
RIO TINTO WESTERN HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013



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COMPANIES HOUSE

RIO TINTO WESTERN HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS

U Quellmann
E B Evans
M D Andrewes
P L Cunningham

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 2013

The directors present their report, the strategic report and the financial statements for the year ended 31 December 2013.

RESULTS AND DIVIDENDS

An impairment charge of \$345,348,000 was booked relating to an investment in Rio Tinto Escondida Limited which owns a 30% interest in Minera Escondida Limitada, an open pit copper mine in Chile. The profit for the year, after taxation, amounted to \$36,588,000 (2012 - \$2,066,115,000).

Interim dividends of \$1,370,000,000 (2012 - \$3,920,000,000) were paid during the year. The directors do not recommend the payment of a final dividend (2012 - nil).

DIRECTORS

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

B J S Mathews (resigned 3 May 2013)
U Quellmann
J C Juggins (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)
D S Larsen (resigned 31 March 2014)
P L Cunningham (appointed 1 April 2014)

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.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' report, strategic 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.

RIO TINTO WESTERN HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

EVENTS SINCE THE END OF THE YEAR

On 30 June 2014 Rio Tinto European Holdings Limited subscribed for 1,150,000 ordinary shares of US\$1.00 each in the Company.

FUTURE DEVELOPMENTS

The Company's future developments are integrated with those of the Group which are discussed in its 2013 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.

DISCLOSURE OF INFORMATION TO AUDITOR

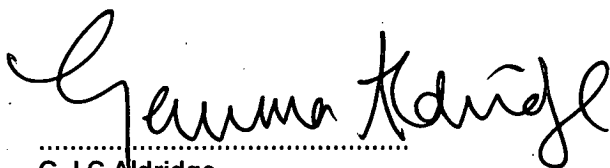
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is 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 relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP, will be deemed to have been reappointed as auditor 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.



.....
G J C Aldridge
Secretary

Date: 9 September 2014

2 Eastbourne Terrace
London
W2 6LG

RIO TINTO WESTERN HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

INTRODUCTION

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.

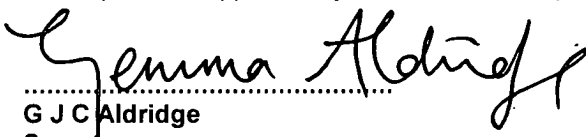
PRINCIPAL RISKS AND UNCERTAINTIES

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 2013 Annual Report which does not form part of this report.

PERFORMANCE INDICATORS

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.

This report was approved by the board on 9 September 2014 and signed on its behalf.


.....
G J C Aldridge
Secretary

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 2013, 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 AUDITOR

As explained more fully in the Directors' responsibilities statement set out on page 1, 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2013 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 Director's report and Strategic 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

Richard Hagley (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

9 September 2014

RIO TINTO WESTERN HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 \$000	2012 \$000
INVESTMENT INCOME	1,2	386,000	2,076,500
Operating costs		<u>(3,183)</u>	<u>(11,031)</u>
OPERATING PROFIT	3	382,817	2,065,469
Interest receivable	5	321	2,592
Amounts written off investments	8	(345,348)	-
Interest payable	6	<u>(1,202)</u>	<u>(946)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		36,588	2,067,115
Tax on profit on ordinary activities	7	<u>-</u>	<u>(1,000)</u>
PROFIT FOR THE FINANCIAL YEAR	13	<u><u>36,588</u></u>	<u><u>2,066,115</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 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 2013

	Note	\$000	2013 \$000	2012 \$000
FIXED ASSETS				
Investments	8		7,362,033	7,707,381
CURRENT ASSETS				
Debtors	10	550,834		1,570,591
CREDITORS: amounts falling due within one year	11	(2,504)		(34,197)
NET CURRENT ASSETS			548,330	1,536,394
NET ASSETS			7,910,363	9,243,775
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		(331,806)	1,001,606
SHAREHOLDERS' FUNDS	14		7,910,363	9,243,775

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



.....
P L Cunningham
 Director

Date: 9 September 2014

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 2013

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 going concern and have concluded that the use of the going concern basis of accounting is appropriate. The directors have considered activities and future plans, and the particular business risks that might arise that could threaten the appropriateness of adopting the going concern basis of accounting. There are no material uncertainties relating to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern.

The directors have reviewed the Company's existing accounting policies and consider that they are suitable. The principle 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 per cent 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 Cash flow statements.

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 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 had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss for the year.

RIO TINTO WESTERN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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\$1.65: £1 (2012 - US\$1.62: £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 2013**

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 (2012 - the Americas).

3. OPERATING PROFIT

The auditors' remuneration of \$6,706 (2012 - \$7,390) is borne by a fellow Group undertaking.

The operating profit is stated after crediting:

	2013 \$000	2012 \$000
Difference on foreign exchange	-	1

4. STAFF COSTS

The Company has no employees (2012 - nil). The directors did not receive any remuneration (2012 - \$nil).

5. INTEREST RECEIVABLE

	2013 \$000	2012 \$000
Interest receivable from group undertakings	321	2,592

6. INTEREST PAYABLE

	2013 \$000	2012 \$000
Interest payable to group undertakings	1,202	946

7. TAXATION

	2013 \$000	2012 \$000
UK corporation tax charge on profit for the year	-	1,000

RIO TINTO WESTERN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

7. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	2013 \$000	2012 \$000
Profit on ordinary activities before tax	36,588	2,067,115
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	8,507	506,443
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	80,293	-
Adjustments to tax charge in respect of prior periods	-	1,000
Non-taxable income	(89,745)	(508,743)
Group relief	945	2,300
Current tax charge for the year	-	1,000

Factors that may affect future tax charges

Reductions to the main rate of UK corporation tax, to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015, were substantively enacted on 2 July 2013.

8. FIXED ASSET INVESTMENTS

	Investments in subsidiary undertakings \$000
Cost or valuation	
At 1 January 2013 and 31 December 2013	7,718,381
Impairment	
At 1 January 2013	11,000
Charge for the year	345,348
At 31 December 2013	356,348
Net book value	
At 31 December 2013	7,362,033
At 31 December 2012	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 2013

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	56.295	Investment Holding - Common shares \$0.01
		43.705	Investment Holding - series A preferred stock
Rio Tinto Escondida Limited	Bermuda	100	Investment Holding - Ordinary shares \$1

10. DEBTORS

	2013 \$000	2012 \$000
Amounts owed by group undertakings	550,834	1,570,591

The above receivables are interest bearing and are repayable on demand (2012 - all amounts were non interest-bearing).

11. CREDITORS

	2013 \$000	2012 \$000
Amounts owed to group undertakings	2,504	34,197

12. SHARE CAPITAL

	2013 \$000	2012 \$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 2013

13. RESERVES

	Share premium account \$000	Capital reserve \$000	Other reserves \$000	Profit and loss account \$000
At 1 January 2013	6,958,314	1,107,914	131,749	1,001,606
Profit for the financial year				36,588
Dividends				(1,370,000)
At 31 December 2013	<u>6,958,314</u>	<u>1,107,914</u>	<u>131,749</u>	<u>(331,806)</u>

An ordinary dividend of \$990,000,000 was paid on 22 January 2013 and a further ordinary dividend of \$380,000,000 was paid on 19 June 2013.

The accumulated loss of \$331,806,000 (2012 - profit of \$1,001,606) includes cumulative investment impairments since 2010 of \$356,348,000 at 31 December 2013 (2012 - \$11,000,000). The directors consider the value of the remaining investments in subsidiaries exceeds book value and, as permitted by Companies Act 2006 S841, diminutions in the value of fixed asset investments since 2010 have been treated as unrealised losses to the extent of the unrecognised value. Accordingly, this part of the overall impairment provision does not impact the distributable reserves of the Company.

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

	2013 \$000	2012 \$000
Opening shareholders' funds	9,243,775	11,097,660
Profit for the financial year	36,588	2,066,115
Dividends (Note 15)	(1,370,000)	(3,920,000)
Closing shareholders' funds	<u>7,910,363</u>	<u>9,243,775</u>

15. DIVIDENDS

	2013 \$000	2012 \$000
Ordinary dividends declared and paid during the year	<u>1,370,000</u>	<u>3,920,000</u>

16. RELATED PARTY TRANSACTIONS

The Company is exempt under FRS 8 Related party disclosures 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.

RIO TINTO WESTERN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

17. POST BALANCE SHEET EVENTS

On 30 June 2014, the Company issued 1,150,000 ordinary shares of US\$1.00 each to Rio Tinto European Holdings Limited for a consideration of US\$1,150,000.

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.