accommodate the Cornerstone Project investment in four areas of the company’s operations: the Mine, Concentrator, Power Plant and Tailings Impoundment. The Refinery and Smelter are adequately sized and will not require any permit updates at this time.

Permit updates are one of the key conditions required to be satisfied in order for Rio Tinto to make the investment contemplated by the Cornerstone Project. In

addition to an open and rigorous state regulatory process, Kennecott will hold public information meetings about the Cornerstone Project beginning later this fall.

“As a mining company, we’re well aware that our activities disturb the land, create waste products and use energy resources,” said Sanders. “We’re committed to reducing these environmental impacts as much as possible. In fact, we have a long history of doing just that. We’ve spent nearly half a billion dollars over the past two decades cleaning up legacy mining sites and reclaiming damaged groundwater. We’ve built one of the cleanest Smelters in the world, and we’re a local and national leader in developing energy-efficient buildings and communities, such as Daybreak.”

Editors Note: Images of the Cornerstone Project are available at www.kennecott.com – click on Cornerstone.

About Kennecott Utah Copper

As the second largest copper producer in the United States, Kennecott Utah Copper comprises nearly 25 percent of U.S. copper production. Kennecott’s Bingham Canyon Mine is the largest man-made excavation in the world. It is one of the top producing copper mines in the world with production at more than 18.7 million tons. In 2009, Kennecott produced approximately 300,000 tons of copper, 500,000 ounces of gold, 4 million ounces of silver, 25 million pounds of molybdenum, and 1.1 million tons of sulfuric acid, a by-product of the smelting process. Rio Tinto purchased the Bingham Canyon Mine and related facilities in 1989 and has invested more than \$2 billion in the modernization since the purchase of KUC’s operations. KUC has also spent more than \$350 million on the cleanup of historic mining waste and \$100 million on groundwater cleanup. Rio Tinto employs 2,400 people and influences 14,800 indirect Utah jobs and spends \$900 million in the state of Utah in wages, benefits, taxes and purchases from nearly 1,000 Utah area businesses. www.kennecott.com

About Rio Tinto

Rio Tinto is a leading international mining group headquartered in the United Kingdom, 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. Rio Tinto has owned Kennecott Utah Copper since 1989. www.riotinto.com

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