



# News release...

23 February 2005

## Iron ore price settlement

Hamersley Iron has today reached agreement with Nippon Steel on prices for Hamersley lump, fine and Yandi iron ore deliveries for the contract year commencing 1 April 2005.

- The price of lump ore will increase by 71.5% per cent to US cents 78.77 per dry metric tonne unit.
- The price of fine ore will increase by 71.5% per cent to US cents 61.72 per dry metric tonne unit.
- The price of Yandi ore will increase by 71.5% per cent to US cents 58.02 per dry metric tonne unit.

Sam Walsh, Chief Executive of Rio Tinto's Iron Ore Group, said, "This price increase reflects unprecedented demand for our products, driven by the continuing growth in steel consumption, particularly in China."

A comparison with 2004 prices, in US cents per dry metric tonne unit, is as follows:

	<u>FY04</u>	<u>FY05</u>	<u>% change</u>
Lump ore	45.93	78.77	+71.5%
Fine ore	35.99	61.72	+71.5%
Yandi ore	33.83	58.02	+71.5%

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**Notes:**

- Iron ore is predominantly traded on the world market under long term contract.
- Contract years can differ from calendar years.
- The global reference price settlement is expressed as a percentage increase or decrease from the previous year.
- The reference price is usually established for fines ore first because this represents 60% of the traded market. Prices for lump and pellets are then usually determined as a premium to the fines ore price.
- Once the annual percentage change is negotiated, iron ore prices are generally denominated in US cents per dry metric tonne unit, reflecting a common base per unit of iron content.
- To compare prices on a 'per tonne' basis instead of an 'iron units' basis, the following conversion can be used:
  - US\$ price per tonne = US cents per dry metric tonne unit x Iron Content
  - Iron content for Hamersley fine and lump ore is 64% and for HI Yandi 58%.