HEADS OF TERMS

This Head of Terms (the "HoT") is made and entered into as of this March 19, 2010, by and between,

BSG RESOURCES LIMITED, a company registered under the laws Guernsey ("BSGR"), and

VALE S.A., a company registered under the laws of Brazil ("Vale")

These Heads of Terms set out the terms and conditions discussed by the Parties for a possible Transaction involving the Project. All the matters set out herein are non-binding on the Parties and neither Party shall have any liability to the other with regards to the non-completion or non-fulfillment of the terms set out herein.

1. **Project**	Relates to the mineral rights, licenses and permits in the Republic of Guinea and Liberia held by BSG Resources (Guinea) Limited – SARL ("ProjectCo"), HoldCo., or any other affiliate of BSGR, which holds an interest in iron ore in Guinea and Liberia, including but not limited to Simandou Blocks 1 and 2, North Block and Zogota, and Vale acquiring a 51% interest in BSG Resources (Guinea) Limited, a company registered in Guernsey ("HoldCo"), which holds ProjectCo, or any other affiliate of BSGR as determined by tax and finance.
2. **Necessary Steps**	By the April 29th, 2010 the Parties will endeavour to: (a) Complete the legal, tax, finance due diligence by Vale; (b) Obtain necessary board approvals; (c) Obtain comfort letter from Guinean Government; (d) Negotiate and execute definitive agreements in good faith, including: 1. Umbrella/Framework agreement to set out the possible transaction; 2. Shareholder agreement with customary terms; 3. Share purchase agreement with customary terms; 4. Management Services & Technical Agreement; 5. Marketing Agreement (100% offtake and marketing to Vale); and 6. And any other definitive agreement the parties agree to. (e) The structure of the Transaction is subject to tax and

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	financial considerations, including any steps related to HoldCo and ProjectCo financial commitments. (f) satisfactory parent guarantee as required. (g) full indemnity from BSGR, or the relevant entity, for any and all past liabilities arising from acts and/or omissions occurring prior to the transfer of the shares.
3. Financial Consideration	The intent of the parties is that the financial consideration will be paid to BSGR as follows: (a) US$500 M at Financial Closing, which the parties intend to occur w/in 5-10 days of executing the definitive agreements, occurring upon the transfer of shares representing 51% of the issued and outstanding shares of HoldCo; (b) US $2 B upon (i) the completion of a feasibility study on the Block 1 and 2 or part thereof (breadth of feasibility study to be determined by Vale at its sole discretion), and (ii) Vale board approval of such feasibility study. The parties recognize the feasibility study should be completed within 2 years from Financial Closing, with the right to extend for an additional 1 year, such extension to be determined by Vale at its sole discretion. (i) An advance payment would be made by Vale to BSGR of US $500M upon arriving at an economically viable logistics solution for the commodity flow into Liberia, which will include railway, port, taxes, and tariffs; (ii) The logistics solution may require necessary agreements with the Government of Liberia, including Treaty between Guinea and Liberia. (iii)Such advance payment shall not be made before January 1, 2011. (c) The Parties will include in the definitive documents a path forward in the event Vale board approval is not obtained to go ahead with the feasibility study within the 2 plus 1 year period, set out above. (d) Payment of royalty of 2% net revenue of ProjectCo; "net revenue" is defined as gross revenue minus government royalties, freight (ex-works), and net of taxes of revenue.

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4. Joint Venture	The Parties anticipate they will be joint venture partners in HoldCo. on a Vale 51/BSGR 49 basis: (a) Board will be composed of Vale 3: BSGR 2,; (b) Vale to have control, subject to minority protections to be agreed to in the shareholders agreement, over operations and marketing for 100% of JV's output, Vale should manage the Project in a manner consistent with maximizing profit and production performance; the Parties intend to fast track the Project into production. (c) CEO, CFO & COO to be nominated by Vale and approved by board of HoldCo. (d) Vale shall have the following call options: - to acquire 9% of HoldCo from BSGR at fair market value (mechanism to be determined in definitive agreement) at approval by Vale board of feasibility study, set out in 5 below; - to acquire 15% of HoldCo from BSGR at fair market value (mechanism to be determined in definitive agreement) after 2 years after commercial production, as defined in Basic Agreement. (h) FCPA provisions to be included in all definitive agreements. (i) ProjectCo governance will mirror HoldCo. (j) BSGR recognize Vale's request of extension of time of Zogota production from 2012 to 2013. (k) BSGR commits to continue to support the JV through its people on ground and its standing and position with local authorities. (l) The Parties recognize the potential synergies of the Simandou Project with Vale's iron ore operations and will work to enhance these on all levels and aspects such as management, shipping, logistics and others. (m) It is suggested that the Project will be run directly from Vales HQ in Brazil for costing and efficiency

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	(n) Vale should support the Project with resources and to bring exploration, project phase and exploitation in fastest and most efficient manner. (o) The parties may decide to IPO any entity holding the Project
5. Feasibility Study	(a) Vale commits to finance the full feasibility study of Simandou Blocks 1 and 2; North Block and Zogota. It is estimated that this cost can be up to USD200m; (b) Unless otherwise agreed, this will be financed as capital contributions, and BSGR is not diluted.
6. Capital Expenditure HoldCo/ ProjectCo:	(a) If project financing is achieved, Vale will fund its pro rata share of required equity and shall fund BSGR share of the Project. This funding on behalf of BSGR will be repayable by ProjectCo out 50% of dividends receivable by BSGR from the Project. (b) If no project finance is available, Vale will fund all required capital to HoldCo on market terms to be discussed. Any funding on behalf of BSGR will be at market rates and repayable out of 50% out of receivable dividends.
7. Non-Competition	Any iron ore Projects in Guinea and Liberia will be executed through HoldCo.
8. Governing law	The definitive agreements shall be governed by English law.

BSG Resources Limited

Position: DIRECTOR BSGR GUINEA LTD

Name: MARC STRUIK

SIGNING UNDER POA

VALE SA.

Position: DIRECTOR VALE

Name: JOSE C MARTINS

VALE S.A.

Position: DIRECTOR VALE

Name: EDUARDO J LEDSHAM

VALE Legal Department