

COMPANY NUMBER 1599006

RIO TINTO TALC LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004



DIRECTORS: Mr R P Dowding
Mrs A V Lawless
Mr C H H Lawton
Mr C Lenon
Mr M R Merton
Mr I C Ratnage

SECRETARY: Miss S A Morley

REGISTERED OFFICE: 6 St James's Square
London
SW1Y 4LD

AUDITORS: PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

REPORT OF THE DIRECTORS

The directors present their report, together with the audited financial statements for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

Rio Tinto Talc Limited is a wholly owned subsidiary of Rio Tinto plc ("Rio Tinto"). The Company is an investment holding company for the Rio Tinto Group. The results of the Company for the year ended 31 December 2004 are set out on page 6.

Details of the principal subsidiaries at 31 December 2004 are given on page 10.

DIVIDENDS

No interim dividend was paid during the year (2003 - £nil). The directors do not recommend the payment of a final dividend (2003 - £nil).

DIRECTORS

The names of the directors in office at the date of this report, all of whom served throughout the year, are shown on page 2.

DIRECTORS' INTERESTS

The directors who held office as at 31 December 2004 and whose interests are not reported in the financial statements of a parent company had the following interests in the ordinary shares of Rio Tinto plc, the ultimate parent company, as recorded in the register required to be kept by Section 325 of the Companies Act 1985:

	Ordinary shares of 10p each of Rio Tinto		Options over ordinary shares of 10p each of Rio Tinto				Long term incentive plans ³	
	01.01.04 ¹	31.12.04	01.01.04 ¹	Granted	Exercised	31.12.04 ²	01.01.04 ¹	31.12.04
R P Dowding	3,731	6,331	9,072	1,478	(2,932)	7,618	-	1,178
C H H Lawton	32,158	33,171	87,666	17,519	(3,310)	101,875	28,320	41,033

¹ Or date of appointment, if later.

² Options cancelled during the year are not shown above and as such the options figure for the year end will not necessarily be equal to the sum of the opening figure and the options granted, less the options exercised.

³ Represents the maximum number of ordinary shares in Rio Tinto that may be awarded to the directors at a future date as a result of their participation in the Mining Companies Comparative Plan. For further information regarding Rio Tinto's long-term incentive plans, including the Mining Companies Comparative Plan, please see the Rio Tinto Annual Report and financial statements.

The directors held no other interests in the Company or in any other Rio Tinto Group companies.

The directors are also deemed to have an interest in a trust fund containing 8,219 Rio Tinto ordinary shares at 31 December 2004 (1 January 2003 – 21,849 ordinary shares) as potential beneficiaries, together with other Rio Tinto Group employees.

No director had a material interest in any contract or arrangement during the year to which the Company or any subsidiary is or was a party.

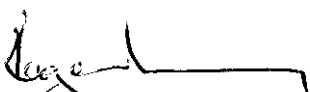
AUDITORS

Elective resolutions to dispense with holding annual general meetings, the laying of financial statements before the Company in general meetings and the appointment of auditors are currently in force. The auditors, PricewaterhouseCoopers LLP, will therefore be deemed to have been re-appointed at the end of the period of 28 days beginning on the day on which copies of this report and financial statements are sent to members unless a resolution is passed under Section 393 of the Companies Act 1985 to the effect that their appointment be brought to an end.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period. In preparing the financial statements, which have been prepared on a going concern basis, appropriate accounting policies have been used and applied consistently and reasonable, prudent judgements and estimates have been made. Applicable accounting standards have been followed. The directors are responsible for maintaining proper accounting records, in accordance with the Companies Act 1985, for safeguarding the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

BY ORDER OF THE BOARD



R P Dowding
Director

6 St James's Square
London SW1Y 4LD

18 August 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIO TINTO TALC LIMITED

We have audited the financial statements which comprises the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the accounting policies note.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

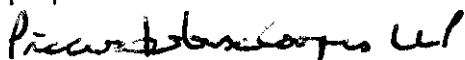
BASIS OF AUDIT OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

18 August 2005

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	<u>2004</u> £000	<u>2003</u> £000
Income from shares in subsidiary undertakings		150	-
Other operating income	2	<u>-</u>	<u>30</u>
Operating profit		150	30
(Increase)/decrease in impairment provisions against investment in subsidiary undertaking		(700)	3,651
Interest payable	4	<u>(1,613)</u>	<u>-</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,163)	3,681
Taxation on (loss)/profit on ordinary activities	5	<u>484</u>	<u>-</u>
Retained (loss)/profit for the year		<u>(1,679)</u>	<u>3,681</u>
MOVEMENT IN (ACCUMULATED LOSSES) / RETAINED EARNINGS			
At 1 January		307	(3,374)
Retained (loss)/profit for the year		<u>(1,679)</u>	<u>3,681</u>
At 31 December		<u>(1,372)</u>	<u>307</u>

The Company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

All items dealt within the above profit and loss account relate to continuing operations.

The notes on pages 8 to 13 form part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2004

	Note	<u>2004</u> £000	<u>2003</u> £000
FIXED ASSETS			
Investments	6	<u>48,121</u>	<u>48,821</u>
CURRENT ASSETS			
Debtors	7	484	-
CREDITORS: Amounts falling due within one year	8	<u>(49,150)</u>	<u>(47,687)</u>
NET CURRENT LIABILITIES		<u>(48,666)</u>	<u>(47,687)</u>
NET (LIABILITIES)/ASSETS		<u>(545)</u>	<u>1,134</u>
CAPITAL AND RESERVES			
Called up share capital	9	827	827
Profit and loss account	10	<u>(1,372)</u>	<u>307</u>
EQUITY SHAREHOLDERS' FUNDS		<u>(545)</u>	<u>1,134</u>

The financial statements on pages 6 to 13, were approved by the Board of Directors on 18 August 2005 and signed on its behalf by:

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Director

The notes on pages 8 to 13 form part of these financial statements.

NOTES TO THE 2004 FINANCIAL STATEMENTS

1. ACCOUNTING POLICIESa) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards. The directors have reviewed the Company's existing accounting policies and consider that they are consistent with the requirements of Financial Reporting Standard ("FRS") 18 "Accounting Policies" and that the Company's accounting policies are consistent with last year.

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue to operate.

b) Reporting Currency

The principal currency affecting Rio Tinto's international operations is the US dollar, and all financing provided to / by the Company is denominated in the US dollar. Accordingly, the directors regard the US dollar as the principal currency affecting the Company's own cashflows. As a result, the financial statements are presented in US dollars. The year end exchange rate was US\$1.93 : £1 (31 December 2003 US\$1.78 : £1).

c) Interest Income

Interest is accounted for on an accruals basis. Interest receivable from subsidiary undertakings registered overseas is presented inclusive of any overseas withholding tax.

d) Investment Income

Income from investments is accounted for on an accruals basis. Dividends receivable from subsidiary undertakings are recognised in the year to which they relate; other dividends are recognised when they are declared. Dividends from subsidiary undertakings registered overseas are presented inclusive of any overseas withholding tax.

e) Investments

Fixed asset investments are valued at cost less impairment provisions. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value if higher. The discount rate applied is based upon the Company's weighted average cost of capital, with appropriate adjustment for the risks associated with the relevant unit.

f) Deferred Taxation

Full provision is made for deferred taxation on all timing differences that have arisen but not reversed at the balance sheet date, except that deferred tax assets are only recognised to the extent that it is more likely than not that they will be recovered. Deferred tax is recognised on an undiscounted basis.

NOTES TO THE 2004 FINANCIAL STATEMENTS continued

1. ACCOUNTING POLICIES (Continued)g) Group Financial Statements

Group financial statements have not been prepared as the Company is itself a wholly owned subsidiary of another company incorporated in England and Wales. In the opinion of the directors, the aggregate value of the assets of the Company consisting of shares in, and amounts owing from, its subsidiary companies is not less than the aggregate amount at which those assets are included in the balance sheet.

h) Currency Translation

Transactions denominated in foreign currencies are translated at the rate of exchange ruling on the date of the transaction.

Monetary assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the end of the financial year. Exchange differences, except where they relate to share capital, share premium and reserves, are dealt with in the profit and loss account.

i) Taxation

Payment is made for group relief claimed only to the extent that a corresponding receipt has been claimed by the company surrendering the tax losses. In most cases, the Company does not pay for, or receive payment for, any group relief claimed from, or surrendered to, other Group companies.

j) Reporting Format

The Company acts as an investment holding company, and hence the dividends received from investee companies and any impairment provisions against investments are presented as operating items.

2. OTHER OPERATING INCOME

	<u>2004</u> £000	<u>2003</u> £000
Other income receivable	<u>-</u>	<u>30</u>

3. OPERATING COSTS

- a) The auditors' remuneration is borne by a fellow group undertaking (2003 – £nil).
- b) The average number of persons employed during the year, excluding directors, was nil (2003 – nil).
- c) No emoluments were paid to any of the directors in respect of their services to the Company (2003 – £nil).

NOTES TO THE 2004 FINANCIAL STATEMENTS continued

4. INTEREST PAYABLE

	<u>2004</u> £000	<u>2003</u> £000
Interest payable to group companies	<u>1,613</u>	<u>-</u>

5. TAXATION

The tax credit based on the result for the year is made up as follows:

	<u>2004</u> £000	<u>2003</u> £000
Current tax:		
UK corporation tax on (loss)/profit of the year	<u>(484)</u>	<u>-</u>
Tax on (loss)/profit on ordinary activities	<u>(484)</u>	<u>-</u>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	<u>2004</u> £000	<u>2003</u> £000
(Loss)/profit on ordinary activities before tax	<u>(2,163)</u>	<u>3,681</u>
(Loss)/profit on ordinary activities multiplied by standard rate of tax in the UK 30% (2003: 30%)	(649)	1,104
Effects of:		
Expenses not deductible for tax purposes	210	-
Other income not chargeable to UK tax	<u>(45)</u>	<u>(1,104)</u>
Current tax credit for the year	<u>(484)</u>	<u>-</u>

6. INVESTMENTS IN SUBSIDIARIES

	<u>2004</u> £000	<u>2003</u> £000
<u>Cost</u>		
At 1 January	61,921	59,726
Additions	<u>-</u>	<u>2,195</u>
At 31 December	<u>61,921</u>	<u>61,921</u>
<u>Provision</u>		
At 1 January	13,100	16,751
Charged/(released) in the year	<u>700</u>	<u>(3,651)</u>
At 31 December	<u>13,800</u>	<u>13,100</u>
Net book value at 31 December	<u>48,121</u>	<u>48,821</u>

NOTES TO THE 2004 FINANCIAL STATEMENTS continued

6. INVESTMENTS IN SUBSIDIARIES (Continued)

The impairment provision relates to two subsidiary undertakings involved in the mining of talc. It has been calculated so as to ensure that the carrying value of the relevant assets are the same as the present value of expected future cash flows relating to those assets. The discount rates used in calculating the present value of expected future cash flows were derived from the Company's weighted average cost of capital, with appropriate risk adjustments, and are consistent with 2004. When adjusted to include inflation and grossed up at the UK tax rate of 30% for 2004 (2003: 30%), the discount rate applied was equivalent to 10%.

The following information relates to the Company's principal subsidiaries at 31 December 2004:

Company	Country of incorporation	Class of shares held	% held	Principal activities
Luzenac Val Chisone SpA	Italy	Ordinary shares of €1	99.51	Mining
Luzenac Micro Milling Limited	England and Wales	Ordinary shares of £1	100	Mineral processing
Luzenac Sierra SA de CV (formerly known as Luzenac de Mexico SA)	Mexico	Ordinary shares of MXP 1	100	Mining
Luzenac Borax et Mineraux SA and through Luzenac Borax et Mineraux SA	France	Ordinary shares of €38.15	100	Holding company
- Talc de Luzenac SA	France	Ordinary shares of €15	99.93	Mining
- Borax Francais SA	France	Ordinary shares of €15.25	100	Mineral processing
- Luzenac SET SA	Spain	Ordinary shares of €1000	100	Mining
- Luzenac Naintsch GmbH	Austria	Ordinary shares of €72.67	100	Mining

NOTES TO THE 2004 FINANCIAL STATEMENTS continued

7. DEBTORS

	<u>2004</u> £000	<u>2003</u> £000
Amounts receivable from group undertakings	<u>484</u>	<u>-</u>

8. CREDITORS: Amounts falling due within one year:

	<u>2004</u> £000	<u>2003</u> £000
Amounts owed to ultimate parent undertaking	-	7,591
Amounts owed to parent undertaking	49,120	40,066
Amounts owed to fellow subsidiary undertaking	<u>30</u>	<u>30</u>
	<u>49,150</u>	<u>47,687</u>

9. SHARE CAPITAL

	<u>2004</u> £000	<u>2003</u> £000
Authorised: 1,000,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, issued, called-up and fully paid: 826,828 ordinary shares of £1 each	<u>827</u>	<u>827</u>

10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>Share capital</u> £000	<u>Profit and loss account</u> £000	<u>Total</u> £000
At 1 January 2004	827	307	1,134
Loss for the year	<u>-</u>	<u>(1,679)</u>	<u>(1,679)</u>
At 31 December 2004	<u>827</u>	<u>(1,372)</u>	<u>(545)</u>

11. CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The financial statements do not include a cash flow statement because the Company is a wholly owned subsidiary and the conditions of FRS 1 exempting inclusion are satisfied. The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Rio Tinto Group or investees of the Rio Tinto Group.

NOTES TO THE 2004 FINANCIAL STATEMENTS continued**12. ULTIMATE PARENT UNDERTAKING**

The immediate parent undertaking is Rio Tinto Overseas Holdings Limited. The ultimate parent undertaking and controlling party is Rio Tinto plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Rio Tinto plc consolidated financial statements can be obtained from its registered office at 6 St James's Square, London, SW1Y 4LD.