

Rio Tinto Limited

RIO.AX | Materials | Diversified Metals & Mining

KEY METRICS

Price	Mkt Cap	Fwd P/E	EV/EBITDA
A\$163.30	A\$193B	Pending	Pending
52wk Range	Div Yield	Revenue	NPAT
Pending	Pending	Pending	Pending

Coverage of RIO.AX is currently in Phase 1 (Baseline Ingest). As a provider in the Diversified Metals & Mining sector, we are prioritising narrative weight assessment and signal divergence tracking while detailed financial history is being audited.

OVERALL SENTIMENT

Overall Sentiment	+10 UPSIDE
External Environment	-4
Company Research	+15

KEY TAKEAWAYS

- The T1 narrative ('Iron Ore Cash Generation — Pilbara Delivers') currently dominates the valuation math with 70.0% probability. Evidence suggests: Rio's Pilbara iron ore system is the world's lowest-cost major operation, generating exceptional cash flow at current prices.
- Risk profiling for RIO.AX prioritises If iron ore breaks below US\$90/t, earnings compress significantly.. We are monitoring Iron ore prices, Pilbara shipment volumes, C1 cost trajectory. as the primary diagnostic milestone for narrative survival (ACH-2).
- Market-wide regime is neutral (score: -4). External signals are dampening the Materials sector's baseline trajectory.

Marc Duncan | DH Capital Partners

marc@dhcapital.com.au

21 February 2026 | Sydney

COMPANY OVERVIEW

Rio Tinto Limited (ASX: RIO) — coverage initiated. Full analysis pending.

NARRATIVE ASSESSMENT

Rio Tinto Limited (ASX: RIO) — coverage initiated. Full analysis pending.

The narrative structure for RIO.AX follows the MATERIALS DIVERSIFIED MINING framework. Our assessment focuses on the divergence between stated management goals and the cross-domain evidence aggregate. Current survival scores reflect this probabilistic weighting.

MARKET CONTEXT

Macro Environment: NEUTRAL (external signal: -4)

Indicator	Value	Change
ASX 200	9,101.3	+3.2% 1mo
AUD/USD	0.7066	-0.8% 5d
RBA Cash Rate	4.10%	cutting gradually
VIX	19.6	

The regime is currently in a neutral transition phase. Direct macro/sector influence is minimal, increasing the importance of company-specific execution and idiosyncratic evidence (ACH-1/2).

SECTOR CONTEXT

Model: MATERIALS DIVERSIFIED MINING | Sector signal: -27 (diversified blend)

Commodity Overlay

Commodity	Price	5d Change
Iron Ore 62	99.74 USD/dmt	-1.1%
Gold Usd	4,994.80 USD/oz	-1.5%
Copper	5.78 USD/lb	-2.8%
Brent	70.44 USD/bbl	+1.5%

COMPETING HYPOTHESES

Dominant Narrative: T1: Iron Ore Cash Generation — Pilbara Delivers (survival probability: 70%)

T1: Iron Ore Cash Generation — Pilbara Delivers [DOMINANT] 70%

Rio's Pilbara iron ore system is the world's lowest-cost major operation, generating exceptional cash flow at current prices.

Watch: Iron ore prices, Pilbara shipment volumes, C1 cost trajectory.

Diagnostic milestones (synthesized):

- Monitor: Iron ore prices, Pilbara shipment volumes, C1 cost trajectory.
- Assess divergence between price signal and narrative weight.
- Audit evidence for incoming contradictory signals (ACH-3).

T2: Energy Transition Portfolio — Copper and Lithium Optionality 40%

Rio is building significant positions in copper (Oyu Tolgoi) and lithium (Arcadium) for the energy transition.

Watch: Oyu Tolgoi ramp-up progress, copper prices, Arcadium integration, lithium price recovery.

Diagnostic milestones (synthesized):

- Monitor: Oyu Tolgoi ramp-up progress, copper prices, Arcadium integration, lithium price recovery.
- Assess divergence between price signal and narrative weight.
- Audit evidence for incoming contradictory signals (ACH-3).

T3: China Demand Slowdown — Property Sector Drag 55%

China's property sector downturn reduces steel and iron ore demand structurally.

Watch: China steel production, property sector starts, iron ore port inventories.

Diagnostic milestones (synthesized):

- Monitor: China steel production, property sector starts, iron ore port inventories.
- Assess divergence between price signal and narrative weight.
- Audit evidence for incoming contradictory signals (ACH-3).

T4: Growth Capex Risk — Simandou and Arcadium Execution 50%

Over US\$15B in growth capital committed to Simandou, Arcadium, and Oyu Tolgoi carries execution risk.

Watch: Simandou first ore timing, Arcadium impairment testing, total capex vs free cash flow.

Diagnostic milestones (synthesized):

- Monitor: Simandou first ore timing, Arcadium impairment testing, total capex vs free cash flow.
- Assess divergence between price signal and narrative weight.
- Audit evidence for incoming contradictory signals (ACH-3).

DIAGNOSTIC EVIDENCE

The following evidence items have the highest discriminating power between hypotheses:

DIAGNOSTIC FRAMEWORK: What evidence would shift the narrative?

In the absence of active evidence items, we evaluate hypotheses against the following diagnostic benchmarks:

Hypothesis	Validating Signal	Invalidating Signal
T1	Support for Iron ore prices, Pilbara shipment volumes, C1 cost...	Contradiction of Iron Ore Cash Generation —...
T2	Support for Oyu Tolgoi ramp-up progress, copper prices, Arcadium integration,...	Contradiction of Energy Transition Portfolio — Copper...
T3	Support for China steel production, property sector starts, iron ore...	Contradiction of China Demand Slowdown — Property...
T4	Support for Simandou first ore timing, Arcadium impairment testing, total...	Contradiction of Growth Capex Risk — Simandou...

C = Consistent, I = Inconsistent, N = Neutral. Diagnosticity = ability to discriminate between hypotheses. HIGH/CRITICAL items are most informative.

KEY DISCRIMINATORS

Key discriminator analysis pending - will be populated as evidence items are assessed.

TRIPWIRES

Condition	Trigger	Action
Iron ore prices, Pilbara shipment volumes, C1 cost trajectory.	Per hypothesis thresholds	Reassess T1 narrative
Oyu Tolgoi ramp-up progress, copper prices, Arcadium integration, lithium price recovery.	Per hypothesis thresholds	Reassess T2 narrative
China steel production, property sector starts, iron ore port inventories.	Per hypothesis thresholds	Reassess T3 narrative

TECHNICAL PICTURE

Technical analysis pending - signals will be incorporated when the TA agent is deployed.

ANALYTICAL GAPS

The following information would materially improve the confidence of this analysis:

RESEARCH AGENDA: 90-Day Analytical Objectives

As this ticker is in baseline coverage, our primary research agenda focuses on the following idiosyncratic drivers:

- Management guidance on Materials demand trajectory - required to validate narrative survival for dominant hypothesis (ACH-1).
- Independent institutional positioning audit - needed to assess sentiment concentration and de-risking triggers.
- Balance sheet stress-test under 100bps rate move - required to stress-test valuation integrity.
- Historical narrative flip frequency analysis - to calibrate model sensitivity for upcoming earnings events.

UPCOMING CATALYSTS

Catalyst calendar pending. Key items to monitor:

- Next results date: Pending (monitor ASX announcements)
- Monitor hypothesis tripwires for narrative-change signals.

IMPORTANT INFORMATION

This document is prepared by DH Capital Partners Pty Ltd for informational purposes only. It does not constitute financial advice, a recommendation, or an offer to buy or sell any securities.

METHODOLOGY

This analysis uses the Analysis of Competing Hypotheses (ACH) framework, originally developed by Richards Heuer at the CIA for intelligence analysis and adapted here for equity research. ACH evaluates multiple competing explanations against diagnostic evidence, ranking hypotheses by the fewest inconsistencies rather than the most confirmations. This approach is designed to reduce confirmation bias and anchoring effects common in traditional equity research.

Sentiment scores are generated by a three-layer decomposition model separating macro environment, sector/commodity factors, and company-specific research. The 40/60 rule ensures company-specific research always contributes at least 60% of the overall sentiment, maintaining focus on idiosyncratic stock drivers.

NARRATIVE INTELLIGENCE PHILOSOPHY

Our approach is based on the principle that market prices represent the probability-weighted aggregate of multiple competing stories. By decomposing price action into macro, sector, and idiosyncratic narrative streams, we identify "Narrative Friction" — points where the market is pricing in a story that is increasingly at odds with observable evidence.

In our view, the most profitable opportunities occur when a dominant narrative becomes "fragile" (high survival score, high inconsistency), preceding a sharp de-rating or narrative flip.

LIMITATIONS

- Hypothesis scores are model outputs, not price targets or investment recommendations.
- Evidence assessment involves subjective judgement and may contain errors.
- Past price performance is not indicative of future returns.
- This analysis does not account for individual investor circumstances, risk tolerance, or tax position.
- Data sources include ASX announcements, broker research, company filings, and market data. Errors in source data will propagate.

CONFLICTS

DH Capital Partners and/or its principals may hold positions in securities discussed in this document. Positions may change without notice.

CONTACT

Marc Duncan

DH Capital Partners

marc@dhcapital.com.au

Sydney, Australia

(c) 2026 DH Capital Partners Pty Ltd. All rights reserved.