Opportunities Available for People of Guinea Being Destroyed by Discredited Regime

BSG Resources Limited
("BSGR" or the "Group")

Statement Regarding Guinea

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BSGR, a leading international diversified mining company, notes with regret recent press coverage regarding its relationship with the Government of Guinea.

The recent denial of entry from Guinea for the President of BSGR Resources, on baseless grounds of "domestic security", is the latest example of an illegitimate government resorting to harassment to make it impossible for BSGR, and its VBG joint venture, to exercise their contractual rights legitimately awarded in Guinea. It is no surprise to BSGR that all other pending mining projects in the country have been frozen as a result of the Government’s behaviour and actions.

The denial of entry is only the latest of a number of illegal acts by the Government of Guinea, including the creation of the Comité Technique de Revue des Titres et Conventions Miniers (CTRTC), which is contrary to both the Guinean Constitution and the Mining Code. The CTRTC, allegedly established to conduct an investigation into existing mining agreements but whose actions have defied all notions of due process, has in reality been entrusted with the task of preparing the expropriation of VBG’s assets.

Whilst BSGR does not recognise the legality of CTRTC, it duly responded to its requests for information because of BSGR’s commitment to transparency and to defend its reputation, in length and detail, from the false allegations raised by CTRTC.

BSGR reiterates that it acquired its exploration and mining rights in Guinea after a fully transparent and legal process. BSGR’s commitment to invest over US$10 billion in Guinea, with a further gift to the country of US$1 billion in rail infrastructure investment, has been discarded with no explanation.

BSGR has always, and will continue to act, to the highest standards. It has a track record of delivering real value to the countries in which it operates and the local communities with which it engages. BSGR is prepared and ready to use the full authority of international arbitration to defend its legally acquired mining rights in Guinea.

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About BSGR

BSG is a privately owned holding company with interests across the globe in natural resources, real estate, capital markets and the diamond industry.

BSGR, BSG’s natural resources company, is an international diversified mining company with operations in fourteen countries across metals and mining operations in Africa and Eastern Europe, including ferro-nickel, diamonds, copper, iron ore and gold. The group is also active in the production/exploration of oil and gas and engineering, and in power generation in Nigeria. BSGR has a fifteen-year track record of providing risk capital for developing and executing mining operations in challenging environments. BSGR employs over eight thousand people and has created value and prosperity for its African stakeholders in South Africa, Botswana, Tanzania, Nigeria, Sierra Leone, the Democratic Republic of Congo, and Guinea.

In all of these countries BSGR has operated in a fully transparent manner, working hand in hand with host governments at both the national and local level. BSGR takes pride in its ability to forge strong relationships with local communities and stakeholders in areas benefiting from its operations.

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About VBG

http://www.bsgresources.com/media/opportunities-available-for-people-of-guinea-bei...  07/10/2013
In December 2009, following a three-year exploration programme in which BSGR invested over $165 million, the Group concluded a Basic Agreement with the Republic of Guinea which provided the framework to the development of a world-class integrated mining project at Zogota and Simandou Blocks 1 and 2. In April 2010, in order to bring in a world-class partner who could support bringing the assets into production, BSGR approved a strategic sale of 51% to Vale, forming a Joint Venture known as VBG.

Despite many years of political instability, including the ongoing and unexplained delays to legislative elections, and continued changes to the Guinean Mining Code and fiscal regime, VBG has made considerable progress at Zogota and Simandou Blocks 1 and 2. Over $600 million has already been invested by VBG in Guinea and, in accordance with agreed timetables, the feasibility study for Blocks 1 and 2 were submitted in September 2011 with commercial production due to begin at Zogota by end 2012.

Progress has been halted because the Guinean government stopped its engagement with VBG claiming that it has no agreements with Vale and refusing to recognise the official sale of rights to Vale and the name change to VBG. This is despite all licenses and titles being duly legalised with the Guinean Register of Commerce and formally notified to the Guinean Minister of Mines and Director of Centre for Promotion and Development; duly acknowledged and with letters sent to VBG under its new name. Furthermore, many members of the current Government of Guinea, including the current Minister of Mines who served as the Prime Ministerial advisor on mining issues through the award of licenses to BSGR, have polically approved the VBG Joint Venture.

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