



RioTinto

Guidelines

Hail Creek Mine

Community Development

Fund 2009 - 2011



Rio Tinto aims to continue developing robust relationships with the communities in which it operates, as well as make an effective contribution to their long term sustainability.

About Rio Tinto and Hail Creek Mine

Rio Tinto Coal Australia Pty Limited is part of the Rio Tinto Group and is one of Australia's leading mining organisations with a highly successful record in the development and management of world-class open cut and underground coal operations.

In Queensland, Rio Tinto operates the Blair Athol, Hail Creek, Kestrel and Clermont mines. In New South Wales, Rio Tinto manages Coal & Allied's operations at Mount Thorley Warkworth, Hunter Valley Operations and Bengalla.

The Hail Creek Mine is located 50 kilometres north west of Nebo and 120 kilometres south west of Mackay in the Bowen Basin and was officially opened in 2003. It is an open cut operation producing coking coal, used by steel makers worldwide.

In May 2008 Rio Tinto Coal Australia announced its intention for growth in Queensland. We are exploring options to potentially increase our current coal production, by expanding existing mines and developing new ones. This includes exploring opportunities for growth at the Hail Creek Mine.

Introduction

Rio Tinto aims to develop robust relationships with the communities in which it operates, as well as make an effective contribution to communities' long term sustainability. Rio Tinto Coal Australia's eight community development funds, including the Hail Creek Mine Community Development Fund (the fund) are an important part of achieving this.

The fund was established in 2006 to support communities in the Nebo, Mackay, Mirani and Sarina Shires to build community capacity to address development challenges and take advantage of emerging opportunities. Since its inception, the fund has contributed \$450,000 to projects aimed at providing positive benefits to the local community. Projects have included:

- Building leadership capacity in rural and remote communities
- Supporting students in education, training and job placement
- Encouraging economic diversity through programmes for small and medium sized businesses
- Environmental initiatives aimed at creating community programmes that will provide sustainable benefits to the wider community
- Tourism and economic development studies that will provide direction for future growth plans in the Mackay and hinterland areas

Information on previous projects supported by the fund can be found in our Annual Reports, available at www.riotintocoalaustralia.com.au.

The Hail Creek Mine Community Development Fund is a key component of Hail Creek Mine's community relations programme. In late 2008, we announced the continuation of the fund and have committed \$750,000 to distribute to eligible projects between January 2009 and December 2011. The aim of the fund is to support projects and programmes that will create opportunities and foster new ideas that will provide a long lasting benefit to the wider community.

As in the past, the fund will not operate as a grants scheme, but as a partnership programme that aims to develop joint venture projects and community actions that assist all members of the community. It is through such operation that the fund also aims to deliver a platform for engagement with the local community.

These guidelines provide information for potential applicants on the types of projects that may be eligible for funding, as well as how to make an application.

Eligibility

The fund aims to target issues, needs and opportunities which are a priority to the local community and are related to Rio Tinto's core business. Specific objectives have been identified based on an understanding of the local social and economic environment, as well as through direct feedback from members of the community.

Based on this information, the objectives of the Hail Creek Mine Community Development Fund are to support projects in the following areas.

Economic

Projects aimed at enhancing the economic base of the region:

- Attract and diversify sustainable business and services, including providing support to small business
- Strengthen and promote regional attributes, capabilities, skills and cooperation that will add economic value
- Improve the economic competitiveness of the region

Social & Education

Projects aimed at increasing community capacity in the region:

- Develop community and youth leadership and recognise excellence
- Increase access to appropriate academic and vocational education and training
- Increase recognition of the benefits of lifelong learning within the community
- Enhance community participation and access to wellness and safety programmes

Environmental

Projects aimed at increasing the quality of the regional environment:

- Promote awareness of regional environmental issues
- Implement community generated regional environmental programmes that will improve the quality of the Mackay Region and/or Nebo hinterlands environment

Applications for funding must demonstrate the potential to contribute to one or more of these objectives.

Applications must benefit residents within the defined catchment area. This is the Mackay Regional Council local government area, plus the town and district of Nebo as is outlined on the map on the inside cover.

Applications should also clearly outline the benefits and outcomes to be achieved and how these will be measured both during and beyond the project. Benefits and outcomes should:

- Result in direct and lasting benefits to the wider community
- Contribute long term solutions to problems
- Generate benefits that do not presently exist
- Demonstrate broad support from other key stakeholders
- Contribute to the future sustainability of the area

Applicants may present a project that is already fully developed, or may seek funds for scoping studies to determine the feasibility of a worthwhile concept.

Applicants should have the active and practical support of the local community. In kind or other financial support for the project, co-commitments from target interest groups or supporting documentation from relevant community representatives may demonstrate this.

Eligible applicants are those who:

- Can demonstrate the capacity to make effective use of the funds
- Are willing and able to subject the project to performance measures that focus on outcomes
- Can work in partnership with the fund and the business
- Can demonstrate the sustainability of a project, without the need for recurrent funding

An important component of the Hail Creek Mine Community Development Fund is its ability to fund projects that have the potential to be sustainable in the medium to long term. This means that projects or outcomes of those projects should provide some long term benefit to the wider community.

Support from the fund may be the sole source of funding; however applicants are encouraged to seek funds and/or in kind support from a number of sources, such as joint arrangements with government or private funding bodies. There is no limit to the number of other partners that can be involved in the project.

Rio Tinto encourages employees to be involved in community development activities. As such, any opportunities for Rio Tinto employees to be involved in a project should be identified and included in the application.

Applicants should also identify the availability of funds or in kind proposed support from within their organisation or group.

Fund monies will not be allocated to:

- Private companies seeking finance for their own business activities
- Proposals targeted for political or religious purposes
- Proposals targeted solely for capital works or to finance the purchase of materials, although these may be funded as a minor component of a broader project
- Recurrent funding expenses; contract-based positions may be considered if they represent a critical component of a project
- Fundraising events, campaigns and appeals
- Debt retirement and budget deficits
- Individuals wanting to finance endeavours solely for personal gain
- Projects traditionally funded by government

Application process

The availability of funding and closing dates for applications will be advertised through local newspapers, company newsletters and the Rio Tinto Coal Australia website.

If you have a project or initiative you think is appropriate for funding, contact the fund executive officer and discuss your idea. They will provide you with initial feedback on the eligibility of your project. The executive officer will also provide the application form and may, on request, assist you in preparing your application.

Applications must be submitted using the application form. They may be legibly hand written, but preferably typed. They must be submitted to the executive officer either by fax, mail or electronically. Where applications are sent electronically, a signed copy must also be faxed or posted to the executive officer prior to the deadline. In completing the application form, applicants must detail how the project will meet the objectives of the fund, how they will measure its success and how it will be undertaken. Funding amounts should include GST. The Board will not consider incomplete applications.

The following additional guidance may assist in completing an application:

- **Funding:** in order to gain a clear picture on where your finances are to be allocated, it is suggested that you provide a detailed breakdown of your costs and which costs you are seeking to be covered by the fund. Ideally funding requested should not be for the full amount of your project. You should be able to demonstrate that your group is committed to the project by providing resources (funding or in kind) as well
- **Timelines:** good applications will provide a timeline for the project and its key elements. It is recommended that a commencement date for the project, key milestones/project component phases and the finish date are included in the application
- **Performance measures and evaluation:** when submitting an application for funding, you need to be willing and able to subject the project to performance measures focusing on outcomes. Make sure your measures are SMART - specific, measurable, achievable, realistic and time-framed

Supporting documentation may be attached, however, applicants should make every effort to complete all relevant sections of the application form.

The executive officer will review your application and see if any further information is required before your application is forwarded for consideration.

Applications are assessed by the fund Board, comprising three community Board members and three company members. The Board is chaired by the General Manager of Hail Creek Mine. Applicants with projects valued above \$25,000 may be asked to present their proposals in person to the Board at a scheduled meeting.

The Board will review and assess the application and then decide by consensus whether they:

- will approve the application
- will approve the application with some conditions
- require further information from the applicant before making a decision or
- will not approve the application at this time

The executive officer will let you know in writing of the Boards' decision on your application. If your application is successful, the executive officer will then make the relevant arrangements with you.

Successful applicants must agree to:

- Enter into an official funding agreement with Hail Creek Mine (details of this can be provided by the executive officer)
- Use funds within 12 months of approval unless the project is approved for a longer duration
- Submit a brief update report to each Board meeting during the implementation and operation of the project
- Provide a basic acquittal upon completion of the project
- Allow information about the project to be used by Rio Tinto for external communication and promotion purposes

Is your project or initiative one that contributes to one or more of the fund objectives and meets the other eligibility criteria?

If yes,

Contact the executive officer to discuss your application

Complete and lodge your application

Application will be reviewed and considered by the Board

You will be informed of the Board's decision

Contact information

For further information, or to start the application process, please contact:

Executive Officer
Hail Creek Mine Community
Development Fund
PO Box 3097
Mackay Q 4740

Phone: 07 4951 6400

Fax: 07 4953 1888

Email: hailcreek.cdf@riotinto.com

More information about Rio Tinto Coal Australia's community development funds is available online at www.riotintocoalaustralia.com.au