

# **Pentler Holdings Limited**

---

BSGR Resources Limited  
47 Esplanade  
St Helier  
Jersey JE1 0BD  
Channel Islands

Date 06/05/2009

Dear Marc,

We have not received reply to our previous letter dated 21/04/2009 nor have we received any word from you as to the payment of the amount due to us.

We are now forced to concede the cancellation of our agreement and reverting to the share holder agreement between BSGR Steel Holding Ltd and Pentler Holding Ltd signed 19/07 2007.

We here by advise you that we will hold BSGR Steel Holding Ltd responsible for any damages that we might suffer by your breach of contract.

Sincerely yours

A. LEV RAN

**PENTLER HOLDINGS Ltd**  
Akara Building, 24 De Castro Street,  
Wickhams Cay I, Road Town,  
Tortola, B.V.I.  
reg. n° 682814

AKARA BUILDING • 24 DE CASTRO STREET • WICKHAMS CAY 1 • ROAD  
TOWN • TORTOLA • BRITISH VIRGIN ISLANDS

IBC No. 682814

# Pentler Holdings Limited

BSGR Resources Limited  
47 Esplanade  
St Helier  
Jersey JE1 0BD  
Channel Islands

Date 10/05/2009

WITHOUT PREJUDICE

Dear Marc

Following our telephone conversation with a member of your organization and your proposal for changing the method of payment of our SPA we have finally understood that your organization has real cash flow problems.

As a responsible company who seeks only the benefits and well being of our mutual organization (BSGR Resources (Guinea) Ltd), we have decided to offer you the following settlement:

By a mutual agreement to cancel the Sales Purchase Contract, retain possession and ownership of the shares, and to consider the first payments made as a compensation for the damage caused to us by your inability to pay and to fulfill your part of the SPA. As a result, our rights would revert back to our shareholders agreements.

The future of BSGR Resources Guinea is very important to us.

We do not wish the information of your failure to fulfill your obligations, as per our SPA, to leak out as it can damage our reputation, mainly after your declaration in front of the president of Guinea that BSGR is a solid company and can fulfill all our commitments in Guinea.

Moreover, we do not wish this information to reach Mali as it can create a further damage to our company and to your reputation in general.

We also have to take in consideration the fact that some companies are waiting "around the corner" to see BSGR Guinea failing to fulfill their commitments.

For those reasons we think that all the agreements we conclude in terms of the settlements we are offering to you should be made discretely and by way of mutual agreement resorting to public forums like court, arbitration etc.

We hope that your organization will recover and soon be able to renegotiate a new SPA on a more solid basis and with the ability to secure payments as committed

Sincerely yours

**PENTLER HOLDINGS Ltd**  
Akara Building, 24 De Castro Street,  
Wickhams Cay I, Road Town,  
Tortola, B.V.I.  
reg. n° 682814

AKARA BUILDING • 24 DE CASTRO STREET • WICKHAM'S CAY 1 • ROAD  
TOWN • TORTOLA • BRITISH VIRGIN ISLANDS

IBC No. 682814



Mr A Lev Ran  
Pentler Holdings Limited  
Akara Building  
24 DeCastro Street  
Wickhams Cay 1  
Road Town, Tortola  
British Virgin Islands

May 8, 2009

Dear Mr Lev Ran

We refer to your previous correspondence and to several conversations between members of our respective organisations over the past three weeks.

As you should no doubt be aware, Pentler and its shareholders have breached their obligations towards us under the Share Purchase Agreement dated 24th March 2008 ("SPA"), in particular, the obligation to act in the best interests of the Company (section 6) as well as the confidentiality obligation (section 8). The consequences of these breaches of contract are extremely severe and have caused, and continue to cause significant damage, both financially and otherwise to our group.

We therefore hereby notify you that we reserve our rights to pursue all legal recourse against your organisation, its shareholders and directors for the aforementioned breaches of contract.

As you well know we have made the first two instalments under the SPA before we discovered your breaches of contract. Notwithstanding the seriousness of your breach, we propose a meeting between our respective representatives in order to attempt to resolve the dispute between us in an amicable manner, if possible.

We look forward to hearing from you.

Sincerely

S. Merloni - Horemans  
Attorney in Fact

# Pentler Holdings Limited

BSGR Resources Limited  
47 Esplanade  
St Helier  
Jersey JE1 0BD  
Channel Islands

WITHOUT PREJUDICE

Date 10/05/2009

Dear Marc

Following our telephone conversation with a member of your organization and your proposal for changing the method of payment of our SPA we have finally understood that your organization has real cash flow problems.

As a responsible company who seeks only the benefits and well being of our mutual organization (BSGR Resources (Guinea) Ltd), we have decided to offer you the following settlement:

By a mutual agreement to cancel the Sales Purchase Contract, retain possession and ownership of the shares, and to consider the first payments made as a compensation for the damage caused to us by your inability to pay and to fulfill your part of the SPA. As a result, our rights would revert back to our shareholders agreements.

The future of BSGR Resources Guinea is very important to us.

We do not wish the information of your failure to fulfill your obligations, as per our SPA, to leak out as it can damage our reputation, mainly after your declaration in front of the president of Guinea that BSGR is a solid company and can fulfill all our commitments in Guinea.

Moreover, we do not wish this information to reach Mali as it can create a further damage to our company and to your reputation in general.

We also have to take in consideration the fact that some companies are waiting "around the corner" to see BSGR Guinea failing to fulfill their commitments.

For those reasons we think that all the agreements we conclude in terms of the settlements we are offering to you should be made discretely and by way of mutual agreement resorting to public forums like court, arbitration etc.

We hope that your organization will recover and soon be able to renegotiate a new SPA on a more solid basis and with the ability to secure payments as committed.

Sincerely yours

A. LEYRAN

**PENTLER HOLDINGS Ltd**  
Akara Building, 24 De Castro Street,  
Wickhams Cay I, Road Town,  
Tortola, B.V.I.  
reg. n° 682814

AKARA BUILDING • 24 DE CASTRO STREET • WICKHAM'S CAY 1 • ROAD  
TOWN • TORTOLA • BRITISH VIRGIN ISLANDS

IBC No 682814

BSG Resources Limited  
47 Esplanade  
St Helier  
Jersey JE1 0BD  
Channel Islands

Date 10/05/2009

Dear S.S.MERLONI-HOREMANS

We are in receipt of your letter of the 8<sup>th</sup> instant and have noted the contents thereof

Insofar as we fail to deal with any specific allegation contained in your letter under reply, the same must not be construed as an admission of the correctness thereof and we reserve the right to deal therewith at the appropriate time and before the appropriate forum should the need to do so arise.

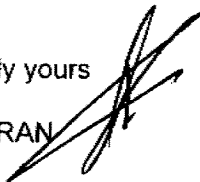
This being said, we deny that Pentler or its shareholders are in breach of the March 2008 agreement as alluded to in your letter, or at all. It is noteworthy however that your allegations of purported breach of the agreement coincides with the date of the expiration of the period afforded to you in terms of our letter of demand and, in our opinion, your letter under reply seeks to manufacture a defence to that demand. In this regard we record that, at no time prior to the said letter of demand, you indicate or even alluded to a potential breach of the agreement on our part nor had you demanded the remedy of our purported breach thereof. Your attempt at doing so no is fallacious to say the least.

We vehemently deny that you are entitled to any recourse against us as you contend and, moreover, wish to advise you that any action in that regard will be defended

We await to hear from you.

Sincerely yours

A. LEV RAN



**PENTLER HOLDINGS Ltd**  
Akara Building, 24 De Castro Street,  
Wickhams Cay I, Road Town,  
Tortola, B.V.I.  
reg. n° 682814

AKARA BUILDING • 24 DE CASTRO STREET • WICKHAMS CAY 1 • ROAD  
TOWN • TORTOLA • BRITISH VIRGIN ISLANDS

IBC No. 682814

BSGR  
BSG Resources

Mr A Lev Ran  
Pentler Holdings Limited  
Akara Building  
24 DeCastro Street  
Wickhams Cay 1  
Road Town, Tortola  
British Virgin Islands

May 11, 2009

Dear Mr Lev Ran

We refer to your letter to Marc Struik dated May 10, 2009 and we write in response to put a few points straight:

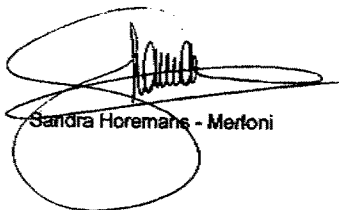
1. BSGR has absolutely no cash flow problems. Indeed, BSGR is probably one of the only mining houses in the world today that is totally debt free and for your information, we have an extremely healthy cash flow and balance sheet.
2. We do not agree to terminate the share purchase transaction nor is there any legal basis upon which you can set aside the transaction which we take this opportunity to reaffirm. We remind you that the main reason amongst others that we bought you out of the Company was because you were unable to pay your required capital injections.
3. While we stand ready to make the third instalment, the conduct of Pentler and its shareholders has caused and continues to cause significant damage to our organisation, financially, reputationally and otherwise in breach of its legal obligations under the SPA and otherwise, and must be remedied.
4. We have offered you the opportunity to meet with us to resolve the dispute between our organisations, an offer that you have ignored and we once again suggest that we meet.
5. Furthermore, we are receiving complaints almost daily from your fellow shareholders in Pentler that they have not received payments that are due to them including, in respect of the instalments that we have paid Pentler to date. Although we have absolutely no legal obligation towards your fellow shareholders (e.g. Mali), your breaches of contract towards them (which may have criminal implications) as well as those towards us continue to cause our organisation substantial reputational damage locally.



BSGR  
BSG Resources

6. In addition we are also aware of several threats that your fellow shareholder, Michael Noy has made to our country manager. We will not tolerate these threats and will not hesitate to report these to the relevant authorities or to a court, should this be necessary.
7. We repeat our assertion in our previous letter that we reserve all of our rights to pursue all legal recourse against your organisation, its shareholders and directors for the aforementioned breaches of your legal obligations.

Sincerely



Sandra Horemans - Merloni

# Pentler Holdings Limited

---

BSG Resources Limited  
47 Esplanade  
St Helier  
Jersey JE1 0BD  
Channel Islands

Date: 09 June 2009

Dear Marc

**Concerning our Share purchase agreement signed 24 March 2008 between BSGR Steel Holdings Ltd and Pentler Holdings Ltd**

We refer to the above matter and record your refusal and or neglect to revert to us in the finalization of the agreement for the arrangement to make payment of the installment which was due on 9 April 2009.

We are completely surprised by your latest conduct given the fact that, after several meetings and phone calls in terms whereof your company requested our indulgence with regards to your default in the payment of 9 million USD due to us on April 15, 2009 by virtue of the fact that your financial situation does not allow for you to pay your debt at once, and our decision to assist you by accepting payment of the installment in deferred payments subject to the new arrangement being reduced to writing and signed by all the parties. Despite our indulgence and our willingness to assist you, you have sought to continuously renegotiate the terms of the payment.

Our efforts in assisting you have been met with your persistent attempts to delay the payment of the amounts due.

At present, you are in default of your obligations by a period of no less than two months.

Accordingly, we demand payment of the full amount of 9 million USD which was due to us on April 15 2009 no later than June 15, 2009, failing which we shall consider all legal options available to us which may, of course, include the cancellation of the agreement.

As a matter of goodwill, we suggest that the parties consider a mutual cancellation of the agreement together with an agreement on the damages we have suffered as a result of your breach before June 15, 2009 and to re visit the issue of the purchase of our shares at such time as your company is in a better financial position. Our rights in this regard remain strictly reserved however.

We sincerely regret having to arrive at this situation but we are forced to resort to these measures as your conduct cannot be condoned any longer

Sincerely yours

A. LEV EYAN

**PENTLER HOLDINGS Ltd**  
Akara Building, 24 De Castro Street,  
Wickhams Cay I, Road Town,  
Tortola, B.V.I.  
reg. n° 682814

AKARA BUILDING • 24 DE CASTRO STREET • WICKHAMS CAY 1 • ROAD  
TOWN • TORTOLA • BRITISH VIRGIN ISLANDS

IBC No. 682814





Mr A Lev Ran  
Pentler Holdings Limited  
Akara Building  
24 DeCastro Street  
Wickhams Cay 1  
Road Town, Tortola  
British Virgin Islands

June 11, 2009

Dear Mr Lev Ran

Your letter dated June 9, 2009 is most regrettable and was an unpleasant surprise since it flies in the face of the conciliatory approach that our group has taken towards you over the past months.

Notwithstanding the problems that our operations in Guinea have been facing because of your company's failure to fulfil its commitments to us and third parties we met with you and your representatives several times in order to resolve this matter in an amicable manner and in good faith.

As we have pointed out previously, the consequences of your failure to meet your commitments are extremely severe and have caused, and continue to cause significant damage, both financially and otherwise to our group. We requested from you a letter confirming that you will take care of parties affiliated with your group including and especially Mr Bah, but you sent us a letter which did not confirm this but rather passed the responsibility on to another person. We will not and cannot settle this matter for anything less than a full warranty and indemnity from you in respect of claims from your partner.


In the course of our negotiations over the past months, we offered a split payment schedule in order to satisfy ourselves that you will settle your obligations and were in the final stages of agreeing a settlement agreement when your company changed its mind in bad faith and has embarked on a confrontational approach.

Be aware, that we will not give in to the threats of your group, nor are we afraid to seek full legal address in this matter.

We reaffirm the share purchase agreement and maintain that you will be paid in accordance with the revised payment schedule as agreed in discussions between the Parties when we are satisfied that you are meeting your obligations.

We look forward to hearing from you.

Sincerely Yours,



Sandra Merloni-Horemans

# Pentler Holdings Limited

---

BSG Resources Limited  
47 Esplanade  
St Helier  
Jersey JE1 0BD  
Channel Islands

Date : 11/June/2009

Dear Mrs. Sandra Merloni

1. We are in receipt of your letter of the 11<sup>th</sup> of June 2009.
2. We are unsure as to why you consider the contents of our previous letter an unpleasant surprise and that it flies in the face of the conciliatory approach adopted by your group. Surely you must recognise that the conciliatory approach had been adopted by both parties and that your conduct, in the continuous dilatory tactics you have employed, has been the direct contributor to the circumstances which lead up to our letter to you.
3. This being said, we do not consider it prudent to involve ourselves in a discussion of this nature and prefer to deal with the issue professionally.
4. We have however noted your attempt to create disputes and manufacture purported defences to our claim which conduct, most definitely, flies in the face of the conciliatory attitude adopted by the parties. For the record, we confirm that we have attempted to assist you, at the request of your Mr Steinmetz, in deferring the payment of the monies due to us in respect of the instalment for April 2009.
5. In doing so, we drafted the necessary documents and submitted the same to you for signature. At no stage was it agreed to alter the terms of the

AKARA BUILDING • 24 DE CASTRO STREET • WICKHAMS CAY 1 • ROAD  
TOWN • TORTOLA • BRITISH VIRGIN ISLANDS  
IBC No. 682814

# **Pentler Holdings Limited**

---

share sale agreement nor did we accept any additional obligations of any nature as you now seek to allege. In fact, the timing of this new issue as raised by you, merely serves to confirm that you have an ulterior motive in negotiating with us and it is for this reason that our letter of the 9<sup>th</sup> of June 2009 was sent to you. Certainly the communications of your Mr Steinmetz will be properly ventilated before the relevant court should the need to do so arise.

6. We reiterate our commitment to resolve the matter amicably but wish to record that we shall not hesitate to refer the matter to any court with relevant jurisdiction, including courts in Africa, should the need to do so arise.
7. In regards the various issues raised in your letter under reply, we record that:-
  - 7.1 we deny that your group has suffered any damages as alleged by you and, even if it has, that the damages was occasioned by any conduct, or the lack of conduct, on our part;
  - 7.2 we deny that we have breached a term of any agreement concluded between us and your attempt to introduce further terms when you are in default in the fulfilment of your obligations for a period of two months as at the date of this letter, is indicative of your motives in this regard;
  - 7.3 we deny that the share sale agreement was, at any time, subject to the issues raised in your letter, more specifically your contention that your payment was subject to your "satisfaction" of the performance of our obligations. Your attempt to import this term now, is completely untenable and the fallacious nature of this apparent terms is illustrated by the fact that you do not inform us of the nature of the obligations we had apparently failed to attend to nor do you state what would constitute your satisfaction in this regard;
  - 7.4 with respect to you, and for you to allege the existence of this subjective term is void of all reality and reason;

# Pentler Holdings Limited

- 7.5 as recorded to you previously the share sale agreement was never subject to the terms you mention in your letter.
8. In an effort to settle the matter amicably, we reiterate our offer to assist you in the deferment of the instalment due by you on the condition that you evidence your bona fides in reducing the alternate arrangement to writing on the terms agreed to between the parties, and on condition that you perform in terms of that arrangement.
9. In the event that you refuse to adhere to the alternate arrangement and in the event that you persist in your current tendency delay the performance of your obligations, then in that event we demand payment of the full instalment due in terms of the share sale agreement, being the amount of USD 9 million.
10. Given the history of the matter, we require your response and election to the foregoing by no later than the close of business day Monday 15<sup>th</sup> June 2009 failing which all offers in settlement of the dispute are deemed to have been withdrawn.
11. Our rights remain strictly reserved.

Sincerely yours

A. LEV BAY

**PENTLER HOLDINGS Ltd**  
Akara Building, 24 De Castro Street,  
Wickhams Cay I, Road Town,  
Tortola, B.V.I.  
reg. n° 682814

AKARA BUILDING • 24 DE CASTRO STREET • WICKHAMS CAY 1 • ROAD  
TOWN • TORTOLA • BRITISH VIRGIN ISLANDS

IBC No. 682814

# **Pentler Holdings Limited**

---

BSG Resources Limited  
47 Esplanade  
St Helier  
Jersey JE1 0BD  
Channel Islands

Date: 17/06/2009

Dear Sandra

RE: SHARE PURCHASE AGREEMENT / BSGR STEEL HOLDING LIMITED /  
OURSELVES

1. We refer to the above matter as well as to the previous letters addressed to you in regards the monies due to us in respect of the instalment of the 15<sup>th</sup> of April 2009.
2. Despite our notice placing you on terms in respect of your failure to make payment of the monies as mentioned above, and despite us having afforded you a more than reasonable time to remedy your breach of the agreement, we record that you have failed to do so.
3. In the circumstances, we have elected to cancel the agreement concluded between us on the 28<sup>th</sup> of March 2008, notice of which is hereby given to you.
4. Our rights remain strictly reserved.

Sincerely yours

A. LEYBAN

**PENTLER HOLDINGS Ltd**  
Akara Building, 24 De Castro Street,  
Wickhams Cay I, Road Town,  
Tortola, B.V.I.  
reg. n° 682814

AKARA BUILDING • 24 DE CASTRO STREET • WICKHAMS CAY 1 • ROAD  
TOWN • TORTOLA • BRITISH VIRGIN ISLANDS

IBC No. 682814

# **Pentler Holdings Limited**

---

BSG Resources Limited  
47 Esplanade  
St Helier  
Jersey JE1 0BD  
Channel Islands

Date 17/06/2009

Dear Marc

1. We refer to the agreement reached between us in terms of our letter of understanding dated 14 February 2006.
2. We enclose herewith our invoice in respect of the success fees, agreed to between the parties, in respect of blocks 1 and 2 of the Simandou Iron Ore Project.
3. We request your immediate attention to the enclosed invoice and require payment thereof as a matter of extreme urgency.
4. We await to hear from you.

Sincerely yours

A. LEV RAN

**PENTLER HOLDINGS Ltd**  
Akara Building, 24 De Castro Street,  
Wickhams Cay 1, Road Town,  
Tortola, B.V.I.  
reg. n° 682814

AKARA BUILDING • 24 DE CASTRO STREET • WICKHAM'S CAY 1 • ROAD  
TOWN • TORTOLA • BRITISH VIRGIN ISLANDS

IBC No. 682814

# Pentler Holdings Limited

## INVOICE

TO:BSG Resources Limited  
47 Esplanade St Helier  
JERSEY JE1 OBD  
Channael Island

Date: 17/06 2009

Success fees Simandou Iron Ore Project Blocks 1&2

TOTAL AMOUNT: USD1,500,000

Bank Details:

BANK LEUMI

Branch code: 814

Address: 76-78 LaGuardia Street

TEL AVIV ISRAEL

Account name: Designer Brands Distribution

Account no: 29899/35

Swift code: LUMILITXXX

Sincerely yours

A. LEV RAN

**PENTLER HOLDINGS Ltd**  
Akara Building, 24 De Castro Street,  
Wickhams Cay I, Road Town,  
Tortola, B.V.I.  
reg. n° 682814

AKARA BUILDING • 24 DE CASTRO STREET • WICKHAMS CAY 1 • ROAD  
TOWN • TORTOLA • BRITISH VIRGIN ISLANDS

IBC No. 682814



# **Pentler Holdings Limited**

---

BSG Resources Limited  
47 Esplanade  
St Helier  
Jersey JE1 0BD  
Channel Islands

Date : 17/06/2009

Dear Sandra

In the interests of transparency, we wish to advise you of our intention to enter into negotiations for sale of our shares with third parties.

We will of course keep you informed of the status of any conclusive transaction reached in this regard and wish to assure you that we shall act in accordance with the relevant terms of the Share Holders Agreement at all times.

Sincerely yours

A. LEV RAIN

**PENTLER HOLDINGS Ltd**  
Akara Building, 24 De Castro Street,  
Wickhams Cay 1, Road Town,  
Tortola, B.V.I.  
reg. n° 682814

AKARA BUILDING • 24 DE CASTRO STREET • WICKHAMS CAY 1 • ROAD  
TOWN • TORTOLA • BRITISH VIRGIN ISLANDS

IBC No. 682814

# **Pentler Holdings Limited**

---

BSG Resources Limited  
47 Esplanade  
St Helier  
Jersey JE1 0BD  
Channel Islands

Date 17/06/2009

Dear Sandra,

In terms of the shareholders agreement, more specifically paragraphs 6.4.2.1, 6.4.3.1, 6.4.3.2.2, , 6.4.3.3, 6.4.3.2 thereof, we kindly request you to prepare copies of all the accounts for our review.

These accounts and documents should please include documents evidencing all daily operations, daily accounts, salary and other operation accounts. We would also like to review details of all payments paid to local advisers, bonuses etc.

Our designated agent shall attend at your offices in order to review all the above information together with our company accountant.

In order to properly inspect the records and accounts as mentioned above, we require our agent to attend at the company's premises in Guinea for this purpose.

Please urgently advise of suitable dates to facilitate the above.

Sincerely yours

A. LEV RAY

**PENTLER HOLDINGS Ltd**  
Akara Building, 24 De Castro Street,  
Wickhams Cay I, Road Town,  
Tortola, B.V.I.  
reg. n° 682814

AKARA BUILDING • 24 DE CASTRO STREET • WICKHAMS CAY 1 • ROAD  
TOWN • TORTOLA • BRITISH VIRGIN ISLANDS

IBC No. 682814

**SKADDEN, ARPS, SLATE, MEAGHER & FLOM (UK) LLP**

40 BANK STREET  
CANARY WHARF  
LONDON E14 5DS

TEL: (020) 7519-7000  
FAX: (020) 7519-7070  
www.skadden.com

EMAIL ADDRESS  
DAVID.RAVANACH@SKADDEN.COM

**AFFILIATE OFFICES**

—  
BOSTON  
CHICAGO  
HOUSTON  
LOS ANGELES  
NEW YORK  
PALO ALTO  
SAN FRANCISCO  
WASHINGTON, D.C.  
WILMINGTON  
—  
BEIJING  
BRUSSELS  
FRANKFURT  
HONG KONG  
MOSCOW  
MUNICH  
PARIS  
SAO PAULO  
SHANGHAI  
SINGAPORE  
SYDNEY  
TOKYO  
TORONTO  
VIENNA

23 June 2009

Pentler Holdings Limited  
Akara Building  
24 De Castro Street  
Wickhams Cay 1  
Road Town  
Tortola  
British Virgin Islands

Dear Sirs

**SHARE PURCHASE AGREEMENT OF SHARES IN BSGR RESOURCES  
(GUINEA) LIMITED DATED 24 MARCH 2008 (THE "SPA")**

We act for BSGR Steel Holdings Limited.

We have been passed a copy of your letters dated 17 June 2009. We set out our client's response to those letters below.

Firstly, our client rejects your purported cancellation of the SPA since our client's position is that you are not entitled to cancel the SPA for non-payment of the 15 April instalment in the current circumstances.

Accordingly, our client holds you liable for all losses that may flow from your wrongful termination and from the other significant breaches of the SPA which are detailed below.

Secondly, you have no rights in or control over the shares in BSGR Resources (Guinea) Limited (the "Company") which were sold to our client pursuant to the SPA on 24 March 2008. We are perplexed by your attempts to exercise such rights as shareholder and consider your statements that you will be attempting to sell the shares to a third party at the best, incredible.

The shares were expressly sold on a free and clear basis. Moreover, our client has been registered as the legal owner of the shares. You simply have no rights to or in the shares.

Should we discover that you are attempting to interfere with our client's ownership of those shares in any way, our client will be forced to take immediate action to protect its rights, without further notice to you. Our client will hold you fully liable for any damage suffered by our client in that regard and for the legal costs incurred. Given that our client is the registered legal owner you have no ability to sell the shares to a third party.

Thirdly, our client has a very substantial counterclaim against you in relation to your failure to fulfill your obligations to our client's group as well as to third parties who are causing our client loss. Such failures of your company are causing severe disruption to operations in Guinea. Our client has called upon you to remedy these matters without success. These matters are a breach of clause 6 of the SPA and are also a wrongful interference with our client's business for which our client holds you responsible.

Yours faithfully

*Skadden, Arps, Slate, Meagher & Flom (UK) LLP*

Skadden, Arps, Slate, Meagher & Flom (UK) LLP

# *John Walker Attorneys*

## EDENVALE:

41 Shelton Avenue  
Hemlole  
EDENVALE  
1806  
SOUTH AFRICA

Tel: +27(11) 874 5164  
Fax: +27(11) 874 0403

E mail: john@johnwalkerattorneys.co.za

## POSTAL

P O Box 15072  
Hutynole  
EDENVALE  
1611  
SOUTH AFRICA

DOCEX 1  
BEDFORDVIEW

Your Ref: DAVID KAVANAGH

Our Ref: M-Walker

Date: 25 June 2008

SKADDEN ARPS, SLATE, MEAGHER & FLOM (UK)  
LONDON

Per Fax: 0044 020 7519 7070

Per E-mail: DAVID.KAVANAGH@SKADDEN.COM

Sirs,

RE: SHARE PURCHASE AGREEMENT ("SPA") OF SHARES IN BSGR RESOURCES  
(GUINEA) LTD

1. We refer to the above matter and confirm that we act on behalf of Pentier Holdings Ltd as well as the respective shareholders of Pentier Holdings Ltd.

---

CJ WALKER

2. In particular we refer to your letter dated 23 June 2009, addressed to our abovementioned client, a copy of which has been handed to us together with instructions that we attend to its reply.
3. We do not intend to deal with each and every allegation contained in your letter under reply and our failure to do so may not be construed as an admission, on the part of our client, of the correctness thereof the latter reserving the right to deal with such allegations at the appropriate time and before the appropriate forum.
4. We are instructed by our client, *inter alia*, that:-
  - 4.1 It denies your client was entitled to take transfer of the shares sold in terms of the SPA and, insofar as the shares have been registered in the name of your client, it is denied that the latter is entitled to ownership thereof;
  - 4.2 it was a term of the agreement that our client would retain its ownership of the shares until such time as the purchase consideration has been paid in full and the conduct of the parties subsequent to, and during the conclusion of the agreement, reinforces this fact;
  - 4.3 our client is in possession of the share certificates in respect of the shares, and has not signed any security transfer form, in respect thereof, in favour of your client or any other party for that matter;
  - 4.4 approximately two weeks ago, your client's Mr Steinhmetz, communicated with and arranged for a third party, of Romanian nationality to contact our client and offer to purchase the shares. This offer was rejected;
  - 4.5 our client has, on numerous occasions recorded the reservation of its right to ownership of the shares, which right your client has never, until the date of your letter under reply, disputed.
5. We have been instructed by our client to commence with arbitration proceedings in terms of the rules of the International Chamber of Commerce (as envisaged in the SPA) to which we are attending. You are requested to provide us with an address,

telephone and fax number, as well as an e-mail address at which your client will accept service and delivery of all process documents.

6. Moreover, we require your client's written undertaking that it shall not dispose of, sell, cede, pledge, alienate, encumber, donate or otherwise deal with the shares in BSGR Resources (Guinea) Ltd pending the finalization of the arbitration, which undertaking we require by no later than 16H30 GMT on Thursday 25 June 2009, failing which we hold instructions to take the appropriate action against your client without further notice.
7. In this regard we record that our client has retained legal counsel in the British Virgin Islands to attend to any proceedings as may be necessary in the protection of our client's interests.
8. We look forward to hearing from you.

Yours faithfully,  
JOHN WALKER

---

CJ WALKER

# Pentler Holdings Limited

---

25/06/09

Dear Sandra,

With reference to the letter dated 23 June 2009 signed by a law firm Skadden etc. forwarded to us by you we were shocked and surprised to hear that our shares in BSGR have been transferred and registered on the name of BSGR.

As you well know, your office has transferred the original shares to our possession. We have never signed any documents with you or with your office authorizing you to transfer our shares to any third party. We consider this matter as a fraud and it will be handled as such. I hope that your office who registered Pentler as well is not involved in any illegal action. We have filled complains with the police (Interpol) and depending on your answer we are considering filling a complain with the Swiss police as well

Sincerely yours

A. LEV RAN

**PENTLER HOLDINGS Ltd**  
Akara Building, 24 De Castro Street,  
Wickhams Cay 1, Road Town,  
Tortola, B.V.I.  
reg. n° 682814

AKARA BUILDING • 24 DE CASTRO STREET • WICKHAMS CAY 1 • ROAD  
TOWN • TORTOLA • BRITISH VIRGIN ISLANDS  
IBC No. 682814



SKADDEN, ARPS, SLATE, MEAGHER & FLOM (UK) LLP

40 BANK STREET  
CANARY WHARF  
LONDON E14 5DS

TEL: (020) 7519-7000  
FAX: (020) 7519-7070  
www.skadden.com

EMAIL ADDRESS  
DAVID.KAVANAGH@SKADDEN.COM

AFFILIATE OFFICES

BOSTON  
CHICAGO  
HOUSTON  
LOS ANGELES  
NEW YORK  
PALO ALTO  
SAN FRANCISCO  
WASHINGTON, D.C.  
WILMINGTON  
BEIJING  
BRUSSELS  
FRANKFURT  
HONG KONG  
MOSCOW  
MUNICH  
PARIS  
SAO PAULO  
SHANGHAI  
SINGAPORE  
SYDNEY  
TOKYO  
TORONTO  
VIENNA

30 June 2009

John Walker Attorneys  
PO Box 15072  
Hurlyvale  
Edenvale  
1611 South Africa

Dear Sirs

**Share Purchase Agreement ("SPA") of shares in BSGR Resources (Guinea) Ltd (the "Company")**

We refer to your letters of 25 and 26 June 2009.

On 24 March 2008, your client sold to our client the 17.65% shareholding in BSGR Resources (Guinea) Limited "on a free and clear basis". Your assertions that your client retained any ownership interest in the shares are without foundation.

Your entire argument is based upon the mistaken assertion that "it was a term of the agreement" that your client would "retain ownership of the shares until such time as the purchase consideration had been paid in full". There is obviously no such express term in the contract. Nor can any such term be implied.

Further, there is absolutely no basis for your assertion that "the conduct of the parties subsequent to, and during the conclusion of the agreement", reinforces this fact. You have produced no such evidence for this "subsequent conduct" argument. On the contrary, your client's actions directly contradict the case now advanced. Since the agreement was signed, your client has never purported to exercise any rights either as a registered shareholder or pursuant to the shareholder agreement between the parties, which was cancelled pursuant to clause 7 of the SPA. This is because it was not entitled to, having transferred title to the shares to our client.

Your client made no reservation of title. The agreement is clear that our client was to take immediate ownership of the shares. The contrary argument which you advance would mean that it was intended that our client should be prevented from enjoying the status of shareholder for two years until the final instalment was paid on 15 April 2010, with no protection and no restriction on your exercise of shareholder rights. That would have been an absurd result.

Our client took immediate ownership when, on 28 March 2008, the Company issued a share certificate no. 5, reflecting our client as the owner of 100% of the issued share capital of the Company. Our client was registered as the owner of the shares in the Company's register of members, which is conclusive as a matter of BVI law. Your client's case fails on that point alone.

In relation to paragraph 4.3 of your letter, your client is not in possession of the share certificates in respect of the shares. The share certificates that your client may hold in respect of its shareholding prior to the transfer of the shares to our client have been cancelled by the Company and are of no effect. Further, in relation to your assertion that your client "has not signed any security transfer form", this is of no consequence because a security transfer form is not required to effect a valid transfer of the shares. The directors relied upon the SPA which is a qualifying document under Article 12 of the Company's Articles of Association.

As to your assertion that our client arranged for a Romanian national to contact your client in relation to purchasing the shares, this is simply untrue.

In the circumstances, there is no basis whatsoever for you to take any action for injunctive relief before the courts. The contract simply does not provide for the claim you are making. Any action will be vigorously contested and our client will hold you liable for all costs incurred in defending such action. Your client will also be required to give a substantial cross-undertaking in damages.

Further, our client has substantial claims against your client for losses caused to it by companies and individuals affiliated with your client, including Mr Bah. We will be writing to you in this regard in due course.

In relation to your request for our client's details, your client has been in correspondence with our client for some time and is fully aware of our client's details.

Yours faithfully



Shadden, Arps, Slate, Meagher & Flom (UK) LLP

# **Pentler Holdings Limited**

BSG Resources Limited  
47 Esplanade  
St Helier  
Jersey JE1 0BD  
Channel Islands

Date 25/07/2009

Dear Sirs

Pentler hereby indemnifies BSG Resources Limited and its affiliates including its group companies (together "BSGR") against any claim or complaint made by Mr Bah for any reason whatsoever in connection with any agreement that he has, or claims that he has, directly or indirectly with Pentler or its affiliates or in connection with any agreement between Pentler and BSGR

Signed

**PENTLER HOLDINGS LTD**  
Akara Building, 24 De Castro Str.  
Wickhams Cay 1, Road Town,  
Tortola, B.V.I.  
reg. n° 682814

Pentler Holding Limited

By: AVRAHAM LEV RAN

Date: 25 July 2009

AKARA BUILDING • 24 DE CASTRO STREET • WICKHAMS CAY 1 • ROAD  
TOWN • TORTOLA • BRITISH VIRGIN ISLANDS  
IBC No. 682814