



10 September 2014

BSG Resources Limited

("BSGR" or the "Company")

### **BSGR Files Arbitration Claim Against Guinea**

#### ***Simandou expropriation linked to election rigging***

LONDON, 10 September 2014 -- BSGR, the international natural resources company, has filed an arbitration claim to protect its legally-acquired mining rights in Guinea. The arbitration request, filed and registered with the International Centre for Settlement of Investment Disputes ("ICSID"), explains how the Guinean government confiscated illegally BSGR's mining rights in the Simandou region through a deeply-flawed process based on unreliable and untested evidence.

The entire confiscation process conducted by the Government of Guinea has violated deliberately both Guinean and international fundamental principles of law.

BSGR has conducted itself properly in Guinea at all times, with direct out-of-pocket investments of \$189 million to build out the Simandou mining operation. Through BSGR's joint venture at the site with Vale, an additional \$700 million was invested before the Guinean government forced the project to stop and denied the Guinean people much-needed resources to improve their lives. The Company would have invested billions of dollars by now into the Guinean economy had its rights not been confiscated illegally.

The claim details how Guinean President Alpha Condé secretly promised the confiscated BSGR rights to South African business entities in exchange for their help rigging his election. Condé soared from 18% in the runoff supposedly to 53% in the election that made him president. The filing also outlines how George Soros funded the Guinean government's illegal scheme, as well as the sinister role played by Global Witness – which secures most of its funding from Soros – in an international smear campaign against BSGR.

BSGR has commenced the ICSID arbitration process in order to protect its legally-acquired mining rights and to obtain full compensation for the Guinean government's improper activities. As BSGR has previously made clear, any subsequent awarding of these mining titles to a third party would be unlawful and defended legally.

BSGR is represented by Mishcon de Reya solicitors, London.

**Ends.**

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## **Notes to editors:**

### Details of Arbitration

The Request for Arbitration was registered with ICSID on 8 September 2014 (ICSID Case No. ARB/14/22). A copy of the request is available at <https://icsid.worldbank.org>.

ICSID's registration of the Request for Arbitration formally institutes the arbitral proceedings between BSGR and the Republic of Guinea. The next step in the proceedings is to constitute the three-member Tribunal that will adjudicate the dispute.

BSGR filed a Notice of Dispute against the Republic of Guinea at ICSID on 7 May 2014 in relation to breaches by the Republic of Guinea of its obligations under Guinean law and international law. The dispute relates to the Government of Guinea's decision to revoke BSGR's mining titles and agreements in the Zogota and Simandou regions of south-east Guinea in April 2014.

BSGR filed a Notice of Dispute against the Republic of Guinea at ICSID on 7 May 2014 and filed its Request for Arbitration against the Republic of Guinea at ICSID on 1 August 2014 in relation to breaches by the Republic of Guinea of its obligations under Guinean law and international law.

The Company is committed to providing full transparency around progress of the international arbitration claim and will provide further updates when available.

### About BSGR

BSGR is a company incorporated in Guernsey. It is an international diversified mining company with operations in multiple countries across metals and mining operations in Africa and Eastern Europe, including ferro-nickel, diamonds, iron ore and gold. BSGR is also active in power generation in Nigeria. BSGR has a 15-year track record of providing risk capital, operational expertise and engineering capability for developing and executing mining operations in challenging environments.

BSGR is a subsidiary of BSG, a company with interests across the world in natural resources, real estate, capital markets and the diamond industry. Beny Steinmetz is an advisor to [and family beneficiary of] BSGR.

#### BSGR in Guinea

BSGR has been active in Guinea since February 2006 and has invested more than \$800 million in the country as part of efforts to develop iron ore reserves at Simandou and Zogota, on its own account and also with its joint venture partner Vale. The company's mining licences were acquired legally, as part of an open tender process. Their award was fully in accordance with Guinea's mining code, and followed extensive exploration and prospecting by BSGR. The company's licenses, its ongoing work at the Simandou and Zogota sites, and its joint venture with Vale, were all endorsed by government officials in several communications subsequent to the granting of the licenses.

The Government of Guinea has thwarted BSGR's efforts to develop these critical national assets. Since 2011 a campaign has emerged, spearheaded by President Alpha Condé, to rescind BSGR's lawfully awarded mining rights. Following the circulation of false accusations of corruption against the company (see below), BSGR was ordered by the Government of Guinea to halt work at its sites in the country.

In February 2013, the Government of Guinea announced the establishment of the Comité Technique de Revue des Titres et Conventions Miniers ("Technical Committee"), which was funded by George Soros and under the control and direction of President Alpha Condé. The Technical Committee's inquiry did not conform to even the most basic requirements of due process, since BSGR was given no chance to make proper submissions to the inquiry. Following the Technical Committee's recommendations, President Alpha Condé revoked BSGR's mining rights by presidential decree on April 17, 2014.

Between April and November 2013, two BSGR employees were imprisoned in the Guinean capital of Conakry with no charges filed, an illegal detention that violated the country's Constitution. They were finally released on the November 29, 2013 having suffered seven months of serious mental and physical distress.

#### Litigation against FTI Consulting

In June 2013, BSGR and Beny Steinmetz settled their legal actions for breach of contract and defamation against FTI Consulting, the international business advisory group, and Lord Malloch-Brown, chairman of FTI for Europe, Middle East and Africa. BSGR and Mr Steinmetz received substantial compensation and payment of their legal costs.

The claims arose out of a series of incidents, which culminated in FTI terminating its contract to provide PR services to BSGR. FTI was ordered to resign the account by Lord Malloch-Brown, who was himself under pressure to do so from George Soros. Malloch-Brown is closely affiliated to Soros - sits on the board of Soros' foundation, which is involved in funding the very NGOs which were then attacking BSGR in Guinea. Documents obtained through a UK Data Protection Act request of FTI showed that Lord Malloch-Brown was indeed corresponding with people in Soros's offices about Mr Steinmetz and BSGR.

#### Outstanding litigation against Global Witness

Dag Cramer, David Clark, Sandra Merloni-Holmes and Beny Steinmetz – four individuals associated with BSGR – filed a High Court claim in London against Global Witness in December 2013. This followed Global Witness' refusal to produce personal data which it holds about the individuals, in breach of its obligations under the Data Protection Act, which is designed to protect individuals' rights and has been the law of the UK since 1998.

Global Witness first denied it held information on Mr Steinmetz, citing reasons subsequently dismissed as “contradictory” by the UK Information Commissioner. It then conceded it did hold such information but refused to disclose it. It has also not produced the data, which it holds on the other three claimants. The claimants have taken this action reluctantly, but have been forced to do so by Global Witness's refusal to comply with the DPA and a decision of the UK Information Commissioner.