

Simfer S.A.

SIMANDOU PROJECT

SOCIAL AND ENVIRONMENTAL ASSESSMENT STRATEGY Summary Document

Introduction

The Simandou Iron Ore project, located in south-eastern Guinea, straddles the Regions of Guinée Forestière and Haute Guinée. The Mining Concession for the area is held by Simfer S.A. (Rio Tinto 95% and IFC 5%). The primary mineral resources defined to date, Pic de Fon and Oueleba, are located within Guinée Forestière. To the north the Exploration Licences (under application) and Concession area extend into Haute Guinée. Regular contact is maintained with Kankan and N'Zérékoré, as the capitals of the Regions, and the largest towns in the Project's operating area.

There are three Rio Tinto camps in the area, Canga East, which is the major project base camp for the Pic de Fon area, Oueleba approximately 9 kms north of Pic de Fon that services the Oueleba evaluation team, and thirdly the company has an office and accommodation base in Kerouane where the Project rents buildings within the existing town to service the exploration programmes in the northern portion of the Mining Concession.

To date work has been focussed on the evaluation of the mineral deposits along the Simandou range but in April the Rio Tinto Investment Committee approved funding to study trans-Guinean infrastructure options for the export of the Simandou iron ores. The studies are concentrating on a southern, dedicated, heavy haul iron ore railway and deep water port in the Matakan area south of Conakry. This alignment was recommended by the DE Consult report and endorsed by the Transport Committee in May 2007. The social and environmental impact of the infrastructure will also form part of the Social and Environmental Assessment Strategy.

A number of social and environmental surveys and impact assessments have already been carried out by the project for the work programme to date. In all its activities Rio Tinto Iron Ore seeks to prevent, minimise, mitigate, and remediate the adverse aspects of its operations on the environment. The Company also seeks to maximise potential benefits to local communities and other stakeholders.

Social Background

The Simandou Project has been working with surrounding villages since exploration commenced in 1997. The Simandou workforce in Guinea now includes over three hundred people, with employees drawn from local communities where possible. Through developing the Project's relationship with impacted and affected communities over the past ten years, numerous community relations exercises have been undertaken including the building of a bridge outside of Beyla, literacy classes for over 600 women, support for local football teams, support for the construction of a local school and the provision of vehicle fuel to support vaccination programmes. All baseline studies and surveys undertaken by the Company have been subject to consultation with local communities.

All social programmes undertaken aim to achieve the following strategic community goals:

1. Continued social licence to operate granted by local communities;
2. Maintenance of good relationships with impacted and affected communities leading to effective development and production of the mine;
3. Delivery of a sustainable long-term benefit to local communities with improved health, education, living conditions and livelihoods;
4. Protection of significant areas of biodiversity through collaboration with communities recognising that agriculture represents the main source of subsistence in the operating area;
5. Facilitation of capacity building within of the local administration in order to ensure

- effective support for the mine operations and lessen the dependency from mine direct revenues;
6. Effective resolution of any concerns held by stakeholders in the Project to ensure delays to the development of the Project are minimised; and
 7. A committed and skilled workforce drawn from the local population.

Environmental Background

The Pic de Fon and Oueleba deposits are located within the Pic de Fon Forêt Classée, and given the significant conservation value placed on the Upper Guinea Forest, biodiversity is a key issue for the development of the project. This needs to be considered in light of the environmental degradation that continues to take place in the region. Rio Tinto Iron Ore believes that the protection of biodiversity in the potential area of mining operations, and more broadly across south-eastern Guinea, will be best achieved through working with communities to understand existing environmental management practices and subsistence needs that have created pressures upon the land.

Social and Environment Impact Assessment

Environmental and social aspects of the Pre-feasibility study, cover the mines and associated facilities at Pic de Fon / Oueleba, the southern heavy-haul, dedicated iron ore transport option and the port/shiploading facilities at a greenfields site south of Conakry. In broad terms the objectives will be as follows:

Baseline data collection for the subsequent SEIA will include:

A) Biophysical considerations:

- i) biodiversity evaluation (including assessment of threats to biodiversity and relationship between biodiversity and climate),
- ii) flora and fauna assessments,
- iii) meteorology, hydrology and hydrogeology studies,
- iv) air quality and noise assessments,
- v) land use and soil capability studies,
- vi) geochemistry and visual amenity.

B) Socio-economic considerations:

- i) socio-economic baseline generation,
- ii) cultural heritage,
- iii) archaeology,
- iv) land tenure and economic impact.

SEIA Overview

Much of the work undertaken on the social and environmental programme is currently focused on the delivery of an Impact Assessment. At the PFS stage the assessment will be referred to as the 'Analysis of Alternatives'. At the Feasibility Stage the more familiar term SEIA will be used. Rio Tinto is committed to the production of a leading practice SEIA for the Project that meets or exceeds its own internal requirements as well as the requirements of the new IFC Performance Standards. The SEIA will cover the mine, port and railway developments.

Social and environmental impact assessment is a technique and a process used to collect and analyse information about the environmental and social effects of a proposed project. It permits a systematic identification, evaluation, and assessment of risks and opportunities associated with new projects and expansions. This ensures that new project developments and expansions align with Rio Tinto policies, business requirements, and compliance with internal controls. It provides a globally consistent approach, making it particularly appropriate in a Group as geographically and culturally diverse as Rio Tinto.

The SEIA process is a formal and structured approach to evaluating the impact of the proposed development on the social and environmental baseline conditions. It is essential that the SEIA be conducted by an independent third party to ensure the transparency of the process and for this reason the SEIA work is contracted out to carefully selected consultants.

The SEIA process includes a detailed Public Consultation and Disclosure Plan that is implemented at the PFS stage and carries through to the full Feasibility Study.

A series of reports on the existing biophysical, social, cultural and socio-economic aspects of the project have already been produced. Many of these are already publicly available e.g. the two Conservation International RAP studies and the Synergy social characterisation studies for Beyla and Kerouane. Others can be made available on request.

Sustainable Development in the SEIA Context

Rio Tinto has made a strategic policy commitment to contribute to sustainable development (SD) which is: *To ensure our businesses, operations and products contribute to the global transition to sustainable development.* The SD framework has practical relevance for project development. It is a useful lens for viewing the long-term implications of investments in the local context and weighing environmental and social implications alongside economic returns.