

11 April 2013

BSG Resources Limited

("BSGR" or "the Group")

Beny Steinmetz and BSG Resources sue FTI Consulting LLP and Lord Malloch-Brown

BSG Resources Limited ("BSGR") and Mr Beny Steinmetz announce that they have issued and served legal proceedings, jointly, in the UK High Court, against FTI Consulting LLP ("FTI"), the London office of the business advisory firm and BSGR's former professional adviser, and against Lord Mark Malloch-Brown, former United Nations Deputy Secretary-General and Chairman of FTI for Europe, Middle East and Africa ("EMEA"). FTI had been appointed by BSGR to act as its PR adviser in May 2009.

The Claim is made against FTI for breach of fiduciary duty and for breach of contract; against Lord Malloch-Brown for breach of tortious duty of confidence, for procuring and/or inducing breach of contract, and for defamation; and jointly against both FTI and Lord Malloch-Brown for conspiracy to withhold disclosure of a conflict of interest from BSGR; all occurring between 2009 and 2012.

The Claim sets out in detail that FTI and Lord Malloch-Brown acted unlawfully, acted against the best interests of BSGR and, in the case of Lord Malloch-Brown, had numerous opposing interests, in particular regarding his relationship with Mr George Soros and his NGOs, some of which were (and are) engaged in a smear campaign against BSGR.

The Claimants believe that at a time when Lord Malloch-Brown's firm (FTI) was engaged as a key adviser on reputational and other matters, he was behaving in a collusive and unlawful manner with Mr Soros and providing confidential information to Mr Soros. This culminated in Lord Malloch-Brown, under pressure from Mr Soros, procuring FTI's resignation from its account with BSGR in November 2012.

The information about the misuse of confidential information by FTI and Lord Malloch-Brown was obtained through use of the Data Protection Act 1998 and is based on FTI's own electronic records. The Claimants consider Lord Malloch-Brown's activities especially shocking as he was previously a Minister of State in the UK Government and a Deputy Secretary-General of the United Nations.

Background

BSGR is a leading international mining and natural resources company (see below). BSGR has been an active investor in Guinea since 2006, with exploration projects in iron ore, bauxite and uranium, including the discovery of the Zogota iron ore deposit. In December 2008, BSGR was awarded an exploration license covering Blocks 1 and 2 of the remote Simandou region in the south east of Guinea. BSGR invested over \$160 million of its capital, on both Zogota and Blocks 1 & 2, without any certainty of success.

In March 2010, following negotiations with the Government of Guinea ("GoG"), a Concession Agreement was signed which provided for a two-phased project comprising of the Zogota and Simandou Blocks 1 & 2 iron ore deposits. The Concession Agreement, which is published online, adheres to international mining best practices and committed the parties to an export route through neighbouring Liberia. The BSGR feasibility study demonstrated that this world class project would require a multi-billion dollar investment programme which would include the construction of a railroad through Liberia and a deep water port. In 2010, BSGR entered into an agreement with Vale SA of Brazil, one of the world's largest mining companies, which bought a share in the project and created a new joint-venture company, VBG which subsequently committed to invest over \$10 billion on the project.

In December 2010, Mr Alpha Conde became President of Guinea after a disputed election. He has since then failed to hold promised parliamentary elections and the country is in turmoil. Mr Conde, who is advised by Mr Soros and Soros entities, has taken positions on resource nationalism and contract reviews which have unfortunately stopped all large mining development projects in the country, including the VBG project.

Organisations linked to and funded by Mr Soros have issued entirely baseless smears against BSGR in a bid to justify the bizarre cessation to mining investments in Guinea.

The effect has been to suspend projects which would have created employment to thousands in Guinea and to massively damage the prospects for the Guinean economy and international investment.

Claim

The Claim against FTI and Lord Malloch-Brown states that:

- FTI was appointed by BSGR to act as its PR adviser in May 2009;
- A very serious conflict of interest existed within FTI from September 2010, when Lord Malloch-Brown joined as Chairman EMEA, and that this conflict was deliberately withheld from BSGR which was a fee-paying client of FTI;
- Lord Malloch-Brown had (and still has) a close business and personal relationship with Mr Soros and the NGOs funded by him, who were the parties engaged in a smear campaign against BSGR. Indeed, Lord Malloch-Brown was involved in funding those very same NGOs;
- Lord Malloch-Brown provided Mr Soros, the NGOs funded by Mr Soros, and journalists with information confidential to BSGR and FTI;
- During the existence of a contract between BSGR and FTI, Lord Malloch-Brown was disseminating completely untrue, defamatory and highly prejudicial allegations regarding BSGR, despite the fact that he and FTI were bound to act in BSGR's best interests;
- In November 2012, Lord Malloch-Brown, himself under pressure from Mr Soros, procured FTI's resignation from its account with BSGR without notice;
- The contract between BSGR and FTI was terminated because Mr Soros had exerted pressure on Lord Malloch-Brown to do so, including by making further highly defamatory and untrue allegations, and against the wishes of the FTI account team;

- The timing of the termination was designed to create an entirely false impression that FTI had legitimate concerns about the business practices of BSGR. In fact, termination was solely to facilitate Mr Soros who applied pressure on Lord Malloch-Brown.

Mishcon de Reya is acting as legal adviser to the Claimants.

A copy of the Particulars of Claim is appended to this press release.

Dag Cramer, CEO of Onyx Financial Advisors UK, said on behalf of BSGR:

“The launch of legal proceedings underlines our determination to undo the significant damage to our client, BSGR and Beny Steinmetz resulting from the actions of Lord Malloch-Brown and FTI. Whilst purporting to be acting in our best interests, Lord Malloch-Brown was in fact serving to cause us enormous damage by facilitating George Soros and his NGOs which, we believe facilitated a campaign of smears and innuendoes.

“These actions were unlawful. They severely damaged our position with the Government of Guinea, which is being advised by George Soros and his NGOs and which has been attempting to renege on its contractual obligations in respect of BSGR’s interests in Guinea.”

ENDS

Media Enquiries re. BSG Resources

Powerscourt +44(0) 20 7250 1446

Rory Godson / Ian Middleton / Conal Walsh

bsg@powerscourt-group.com

About Beny Steinmetz

Beny Steinmetz, aged 57, is a Swiss resident with dual Israel-French nationality. He started his career in the family diamond business. Steinmetz Diamonds provides rough and polished diamonds to customers around the world and has manufacturing facilities in Botswana, South Africa, Namibia and New York. The Steinmetz family interests have extended into mining, oil, gas, power generation, real estate and financial investments. Beny and his immediate family are among the beneficiaries of trusts which own the Steinmetz business group (BSG).

Beny Steinmetz is the Chairman of the Agnes & Beny Steinmetz Foundation which specialises in and supports education and welfare, particularly in early years, in Israel and internationally. It has contributed to reducing poverty and supporting education and inclusion through the development of schools, sports facilities and environmental uplift programs for local communities. The Foundation also supports art and artists and Beny is on the Board of the Tel Aviv Museum of Art. Beny holds an honorary degree of Dr Honoris Causa from the Netanya Academic College.

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.

www.bsgresources.com

About BSGR's interests in Guinea

In December 2008, 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 publically approved the VBG Joint Venture.