



Clear and stable mining legislation and regulations, based on internationally recognized standards, is essential to attract and retain FDI in the mining sector. Serbia has done well in this regard and we encourage the Government to maintain stability and transparency as they move forward with new legislation. Serbia to play a significant role in the global minerals markets, says Mr. Storrie from Rio Tinto Serbia.

Serbia-Energy.com: Rio Tinto is one of the first movers, one of the first foreign investor in Serbian mining sector, can you tell us more about the inception period of your presence in the region and what changed in the meantime ?

Richard Storrie: Let me first tell you a bit about Rio Tinto. Rio Tinto is a world mining leader innovating to develop new resources. Our principal business is finding, mining and processing mineral resources to meet societies needs today and in the future. We're in the initial phase of a mineral project in Serbia and see the potential for Serbia to play a significant role in the global minerals markets.

Over the past 11 years, since Rio Tinto established its presence, Serbia has advanced political and economic reforms, and developed into a stable democratic country with a resilient market economy. The Serbian government offers tax, customs and employment incentives for greenfield projects and undeveloped projects, in particular for export industries located in underdeveloped regions. Serbian taxes are very competitive today.

Serbia-Energy.com: Jadarite lithium project is one of the major projects you have in Serbia? Can you tell us more about the current status and future plans?

Richard Storrie: Serbian and American geologists working for Rio Tinto discovered the Jadar deposit in 2004 near the town of Loznica. The Jadar project is a pre-feasibility stage borate and lithium development project with considerable economic potential. If developed, the deposit could supply more than 20% of global lithium demand, and almost 100% of European demand for lithium. It could also supply approximately 10% of global demand for borates.

The Jadar Project has the potential to position Serbia as a World Leader in Modern Mining of Borates and Lithium

Jadarite is a uniquely Serbian mineral and a source of borates and lithium, both elements fundamental to the production of modern household and commercial products in the area of information technology, construction and agriculture.

Borates are key ingredients in a variety of essential household and commercial products, among them, including insulation fiberglass, textile fiberglass, heat resistant glass used for computers and TVs, detergents, ceramic, enamel glazes and tiles as well as agricultural micronutrients.

Lithium is a mineral used in many products, most notably, in batteries that power hybrid and electric vehicles, modern computers, mobile phones. It is also used in heat resistant

glass and in the production of aircrafts.

In 2011, Rio Tinto approved an additional USD \$43 million to move the Jadar project through pre-feasibility. During pre-feasibility, we are investing in geological studies, the recovery and refining of pilot tests, environmental studies and financial modeling to understand the overall viability of the project.

While Jadar is Rio Tinto's flagship project in Serbia, Rio Sava Exploration, our Serbian registered operating company, also holds four highly prospective exploration licenses located in the vicinity of Valjevo, Kraljevo and Požega. Works on these four licenses are planned in 2013.

Serbia-energy.com: Can you tell us more about the level of cooperation you have with Serbian ministry of mining, are you satisfied as an investor? Do you have any challenges in relations with local communities?

Richard Storrie: We have always closely collaborated and have had full support from the Serbian ministry of mining and other government ministries and agencies, as well as from local administration and communities.

Rio Tinto's team strives to contribute well-being, environmental health and the economic prosperity of the communities where we work. Our team is working hard to build lasting partnership with the local communities by demonstrating mutual respect and a commitment to long-term, active engagement.

We are actively partner with the Loznica government and community representatives to understand local needs and be responsive. Rio Tinto has invested 9.5 million dinars (approximately 80,000 Euros) in support of community development projects in Loznica. Responsible exploration demands environmental excellence and includes reclaiming areas to their original state. Rio Tinto refills, regrades, and replants all exploration test areas. Almost 200 test holes have been drilled and fully reclaimed to their original state and to the full satisfaction of their owners.

Acquisition of land is a next phase of growth at Jadar, which will allow the project to develop and build upon the trust that has been developed with the Serbian government, the Municipality of Loznica and local communities.

Serbia-Energy.com: Mining exploration and mining investment projects have significant perspective for Serbia economic development, in your opinion what are the major obstacles for FDI?

Richard Storrie: Rio Tinto's strategy to invest in large, long term, cost competitive mines means that the company operates on extended time horizons.

Mineral exploration and mine development have many inherent uncertainties associated with variable market and geological conditions, and can take very long time to complete. Investment decision carries with it the risk weighted expectation that the funds invested can be recovered in the future together with a return that reflects the investment risk taken.

Therefore, ***security of mineral tenure and guaranteed transition from exploration to mining is absolutely essential to an investor.*** Without it the risk taken in investing would be too great and investment will not take place.

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