

RIO TINTO

News release...

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Diavik approves construction of new dike

The owners of the Diavik diamond mine (Rio Tinto 60%) today announced approval for the construction of the A418 dike, and funding for further study of the viability of underground mining, including the construction of an exploratory decline.

Construction of the A418 dike is expected to cost US\$190 million and will commence in the summer of 2005. First production from the A418 pit will be in early 2008.

The exploratory decline will provide access to the A418 pipe and both the North and South A154 pipes to provide data to support feasibility studies into underground mining of the three diamond ore bodies. These studies will be completed in the first half of 2007. The cost of the feasibility studies, including the exploratory decline, together with a process plant optimisation programme, is expected to be US\$75 million.

The development of the A418 open pit and, subsequently, the underground mines will enable Diavik Diamonds to capture the additional value due to better than anticipated process plant performance and higher than anticipated diamond values.

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Background

The Diavik Diamond Mine, located in the sub-arctic region of Canada's Northwest Territories, is an unincorporated joint venture between Rio Tinto's Diavik Diamond Mines Inc (60% interest) and Aber Diamond Corporation (40% interest).

Diavik currently has a number of diamond-bearing bodies called kimberlite pipes, including those designated A154South, A154North and A418 referred to in this release, located under Lac de Gras. Commercial production commenced in early 2003 following an investment of C\$1.3 billion and two years of construction, involving innovative engineering, to allow temporary access to the lake bottom.

Diavik was built after significant environmental study and local community consultation, and today is providing local northern and aboriginal communities with significant benefits in the form of training, employment and new business opportunities.

Diavik produced 3.8 million carats in 2003 and production in 2004 will be well over seven million carats. Production in 2005 is expected to be over 8.5 million carats.

Diavik's annual production is expected to be between seven and nine million carats until at least 2010. The Diavik mine life is projected to be 20 years.

US dollar amounts in this release are based on a US dollar/Canadian dollar exchange rate of 0.73.