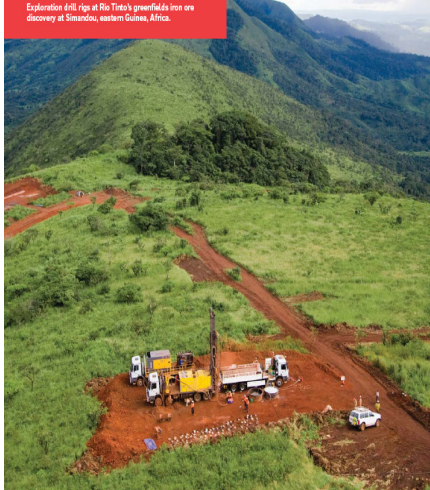


Rio Tinto Simandou Project Information (01/2009)



Simandou is a world-class iron ore exploration and mining project located in Guinea's Guinée Forestière and Haute Guinée regions. The project is in the final stages of feasibility studies. Rio Tinto expects to commence construction of the mine and related mine and port infrastructures in 2010, and to begin mining operations in 2013.

Rio Tinto is partnered with the International Finance Corporation, which holds a five percent stake in the Simandou project. As one of the world's leading mining companies, Rio Tinto brings technical expertise derived from the experience of more than 65,000 employees operating in over 65 countries, as well as a commitment to sustainable development that is integrated into all aspects of our business.

The Rio Tinto SIMFER SA Simandou Project

Rio Tinto has already spent over US\$450 million on exploration and evaluation work necessary to develop a world class mine at Simandou.

In 2008 the Simandou project employed more than 1,800 people in Guinea (including full-time employees and contractors). More than 90 percent of our workforce is Guinean, and we use more than 170 Guinean contracting and consulting companies. Rio Tinto's commitment to local hiring and procurement wherever possible has already resulted in the flow of tens of millions of dollars to Guinea through wages, taxes and purchasing. The current mine, rail and port plan anticipates creating tens of thousands of jobs during the construction phase and more than 4,500 full-time jobs during the operational phase.

Extensive Exploration Activities

Rio Tinto's exploration and development efforts are focused on our 738 km² Simandou mining concession area, which represents only 18 percent of the mining holdings in the Simandou range: 738 km² are held by Rio Tinto and 3,333 km² are held by one other company. In 2008 Rio Tinto:

- Spent US\$20 million per month on drilling and support.
- Operated 16 exploration drill rigs throughout the Concession.
- Drilled, to date, 218,000m of core on over 1200 sites throughout the entirety of the Concession.
- Increased drilling capacity by 100 percent from 2007 to 2008.

Background on Rio Tinto's Mining Concession

Rio Tinto's presence in Guinea began in 1996, when the Minister of Mines invited the company to conduct initial exploration work at Simandou. Rio Tinto, a signatory of the Extractive Industries Transparency Initiative, openly negotiated and signed a Mining Convention with the Government of Guinea in 2002. The National Assembly ratified the Convention and the President signed it into law in 2003. As required by the Convention, the President of Guinea granted Rio Tinto a Concession in 2006. In reliance on both Guinean law and the legal accords agreed with the Government, Rio Tinto has invested hundreds of millions of dollars on the exploration and evaluation work necessary to develop a long-life, multi-billion-dollar mine at Simandou.

In accordance with Guinean law, Rio Tinto gave up 50% of its land area in 2000 when it renewed its exploration licenses. Following that retrocession, the Guinean Government agreed to lock Rio Tinto's land area at its current level of 738km². That land area was then enshrined in our Convention, which was again signed by the Government, ratified by the National Assembly, and signed into law by the President. That land area was further confirmed in 2006 when the President granted Rio Tinto a mining concession.

The Scale of the Simandou Project

Studies completed to date estimate that an up-front capital investment of over US\$6 billion will be required to start the construction of world class mine, rail and port infrastructures at Simandou.

At a proposed production rate of 70 million tonnes per annum, the Simandou mine would pay hundreds of millions of dollars each year in taxes and royalties to the Government of Guinea, and more than US\$20 million per year to a regional development fund (at current market prices). This would amount to billions of dollars over the life of the mine. The expected annual royalties from the Simandou project alone would represent many times what the Government currently receives from all mining taxes in Guinea. This revenue to the Government would increase in proportion to increased production.

Given the significant mine, rail and port infrastructure development costs Rio Tinto must bear, the suspension of our rights in whole or in part, or the reassignment of portions of the property to other developers, will challenge the economic viability of the Simandou project.

Public Infrastructure and Community and Environmental Investment

Rio Tinto has spent over US\$40 million on public infrastructure projects and programs that contribute to community development and environmental quality in Guinea. Some examples include:

- Public infrastructure: Rio Tinto has invested over \$US 2.5 million in funding for road construction and repairs, over US\$7million to build an aerodrome and in other basic community infrastructures around Beyla and Kankan-Nzerekore.
- In addition, Rio Tinto worked with the Government to create the Transport Committee, through which we are presently funding studies to expand rail service in Guinea.
- Local community development: We have supported the development of seven schools, health clinics and youth centres, community radio infrastructure, medical training and education and scholarships and adult literacy programs in Beyla, Kerouané and Conakry.
- Environmental investment: Rio Tinto is funding projects with the Nzérékoré Forestry Management Centre, extensive biodiversity studies with Conservation International, and agricultural development and water infrastructure projects.

Commitment to Long-Term Sustainable Development

Rio Tinto and the International Finance Corporation are committed to supporting sustainable development in Guinea. This includes exploring potential options to benefit both local communities and the nation as a whole, even during the early phases of the project, such as:

- Participating with the Government of Guinea and others in the development of a regional power generation scheme for the southeastern part of the country. In partnership with InfraCo, a donor-funded infrastructure development company, we have already begun evaluating the feasibility of establishing a generating plant for the town of Beyla and the Simandou project camp.
- Providing more than US\$500,000 in planned community investments over the next six months to assist with socio-economic development and environmental quality.

The Future of Rio Tinto in Guinea

Rio Tinto is a promising partner for Guinea. Wherever Rio Tinto operates, the health and safety of our employees is our first priority. We have one of the best worker safety records in the mining industry, and we seek to contribute to sustainable development. We work as closely as possible with our host countries and communities, respecting their laws and customs. We minimize adverse effects and strive to improve every aspect of our performance. We employ local people at all levels and ensure fair and equitable transfer of benefits and enhancement of opportunities.

Rio Tinto also has a proven track record as a global leader in building and managing iron ore operations. The company ranks second in global seaborne iron ore deliveries and first in global reach. This is very important for enabling the sale of Guinea's iron ore to the international market.

Legal and Legislative Chronology

- **1996** – Rio Tinto Exploration conducts initial reconnaissance work after being invited to Guinea by the Minister of Mines, Fassine Fofana.
- **29 February 1997** – Rio Tinto is granted four exploration licences for iron ore at Simandou, covering an area of 1488 km². For the initial three-year exploration period, a budget of US\$5.3 million is agreed with the Government. Actual audited expenditure by Rio Tinto during this period was US\$8.6 million.
- **30 May 2000** – Simandou exploration licences are renewed pursuant to the Mining Code, but with a 50 percent reduction in area to 738 km².
- **21 May 2002** – The terms of the Mining Convention are finalised, but signing is delayed.
- **29 May 2002** – The Minister of Mines, Ibrahima Soumah, fixes the area to be governed by the Mining Convention pending its final signing by the Government.
- **26 November 2002** – The Mining Convention (*Convention de Base*) is signed by the Government and SIMFER SA. it includes:
 - An agreement to pay US\$3 million in advance taxes upon reaching key project milestones;
 - An option for the Government to acquire a 20 percent equity interest in the project;
 - Royalties of 3.5 percent; and
 - A local community contribution of 0.25 percent of annual turnover.
- **3 February 2003** – The Mining Convention is ratified by the National Assembly and is signed into law by President Lansana Conté.
- **25 February 2003** – Upon publication in the Official Journal, the Mining Convention takes effect as a law of Guinea and promises the Mining Concession will be issued within 90 days.
- **30 March 2006** – Rio Tinto's Mining Concession is granted by Presidential decree in accordance with the Mining Convention and the laws of Guinea.
- **12 May 2006** – The Minister of Mines, Dr Ahmed Tidjane Souaré, agrees to a revised project timetable (feasibility report at the end of 2008 and commencement of production at the end of 2013) to reflect the delays in granting the Mining Concession and agreeing on the transport route.
- **20 July 2007** – The Minister of Mines agrees to proceed with evaluation of the southern rail route.
- **6 June 2008** – The General Secretary of the President's department, Sam Mamady Soumah, sends a letter to Rio Tinto raising a series of grievances regarding Rio Tinto's Mining Concession.
- **11 June 2008** – Rio Tinto responds to Mr Soumah with a detailed letter addressing the concerns he raised.
- **1 August 2008** – Rio Tinto receives a copy of a correspondence from the Presidency purporting to rescind the Simandou mining concession. Rio Tinto remains confident that its arrangements are in all respects in conformity with Guinean laws and that it has complied with its obligations and is currently in discussion with relevant ministers with a view to resolving any issues.

- **20 of August 2008-** Rio Tinto has since questioned the legality of the government's withdrawal action by using a mechanism known as a *recours gracieux* and continues to engage in concurrent discussions with the Government to resolve the matter constructively.
- **October-November 2008-**Rio Tinto provides the ministry of Mines all of the geological data requested
- **9 December 2008:** Rio Tinto receives a letter from the Minister of Mines with a relinquishment request of 50% of the Rio Tinto Simandou concession. is entitled to hold and retain the entire Concession, and will continue working in good faith with the Government of Guinea to seek to resolve this matter on that basis.
- **9 December 2008:** In a press release Rio Tinto announces that the company is deferring all non-essential spending on the project because of the need for certainty of tenure and this in light of the world economic situation.
- **10 December-** BSGR (based in Guernsey Island) issues a press release from the British Virgin Islands claiming to have been awarded 50% of the Rio Tinto mining concession.

Rio Tinto remains of the view that it has complied with all its obligations in relation to the Concession such that it is entitled to hold and retain the entire Concession, and will continue working in good faith with the Government of Guinea to seek to resolve this matter on that basis.