

Rio Tinto

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Dear Sir

Call for submissions on the North West Shelf Project's request for Joint Marketing Authorisation

Thank you for the opportunity to make a submission on the North West Shelf Project Partners' request for Authorisation for the Joint Marketing of Domestic Gas, to the end of 2016.

Background

Rio Tinto's Iron Ore group wholly owns Hamersley Iron in Western Australia. Hamersley Iron owns six mines and also operates the 60 per cent owned Channar mine, a joint venture with an Australian subsidiary of the China Iron & Steel Industry & Trade Group Corporation and the 54 per cent Eastern Range mine, a joint venture with Shanghai Baosteel Group Corporation. The Rio Tinto Iron Ore group also includes Rio Tinto's 53 per cent interest in Robe River Iron Associates' two mines in Western Australia.

With a network of 11 mines, three shipping terminals and the largest privately owned heavy freight railway in Australia, Rio Tinto Iron Ore Pilbara operations produce more than 200 million tonnes of iron ore annually and are growing towards an annual production rate of 225 million tonnes.

The majority of Rio Tinto Iron Ore's power generation is gas fired.

North West Shelf Project

Rio Tinto believes that the market regulatory structure for domestic gas supply in Western Australia should ensure the continued availability of secure supplies. This includes the timely introduction of new sources of supply. Rio Tinto is very concerned with the lack of supply diversity and flexibility in the Western Australian domestic gas market. The Varanus Island supply disruptions in 2008 fully underline these concerns.

Rio Tinto supports full competition and, in principle, is opposed to joint marketing of gas beyond such period as might otherwise be warranted to ensure that a Greenfield development proceeds; for example, the term of any project financing necessary to support the development where external lenders require greater certainty as the early cash-flows of the project.

Rio Tinto would, however, be deeply concerned in this particular case if the ACCC's decision-making process caused a protracted delay or deferment of the marketing of gas by the North West Shelf Project Partners. Given the current lack of supply diversity and

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flexibility in the Western Australian domestic gas market, this could have a significant impact on the State's mineral production and consequently the State and national economy.

Rio Tinto believes that, for the foreseeable future, ongoing supply and availability of gas from the North West Shelf Project is crucial in order to ensure sufficient quantities are available to meet Western Australia's current and future domestic gas demand.

We thank you again for the opportunity to make this submission.

Yours sincerely



Alan Davies