HD **Guinea, Rio Tinto Seal Deal On $20B Mine**

BY By Alexis Flynn

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LONDON --A landmark agreement on Monday has brought an end to three years of contractual wrangling over how best to develop Africa's biggest **mining** project, a $20 **billion iron**-**ore** deposit nestled in the remote forests of Guinea.

But even though Monday's deal resolves years of contractual uncertainty, it sets a new challenge: Finding deep-pocketed investors willing to spend tens of **billions** of dollars building the railroad and port needed to make the huge deposit economically viable.

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For months, Rio Tinto and its partners Aluminum Corp. of **China** Ltd., or Chalco, and the International Finance Corp., the private-sector arm of the World Bank, have been in talks with President Alpha Condé's reformist government to figure out a way for the Simandou mine to be financed and executed.

Rio Tinto currently holds a license to mine around half of the deposit, around $10 **billion** worth of **iron ore** at current prices. The infrastructure and **mining** project will cost an estimated $20 **billion** to build, of which two-thirds is infrastructure costs.

Part of the new plan unveiled on Monday is to create a new consortium to fund and manage the construction of a 650 kilometer railway from the mine to Guinea's Atlantic coast, as well as building a deep-water port to ship the **iron ore** to **China** and Europe.

Rio Tinto and its partners will now pitch this idea to potential financiers. Investors will be offered decades of steady yields, generated through tariffs charged on goods transported by rail, all the while helping one of the world's poorest countries transform its economy.

"We are already in serious talks with around 30 different institutions," said the person, who wasn't authorized to speak publicly on the matter.

Sovereign-wealth funds, private **equity**, **iron**-**ore** customers and export credit agencies are among those who have been approached, said the person, though they declined to specific which ones.

In a phone interview, Guinea's **Mining** Minister Kerfalla Yansané said U.S. giant General Electric had already expressed an interest in participating in the new consortium.

GE couldn't wasn't immediately available for comment.

Concluding a financing deal could finally push the mine into production by early 2019, bringing in foreign investment and creating tens of thousands of jobs.

"This project is of critical importance for the people of Guinea. It's a nationwide priority that goes beyond the mines and far beyond our generations," said Mr. Condé.

By linking a publicly listed multinational with a **Chinese** state-owned **company** and a global development financing body, Monday's deal breaks new ground in bringing together a disparate set of groups whose African interests don't always converge.

"Today is an important milestone in the development of this world-class **iron ore** resource for the benefit of all shareholders and the people of Guinea," said Rio Tinto Chief Executive Sam Walsh.

The pact, which will have to be ratified by parliament, consolidates a dizzying array of existing agreements signed with Mr. Condé's predecessors. It also hands Guinea a significant share of the project, potentially growing to a 35% **stake** over the next 20 years.

Simandou has had a fraught history since Rio Tinto first secured exploration rights in 1997.

Already stymied by the lack of rail and port infrastructure, plans to turn it into a working mine have been further complicated by political upheavals, commodity-price volatility and contractual wrangling.

Mr. Condé, a veteran opposition leader elected in 2010 on a promise of securing fairer deals for Guinea's mineral riches, has sought to promote an agenda of transparency and good governance. However, Guinea's recent history contains enough examples of broken government promises to make some funders cautious.

The architects of the deal, senior executives at Rio Tinto and the IFC, say that was part of the reason they sought to conclude a clear and legally watertight framework agreement before raising the financing.

"This agreement is bankable, if it gets ratified by parliament. It's a very solid framework. We haven't had that yet. It enables us to have discussions with potential lenders," said the executive at the IFC.

Write to Alexis Flynn at alexis.flynn@wsj.com

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