



RIO TINTO DIAMONDS

INDUSTRY REVIEW

2002

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DIAMONDS

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FOREWORD

I am pleased to introduce the first Rio Tinto Diamonds Industry Review.

The purpose of this Industry Review is to provide an update on:

- the global supply / demand outlook;
- the diamond industry pipeline; and
- Rio Tinto Diamonds' plans to market production from Argyle Diamonds and Diavik Diamond Mines Inc.

Rio Tinto's diamond mining and marketing interests, which now consist primarily of Argyle Diamonds in Australia, are set to grow through the development of the Diavik Diamond Mine in Canada.

The Diavik Diamond Mine is on target to commence production in the first half of 2003 with the first sales scheduled to occur by the end of the first half of 2003. Strong demand is already evident for the new production.

In recognition of this, a new business unit Rio Tinto Diamonds, has been established in Antwerp, Belgium to provide a sales and marketing service to Argyle Diamonds, Diavik Diamond Mines Inc. and any future diamond mines in the Rio Tinto group. Rio Tinto Diamonds will build on the people and processes of the established Argyle offices in Antwerp and Mumbai.

Argyle Diamonds has continued to provide strong and profitable growth for its customers. Its open pit has been extended while the underground study is progressing towards feasibility stage.

The year ahead is a challenging one as the industry faces a more competitive structure. Future demand will be driven by new opportunities - new markets, new products, new brands, new channels and new structures in the value chain. We look forward to being part of these opportunities.

GORDON GILCHRIST
MANAGING DIRECTOR, RIO TINTO DIAMONDS

TABLE OF CONTENTS

| | | |
|-----------|------------------------------------|-----------|
| 1. | INTRODUCTION | 5 |
| 2. | INDUSTRY CONTEXT | 6 |
| 2.1 | Supply/Demand Outlook | 6 |
| 2.2 | Cutting Centres | 8 |
| 2.3 | Consumer Markets | 13 |
| 3. | DIAVIK DIAMOND MINE | 16 |
| 3.1 | Production | 16 |
| 3.2 | Sales and Marketing | 17 |
| 4. | ARGYLE DIAMONDS | 18 |
| 4.1 | Results | 18 |
| 4.2 | Production | 18 |
| 4.3 | Rough Diamond Sales | 19 |
| 4.4 | Market Development and Promotion | 20 |
| 4.5 | Indian Representative Office | 21 |
| 4.6 | Polished Diamond Sales | 21 |
| 5. | OTHER RIO TINTO PRODUCTIONS | 22 |
| 6. | SENIOR MANAGEMENT | 23 |

LIST OF FIGURES

| | |
|--|----|
| Value Of World Production - 2001 | 6 |
| Change To Mine Supply: 2001 - 2006 | 7 |
| Cutting Centre Production - 2001 | 8 |
| Cutting Centre Value Added - 2001 | 9 |
| Diamond Industry Debt | 9 |
| India Rough Imports | 10 |
| India Polished Exports | 10 |
| Israel Rough Imports | 11 |
| Israel Polished Exports | 11 |
| Retail Diamond Jewellery Sales - 2001 Market Share | 13 |
| Retail Diamond Jewellery Sales - Nominal Value | 13 |
| US Polished Imports - Index of Average Price | 14 |
| Japan & Hong Kong Polished Imports - Average Price | 15 |
| Argyle Mine Production | 18 |
| India Net Rough Diamond Imports | 19 |



I . INTRODUCTION

Diamonds now form one of Rio Tinto's core products. Through its 100% control of Argyle, Rio Tinto produces about 25% of world diamonds by volume. By 2004, when the Diavik Diamond Mine is in full production, Rio Tinto will also be positioned as a major gem diamond producer, whilst maintaining its position as one of the largest overall diamond producers globally.

Rio Tinto Diamonds' overriding goal is to maximise the value of mine production by maintaining positive relationships with customers and a competitive position in the market. The increased supply of a diverse range of diamonds together with a well established marketing capability means Rio Tinto Diamonds' stakeholders - customers, owners, employees - will have a long term position in the industry.

World supply will increase at 2%-3% pa in real terms to 2007

Value of World Production - 2001

| PRODUCER | US\$B |
|--------------|------------|
| Botswana | 1.9 |
| Russia | 1.6 |
| Angola | 1.0 |
| D.R. Congo | 0.6 |
| South Africa | 0.8 |
| Namibia | 0.4 |
| Canada | 0.5 |
| Australia | 0.3 |
| Other | 0.4 |
| TOTAL | 7.5 |

Source: Rio Tinto Diamonds Industry Analysis

2 . INDUSTRY CONTEXT

2 . 1 SUPPLY / DEMAND OUTLOOK

Rio Tinto Diamonds estimates the total value of 2001 world mine production to have been approximately \$US7.5B.

It is estimated that total world supply will increase at an annual rate of 2%-3% in real terms through to 2007. It is assumed that:

- Production from De Beers South African and Namibian mines increases between 2002 and 2007. Botswana's production remains at constant levels for the period through to 2007.
- Canadian production increases reflecting the addition of Diavik Diamond Mine production from 2003 to the Ekati output.
- Russian production increases as ALROSA pursues its expansionary targets. Russian destocking occurs in a measured way and at lower levels than in the past.
- Further destocking by De Beers will occur in 2002 with limited stockpile sales from De Beers beyond 2002, as their working capital target is reached.

A significant amount of the new supply will be from mines producing diamonds in the average US\$51/ct-US\$100/ct range. At current price levels these additional 20 million carats are worth approximately US\$1.3 billion.

Based on consensus forecasts for GDP growth, world diamond demand is estimated to grow at 2%-3% per annum in real terms between 2002 and 2007. It is important to note that whilst there is an historical correlation between GDP and demand for diamonds, in recent times diamonds have underperformed against GDP.

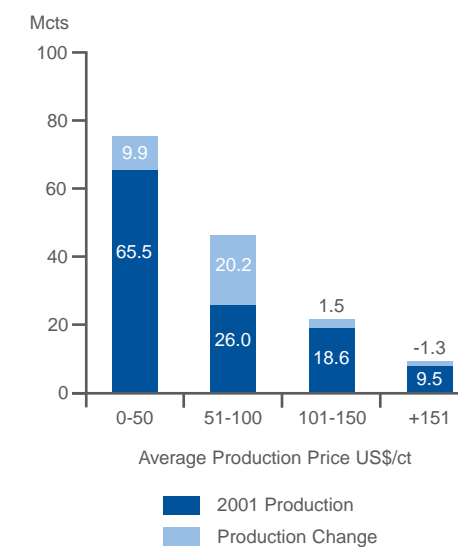
World rough demand is ultimately driven by retail diamond jewellery sales. The US market accounts for around 50% of total world retail diamond jewellery sales and any downturn in consumer confidence will have a major impact on demand. US retail jewellery sales have rallied since the events of September 11, 2001. US consumer confidence now shows some signs of recovery and together with stable economic growth, will be a critical element in expanding future rough diamond demand. Some reduction in the dollar's current strength will also make diamonds more attractive in markets outside the United States.

The economy of Japan, the world's second largest diamond consuming market, remains depressed. Demand for diamonds in Japan is at its lowest level in real terms since the 1970's and is showing no signs of recovery. The weakness of the Japanese yen against the dollar has made diamonds expensive in a period of low economic growth.

Pipeline stocks which had been the source of price pressure in 2001 have now been reduced. Present indications are that price reductions have brought the market into a more healthy equilibrium. The current industry focus on growing demand should have a positive impact on prices and profitability.

A significant amount of new supply will be in the US\$51-US\$100/ct range

Change to Mine Supply: 2001-2006

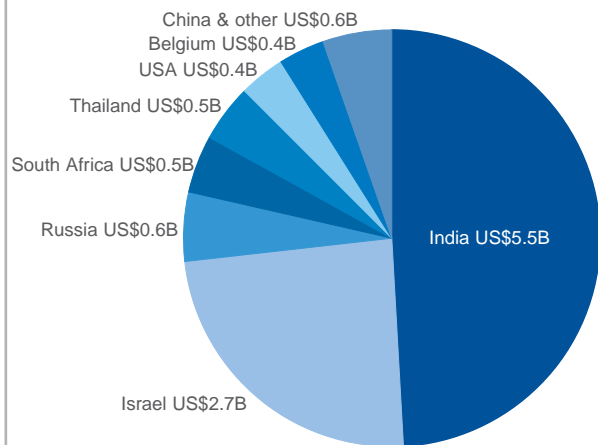


Source: Rio Tinto Diamonds Industry Analysis

Present indications are that price reductions have brought the market into a more healthy equilibrium

India is the dominant cutting centre in terms of polished diamonds

Cutting Centre Production - 2001



Source: Trade Statistics, Rio Tinto Diamonds Industry Analysis

2.2 CUTTING CENTRES

India and Israel are the dominant cutting centres accounting for three quarters of the world's total polished output in 2001.

The next tier of cutting centres is comprised of Russia, South Africa, USA and Belgium. Other cutting and polishing operations are located in a number of countries which make up the balance of polished output including the growing operations in China and production from Thailand, Sri Lanka, Botswana, Namibia and Mauritius.

Whilst the total value of rough imported into the major cutting centres decreased in 2001 there was an increase in the volume of imported rough. This is indicative of widespread price reductions and the shift to processing less expensive material. Rough imports into India increased by 18% in volume terms for the year whilst Israel recorded a 29% increase in volume terms for the same period. A portion of the Israel imports appear to have been redirected after previously being imported by Belgium. Despite this, Belgium's rough imports recorded an increase of 2% on 2000 levels. The increase in carats imported by the cutting centres occurred in spite of a significant reduction in volumes sold from the Argyle mine and reflects continued demand for more affordable diamonds and Argyle type product.

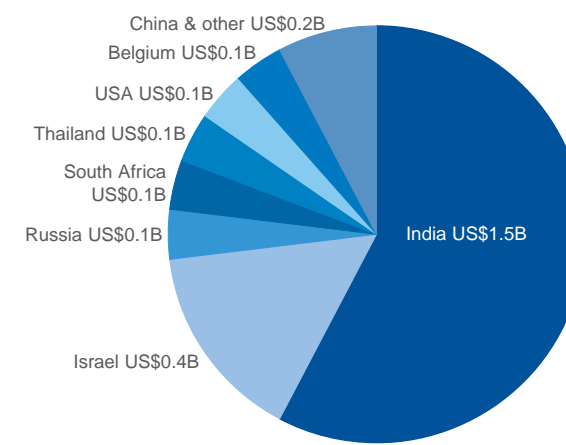
VALUE ADDED

Value added is defined as the value of polished produced from local manufacturing less the cost of rough used to produce it. India continues to be the leading cutting centre in terms of value added ensuring its strong competitive position.

DEBT

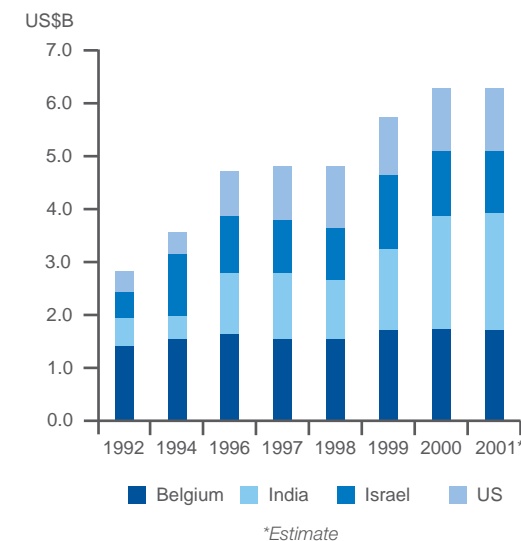
Cutting centre debt remains high relative to lower overall activity levels. 2001 cutting centre debt is estimated at US\$6.5 billion, with India's outstanding debt appearing to have edged up somewhat to the US\$2 billion mark. This indicates that the extension of credit to retailers, particularly large chains and mass merchandisers, continues to be used to fund sales and stocks.

Cutting Centre Value Added - 2001



Source: Trade Statistics, Rio Tinto Diamonds Industry Analysis

Diamond Industry Debt



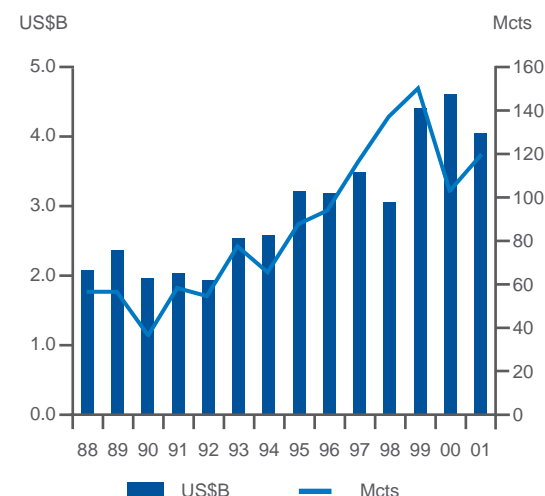
Source: Rio Tinto Diamonds Industry Analysis

India is the leading cutting centre in terms of value added

Cutting centre debt remains high relative to activity levels

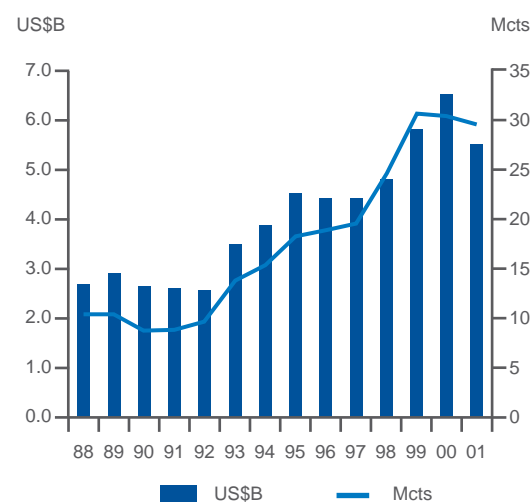
The long term outlook for the Indian diamond industry continues to be positive

India Rough Imports



Source: Gem & Jewellery Export Promotion Council

India Polished Exports

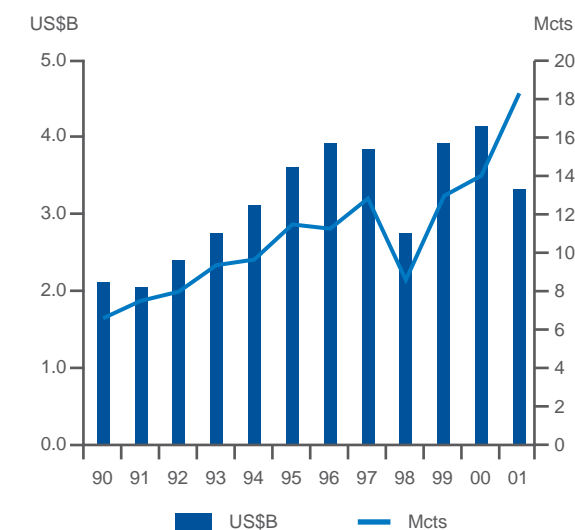


Source: Gem & Jewellery Export Promotion Council

India is the world's largest exporter of polished diamonds

There has been a change in the mix of Israeli rough imports resulting from an increase in imports of lower priced material

Israel Rough Imports



Source: Israel Ministry of Industry & Trade

ISRAEL

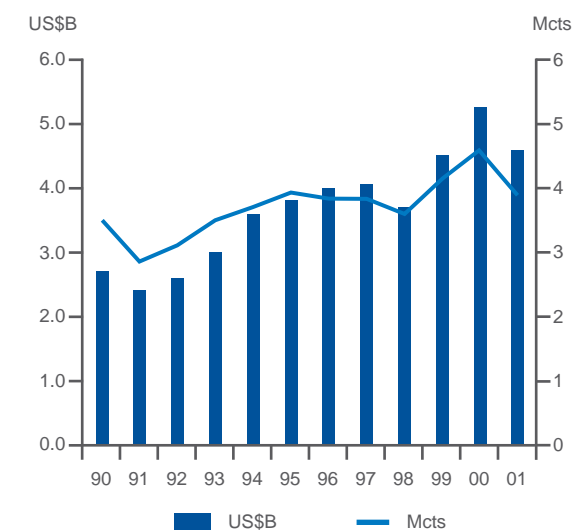
Israel is the world's major manufacturer of medium to large better quality gem diamonds. Although some small, better quality polished is still manufactured in Israel, the majority of production is geared towards polished diamonds above 0.15 carats. In value terms Israeli polished exports dominate the US market. In 2001 Israel exported 67% of their total to the US market giving it a 51% market share in dollar terms.

Rough imports into Israel in 2001 totalled US\$3.4 billion, 19% down on 2000 levels. In volume terms Israeli imports totalled 18 million carats, 29% up on 2000. The average price of imports at US\$184/ct was 37% down on 2000 levels. This reflects a change in the mix of diamonds imported resulting from an increase in imports of lower priced material from Angola and Congo.

Israeli polished exports in 2001 totalled US\$4.5 billion, 15% down on 2000 levels. In volume terms Israeli exports totalled 4 million carats, 15% down on 2000. The average price of exports at US\$1,152/ct was 1% up on 2000 levels.

The decline in Israeli polished export growth was accompanied by an increase in returns from the major consumer markets. Polished returns in 2001, which represented 39% of total polished exports, increased by 14% in value terms over 2000 levels.

Israel Polished Exports



Source: Israel Ministry of Industry & Trade

The decline in Israeli polished export growth was driven by an increase in returns from major consumer markets

INDIA

Rough imports into India in 2001 totalled US\$4.0 billion, 13% down on 2000 levels. In volume terms Indian imports totalled 119 million carats, 18% up on 2000. The average price of imports at US\$34/ct was 26% down on 2000 levels reflecting an increasing focus on affordable diamonds and a continuing trend to price based competition.

Despite a downturn in market conditions rough imports into India increased in the second half of 2001. In the second half rough imports increased by 1% in value terms and 39% in volume terms compared to the same period in 2000.

India is the world's largest exporter of polished diamonds in terms of weight and value. Demand for Indian polished contracted in 2001 as retail markets slowly worked through excess inventories in an environment of weak consumer demand. Indian polished exports in 2001 totalled US\$5.5 billion, 18% down on 2000 levels. In volume terms Indian exports totalled 30 million carats, 4% down on 2000. The average price of exports at US\$184/ct was 14% down on 2000 levels.

The long term outlook for the Indian diamond and jewellery industry continues to be positive. India's competitive advantage will centre on its skilled labour combined with a ready adoption of leading edge technology and an increasing degree of vertical integration.

Belgium remains the world's largest diamond trading centre



BELGIUM

Belgium remains the world's largest diamond trading centre with a diamond turnover in 2001 totalling US\$23 billion with the industry providing direct employment for around 12,000 people.

Polished diamonds manufactured locally are estimated at US\$0.4 billion in 2001. The majority of Belgian diamond cutters are employed in the better quality, large stone sector as the high labour rates have made it uneconomic to process the smaller sizes. Rough diamond imports in 2001 totalled US\$6.1 billion, 17% below 2000 levels. In volume terms imports reached 128 million carats, 2% above 2000 levels.

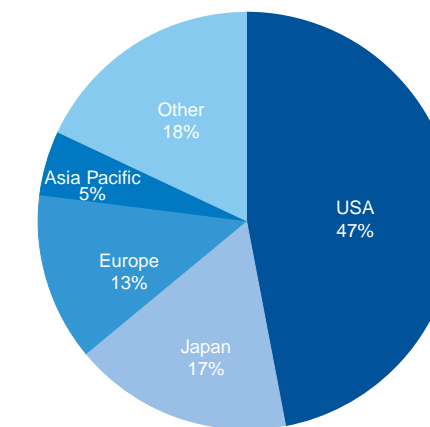
The majority of rough imported into Belgium is exported to the major cutting centres of India and Israel. In 2001 India was the destination for 78% by volume and 40% by value of Belgium's total rough exports. Israel, the next biggest destination of Belgium rough exports accounted for 4% by volume and 28% by value.

Although Antwerp's cutting and polishing industry has contracted to a level where its polished output is at similar levels to US polished production, it is likely to remain an important trading centre with the benefits of central location, political stability and excellent infrastructure.

2.3 CONSUMER MARKETS

World retail diamond jewellery sales contracted by 8% in the first half of 2001 as economic conditions in the major consumer markets deteriorated. Despite these conditions and the aftermath of September 11, diamond jewellery sales exceeded expectations with sales for the full year finishing only 5% below 2000 levels.

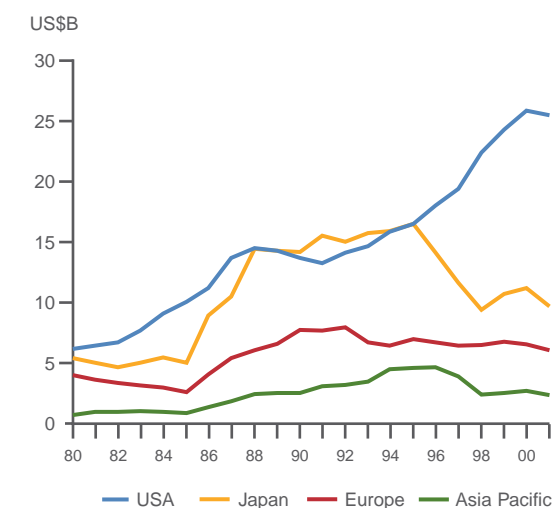
Retail Diamond Jewellery Sales - 2001 Market Share



Source: Rio Tinto Diamonds Industry Analysis

The US market has been the only growth market

Retail Diamond Jewellery Sales - Nominal Value

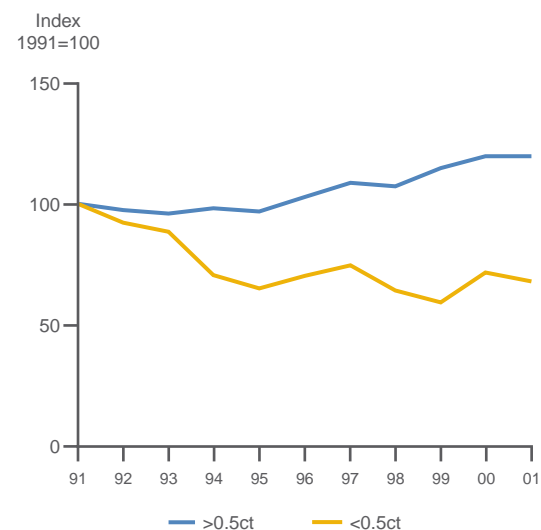


Source: De Beers, Rio Tinto Diamonds Industry Analysis

Better than expected 2001 sales in the US were achieved on the back of heavy discounting and extended credit

The US market has become increasingly polarised

US Polished Imports - Index of Average Price



Source: US Department of Commerce

USA

Polished imports in US dollar terms into the important US market declined in 2001, down 11% on 2000 levels. This was a result of retailers working through the excess inventories carried over from the previous year. The rate of rundown of these inventories was hampered by the contraction in retail diamond jewellery sales as consumer confidence weakened.

The decline in US jewellery retailers' comparable store sales in the last quarter of 2000 continued into 2001. Although retailers reported an improvement in sales at the end of December they were achieved on the back of heavy discounting and extended credit.

The challenge for US retail diamond demand in 2001 was indicated by the US Conference Board's Consumer Confidence Index which contracted 27% for the year. Notwithstanding this, over time there has been strong growth in the US market at both the luxury end and the more affordable diamond jewellery market.

Over the last decade the US market has become increasingly polarised. The average price of US polished imports for diamonds greater than 0.5ct has increased 27% over the last decade with volumes increasing by a factor of three. The average price of US polished imports for diamonds less than 0.5ct has reduced by 30% over the last decade whilst volumes imported have doubled.

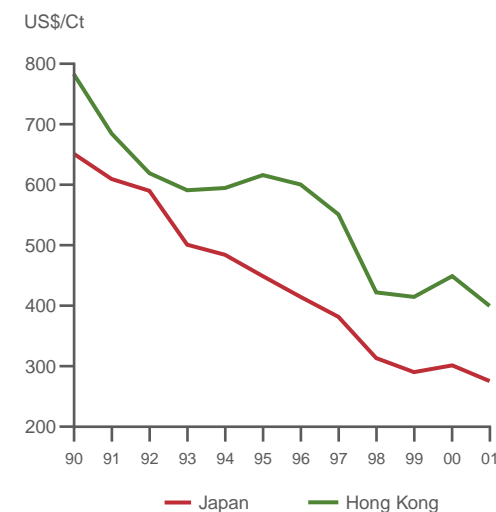
ASIA

The economy of Japan, the world's second largest diamond consuming market, remains depressed. In 1990 Japan imported US\$2.5 billion of polished diamonds. Today Japan imports less than US\$1 billion of polished diamonds with no signs of recovery. Japanese polished imports in 2001, compared to the same period in 2000, contracted 19% in US dollar terms, equivalent to a decline of 9% in local currency terms. The average price of Japanese polished imports decreased to US\$383/ct, down 14% on 2000 levels. This highlights a continuing trend in the Japanese market towards more affordable diamonds and a significantly different mix of material from the US\$780/ct in 1990.

Total retail sales in Japan continued to slide in 2001, down 2% for the full year. The depreciation of the Yen resulted in an increase in the price of diamond jewellery in local currency terms, a factor also impacting retail diamond demand. Diamond purchasing behaviour is likely to remain subdued with Consensus Economics forecasting a further contraction in both private consumption and GDP in 2002.

The slowdown in global growth in 2001 has impacted East Asian diamond demand significantly. This is reflected in Hong Kong polished import data with imports for 2001 down 10% in US dollar terms compared to 2000. As with the Japanese market, East Asia continues to trade down. The average price of Hong Kong polished imports in 2001 decreased to US\$271/ct, down 9% on the same period in 2000 reflecting continuing price pressures and widening supply of product at reduced prices.

Japan & Hong Kong Polished Imports - Average Price



Source: Jewellery Trade Centre, Japan; Census and Statistics Department, Hong Kong

The Japanese and East Asian markets continue to trade down to more affordable diamonds

3. DIAVIK DIAMOND MINE

3.1 PRODUCTION

The Diavik Diamond Mine is an unincorporated joint venture between Diavik Diamond Mines Inc. (DDMI) (60%) and Aber Diamond Mines Ltd. (ADML) (40%). DDMI is headquartered in Yellowknife, Northwest Territories, and is wholly owned subsidiary of Rio Tinto plc of London, England. ADML is a wholly owned subsidiary of Aber Diamond Corporation (formerly Aber Resources Ltd) a publicly listed company based in Toronto, Canada. The two joint venture participants retain the right to market independently their respective share of the diamonds to be produced from the Diavik Diamond Mine. DDMI is the manager of the project.

The mine consists of four diamond bearing kimberlite pipes that will be mined sequentially. The Diavik Diamond Mine has one of the highest in-situ values per tonne of any diamond mine in the world, more than twice that of BHP's Ekati mine in the same region. The high value is largely driven by grades of over 5ct/tonne and an average price estimated of US\$60/ct - US\$80/ct in A154-South, the main pipe.



The Diavik Diamond Mine is expected to have a 20 year life producing 7 million carats per annum at its peak

The Diavik Diamond Mine is expected to have a twenty year mine life and is scheduled to produce 7 million carats of diamonds a year at its peak. The Diavik Diamond Mine has a significant proportion of value in gemstones with good clarity and colour.

The A154-South pipe is the largest, and will be the first into production. The second largest pipe is A418, which is forecast to commence production in 2010. Production from the smaller A154 North and A21 pipes will be blended with production from the larger pipes.

DDMI, the mine operator, is building the project on a 20sq km island in the 60km long Lac de Gras. The four diamond ore bodies are located beneath the waters of Lac de Gras, immediately adjacent to the island. Three dykes will be built to expose the ore bodies. Construction of the first dyke is well underway. All four kimberlite pipes will be accessed via open pit mining, followed by underground mining of the two richer pipes, A154 South and A418.

Construction activities at the Diavik Diamond Mine site are currently focused on the physical plant and on civil earthworks, the largest of which is the dyke. The physical plant includes a processing plant to process approximately 1.5 million tonnes of kimberlite per year, permanent accommodation, a maintenance/administration complex, a diesel power plant, a boiler house for heating, a sewage treatment plant, an airstrip capable of accommodating Boeing 737 aircraft and a water treatment plant.

3.2 SALES & MARKETING

DDMI's 60% share of the rough diamonds produced by the Diavik Diamond Mine will be marketed as a separate product stream by Rio Tinto Diamonds in Antwerp.

Key elements of the sales strategy will be:

- Providing regular and consistent assortments;
- Selling production at market prices;
- Promoting the national identity of the product;
- Providing customer and product support programmes; and
- Maintaining an extensive industry intelligence network.

The composition of the DDMI sales assortments is under development. The key driver of this activity is to ensure full value is captured whilst ensuring regular and consistent assortments for the DDMI customer base.

The Diavik ore bodies have a significant proportion of their value in gemstones with good clarity and colour. Rio Tinto Diamonds through Argyle has an efficient and capable customer base of long standing. It also enjoys a wide range of existing relationships with other dealers, manufacturers and jewellers. An overlap in the DDMI and Argyle customer base is anticipated and Argyle's customers and contacts will be well placed to assist in the manufacturing and distribution of this product. In addition, some new customers will be taken on. A key criterion in allocating DDMI production will be the value adding capability of customers. The customer selection process will commence during the second half of 2002.

A proportion of DDMI's 60% share of rough diamonds produced by the Diavik Diamond Mine may be made available in the Northwest Territories for further processing. DDMI has a Memorandum of Understanding with the Government of the Northwest Territories to enter into discussions to make rough diamonds from DDMI's 60% share of production available where they can be profitably manufactured in the Northwest Territories without subsidy.

Rio Tinto Diamonds will sell the DDMI production as a separate product stream and in so doing, promote the national identity of the product. It is recognised that as more Canadian diamonds become available there may be an increasing interest in products differentiated by their country of origin.

Aber Diamond Corporation, the parent company of Aber Diamond Mines Ltd, the 40% shareholder in the Diavik Diamond Mine, has established a joint venture with luxury goods retailer, Tiffany. This strategic alliance will see Tiffany accessing a regular proportion of top end product from Aber's share of production from the Diavik Diamond Mine.

It is possible that Canadian diamonds will attract a premium. Whether individual diamond brands can successfully differentiate and achieve a sustainable premium remains to be demonstrated. A large investment is required to develop and sustain a premium branded product with value added readily identifiable for the consumer. Nevertheless efforts and continued interest in this direction are likely to provide a helpful stimulus to the market and could reinforce the already successful branding of luxury jewellery.

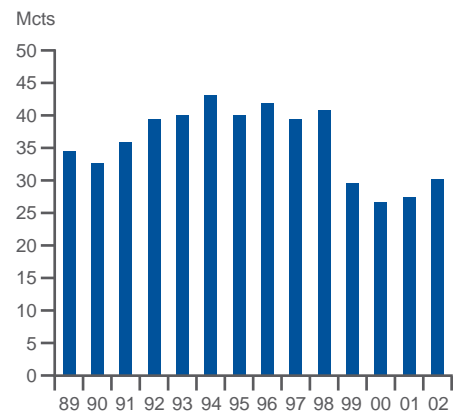


An overlap in the DDMI and Argyle customer base is anticipated

Value adding capability in a constructive long-term relationship is a key criteria for selecting DDMI customers

Argyle production in 2001 was 26.0 million carats

Argyle Mine Production



Source: Argyle Operations Division



The next few years will see intense activity at the Argyle mine

4. ARGYLE DIAMONDS

4.1 RESULTS

Argyle's rough and polished sales in 2001 totalled US\$276M. In light of the weak state of the market Argyle reduced its sales of rough diamonds in late 2001. The decision not to sell was taken following consultation with customers. Argyle's customers were left in a strong position to capitalise on improving conditions in the early part of 2002.

4.2 PRODUCTION

Argyle production in 2001 was 26.0 million carats, approximately twenty percent of the world's annual production.

The next few years will see intense activity at the Argyle mine. The current high rate of waste mining, consisting of a series of cut backs to expose new ore, will continue well into 2004. At the conclusion of the final cutback, the waste mining rate will reduce to a level that supports the ongoing mining of 10 million tonnes of diamondiferous ore per year. This is planned to continue until 2007, resulting in an average production rate of around 30 million carats per annum.

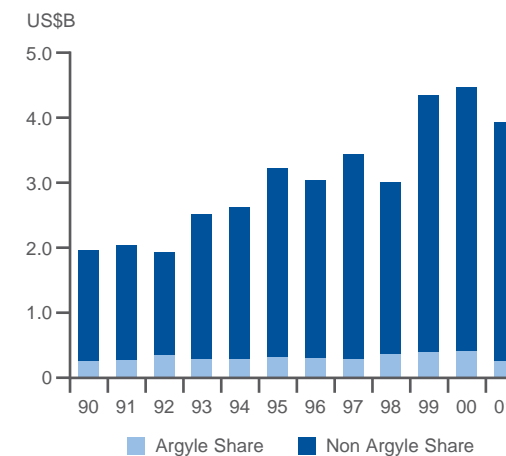
The option of continuing as an underground mining operation is being actively progressed. The initial work of locating ore, understanding how much exists below the open pit and the volume of diamonds the ore is likely to contain has largely been completed through a programme of drilling and sampling. The Argyle Underground Feasibility Study Team is now evaluating the most cost effective mining method of recovering these reserves. In parallel with this, negotiations with traditional owners have commenced to put in place a new agreement to support the development and operation of the potential underground operation.

4.3 ROUGH DIAMOND SALES

Rio Tinto Diamonds' sales strategy for Argyle rough diamonds is to differentiate itself by providing superior customer service. Rio Tinto Diamonds aims to sell to customers a reliable supply of consistent assortments at market prices. Integral to this strategy 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 office.

Argyle's rough diamond production in 2001 was readily absorbed into the Indian market worth US\$4 billion.

India Net Rough Diamond Imports



Source: Gem and Jewellery Export Promotion Council; Rio Tinto Diamonds Industry Analysis



Argyle's rough diamond production is readily absorbed into the Indian market

Rio Tinto Diamonds aims to provide a reliable supply of consistent assortments at market prices

The strategic alliance between Argyle and the Indian diamond industry remains strong



4.4 MARKET DEVELOPMENT & PROMOTION

In 2001 Argyle continued to build on its strategic alliance with the Indian diamond industry. The Indo Argyle Diamond Council (IADC) was launched in 1994 and continues to increase the competitive advantage of Indian diamond jewellery manufacturers in the US market.

A review of the IADC programme is conducted each year to ascertain the requirements of both IADC members and major US retailers.

Early programmes featured broad based promotions aimed at the jewellery industry as a whole. The major elements of the programme included attendance of IADC member companies at the major US tradeshows and advertising in the trade magazines and journals.

As a result of recent reviews, the IADC programme increased its focus on the top 40 US retailers. The programme was modified and customised to meet the needs of the IADC member companies. Since 2000, the IADC programme has focused primarily on the large national and regional jewellery chains and mass merchandise department stores.

The current programme comprises the following major elements:

- Assisting members in gaining appointments with retailers.
- Helping members with product development, pricing and follow-through to sales.
- Encouraging differentiation of members from one another by manufacturing product for particular buyers, especially collections and exclusives.
- Improving communications with the buyers and selecting specific staff to work on retailers' accounts.
- Continued presence at the JCK show in Las Vegas. IADC also participated in the JCK Orlando show for the first time in February 2002.
- Continuation of Exclusive Viewing Shows (EVS). These events provide an opportunity for members to directly exhibit product and discuss business with specially invited retailers.

4.5 INDIAN REPRESENTATIVE OFFICE

Rio Tinto Diamonds' Indian office has a critical role in its marketing strategy. The Indian customer base is strong and stable - more than 70% of Argyle's customers have been with the company over a decade. The Mumbai office keeps Indian based customers informed of Rio Tinto Diamonds' plans, consults with customers and gains an understanding of customer issues and concerns. It is also involved in product promotion in India and in the provision of market intelligence.

Rio Tinto Diamonds' Mumbai office is responsible for the implementation of the IADC initiative in the USA. It also provides technical assistance to customers. This has included developing improved cutting techniques, publishing a technical bulletin, providing training assistance and presentations and seminars at the Indian Jewellery Show.

4.6 POLISHED DIAMOND SALES

A small proportion of Argyle's production, less than one per cent, is the highly prized pink diamond, the signature stone of the Argyle diamond mine. Argyle is the world's primary source of these much sought after gems and they are recovered in a range of shades from light rose to purple reds. Through its sales of pink diamonds Argyle accesses most of the important dealers, manufacturers and jewellers.

Once a year, Argyle conducts its Pink Diamond Tender for an exclusive clientele. There is strong competition to acquire these goods which are displayed in six locations - Tokyo, Hong Kong, Geneva, Perth, London and New York - before sale by tender.

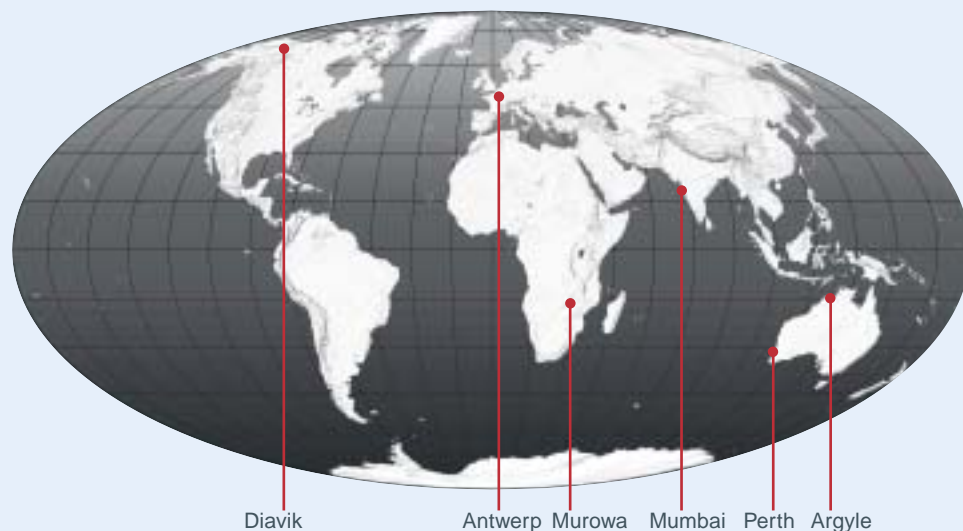
In 2001 demand for Argyle's pink polished diamonds was strong with further price improvement being achieved throughout the year. The 2001 Pink Diamond Tender comprised 41 stones totalling 41.92 carats. There were fifteen successful bidders.



Rio Tinto Diamonds' Indian office has a critical role in its marketing strategy

Demand for Argyle's pink polished diamonds is strong

5 . OTHER RIO TINTO PRODUCTIONS



Rio Tinto - Diamond Mining and Marketing Locations

Rio Tinto is a diverse mining house with a turnover in 2001 of US\$10.4B. In addition to diamonds the Rio Tinto group has world-class interests in gold, iron ore, copper, aluminium, industrial minerals and energy products.

Rio Tinto is a world leader in finding, mining and processing mineral resources. In order to deliver superior returns to shareholders over many years Rio Tinto takes a long term view when developing its mining operations. As such it sets high environmental, safety and community standards with a commitment to making lasting contributions to local communities.

In addition to Argyle and the Diavik Diamond Mine, Rio Tinto has the following diamond mining activities.

MERLIN

Rio Tinto Diamonds currently owns and markets diamonds from the Merlin mine in the Northern Territory. The Merlin mine was acquired in 2000 as part of Rio Tinto's acquisition of Ashton Mining, previously a 40% shareholder in the Argyle mine. Sales of Merlin product have provided additional experience and understanding of the market for large gem quality diamonds.

Rio Tinto Diamonds has decided for strategic reasons to sell the Merlin mine. Rough diamond sales by Rio Tinto Diamonds will cease shortly after the conclusion of the sale of the mine.

MUROWA

Rio Tinto has a majority interest in the Murowa diamond project in Zimbabwe. There are still a number of requirements which need to be addressed before bringing the mine into operation. If plans proceed to schedule, Murowa will commence production in 2004 with an initial output of around 400,000 carats per year with the possibility of future expansion.

Rio Tinto is a world leader in finding, mining and processing mineral resources

Murowa will commence production in 2004 with an initial output of around 400,000 carats per year

6 . SENIOR MANAGEMENT

GORDON GILCHRIST

Managing Director, Rio Tinto Diamonds

Gordon Gilchrist took up the position of Managing Director, Rio Tinto Diamonds in June 2002. Gordon was previously Managing Director at Argyle Diamonds for 9 years. He has been with Rio Tinto since 1974 including positions of General Manager, Sales and Marketing with Pasminco and President of An Mau Steel Company in Taiwan.

PETER TOPEN

General Manager - Sales, Rio Tinto Diamonds

Peter Topen took up the position of General Manager, Sales, Rio Tinto Diamonds in June 2002. Peter has been involved in the diamond industry for 25 years and has extensive experience in sorting, valuation and sales of rough diamonds. In April 1996 Peter commenced as Manager of Argyle Diamonds Sales Office in Antwerp. As General Manager Sales for Rio Tinto Diamonds Peter has accountability for all rough diamond sales activities including pricing and customer management.

NIGEL JONES

General Manager - Marketing, Rio Tinto Diamonds

Nigel Jones joined Rio Tinto in 1995 after working for a number of years as a rough diamond broker based in London. He was Marketing Director for North America and Europe in Rio Tinto's Uranium division before becoming Product Group Executive in Industrial Minerals and, more recently, the Diamonds and Gold Group. Nigel takes up the position of General Manager Marketing for Rio Tinto Diamonds in September 2002 and will be responsible for the marketing activities associated with Argyle and Diavik productions. His accountabilities include overseeing the Mumbai office, liaising with the Government of the Northwest Territories and providing a market intelligence capability.

FRANCIS HOARE

General Manager - Finance and Administration, Rio Tinto Diamonds

Francis Hoare took up the position of General Manager, Finance and Administration, Rio Tinto Diamonds in June 2002. Francis joined the Rio Tinto Group in 1985 as Audit Manager in Western Australia and Asia. Francis' previous experience with Argyle Diamonds includes roles in Sales & Marketing and more recently, as Manager Financial Services in Australia and Belgium. As General Manager, Finance & Administration, Rio Tinto Diamonds Francis is responsible for all financial and commercial aspects of Rio Tinto Diamonds.

MIKE MITCHELL**General Manager - Strategy and Market Development**

Mike Mitchell joined Argyle Diamonds in 1983 following extensive diamond industry experience in Belgium and Malaysia. At Argyle he has been responsible for the sales and marketing activities associated with Argyle's production of rough and polished diamonds. His accountabilities included overseeing the company's core diamond functions in Antwerp, Mumbai and Perth. Until the end of 2002 he has been assigned to help manage the transition of sales and marketing from Argyle Diamonds to Rio Tinto Diamonds.

NIRUPA BHATT**Manager - Product & Customer Services, Rio Tinto Diamonds**

Nirupa Bhatt manages Rio Tinto Diamond's representative office in Mumbai. Nirupa joined Argyle Diamonds in 1989 upon the opening of the office and her duties include industry liaison, market intelligence and customer support. She has responsibility for product promotion programmes in India and the US including the Indo Argyle Diamond Council programme.

SNEZA LAZARUS**Manager - Marketing Services, Rio Tinto Diamonds**

Sneza Lazarus joined Argyle Diamonds in 1988 and her current role encompasses the development and maintenance of sales trading and market intelligence systems. She is responsible for providing an integrated industry picture of key trends in competitive prices, supply/demand, stocks and sales. Prior to joining Argyle's European Sales Office in 1996, Sneza was responsible for providing analytical support to the management team.

LEO SMANS**Manager - Sorting & Valuations, Rio Tinto Diamonds**

Leo Smans has over 30 years experience in the diamond industry. In 1987 he became Manager of Argyle's Australian and Overseas Cutting and Polishing Production and in 1998 he assumed responsibility for sorting and valuation of rough diamonds in Perth. In September 2002 Leo will transfer to Rio Tinto Diamonds' Antwerp office where his role encompasses the sorting and valuation of Argyle and Diavik productions and the maintenance of the quality and consistency of Argyle's assortments available for sale in Antwerp.