

Registration number: 03075230

Rio Tinto Marketing Services Limited

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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RIO TINTO MARKETING SERVICES LIMITED

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RIO TINTO MARKETING SERVICES LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|--|
| DIRECTORS | E Model A K Chirgwin |
| COMPANY SECRETARY | Rio Tinto Secretariat Limited |
| REGISTRATION NUMBER | 03075230 |
| REGISTERED OFFICE | 6 St James's Square London United Kingdom SW1Y 4AD |
| INDEPENDENT AUDITORS | PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London United Kingdom WC2N 6RH |

RIO TINTO MARKETING SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their Strategic report on Rio Tinto Marketing Services Limited (the "Company") for the year ended 31 December 2016.

Introduction

The Company was incorporated, domiciled and registered in England and Wales under the Companies Act 2006 and is a company limited by shares. The Company's ultimate parent undertaking and controlling party is Rio Tinto plc, which together with Rio Tinto Limited and their respective subsidiaries form the Rio Tinto Group (the "Group").

The Company provides marketing services to other members of the Group.

Business review

The Company provides marketing services to Kennecott Molybdenum Company for which it receives a commission. It also incurs salary and service costs charged from other group undertakings.

Principal risks and uncertainties

The Company's principal risks and uncertainties, such as financial, operational and compliance risks, are integrated with those of the Group and are not managed separately.

Assessment of the potential economic and non-economic consequences of risks is undertaken by the Group's business units and functions using the framework defined by the Group's Risk policy and standard. Once identified, each principal risk and uncertainty is reviewed and monitored by the relevant internal experts and by the Risk Management Committee, the relevant board committees and the board. Full details of the Group's risk factors and policies for financial risk management are discussed in its 2016 Annual Report which does not form part of this report.

Key performance indicators

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

The report was approved by the Board and signed on its behalf.



E Model
Director

Date: 29/9/2017

RIO TINTO MARKETING SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The report and the audited financial statements for the year ended 31 December 2016.

Results and dividends

The profit for the financial year, after taxation, amounted to £425,000 (2015: £3,061,000).

No interim dividend was paid during the year (2015: £nil) and the directors do not recommend the payment of a final dividend (2015: £nil).

Directors

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

A K Chirgwin (appointed 12 June 2017)

S C Farry (resigned 12 June 2017)

E Model

The directors had no 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 director is responsible for preparing the Strategic report, the Directors' report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare audited financial statements for each financial year. Under that law the director has elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). Under Company law the director must not approve the audited financial statements unless 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 audited financial statements, the director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements 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 audited financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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 to ensure that the audited financial statements comply with the Companies Act 2006, 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.

Principal activity

The Company provides marketing services to other members of the Group.

Future developments

The Company's future developments are integrated with those of the Group which are discussed in the Group's 2016 Annual Report, which does not form part of this report.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

RIO TINTO MARKETING SERVICES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

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 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 relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board and signed by order of the Board.



C. BRIDGES

Director, for and behalf of Rio Tinto Secretariat Limited
Company Secretary

Date: 29/9/2017

6 St James's Square
London
United Kingdom
SW1Y 4AD

RIO TINTO MARKETING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIO TINTO MARKETING SERVICES LIMITED

Report on the financial statements

Our opinion

In our opinion, Rio Tinto Marketing Services Limited's (the "Company") financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report and the Directors' report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

RIO TINTO MARKETING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIO TINTO MARKETING SERVICES LIMITED (CONTINUED)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.



Nigel Comello (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 29/09/17

RIO TINTO MARKETING SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

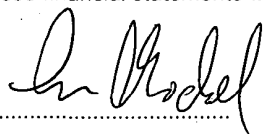
| | Note | 2016 £'000 | 2015 £'000 |
|--|------|---------------|---------------|
| Revenue | 2 | 660 | 3,965 |
| Employee benefits expense | 4 | (420) | (205) |
| Other operating charges | | (544) | (429) |
| Net foreign exchanges gains | | 705 | 357 |
| Finance income | 3 | 24 | 28 |
| Profit before taxation | | 425 | 3,716 |
| Taxation | 6 | - | (655) |
| Profit for the financial year | | 425 | 3,061 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 425 | 3,061 |

RIO TINTO MARKETING SERVICES LIMITED

(REGISTRATION NUMBER: 03075230)
BALANCE SHEET AS AT 31 DECEMBER 2016

| | Note | 2016 £'000 | 2015 £'000 |
|-----------------------------|------|---------------|---------------|
| ASSETS | | | |
| Current assets | | | |
| Trade and other receivables | 7 | 11,179 | 10,636 |
| Total assets | | 11,179 | 10,636 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 8 | (779) | (661) |
| Total liabilities | | (779) | (661) |
| Net assets | | 10,400 | 9,975 |
| EQUITY | | | |
| Share capital | 9 | - | - |
| Retained earnings | | 10,400 | 9,975 |
| Total equity | | 10,400 | 9,975 |

These financial statements were approved and authorised by the Board and signed on its behalf by:



E Model

Director

Date: 29/9/2017

RIO TINTO MARKETING SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

| | Share capital £'000 | Retained earnings £'000 | Total equity £'000 |
|--|------------------------|-------------------------------|-----------------------|
| At 1 January 2016 | - | 9,975 | 9,975 |
| Comprehensive income: | | | |
| Profit for the financial year | - | 425 | 425 |
| Other comprehensive income | - | - | - |
| Total comprehensive income for the year | - | 425 | 425 |
| At 31 December 2016 | - | 10,400 | 10,400 |

| | Share capital £'000 | Retained earnings £'000 | Total equity £'000 |
|--|------------------------|-------------------------------|-----------------------|
| At 1 January 2015 | - | 6,914 | 6,914 |
| Comprehensive income: | | | |
| Profit for the financial year | - | 3,061 | 3,061 |
| Other comprehensive income | - | - | - |
| Total comprehensive income for the year | - | 3,061 | 3,061 |
| At 31 December 2015 | - | 9,975 | 9,975 |

RIO TINTO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation of financial statements

The financial statements have been prepared using the historical cost convention, and in accordance with the Companies Act 2006, as applicable to companies using Financial Reporting Standard 101 'Reduced disclosure framework (FRS 101)'.

As a result of the amendments to FRS 101 issued in July 2015 and effective for reporting periods beginning 1 January 2016, the financial statements are now presented in accordance with IAS 1 'Presentation of financial statements'.

The financial statements are presented in Pound Sterling (GBP) and all amounts are rounded to the nearest thousand (£000) unless otherwise stated.

1.2 Financial reporting standard 101 - Reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 'Financial Instruments: Disclosures';
- the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement';
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 'Presentation of Financial Statements';
- the requirements of IAS 7 'Statement of Cash Flows';
- the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
- the requirements of paragraph 17 of IAS 24 'Related Party Disclosures';
- the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given in the consolidated financial statements which can be obtained as set out in Note 11.

1.3 Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

RIO TINTO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

1.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.5 Interest income

Interest income is recognised on a time proportionate basis using the effective interest method.

1.6 Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

Individual receivables which are known to be uncollectable are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that impairment has occurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The Company considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtors;
- probability that the debtor will enter bankruptcy or financial reorganisation; or
- default or delinquency in payments.

1.7 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid.

The amounts are unsecured and are usually paid within 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.8 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). These financial statements are presented in Pound Sterling (GBP), which is the Company's functional and presentation currency.

RIO TINTO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

(b) Transactions and balances

Transactions denominated in other currencies are converted to the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at year-end exchange rates. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are translated using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

1.9 Current and deferred income tax

Current tax, including UK corporation tax and overseas tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Except as otherwise required by IAS12 "Income Taxes", deferred tax is provided in full on temporary differences at the balance sheet date.

2 Analysis of revenue

| | 2016 £'000 | 2015 £'000 |
|---------------|---------------|---------------|
| North America | 660 | 3,965 |
| | <u>660</u> | <u>3,965</u> |

3 Finance income

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Interest receivable from group companies | 24 | 28 |
| | <u>24</u> | <u>28</u> |

RIO TINTO MARKETING SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

4 Employee benefit expenses

The aggregate payroll costs (including remuneration) were as follows:

| | 2016 £'000 | 2015 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 332 | 154 |
| Social security costs | 39 | 22 |
| Other pension costs | 46 | 29 |
| Other benefits | 3 | - |
| | <u>420</u> | <u>205</u> |

- (a) No emoluments were paid or payable to directors during the year in respect of their services to the Company (2015: £nil)
- (b) The average number of persons employed during the year, excluding directors, was 5 (2015: 4).
- (c) Employees who are involved in the management and operation of the Company have contracts of service with other Group entities and therefore their remuneration is included within those entities' financial statements

5 Auditors' remuneration

The audit fee of £5,479 (2015: £5,479) is borne by another group company.

RIO TINTO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

6 Taxation

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Current tax on profits for the year | - | 654 |
| Total current tax | - | 654 |
| Deferred tax | | |
| Origination and reversal of timing differences | - | 1 |
| Total tax charge for the year | - | 655 |

Factors affecting tax charge for the year

The tax on profit before tax for the year is lower than (2015 - lower than) the standard rate of corporation in the UK of 20% (2015 - 20.25%).

The differences are reconciled below:

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Profit before tax | 425 | 3,716 |
| Profit multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%) | 85 | 752 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 5 | 1 |
| Capital allowances for year in excess of depreciation | - | (1) |
| Group relief | (90) | (97) |
| Total tax charge for the year | - | 655 |

Factors that may affect future tax charges

A reduction to the main rate of UK corporation tax to 19%, with effect from 1 April 2017, was substantively enacted on 26 October 2015. A further reduction to 17%, with effect from 1 April 2020, was substantively enacted on 6 September 2016. Any deferred tax balances have been calculated at the reduced rates to the extent that they unwind.

RIO TINTO MARKETING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

7 Trade and other receivables

| | 2016 £'000 | 2015 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed by group undertakings | 11,179 | 10,636 |
| | <u>11,179</u> | <u>10,636</u> |

Included within amounts owed by group undertakings is £6,362,784 (2015: £6,683,808) of interest bearing balances. These amounts are repayable on demand. Interest is earned on these balances based on GBP LIBOR plus a margin.

8 Trade and other payables

| | 2016 £'000 | 2015 £'000 |
|------------------------------------|---------------|---------------|
| Trade payables | 2 | 3 |
| Amounts owed to group undertakings | 311 | 654 |
| Other payables | 8 | 4 |
| Accruals | 458 | - |
| | <u>779</u> | <u>661</u> |

Amounts owed to group undertakings are payable on demand and bear no interest.

9 Share capital

Allotted, called up and fully paid shares

| | 2016 | | 2015 | |
|-----------------------------------|----------|----------|----------|----------|
| | No. | £ | No. | £ |
| Ordinary share capital of £1 each | <u>2</u> | <u>2</u> | <u>2</u> | <u>2</u> |

10 Related party transactions

The Company has taken advantage of the exemption contained within paragraph 8(k) of FRS 101, and has not disclosed transactions entered into with wholly-owned group entities.

11 Parent and ultimate parent undertaking

The Company's immediate parent is Rio Tinto London Limited. The ultimate parent undertaking and controlling party is Rio Tinto plc. Copies of the Rio Tinto plc consolidated financial statements can be obtained from the registered office at 6 St James's Square, London, SW1Y 4AD or from the Rio Tinto website at www.riotinto.com.

12 Post balance sheet events

There have been no significant events affecting the Company since year end.