

RIO TINTO'S POTENTIAL FUTURE ROLE IN TASMANIA

Memorandum of Understanding (MOU) between the Crown in Right of Tasmania (as represented by the Department of State Growth) and Rio Tinto

Parties:

Name	The Crown in right of Tasmania (as represented by the Department of State Growth)
Short Form Name	The Government
Notice Details	C/- the Department of State Growth, GPO Box 536, Hobart TAS 7001 Email: Mark.Bowles@stategrowth.tas.gov.au Attention: Mark Bowles, Deputy Secretary Business and Jobs

Name	Rio Tinto Aluminium (Bell Bay) Limited
A.C.N	009 483 201
Short Form Name	Rio Tinto
Notice Details	Bell Bay Road, Bell Bay TAS 7253 Email: mark.gerrard@riotinto.com Attention: Mark Gerrard, Acting General Manager, Bell Bay Aluminium

RECITALS

- A. The parties wish to undertake investigations and discussions regarding the matters specified in Appendix A.
- B. The parties wish to record certain matters relating to investigations and discussions regarding the matters specified in Appendix A.

1. Background

The Government is pursuing renewable energy and economic development, job creation, and emissions reduction through an agenda driven by its existing renewable energy advantage and a 200 per cent Renewable Energy Target in 2040.

Rio Tinto has more than 67-years of history in Tasmania, where it directly employs over 500 Tasmanians. Rio Tinto is pursuing net zero carbon emissions and shares the same goals as the Government around job creation, economic development, and a positive future for regional Tasmania. Rio Tinto is offering its support to catalyse the transition to a new energy and industrial future in Tasmania.

In undertaking investigations, discussions and other actions regarding the matters specified in Appendix A, the Government will seek to achieve the best community/strategic outcomes for Tasmania and BBA will take into account BBA's strategic and commercial interests.

2. Status of this MOU

- 2.1 The Parties agree that:
- (a) nothing contained in this MOU is to give rise to:
 - (i) legally enforceable rights and obligations as between the Parties; or
 - (ii) any legal liability of any kind as between the Parties; and
 - (b) no legally enforceable rights and obligations are to exist between the Parties arising out of, or in connection with, this MOU unless those rights and obligations are recorded in a formal written agreement duly executed and exchanged between the Parties.
- 2.2 Nothing in this MOU creates or implies any obligation on the part of either Party to enter into any contract, agreement, commitment, or other arrangement whatsoever in relation to the subject matter of this MOU.
- 2.3 This Clause 2 survives the termination or expiry of this MOU.

3. Duration and Termination

- 3.1 Subject to this Clause 3, this MOU shall enter into force on the date it is signed by the last Party and shall remain in force until 31 December 2024.
- 3.2 Notwithstanding Clause 3.1, this MOU may be extended by each of the Parties agreeing to such renewal in writing.
- 3.3 Notwithstanding Clause 3.1, each Party may at its discretion terminate this MOU early by providing four (4) weeks written notice to the other party.

4. The Parties' Responsibilities

- 4.1 The Parties acknowledge that this MOU records their expectations, understanding and responsibilities as at the date of the MOU, but does not give rise to legally enforceable obligations.
- 4.2 Unless otherwise stated in this MOU, or otherwise agreed by the Parties, anything a Party will do under this MOU will be done at that Party's cost.
- 4.3 A Working Group with membership from each party will coordinate the respective contributions to the activities under this MOU.
- 4.4 Each party agrees not to make media or other public announcements or releases relating to this MOU without the prior approval of the other party as to the form, content and manner of the announcement or release, unless and to the extent that the announcement or release is required to be made by law or for government or parliamentary accountability or reporting purposes.

5. Notices

- 5.1. For the purpose of this MOU, the contact representatives of the Parties shall be:
- (a) For the Tasmanian Government (represented by the Department of State Growth):
- Name: Mark Bowles
- Email: mark.bowles@stategrowth.tas.gov.au
- Address: Level 4, 4 Salamanca Place, Hobart TAS 7000
- (b) For Rio Tinto:
- Name: Mark Gerrard, Acting General Manager, Bell Bay Aluminium
- Email: mark.gerrard@riotinto.com
- Address: Bell Bay Road, Bell Bay, TAS, 7253
- 5.2. Either Party may, by notice in writing to the other Party, designate additional representatives or substitute other representatives for those designated in this Clause.
- 5.3. Any notice or other communication under this MOU shall be in writing and shall be deemed to have been duly given when it has been delivered by hand, recognized courier or e-mail, as the case may be, by either Party to the other at the address in Clause 6.1 or such other address as either Party may hereafter notify in writing to the other Party.

6. Miscellaneous

- 6.1. No interference with executive duties or power
- Nothing in the MOU will prevent the free exercise by the Governor, by any member of the Executive Council, by any Minister of the Crown in right of the State of Tasmania or by any State servant of any duties or authorities of his or her office.
- 6.2. MOU not to restrict cooperation with others
- This MOU is not intended to restrict cooperation between the Parties with any other person or entity in either the same or similar fields or areas covered by this MOU.
- 6.3. No partnership or agency
- Nothing contained in this MOU will:
- (a) constitute, or be taken to constitute, a Party to be the partner, agent or legal representative of another Party for any purpose;
- (b) create, or be taken to create, a partnership or joint venture; or
- (c) create, or be taken to create, an agency or trust.
- 6.4. Other MOUs or agreements
- Any existing memorandum of understanding or other agreement between the Parties is not affected by this MOU. This MOU does not prevent the signing of any other MOU or other agreement between the Parties.

6.5. Amendment

No amendment to this MOU shall be effective unless in writing and signed by duly authorized representatives of all Parties. The Parties may enter into supplementary arrangements by written agreement between the Parties.

6.6 Authority to sign

The person signing this MOU on behalf of each Party hereby states that he or she has the requisite authority to execute this MOU on behalf of such Party.

Signatures

Executed by the Parties as a non-legally binding MOU.

For and on behalf of the Crown in Right of Tasmania:

Signature of Representative

Name of Representative: Peter Gutwein MP

Office held: Premier

Date:

For and on behalf of Rio Tinto:

Signature of Representative

Name of Representative: Jakob Stausholm

Office held: Chief Executive

Date:

APPENDIX A – Focus Areas for Investigation and Discussion

The Rio Tinto and Tasmanian Government Working Group will meet at least quarterly, to review and discuss issues and progress against key actions.

Focus Area 1: Decarbonisation of the Tasmanian Economy

Rio Tinto Actions	Tasmanian Government Actions
<ul style="list-style-type: none">• Rio Tinto will undertake business cases to pursue decarbonisation of the BBA smelter operations.• Projects currently underway at BBA include the full implementation of a copper cored cell design and reductions to Perfluorocarbons (PFCs) emissions.	<ul style="list-style-type: none">• The Government will investigate how to promote and support, where appropriate, decarbonisation initiatives in line with its renewable energy and climate change targets.• The Government will continue to work with partners, including Rio Tinto, to seek market recognition for Tasmania's unique low emissions profile and world-class environmental outcomes and Brand.

Focus Area 2: Certainty over the future of BBA

Rio Tinto Actions	Tasmanian Government Actions
<ul style="list-style-type: none">• With appropriate competitive conditions, Rio Tinto will provide certainty around BBA operations by committing to a minimum operating life to 2030 while it develops options for investments to secure longer term competitive operations.• Rio Tinto will expand its apprenticeship and graduate program at BBA with 10 to 15 additional places to be recruited for and placed by 2022-2023.	<ul style="list-style-type: none">• The Government will investigate how to further promote a competitive business environment for business including BBA.• The Government may facilitate discussions between Hydro Tasmania and Rio Tinto on the terms of BBA's electricity supply to sustain BBA's future to 2030 and potentially beyond.

Focus Area 3: Investment in new, high-impact, industries

Rio Tinto Actions	Tasmanian Government Actions
<ul style="list-style-type: none">• Rio Tinto will undertake a business case for expansion of aluminium smelting operations at BBA.• Rio Tinto will complete a business case for onsite (BBA) hydrogen electrolysis to replace natural gas in line with its and the Government's decarbonisation targets.• Rio Tinto and the Government will investigate the potential development of new, high-impact industries through direct investment and use of land owned by BBA taking into account BBA's strategic and commercial interests.	<ul style="list-style-type: none">• The Government will work with Rio Tinto and other proponents to facilitate the assessment of investment proposals under national and state regulatory approval processes.• The Government will work with Rio Tinto to procure land on commercial terms for potential industrial, community and commercial developments selected by the Government, taking into account growth and future development options for BBA.• The Government will consider potential funding for apprenticeships and specialist training programs, which support skills development for new industries (eg Energising Tasmania Training Fund).

Focus Area 4: Demand-side flexibility

Rio Tinto Actions	Tasmanian Government Actions
<ul style="list-style-type: none">• With appropriate considerations, Rio Tinto will make existing demand-side flexibility available for use by the market.• Rio Tinto will complete a business case for investing in additional demand flexibility at BBA to facilitate provision of more ancillary services to the market.• With appropriate commercial conditions, Rio Tinto will provide load and demand side flexibility to support the Marinus business case and load growth through agreed mechanisms.	<ul style="list-style-type: none">• The Government may facilitate discussions between Hydro Tasmania and Rio Tinto on the potential benefits from existing demand-side flexibility and valuation of their provision on commercial terms.• The Government will consider what funding (if any) might be appropriate to support capital projects that build demand-response capability in Tasmania.

Focus Area 5: An orderly sequence of investments in new renewable generation

Rio Tinto Actions	Tasmanian Government Actions
<ul style="list-style-type: none">• Rio Tinto will complete business cases for direct investment in and/or underwriting of new renewable generation projects near BBA in Tasmania.	<ul style="list-style-type: none">• The Government will investigate the use of scenario planning to identify the renewable energy generation and transmission network investment required to achieve the Tasmanian Renewable Energy Target (TRET) having regard to key social, environmental and economic drivers.• The Government will investigate potential incentive mechanisms to support the build-out of new electricity generation to meet the Government's renewable energy objectives, including the TRET.• The Government will engage with private investors on achieving the Government's renewable energy objectives through the RECF

Focus Area 6: A Low Levelised Cost of Energy (LCOE) for new energy generation

Rio Tinto Actions	Tasmanian Government Actions
<ul style="list-style-type: none">• When appropriate for the Government, Rio Tinto will use its networks and global partnerships to grow the financing, investment, and technical reach of Tasmanian investment opportunities.	<ul style="list-style-type: none">• The Government will investigate the role of low-cost financing and long-term energy offtake agreements that might potentially support new generation.

Focus Area 7: Affordable transmission infrastructure

Rio Tinto Actions	Tasmanian Government Actions
<ul style="list-style-type: none">• Rio Tinto will assist in expanding transmission into Bell Bay through access to available land (e.g., for new substation), creating demand certainty and network security.	<ul style="list-style-type: none">• The Government will monitor the Australian Energy Market Commission's review into how to ensure that regulatory frameworks for transmission planning and investment are fit-for-purpose and promote timely and efficient delivery of transmission.• The Government will work with proponents to facilitate the assessment of investment proposals under national and state regulatory approval processes.