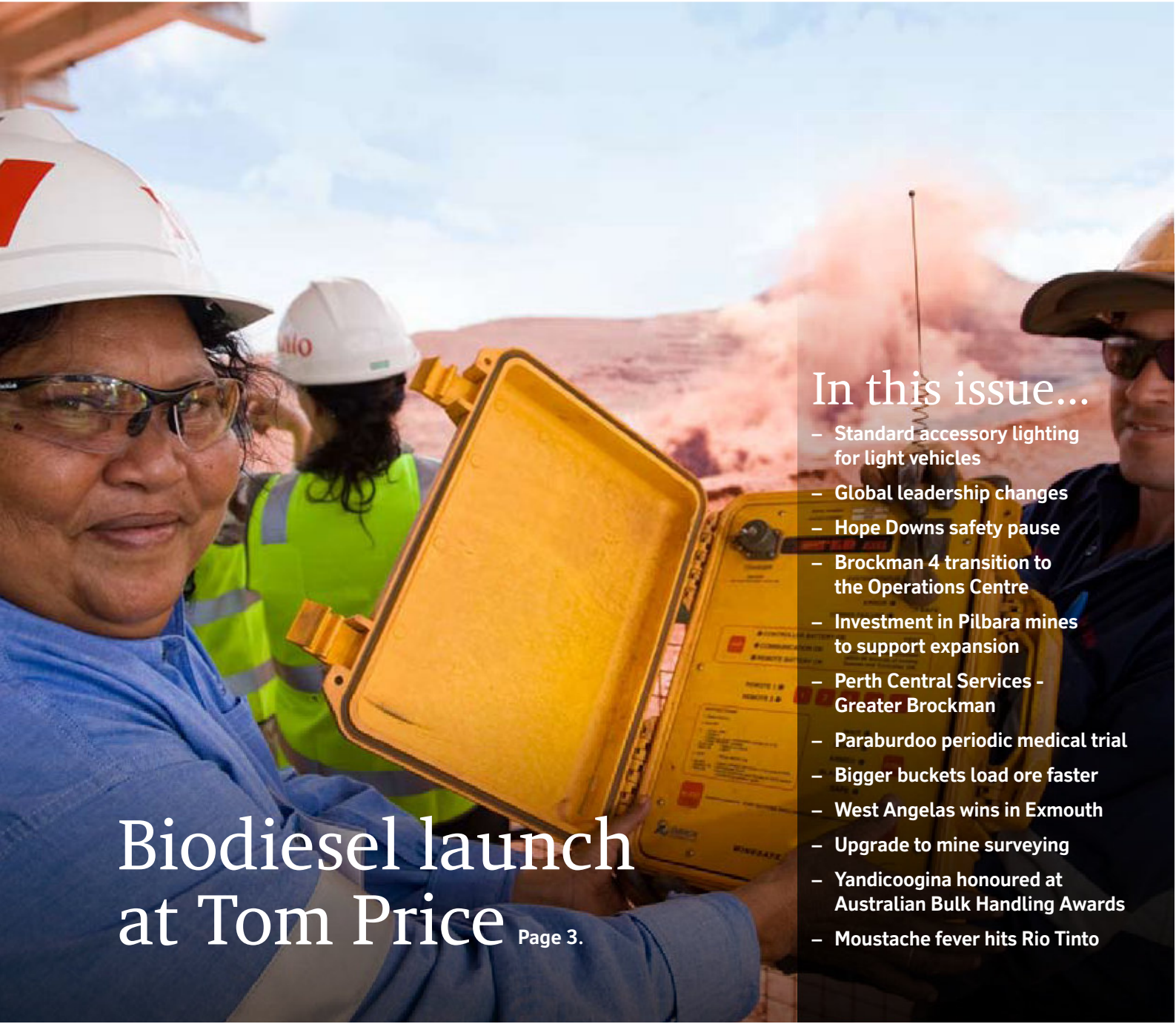


# mine

Iron Ore's newsletter for the Pilbara mines



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**Greg Lilleyman**  
Managing director Pilbara Mining Operations



# Welcome

Welcome to the final edition of Mine News for the year. 2010 has certainly been an exciting and busy year for the Iron Ore group, and for Pilbara Mining Operations it has certainly been no exception.

We had three new mines come on line during the year – Mesa A (February), Brockman 4 (July) and Western Turner Syncline (July). All quickly ramped up production and contributed to the strong second and third quarter results recorded by Iron Ore. During the third quarter, Pilbara operations continued to run at nameplate capacity and delivered record production – ten per cent higher than the same period in 2009. Estimates for the end of the year point to continued record levels of production.

During October, the Boards of Rio Tinto and BHP Billiton, jointly decided to end plans for the proposed Western Australian Iron Ore joint venture after advice from key regulators that the proposal would not be approved in its current form.

Expansions are very much on the agenda, with US\$7.2 billion approved since July for expansion of our Pilbara iron ore operations. US\$3.1 billion has been approved to take production capacity to 283 million tonnes per annum (Mt/a) in 2013 and approval has been given for completion of a final feasibility study into increasing capacity to 333 Mt/a by 2015. The US\$3.1 billion investment will fund port and infrastructure works at Cape Lambert, including a new two-berth wharf, new stockyard, car dumper, rail marshalling yards and two stackers and reclaimers. US\$1.6 billion has also been approved to develop the Hope Downs 4 project, and US\$1.2 billion recently approved for the development of Brockman 4 Phase 2 and the expansion of Western Turner Syncline. Further mine developments are also currently being studied.

The next few years promise to be a very exciting time in the Iron Ore group, with the expansion to 333 Mt/a being the largest mining project undertaken in Australia.

## Investment in Pilbara mines to support expansion

Early December the Rio Tinto Board approved the development of two significant mine expansions to support increasing our Pilbara operational capacity to 283 million tonnes per annum (mtpa).

The approval to expand Brockman 4 and Western Turner Syncline follows the announcement in October to invest \$3.1 billion for port and rail works at Cape Lambert. These mines are critical in our plan to grow our Pilbara Iron Ore business and undertake the largest mining project ever in Australia.

The Brockman 4 mine, officially opened in September this year, will be expanded from an annual capacity of 22 mtpa to 40 mtpa, and Western Turner Syncline will be expanded from the current 6 mtpa road haulage operation, to a 15 mtpa operation. In addition, we are also studying a third mine development at Nammuldi with a final decision on investment expected in 2011.

These mine developments are also important in the context of our footprint and commitments across the inland Pilbara, with the expansion at Western Turner Syncline including

the construction of a primary crusher and a 20 kilometre overland conveyor to Tom Price.

The conveyor will link the new mine to the existing infrastructure at our Tom Price operation. By utilising the assets in place at Tom Price, we are ensuring our ongoing presence in this community and look forward to working in partnership with the Shire of Ashburton and State Government to grow this and surrounding communities.

Both developments will require a number of Government and regulatory approvals.

It has been a pretty good, but not great, year so far on the safety front. At the end of November our AIFR was 0.72 compared to the 2010 target of 0.77 so we are on track to come in under target. However there have been 53 recordable injuries to date in Pilbara Mining Operations, so people are still being hurt. Three of these injuries occurred during the first ten days of December so we cannot afford to let our vigilance drop and still have a lot of work to do to reach our goal of no-one being injured in the workplace. Traditionally there is an increase in injuries leading up to Christmas and New Year so we all need to make sure we keep focused on the job at hand and perform every task in a safe manner at all times.

Finally, I would like to thank each of you for your efforts throughout the year and wish you a safe and enjoyable Christmas and New Year with family and friends. Please take care and see you safe and sound in 2011.

Merry Christmas.



## Cover story: Biodiesel launch at Tom Price

The official launch of the first biodiesel blast in Tom Price was held at the end of November.

Greg Lilleyman, managing director of Pilbara Mining Operations and directors of the Ashburton Aboriginal Corporation (AAC) joined delegates at the launch which involved a tree planting ceremony at the Morninga trial block, blast in the Tom Price pit and a tour of the biodiesel plant.

The event celebrated the establishment of ASHOIL Pty Ltd (a subsidiary of the AAC) and finalisation of the Rio Tinto Iron Ore supply agreement, which was signed on 14 July 2010.

Since 2006, Rio Tinto has worked with the AAC to develop a biodiesel enterprise.

We made an initial investment of \$78,000 in 2006 to operate a pilot plant and process product from waste cooking oils from Tom Price

and Paraburdoo messes into useable biodiesel product.

We then seconded an employee to assist and a feasibility study was completed on the availability of waste oil across the Pilbara.

In 2007 a further investment of \$200,000 over two years brought the feasibility study into production and the following year the current biodiesel plant was initiated. The project commenced with links to our Work Readiness programmes and other training at AAC with the product sold to the Shire of Ashburton and remote communities.

In 2009, the State Government joined the partnership through Royalties for Regions. The biodiesel product has now been sufficiently tested to be used by our operations for blasting

and the project continues to provide significant training and employment opportunities for AAC members.

We are currently investigating future partnerships including a waste water / mine dewatering project for oilseed cropping.

Greg said we are proud to be associated with this project and are committed to the ongoing support for Aboriginal people to obtain intergenerational wealth and positive social outcomes as our business grows.

"We will continue to support local Aboriginal people to benefit from and engage in opportunities created across the Pilbara through mining activity on their traditional lands."