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## Rio seeks Guinea mining contract security

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Reuters quoted Rio Tinto's top executive in the West African country said that Guinea risks jeopardizing the mining investments that form the backbone of its economy if it does not reassure companies their contracts are secure. Rio, which has already spent USD 450 million on exploration at the Simandou iron ore project, hopes the review will resolve a dispute over its concession.

Mr David Smith CEO of Rio Tinto's Guinean operations said that only when the review is complete will firms have security of tenure. Mr Smith said that "Lots of mining companies are pulling back capital expenditure. Companies will make decisions based on lots of factors and one of those will be the risk of the project. For the government of Guinea, there's a real incentive to get on with the things they're doing so the risk factor is decreased. If not, Guinea could suffer more than others."

Mr Smith said that the promised review has not yet begun but the government has taken the first steps toward establishing a review committee. He said that "We welcome a review of mining contracts it will put everything out in the open. We are going through a period of some legal uncertainty. A company that is going to invest a lot of money wants certainty about tenure."

Mr Jordan Feilders spokesman of Rio said that "Restoration of our concession will send a signal to the investment community that large reputable investors in Guinea can have certainty of investment. We need the full concession to make it work as per our design."

Guinea's military leader Captain Moussa Dadis Camara, who took power last December in the world's biggest bauxite producer and a potentially huge source of iron ore has promised to review mining contracts and has repeatedly threatened to cancel ones it finds unacceptable. Many mining projects in Africa and elsewhere have been scaled back or shelved as metals prices have crashed in the past nine months and Guinea, one of the world's poorest countries, can ill afford to lose revenue from its mineral exports.

(Sourced from Reuters)

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