

Confidential email correspondence between executive at Rio Tinto

Message

From: Walsh, Sam (RTIO) [/o=RTZCRA/OU=SHARED BUSINESS SERVICES/CN=RECIPIENTS/CN=SAM.WALSH]
Sent: 5/10/2011 2:32:53 PM
To: Davies, Alan (RTIO) [/O=RTZCRA/OU=GSC/cn=RECIPIENTS/cn=DAVIESA]
Subject: Fw: Confidential: Francois de Combret

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Alan,

Got the figure up to \$10.5 million but only holding an amount in escrow in his name subject to first shipment. I know that you won't like this, but put your thinking cap on.

Sam

From: Albanese, Tom (RTHQ)
Sent: Tuesday, May 10, 2011 06:32 PM
To: Walsh, Sam (RTIO)
Subject: Re: Confidential: Francois de Combret
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Sam,

Worth giving this a try, but also think about optics to the GoG.

Regards,
Tom
Tom Albanese
Chief Executive
Rio Tinto
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Sent from my BlackBerry Wireless Handheld
From: Walsh, Sam (RTIO)
Sent: Tuesday, May 10, 2011 10:47 AM
To: Albanese, Tom (RTHQ)
Subject: Fw: Confidential: Francois de Combret
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Tom,

Alan attempted to settle with Francois at \$7.5 million, but he is holding out for \$10.5 million. No question that he delivered sizeable value, but also no question that there is still sizeable risk going forward.

I wonder if the answer is to hold part of the funds in an account in his name, but subject to first shipment. Alan won't like this, but I can't see another solution.

Appreciate any thoughts that you have

Sam

From: Davies, Alan (RTIO)
Sent: Tuesday, May 10, 2011 02:15 PM
To: Walsh, Sam (RTIO)
Subject: Confidential: Francois de Combret
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Sam

Further to our discussions about Francois de Combret's fee and arrangements going forward, I provide the following update and request for approval.

I have held discussions with Francois following your discussions with Tom last week. We have reached a final point, where Francois has requested a fee for services on securing 3 and 4 of US\$10.5m. This is clearly stated as his bottom line, and a reduction from his request of US\$15m.

Sam, I accept that this is a lot of money, but I also put forward that the result we achieved was significantly improved by Francois' contribution and his very unique and unreplaceable services and closeness to the President. He vouched for our integrity when it was needed and helped bring us together when things were looking extremely difficult. These services were of the most unique nature, and we will never fully be able to judge the potential outcome if he was not assisting in us in good faith. My belief is that we had a very low probability of resecuring 3 and 4, but through a combination of the negotiations and Francois' unique help to me and Rio Tinto, we were able to close. There is still an enormous amount to do to secure the investment fully.

Since the signing, Francois has helped me on a number of communication issues with the President and the Minister of Mines, which has been invaluable. I have absolutely no doubt that Francois will not act as a friend of Rio Tinto going forward, and is extremely valuable insurance that things do go smoothly as we bed down the arrangements with the GoG.

I am extremely worried if we lose the direct connection to the President that I have cultivated with Francois. Francois has behaved with the utmost integrity and as I say, I have extreme confidence that he will continue to assist us to improve our relationship with the GoG and the President.

There is also now a glimmer of possibility that we may be able to move ourselves into a useful position in relation to 1 and 2. Irrespective of the good advances I have personally made, I am extremely pessimistic without the invaluable services that Francois has provided.

This is not a standard situation, and is indeed extremely unique. I am very worried if we are not able to stabilize the situation and start delivering the project. Finalizing these discussions in a satisfactory way is extremely good insurance for Rio Tinto. May I please have your approval to agree a final fee with Francois of US\$10.5m I am devoted to transition our relationship onto very stable footing, and see this as a very necessary step to doing that.

Thanks for your understanding Sam

Alan

Alan Davies

President International Operations

Rio Tinto Iron Ore

Rio Tinto

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