

RIO TINTO

News release...

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Rio Tinto's 68.4 per cent owned subsidiary, Energy Resources of Australia (ERA), issued the following news release in Australia today. All dollars are Australian currency unless otherwise stated.

ERA half year results 2004

	Six months ended 30 June 2004	Six months ended 30 June 2003	Change
Sales revenue (\$ million)	93.5	85.4	9.5%
Earnings before interest and tax (\$ million)	18.2	17.0	7.1%
Net profit after tax (\$ million)	11.4	9.7	17.5%
U ₃ O ₈ production (tonnes drummed)	2,307	2,705	(14.7)%

Net profit after tax for the consolidated entity for the half-year ended 30 June 2004 was \$11.4 million (2003: \$9.7 million). Earnings before interest and tax (EBIT) were \$18.2 million compared with \$17.0 million in 2003.

The increase in sales revenue was primarily due to the increase in the market price of uranium oxide resulting in an average realised sales price of US\$13.35/lb (2003 first-half US\$10.93/lb). This was partially offset by the strengthening A\$:US\$ exchange rate. The average market price of uranium oxide rose from US\$14.38 per pound at the beginning of the year to US\$18.23 per pound at 30 June 2004 (30 June 2003 \$10.83). Sales volume of uranium oxide for the half-year to 30 June 2004 was 2,254 tonnes (2003 first-half 2,325 tonnes)

The company settled US\$34 million (2003 first-half US\$34 million) in forward exchange contracts during the period. Settlement of forward exchange contracts, combined with the strengthening A\$:US\$ exchange rate, resulted in an effective exchange rate for the half-year of approximately 71 cents (an increase from 66 cents in the previous corresponding period).

ERA has currency hedge contracts of US\$13 million at an average A\$:US\$ exchange rate of 62 cents due to mature in the second half of 2004. No new currency hedge contracts were entered into during the period.

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Operating costs for the half year to 30 June 2004 increased primarily as a result of higher maintenance costs, increased usage of process materials resulting from a change in plant operation strategy to optimise uranium recovery and certain expenditure on improvement work that is not expected to recur. In the maintenance area, higher costs resulted from unplanned maintenance and a change in the timing of the annual plant shutdown from July to May.

Drummed production of uranium oxide for the half-year to 30 June 2004 was 2,307 tonnes (2003 first-half 2,705 tonnes). Production for the second half of 2004 is expected to increase from current levels to meet higher contractual commitments.

The potable water contamination incident at Ranger in March 2004 halted mining for eight days and production for 14 days. The impact of the incident was a fall in production in the first half of the year, but this has not impacted ERA's ability to meet its sales commitments. ERA has received medical advice that it is most unlikely that there will be any long term health effects as a result of the incident. The matter remains under review by the Northern Territory and Commonwealth government regulators.

Dividends

Directors declared an interim dividend of six cents per share, (2003: six cents per share) fully franked at 30 per cent. The dividend will be paid on 30 August 2004 to those shareholders registered on 16 August 2004.

Social and Environmental Issues

ERA maintained its accreditation under the international environmental standard ISO 14001 following an external audit.

ERA continued to work constructively on a range of issues with the Traditional Owners of the Ranger and Jabiluka leases, the Mirarr people, including finalising an agreement over the future of Jabiluka. The Jabiluka Long Term Care And Maintenance Agreement is close to completion, and the company expects all parties will soon sign it. The Agreement seeks to establish a care and maintenance regime that is acceptable to all parties on environmental, social and economic grounds.

Outlook

ERA expects sales volumes in the second half of 2004 to be higher than in the first half. However this increase in sales volume and market price will not translate into an improvement in net profit for the second half. This is because much of the increase in volume will be supplied from material purchased from third parties, and also because of ceiling prices in certain long-term contracts. These contracts, which include both floor and ceiling prices, were negotiated when the prevailing market price was lower than at present.

ERA expects the current strong market conditions to be maintained.

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