

# RIO TINTO

## News release...

Date: 29 January 2003  
Ref: PR346g

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

## Energy Resources of Australia Ltd - Annual results 2003

	Year ended 31 December 2003	Year ended 31 December 2002	Change
Revenue (\$ million)	197.3	199.2	(1%)
Earnings before interest and tax (\$ million)	35.3	39.2	(10%)
Net profit after tax (\$ million)	19.9	21.2	(6%)
Total dividends (cents per share)	11.0	11.0	-
U <sub>3</sub> O <sub>8</sub> production (tonnes drummed)	5,065	4,470	13%
U <sub>3</sub> O <sub>8</sub> sold tonnes - Ranger material	5,241	4,517	
- purchased material	18	628	
Total tonnes U <sub>3</sub> O <sub>8</sub> sold	<u>5,259</u>	<u>5,145</u>	2%

During 2003, ERA achieved record production of uranium oxide and gained certification under ISO 14001 for its environmental management system.

### Profit

ERA recorded a net profit after tax of \$19.9 million for the year ended 31 December 2003 compared with a profit of \$21.2 million for the same period in 2002.

The impacts of record annual production from the Ranger mine and improved prices for uranium were offset by the impact of the strengthening Australian dollar, increased operating costs at Ranger and one-off care and maintenance costs at Jabiluka.

### Cashflow

The net operating cashflow of \$45.8 million (2002: \$108.2 million) was lower than 2002 due to a combination of an increase in inventory, payment of prior years' income tax assessments and the effect of the strengthening Australian dollar on sales.

Revenue for the year ended 31 December 2003 was \$197.2 million (2002: \$199.2 million). The Company settled US\$49 million (2002: US\$60 million) of forward exchange contracts during the year. Settlement of forward exchange contracts combined with the strengthening

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Rio Tinto plc 6 St James's Square London SW1Y 4LD  
Telephone 020 7930 2399 Fax 020 7930 3249

REGISTERED OFFICE: 6 St James's Square London SW1Y 4LD Registered in England No. 719885

\$A: \$US exchange rate resulted in an effective exchange rate for the period of 66.6 cents as compared to the 2002 rate of 60.0 cents. The strengthening Australian dollar has negatively impacted revenue by approximately \$20 million.

### **Dividends**

ERA Directors declared a final dividend for the year of 5.0 cents per share, fully franked at 30 per cent. The record date for the dividend is 13 February 2004 and it will be paid on 27 February 2004. This is in addition to the interim dividend paid in August 2003 of 6.0 cents per share, giving total dividends paid to shareholders for the year of 11.0 cents per share, fully franked (2002: 11.0 cents per share).

### **Sales**

Sales for 2003 were 5,259 tonnes including 18 tonnes of third party stock (2002: 5,145 tonnes including 628 tonnes of third party stock). ERA's contractual sales price is influenced by the spot market. As at 31 December 2003 the spot market price was US\$14.40 per pound (31 December 2002: US\$10.20 per pound).

### **Operations**

Drummed production for the year was 5,065 tonnes U<sub>3</sub>O<sub>8</sub>, a record for the company (2002: 4,470 tonnes). The increase in production meant that no third party purchases were required to meet the Company's sales commitments, although 408 tonnes U<sub>3</sub>O<sub>8</sub> were purchased for inventory holding purposes.

### **Other Matters**

On 24 December 2003 the Full Court of the Federal Court dismissed the Commissioner of Taxation's appeal against the decision handed down on 28 January 2003 in the Commissioner of Taxation v Energy Resources of Australia Limited. The Commissioner has lodged an application to the High Court for special leave to appeal the case.

If the special leave to appeal is not granted, or the appeal should be unsuccessful, the effect will be an increase to ERA's net profit by approximately \$10.3 million. The cash flow of the Company will benefit from a tax refund of approximately \$6.5 million.

### **Outlook**

ERA expects sales in 2004 to be at a similar level to 2003. ERA has developed a strong forward order book in the short to medium term and retains the flexibility to take advantage of an improving market and improving forecast prices. ERA's practice of having a geographically diverse contract portfolio with a strong customer focus will ensure steady revenue performance in future years.

Foreign currency hedges due to mature in 2004 amount to US\$47 million at an average rate of 64 US cents.

ERA continues to seek ways of improving productivity, including the introduction of the EDI (Employees Driving Improvement) program, launched in late 2003.

For further information, please contact:

**LONDON**

**Media Relations**

Lisa Cullimore  
Office: +44 (0) 20 7753 2305  
Mobile: +44 (0) 7730 418 385

**Investor Relations**

Peter Cunningham  
Office: +44 (0) 20 7753 2401  
Mobile: +44 (0) 7711 596 570  
Richard Brimelow  
Office: +44 (0) 20 7753 2326  
Mobile: +44 (0) 7753 783 825

Website: [www.riotinto.com](http://www.riotinto.com)

**AUSTRALIA**

**Media Relations**

Ian Head  
Office: +61 (0) 3 9283 3620  
Mobile: +61 (0) 408 360 101

**Investor Relations**

Dave Skinner  
Office: +61 (0) 3 9283 3628  
Mobile: +61 (0) 408 335 309  
Daphne Morros  
Office: +61 (0) 3 9283 3639  
Mobile: +61 (0) 408 360 764