

Diamonds Annual Review 2008

Investing in the future

RioTinto



Directory

Rio Tinto Diamonds NV

Rio Tinto Diamonds conducts its rough diamond sorting and sales in Antwerp, Belgium, the centre of the world's wholesale rough diamond trade.

Diamond Exchange Building
Hoveniersstraat 53
2018 Antwerpen
Belgium
Telephone: (32 3) 303 6800
Facsimile: (32 3) 303 6900
Website: www.riotintodiamonds.com
www.selectdiamantaire.com
Email: info@riotintodiamonds.com
salesenquiries@riotintodiamonds.com

Rio Tinto Diamonds India Representative Office

Rio Tinto Diamonds has a representative office in Mumbai, India which liaises directly with local customers and the Indian diamond industry.

117 Maker Chambers VI, Nariman Point
Mumbai 400 021 India
Telephone: (91 22) 2284 3481
Facsimile: (91 22) 2284 3486
Email : rtd.india@riotintodiamonds.com

Rio Tinto Diamonds US Representative Office

Rio Tinto Diamonds has a representative office in New York which liaises directly with local customers and the US retail diamond jewellery trade.

28 W44th Street
16th Floor
New York, NY 10036
Telephone: (1 646) 429 1624
Email: rtd.usa@riotintodiamonds.com

Diavik Diamond Mines Inc

The Diavik Diamond Mine is located in the remote North-west Territories in Canada. Diavik has its head office in Yellowknife, approximately 300 km from the mine.

P.O. Box 2498
5007 - 50th Avenue
Yellowknife, NT X1A2P8
Canada
Telephone: (8 67) 669 6500
Facsimile: (8 67) 669 9058
Website: www.diavik.ca
Email: info@diavik.com

Argyle Diamonds Australia

The Argyle mine is located in the remote east Kimberley region of Western Australia. Argyle has its headquarters in Perth, Western Australia where Rio Tinto Diamonds' pink diamond cutting and polishing facility is located.

2 Kings Park Road
West Perth 6005 Western Australia
Telephone: (61 8) 9482 1166
Facsimile: (61 8) 9482 1161
Website: www.argylediamonds.com.au
E-mail: info@argylediamonds.com.au

Murowa Diamond Mines Private limited

The Murowa Diamond Mine is located near Zvishavane in South Central Zimbabwe.

Kenilworth Gardens
1 Kenilworth Road
Highlands
Harare, Zimbabwe
Telephone: (263 4) 746 614 through to 7
Facsimile: (263 4) 746 267

Foreword



I am pleased to introduce the 2008 Annual Review of Rio Tinto's diamond business.

Following a very difficult year in 2006, conditions in the industry improved in 2007 as reflected in our underlying diamond earnings. We had some key operational challenges in 2007 as we pursued our goal of an underground mine at Argyle, re-examined a fourth pipe at Diavik and continued to operate in an increasingly turbulent political environment in Zimbabwe.

As 2008 unfolds, I can report that the Argyle underground mine is making solid progress, which together with our investment in underground mining at Diavik will provide a reliable supply of diamonds until at least 2020. Having benefited from strong demand across the full range of products in 2007, we are cautiously optimistic for 2008.

In this Review we report on:

The outlook for the diamond industry;
Our 2007 results;
Our sales and marketing programmes; and
Our collaborative approach to sustainable development in the diamond industry.

Rio Tinto's diamond assets, both physical assets and people, are world class and these assets, together with our well established sales and marketing capability and a heavy investment in diamond exploration, are indicative of our long term commitment to the diamond industry.

I welcome any feedback you have on this Annual Review.

Bill Champion
Managing director
Rio Tinto's Diamond Business

Table of contents

1.0 The outlook for the diamond industry	05
1.1 Long term supply demand outlook	05
1.2 2007 Pipeline performance	06
2.0 Rio Tinto's diamond portfolio	10
2.1 Overview	10
2.2 Diavik	15
2.3 Argyle	18
2.4 Murowa	19
3.0 Rio Tinto's diamond sales and marketing initiatives	20
3.1 Overview	20
3.2 Specific market and customer support initiatives	20
4.0 Corporate social responsibility	26
4.1 Chain of confidence	26
4.2 Commitment to sustainable development	28
5.0 Senior management	29
6.0 Rio Tinto Diamonds' Select Diamantaire details	31

List of figures

Figure 1: Supply / demand outlook	05
Figure 2: 2007 Pipeline performance	07
Figure 3: Diamonds' contribution to Rio Tinto Group adjusted earnings	10
Figure 4: 2007 World production by volume	12
Figure 5: 2007 World production by value	12
Figure 6: 2007 Exploration expenditure by commodity	13
Figure 7: Diavik mine production and revenue	15
Figure 8: Argyle mine production and revenue	18
Figure 9: Murowa mine production and revenue	19

Forward-looking statements

This review includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included in this review, including, without limitation, those regarding Rio Tinto's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to Rio Tinto's products, production forecasts and reserve and resource positions), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Rio Tinto, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Rio Tinto's present and future business strategies and the environment in which Rio Tinto will operate in the future. Among the important factors that could cause Rio Tinto's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, levels of actual production during any period, levels of demand and market prices, the ability to produce and transport products profitably, the impact of foreign currency exchange rates on market prices and operating costs, operational problems, political uncertainty and economic conditions in relevant areas of the world, the actions of competitors, activities by governmental authorities such as changes in taxation or regulation and such other risk factors identified in Rio Tinto's most recent Annual Report on Form 20-F filed with the United States Securities and Exchange Commission (the "SEC") or Form 6-Ks furnished to the SEC. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements. These forward-looking statements speak only as of the date of this review. Rio Tinto expressly disclaims any obligation or undertaking (except as required by applicable law, the City Code on Takeovers and Mergers (the "Takeover Code"), the UK Listing Rules, the Disclosure and Transparency Rules of the Financial Services Authority and the Listing Rules of the Australian Securities Exchange) to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Rio Tinto's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Long term diamond industry fundamentals suggest that at the aggregate level, diamond demand will exceed supply, resulting in sustained price growth over the next decade.

08/20



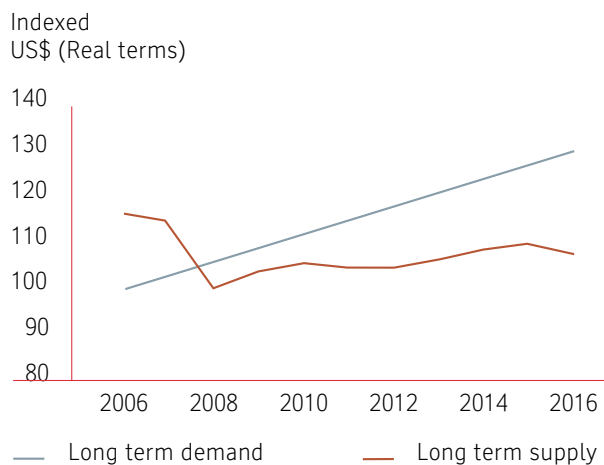
1.0 The outlook for the diamond industry

At the macro level the long term supply/demand fundamentals for diamonds indicate a sizeable supply gap, thereby implying positive price growth. Notwithstanding this, the diamond industry is currently witnessing unprecedented price volatility and a growing impetus to reduce the cost of carrying stock by moving goods more rapidly and efficiently through the pipeline. Supply chain management by all participants will become a critical success factor in the demand driven environment of the diamond industry. The section below reviews the long term supply/demand fundamentals and examines the performance of the pipeline over the past year.

1.1 Long term supply / demand outlook

Long term diamond industry fundamentals suggest that at the aggregate level diamond demand will exceed supply, resulting in sustained price growth over the next decade. Even in the most optimistic supply scenario there is a sizeable supply gap. In the short to medium term, excess pipeline stocks built up over 2006 are expected to diminish.

Figure 1: Supply / demand outlook



Source: Rio Tinto annual reports

Rio Tinto Diamonds forecasts an increase in mine production of approximately 1% per annum in carat terms between 2006 and 2020. Supply will be driven by increased production in Russia and southern Africa, together with underground development of a number of mines in Canada and Russia. New mine discoveries are becoming increasingly rare and as a result, diamond reserves have been steadily declining.

Rio Tinto Diamonds forecasts real diamond jewellery demand growth of approximately 3% a year for the next decade. The key drivers of demand are growth in GDP per capita, disposable income, cultural preferences and market saturation. Increased globalisation will continue to drive overall GDP growth and urban household income growth in the world's major cities.

Whilst the US remains the main driver of diamond demand in overall value terms, the developing economies of China, India and the Middle East are expected to contribute significantly to future diamond demand. Diamond jewellery sales in China and India have entered a period of accelerated growth fuelled by the rapid change and progress in these two markets.

Brand investment by retailers and manufacturers in China and India is strong and there is a cultural preference to display wealth and invest in jewellery. As urban incomes increase, diamond jewellery demand is expected to track luxury goods consumption. The population profiles in China and India are heavily weighted towards younger age groups, who increasingly have higher disposable incomes and an interest in European and American products and trends.

Despite current poor economic conditions in the US, slow but steady growth is expected over the longer term. The value and volume of US retail diamond jewellery demand is expected to continue to grow in line with GDP. Growth will be mainly driven by the increasing number of households entering high income brackets, the continued expansion of discount retailers offering low-priced jewellery and an expected effort by manufacturers and retailers to provide new product options.

The outlook for the diamond industry



Demand in Europe is steady, accounting for about 10% of world market share of diamond jewellery. This market is expected to play a substantial role in the value and volume of demand over the next decade, but falling birth rates, high savings rates and flat economic growth will hinder improvement in growth rates.

Diamond jewellery sales in China and India have entered a period of accelerated growth. Brand investment by retailers and manufacturers in these markets is strong and there is a cultural preference to display wealth and invest in jewellery.

Japan, which accounts for 15% of world diamond jewellery sales, is also experiencing falling birth rates and high savings rates. These factors continue to hinder the sale of diamond jewellery. In coming years, the Japanese economy is forecast to grow at a slower pace than the world economy and the outlook for diamond jewellery consumption in Japan is zero or minimal growth.

Retail value in the Middle East will largely depend on any future regional conflicts and the price of oil. As the world's oil supply is depleted and the price of oil rises, diamond jewellery sales in the Middle East are expected to increase.

Rio Tinto Diamonds continues to carefully monitor the impact of man-made and treated diamonds on the diamond industry. Detection and disclosure remain key priorities. It is accepted that an industry priority should be to reduce the number of descriptors used to disclose man-made diamonds. This will help to avoid confusion and enable consumers to make better informed decisions. Furthermore the diamond industry must continue to foster consumer confidence for natural diamonds and drive demand for this product from affluent consumers in the emerging markets of China, India and the Middle East.

1.2 2007 Pipeline performance

Following a difficult year in 2006, industry conditions improved during 2007. Liquidity levels improved and both rough and polished diamond stock levels decreased. The industry however, continues to face a number of challenges:

- Despite an overall reduction in excess stock levels in 2007, it is believed that stocks remaining in the cutting centres are skewed towards the medium to lower quality ranges;
- Liquidity levels and margins again came under pressure during the second half of 2007, primarily due to a weaker US dollar, high rough prices and the turmoil in key financial markets; and
- Industry bank debt remains high with current estimates exceeding US\$12 billion.

The outlook for the diamond industry

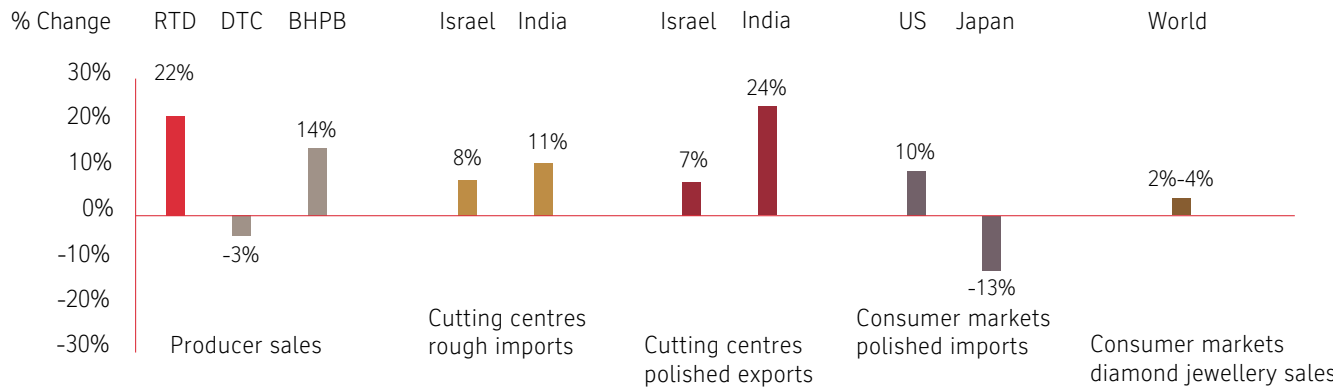


Figure 2: 2007 Pipeline performance

Source: Various industry statistics and financial/annual reports



The outlook for the diamond industry

Rough markets

2007 started on a positive note, with strong demand for rough driven by anticipated supply shortages and expected price increases. Strong demand continued until the fourth quarter, when the market slowed ahead of the Indian Diwali festival but demand strengthened again in preparation for the Christmas period.

Overall rough diamond prices increased during the year with large, better quality diamonds experiencing the largest increases. The price increases for these larger, better quality goods were driven mainly by expectations of supply shortages combined with strong consumer demand from all markets for the resultant polished diamonds. Prices for smaller diamonds and medium to lower quality ranges were more subdued.

Cutting centres

In 2007 India's rough diamond imports decreased by 2% in volume terms but increased 11% in value, reflecting rough price appreciation and access to higher quality rough diamonds. India's performance as a cutting centre demonstrated a solid recovery in 2007 as its polished diamond exports increased by 18% in volume and 24% in value over 2006 levels.

Israel reversed its recent trend of declining rough diamond imports, recording a 9% increase in volume and an 8% increase in value. Polished diamond exports continued to decline for the fourth year in a row, with a 1% decline in volume, but an increase of 7% in value.

Polished markets

Polished demand and corresponding price growth was strongest for large stones and smaller, better quality diamonds. This was driven by strong demand from China and consumers trading up in the US. Demand for small, lower quality polished goods was slow, with this product segment experiencing price decreases in 2007.

Consumer markets

In the US there was an overall increase in retail jewellery sales in 2007 but the rate of sales growth slowed in comparison with the previous year. Preliminary estimates released by the US Department of Commerce indicate that in 2007, jewellery and watch sales across all retail outlets (including specialty jewellers, discounters, mass retailers, department stores and others) increased 4.1% over 2006 levels.

In 2007, the performance of the US retail diamond jewellery market was impacted by the following factors:

- Jewellery lost market share to other consumer goods such as electronics, computers and clothing;
- Margins reduced as prices for rough diamonds and precious metals increased; and
- Demand for fashion jewellery slowed, while demand for very high end jewellery and fancy coloured diamonds improved.

In Japan, the second largest consumer market for diamond jewellery, polished diamond imports declined 15% in volume and 13% in value. The Japanese retail sector remains flat, with total retail sales (all products) registering a decline of 0.1% over 2006 levels.



India's polished diamond exports improved significantly on 2006, demonstrating a solid recovery in this cutting centre in 2007.



2.0 Rio Tinto's diamond portfolio

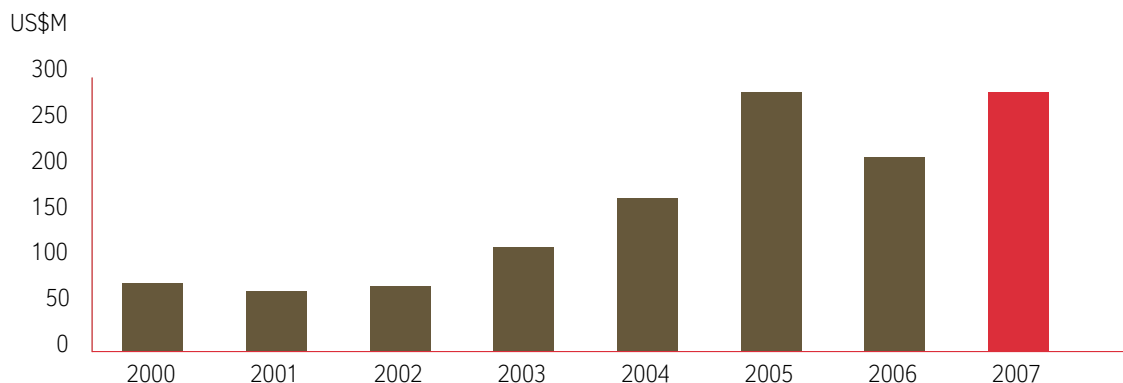


2.1 Overview

Diamonds continue to represent an important earnings contributor to Rio Tinto's diversified portfolio. In 2007, diamonds contributed US\$280 million to Rio Tinto's adjusted earnings, up from US\$211 million in 2006, an increase of 33%.

This increase in diamond earnings was driven primarily by increased volumes from Diavik and a reduction in stocks at Argyle. Whilst there is an ever increasing demand for Argyle pink diamonds, market conditions remain more difficult for regular Argyle production, especially for the small, near gem material.

Figure 3: Diamonds' contribution to Rio Tinto Group adjusted earnings



Source: Rio Tinto Economics

As one of the largest and most experienced diamond producers in the world, Rio Tinto is a key participant in the international diamond market.

○ Diavik Diamond Mine

○ Rio Tinto Diamonds NV

○ Rio Tinto Diamonds
US Representative Office

Rio Tinto Diamonds
India Representative Office ○ Bunder Project

Murowa Diamond Mine ○

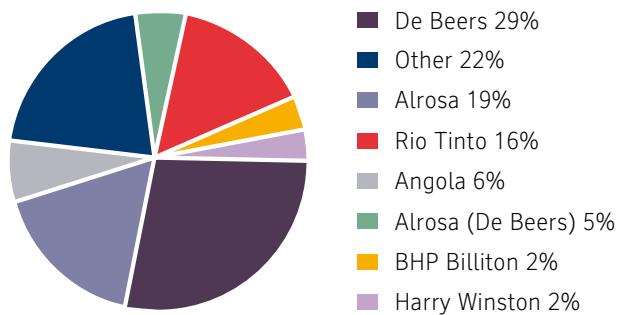
Argyle Diamond Mine ○



MENT'S MARK
S PLATE IS RESPECT
Place, Kingsland Road, L

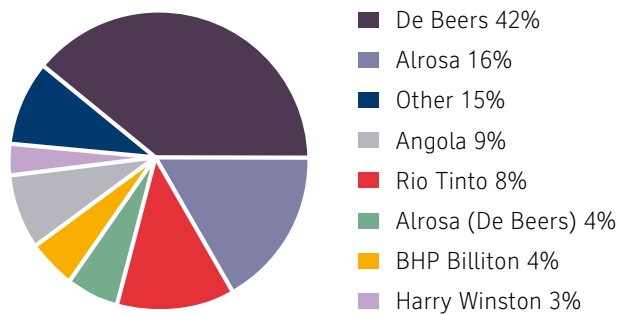
Rio Tinto's diamond portfolio

Figure 4: 2007 World production by volume



Source: Industry statistics

Figure 5: 2007 World production by value



Source: Industry statistics

In 2007, Rio Tinto produced about 16% of the world's rough diamonds by volume and 8% by value through its 100% control of the Argyle mine, 60% of the Diavik mine and a 78% interest in the Murowa Diamond Project. These three mines allow Rio Tinto to be present in all segments of the market. Rio Tinto's share of the production from these three mines was approximately US\$1 billion in 2007 and was sold through Rio Tinto Diamonds' Antwerp office.

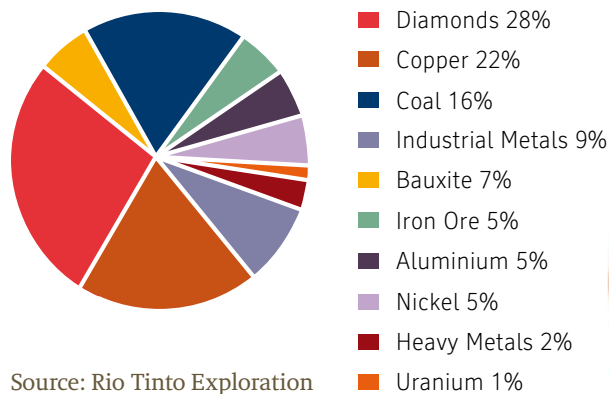
Rio Tinto has a proven track record of world-class diamond exploration success. Rio Tinto's global diamond exploration portfolio currently encompasses six continents and includes projects in North America, India, southern and western Africa, Russia and Australia.

Rio Tinto's diamond business is targeting a wide range of exploration opportunities. The most advanced exploration project is at Bunder in the Indian state of Madhya Pradesh where Rio Tinto has discovered a cluster of eight diamondiferous kimberlites. An order of magnitude study on this project is continuing from 2007. Rio Tinto has spent more than US\$25 million over the last six years on diamond exploration/evaluation in India and is the first foreign company to be granted prospecting licenses. Rio Tinto is awaiting final permit approvals to construct a Dense Media Separation plant near the project site. Subject to these approvals, the order of magnitude study will be completed in the second half of 2008.

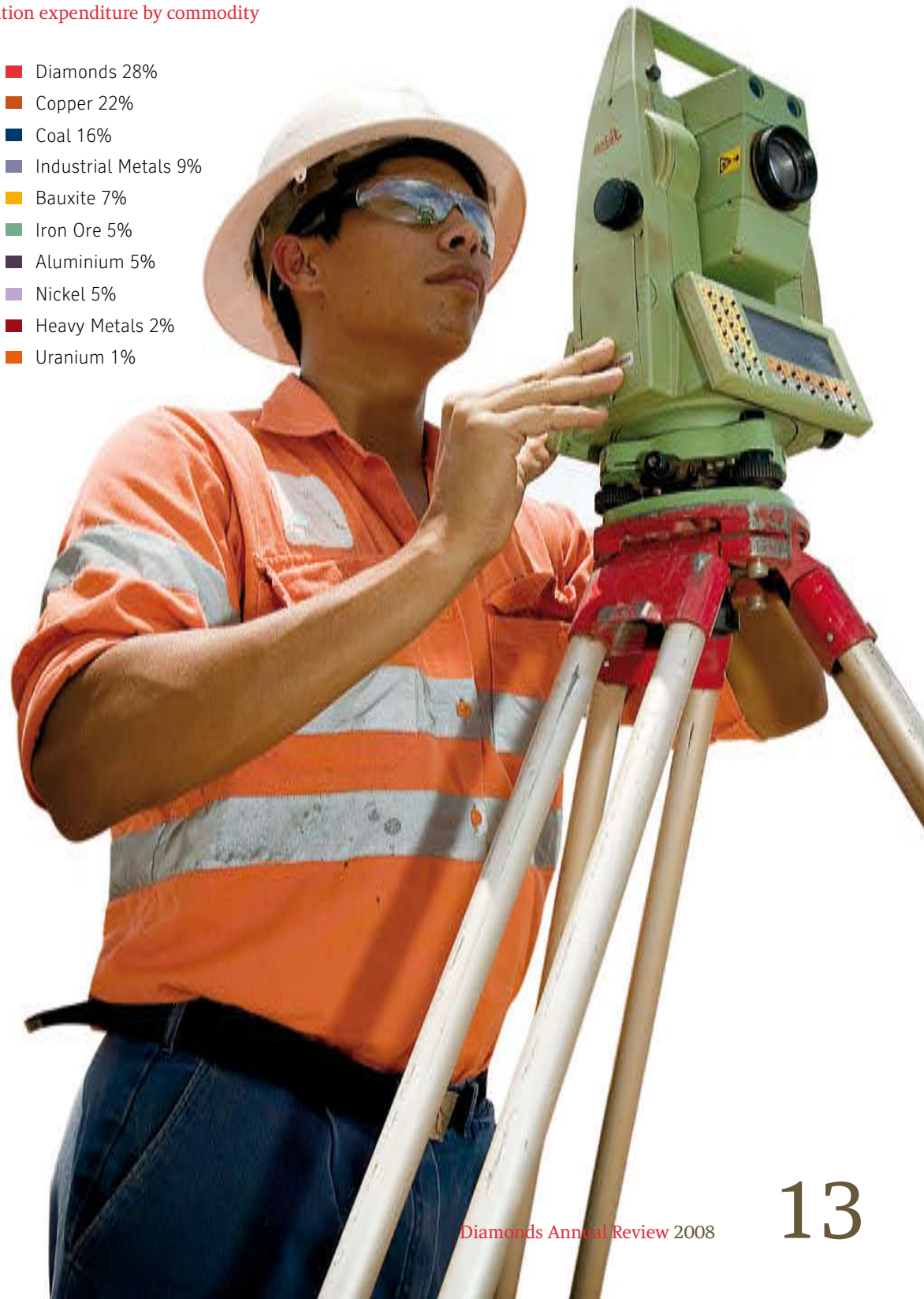
To support these exploration initiatives Rio Tinto has created a global network of five diamond exploration laboratories and a leading-edge mineral chemistry analytical facility. In 2006 a Centre of Technical Excellence was established and is staffed by a small team of experienced specialists to provide support for the more advanced evaluation projects and the diamond business, and to promote and share best practice in the Rio Tinto Group. The team now forms the Diamonds Technology and Innovation Group and is working closely with Rio Tinto Exploration and Rio Tinto Diamonds' operational sales groups to ensure that Rio Tinto's diamond skills and knowledge are utilised effectively to sustain and grow the business. Projects include improving diamond recoveries, the development of enhanced sorting technology and new diamond preparation and cleaning techniques.

Rio Tinto has spent more than US\$25 million over the last six years on diamond exploration and evaluation in India and is the first foreign company to be granted prospecting licenses.

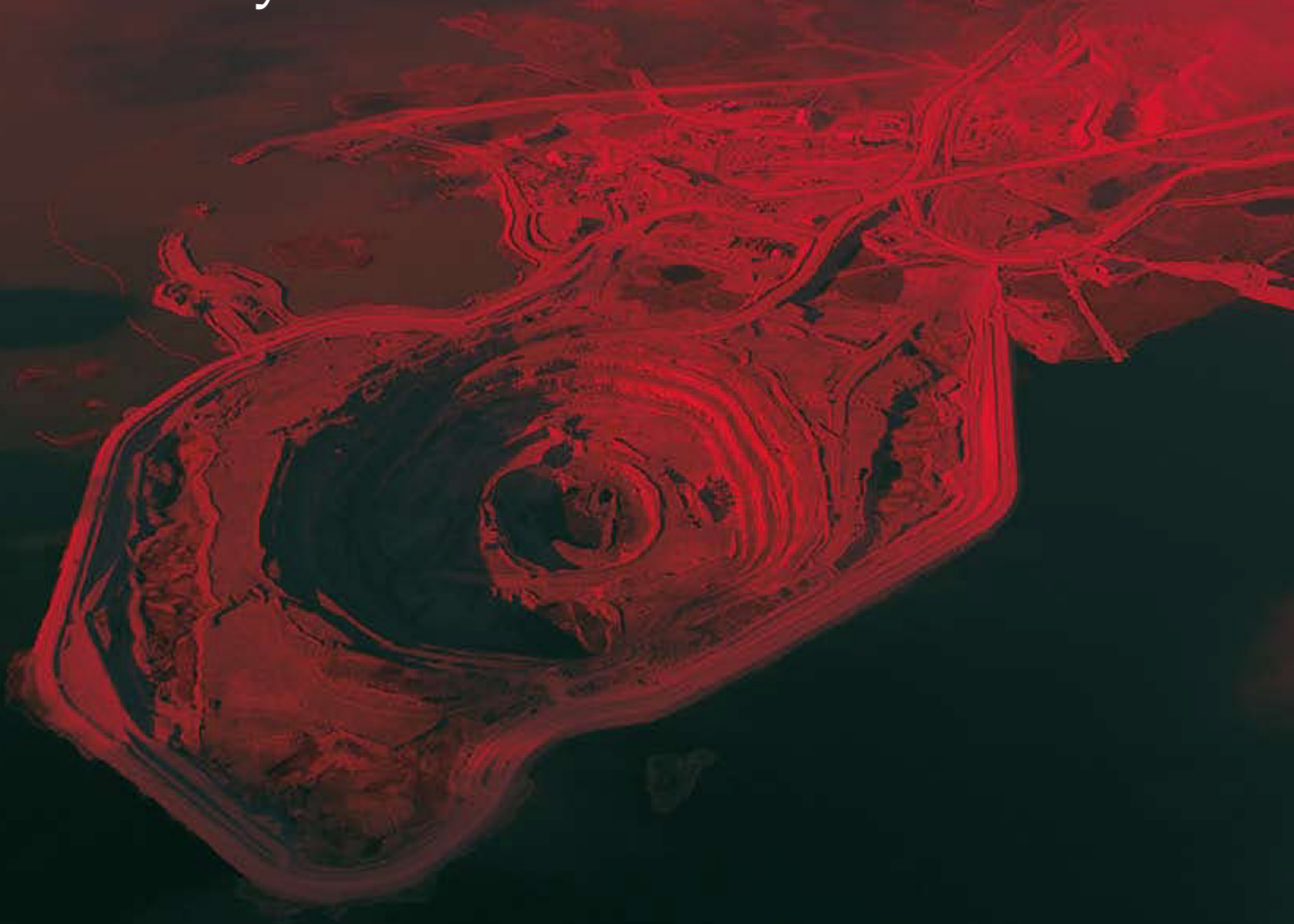
Figure 6: 2007 Rio Tinto exploration expenditure by commodity



Source: Rio Tinto Exploration



The Diavik orebodies have some of the highest in situ values per tonne of any diamond mine in the world.



Rio Tinto's diamond portfolio



2.2 Diavik

The Diavik Diamond Mine, located 300 km northeast of Yellowknife in the Northwest Territories in Canada, is an unincorporated joint venture between Diavik Diamond Mines Inc. (DDMI) (60%) and Harry Winston Diamond Mines Ltd. (40%). Both companies are headquartered in Yellowknife, Canada. DDMI is a wholly owned subsidiary of Rio Tinto plc of London, England, and Harry Winston Diamond Mines Ltd. is a wholly owned subsidiary of Harry Winston Diamond Corporation of Toronto, Canada. DDMI is the operator of the project. The two joint venture participants retain the right to market independently their respective share of the diamonds produced from the Diavik Diamond Mine. DDMI is the manager of the operations.

In 2007 the Diavik Diamond Mine ore reserve comprised three diamond bearing kimberlite pipes that will be mined using open pit and underground mining methods – A154 South, A154 North and A418. A fourth pipe, A21, will be further bulk sampled in 2008 to assess whether or not it can be added to the reserves. All pipes are located just offshore of East Island beneath the waters of the 60 kilometre long lake called Lac de Gras. The mine operates in a very remote and high cost region of Canada and requires unique dike technology to allow mining of the deposits formerly under the large lake. The Diavik ore bodies, while small, have some of the highest in situ values per tonne of any diamond mine in the world.

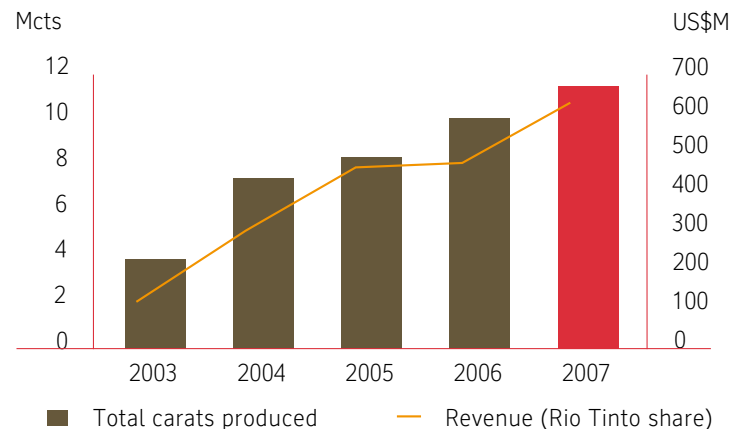
The A154 South is the richest pipe and open pit production commenced in January 2003. Mining of the A154 North pipe commenced in late 2004 from the same open pit. Prestripping for the A418 pit commenced in December 2006 with access to A418 ore occurring in 2008. In addition to open pit mining, all three kimberlite pipes will be mined from underground. Diavik expects that the transition to total underground mining will be completed around 2012. In November 2007, the joint venture partners, Rio Tinto and Harry Winston, approved funding for the underground mine construction.

Under the current mine plan for Diavik, diamond production from underground would begin in 2009 and continue beyond 2020. Open pit mining is expected to cease in 2012, at which time Diavik will become a totally underground mine. Diavik's total mine life remains within the 16 to 22 years projected in the original feasibility study of 1999.

To support underground mining, Diavik must construct new surface works, expand its water treatment and power generating plants, and construct ancillary facilities including fuel and cement storage, and additional accommodation facilities. Approximately 20 kilometres of underground development works will also be established to bring underground mining into production. Rio Tinto's capital investment of US\$563 million will be spent over the next two years, adding to the US\$224 million invested in 2006-2007 for the underground feasibility studies and related capital projects.

In 2007 the joint venture produced 11.9 million carats of rough diamonds (DDMI share 7.1 million carats). 2007 sales from DDMI were US\$578 million.

Figure 7: Diavik mine production and revenue



Source: Diavik Diamond Mine

Open pit mining at Diavik is expected to cease in 2012, after which time Diavik will be a totally underground mine.

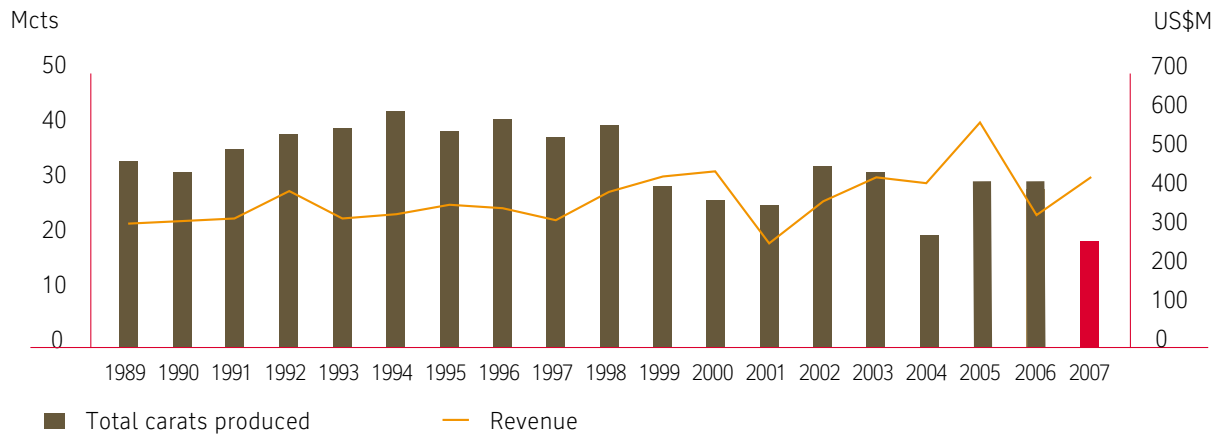




2.3 Argyle

The Argyle mine is 100% owned by Rio Tinto. Operating since 1983, it has produced over 750 million carats of rough diamonds and generated more than US\$7 billion in revenue.

Figure 8: Argyle mine production and revenue



Source: Argyle Diamonds

The Argyle open pit mine is set to close in 2010. Argyle's diamonds continue at depth and in 2005 the Rio Tinto Board approved the recommendation to proceed with an underground mine, below the existing AK1 open pit. This will extend the life of Argyle until 2018.

As of April 2008, 48% of the tunnelling for the Argyle underground project was complete.

Rio Tinto's diamond portfolio

Construction of an underground block cave mine commenced in early 2006. Block caving is an advanced mining method due to its potential to utilise high degrees of automation and remote control technology. This mining method is also ideally suited for the AK1 pipe due to its shape, rock properties and configuration. As of April 2008, 48% of the tunnelling for the Argyle underground project was complete. Infrastructure construction was approximately 18% complete mainly involving surface infrastructure consisting of the main ventilation fans, refrigeration plant, power and water facilities, office facilities and the construction camp upgrade.

Total ore reserves of the AK1 pipe were 94.1 million tonnes as at the end of 2007 (as reported in the 2007 Rio Tinto Annual Report) equating to 197.5 Mct. Outside and beneath the current block cave area is approximately 40 million tonnes of potentially recoverable ore, which requires further geological and economic evaluation to decide whether it will be feasible to extend the mine life beyond 2018.

In 2007 Argyle's rough and polished diamond sales totalled US\$426.5 million and resulted in net earnings of US\$86.9 million. These results were up on 2006 levels, due primarily to an improved rough market and a continuing very strong market for the Argyle pink diamonds.

2.4 Murowa

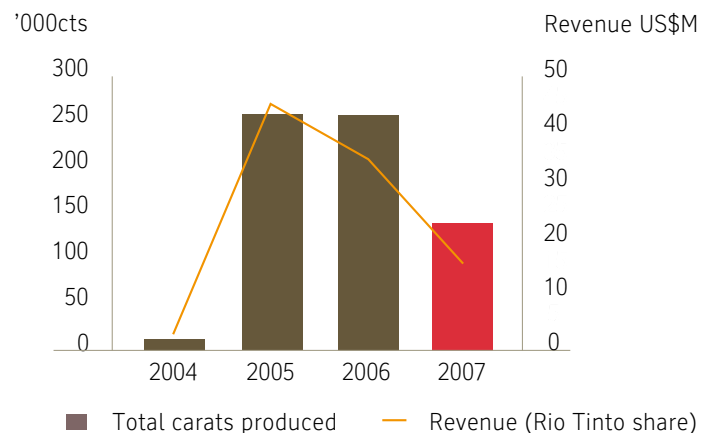
The Murowa Diamond Mine is located near Zvishavane in South Central Zimbabwe. Murowa Diamonds Private Limited (MDPL) is incorporated in Zimbabwe. Rio Tinto plc has a 78% interest in the company and the remaining interest is locally owned through RioZim (Private) Limited (22%).

Three kimberlite pipes were discovered in 1997. Feasibility studies and mine planning were conducted from 1998 to 2000, with commissioning in 2004.

The operating plan provides for small scale production, followed by possible expansion. MDPL employs around 176 people directly and 108 contractors who provide mining and village services.

Mine production from the Murowa mine was 145,000 carats in 2007, compared to 240,000 carats in 2006. Sales from the Murowa diamond project in 2007 were US\$15.83 million with net earnings of US\$2.3 million. These figures were down on 2006 results and reflect disruptions due to commissioning of new circuitry and extensive power outages. A backup generator set has since been installed to reduce the impact of ongoing power outages.

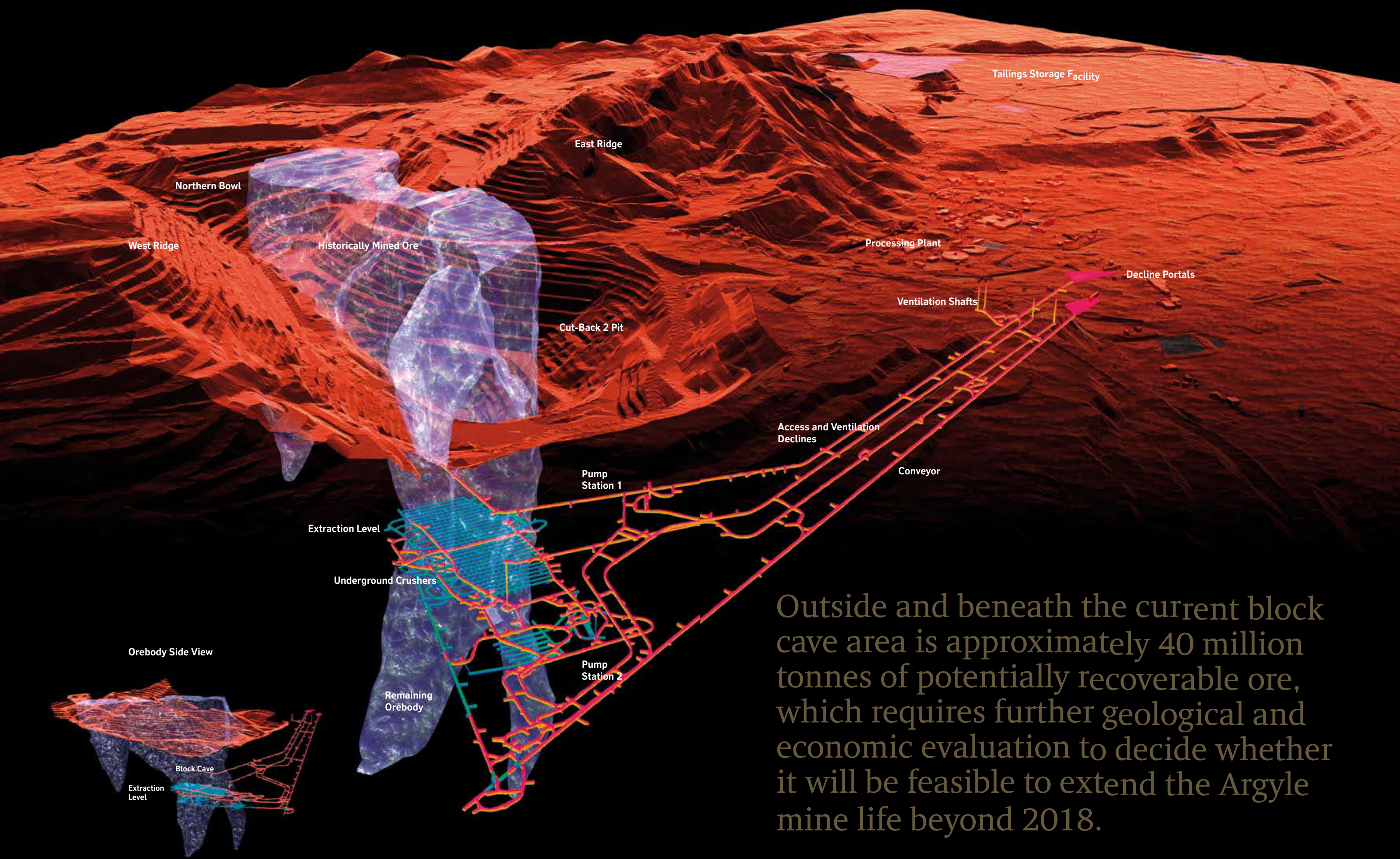
Figure 9: Murowa mine production and revenue



Source: Murowa Diamonds

Further capital will be invested in 2008 in order to equip the operation to better handle unweathered harder ore that is expected towards the end of 2008.

A detailed feasibility study was completed and environmental approvals obtained in 2007 for a significant expansion of the operation. The expansion is however delayed by the current uncertainty in the investment environment in Zimbabwe.



Outside and beneath the current block cave area is approximately 40 million tonnes of potentially recoverable ore, which requires further geological and economic evaluation to decide whether it will be feasible to extend the Argyle mine life beyond 2018.

3.0 Rio Tinto's diamond sales and marketing initiatives

3.1 Overview

Rio Tinto Diamonds NV provides a sales and marketing service to all diamond businesses in the Rio Tinto Group. All sorting and sales of rough diamonds are conducted from Antwerp, Belgium with representative offices in Mumbai and New York. Sales of Argyle pink diamonds are undertaken from Perth, Western Australia.

Rio Tinto Diamonds' business model is to work closely with its customers to add value to its production in a sustainable way. Rio Tinto Diamonds operates according to a number of sales methods including long term contracts, tenders and on a "willing buyer, willing seller" basis.

Rio Tinto Diamonds' vision is to be the preferred global supplier of natural rough diamonds to the industry. Integral to this vision is the maintenance of an extensive industry intelligence network and a high level of customer and product support. Account Managers play a critical role in the management of all customer relationships, supported by Rio Tinto Diamonds' Indian and US representative offices. Supporting consumer confidence is also a priority for Rio Tinto Diamonds and it takes an active role in addressing key industry issues around product integrity and sustainable development. Rio Tinto Diamonds differentiates itself by being the only diamond company that discloses the source and quality of its diamonds.

In 2007 Rio Tinto Diamonds consolidated all the rough sorting and valuation activities in Antwerp. It has also redefined its business model for Argyle's pink diamond production which includes the maintenance of a cutting and polishing factory and pink diamond sales and marketing activities conducted from Perth. Additionally, new and innovative ways to promote the Argyle product are being implemented both inside and outside the jewellery industry.

3.2 Specific market and customer support initiatives

Rio Tinto Diamonds has a number of sales and marketing initiatives which focus on customer recognition, supporting the market for coloured diamonds, and reinforcing Rio Tinto's values of transparency and corporate social responsibility.

The Select Diamantaire customer Mark

Rio Tinto Diamonds Select Diamantaire programme and its Mark continue to recognise and promote its customers' status as exclusive providers of diamonds from one or more of the three Rio Tinto mines.

Rio Tinto Diamonds currently has approximately 25 Select Diamantaires who associate formally with a network of businesses that consistently present trade customers with polished diamonds and diamond jewellery. In 2007 the Select Diamantaire status was extended to over 100 Associate Select Diamantaires who will directly be able to use the Select Diamantaire Mark in their marketing and communications activities.

Champagne diamonds

Rio Tinto Diamonds' marketing efforts have created a niche for brown diamonds and have driven its growth for the past 20 years. Through its 100% ownership of the Argyle mine, Rio Tinto produces around US\$150 million of rough champagne diamonds annually. The US, the world's largest diamond jewellery market, has demonstrated a large appetite for Argyle's champagne diamonds – research indicates that champagne diamonds are typically self purchased for fashion, by financially independent, style conscious women. In addition to the US market, champagne diamonds are gaining prominence in northern India. Rio Tinto Diamonds has plans to market champagne diamonds in India where it has a large network of Indian partners and it can leverage its deep understanding of diamond industry dynamics.

In 2007 Rio Tinto Diamonds commenced developing a new range of champagne diamond promotional material. This material is based on research into consumer awareness and perception of champagne diamonds. The new promotional material is focussed on educating retail sales people about champagne diamonds, generating consumer interest, stimulating sales and developing new distribution channels for the champagne product that is provided by Argyle customers.



Rio Tinto's new champagne diamond promotional material aims to educate retailers, generate consumer interest, stimulate sales and develop new distribution channels.







Mine of origin programme

An important objective for Rio Tinto Diamonds is to maintain full visibility of the mine of origin of its diamonds, from each mine to the market. To this end, throughout the process from mining to sales, each mine's production is kept separate.

The next step in this chain of custody driven approach is to extend, for part of the production, the mine of origin visibility down the value chain. A Diavik Mine of Origin Mark was developed in 2006 and is being piloted extensively through to the end of 2008 with a number of Rio Tinto Diamonds' Select Diamantaires. Based on the results from this market testing, a Mine of Origin programme may be implemented for all production streams in the future.

Business Excellence Model

India is the destination of many of Rio Tinto's diamonds for cutting, polishing and jewellery manufacturing. Rio Tinto Diamonds' Business Excellence Model (BEM) originally launched in India in 2003, consists of a set of management tools to enable diamond and jewellery manufacturing operations to improve their performance in the areas of Social Responsibility, Health, Safety, Environment, and Quality Control. Since the launch of the BEM programme, certification has been completed by 22 diamond jewellery manufacturing units, 18 diamond manufacturing units and seven diamond jewellery retailers.

All Rio Tinto Diamonds' Indian based Select Diamantaires are voluntarily participating in the BEM certification programme and have derived significant benefits from it in participating sites. The BEM programme also provides assurance to potential customers or business partners that the manufacturing unit meets appropriate standards in the areas covered by the programme. Rigorous auditing of the BEM programme is undertaken by DNV, an international certification organisation that also provides comprehensive compliance testing, once certification has been granted.

Rio Tinto's BEM certification programme has taken the lead in preparing its customers and the Indian diamond industry for subsequent industry wide certification.



Pink polished diamonds

The pink diamonds produced at the Argyle mine in Western Australia are highly coveted as the world's most sought after gems.

Argyle produces more than 90% of the world's pink diamonds and they are sold in a broad range of colours and sizes, with the best stones, the Argyle Signature Stones reserved for the annual Pink Diamond Tender.

The 2007 Pink Diamond Tender contained 65 diamonds, all larger than 0.50 carat, weighing a total of 62.20 carats. Competition for these diamonds was very strong and a record result was achieved.

In 2007 Rio Tinto Diamonds completed a comprehensive review of its strategy for selling and marketing the Argyle pink diamonds. A number of initiatives have been developed that aim to leverage the unique position of the pink diamonds and provide for growth opportunities for Rio Tinto Diamonds and its customers.

4.0 Corporate social responsibility

The success of Rio Tinto's diamond business depends on a reputation for corporate social responsibility. Rio Tinto's diamond business is undertaken with integrity, transparency, honesty and fairness at all times, building from a foundation of compliance with relevant local laws and regulations and international standards and best practice.

These values, enshrined in Rio Tinto's "The way we work" policy provide a reference point for not only Rio Tinto's diamond business but its business partners, suppliers, contractors, communities and others with whom there is a substantial involvement. Rio Tinto is prepared to withdraw from business relationships if any partners do not live up to Rio Tinto's values.

4.1 Chain of confidence

Growing consumer interest in a product's origin is especially important in the case of diamond jewellery, which is often an emotional purchase. Consumers expect companies in the industry to lead with the best standards and to be accountable.

This shared responsibility means that each organisation must take care of its own practices and collaborate with the industry to support standards across the board. To this end, Rio Tinto Diamonds collaborates with:

The Council For Responsible Jewellery Practices (CRJP)
The World Diamond Council (WDC)
The World Jewellery Confederation (CIBJO)

The Council for Responsible Jewellery Practices (CRJP)
Rio Tinto is proud to be a founding member of the CRJP. Formed in 2005, the CRJP's objective is to underpin consumer confidence in the gold and diamond jewellery supply chain, across the supply chain from mining to retail. The CRJP members represent small and large companies from all sectors of the jewellery chain, as well as trade associations and other groups.

All members of the CRJP are working together to promote responsible business practices in a transparent and accountable manner throughout the diamond and gold jewellery industry. CRJP is the first organisation of its kind to cover ethical, social and environmental issues across every step of the jewellery supply chain, and to require independent monitoring of standards.

Further information can be obtained from the website www.responsiblejewellery.com.

The World Diamond Council (WDC)

Rio Tinto Diamonds actively supports the work of the WDC in the Kimberley Process Certification Scheme and WDC System of Warranties, which have the objective of eliminating the trade in conflict diamonds. Whilst governments must be the primary agencies for the Kimberley Process, the scheme is effectively implemented by industry. The WDC coordinates industry support including the provision of experts from Kimberley Process Monitoring Missions and the fielding of peer support teams. A number of Rio Tinto Diamonds' personnel provide assistance ranging from technical advice to membership of review teams.

Rio Tinto Diamonds is also an active participant in the WDC consumer education campaign. Accessed through a website www.diamondfacts.org, the campaign is proactively communicating to a global audience the benefits of the jewellery industry to millions of people around the world. The enhanced focus on provenance and related consumer confidence issues underscores the critical importance of balanced and objective information about the jewellery industry.

The World Jewellery Confederation (CIBJO)

Rio Tinto Diamonds is supportive of the initiatives of CIBJO, the umbrella organisation of the world jewellery industry. CIBJO plays the role of educator and communicator on matters of business responsibility and Rio Tinto Diamonds participates through debate and input on all initiatives associated with protecting consumer confidence in the diamond jewellery industry.

Rio Tinto's diamond business is seen as the gold standard in social responsibility and transparency in trading.



With the development of the Blue Book, CIBJO plays an important role in the governance of the industry and setting standards which ensures that jewellery can be described accurately on the basis of an internationally agreed nomenclature and grading system. Further information can be obtained from the web site www.cibjo.org

4.2 Commitment to sustainable development

All of Rio Tinto's diamond operations are committed to making a positive and measurable contribution to sustainable development. Rio Tinto's stewardship interest is focussed on the exploration, production and sales of rough diamonds. Wherever it does business, Rio Tinto commits to provide a legacy of stronger, healthier and environmentally secure communities where it seeks to influence the standard of operation of its customers and its customers' customers.

The establishment of the Diavik mine, and its ongoing operation, provides positive sustainable development examples from many angles – from amazing, award-winning engineering feats to establish its infrastructure in a harsh and frozen climate, to development of considerable employment, training and capacity-building opportunities in northern communities with few economic options, to incorporation of indigenous knowledge and perspectives to ensure minimum impact of the mine on the region's pristine and sometimes fragile environment.

The Argyle mine in the remote East Kimberley region of Western Australia operates in a region of significant economic and social disadvantage. One of the organisation's key focus is to help build a stronger and more robust East Kimberley economy, that is not dependent upon the mine's operation. To this end, it is initiating training, employment and development programs, especially for indigenous people, that will improve the region's base and increase the number and profile of self-sustaining businesses. To date 25% of the Argyle mine site employees are Aboriginals. Argyle's target is for Aboriginals to represent 40% of the site workforce, mirroring the local population demography.

Argyle gives a high priority to building partnerships with local organisations, communities and businesses to develop health and education programmes that will improve social outcomes in areas of greatest need. Argyle is supporting local indigenous people to become the drivers of economic and community development, so that growth and improvement will continue for Aboriginal communities long after Argyle has left the East Kimberley region.

The Murowa Diamond Mine in Zimbabwe is a small-scale operation where the impact of the mine on the community was recognised from the outset. The sustainable development programmes have been anchored on mutually beneficial partnerships with the community, respect for traditional heritage and ongoing consultation and engagement. In 2003 Murowa completed the Shashe resettlement program in which 142 families (960 people) and 265 graves were relocated to make way for the development of the mine. The resettlement scheme has been described by government as a model scheme. Five years on, Murowa Diamonds is still active in the Shashe community but at a reduced level as the community becomes more self-sustaining. In 2007 Murowa Diamonds won two national awards for its corporate social responsibility programme.

Further downstream in India, where the majority of Rio Tinto's diamonds are manufactured, more than 250,000 workers are engaged in cutting and polishing activities, earning wages of some US\$350 million per annum. Over time the high value-add on diamonds has led to significant employment growth and economic development in regional cutting centres throughout Gujarat such as Surat, Navsari, Ahmedabad and Bhavnagar.

At the retail end of the jewellery chain Rio Tinto has partnered with Wal-Mart to provide the world's largest retailer with sustainably produced jewellery. This partnership was created from Wal-Mart's desire to do business with world leaders who anchor their corporate principles around sustainable practices. The partnership will be used to launch Wal-Mart's "Love, Earth" pilot project in 2008 where jewellery with 100% traceable inputs will be sold in over 3,000 stores. The project will initially focus on gold and silver jewellery using metal from Rio Tinto's Kennecott Utah Copper mine, while the partners study the opportunity and feasibility of extending it to diamond jewellery using diamonds from Rio Tinto's diamond mines, and more specifically from the Argyle mine.

5.0 Senior management

Bill Champion

Managing Director, Rio Tinto's Diamond Business

Bill was appointed Managing Director of Rio Tinto's diamond business in 2007. In this role he is responsible for all three diamond mines, global sales and marketing activities, technology and innovation and new business development for the diamonds group. Bill has 33 years of international mining experience, with 18 years at senior executive level.

John Hall

General Manager, External Relations

John joined Rio Tinto Diamonds in March 2007 and is responsible for external relations for Rio Tinto's diamond business. He has been with Rio Tinto for eight years and most recently was responsible for Rio Tinto's global corporate social responsibility programmes.

Patrick Keenan

Chief Financial Officer

Pat was appointed Chief Financial Officer of Rio Tinto's diamond business in July 2007. He has 17 years of international mining experience, 14 years with Rio Tinto and most recently was General Manager, Finance at Argyle Diamonds.

Niels Kristensen

Managing Director, Murowa Diamonds

Niels joined Murowa Diamonds in January 2008 where his key focus is on finalising the necessary agreements with government to enable a major expansion of the operation. Niels has been with Rio Tinto since 1989 and has held various business analysis and technical roles as well as senior operational roles.

Jean-Marc Lieberherr

General Manager, Rio Tinto Diamonds NV

In Jean-Marc's current role he is responsible for the sales and marketing of all Rio Tinto's diamond productions which, in addition to the Antwerp office, includes representative offices in Mumbai and New York and the Argyle pink diamond business in Perth. He joined Rio Tinto Diamonds in 2005 as General Manager of Marketing and prior to this has 14 years sales and marketing experience with LVMH and Unilever.

Kevin McLeish

Chief Operating Officer, Argyle Diamonds

In his current role Kevin has overall leadership responsibility for the Argyle Diamond Mine in Western Australia. Kevin joined Rio Tinto in 1989 and has held operational management roles in aluminium, iron ore, copper and diamonds. Prior to his current role he was General Manager of Operations at the Argyle Diamond Mine.

Phil Plaisted

Global Practice Leader, Technology and Innovation

Phil was appointed to this role in 2006 to lead a group of specialists in providing support to diamond exploration, operations and advanced evaluation projects. Phil has 25 years experience in the diamond industry, most recently as head of Rio Tinto's Murowa Diamond Mine.

Katia Ray

General Manager, Business Development

Katia joined Rio Tinto's diamond business unit in October 2007 and is responsible for pursuing growth opportunities for the diamond business. Katia has 15 years experience with Rio Tinto with international experience in business strategy and sales and marketing.

Kim Truter

President and Chief Operating Officer, Diavik Diamond Mines Inc.

Kim joined Rio Tinto's diamond business in October 2007. In his current role he has overall leadership responsibility for Diavik Diamonds Mines in the Northwest Territory of Canada. Prior to this, he has had 20 years of international mining experience including 10 years with Rio Tinto in a variety of other roles across a variety of product groups.



6.0 Rio Tinto Diamonds' Select Diamantaires

(effective as of April 2008)

Amadena LLC

576 Fifth Avenue, 12th floor
New York, NY 10036, USA
+1 212 354 5554
www.amadena.com
info@amadena.com

Arslanian Cutting Works NWT Ltd

PO Box 1775
Yellowknife NWT X1A 2P4
Canada
+1 867 873 0138
www.polaricediamonds.com
chahe@arslaniancw.com

Bronner Trading Company

Suite 901-915
Hoveniersstraat 2
2018 Antwerp, Belgium
+32 3 233 8255
bronner@brtc.be

Crisdiam BVBA

Hoveniersstraat 2
Box 240, Suite 1205
2018 Antwerp, Belgium
+32 3 233 6559
www.crisdiam.com
info@crisdiam.com

D.D. Manufacturing

Schupstraat 9-11
2018 Antwerp, Belgium
+32 3 232 3665
info@ddmfg.net

Diambel NV

Hoveniersstraat 30
2018 Antwerp, Belgium
+32 3 231 4367
diambel@pandora.be

Diarough NV

Hoveniersstraat 30, 11th floor
2018 Antwerp, Belgium
+32 3 234 2424
www.diarough.com
info@diarough.com

Dimexon Diamonds Ltd

804, Raheja Chambers
213, Nariman Point
Mumbai 400021, India
+91 22 6636 7777
www.dimexon.com
info@dimexon.com

E. Schreiber, Inc.

580 Fifth Avenue, 32nd floor
New York, NY 10036 USA
+1 212 382 0280
www.eschreiber.com
akiva@eschreiber.com

Gemmata NV

Hoveniersstraat 2, box 539
2018 Antwerp, Belgium
+32 3 222 4080
+32 3 233 8973
gemmata@telenet.be

Horizon Diamonds BVBA

Schupstraat 1-7 Room 507/510
2018 Antwerp, Belgium
+32 3 234 34 64
www.horizondiamonds.com
tej@horizondiamonds.com

IDH Diamonds NV

Schupstraat 9-11, box 75
2018 Antwerp, Belgium
+32 3 222 9300
www.idhdiamonds.com
Sacha.horowitz@idhdiamonds.com

Interjewel Private Limited

211, Prasad Cambers
Opera House
Mumbai 400 004, India
+91 22 66 38 100
www.dnavin.com
sales@dnavin.com

Laurelton Diamonds Inc

Schupstraat 9-11, Box 113
2018 Antwerp, Belgium
+32 3 229 2700
www.laureltondiamonds.com
roughsales@laureltondiamonds.com

Munic Gems

Hoveniersstraat 30, Box 252
Antwerp Diamond House,
2nd floor, office 252
2018 Antwerp, Belgium
+32 3 205 0100
www.municgems.com
municgems.be@municgemsgroup.com

Overseas Diamonds NV

ADC Building - Suite 803,
Hoveniersstraat 2, Box 446
2018 Antwerp, Belgium
+32 3 234 3014
www.overseasdiamonds.com
office@overseasdiamonds.com

Poddar Diamond Ltd.

212-A, Panchratna
Opera House
400 004 Mumbai, India
+91 22 2362 2222
info@poddardiamonds.com

Revashankar Group

307 Panchratna, Opera House
400 021 Mumbai, India
+91 22 2368 1800
rgems@vsnl.com

Rosy Blue NV

Hoveniersstraat 53, Box 127
2018 Antwerp, Belgium
+32 3 206 1600
www.rosyblue.com
info@rosyblue.com

Sauraj Diamonds NV

Hoveniersstraat 2
Room 348, PB 316
2018 Antwerp, Belgium
+32 3 233 7891
www.sauraj.com
sohil.jhaveri@sauraj.com

Sheetal Group

1001, Prasad Chambers
Opera House,
400 004 Mumbai, India
+91 222 363 4884
www.sheetalgroup.com
inquiry@sheetalgroup.com

Soradial NV

Hoveniersstraat 2
Post Box 223, Office 448
2018 Antwerp, Belgium
+32 3 233 0515
sordiam2@pandora.be

SunDiamond BVBA

Hoveniersstraat 19
2018 Antwerp, Belgium
+32 3 232 1711
www.sundiamond.be
info@sundiamond.be

Vijaydimon BVBA

Pelikaanstraat 54, 6th floor
2018 Antwerp, Belgium
+32 3 203 0596
www.vijaydiamond.com
vijaydimon@pandora.be

Waldman Diamond Group

Diamond Tower, Suite 874
54 Bezalel Street
Ramat Gan, Israel 52521
+972 3 613 1534/5
www.wdcgroup.com

