

N/R-424/BSGR/2009/mis

BSGR

BSG Resources Guinée

David Smith
Simfer S.A.
Corniche Sud, rue MA-500
Villa ex-Union Européenne
BP848 Conakry
Republic of Guinea

Conakry, 23 June 2009

Dear Sir,

BSG Resources Guinée SARL (the "Company") – Simandou

We refer to your letter of 11 June 2009.

We note the threats contained in your letter, but are completely unimpressed by them.

Your letter is clearly intended to intimidate the Company and to interfere with its lawful activities in Guinea. Your improper intent is underlined by the fact that you have extended your baseless threats not only to non-operating companies outside Guinea, but even go as far as involving two individuals, all of whom are simplistically lumped together by you in your definition of "BSGR" without valid reason.

There is no legal or factual analysis which even begins to explain how liability on the part of the Company, its officers and the other entities and individuals named by you could possibly arise. Your entire letter is based upon vagueness and innuendo and totally lacks hard evidence or detailed legal analysis of the claim against the Company.

The Company has, at all times, behaved properly and in accordance with the law of Guinea, with the benefit of legal advice. The Company has entered into a concession which was offered to it by the Guinean mining authorities, which has been approved by both the prior and current President and by both the prior and the current governmental authorities. We note that several other mining companies discussed similar proposals with the Guinea Government in respect of Blocks in Simandou.

The fact that your own concession was withdrawn appears to have been due to the processes of the Guinea licensing procedures and your own inaction. The withdrawal was not caused by any activities on the part of the Company. The loss of your concession is a matter for you and the Guinea Government. In that regard, although you say that "the matter is currently being discussed between Rio Tinto and the Guinean authorities" there have been clear public statements from the Guinea Government that it considers that your concession has been properly terminated and the matter is not open.

SARL/N° FORMALITE : RCCM/GC-KAL/014.770/2006, N° ENTREPRISE/RCCM/GC-KAL/013.755A/2006 /
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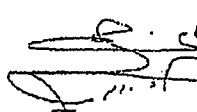
We reject and will strongly resist any attempt by you to involve us in this matter as a tactical device in your dispute with the Guinea Government (to whom we are copying this correspondence).

Unfortunately, this attempt is the latest in a series of deeply disturbing actions by you. In the past months, the Company's operations in Simandou have been disrupted as a result of various actions taken by you on the ground. These are well documented and include the encouragement of demonstrations against the Company's operations, and other actions which have endangered our staff, such as intimidating use of low flying helicopters over Blocks 1 and 2 and the surrounding camps. Your continued refusal to remove machinery and other items also represents a hazard for our staff.

We are also aware that you have been conducting a documented press campaign which has been designed to undermine the Company and the BSGR Group. This is continuing to harm our business and we ask you immediately to desist.

In the light of these concerns we have instructed our lawyers to raise with the General Counsel of Rio Tinto our concerns over the significant disruption which these actions have caused to our business and you are hereby notified that to the extent that any loss or damage is caused by your actions, the Company will take robust action to protect its position and will avail itself of all available rights and remedies against you and the Rio Tinto Group.

Yours faithfully


Asher Avidan
CEO



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