

**COMPANY NUMBER 01599006**

**RIO TINTO TALC LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

July 2008

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COMPANIES HOUSE

DIRECTORS	Mr R P Dowding Mr D S Larsen Mr C Lenon Mr B J S Mathews Mr U Quellmann
SECRETARY	Mr R P Dowding
REGISTERED OFFICE	2 Eastbourne Terrace London W2 6LG
AUDITORS	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

## REPORT OF THE DIRECTORS

The directors present their report, together with the audited financial statements for the year ended 31 December 2007

### BUSINESS REVIEW

Rio Tinto Talc Limited ("the Company") is a wholly owned subsidiary of Rio Tinto plc ("Rio Tinto") The Company is an investment holding company for the Rio Tinto Group and will continue to be so for the foreseeable future

Details of the principal subsidiaries at 31 December 2007 are given on page 12

The results of the Company for the year ended 31 December 2007 are set out on page 7 The Company does not produce consolidated financial statements as its results are consolidated into the financial statements of the Rio Tinto Group The Company's results from year to year are highly sensitive to the timing of dividend flows and of movements in provisions, and do not necessarily reflect the performance of its group undertakings

The Company's profit for the financial year is £26,230 (2006 loss of £11,918,000)

No interim dividend was paid during the year (2006 £nil) The directors do not recommend the payment of a final dividend (2006 £nil)

### PRINCIPAL RISKS AND UNCERTAINTIES

The company's principal risks and uncertainties are integrated with those of the Rio Tinto Group and are not managed separately The Group's risk factors and policies for financial risk management are also discussed in its 2007 Annual report and 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 key performance indicators that would be necessary or appropriate for an understanding of the development, performance or position of the Company's activities

### DIRECTORS

The names of the directors in office at the date of this report are shown on page 2 Mrs A V Lawless resigned as director on 31 July 2007, and Mr C H H Lawton and Mr I C Ratnage resigned on 25 April 2008 Mr B J S Mathews was appointed director on 1 August 2007 and Mr U Quellman was appointed effective 25 April 2008

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

Company law requires the directors to prepare financial statements for each financial year that 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 The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business

**REPORT OF THE DIRECTORS (continued)****STATEMENT OF DIRECTORS' RESPONSIBILITIES (Continued)**

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.

The directors consider that the 2007 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 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**

Rio Tinto plc indemnifies officers of subsidiary companies against liabilities arising from the conduct of the Group's business, to the extent permitted by law, by the placing of Directors' and Officers' insurance.

The insurance indemnifies individual directors' and officers' personal legal liability and cost for claims arising out of actions taken in connection with Group business.

**AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS**

The auditors, PricewaterhouseCoopers LLP, are deemed to have been re-appointed in accordance with an elective resolution passed under Section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006, 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 510 of the Companies Act 2006 to the effect that their appointment be brought to an end.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

BY ORDER OF THE BOARD



B J S Mathews  
Director

2 Eastbourne Terrace  
London W2 6LG  
9 July 2008

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
RIO TINTO TALC LIMITED**

We have audited the financial statements of Rio Tinto Talc Limited for the year ended 31 December 2007 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 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 Directors' Report 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

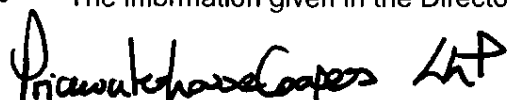
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 2007 and of its profit 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 Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

15 July 2008

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	<u>2007</u> £000	<u>2006</u> £000
Income from shares in subsidiary undertaking		29,212	-
Increase in impairment provisions against investment in subsidiary undertaking		-	(9,592)
Interest payable	3	<u>(2,982)</u>	<u>(2,326)</u>
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		26,230	(11,918)
Taxation on profit / (loss) on ordinary activities	4	<u>-</u>	<u>-</u>
Retained profit / (loss) for the year	9	<u>26,230</u>	<u>(11,918)</u>

**MOVEMENT IN ACCUMULATED PROFIT/(LOSSES)**

At 1 January 2007	(12,582)	(664)
Retained profit / (loss) for the year	<u>26,230</u>	<u>(11,918)</u>
At 31 December 2007	<u>13,648</u>	<u>(12,582)</u>

The Company has no recognised gains and 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 profit for the year stated above and their historical cost equivalents

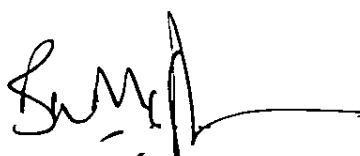
All items dealt within the above profit and loss account relate to continuing operations

The notes on pages 8 to 13 form part of these financial statements

## BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	<u>2007</u> £000	<u>2006</u> £000
FIXED ASSETS			
Investments	5	<u>49,251</u>	<u>40,829</u>
CURRENT ASSETS			
Debtors	6	21,704	683
CREDITORS Amounts falling due within one year	7	<u>(56,480)</u>	<u>(53,267)</u>
NET CURRENT LIABILITIES		<u>(34,776)</u>	<u>(52,584)</u>
NET ASSETS / (LIABILITIES)		<u>14,475</u>	<u>(11,755)</u>
CAPITAL AND RESERVES			
Called up share capital	8	827	827
Profit and loss account	9	<u>13,648</u>	<u>(12,582)</u>
EQUITY SHAREHOLDERS' FUNDS / (DEFICIT)		<u>14,475</u>	<u>(11,755)</u>

The financial statements on pages 6 to 13 were approved by the Board of Directors on 9 July 2008 and signed on its behalf by



B J S Mathews, Director

The notes on pages 8 to 13 form part of these financial statements

**NOTES TO THE 2007 FINANCIAL STATEMENTS****1 ACCOUNTING POLICIES****a) Basis of Accounting**

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable UK accounting standards. The directors have reviewed the Company's existing accounting policies and consider that they are consistent with last year. The principal accounting policies are set out below.

**b) 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.

**c) Interest Income**

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

**d) Taxation**

Payment is made for group relief claimed only to the extent that a corresponding receipt has been claimed by the company surrendering the tax losses. In most cases, the Company does not pay for, or receive payment for, any group relief claimed from, or surrendered to other Group companies.

Withholding tax incurred on the receipt of interest or dividends is presented as part of the tax charge within the profit and loss account.

**e) Deferred Taxation**

Full provision is made for deferred taxation on all timing differences that have arisen but not reversed at the balance sheet date, except that deferred tax assets are only recognised to the extent that it is more likely than not that they will be recovered. Deferred tax is recognised on an undiscounted basis.

**f) Investments**

Fixed asset investments are valued at cost less impairment provisions. 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 income 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.



## NOTES TO THE 2007 FINANCIAL STATEMENTS continued

1 ACCOUNTING POLICIES (Continued)g) Group Financial Statements

Group financial statements have not been prepared as the Company is itself a wholly owned subsidiary of another company incorporated in England and Wales. In the opinion of the directors, the aggregate value of the assets of the Company consisting of shares in, and amounts owing from, its subsidiary companies is not less than the aggregate amount at which those assets are included in the balance sheet.

h) Currency Translation

Transactions denominated in foreign currencies are translated at the rate of exchange ruling on the date of the transaction.

Monetary assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the end of the financial year. Exchange differences, except where they relate to share capital, share premium and reserves, are dealt with in the profit and loss account.

i) Reporting Format

The Company acts as an investment holding company, and hence the dividends received from investee companies, the interest receivable on loans to such companies and provisions relating to its investments are presented within operating profit.

2 OPERATING PROFIT

- a) The auditors' remuneration of £4,680 (2006 £4,500) is borne by a fellow group undertaking.
- b) The average number of persons employed during the year, excluding directors, was nil (2006 nil).

No emoluments were paid to any of the directors in respect of their services to the Company (2006 £nil).

3 INTEREST PAYABLE

	<u>2007</u> £000	<u>2006</u> £000
Interest payable to group companies	<u>2,982</u>	<u>2,326</u>

## NOTES TO THE 2007 FINANCIAL STATEMENTS continued

4 TAXATION

The tax charge based on the result for the year is made up as follows

	<u>2007</u> £000	<u>2006</u> £000
<b>Current tax:</b>		
Double tax relief	<u>(11,544)</u>	<u>-</u>
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

The tax assessed for the year is different from the standard rate of corporation tax in the UK (30%) The differences are explained below

	<u>2007</u> £000	<u>2006</u> £000
Profit / (loss) on ordinary activities before tax	<u>26,230</u>	<u>(11,918)</u>
Profit / (loss) on ordinary activities multiplied by standard rate of tax in the UK 30% (2006 30%)	7,889	(3,575)
Effects of		
Expenses not deductible for tax purposes		2,877
Group relief surrendered for nil consideration		698
Gross up for underlying tax	3,675	-
UK corporation tax on profits of the year	11,544	-
Deduct Double tax relief	<u>(11,544)</u>	<u>-</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

Legislation was enacted in 2007 that reduced the UK statutory corporation tax rate to 28%, effective 1 April 2008

5 INVESTMENTS IN SUBSIDIARIES

	<u>2007</u> £000	<u>2006</u> £000
<b>Cost</b>		
At 1 January 2007	61,921	61,921
Additions	<u>8,422</u>	<u>-</u>
At 31 December 2007	<u>70,343</u>	<u>61,921</u>
<b>Provision</b>		
At 1 January 2007	21,092	11,500
Charged in the year	-	9,592
Released in the year	<u>-</u>	<u>-</u>
At 31 December 2007	<u>21,092</u>	<u>21,092</u>
Net book value at 31 December 2007	<u>49,251</u>	<u>40,829</u>

## NOTES TO THE 2007 FINANCIAL STATEMENTS continued

5 INVESTMENTS IN SUBSIDIARIES (Continued)

The impairment provision relates to two subsidiary undertakings involved in the mining of talc. It has been calculated so as to ensure that the carrying value of the relevant assets are the same as the realizable value of those assets. The impairment provision is reviewed annually and any change in the provision required is released/charged through the profit and loss account.

The following information relates to the Company's principal subsidiaries at 31 December 2007

Company	Country of incorporation	Class of shares held	% held	Principal activities
Luzenac Val Chisone SpA	Italy	Ordinary shares of €1	99.51	Mining
Luzenac Micro Milling Limited	England and Wales	Ordinary shares of £1	100	Mineral processing
Luzenac Sierra SA de CV	Mexico	Ordinary shares of MXP 1	100	Mining
Luzenac Borax et Mineraux SA and through Luzenac Borax et Mineraux SA	France	Ordinary shares of €38.15	100	Holding company
- Talc de Luzenac SA	France	Ordinary shares of €15	100	Mining
- Borax Francais SA	France	Ordinary shares of €15.25	100	Mineral processing
- Luzenac SET SA	Spain	Ordinary shares of €1000	100	Mining
- Luzenac Nantsch GmbH	Austria	Ordinary shares of €72.67	100	Mining

These companies are all subsidiaries and fellow group undertakings

## NOTES TO THE 2007 FINANCIAL STATEMENTS continued

6 DEBTORS

	<u>2007</u> £000	<u>2006</u> £000
Amounts receivable from group undertakings	<u>21,704</u>	<u>683</u>

7 CREDITORS Amounts falling due within one year

	<u>2007</u> £000	<u>2006</u> £000
Amounts owed to parent undertaking	56,144	53,237
Amounts owed to fellow subsidiary undertaking	<u>336</u>	<u>30</u>
	<u>56,480</u>	<u>53,267</u>

Amounts owed to Group undertakings above are subject to interest payable at an applicable average 3 month LIBOR, except where the subsidiary is dormant and are repayable on demand

8 SHARE CAPITAL

	<u>2007</u> £000	<u>2006</u> £000
Authorised 1,000,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, issued, called-up and fully paid 826,828 ordinary shares of £1 each	<u>827</u>	<u>827</u>

9 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS/DEFICIT

	<u>Share capital</u> £000	<u>Profit and loss account</u> £000	<u>Total</u> £000
Opening shareholder's funds / (deficit)	827	(12,582)	(11,755)
Profit for the year	<u>-</u>	<u>26,230</u>	<u>26,230</u>
Closing shareholder's funds/deficit	<u>827</u>	<u>13,648</u>	<u>14,475</u>

10 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 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.

**NOTES TO THE 2007 FINANCIAL STATEMENTS continued****11 ULTIMATE PARENT UNDERTAKING**

The immediate parent undertaking is Rio Tinto Overseas 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 Group consolidated financial statements can be obtained from 2 Eastbourne Terrace, London W2 6LG, alternatively these can be obtained from the Rio Tinto website at [www.riotinto.com](http://www.riotinto.com).