

Rio Tinto

Rio Tinto New Zealand Retirement Fund

Annual report

for the year ended 30 June 2010

reAl
SUPER

Contents

- 1 Message from the Chair
- 2 Investment markets overview
- 3 More about investments and earnings
- 4 How your investment options performed
- 7 How the Fund performed
- 8 Investment management
- 9 Fund management
- 11 Further information
- 14 Summary financial report
- 16 Audit report
- 17 Trustees' statement

S99442
6063FS
EAM

Message from the Chair



On behalf of my fellow Trustees, I am pleased to bring you the Fund's annual report for the year ended 30 June 2010.

At the time last year's report was prepared, many commentators were pointing to recovering share markets as evidence that the worst of the Global Financial Crisis was behind us. Apart from some nervousness, which led to short-term volatility, this optimism continued through to early 2010.

However, concerns then started to surface about what might happen when stimulus programmes, instigated by governments to protect their economies against the full impact of the Global Financial Crisis, started to wind down. Government debt problems also surfaced in some European

countries such as Greece, Portugal and Spain and these, combined with worse than expected US economic data and concerns about a house price bubble and inflation in China, saw share markets fall sharply in the final quarter of the Fund year.

your super a good 'once over' for the year, checking to see whether your nominated beneficiaries are up-to-date and that the investment strategy you have chosen still suits your personal circumstances and preferences. It can also be a valuable time to check whether your benefit is likely to grow to meet your retirement savings expectations and to adjust the level of your personal contributions or investment strategy if you identify a potential shortfall.

The Trustees continue to look at ways to give you more flexibility to manage your super. From 1 January 2010, you have been able to mix and match investment options, that is spread the investment of your Fund account balances across two or more of the

“Despite the impact of the final quarter's share market downturn, the Fund's investment options have provided robust returns.”

countries such as Greece, Portugal and Spain and these, combined with worse than expected US economic data and concerns about a house price bubble and inflation in China, saw share markets fall sharply in the final quarter of the Fund year.

Despite the impact of the final quarter's share market downturn, the Fund's investment options have provided robust returns. The Fund's Growth option earned 10.03% for the year ended 30 June 2010, and the Balanced and Conservative options 9.75% and 8.66% respectively. Returns are quoted net of tax and investment management fees. More information about the performance of the Fund's investment options and the investment market conditions over the year ended 30 June 2010 appears later in this report.

The Fund's Investment Committee, assisted by its investment consultants, continues to closely monitor investment performance and will carry on seeking the best returns for members. You can read more about the Fund's investment returns for 2009–10 on pages 5–7, or see the full list of investment managers on page 8.

To see how the Fund's performance affected your super, check your Annual Membership Statement included with this report. Statement time is often a good reminder to give

Fund's four investment options. If you are not sure which option (or combination of options) is right for you, you can now call the Fund Member Helpline for limited assistance choosing an investment strategy that suits your personal circumstances and preferences.

Recognising that employees now remain in the workforce for longer, new rules have also been introduced for members who continue to work past age 65. Employer contributions now continue beyond New Zealand Superannuation age (currently 65), although at a lower rate if you elect to stop contributing.

For further information about any of the above, refer to the Fund's current Investment Statement or visit the website www.realsuper.superfacts.co.nz.

The new Fund year seems likely to be challenging with the likelihood of continuing volatility in investment markets. However, we are confident that the Fund is well positioned to manage these demands and will continue to develop as one of the pre-eminent employer sponsored superannuation schemes in New Zealand.

Xiaoling Liu
Chair of Trustees

Investment markets overview

What happened in investment markets over the Fund year

The first three quarters of the 2009-10 financial year saw the global economy continue to recover from the Global Financial Crisis (GFC). However, an upset in the final quarter has taken back some of the gains made, leaving a weak outlook for global growth for the rest of 2010 and into early next year.

The worst of the GFC was over by July 2009. At that time, we had already seen share markets rebound for one quarter and strong growth would continue for the rest of 2009 and into the first few months of 2010. However, while we were well through the worst of the GFC, the volatile nature of investment markets remained evident.

That volatility was particularly apparent in May 2010, causing a final quarter upset driven primarily by the escalation of European sovereign (government) debt risks, originating in Greece but spreading to other areas of Europe. This so-called Sovereign Debt Crisis, along with an apparent sharp slowdown in Chinese economic growth, had a negative impact on share markets and other listed securities (e.g. listed property, listed infrastructure) over the closing months of the financial year.

However, it was not all bad news. Whilst share markets were very weak in May, New Zealand investors with unhedged global assets benefited from a sharp fall in the New Zealand dollar against most major currencies (other than the Australian dollar).

Meanwhile, bond markets continued to recover, with sovereign bonds in particular providing a safe haven. Ironically, in a period dominated by concerns over sovereign debt risk, sovereign bonds (which are effectively investments in sovereign debt) outperformed all other asset classes. For example over the final three months of the 2009-10 financial year, the sovereign bonds asset class (in New Zealand and overseas) was up over 3% whilst New Zealand and overseas share market investments declined by between 9% and 12%.

During the GFC, sovereign bonds proved to be “true to label”, meaning they performed in line with expectations for a so-called “defensive” asset class, delivering positive absolute returns. Other defensive asset classes (e.g. global credit) did not.

The outlook

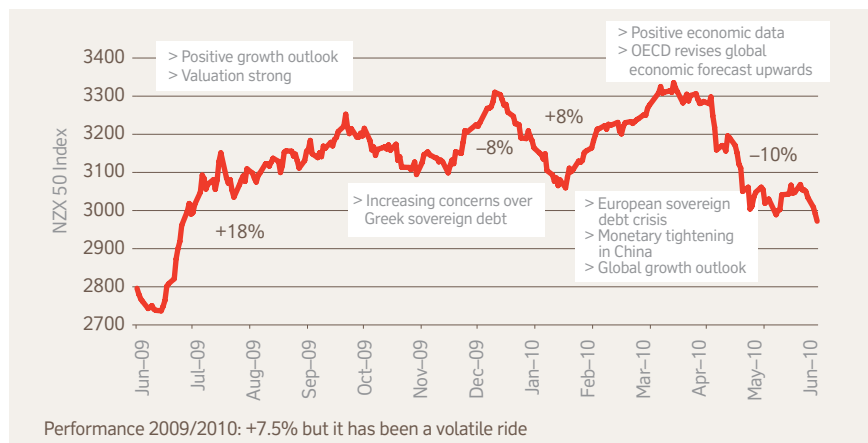
Unfortunately, the end of one financial year does not neatly close the book on negative developments, and the outlook for global growth for the rest of 2010 remains relatively weak compared to the outlook six months ago.

However, the good news is that markets do tend to operate in cycles and so will eventually recover – although the point at which one stage of the investment cycle ends and another begins can never be precisely forecast.

As we saw over May and June 2010, a recovery can be stalled and revert to a slowdown for a period of time. But a boom might be just around the corner and suddenly take off before you know it. Moving to a more defensive asset class is not necessarily a bad move, but it should never be made solely as a reaction to a volatile market. A reactive approach only risks locking in or “crystallising” losses and potentially missing out on valuable growth opportunities when share markets again post sizable gains. Any move needs to be made strategically in the context of the markets’ cycle and indeed where you are in your own personal life cycle.

If you are considering a change to your investment strategy, you can call the Fund Member Helpline for limited personal advice about your investment strategy. The Trustees recommend speaking with an authorised financial adviser before making a change to your investment strategy.

Performance of NZX 50 Index — Year ended 30 June 2010



Some investment terms explained

Asset class – a broad category of investments such as Trans-Tasman shares, property or fixed interest securities.

Asset mix – the proportion of the various asset classes within an investment portfolio. This is often referred to as the ‘asset allocation’.

Benchmark – a market index or combination of indices used as a yardstick to assess the performance of an investment portfolio. For example, the benchmark for the Fund’s investments in Trans-Tasman shares is the NZX 50 Index.

Consumers Price Index (CPI) – is used to measure the rate of inflation. In New Zealand, it is based on the change in prices of a selection of household goods and services.

Earnings – Investment earnings generally occur as a result of capital gains or losses (the value of the underlying asset changing) and dividends or interest payments.

More about investments and earnings

The 2009–10 financial year: Quarter by quarter

September 2009 quarter

The September quarter was characterised by a strong upward trend for share markets, building on the momentum of the preceding (i.e. June 2009) quarter. Confidence in the prospect of a global economic recovery continued to grow, supported by upbeat economic data worldwide and better-than-expected results from the US reporting season. While almost all share markets provided strong returns, Trans-Tasman shares outperformed their global peers, thanks to an outstanding performance by the Australian share market. Returns from fixed interest investments were positive but relatively modest as increasing investor confidence saw a move towards higher-risk investments such as shares.

December 2009 quarter

After posting very strong gains in the previous quarter, share markets continued their recovery at a more moderate pace during the three months to 31 December 2009. News of sovereign debt concerns in Dubai, and wider concerns about sovereign debt risk, caused some ripples in investment markets. However, these were largely offset by generally positive economic data and signs of a strong recovery in emerging countries, particularly China. Results from fixed interest investments continued to be adversely affected by investors' preference for the prospect of potentially higher returns from share market investments.

March 2010 quarter

The March 2010 quarter began with share markets losing ground but finishing strongly, posting a reasonable gain over the three months. As in the previous quarter, Trans-Tasman shares underperformed their global peers. Fixed interest posted a small gain over the quarter but lagged far behind the share markets on a 12-month basis. Key factors influencing the quarter's returns included mixed economic news, particularly from the US, where despite the economy showing its strongest growth in six years, President Obama predicted a soaring budget deficit.

June 2010 quarter

Share markets declined in the June 2010 quarter, delivering negative returns to investors in both Trans-Tasman and global markets. However, the preceding three quarters of growth meant that share markets – both Trans-Tasman and international – delivered positive results for the full 12 months ended 30 June 2010. As share markets became more volatile, the previously less-favoured fixed interest markets began to recover over the quarter. All fixed interest assets delivered positive returns in June 2010, with sovereign bonds outperforming all other asset classes in the final month of the 2009–10 year.

Your investment options

The Fund recognises that different members have different financial needs and that a single investment strategy doesn't suit everyone. That's why the Fund offers members a choice of one or more of four investment options.

The rate of return from each investment option will vary according to the asset class, or combination of asset classes, in which it invests. Historically, growth assets (e.g. shares and property) have provided the best returns over the long term (more than 10 years). However, growth assets tend to have the most variation in returns from year to year. On the other hand, defensive assets, such as fixed interest and cash, have historically provided lower returns over the long term but less variation in returns from year to year. However, you should be aware that past performance should not be relied upon as an indicator of future performance.

If you have not nominated an investment option (or options) in the Fund, your accounts are invested in the 'default' investment option, which is the Balanced option.

See pages 5 and 6 for more information about the Fund's investment options.

Each investment option has guidelines for investing

For each investment option, the Trustees have an investment policy that sets investment objectives and a strategy to determine how and where the money in that option will be invested. Having objectives and a strategy helps the Trustees to maximise investment returns for the Fund whilst maintaining an acceptable level of risk. However, the objectives are not a forecast or guarantee of future performance. The investment policy also covers other related matters such as appointment of investment managers and guidelines for investments in derivatives.

The Trustees, through their Investment Committee, regularly monitor each investment option's performance against objectives and strategy and make changes where they consider them necessary. A copy of the Fund's Statement of Investment Policy and Objectives is available on request by calling the Fund Member Helpline.

There are different levels of expected investment risk associated with each of the Fund's investment options. Please refer to the Fund's Investment Statement for more information. You can obtain a copy of the Fund's Investment Statement from the library page of www.realsuper.superfacts.co.nz or by calling the Fund Member Helpline.

Defensive assets – assets held to generate an income rather than for long-term growth. Examples are fixed interest and cash.

Fixed interest – investments that pay a fixed rate of return for a specific period of time. Includes investments such as debentures,

bonds or unsecured notes and can also include money on deposit in a fixed-interest account with a bank, building society or credit union.

Growth assets – assets expected to grow in value over time (although their value may rise and fall in the short term), such as shares and property.

Sovereign debt – a sovereign bond is a bond (or debt security) issued by a government as borrower. The term usually refers to bonds issued in foreign currencies. The total amount owed to the holders of the sovereign bonds is called sovereign debt.

How your investment options performed



Growth option

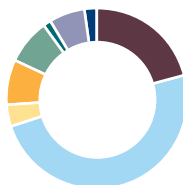
The Growth option continues to target an allocation of 90% in growth assets (shares, property and international listed infrastructure) and 10% in defensive assets (fixed interest and cash). With a high percentage of its assets in growth assets, it can be expected that the Growth option will typically provide the Fund's strongest longer-term returns but also show the greatest variations. The Trustees' objective for the Growth option is to achieve an average annual return (after tax) of 4% above Consumers Price Index increases over rolling three-year periods.

Performance for the year ended 30 June 2010

The Growth option achieved encouraging returns for the Fund year despite some volatility in share markets and losses in the final quarter. These losses, resulting from Europe's Sovereign Debt Crisis, meant that the Growth option's returns were not as strong as expected earlier in the year. The Growth option achieved a net return of 10.03% for the year, compared with a return of -18.58% for the previous year. The Consumers Price Index increased by 1.8% over the Fund year.

Over the past three years, the Growth option has earned an average net return of -7.67% p.a.

Benchmark (or target) asset mix



Trans-Tasman shares	21.0%
International shares	49.0%
Trans-Tasman listed property	4.0%
International listed property	8.0%
International listed infrastructure	8.0%
NZ fixed interest	1.5%
International fixed interest	6.5%
Cash	2.0%

Balanced option

The Balanced option continues to target an allocation of 60% in growth assets (shares, property and international listed infrastructure) and 40% in defensive assets (fixed interest and cash). The Trustees' objective for the Balanced option is to achieve an average annual return (after tax) of 3% above Consumers Price Index increases over rolling three-year periods.

Performance for the year ended 30 June 2010

Earnings from defensive assets (fixed interest and cash) were positive for the year, with the overall returns for this option being less impacted by volatile share markets due to the lower exposure to shares when compared to the Growth option.

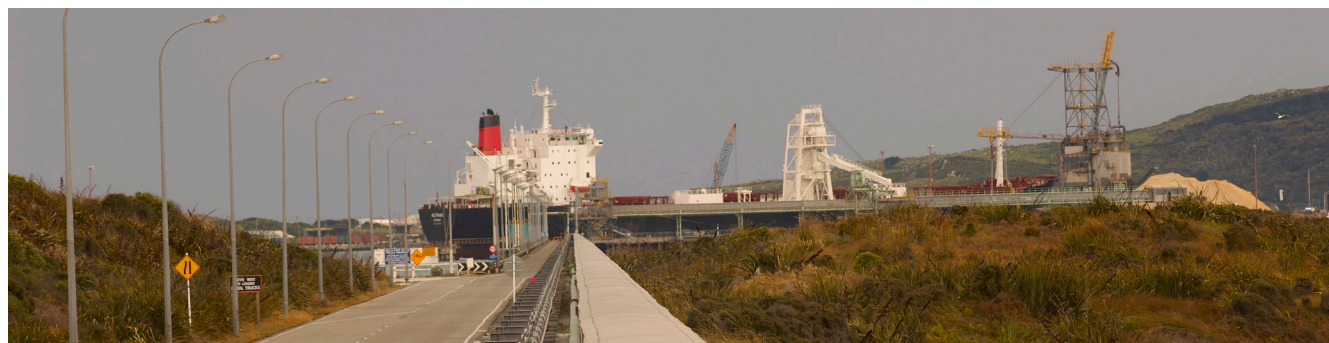
The Balanced option posted a net return of 9.75% compared to -7.85% for the previous year. The Consumers Price Index increased by 1.8% over the Fund year.

Over the past three years, the Balanced option has earned an average net return of -2.64% p.a.

Benchmark (or target) asset mix



Trans-Tasman shares	15.0%
International shares	35.0%
Trans-Tasman listed property	4.0%
International listed property	3.0%
International listed infrastructure	3.0%
NZ fixed interest	5.5%
International fixed interest	26.0%
Cash	8.5%



Conservative option

As the Conservative option requires a target 68% allocation to defensive assets, it can be expected to provide more stable returns than the Growth and Balanced options. The Trustees' objective for the Conservative option is to achieve an average annual return (after tax) of 2% above Consumers Price Index increases over rolling three-year periods.

While returns from the Conservative option are expected to be stable, over the longer term it is unlikely to achieve high returns.

Performance for the year ended 30 June 2010

The Conservative option returned a net 8.66% against a return of 1.03% for the previous year. Given its large exposure to cash, which only returned 4.0% before tax for the year, this is a pleasing result generated mostly by good results from international fixed interest investments and to a lesser extent shares and property. The Consumers Price Index increased by 1.8% over the Fund year.

Over the past three years, the Conservative option has earned an average net return of 1.98%.

Benchmark (or target) asset mix



Trans-Tasman shares	8.0%
International shares	19.0%
Trans-Tasman listed property	2.0%
International listed property	1.5%
International listed infrastructure	1.5%
NZ fixed interest	7.0%
International fixed interest	33.0%
Cash	28.0%

Cash option

As all of its assets are invested in cash, it is very unlikely that the Cash option will provide a negative return. Similarly, it is very unlikely that over the longer term the Cash option will provide high returns.

The Cash option is expected to produce returns near 90-day bank bill rates.

Performance for the year ended 30 June 2010

The Cash option returned a net 2.61%. While the official cash rate increased in the final month of the Fund year, prior to this New Zealand experienced record low short-term interest rates which kept the Fund year return low. The 90-day bank bill rate for the period was 2.8%.

The Cash option returned 4.49% for the previous year and the average annual net return has been 4.17% over the past three years.

Benchmark (or target) asset mix



Cash	100%
------	------



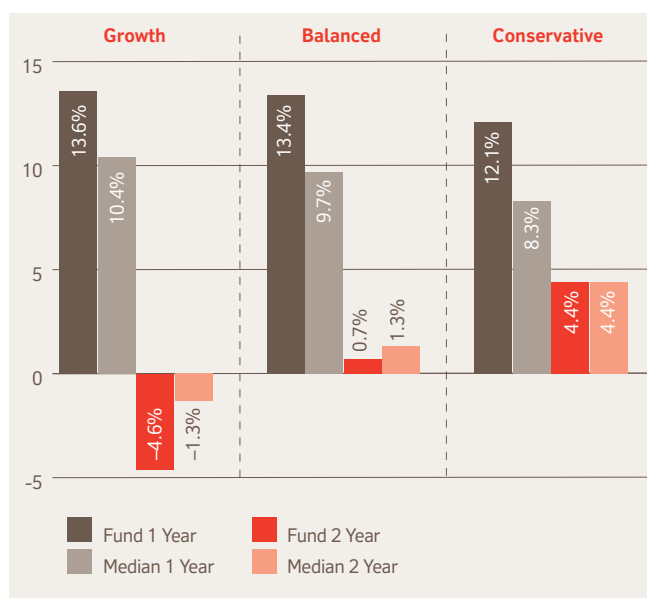
How the Fund performed

The Fund's before-tax returns compared with comparable KiwiSaver funds

Another measure of the Fund's performance is a comparison against selected other schemes' corresponding investment funds.

The following chart compares the performance of the Fund's Growth, Balanced and Conservative options against the equivalent median returns for corresponding KiwiSaver investment funds as measured by the Mercer KiwiSaver Fund Survey. Performance is shown before tax and after fees. It shows that the Fund has significantly outperformed the median returns for all three options over one year but that the Growth and Balanced options underperformed the median over two years. This underperformance reflects the impact of the Global Financial Crisis on growth assets (shares and property) which make up a higher percentage of the Fund's Growth and Balanced options than the survey average.

Fund returns v. KiwiSaver median — periods ended 30 June 2010



Notes:

- >> Returns are shown before deducting tax but after deducting fees.
- >> Past performance is not an indication of future performance.

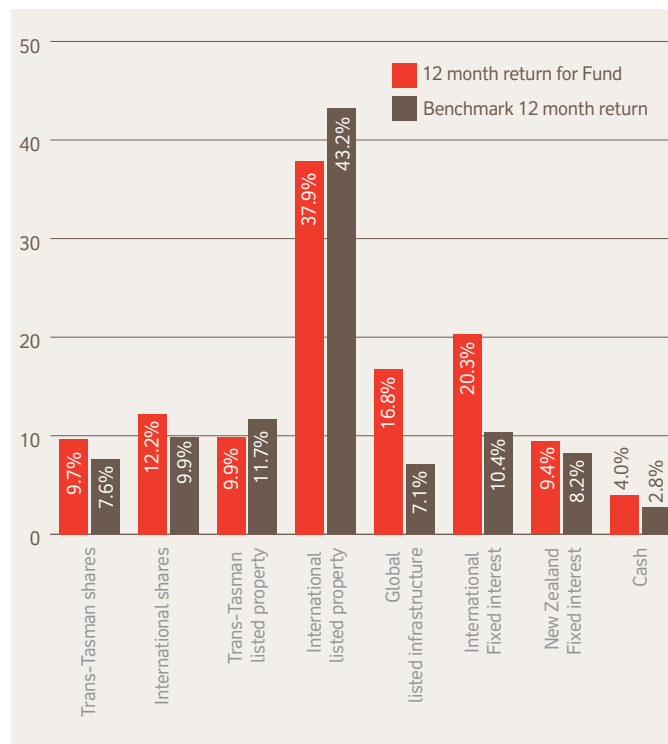
The Fund's performance benchmarks

Benchmark	Market index used	What the index means
Trans-Tasman Shares	NZX 50 Index	Measures the performance of the 50 largest NZ companies by market capitalisation, or about 65% of the listed market
International Shares	Morgan Stanley Capital International (MSCI) World Accumulation Index (50% hedged into NZD)	Consists of the market indices of 23 developed countries (including Australia and New Zealand) and is a measure of international sharemarket performance
Trans-Tasman Listed Property	NZX Sectoral Property Index	A capitalisation index designed to measure the performance of the property stocks listed with The New Zealand Exchange Limited
International Listed Property	UBS Warburg Global Aggregate Index (100% Hedged)	A customised index incorporating companies that derive value from owning and operating income producing real estate as well as companies that derive most of their value from the development and sale of commercial property
International Listed Infrastructure	NZ Consumers Price Index + 5% (100% Hedged ¹)	Measures the price change of goods and services purchased by private New Zealand households plus 5% of the expected return above CPI
New Zealand Fixed Interest	ANZ NZ AU Government Stock Gross Index	Measures the performance of the New Zealand Government Bond market
International Fixed Interest	Barclays Capital Global Aggregate Index hedged into NZD	Consists of over 9,500 international fixed interest securities and provides a representation of the movements in value and interest rates of this asset sector
Cash	ANZ 90-day Bank Bill Index	Summarises the returns on NZ bank bills over the past 90 days

¹ On an after-tax basis. Pre-tax returns will be monitored against gross hedging ratios.

The graph below compares the gross returns (i.e. investment returns before deduction of tax and investment expenses) for the Fund's investments in each asset class compared with the returns of the selected market indices.

Fund return v. selected market indices — year ended 30 June 2010



Notes:

- >> Earnings are shown before deduction of tax and fees.
- >> Past performance is not an indication of future performance.

Investment management

The Trustees' Investment Committee advises the Trustees on investment matters including the Trustees' investment objectives and strategy for the four investment options. In doing this, the Committee combines its own expertise with that of the Fund's investment consultant, Mercer.

Day-to-day decisions about investments in shares, property, infrastructure, fixed interest and cash are made by professional investment managers on the Trustees' behalf. Managers have the authority to make these decisions through agreed mandates that set out how the relevant assets must be managed.

Investment managers are assessed and chosen based on a number of factors, including their approach to investing and their systems, staff and capability of adding value to their investment portfolios.

Risk and return

All investments are subject to some level of risk. This means that there is a chance, even if it is a small one, that you could lose money because of investment performance in a given year.

Risk is the likelihood of fluctuations or 'volatility' in the level of investment earnings over a given period, including the likelihood of negative investment earnings. Generally, higher risk investments have a greater chance of fluctuations over the short term but may offer the prospect of higher investment earnings over the long term. Conversely, lower risk investments generally provide stable investment earnings over the short term, but over the long term may produce lower investment earnings which may not be sufficient to meet your retirement goals.

In order to minimise unnecessary risk, the Trustees maintain a diverse portfolio of investments. By spreading the Fund's investments across a range of asset classes and by relying on multiple investment managers, the Trustees aim to minimise the volatility of investment earnings.

Despite the Trustees' best efforts to construct investment options that maximise investment earnings while minimising risk, risk cannot be eliminated. Every investment option carries with it some risk of a negative earning rate.

If you would like more information about the risks associated with superannuation investments, please refer to or obtain the Fund's Investment Statement, which is available on the Fund's website or by calling the Fund Member Helpline on 0508 266 787.

Who are the Fund's investment managers?

Mandate	Investment Manager	Investment fund	Fund assets at 30 June 2010	
			(\$m)	%
Trans-Tasman shares	Brook Asset Management Limited	Brook AM Trans-Tasman Shares	5.8	6.4
	ING (NZ) Limited ¹	ING NZ Trans-Tasman Equity	6.5	7.1
International Shares²	Mercer (N.Z.) Limited	Mercer Hedged Overseas Shares Plus Investment Portfolio	15.1	16.6
		Mercer Overseas Shares Plus Investment Portfolio	14.4	15.8
Trans-Tasman property	Mint Asset Management Limited	Mint Listed Property	3.0	3.3
International property³	ING Clarion Real Estate Securities, LLC	ING Global Listed Property	3.3	3.6
Infrastructure	Lazard Asset Management	Lazard Global Listed Infrastructure	3.4	3.8
		BNZ Infrastructure Hedged Overlay	0.2	0.2
International fixed interest	AMP Capital Investors (New Zealand) Limited	AMP Capital Hedged Global Fixed Interest Fund	18.7	20.6
New Zealand fixed interest	AMP Capital Investors (New Zealand) Limited	AMP Capital NZ Fixed Interest Fund	4.1	4.4
Cash⁴	AMP Capital Investors (New Zealand) Limited	AMP Capital NZ Cash Fund	16.6	18.2
TOTAL			91.1	100.0

¹ In November 2010, ING (NZ) Limited will change its name to OnePath (NZ) Limited.

² Mercer Super Investment Trust replaced Alliance Bernstein and MFS Investment Management as manager of the Fund's investments in international shares in January 2010.

³ Clarion replaced La Salle Investment Management in February 2010.

⁴ Includes \$1.3m in bank account.

Fund management

As a member of the Fund, you can be confident that the operation of your superannuation investment is in good hands.

The overall running of the Fund is the responsibility of the Trustees. To assist with this, the Trustees have delegated the performance of certain functions to committees, each of which consists of a smaller group of Trustees. These committees report back to the full Trustee group.

Who's looking after your Fund

Trustees

As well as having overall responsibility for managing the Fund, the Trustees must ensure the Fund is governed in accordance with the Fund's Trust Deed (the legal document that governs the operation of the Fund) and relevant legislation.

The Trustees have a duty to act in members' best interests. They are also responsible for making sure that your rights as a member are protected, that your benefits are paid correctly and on time, and that the assets of the Fund are invested properly.

There are eight Trustees. Four are appointed by the company and four are elected by members. Elections are held for member-elected Trustee positions every three years. An election was recently conducted for the three-year term to commence on 1 November 2010. The outcome was the re-election of all four incumbent Member-Elected Trustees for a further term.

Changes to the Trustees

Since the date of the last Annual Report, Paul Hemborrow resigned as a company-appointed Trustee and was replaced by Ryan Cavanagh with effect from 1 December 2009.

As at 30 June 2010, the Trustees of the Fund were:

Company-Appointed



Xiaoling Liu (Chair)

President
Primary Metals
Pacific Region

Rio Tinto Alcan
New Zealand
Limited



Ryan Cavanagh

General Manager
Operations

New Zealand
Aluminium
Smelters Limited



Anita Cowley

Manager
Benefits

Rio Tinto Services
Limited



Jason Franklin

Commercial
Manager

New Zealand
Aluminium
Smelters Limited

The Fund Secretariat within Rio Tinto Services supports and advises the Trustees and the committees. It also helps manage the input and advice from the Fund's professional advisors.

Member-Elected



Ken Bolger

Specialist Site
Electrical Engineer

New Zealand
Aluminium
Smelters Limited



Grant Cuff

Accountant

New Zealand
Aluminium
Smelters Limited



Allan Meikle

VDC Casting
Superintendent

New Zealand
Aluminium
Smelters Limited



Mike Rapson

Principal Advisor,
Tax Advisory and
Commercial

Rio Tinto Alcan
New Zealand
Limited

Investment Committee

The terms of reference of the Investment Committee are to assist the Trustees in relation to:

- the investments of the Fund, including the development and maintenance of appropriate investment objectives and strategies; and
- the management of all investment processes.

Current members:

- Xiaoling Liu (Chair)
- Anita Cowley
- Grant Cuff
- Mike Rapson

The Investment Committee is assisted by Wayne Grant of Rio Tinto Services.

Membership and Benefits Committee

The terms of reference of the Membership and Benefits Committee are to assist the Trustees in relation to:

- ill-health and total disablement benefit claims and the distribution of death benefits;
- the determination of complaints;
- the preparation and review of all communications with members; and
- the preparation and review of the accounts, annual report and investment statement.

Current members:

- Ryan Cavanagh (Chairman)
- Ken Bolger
- Jason Franklin
- Allan Meikle

The Membership and Benefits Committee is assisted by Amanda Oliver of Rio Tinto Services.

A dedicated service team

In addition to the Fund Secretariat (a team within Rio Tinto Services dedicated to the management and administration of the Fund and the provision of investment advice), the Trustees are supported by a number of superannuation professionals who assist them to undertake various specialist tasks as follows:

Service	Advisor
Administration, accounting, actuarial, and superannuation and communication consulting	Mercer (N.Z.) Limited
Audit services	KPMG
Investment consultant	Mercer (N.Z.) Limited
Legal advice	Chapman Tripp
Taxation services	Rio Tinto Tax

Privacy Act

Your personal information may be held by and, when necessary, passed amongst the Company, the Trustees and the Fund's professional advisors for the purposes of managing your benefit in the Fund. If you wish to check or amend your personal information, please call the Fund Member Helpline 0508 266 787.



Further information

If you would like further information about the Fund or your benefits, please call the Fund Member Helpline **0508 266 787**.

Any correspondence to the Trustees should also be addressed to the Fund Secretary at the following address:

Amanda Oliver
Fund Secretary
Rio Tinto New Zealand Retirement Fund
GPO Box 384D
Melbourne VIC 3001
Australia

Trust Deed amendments

As noted in more detail in the 2009 Annual Report, in July 2009 (but effective 31 March 2009) the Trust Deed was amended to allow employees who have reached age 65 to continue their contributory membership of the Fund, to withdraw some or all of their standard account balances (subject to conditions and fees) and to retain an insured benefit of one times salary.

No other amendments have been made to the Trust Deed since the date of the last Annual Report.

Statement of investment policy and objectives

A copy of the Trustees' Statement of Investment Policy and Objectives for the Fund is available free of charge by calling the Fund Member Helpline **0508 266 787**.

Benefit entitlements

Enclosed with this report is a Membership Statement showing your personal benefit entitlements as at 30 June 2010. If, at some other time, you would like an up-to-date estimate of your benefits, you should call the Fund Member Helpline **0508 266 787**. You can also obtain an estimate of your benefits from the Fund website www.realsuper.superfacts.co.nz.

Nominating beneficiaries

A death benefit is payable if you die while you remain a Fund member. At the Trustees' discretion this may be paid to your nominated beneficiaries, to your estate or to any person you are obliged to support. Your spouse will automatically be a nominated beneficiary, unless you otherwise notify the Trustees in writing.

Before you joined the Fund you were given a nomination of beneficiaries form to complete to indicate to the Trustees who you would like your benefit paid to in the event of your death.

While the Trustees are not bound by your nomination, they will take your wishes into account. You should remember to keep your beneficiary details up-to-date by completing a new form if your personal circumstances change. You should also have an up-to-date Will to ensure that if paid to your estate, your benefit is distributed as you would like.

Insurance options

If your personal circumstances change, you may want to consider altering the amount of insurance cover provided by the Fund for your death, total and permanent disablement or ill-health. For example, you may consider that you require less cover when your children leave home, or alternatively more cover if you have recently married or have dependants reliant on your income. You can change your level of insurance each month with effect from the first of the following month (or another date nominated by the Trustees) by completing and returning an 'Application to Change Insurance Cover' form at least five working days before you wish the change to take effect. Forms are available from the library page of the Fund website www.realsuper.superfacts.co.nz or by calling the Fund Member Helpline **0508 266 787**.

Note that if you decide to change to a higher level of cover, you may have to complete a medical questionnaire and, if required, attend a medical examination. The Trustees may then impose restrictions on the amount, or the conditions for payment, of your increased cover (or refuse to allow the increase).



Steve Smith, Stacy Lines, Bernie Carter, Brendan Andrews, Ron Hollegien, Bruce Welsh and Peter Hunt

Membership summary

Contributory members	
Contributory members as at 1 July 2009	805
Plus: New entrants	26
Less: Leaving service withdrawals	19
Ill-health withdrawals (including total disablement)	(3)
Transfers to retirement account	(7)
Transfers to another fund	(1)
	(30)
Total contributory members as at 30 June 2010	801
Retirement account members	
Retirement account members as at 1 July 2009	55
Plus: Transfers from active membership	7
Less: Deaths	(1)
Full withdrawals	(10)
	(11)
Total retirement account members as at 30 June 2010	51
Total Membership as at 30 June 2010 (2009 - 860)	852

Earning rates

For each month the Trustees determine an earning rate (net of tax and investment management fees) for each investment option based on information provided by the Fund's investment managers less an allowance for an estimate of investment expenses and taxes.

At the end of each Fund year (30 June) the final earning rate for each investment option is calculated for the month of June, based on the Fund's financial statements, information from the investment managers, taxation and the rates already credited for the first 11 months of the Fund year.

The following table shows the interim earning rates used for each month during the year and the cumulative earning rates for the period commencing 1 July 2009. Note that the rates shown below for the month of June are the adjusted final rates.

Period	Growth		Balanced		Conservative		Cash	
	Interim rate	Cumulative year-to-date rate	Interim rate	Cumulative year-to-date rate	Interim rate	Cumulative year-to-date rate	Interim rate	Cumulative year-to-date rate
2009								
July	6.40%	6.40%	4.80%	4.80%	3.00%	3.00%	0.20%	0.20%
August	2.69%	9.26%	2.22%	7.13%	1.61%	4.66%	0.22%	0.42%
September	2.69%	12.20%	1.86%	9.12%	1.20%	5.91%	0.20%	0.62%
October	-0.85%	11.25%	-0.26%	8.84%	0.09%	6.01%	0.22%	0.84%
November	1.84%	13.29%	1.44%	10.40%	1.10%	7.18%	0.22%	1.06%
December	3.29%	17.02%	2.21%	12.84%	1.26%	8.53%	0.21%	1.28%
2010								
January	-2.84%	13.70%	-1.47%	11.18%	-0.32%	8.18%	0.25%	1.53%
February	1.60%	15.52%	1.27%	12.60%	0.90%	9.15%	0.17%	1.70%
March	4.71%	20.96%	3.20%	16.20%	1.87%	11.19%	0.20%	1.90%
April	0.08%	21.06%	0.28%	16.52%	0.43%	11.67%	0.23%	2.14%
May	-6.29%	13.44%	-3.97%	11.90%	-1.86%	9.59%	0.25%	2.39%
June	-3.01%	10.03%	-1.92%	9.75%	-0.85%	8.66%	0.21%	2.61%

When you leave the Fund, for each applicable investment option an interim earning rate will be allocated to your accounts for the period from the start of the month for which a monthly earning rate has yet to be declared to the date your benefit is payable.

The interim earning rate will be calculated using the returns earned by four unitised funds outside the Fund with asset allocations very similar to those of the Fund's investment options. Those unitised funds are used because the unit prices are readily available and are calculated on an after-tax basis. They are referred to as 'proxy funds'. The proxy funds are:

Fund investment option	Proxy fund*
Cash	Mercer Super Investment Trust Cash Fund
Conservative	Mercer Super Investment Trust Conservative Fund
Balanced	Mercer Super Investment Trust Balanced Fund
Growth	Mercer Super Investment Trust High Growth Fund

*Minor adjustments will be made to reflect the lower investment fees applicable to the Fund's investment options.

If you elect to switch investment options, the amount switched will be calculated based on the monthly earning rate(s) applying to your current investment choice(s). The new investment option(s) you choose will take effect from the first of the month following the date your completed 'Application to Change Investment Option(s)' form is received by the Fund's administrator or your online switch is submitted.

If the Trustees declare a negative earning rate in any year for any investment option in which your account balances are invested, a corresponding reduction will be made to your accounts.

The Trustees reserve the right to alter the earning rate policy in the event of significant market movements (for example, if any of the large global sharemarkets or the New Zealand or Australian sharemarkets falls by more than 10% in a single day or if any or all of those sharemarkets are forced to close for an entire day or more because of any other unexpected event).



Phil Jones, Xiaoling Liu (President Primary Metal Pacific) and Dwane Copeland

Summary financial report

	2010	2009
	\$	\$
Summary of Changes in Net Assets		
Investment Activities		
Net Investment Income/(Loss)	8,712,291	(8,146,536)
Net Investment Income/(Loss)	<u>8,712,291</u>	<u>(8,146,536)</u>
Other Revenues		
Employer Reimbursements	204,648	149,344
Total Other Revenue	<u>204,648</u>	<u>149,344</u>
Less		
Other Expenses		
Consulting Fees	94,425	107,350
Group Life Premiums	49,815	50,108
Interest Paid	–	22,257
Other Expenses	15,251	1,752
Total Other Expenses	<u>159,491</u>	<u>181,467</u>
Change in Net Assets Before Taxation and Membership Activities	8,757,448	(8,178,659)
Income Tax Expense	<u>2,202,971</u>	<u>183,035</u>
Change in Net Assets After Taxation and Before Membership Activities	<u>6,554,477</u>	<u>(8,361,694)</u>
Membership Activities		
Member Contributions	1,535,505	1,431,881
Employer Contributions	5,857,137	6,259,845
Less		
Benefits Paid	<u>(4,659,674)</u>	<u>(7,242,481)</u>
Net Membership Activities	<u>2,732,968</u>	<u>449,245</u>
Net Increase / (Decrease) in Net Assets During the Year	<u>9,287,445</u>	<u>(7,912,449)</u>
Statement of Net Assets		
Assets		
Financial Assets - Fair Value Through Profit or Loss	89,866,560	78,923,883
Current Assets	<u>1,329,578</u>	<u>3,169,573</u>
Total Assets	<u>91,196,138</u>	<u>82,093,456</u>
Less		
Current Liabilities		
Income Tax Payable	97,051	–
Sundry Creditors	16,544	30,829
Total Current Liabilities	<u>113,595</u>	<u>30,829</u>
Non-Current Liabilities		
Deferred Tax Liability	–	267,529
Total Non-Current Liabilities	<u>–</u>	<u>267,529</u>
Total Liabilities	<u>113,595</u>	<u>298,358</u>
Net Assets Available for Benefits	<u>91,082,543</u>	<u>81,795,098</u>
Vested Benefits*	<u>88,105,258</u>	<u>79,587,086</u>
Statement of Cash Flows		
Net Cash Flows from Operating Activities	2,498,065	72,567
Net Cash Flows from Investing Activities	<u>(4,381,795)</u>	<u>(4,147,429)</u>
Net Decrease in Cash Held	(1,883,730)	(4,074,862)
Cash at Beginning of Year	<u>3,151,055</u>	<u>7,225,917</u>
Cash at End of Year	<u>1,267,325</u>	<u>3,151,055</u>

* Vested benefits are benefits payable to members or beneficiaries under the conditions of the Trust Deed, on the basis of all members ceasing to be members of the Fund at balance date.

Notes to the summary financial report

A summary of the Fund's audited financial statements for the year ended 30 June 2010 which was authorised for issue on 13 October 2010 is shown on page 14. The summary financial report has been extracted from the full audited financial statements dated 13 October 2010. The summary financial report has been prepared in accordance with FRS-43: Summary Financial Statements.

The full financial statements have been prepared in accordance with generally accepted accounting practice and they comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). The Trustees have made an explicit and unreserved statement of compliance with NZ IFRS in note 1 of the Fund's full financial statements.

The financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Fund operates.

The summary financial statements cannot be expected to provide as complete an understanding as is provided by the full financial statements of changes in net assets, net assets and cash flows of the Fund. A copy of the full financial statements can be obtained, free of charge, from the Fund's administration manager. The Fund is a profit-oriented entity.

The auditor has examined the summary financial statements for consistency with the audited financial statements and has issued an unqualified opinion.



Tiwai Volunteer Fire Brigade

Audit report



Audit report

To the members of Rio Tinto New Zealand Retirement Fund

We have audited the summary financial report of Rio Tinto New Zealand Retirement Fund for the year ended 30 June 2010 as set out on page 14 and the notes to the summary financial report on page 15.

Responsibilities of the Trustees and Auditor

The Trustees are responsible for the preparation of a summary financial report in accordance with generally accepted accounting practice in New Zealand. It is our responsibility to express to you an independent opinion on the financial report presented by the Trustees.

Basis of Opinion

Our audit was conducted in accordance with New Zealand Auditing Standards and involved carrying out procedures to ensure the summary financial report is consistent with the full financial report on which the summary financial report is based. We also evaluated the overall adequacy of the presentation of information in the summary financial report against the requirements of FRS-43 *Summary Financial Statements*.

Other than in our capacity as auditor we have no other relationship with or interests in the Rio Tinto New Zealand Retirement Fund.

Unqualified Opinion

In our opinion:

- the summary financial report has been correctly extracted from the full financial report; and
- the information reported in the summary financial report complies with FRS-43 *Summary Financial Statements* and is consistent in all material respects with the full financial report from which it is derived and upon which we expressed an unqualified audit opinion in our report to members dated 13 October 2010.

We completed our work for the purposes of this report on 13 October 2010.

A handwritten signature of the KPMG firm, written in black ink.

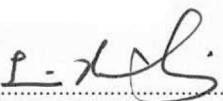

Wellington

Trustees' statement

The Trustees of the Rio Tinto New Zealand Retirement Fund:

- I. state that all contributions required to be made to the Fund in accordance with the terms of the Trust Deed have been made;
- II. certify that all benefits required to be paid from the Fund in accordance with the terms of the Trust Deed have been paid;
- III. certify that the market value of the assets of the Fund as at 30 June 2010 exceeded the total value of the benefits that would have been payable had all members of the Fund ceased to be members at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at 30 June 2010;
- IV. state that during the year ended 30 June 2010 more than 10% of the market value of the assets of the Fund (calculated in accordance with generally accepted accounting practice) was invested in underlying funds issued and managed by each of the Mercer (N.Z.) Limited, ING (NZ) Limited (and an associated person) and AMP Capital Investors (New Zealand) Limited, who manage certain of the Fund's investments. The relevant underlying funds were:
 - Mercer Super Investment Trust
 - ING Wholesale Australasian Share Fund and ING Wholesale International Property Fund; and
 - AMP Capital Investment Funds – AMP Capital NZ Fixed Interest Fund, AMP Capital Hedged Global Fixed Interest Fund and AMP Capital NZ Cash Fund;
- V. state that in their opinion, after due enquiry by them, neither the value of the Fund's assets relative to its liabilities (including contingent liabilities) nor the ability of the Fund to pay its debts as they become due in the normal course of business have materially and adversely changed since 30 June 2010;
- VI. state that by reason of their meeting all "administrative costs" (as defined in clause 7(3) of the Securities Act (Employer Superannuation Schemes Exemption Notice 2004)) for the Fund the employers participating in the Fund were not required, under the terms of the offer of Fund membership required by clause 7 of that Notice, to incur costs for the year ended 30 June 2010;
- VII. state that the market value of the Fund's assets subject to complying fund rules (i.e. held in locked-in accounts) as at 30 June 2010 was \$2,406,143 relating to 221 members; and
- VIII. state that the value of withdrawals made from locked-in accounts during the year ended 30 June 2010 was \$140,870.

Signed for and on behalf of the Trustees:

 _____ Trustee	 _____ Trustee
---	--

