
RIO TINTO WESTERN HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012



RIO TINTO WESTERN HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS

D S Larsen
U Quellmann
E B Evans
M D Andrewes

COMPANY SECRETARY

G J C Aldridge

REGISTERED NUMBER

00007132

REGISTERED OFFICE

2 Eastbourne Terrace
London
W2 6LG

AUDITOR

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

RIO TINTO WESTERN HOLDINGS LIMITED

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RIO TINTO WESTERN HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements for the year ended 31 December 2012

PRINCIPAL ACTIVITIES

Rio Tinto Western Holdings Limited (the "Company") is a wholly owned subsidiary of Rio Tinto European Holdings Limited and a member of the Rio Tinto Group (the "Group") The Company is an investment holding company for the Group

BUSINESS REVIEW

The Company's results from year to year are highly sensitive to the timing of dividend flows and of movements in provisions for impairment, and do not necessarily reflect the performance of its group undertakings

During the year, the Company incurred costs under the Group's Global Services Agreement relating to the Group's 30% investment in Minera Escondida Limitada, the owner of a large open pit copper mine in Chile

The Company's directors are of the opinion that there are no meaningful financial or non financial key performance indicators that would be necessary or appropriate for an understanding of the development, performance or position of the Company's activities

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to \$2,066,115,000 (2011 - \$1,182,417,000)

Interim dividends of \$3,920,000,000 (2011 - nil) were paid during the year The directors do not recommend the payment of a final dividend (2011 - nil)

DIRECTORS

The directors who served during the year and to the date of this report were

D S Larsen
B J S Mathews (resigned 3 May 2013)
U Quellmann
J C Juggins (appointed 2 July 2012 & resigned 5 April 2013)
M P Bossick (appointed 20 May 2013 & resigned 24 July 2013)
E B Evans (appointed 2 July 2013)
M D Andrewes (appointed 24 July 2013)

No director had a material interest in any contract or arrangement during the year to which the Company or any subsidiary is or was a party

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's principal risks and uncertainties are integrated with those of the Group and are not managed separately The Group's risk factors and policies for financial risk management are also discussed in its 2012 Annual Report which does not form part of this report

RIO TINTO WESTERN HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

POST BALANCE SHEET EVENTS

Interim dividends of \$990,000,000 and \$380,000,000 were paid on 23 January 2013 and 19 June 2013 respectively relating to the year ended 31 December 2013.

FUTURE DEVELOPMENTS

The Company's future developments are integrated with those of the Group which are discussed in its 2012 Annual Report which does not form part of this report.

INDEMNITIES AND INSURANCE

The Group has purchased directors' and officers' insurance during the year to indemnify individual directors' and officers' personal legal liability and costs for claims arising out of actions taken in connection with the Group's business.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

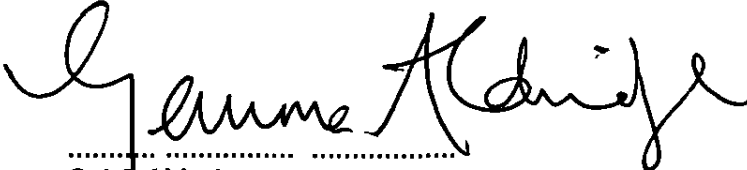
RIO TINTO WESTERN HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012**

AUDITORS

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board and signed on its behalf

A handwritten signature in black ink, appearing to read 'G J C Aldridge', written over a dotted line.

.....
G J C Aldridge
Secretary

Date 7 August 2013

2 Eastbourne Terrace
London
W2 6LG

RIO TINTO WESTERN HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIO TINTO WESTERN HOLDINGS LIMITED

We have audited the financial statements of Rio Tinto Western Holdings Limited for the year ended 31 December 2012, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

RIO TINTO WESTERN HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIO TINTO WESTERN HOLDINGS LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP

David Miller (Senior statutory auditor)
for and on behalf of

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants
London

7 August 2013

RIO TINTO WESTERN HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 \$000	2011 \$000
INVESTMENT INCOME	2	2,076,500	1,200,000
Operating costs		(11,031)	(13,425)
Loss on disposal of investments		-	(9,542)
		<u> </u>	<u> </u>
OPERATING PROFIT	3	2,065,469	1,177,033
Interest receivable	5	2,592	2,479
Interest payable	6	(946)	(95)
		<u> </u>	<u> </u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,067,115	1,179,417
Tax on profit on ordinary activities	7	(1,000)	3,000
		<u> </u>	<u> </u>
PROFIT FOR THE FINANCIAL YEAR	13	<u>2,066,115</u>	<u>1,182,417</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

The notes on pages 8 to 14 form part of these financial statements

RIO TINTO WESTERN HOLDINGS LIMITED
REGISTERED NUMBER: 00007132

BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	\$000	2012 \$000	\$000	2011 \$000
FIXED ASSETS					
Investments	8		7,707,381		7,707,381
CURRENT ASSETS					
Debtors	10	1,570,591		3,390,279	
CREDITORS: amounts falling due within one year	11	(34,197)		-	
NET CURRENT ASSETS			1,536,394		3,390,279
NET ASSETS			9,243,775		11,097,660
CAPITAL AND RESERVES					
Called up share capital	12		44,192		44,192
Share premium account	13		6,958,314		6,958,314
Capital reserve	13		1,107,914		1,107,914
Other reserves	13		131,749		131,749
Profit and loss account	13		1,001,606		2,855,491
SHAREHOLDERS' FUNDS	14		9,243,775		11,097,660

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



.....
D S Larsen
 Director

Date 7 August 2013

The notes on pages 8 to 14 form part of these financial statements

RIO TINTO WESTERN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards. The directors have reviewed the Company's existing accounting policies and consider that they are suitable. The principal accounting policies have been consistently applied.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.2 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Investment income

Income from investments is recognised when the right to receive payment is established. Dividends from subsidiary undertakings registered overseas are presented inclusive of any overseas withholding tax.

1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant cash generating unit or disposal value if higher. The discount rate applied is based upon the Company's weighted average cost of capital, with appropriate adjustment for the risks associated with the relevant unit.

Impairments of investments in subsidiaries carrying exploration and evaluation projects follow the Group's treatment of the capitalisation of exploration and evaluation expenditures which is to capitalise expenses only when there is a high degree of confidence in the projects viability and hence it is probable that future economic benefits will flow.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indications exist, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

RIO TINTO WESTERN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES (continued)

1.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

Deferred tax is recognised in respect of the retained earnings of an overseas subsidiary, associate or joint venture only to the extent that there is a commitment to remit the earnings

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.6 Currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into dollars at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into dollars at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

1.7 Presentation currency

The principal currency affecting the Company's operations is the US dollar, and all financing provided to and by the Company is denominated in the US dollar. Accordingly, the directors regard the US dollar as the principal currency affecting the Company's own cashflows. As a result, the financial statements are presented in US dollars. The year end exchange rate was US\$1.62 : £1 (2011 - US\$1.54 : £1)

1.8 Taxation

The Company does not pay for, or receive payment for, any group relief claimed from, or surrendered to, other Group companies

Withholding taxes incurred on the receipt of interest and dividends from overseas group companies are presented as part of the taxation charge in the profit and loss account

1.9 Reporting format

The Company acts as an investment holding company, and hence the dividends received from investee companies and any impairment provisions against investments are presented as operating items

1.10 Interest

Interest is accounted for on an accruals basis. Interest receivable from subsidiary undertakings registered overseas is presented inclusive of any overseas withholding tax

RIO TINTO WESTERN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES (continued)

1.11 Dividends

Final dividends are recognised when the obligation to make payment is established Interim dividends are recognised when paid

2. INVESTMENT INCOME

All investment income arose from the Americas (2011 - the Americas)

3. OPERATING PROFIT

The auditors remuneration of \$7,390 (2011 - \$7,031) is borne by a fellow Group undertaking

The operating profit is stated after crediting

	2012 \$000	2011 \$000
Difference on foreign exchange	<u>1</u>	<u>(1)</u>

4. STAFF COSTS

The Company has no employees The directors did not receive any remuneration (2011 - \$nil)

5. INTEREST RECEIVABLE

	2012 \$000	2011 \$000
Interest receivable from group undertakings	<u>2,592</u>	<u>2,479</u>

6. INTEREST PAYABLE

	2012 \$000	2011 \$000
Interest payable to group undertakings	<u>946</u>	<u>95</u>

7. TAXATION

	2012 \$000	2011 \$000
UK corporation tax charge/(credit) on profit for the year	<u>1,000</u>	<u>(3,000)</u>

RIO TINTO WESTERN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

7. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%). The differences are explained below

	2012 \$000	2011 \$000
Profit on ordinary activities before tax	2,067,115	1,179,417
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	506,443	312,546
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	2,529
Adjustments to tax charge in respect of prior periods	1,000	-
Non-taxable income	(508,743)	(318,000)
Other differences leading to an increase/(decrease) in the tax charge	2,300	(75)
Current tax charge/(credit) for the year	1,000	(3,000)

Factors that may affect future tax charges

Legislation was enacted in July 2012 to reduce the UK statutory corporation tax rate to 23% effective from 1 April 2013

Legislation was substantively enacted on 2 July 2013 to reduce the UK statutory corporation tax rate to 21% effective from 1 April 2014 and 20% effective from 1 April 2015. These changes have no impact on the tax provisions included in these financial statements prepared to 31 December 2012

8. FIXED ASSET INVESTMENTS

	Investments in subsidiary undertakings \$000
Cost or valuation	
At 1 January 2012 and 31 December 2012	7,718,381
Impairment	
At 1 January 2012 and 31 December 2012	11,000
Net book value	
At 31 December 2012	7,707,381
At 31 December 2011	7,707,381

The principal subsidiaries are shown in Note 9

RIO TINTO WESTERN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

9. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Rio Tinto Peru Limited	England and Wales	100	Investment Holding - Ordinary shares \$1
Rio Tinto America Holdings Inc	USA	100	Investment Holding - Common shares \$0.01
Rio Tinto Escondida Limited	Bermuda	100	Investment Holding - Ordinary shares \$1

10. DEBTORS

	2012 \$000	2011 \$000
Amounts owed by group undertakings	1,570,591	3,387,278
Other debtors	-	1
Tax recoverable	-	3,000
	<u>1,570,591</u>	<u>3,390,279</u>

The above receivables are non-interest bearing and are repayable on demand (2011 - \$1,817,000 was interest-bearing at the one month USD libor rate)

11. CREDITORS

	2012 \$000	2011 \$000
Amounts owed to group undertakings	<u>34,197</u>	<u>-</u>

12. SHARE CAPITAL

	2012 \$000	2011 \$000
Allotted, called up and fully paid		
30,000,000 Ordinary shares of £1 each	43,400	43,400
691,644 Ordinary shares of \$1 each	792	792
	<u>44,192</u>	<u>44,192</u>

RIO TINTO WESTERN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

13. RESERVES

	Share premium account \$000	Capital reserve \$000	Other reserves \$000	Profit and loss account \$000
At 1 January 2012	6,958,314	1,107,914	131,749	2,855,491
Profit for the year				2,066,115
Dividends				(3,920,000)
At 31 December 2012	<u>6,958,314</u>	<u>1,107,914</u>	<u>131,749</u>	<u>1,001,606</u>

An ordinary dividend of \$3,920,000,000 was paid on 4 July 2012, at which point in time, the Company had sufficient distributable reserves to make this payment

In 2000, the Company's share capital was translated into US Dollars at the exchange rate in force when the US Dollar became the functional currency. The resulting currency translation adjustment has been included in the other reserves.

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 \$000	2011 \$000
Opening shareholders' funds	11,097,660	9,915,243
Profit for the year	2,066,115	1,182,417
Dividends (Note 15)	(3,920,000)	-
Closing shareholders' funds	<u>9,243,775</u>	<u>11,097,660</u>

15. DIVIDENDS

	2012 \$000	2011 \$000
Ordinary dividends declared and paid during the year	<u>3,920,000</u>	<u>-</u>

16. RELATED PARTY TRANSACTIONS

The Company is exempt under FRS 8 from disclosing related party transactions between two or more members of a group, as all subsidiaries which are party to the transactions are wholly-owned by the group.

17. POST BALANCE SHEET EVENTS

Interim dividends of \$990,000,000 and \$380,000,000 were paid on 23 January 2013 and 19 June 2013 respectively relating to the year ended 31 December 2013.

RIO TINTO WESTERN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Rio Tinto European Holdings Limited. The ultimate parent undertaking and controlling party is Rio Tinto plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Rio Tinto plc consolidated financial statements can be obtained from 2 Eastbourne Terrace, London, W2 6LG, or from the Rio Tinto website at www.riotinto.com.