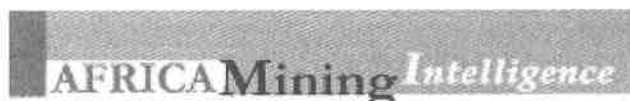


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Africa Mining Intelligence

March 26, 2013

US RusAl to sign \$832 million check for Conakry

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With Guinea about to modify its much-criticized mining code in coming weeks - and in a manner calculated to bring smiles to mining companies - president **Alpha Conde** has set about settling outstanding issues in order to improve the investment climate in the sector. One matter is the dispute with **UC RusAl**.

Many are wondering whether the air will be cleared entirely between the Russian group and the authorities in Conakry. Following a visit in February by Russian foreign minister **Sergei Lavrov** (), Conde and RusAl's management decided to put paid to all of Guinea's grievances. According to our sources, the law firms **SNR Denton** and **Bird & Bird LLP** are working at present on an accord involving the payment of \$832 million to Guinea's finance ministry by RusAl to cover a number of unpaid bills.

The biggest amount will settle back wages for workers at the Friguia alumina refinery operated by RusAl that has been idle for nearly a year. But the settlement will also include money for unpaid port taxes and other government levies and payment of royalties on output of bauxite and alumina.

The global accord brings to mind the \$700 million that **Rio Tinto** laid out in 2011 in an out-of-court settlement with Conakry in order to maintain its rights on Simandou. And it will reassure RusAl about its future both with regards resuming operations at the Friguia refinery and conserving its rights on part of the giant Dian Dian bauxite deposit.

Other outstanding issues on Conde's desk are: that of **Rio Tinto** concerning permit number 74 on Simandou following the mining giant's string of announcements concerning delays in the timetable for producing ore - it will now begin in 2020 instead of 2015 - and work on the Transguineen railway and a minerals port; and that of **BSGR/Vale**, which is developing the southern part of Simandou, Zogota (licence 151) and seeking to dispose of the northern part of Simandou.

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