

Press release

Rio Tinto announces Inferred Mineral Resource of 2.8 billion tonnes at La Granja, Peru

29 May 2008

An extensive drilling programme at La Granja, Peru spanning 18 months and some 46,000 metres has led to the estimate, in accordance with the JORC Code, of 2.8 billion tonnes of Inferred Mineral Resources grading 0.51 per cent copper and 0.1 per cent zinc representing a copper equivalent grade of 0.56 per cent at a copper equivalent cut-off of 0.3 per cent.

Resource Category	M tonnes	Cu %	Zn %	Cu Equiv %
Interpolated Inferred	2,770	0.51	0.1	0.56

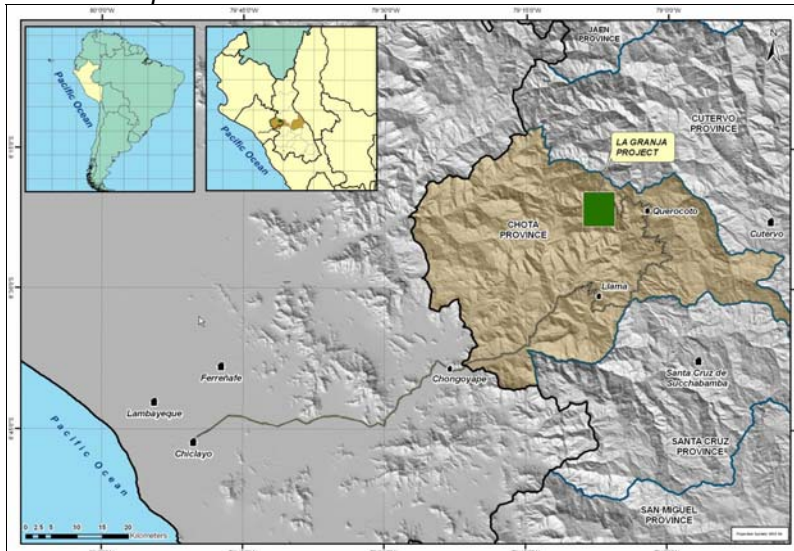
Rio Tinto Copper Group chief executive Bret Clayton said the results show La Granja to be one of the largest undeveloped copper projects in Latin America, with potential for further mineralisation with another 39,000 metres of drilling planned through to 2009.

“We’re confident our aggressive exploration program will identify further mineralisation as the deposit remains open to the west and at depth. There are also possibilities for underground mining of deeper higher-grade zones,” Mr Clayton said.

Deposit Location

La Granja is in the district of Querocoto, province of Chota, in the Department of Cajamarca, Peru. It lies in mountainous terrain in the Andes, at an elevation from 2000 to 2800 metres, with moderately high rainfall. The area is largely de-forested, with subsistence agriculture on flatter slopes. Access to the site by road or by helicopter is generally via the city of Chiclayo on the Pacific coast.

Location Map



La Granja ownership and history

The 3,900 ha La Granja mining lease is held by Rio Tinto Minera Perú Limitada SAC (Rio Tinto-La Granja), a wholly-owned subsidiary of Rio Tinto. It was acquired from the Peruvian Government through a privatization process in late 2005, along with most of the data from the previous investigations. The title will be maintained subject to an annual fee, completion of a Feasibility Study before February 2011, and implementation of a mine within 6 years of approval of the Feasibility Study by the Peruvian Government. Rio Tinto Exploration also holds exploration leases around La Granja, and is conducting an extensive exploration programme.

The mining lease was previously held by BHP Billiton (BHPB), which in 2001 drilled a total of 1947 metres in nine holes. Indicated Mineral Resources were reported as 1,984 million tonnes at a copper grade of 0.57 per cent, given a copper cut-off of 0.3 per cent. BHPB decided not to proceed with the project, and relinquished it to the government.

BHPB had purchased the project from Cambior Inc., which completed most of its exploration in the mid 1990s. Cambior supplied a drilling database of 113,310 metres in 355 holes including a small amount of drilling from previous explorers, a Joint Venture (JV) between the German and Peruvian Governments in the 1970s. The JV data has not been verified and consequently is not used for Rio Tinto's Mineral Resource estimation.

In 2006 Rio Tinto completed an Order-of-Magnitude Study based on the old data and commenced its programme of geological investigation. To date it has drilled approximately 46,000 metres in 70 holes, re-logged and re-assayed old sample material, twin-drilled several old holes, and completed geophysical surveys and geological mapping. The current Pre-feasibility Study is considering options around a conventional open pit with heap leach processing and SXEW production of both copper and zinc as high-purity cathode.

La Granja Geology

The La Granja deposit is an Andean porphyry copper deposit with associated mineralized breccias and skarns. The main intrusives are dacite porphyry, which with the breccias form irregular diatremes in the country rocks. The principal country rocks are impure limestones, siltstones and quartzites with some earlier diorite intrusions. The mineralising process and dacite emplacement metamorphosed limestones to skarns, formed the breccias and created the hypogene mineral and alteration assemblages. Subsequent supergene processes developed secondary mineral assemblages which have been shortened by erosion in many places. Leaching test-work indicates that all of these mineralization types yield acceptable metallurgical recoveries.

Minor Elements

Minor potential by-product elements include silver and molybdenum. Studies are in progress to determine their significance. La Granja contains many of the normal deleterious elements associated with Andean copper deposits including low amounts of mercury (0.5ppm average mainly restricted to isolated epithermal veins) and arsenic. Average arsenic levels are 300ppm in the upper weathered profile mainly adsorbed on to iron oxides; and an average of 200ppm in the underlying hypogene zones occurring dominantly within enargite, a copper, iron, arsenic sulphide mineral. Environmental water monitoring does not indicate that arsenic is being leached and entering the environment to any level of concern.

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Estimation

Copper Estimation used Leached, Supergene, Mixed and Hypogene domains, with no apparent need for domains based on lithology. Ordinary Kriging used a horizontal search radius of 300m, a vertical radius of 150m, and required at least one 15m down-hole composite in at least 4 octants, at least 8 composites overall, and a maximum of 5 composites per hole for an estimate. Zinc estimation used top-cutting to reduce the influence of sporadic high grades.

To classify the Inferred Mineral Resources as Interpolated or Extrapolated, a "Base of Interpolated" DTM surface was created from the lowest samples in the holes which reach lowest in the deposit. At peripheral holes, the surface was extended vertically upwards to create a wall to assign the enclosed rock as Interpolated, with rock outside being assigned as Extrapolated. Generally, the surface is downwards convex, except where gaps in the drilling grid could mean that rock lies further than 300m (the Variogramme range) from the nearest sample. Here, the surface has re-entrant angles so that this rock was assigned as Extrapolated. The surface is subject to manual interpretation, but it is considered that the relatively restricted Interpolation boundary more than compensates for the minor quantities of rock that may be of questionable assignment.

Summary of Metallurgical Studies

Testwork is progressing through successive stages of column leaching on ore samples (up to one tonne scale) across the various lithologies and anticipated mine outputs onto heaps. A larger scale facility enabling 500 tonne scale testing has been designed, and is currently passing through necessary approvals for construction.

Rio Tinto's proprietary approach to heap leaching has enabled high recoveries of copper and zinc, with very low reagent consumption and positive water balance, including on skarn ores. Final recoveries in all completed column tests of heap leaching have been in the range of 70 to 90 per cent (These recoveries must still be modified for anticipated industrial practice in large scale heap leaching configurations, but are reflective of the effectiveness of the approach taken to leaching of copper from even primary materials).

In the heap leaching process arsenic deportment is easily controlled, and has not represented any significant issues.

Further Potential

Rio Tinto's step-out 400m grid drilling shows that the mineralised system remains open at depth and especially to the west. A recent hole drilled to the west of the Inferred Resource reported here has identified a new porphyry centre that appears connected to the known deposit by a mineralized skarn. This new porphyry, known as Mirador, is within Rio Tinto's mining and exploration leases and will be further investigated by follow-up drilling.

Rio Tinto believes that there is significant potential to outline additional copper mineralisation and add to the La Granja resource base once further exploration is undertaken within its lease area. However, it is uncertain if further exploration will result in the determination of a Mineral Resource.

CP Statement

The information in this report that relates to Mineral Resources is based on information compiled by Mark Howson who is a Member of the Institute of Materials, Minerals & Mining. Mark is a full-time employee of Rio Tinto Technology & Innovation and has experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which they have undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mark Howson consents to the matters based on his information in the form and context in which it appears.

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Rio Tinto's business is finding, mining, and processing mineral resources. Major products are aluminium, copper, diamonds, energy (coal and uranium), gold, industrial minerals (borax, titanium dioxide, salt, talc) and iron ore. Activities span the world but are strongly represented in Australia and North America with significant businesses in South America, Asia, Europe and southern Africa.

Forward-Looking Statements

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Information about BHP Billiton included in this release is based on public information which has not been independently verified.

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