

RIO TINTO

News release...

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Iron ore price settlement (2)

Rio Tinto's 100 per cent owned Hamersley Iron today reached agreement with Nippon Steel on prices for Hamersley lump iron ore deliveries for the contract year commencing 1 April, 2004.

The price of lump ore will increase by 18.62 per cent to US cents 45.93 per dry metric ton unit (see accompanying note).

A comparison with 2003 prices, in US cents per dry metric ton unit, is as follows:

	<u>FY03</u>	<u>FY04</u>	<u>% change</u>
Lump ore	38.72	45.93	+18.62%
Lump premium	8.38	9.94	

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Notes:

- Iron ore is predominantly traded on the world market under long term contract.
- Contract years can differ from calendar years.
- The global reference price settlement is expressed as a percentage increase or decrease from the previous year.
- The reference price is usually established for fines ore first because this represents 60 per cent of the traded market. Prices for lump and pellets are then usually determined as a premium to the fines ore price.
- Once the annual percentage change is negotiated, Japanese iron ore prices are denominated in US cents per dry ton unit, reflecting a common base per unit of iron content.
- Comparing prices is a somewhat complex process based on 'iron units' (not tonnes), often requiring lengthy conversions:
 - To determine the US\$ price per tonne, the conversion is:
US cents per dry ton unit x Iron Content
Iron content for Hamersley fine and lump ore is 64 per cent and for HI Yandi 58 per cent;
 - Tonnages can be expressed in either long tons or metric tons. A long ton is the imperial form of measurement. It is converted to metric units and adjusted for moisture content of the ore when normally reporting tonnages;
 - To convert quantities from long tonnes to metric tonnes, multiply long tons by 1.016;
 - The moisture content of ores differs.