IN THE MATTER OF AN ARBITRATION

UNDER THE RULES OF ARBITRATION OF THE INTERNATIONAL CENTRE FOR THE SETTLEMENT OF INVESTMENT DISPUTES

ICSID CASE No. ARB/14/22

BETWEEN:

(1) BSG RESOURCES LIMITED

(2) BSG RESOURCES (GUINEA) LIMITED

(3) BSG RESOURCES (GUINEA) SÀRL

Claimants

- v -

THE REPUBLIC OF GUINEA

Respondent

Witness Statement

JOSEPH TCHELET

I, **JOSEPH TCHELET**, of 2nd floor Frances House, Sir William Place, St Peter Port, Guernsey GY1 1GX, with date of birth 12 May 1971, will state as follows:

A. INTRODUCTION

1. I am a qualified chartered accountant and have over 20 years' experience in Finance and Accounting. I am currently contracted to BSG Resources Limited ("**BSGR**") as a Strategic Financial Specialist through my own company. I was born in Israel, moved to Lesotho at 2 years of age and at 5 years of age moved to South Africa. I emigrated to live in Israel in late August 2008. My native language is Hebrew, but I am fluent in English and Afrikaans.

2. I make this statement in relation to the claim by the Claimants against the Republic of Guinea

("**Guinea**"). Save where I indicate otherwise, the facts and matters set out in this statement are based on my first-hand knowledge of the events in question.

3. This witness statement has been prepared with the assistance of BSGR's lawyers, Mishcon de Reya. I have refreshed my memory by looking at correspondence and other documents from the relevant time.

B. PERSONAL BACKGROUND AND RELATIONSHIP WITH BSGR

4. I have been providing services to BSGR as a Strategic Financial Specialist since September 2008. Prior to this date I was an employee of Norinter Financial Advisors (Pty) Limited ("**Norinter**"), a South African company set up and owned by Roy Oron, where I was employed from 1 September 2003 until 31 August 2008.

5. I joined Norinter in September 2003 where amongst other roles I served as the Chief Financial Officer ("CFO") of the BSGR group. Norinter provided financial and technical advisory services to BSGR. I was previously employed by Investec Bank, where I was a manager in their structured finance department and prior to that a forensic accountant in the risk division. Mr Oron, who was the Chief Executive Officer ("CEO") of Norinter and BSGR at the time, head hunted me to join Norinter. Initially I assisted Mr Craig Shaw, a chartered accountant who was also previously employed by Investec, in their corporate finance department. I am a chartered accountant registered both with the Institutes of South Africa and England and Wales respectively.

6. When I joined Norinter, I initially assisted Mr Oron and Mr Shaw in exploring opportunities, developing projects and continuing the growth of the BSGR group. This aspect of my role was the main reason I was attracted to BSGR. In my role, I was not only responsible for pure accountancy work; I was part of a growing company, where I really felt I was going to play a part in driving the company forward. I was also responsible for the financial and administrative running of Norinter where I also served as a director from 2007-2008.

7. Initially I was predominately and significantly involved in preparing three public listings, most notably Nikanor Plc (today Katanga Mining Limited), which was listed in the summer of 2006. This included the preparation of both a short and long form report, as well assistance with sections of the prospectus. BSGR also listed its own projects. Having acquired, developed and run various copper, cobalt and engineering service operations privately, it listed these projects on the London AIM stock exchange during 2005 and 2006. Specifically, Bateman Engineering was floated in 2005, whilst BSGR's copper and cobalt project, known as Nikanor Plc was floated in July 2006. Bateman Litwin was floated in 2006. These IPOs

required a considerable amount of my time to compile the necessary information so that it could be used in the listing memorandum. It involved an in depth analysis of every level of detail to prepare the financials and the audit. There were a number of other BSGR projects where I was involved in preparing the companies for listings which were not, in the end, completed for various reasons.

8. I was also significantly involved in the bond raising of TMI Limited, a Guernsey company and a wholly owned subsidiary of BSGR, created in March 2007 as a vehicle to raise funds and to lend them to BSGR. In July 2007, TMI Limited fully backed by a BSGR guarantee became the first Guernsey company to issue debentures to Israeli investors. BSGR prepared a presentation detailing the issue of the bonds, which was approved by the BSGR board[1] and scrutinised by Itzhak Swary Ltd, a prominent Israeli financial consulting firm, now known as Cognum Financial Consulting Ltd. This was a success and enabled the company to raise a substantial amount of money and significantly increased the international profile of BSGR. As a mandatory requirement for the bond raising, a credit rating from an accredited agency was required. Through this process, BSGR was effectively rated as it fully guaranteed the bond issue. The credit rating awarded in July 2007 by Standard & Poors Maalot was an A+.[2] The debentures were issued in two separate tranches in July and November 2007, with the proceeds of this issue being used to fund the BSGR group's expansion plans.

9. My initial responsibilities at Norinter and BSGR involved setting up financial reporting structures and ensuring that BSGR's corporate governance requirements were adhered to. This involved travelling to the various locations of the operations, related offices and partners/joint venture shareholders. I set up back and middle office functions, managed relationships with various banking institutions, legal counsel and other professional service providers. I oversaw the day to day running of these functions through close interactions with financial managers and Boards of Directors of the relevant operations. I assisted in reporting to the BSGR Board of Directors and interacted closely with the respective Directors over the years. After visiting an operation I would report back in writing to the relevant Board of Directors on pertinent issues. I also assisted in the securing of project finance and related banking services for operations of BSGR and Norinter with South African and international banking institutions.

10. Initially I had very little involvement on the ground in Guinea. I first travelled to Conakry, the capital of Guinea, in July 2008, which was my only trip there in 2008. I only went to Guinea

[1] BSGR "Issue of Bonds for Capital Market" – TMI Ltd of BSGR Group dated July 2007 (Exhibit C-0118).
[2] Maalot Standard & Poors Affiliation – Main considerations for initial rating of BSG Resources Limited by TMI Ltd dated July 2007 (Exhibit C-0119).

on 7 occasions between July 2008 and June 2010. It became more important for me to travel to Guinea in 2009, as BSGR was by then incurring greater costs, in particular in relation to independent technical experts. I needed to understand from Marc Struik's perspective, the Chief Operations Officer of BSGR, what was important to him so that we could plan the financing accordingly. There was a very strict timetable to deliver the feasibility study on time. I only travelled to Conakry and never to any other place in Guinea.

11. My role changed at the time BSGR appointed a new CFO, Mr Roger Williams, who emigrated from South Africa to the UK on 1 September 2008. I immigrated to Israel at the end of August 2008. My new role was as Strategic Financial Specialist for the BSGR group. Essentially, I coordinated between the board of BSGR and the board of BSG Resources (Guinea) Limited incorporated in Guernsey ("**BSGR Guernsey**"), ensuring that financial, administrative audits, internal audits and tax related issues are all properly adhered to, focusing on good order and corporate governance. Roger Williams resigned from BSGR in April 2010 and returned to South Africa for family reasons. The Strategic Financial Specialist title means that from time to time I get involved in various other financial, administrative, tax, audit, banking and related matters of the group, which, on occasions, involved other divisions such as the property or capital markets businesses.

C. GROUP STRUCTURE

12. BSGR was incorporated in Jersey on 1 July 2003. In March 2007, upon the creation of our Head Office in Guernsey, BSGR ceased to be a company incorporated under the laws of Jersey, migrating all company information to Guernsey. A certificate of continuance of a Jersey company, dated 22 March 2007, documented the continuance of BSGR in the jurisdiction of Guernsey.

13. On 16 March 2004, BSGR incorporated BSGR Steel Holdings Limited, registered in the British Virgin Islands ("**BSGR Steel**"), as a wholly owned subsidiary.[3] BSGR Steel was incorporated as a holding company for all of BSGR's steel businesses, wherever these were established.

14. On 30 May 2005, BSGR incorporated BSGR Treasury Services Limited, registered in the British Virgin Islands ("**BSGR Treasury**"), as a wholly owned subsidiary.[4] BSGR Treasury was utilised as a treasury company from which BSGR controlled payments to its various operations. BSGR wholly funded BSGR Treasury. In the second half of 2009, BSGR's

[3] The company was incorporated under the name "Kearnson Hill Industries Ltd". On 10 May 2004, the name was changed to BSGR Steel Holdings Limited. Certificate of Incorporation of BSGR Steel Holdings Limited dated 10 May 2004 (Exhibit C-0120).
[4] Certificate of Incorporation of BSGR Treasury Services 30 May 2005 (Exhibit C-0121).

treasury functions were consolidated within BSGR itself and BSGR stopped using BSGR Treasury.[5]

15. On 28 October 2005, BSGR incorporated BSG Resources (Guinea) Limited, registered in the British Virgin Islands ("**BSGR Guinea BVI**"), as a wholly owned subsidiary of BSGR Steel.[6][7] BSGR Guinea BVI was incorporated to hold BSGR's interests in Guinea. BSGR also considered iron ore projects in other countries (such as Sierra Leone and Zambia) and incorporated separate BVI holding companies under BSGR Steel for each of them, but it did not pursue them further.

16. On 24 November 2006, as BSGR had been issued its first iron ore exploration permits in Guinea and as the Guinea project required more people and infrastructure on the ground, BSGR incorporated BSG Resources (Guinea) Limited Sarl, registered in Guinea ("**BSGR Guinea**"), as a wholly owned subsidiary of BSGR Guinea BVI.[8]

17. On 10 February 2009, BSGR incorporated BSGR Guernsey as a wholly owned subsidiary of BSGR. BSGR Guernsey was incorporated to serve as the holding company of BSGR Guinea. As a result, BSGR, BSGR Steel and BSGR Guinea BVI entered into a tripartite agreement whereby the shares in BSGR Guinea were transferred from BSGR Guinea BVI to BSGR Guernsey. Following the transfer of BSGR Guinea's shares, BSGR Steel and BSGR Guinea BVI essentially became defunct and fell out of the corporate structure.[9]

18. So by February 2009, BSGR Guinea was a wholly owned subsidiary of BSGR Guernsey, which in turn was a wholly owned subsidiary of BSGR.

D. RESOURCES COMMITTED PRIOR TO THE JOINT VENTURE WITH VALE

D.1 Various Payment Channels

19. Over the years, BSGR has committed substantial resources, both financial and non-financial,

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[5] BSGR Treasury was voluntarily dissolved on 4 February 2013. Resolution of the Sole Director of BSGR Treasury Services Limited dated 4 February 2013 (Exhibit C-0122).

[6] The company was incorporated under the name Monital Investments Limited, Certificate of Incorporation of Monital Investments Limited dated 28 October 2005 (Exhibit C-0123). On 30 January 2006, the name was changed to BSG Resources (Guinea) Limited. Certificate of Incorporation of BSG Resources (Guinea) Limited dated 30 January 2006 (Exhibit C-0124).

[7] Between 10 March 2006 and 24 March 2008, 17.65% of the shares in BSGR Guinea BVI were held by Pentler Holdings ("Pentler"), with BSGR Steel owning the remaining shareholding of 82.35%. In accordance with a Share Purchase Agreement between BSGR Steel and Pentler dated 24 March 2008 (Exhibit C-0125), Pentler sold its entire 17.65% shareholding in BSGR Guinea BVI to BSGR Steel, documented on 24 March 2008. Therefore BSGR Guinea BVI, once again became a wholly owned subsidiary of BSGR Steel.

[8] Deed of Incorporation of BSG Resources (Guinea) Limited Sarl 24 November 2006 (Exhibit C-0126).

[9] BSGR Guinea BVI was voluntarily dissolved on 29 July 2010. BSGR Steel was voluntarily dissolved on 2 May 2011.

to its mining project in Guinea. These financial commitments found their way to Guinea through various channels. The two most important channels through which BSGR funded its projects in Guinea were through BSGR Treasury and BSGR Guinea. Both BSGR Treasury and BSGR Guinea were companies which were ultimately owned and controlled by BSGR itself, and for which BSGR ultimately provided their funding (as explained below).

20. BSGR Treasury was essentially used by BSGR to make three kinds of payments: (1) payments in currencies other than the Guinean franc, (2) payments to service providers who requested to be paid outside of Guinea, and/or (3) payments of substantial amounts.

21. BSGR Guinea was specifically incorporated by BSGR as the subsidiary chosen to lead the Guinea project on the ground. BSGR's shareholding in BSGR Guinea therefore itself represented a substantial and enduring investment in Guinea. Furthermore, BSGR Guinea was essentially used by BSGR as the channel for making the following categories of payments: (1) payments in Guinea francs, (2) payments of service providers who requested to be paid in Guinea itself, (3) payments to regulatory authorities in Guinea and/or (4) payments of minor amounts. The monthly balance of BSGR Guinea's bank account was usually limited to USD 50,000 to 70,000. BSGR controlled BSGR Guinea's budget.

22. A limited number of payments were made using other channels, i.e. by BSGR itself, BSGR Guernsey or BSGR Guinea BVI. I will elaborate on these financial commitments under a separate heading further below.

23. BSGR's non-financial commitment and investment in the Guinean project consisted in particular of the (considerable) management time and effort that was spent by employees of BSGR and its subsidiaries, in particular Resources Advisory Services Limited ("RAS"), on and in relation to the mining project in Guinea.

24. RAS was a company incorporated by BSGR as a wholly owned subsidiary under the laws of the British Virgin Islands. RAS's purpose was to provide bespoke mining services to various BSGR projects and operations.

25. On 28 February 2009, BSGR Guernsey and RAS entered into a services agreement.[10] The purpose of this agreement was to supply services supporting the project in Guinea and to seek to quantify the value of these services. These services included accounting and financial, tax advisory, legal, technical, geological and mining related services, IT and administration services. These services were essential to the efficient running of the project and provided on

[10] Advisory Services Agreement between BSGR Guernsey and RAS Services dated 28 February 2009 (Exhibit C-0127).

a dedicated basis. In essence, work done by RAS and its employees was in reality work done by BSGR itself.

26. As we were preparing for external investment at this time we realised that we were not fully reflecting the value of BSGR's investment, by simply setting out what we had spent on the feasibility study and what we had spent on costs. In accordance with our Board's direction we sought to review and capture the wider and related accounting for the costs of the investment in the project.

27. In accordance with the agreement between BSGR Guernsey and RAS, RAS issued BSGR Guernsey with five invoices totalling USD 57,800,000 and a Proforma invoice totalling USD13,450,000, together amounting to USD 71,250,000.[11] These invoices reflected the value of the services rendered to BSGR's related companies. A dedicated team, made up of smaller more specialized teams, was brought together and worked in a dedicated harmony to deliver a unique world class bankable project on time. The team possessed bespoke and unique value: hence a significant mark-up was levied as to hire such unique services was rare and would have involved huge cost and time which was in limited supply.

27. There is also no doubt that BSGR's commitments in Guinea included a substantial element of risk (as the present dispute amply demonstrates). BSGR was only going to recoup its financial and non-financial commitments if it, or any of its subsidiaries, was awarded the appropriate mining titles and, once those titles were awarded, the actual mining operations turned out to be profitable. It is common knowledge in the mining sector, just as for example in the oil and gas sector, that the large majority of projects, however, never reach that stage.

28. In addition to these "general" risks, there were project specific risks, including, for example:

(i) Social risks of the neighbouring communities;

(ii) Political risks of a new government and of being in west Africa;

(iii) Regulatory and environmental risks;

(iv) The unstable operating environment in Guinea, Liberia and West Africa in general; and

(v) Given the magnitude of the project and the total investment that would be required over time, the risk of not finding a co-investor.

[11] RAS Invoices to BSGR Guinea dated 28 February 2009 – 31 December 2009 (Exhibit C-0128).

29. There is also no doubt that BSGR's investments over time had made a substantial contribution to the development of Guinea and would have continued to do so. By way of example only, under the Base Convention BSGR's subsidiary (which BSGR ultimately funded) had promised to undertake a number of very significant infrastructure projects which would have cost $billions. Those projects plainly would have benefited Guinea and indeed I recall that the project to build a railway had already been commenced at the time the expropriation took place. Moreover, up to and until the filing of the Zogota Feasibility Study, it had never been established that the Zogota area contained a commercially exploitable iron ore deposit. Guinea obtained that Study alongside other valuable information which BSGR and its subsidiaries had accrued in the course of their exploration and investment in the region. That information and material inevitably benefited Guinea. Further, it is obvious that if Guinea had not improperly revoked the Zogota Mining Concession, thousands of direct and indirect jobs would have been created and the Government of Guinea would have received millions in taxes and royalties.

D.2 Financial Commitments/Payments

30. As I indicated above, the BSGR group made substantial payments into Guinea over time. Those payments were either made in Guinea itself, or, if the payment was not received in Guinea itself, were in respect of work done and services rendered that were delivered either in Guinea or directly in relation to the mining project in Guinea. By way of example, these payments were made by BSGR through the following channels.

BSGR Treasury

31. Between 2006 and 2009, BSGR Treasury paid USD 45,098,732.44 to contractors and suppliers who provided services in connection with BSGR's mining activities in Guinea. Examples are Foraco SAS, MSA Geoservices, Gilat Satcom, Furgo Airborne Services, Diesenhaus travel agency and Snowden Mining Consultants. USD 2,492,655.00 was paid towards the salaries of expatriates, employed by BSGR or any of its subsidiaries, who were based in Guinea. As will be explained further below, BSGR Treasury also provided funding in the amount of USD 9,856,545.00 to BSGR Guinea.

BSGR Guinea

32. Between 2006 and May 2010, BSGR Guinea paid a total of USD 15,412,251.32. These funds were essentially used to cover the expenses of BSGR Guinea's headquarters in Conakry and the expenses of the two camps that had been established close to the mining sites in Zogota and Simandou. These expenses included the setting up of the camps, facilitating road access,

clearing sites, technical experts and, on a more basic level, food and supplies. It is out of these sites that BSGR's exploration work and sampling was carried out. The salaries of the local employees of BSGR Guinea were also paid out of these funds.

33. The above-mentioned amount further includes the losses that BSGR Guinea was making when it was required to convert dollars into Guinean francs. Over the years, these losses amounted to USD 541,274.47 in total. KPMG Conakry independently audited the activities of BSGR Guinea for years ending 2006, 2007, 2008 and 2009 until the transaction with Vale was signed off on 30 April 2010.

BSGR

34. Between 2006 and May 2010, BSGR itself paid USD 1,498,393.75 directly to contractors and suppliers who provided services in connection with BSGR's mining activities in Guinea. On top, USD 73,848.25 was paid to cover expenses made by BSGR's country manager in Guinea, Mr Asher Avidan. The latter had paid these expenses by using his corporate credit card, which was connected to BSGR's bank account held with Royal Bank of Scotland.

BSGR Guernsey

35. Between 2009 and May 2010, BSGR Guernsey paid USD 681,509.49 to contractors and suppliers who provided services in connection with BSGR's mining rights in Guinea.

36. These payments were exceptional and limited to the second quarter of 2007. As indicated above, the usual channel for making payments in currencies other than the Guinean franc was BSGR Treasury.

BSGR Guinea BVI

37. BSGR Guinea BVI opened a local bank account in Guinea in May 2006. It was this bank account that was used to make payments in Guinea itself, before BSGR Guinea was incorporated and held its own bank account. BSGR Guinea BVI paid USD 240,568.15 to contractors and suppliers who had provided services in relation to BSGR's mining rights and towards salaries of the local employees or employees that had been made available through local employment agencies.

D.3 BSGR was the ultimate source of funding

38. Up to and until the withdrawal of the mining rights, none of the entities that were used by BSGR to make its investments in Guinea, (including BSGR Guernsey and BSGR Guinea) had cash generating assets or income of their own. In other words, in order to make the

payments identified above, these entities had to be put in funds, either directly or indirectly, by BSGR first. BSGR Guinea, for example, was unable to raise sufficient funds from local banks in Guinea. I had visited local banks with Asher Avidan during one of my several trips and it was clear that the external bank finance would be virtually impossible. This increased constant reliance on BSGR to fund the project.

39. BSGR Guinea received USD 5,255,000.00 in direct funding from BSGR and USD 9,856,545 from BSGR Treasury (which in turn received the funding from BSGR, see further below), under an inter-company loan agreement.

40. BSGR Guinea BVI received USD 240,568.15 in funding from BSGR Treasury under an inter-company loan agreement

41. BSGR Guinea Guernsey received USD 681,509.49 in funding from BSGR Treasury under an inter-company loan agreement.

42. Finally, BSGR Treasury received USD 54,955,277.44 in funding from BSGR.

43. As such, all of the funds which were spent in Guinea or in relation to the Guinean project by those subsidiaries prior to the joint venture with Vale ultimately came from and at the expense of BSGR. In that important respect, therefore, it was BSGR that made substantial investments into Guinea via those subsidiaries.

44. Based on the numbers above, BSGR directly financed a total amount of USD 62,802,871.58 in relation to the Guinea project. Taking also the USD 71,250,000 of RAS' invoices into account, BSGR's investment in terms of direct funding and management time exceeded USD 134 million.

E. RESOURCES COMMITTED FOLLOWING THE JOINT VENTURE WITH VALE

45. On 30 April 2010, BSGR and Vale S.A. entered into a Joint Venture Framework Agreement[12] and a Shareholders Agreement[13] according to which Vale acquired 51% of the shares of BSGR Guernsey.

46. Following the formation of the joint venture with Vale, BSGR Guinea engaged in extensive work in accordance with the Base Convention and spent over USD 600 million in Guinea.

[12] Shareholders Agreement between BSG Resources Limited, Vale SA and BSG Resources (Guinea) Limited dated 30 April 2010 (Exhibit C-0129).
[13] Joint Venture Framework Agreement between BSG Resources Limited and Vale SA dated 30 April 2010 (Exhibit C-0130).

47. As described in more detail in the witness statement of Asher Avidan, those sums were spent in respect of:

i) developing the Zogota mine;

ii) completing the feasibility study on the Zogota-Saniquellie railway;

iii) the partial refurbishment of the N'Zérékoré airport;

iv) refurbishing the first eight kilometres of the Trans-Guinean Railway and conducting civil engineering studies and doing other works in for the next 330 km section;

v) completing the feasibility study for Simandou Blocks 1 and 2;

vi) investigating the Liberian export solution, completing the study into the various ports through which the iron ore could be exported and doing other works in relation to the export of the iron ore from Zogota and Simandou Blocks 1 and 2;

48. The investments identified in para. 47 i) to iv) were funded through loans that BSGR Guinea took out with Vale Austria GmbH. In accordance with Article 6(4) of the Joint Venture Framework Agreement, these loans were repayable and interest carrying. The interest was repayable by BSGR Guinea from the date of the first commercial production of the Zogota mine, prior to declaring any dividend or other distribution. The principal due under the loans was also repayable from the date of the first commercial production of the Zogota mine, up to the maximum amount that BSGR Guinea would be permitted to declare out of its distributable profits. In total, BSGR Guinea borrowed and invested USD 548,500,000 in relation to the investments identified in para. 47 i) to iv). These loans were recorded in a series of promissory notes.[14]

49. In accordance with Article 6.1 of the Joint Venture Framework Agreement, the investment identified in para. 47 v) was funded by Vale S.A. in consideration of acquiring 51% of the shareholding in BSGR Guernsey (and thus indirectly financed by BSGR, since if Vale had not undertaken that funding obligation BSGR would have been entitled to a higher price from Vale and BSGR would have financed the feasibility study through a loan to BSGR Guinea). In total, USD 85,4 million was invested to complete the feasibility study.

50. The investment identified in para. 47 vi) was funded through loans that a 100% subsidiary of BSGR Guernsey, BSGR Logistics Corp. incorporated in Liberia, took with Vale Austria GmbH. BSGR Logistics Corp. had been established by BSGR Guernsey to develop the

[14] Promissory Notes with VBG-Vale BSGR Guinea (Exhibit C-0131).

railway transportation through Liberia and build the port on the Liberian coast. These loans were repayable in accordance with the mechanism set out in para. 48 hereabove. In total, BSGR Logistics Corp. borrowed and invested USD 30,475,000 in relation to the investment identified in para. 47 vi). These loans were recorded in a series of promissory notes.[15]

G. THE EXPROPRIATION AND TOTAL LOSS OF THE INVESTMENT OF BSGR, BSGR GUERNSEY AND BSGR GUINEA

51. As a result of the revocation by Guinea of the various mining rights held by BSGR Guinea and of the Base Convention, all of the substantial financial and non-financial resources spent on the project by BSGR and its subsidiaries have now been lost, without Guinea providing any compensation whatsoever to BSGR or any of its subsidiaries.

52. Furthermore, BSGR Guinea had no other mining rights or indeed other assets save for (a) the Base Convention, (b) the Mining Concession and (c) the Blocks 1 and 2 Permit. In other words, the entire value of BSGR Guinea reflected and equalled the value of those three important assets. By revoking those mining, contractual and other rights from BSGR Guinea, Guinea has essentially stripped BSGR Guinea of all of its valuable rights and assets, leaving an empty corporate shell which no longer holds any assets of any relevant value. This in turn has made BSGR Guernsey's shareholding in BSGR Guinea and BSGR's subsequent shareholding in BSGR Guernsey worthless.

53. This is best illustrated by the value of the shares of BSGR Guernsey, whose only asset is the 100% shareholding of BSGR Guinea.

54. Before the withdrawal of BSGR Guinea's mining rights, Vale S.A. agreed to pay BSGR USD 2.5 billion for 51% of the shares in BSGR Guernsey according to three agreed milestones, of which only the first milestone was paid for amounting to USD 500 million. In addition to this purchase price, Vale also committed, as part of the purchase, to make massive investments into the project. Therefore the true value, before the expropriation, of BSGR's investments and shareholdings was in fact exceeding USD 2.5 billion.

55. After the withdrawal of BSGR Guinea's mining rights, BSGR repurchased the same % of shares from Vale S.A. on 13 March 2015 for the nominal amount of USD 1.

56. By withdrawing BSGR Guinea's mining rights, Guinea has therefore effectively deprived BSGR, BSGR Guernsey and BSGR Guinea of the future potential to realize their investment, either through the receipt of dividends to be paid by BSGR Guinea (and subsequently BSGR

[15] Promissory Notes with VBG Logistics (Vale BSGR Logistics) Corp (Exhibit C-0132).

Guernsey) or through the sale of BSGR and/or BSGR Guernsey's shareholdings. Guinea has also wholly compromised the ability of BSGR Guinea and BSGR Guernsey to repay their inter-company loans.

I confirm this statement is true to the best of my knowledge and belief.

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Joseph Tchelet

29.02.2016...................

Date