

COMPANY NUMBER 541213

RIO TINTO FINANCE & EXPLORATION plc
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2008

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RIO TINTO FINANCE & EXPLORATION plc

Company Information

DIRECTORS: Mr J R F Bavin
Mr I M Ledlie
Mr M E Murchison
Mr C H Welton

SECRETARY: Mr R P Dowding

REGISTERED OFFICE: 2 Eastbourne Terrace
London
W2 6LG

REGISTERED AUDITORS: PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

RIO TINTO FINANCE & EXPLORATION plc

REPORT OF THE DIRECTORS

The directors present their Annual report, together with the audited financial statements for the year ended 31 December 2008.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

Rio Tinto Finance & Exploration plc ("the Company") is a wholly owned subsidiary of Rio Tinto European Holdings Limited and has been engaged in mineral exploration.

The result for the year was \$nil (2007: \$3,000 profit).

No interim dividend was paid during the year (2007: nil) and the directors do not recommend the payment of a final dividend (2007: nil).

FUTURE DEVELOPMENTS

The directors have no immediate plans to continue mineral exploration and intend to review the future of the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's principal risks and uncertainties are integrated with those of Rio Tinto Group ("the Group") and are not managed separately. The Group's risk factors and policies for financial risk management are discussed in its 2008 Annual report and Full financial statements which do not form part of this report.

KEY PERFORMANCE INDICATORS

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

FINANCIAL RISK MANAGEMENT

As there is no immediate plan to continue mineral exploration the directors do not believe that there are any material financial risks requiring specific management.

DIRECTORS

The names of the directors at the date of this report and who served throughout the year are shown on page 2.

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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period. The financial statements have been prepared on the going concern basis as the directors have satisfied themselves that the Company has access to adequate financial resources to continue in operational existence for the foreseeable future.

RIO TINTO FINANCE & EXPLORATION plc

REPORT OF THE DIRECTORS (continued)

The directors consider that the 2008 Annual report and financial statements present a true and fair view and have been prepared in accordance with applicable accounting standards, using the most appropriate accounting policies, and supported by reasonable and prudent judgements and estimates. The accounting policies have been consistently applied.

The directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial positions of the Company in accordance with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEMNITIES AND INSURANCE

The Group 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 Group business.

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

Elective resolutions to dispense with holding annual general meetings, the laying of financial statements before the Company in general meetings and the appointment of auditors are currently in force. The auditors, PricewaterhouseCoopers LLP, will therefore be deemed to have been re-appointed at the end of the period of 28 days beginning on the day on which copies of this report and financial statements are sent to members unless a resolution is passed under Section 393 of the Companies Act 1985 to the effect that their appointment be brought to an end.

Each of the directors at the time this report was approved has confirmed that:

- so far as the director is aware, there is no relevant audit information (ie information needed by the Company's auditors in connection with preparing their report) of which the auditors are unaware; and
- he or she has taken all steps that they ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the board



M F Murchison
Director
2 Eastbourne Terrace
London
W2 6LG
26 June 2009

RIO TINTO FINANCE & EXPLORATION plc

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIO TINTO FINANCE & EXPLORATION plc

We have audited the financial statements of Rio Tinto Finance & Exploration plc for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Directors and the Company Information page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

26 June 2009

RIO TINTO FINANCE & EXPLORATION plc

PROFIT AND LOSS ACCOUNT For the year ended 31 December 2008

	Note	2008 US\$000	2007 US\$000
Other operating charges	2	-	3
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>-</u>	<u>3</u>
Tax on profit on ordinary activities	4	-	-
RETAINED PROFIT FOR THE YEAR		<u>-</u>	<u>3</u>
MOVEMENT IN RETAINED EARNINGS:			
1 January		11,025	11,022
Retained profit for the year		<u>-</u>	<u>3</u>
31 December		<u>11,025</u>	<u>11,025</u>

All items dealt with in the above profit and loss account relate to discontinued operations.

The Company has no recognised gains or losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

The notes on pages 8 to 10 form part of these financial statements.

RIO TINTO FINANCE & EXPLORATION plc

BALANCE SHEET As at 31 December 2008

	Note	2008 US\$000	2007 US\$000
CURRENT ASSETS			
Debtors	5	38,298	38,298
		<u>38,298</u>	<u>38,298</u>
CREDITORS - due within one year	6	(708)	(708)
NET CURRENT ASSETS		<u>37,590</u>	<u>37,590</u>
 NET ASSETS		 <u>37,590</u>	 <u>37,590</u>
 CAPITAL AND RESERVES			
Share capital	7	8,700	8,700
Share premium account	8	15,225	15,225
Other reserves	8	2,640	2,640
Profit and loss account	8	11,025	11,025
 EQUITY SHAREHOLDERS' FUNDS		 <u>37,590</u>	 <u>37,590</u>

The notes on pages 8 to 10 form part of these financial statements

The financial statements on pages 6 to 10 were approved by the board of directors on 26 June 2009 and were signed on their behalf by:


.....
M E Murchison
Director


.....
C H Welton
Director

RIO TINTO FINANCE & EXPLORATION plc

NOTES TO THE 2008 FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with 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 applied consistently.

(b) Group financial statements

The Company does not produce consolidated financial statements as its results are consolidated into the financial statements of the Rio Tinto Group. In the opinion of the directors the aggregate value of the assets of the Company consisting of shares in, and amounts owing from, its subsidiaries is not less than the aggregate amount at which those assets are included in the balance sheet.

2. OTHER OPERATING CHARGES

	2008 US\$000	2007 US\$000
Write back inter company creditor	-	3
	<u>-</u>	<u>3</u>

3. OPERATING PROFIT

- (a) The auditors' remuneration of \$3,650 (2007: \$12,000), relating to the audit of the Company's accounts, has been borne by a fellow group undertaking.
- (b) The average number of employees during the 12 month period, excluding directors was nil (2007: nil).
- (c) No emoluments were paid or payable to any of the directors during the year in respect of their services to the Company (2007: nil).

RIO TINTO FINANCE & EXPLORATION plc

NOTES TO THE 2008 FINANCIAL STATEMENTS (continued)

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008 US\$000	2007 US\$000
The tax charge/(credit) comprises:		
UK corporation tax at 28.5% (2007 - 30%)	-	-

The reconciliation from the tax charge/ (credit) at the standard rate of UK corporation tax is as follows:

	2008 US\$000	2007 US\$000
Profit on ordinary activities before tax	-	3
Prima facie tax credit at the standard rate of UK corporation tax at 28.5% (2007: 30%)	-	1
Non-taxable income	-	(1)
	-	-

5. DEBTORS

	2008 US\$000	2007 US\$000
Amounts owed by immediate parent undertaking	38,293	38,293
Amounts owed by subsidiary undertakings	5	5
	<u>38,298</u>	<u>38,298</u>

RIO TINTO FINANCE & EXPLORATION plc

NOTES TO THE 2008 FINANCIAL STATEMENTS (continued)

6. CREDITORS - due within one year

	2008 US\$000	2007 US\$000
Amounts owed to fellow group undertakings	708	708
	<u>708</u>	<u>708</u>

7. SHARE CAPITAL

	2008 US\$000	2007 US\$000
Authorised, issued and fully paid 6,000,000 ordinary shares of £1 each	<u>8,700</u>	<u>8,700</u>

8. MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital US\$000	Share premium US\$000	Other reserves US\$000	Profit and loss account US\$000	Total US\$000
At 1 January	<u>8,700</u>	<u>15,225</u>	<u>2,640</u>	<u>11,025</u>	<u>37,590</u>
At 31 December	<u>8,700</u>	<u>15,225</u>	<u>2,640</u>	<u>11,025</u>	<u>37,590</u>

The Company's share capital and share premium were translated into US dollars on 1 November 2000 when the US dollar became its functional currency. The currency translation adjustments have been dealt with in other reserves.

9. CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The financial statements do not include a cash flow statement because the Company is a wholly owned subsidiary and the conditions of Financial Reporting Standards ("FRS") 1 exempting inclusion are satisfied. The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Rio Tinto Group or investees of the Rio Tinto Group.

10. ULTIMATE PARENT UNDERTAKING

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 the Company's registered office at 2 Eastbourne Terrace, London, W2 6LG, or from the Rio Tinto website at www.riotinto.com.