

SHAREHOLDERS AGREEMENT

between

BSGR STEEL HOLDINGS LIMITED

(Registration Number 586587)

and

PENTLER HOLDINGS LIMITED

(Registration Number 682814)

and

BSG RESOURCES (GUINEA) LIMITED

(Registration Number 682852)

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SHAREHOLDERS AGREEMENT

This Agreement is made and entered into between -

- (1) **BSGR Steel Holdings Limited** incorporated and registered in the British Virgin Islands with company number 586587 whose registered office is at Akara Building, 24 DeCastro Street, Wickhams Cay, Road Town, Tortola, British Virgin Islands ("**BSGR Steel**");
- (2) **Pentler Holdings Limited** incorporated and registered in the British Virgin Islands with company number 682814 whose registered office is at Akara Building, 24 DeCastro Street, Wickhams Cay, Road Town, Tortola, British Virgin Islands ("**Pentler**"); and
- (3) **BSG Resources (Guinea) Limited** incorporated and registered in the British Virgin Islands with company number 682852 whose registered office is at Akara Building, 24 DeCastro Street, Wickhams Cay, Road Town, Tortola, British Virgin Islands ("**Company**").

BACKGROUND

- A BSGR (Steel) afforded Pentler a free carry interest in all the projects pursued by the Company located in the Republic of Guinea.
- B The Shareholders wish to regulate their relationship as shareholders of the Company and provide for matters related thereto.

With effect from the Effective Date, the Parties agree as follows:

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

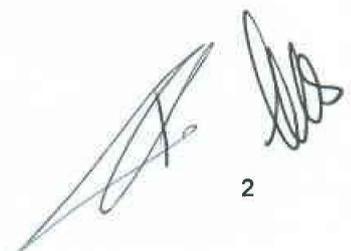
In this Agreement, unless clearly inconsistent with or otherwise indicated by the context -

- 1.1.1 "**Agreement**" means the agreement set out in this document;



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- 1.1.2 **"Business"** means the business conducted by the Company from time to time and for the time being;
- 1.1.3 **"Business Day"** means a day (other than a Saturday or Sunday) when banks in London are open for business;
- 1.1.4 **"Change of Control"** means, in respect of the Shareholders the obtaining of Control by any person;
- 1.1.5 **"Confidential Information"** has the meaning given in 12.4;
- 1.1.6 **"Control"** means –
- 1.1.6.1 the power (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) to appoint and/or remove all or such of the members of the board as are able to cast a majority of the votes capable of being cast by the members of that board on all, or substantially all, matters; or otherwise to control or have the power to control the policies and the affairs of the person in question and for the purposes of determining whether the power to appoint or remove directors exists the provisions of section 736A of the Companies Act 1985 apply; and/or
- 1.1.6.2 the holding or possession of the beneficial entitlement to or interest in and/or the ability to exercise the voting rights applicable to shares or other securities in any person (whether directly or by means of holding such interests in one or more other persons) which confer in aggregate on the holders thereof a majority of the total voting rights exercised at general meetings of that person on all, or substantially all, matters;
- 1.1.7 **"Date of Signature"** means the date of signature of this Agreement by the Party signing last;
- 1.1.8 **"Effective Date"** means 10 March 2006 notwithstanding the Date of Signature;



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- 1.1.9 "**Encumbrance**" means a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third party right or interest, other encumbrance or security interest of any kind, or another type of agreement or arrangement having similar effect;
- 1.1.10 "**Expert**" means a person appointed in accordance with 7 to resolve a matter under this Agreement;
- 1.1.11 "**Group**" means in relation to a company (wherever incorporated), that company, any company of which it is a Subsidiary (its holding company) and any other Subsidiaries of any such holding company; and each company in a Group is a member of the Group. Unless the context otherwise requires, the application of the definition of Group to any company at any time will apply to the company as it is at that time;
- 1.1.12 "**IFRS**" means the International Financial Reporting Standards or an equivalent internationally recognised standard;
- 1.1.13 "**LIBOR**" means the rate equal to the 6 (six) month London Interbank Offered Rate in respect of United States dollars applicable to transactions having a value on the first day of the 6 (six) month period concerned;
- 1.1.14 "**Management Agreement**" means the management agreement to be entered into simultaneously herewith between BSGR Steel and the Company;
- 1.1.15 "**Parties**" means shareholders and the company or any combination of them as the context may indicate and "**Party**" shall mean any one of the Parties as the context may indicate;
- 1.1.16 "**Reserved Matters**" means the matters listed in 4.9;
- 1.1.17 "**Shareholders**" means BSGR Steel and Pentler, in their capacities as members of the Company; and
- 1.1.18 "**Subsidiary**" in relation to a company wherever incorporated (a holding company) means a "subsidiary" as defined in section 736 of the Companies

Act 1985 and any other company which is a subsidiary (as so defined) of a company which is itself a subsidiary of such holding company. Unless the context otherwise requires, the application of the definition of Subsidiary to any company at any time will apply to the company as it is at that time.

1.2 Interpretation

1.2.1 In this Agreement and the recitals, unless clearly inconsistent with or otherwise indicated by the context -

1.2.1.1 any reference to the singular (including in the expressions defined in 1.1) includes the plural and *vice versa*, any reference to natural persons includes legal persons and *vice versa* and any reference to a gender includes the other genders;

1.2.1.2 any reference to the "**Company**" shall also be a reference to each member of the Company Group from time to time and for the time being;

1.2.1.3 headings and the use of bold typeface are to be ignored;

1.2.1.4 references to any enactment shall include references to such enactment as it may, after the Date of Signature, from time to time be amended, supplemented or re-enacted;

1.2.1.5 where appropriate, meanings ascribed to defined words and expressions in 1.1, shall impose substantive obligations on the Parties;

1.2.1.6 a reference to a recital, clause, sub-clause, paragraph, sub-paragraph, schedule or appendix is, unless indicated to the contrary, a reference to a recital, clause, sub-clause, paragraph, schedule or appendix of this Agreement;

1.2.1.7 the clause headings in this Agreement have been inserted for convenience only and shall not be taken into account in its interpretation;

Two handwritten signatures in black ink, one on the left and one on the right, positioned above the page number.

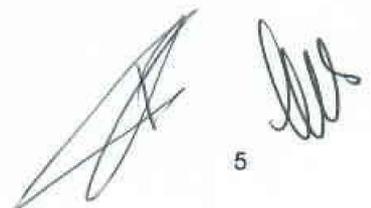
- 1.2.1.8 where any term is defined within the context of any particular clause or sub-clause, the term so defined shall, unless it appears clearly from such clause or sub-clause that such term has limited application to the relevant clause or sub-clause, bear the meaning ascribed to it for all purposes in terms of this Agreement, notwithstanding that such term has not been defined in 1.1; and
- 1.2.1.9 words and phrases, the definitions of which are contained or referred to in the Companies Act, shall be construed as having the meanings thereby attributed to them.
- 1.2.2 Where this Agreement requires a Party to use its "**Best Endeavours**" in relation to an act or omission, that Party shall do all such things as are or may be necessary or desirable so as to achieve that act or to omit taking an action, until the Parties agree that it is not reasonable to take the action or to omit taking an action.
- 1.2.3 Where this Agreement refers to "**Ordinary Course of Business**" it means, with reference to any company in a Party's Group in respect of any transaction involving such company, in the ordinary course of such company's business, as conducted by such company, in accordance with past practice and undertaken by such company in good faith and not for the purposes of evading or avoiding any covenant or restriction or undertaking in this Agreement.

2 SHARE CAPITAL AND SHAREHOLDING

2.1 Share Capital

The Company has -

- 2.1.1 an authorised share capital of US\$50 000 (fifty thousand United States dollars) consisting of 50 000 (fifty thousand) ordinary shares of US\$1,00 (one United States dollar) each; and



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- 2.1.2 an issued share capital of US\$50 000 (fifty thousand United States dollars) consisting of 50 000 (fifty thousand) ordinary shares of US\$1,00 (one United States dollar) each.

2.2 Shareholding

At the Date of Signature, the issued shares in the share capital of the Company are held as follows –

- 2.2.1 BSGR Steel – 41 175 (forty one thousand one hundred and seventy five) ordinary shares, constituting 82,35% (eighty two comma three five per cent) of the total issued share capital of the Company; and
- 2.2.2 Pentler – 8 825 (eight thousand eight hundred and twenty five) ordinary shares, constituting 17,65% (seventeen comma six five per cent) of the total issued share capital of the Company.

3 NATURE AND CONDUCT OF BUSINESS

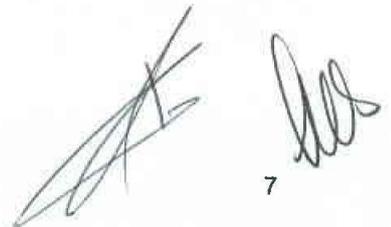
3.1 Nature of Business

The Company shall only conduct the Business and the Company shall not have any capacity, nor shall the Board have any power to conduct any business of the Company other than the Business, without a special resolution to that effect by the Shareholders in accordance with the provisions of 4.9.

3.2 Conduct of the Business

- 3.2.1 Save as otherwise provided for or contemplated in this Agreement or agreed to in writing from time to time by the Shareholders, the Shareholders shall exercise their powers in relation to the Company so as to ensure that -
- 3.2.1.1 the Company carries on and conducts the Business and its affairs in a proper and efficient manner and for its own benefit;
- 3.2.1.2 the Company transacts all its business on an arm's length basis;

- 3.2.1.3 the Company shall not enter into any agreement or arrangement restricting its competitive freedom, other than in the Ordinary Course of the Business;
- 3.2.1.4 all the business of the Company shall be undertaken and transacted by the Board;
- 3.2.1.5 the Business shall be carried on pursuant to policies laid down from time to time by the Board;
- 3.2.1.6 the Company allots and issues its shares and other securities at the best price attainable in the circumstances;
- 3.2.1.7 the Company shall not acquire, dispose of, hire, lease, license or receive licences of any assets, goods, rights or services otherwise than at the best price attainable in the circumstances;
- 3.2.1.8 the Company shall keep books of account and therein make true and complete entries of all its dealings and transactions of and in relation to the Business;
- 3.2.1.9 the Company shall prepare its accounts on a historical cost basis and shall adopt accounting policies in accordance with IFRS;
- 3.2.1.10 the Company shall prepare such accounts in respect of each accounting reference period as are required by statute and procure that such accounts are audited as soon as practical and in any event not later than 3 (three) months after the end of a relevant accounting reference period;
- 3.2.1.11 each accounting reference period of the Company shall be a period of 12 (twelve) calendar months;
- 3.2.1.12 if the Company requires any approval, consent or licence for the carrying on of the Business in the places and in the manner in which it



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is from time to time carried on, the Company will use its Best Endeavours to maintain the same in full force and effect; and

3.2.1.13 the Company shall adopt and maintain in force bank mandates which require that each cheque issued or bank transfer made is signed by the authorised signatories and in accordance with such mandate as the Board determines.

3.2.2 Each Shareholder shall use all reasonable and proper means in its power to maintain, improve and extend the Business and to further the reputation and interests of the Company.

4 PARTICIPATION RIGHTS AND RELATED PROVISIONS

4.1 Supervision by the Board

Overall direction, supervision and management of the Company shall be the responsibility of the Board, however, the Parties agree that such responsibility shall be delegated to BSGR Steel as provided in 4.2. The Board shall not, however, take any decision in relation to any of the Reserved Shareholder Matters without the prior approval of the Shareholders on the basis envisaged in 4.9.

4.2 Management

4.2.1 The day-to-day affairs and activities of the Company, and the management of the Business shall be the responsibility of BSGR Steel in accordance with the provisions of the Management Agreement. The Parties undertake to amend the provisions of the Articles of Association, if requested by BSGR Steel at any point in time, to the extent required, to reflect the delegation by the Board of the management function in terms of the provisions of the Management Agreement.

4.2.2 Notwithstanding the provisions of 4.2.1 and those of the Management Agreement, BSGR Steel shall be entitled to call upon Pentler to provide such services and to assist BSGR Steel in its functions from time to time and Pentler undertakes to provide any such assistance to BSGR Steel as any

when reasonably required by BSGR Steel and always on the basis that Pentler shall be entitled to remuneration in respect of any such services provided on a cost recovery basis only, (i.e. Pentler shall be entitled to be reimbursed all direct costs incurred by Pentler in providing any such services).

4.3 Board of Directors

4.3.1 The Board shall, unless otherwise agreed between the Shareholders, be comprised of a minimum of 2 (two) directors and a maximum of 6 (six) directors.

4.3.2 The Shareholders agree that the Board shall initially consist of 3 (three) directors as follows –

4.3.2.1 2 (two) directors appointed, removed and replaced from time to time by BSGR Steel;

4.3.2.2 1 (one) director appointed removed and replaced from time to time by Pentler,

with the Board to appoint and remove such additional directors as it may deem appropriate.

4.3.3 The chairperson of the Board ("**Chairperson**") shall be appointed by BSGR Steel from among the director/s it is entitled to appoint in terms of 4.3.2. The Chairperson shall not have a casting vote and if the Chairperson is unable to attend any meeting of the Board, the Board shall be entitled to appoint another director from among their number to act as Chairperson in his/her place at such meeting.

4.3.4 The directors will be entitled to hold office outside the Board, provided always that they will not in any manner whatsoever incur a conflict of interests or breach their fiduciary duties as directors of the Company.

4.3.5 The Shareholders undertake to vote in favour of all resolutions necessary, from time to time, to give effect to the foregoing and their vote shall not be

withheld without good cause being shown, it being agreed that the onus shall be on any Shareholder withholding its vote to show good cause for so doing.

- 4.3.6 Further, the Parties agree that the cost attached to an appointment of a director to the Board shall be borne by the Shareholder who makes the appointment such that the Company shall not in any way be responsible for the remuneration of the directors acting on the Board.

4.4 **Appointment and Removal of Directors**

Any appointment or removal of a Director nominated by a Shareholder shall be effected by notice in writing to the Company signed by or on behalf of the Shareholder in question and shall take effect, subject to any contrary intention expressed in the notice, when the notice effecting the same is delivered to the Company. Any such removal shall be without prejudice to any claim which a director so removed may have under any contract between him and the Company and provided that (in the case of a claim made by a director in respect of such removal) then the Shareholder so removing such director shall indemnify the Company in respect of any liability arising in respect of such removal. Each Shareholder shall consult with the others prior to any appointment or removal of a director.

4.5 **Quorum**

- 4.5.1 A quorum at any directors' meeting of the Company shall be 2 (two) directors personally present, 1 (one) of whom shall be a director appointed by BSGR Steel. No round robin directors resolution shall be taken without the signature thereto of each of the directors.

- 4.5.2 If such a quorum is not present within 30 (thirty) minutes from the time appointed for the meeting or if during the meeting such a quorum ceases to be present, the meeting shall be adjourned until a quorum is present. A director shall be regarded as present for the purposes of a quorum if represented by an alternate director in accordance with 4.7. The Parties agree that the meetings of the Board may be conducted and a resolution may be passed utilising conference telephone facilities.

4.6 Notice and Agenda

The Company undertakes to procure that at least 7 (seven) days written notice shall be given to each of the members of the Board of any meeting of the Board, provided always that a shorter period of notice may be given with the written approval of the directors. Any such notice shall contain, *inter alia*, an agenda identifying in reasonable detail the matters to be discussed at the meeting and shall be accompanied by copies of any relevant papers to be discussed at the meeting. Any matter which is to be submitted to the Board for a decision which is not identified in reasonable detail as aforesaid shall not be decided upon, unless otherwise agreed in writing by the directors.

4.7 Voting at Board Meetings

4.7.1 As a common practice, unanimity shall be sought at Board meetings. If a disagreement arises, the chairman shall make his best efforts to reconcile the different view points between the directors. If he is not successful, the matter shall be decided in accordance with the provisions of 4.9.

4.7.2 Save to the extent otherwise provided in 4.7.1, matters for decision by the Board shall be decided by simple majority vote and each director appointed by the Shareholders shall have a vote in value *pro rata* to the shareholding of the Shareholder who appointed him. Any director who is absent from any meeting may nominate any other director to act as his alternate and to attend, speak and vote in his place at the meeting. In the event of a deadlock in respect of any resolution put to the vote at any meeting of the directors, such resolution shall fall away.

4.8 Shareholders' Meetings

4.8.1 An annual general meeting of the Company shall be held each year within 3 (three) months of the end of the preceding financial year of the Company at the Company's registered office or at such other place as shall be designated by the Board. This meeting shall be called by the Board and its agenda, and the matters that this meeting shall deal with shall be established in accordance with the Articles of Association.

- 4.8.2 General meetings of the Company may be convened at any time by the Board, or, if requested, by a Shareholder.
- 4.8.3 General meetings of Shareholders shall take place in accordance with the applicable provisions of the Articles of Association of the Company on the basis, *inter alia*, that –
- 4.8.3.1 a quorum shall be at Shareholders representing 50% (fifty per cent) of the equity in the Company;
- 4.8.3.2 the notice of meeting shall, unless otherwise agreed by each of the Shareholders, set out an agenda identifying in reasonable details the matters to be discussed;
- 4.8.3.3 the chairperson of the Shareholders' meeting shall be the Chairperson of the Board and shall not have a casting vote;
- 4.8.3.4 a decision to approve any of the Reserved Shareholder Matters shall require the approval of Shareholders which hold at least 50% (fifty per cent) of the equity in the Company; and
- 4.8.3.5 a decision to approve the further issue of shares in the Company either to a third party or to any of the Shareholders which may result in a change to the *pro rata* percentage shareholding of each of the Shareholders in the Company, will require the approval of Shareholders which hold at least 85% (eighty five per cent) of the equity in the Company.
- 4.8.4 Any matters requiring a general meeting of approval by the Shareholders under relevant corporate law, but not covered by the Reserved Matters, shall be dealt with in accordance with the Articles of Association.
- 4.8.5 If a quorum cannot be obtained for the holding of a meeting of Shareholders in terms of 4.8.3.1, then such meeting shall stand adjourned until a quorum is present. The Parties agree that the meeting of the Shareholders may be

conducted and a resolution may be passed utilising conference telephone facilities.

- 4.8.6 No Shareholder shall enter into any agreement pertaining to the exercise of any vote for any right relating to the Company shares without the prior written consent of the other Shareholders.

4.9 **Reserved Matters**

4.9.1 **Use of Powers**

The Parties shall use their respective powers to procure, so far as they are legally able, that no action or decision relating to any of the matters specified in 4.9.2 shall be taken, whether by the Board, the Company or any of the officers or managers of the Company, unless prior written approval to proceed has been given by the Shareholders on the basis set out in 4.8.3.4.

4.9.2 **Reserved Shareholder Matters**

The Reserved Matters are the following:

4.9.2.1 **Memorandum and Articles**

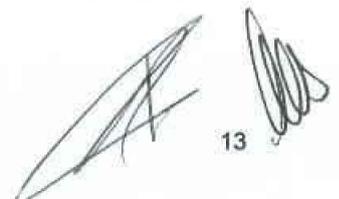
Adoption of or any alternation to the Memorandum and Articles of Association or other constitutional documents of the Company.

4.9.2.2 **Changes in Share Capital**

Save in respect of the circumstances envisaged in 4.8.3.5, any change in the authorised or issued share capital of the Company.

4.9.2.3 **Change in Nature of Business**

Any material change in the nature or scope of the Company Business.



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4.9.2.4 Acquisitions and Disposals

Any acquisition or disposal (whether in a single transaction or series of transactions) by the Company not contemplated in this Agreement of any business (or any material part of any business) or of any shares in any company in excess of USD 1 000 000 (one million United States dollars).

4.9.2.5 Management Agreement

The termination of, or entering into of any agreement in respect of any amendment to the Management Agreement.

4.9.2.6 Partnerships and Joint Ventures

The entry into, or termination, by the Company of any material partnership, joint venture, profit-sharing agreement, technology licence or collaboration which has a value in excess of USD1 000 000 (one million United States dollars).

4.9.2.7 Auditors

The appointment or removal of the auditors of the Company.

4.9.2.8 Winding-up

Any proposal that the Company be wound-up.

4.9.2.9 Transaction not at Arm's Length

The entry by the Company into a transaction on terms other than at arm's length.

4.9.3 Method of Approval by Shareholders

The approval of the Shareholders to any of the Reserved Matters (or to any variation thereof) shall be given either in writing by their authorised



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representatives for this purpose or by representatives of the Shareholders at a general meeting of Company.

4.10 **Deadlock**

4.10.1 If a deadlock arises by reason of a failure by the Shareholders to reach agreement in any of the Reserved Matters or any other management matter requiring decision by the Parties, the matter shall be referred to the respective chairmen of BSGR Steel and Pentler with a view to the matter being resolved as early as possible in the best interests of the Company. Each Party shall endeavour to resolve any disagreement in the best interests of the Company. However, if there is no resolution in terms of the provisions of this 4.10 and deadlock prevails, this shall not be grounds for the winding up of the Company.

4.10.2 Subject to 4.10.1, any deadlock shall be referred to an independent Expert agreed upon by the Shareholders on, *mututis mutandis*, the basis set out in 7.

4.11 **Artificial Deadlock**

In no circumstances shall any Shareholder create an artificial deadlock. An artificial deadlock shall be a deadlock caused by virtue of a Shareholder voting against any Reserved Matter where the approval of the same is required to enable the Company to carry on Business properly and efficiently in accordance with the then current approved business plan and budget of the Company.

5 **PRE-EMPTIVE RIGHTS AND STANDSTILL ARRANGEMENT**

5.1 **Standstill**

5.1.1 Save as otherwise provided in this Agreement, each Shareholder agrees that it will not, for a period of 3 (three) years from the Date of Signature, without the prior written consent of all the other Shareholders, directly or indirectly, by sale or otherwise, sell or offer to sell or agree to sell or encumber in any manner by way of any encumbrance, issued shares and/or any interest in the issued Shares in the share capital of the Company.

5.1.2 Notwithstanding 5.1.1 the Shareholders may agree, on the basis provided for in 4.8.3.5, in writing that their shareholdings in the Company be diluted proportionately to provide for additional shareholders.

5.2 General

5.2.1 The provisions of this 5 shall apply in relation to any transfer, or proposed transfer of shares in the Company or any interest in such shares.

5.2.2 Except as permitted in this 5 the Shareholders shall not -

5.2.2.1 transfer their shares;

5.2.2.2 grant, declare, create or dispose of any right or interest in their shares;
or

5.2.2.3 unless otherwise agreed between the Shareholders, create or permit Encumbrance over their shares.

5.2.3 A Party may transfer all of its shares in the Company to a member of its Group without following the steps in this clause if at the time of the transfer and in relation to the shares being transferred –

5.2.3.1 the transferring party procures that the transferee enters into a shareholders' agreement with the remaining party to this Agreement on the same terms as apply to the transferring party in relation to those shares immediately before the transfer; and

5.2.3.2 the transferring party guarantees all the obligations and any liability of the transferee under that Agreement.

5.2.4 Before a Shareholder (the "**Seller**") makes any transfer of the Seller's shares, the Seller shall first give to the remaining Shareholders (the "**Continuing Shareholders**") notice in writing ("**Transfer Notice**") of any proposed *bona fide* transfer together with details of the proposed third party purchaser thereof ("**Third Party Purchaser**"), the purchase price and other material terms

agreed between the Seller and the Third Party Purchaser. A Transfer Notice shall, except as hereinafter provided, be irrevocable.

- 5.2.5 On receipt of the Transfer Notice, the Continuing Shareholder shall have the right, to purchase all, but not some, of the Seller's shares and claims against the Company, if any ("**Seller's Interest**") at the purchase price specified in the Transfer Notice or at such other price which shall be agreed between the Seller and the Continuing Shareholder by giving written notice to the Seller within 30 (thirty) days of receipt of the Transfer Notice (the "**Acceptance Period**").
- 5.2.6 If the Continuing Shareholder wishes to purchase the Seller's Interest but is unwilling to accept the price specified in the Transfer Notice and fails to agree a price with the Seller within the Acceptance Period, then the Continuing Shareholder shall be entitled to refer the question of the purchase price to the independent Expert to certify the fair price thereof. The following principles shall apply -
- 5.2.6.1 the Shareholders shall procure that there is made available to the Expert such information relating to the Company as they reasonably require in order to determine a fair price;
- 5.2.6.2 in certifying the fair price (the "**Certificate**"), the Expert shall take into account all factors it considers to be relevant.
- 5.2.7 If the Seller is not willing to accept a price which is the price determined by the Expert, then it shall, save if the Continuing Shareholder is then willing to purchase the Seller's Interest at the price specified in the Transfer Notice, be entitled to revoke the Transfer Notice by notice in writing given within a period of 7 (seven) days after the date of issue of the Certificate which, for the avoidance of doubt, shall be issued to both the Seller and the Continuing Shareholder. In the event of such revocation, the Seller shall not be entitled to transfer the Seller's Interest or any of them without first complying with this 5.



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- 5.2.8 If the Transfer Notice has not been duly revoked under 5.2.7, the Continuing Shareholder shall have the right to purchase the Seller's Interest at the price determined by the Expert within 7 (seven) days of the expiry of the period of 7 (seven) days mentioned in 5.2.7.
- 5.2.9 The Continuing Shareholder shall become bound, subject only to necessary approvals of the shareholders of the Continuing Shareholder and any regulatory approvals, to purchase the Seller's Interest on giving written notice to the Seller to exercise its rights under either of 5.2.5 or 5.2.8. In such event, completion of the sale and purchase of the shares shall take place within 30 (thirty) days after the giving of such notice, or if later, the obtaining of any regulatory approvals and any shareholders' approvals. Notwithstanding the foregoing, such notice and rights of the Continuing Shareholder to acquire the Seller's Interest shall cease to have effect if -
- 5.2.9.1 any necessary approval of the shareholders of the Continuing Shareholder in general meeting has not been obtained within 60 (sixty) days;
- 5.2.9.2 any necessary regulatory approval has not been obtained within 90 (ninety) days after the giving of such notice; or
- 5.2.9.3 earlier than the expiry of such latter period, any relevant authority has conclusively refused to grant any such regulatory approval.
- 5.2.10 If the Continuing Shareholder does not exercise its rights to purchase under 5.2.5 or 5.2.8, any notice given thereunder shall cease to have effect pursuant to 5.2.9 and the Seller shall, subject to 5.2.12, be entitled to transfer the Seller's Interest on a *bona fide* arms' length sale to a Third Party at a price not less than the price determined by the independent Expert, provided that any transfer shall have been completed within a period of 90 (ninety) days after the latest of -
- 5.2.10.1 the date of the Transfer Notice;

- 5.2.10.2 if the question of the purchase price shall have been referred to the independent Expert, the issue of the Certificate; or
- 5.2.10.3 if any notice given by the Continuing Shareholders shall have ceased to have effect pursuant to 5.2.9, the date on which such notice ceases to have effect.
- 5.2.11 The Shareholders undertake to give such approvals as may be required under the provisions of the Articles of Association of the Company to any transfer of shares and claims permitted by the terms of this 5.
- 5.2.12 Completion of any transfer of shares to a Third Party Purchaser shall be subject to the conditions that -
- 5.2.12.1 the Third Party Purchaser shall have entered into an agreement with the Continuing Shareholder whereby it agrees to be bound, in terms reasonably satisfactory to the Continuing Shareholders, by provisions corresponding to the provisions of this Agreement; and
- 5.2.12.2 if and insofar as the Seller requires the Third Party Purchaser to assume the obligations of the Seller under any guarantees and/or counter indemnities to third parties in relation to the business of the Company, such assumptions shall first have taken place.

6 FINANCIAL AND RELATED MATTERS

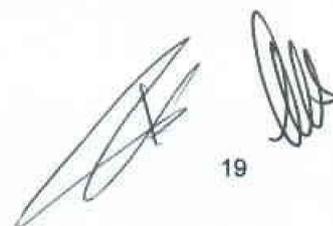
6.1 Shareholder Loans

6.1.1 Current Funding

The Parties agree that on the Date of Signature certain amounts may be owed to the Shareholders by the Company as Shareholders' loans.

6.1.2 Interest

Unless otherwise agreed between the Shareholders :



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6.1.2.1 Shareholders' loans shall bear interest at LIBOR plus 3% (three per cent), such interest to accrue from the date of drawdown and on the basis set out in 6.1.2.2.

6.1.2.2 Interest shall be capitalised monthly in arrears and paid on the repayment date referred to in 6.1.3.

6.1.3 **Repayment**

6.1.3.1 The Company shall repay the loan contemplated in 6.1 and 6.2 –

6.1.3.1.1 only out of the profits of the Company otherwise available for distribution as envisaged in 6.3 and only if the Shareholders are repaid simultaneously and proportionately; or

6.1.3.1.2 on the winding-up or judicial management of the Company.

6.1.3.2 All repayments made shall be made together with interest due thereon in terms of 6.1.2.

6.2 **Further Funding**

6.2.1 Save to the extent to the contrary provided in this Agreement, it is intended that the Company shall be self-funding and that the Shareholders shall each use reasonable endeavours to procure that the financial requirements of the Company are met as far as possible from its own resources, and to the extent that the Company's resources are insufficient funding shall be raised –

6.2.1.1 firstly, by way of borrowing from banks or other financial institutions on the most favourable terms reasonably obtainable as to interest, repayment and security, but without allowing any prospective lender a right to participate in the equity share capital of the Company as a condition of any loan, unless the Shareholders agree otherwise;

6.2.1.2 alternatively, and only if sufficient funds cannot be raised from banks or other financial institutions within a commercially reasonable time (what

is commercially reasonable being dictated by the funding requirements of the Company at the time), by way of Shareholders' loans, *mutatis mutandis*, on the terms set out in this 6.

6.2.2 If any suretyship, guarantee or indemnity in respect of the obligations of the Company is required of the Shareholders, the Shareholders shall, subject to obtaining their prior written consent thereto, bind themselves jointly and severally *pro rata* their shareholding for this purpose on behalf of the Company.

6.3 Income Distribution

Subject to the provisions of 6.1, i.e. the prior repayment of all Shareholders' loans, after taking into account such considerations as –

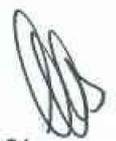
6.3.1 tax considerations of the Shareholders and the Company;

6.3.2 the cash flow and working capital requirements of the Company;

6.3.3 all investments that the Board believes are required for the long-term growth of the Company and the Company Business; and

6.3.4 the payment of operational staff bonuses to operational staff members of the Company and the payment of discretionary performance awards paid to such employee benefit trust as may be established by the Company and approved by the Shareholders from time to time,

it is the intention of the Shareholders that the Company maximises the income payments to them. The Board shall recommend for the approval of the Shareholders, as soon as practical after finalisation of the Company's quarterly, semi-annual or annual accounts, that a quarterly, semi-annual or annual dividend amounting to 100% (one hundred per cent), or such other percentage as the Board may deem appropriate taking into account the considerations set out in this 6.3, of the Company's attributable income be paid in respect of the preceding financial quarter, half-year or year period, as the case may be.



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6.4 Accounts, Audit and Inspection

6.4.1 Bankers, Auditors, Secretary and Financial Year

Unless otherwise agreed by the Shareholders in writing –

6.4.1.1 the bankers of the Company shall be appointed by the Board;

6.4.1.2 the Auditors of the Company shall be appointed by the Board;

6.4.1.3 the first secretary of the Company shall be appointed by the Board; and

6.4.1.4 the financial year-end of the Company shall be 31 December of each calendar year.

6.4.2 Access to Accounting Records

6.4.2.1 All books of account and records of the Company shall at all times, whilst the Shareholders remain shareholders of the Company, be available to the Shareholders at reasonable times during office hours and the Shareholders shall be entitled to make copies thereof.

6.4.2.2 If any Shareholder is no longer a shareholder of the Company either directly or indirectly, the books of account of the Company shall be made available to such Shareholder only in relation to any dispute which may then subsist or arise between that Shareholder and the other Shareholders in relation to the affairs of the Company.

6.4.3 Information and Reporting

6.4.3.1 Each of the Shareholders shall be entitled to be supplied with all information, including monthly management accounts and operating statistics and other trading and financial information, in such form as the Board shall determine, to keep each Shareholder properly informed about the business and affairs of the Company and generally to protect its interests as a Shareholder.

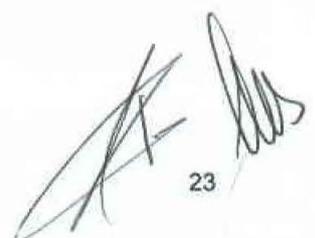
- 6.4.3.2 Each Shareholder shall, in any event and without prejudice to the generality of 6.4.3.1, be supplied by the Company with copies of -
- 6.4.3.2.1 annual audited financial statements for the Company;
- 6.4.3.2.2 a business plan and itemised revenue and capital budget for each financial year of the Company; and
- 6.4.3.2.3 monthly management accounts of the Company such accounts to include, *inter alia*, a consolidated profit and loss account, balance sheet and cash flow statement.

7 RESTRAINT UNDERTAKINGS AGAINST COMPETITION

- 7.1 Pentler agrees that it is fair and reasonably necessary for the protection of the Company's Business and proprietary interests that they should be restrained from competing with the Company for a reasonable period.
- 7.2 Pentler accordingly shall not, at any time while Pentler is a shareholder of the Company, and should Pentler terminate its relationship with the Company (for any reason whatsoever), for a period of 5 (five) years from such date, be interested or engaged, whether directly or indirectly, and whether as proprietor, partner, shareholder, member, director, employer, employee, executive, agent, consultant or otherwise, in any firm, business or undertaking which carries on any activity, either solely or in conjunction with any other party, in competition with the Business carried on by the Company to the extent that such competition is detrimental to the interests of the Company, unless otherwise agreed to by the Company in writing.

8 EXPERT

- 8.1 An Expert is a person appointed in accordance with this clause to resolve a matter under this Agreement.
- 8.2 The Parties shall endeavour to agree on the appointment of an independent Expert.



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- 8.3 If the Parties are unable to agree on an Expert within 7 (seven) days of either Party serving details of a suggested expert on the other, the expert shall be –
- 8.3.1 if the deadlock pertains to a legal issue, an independent expert appointed by the President for the time being of the London Law Society;
- 8.3.2 if the deadlock pertains to an accounting issue, an independent expert appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales; or
- 8.3.3 if the deadlock pertains to a general commercial or technical issue, an independent expert appointed by the Head of the Commodities Division and/or Corporate Finance Division of Deutsche Bank (UK).
- 8.4 The Expert is required to prepare a written decision and give notice (including a copy) of the decision to the Parties within a maximum of 3 (three) months of the matter being referred to the Expert.
- 8.5 All matters under this clause must be conducted, and the Expert's decision shall be written, in the English language.
- 8.6 The Parties are entitled to make submissions to the Expert, including oral submissions and will provide (or procure that others including the Company provide) the Expert with such assistance and documents as the Expert reasonably requires for the purpose of reaching a decision.
- 8.7 To the extent not provided for by this clause, the Expert may in his reasonable discretion determine such other procedures to assist with the conduct of the determination as he considers just or appropriate, including (to the extent he considers necessary) instructing professional advisers to assist him in reaching his determination.
- 8.8 Each Party shall with reasonable promptness supply (and procure that others including the Company supply) each other with all information and give each other access to all documentation and personnel as the other Party reasonably requires to make a submission under this clause.

- 8.9 The Expert shall act as an Expert and not as an arbitrator. The Expert's written decision on the matters referred to him shall be final and binding in the absence of manifest error or fraud.
- 8.10 Each Party shall bear its own costs in relation to the reference to the Expert. The Expert's fees and any costs properly incurred by him in arriving at his determination (including any fees and costs of any advisers appointed by the Expert) shall be borne by the Parties equally or in such other proportions as the Expert shall direct.

9 EVENTS OF DEFAULT

- 9.1 If any Shareholder commits or suffers an event of default ("**Defaulting Shareholder**") (as defined in 9.6) the other Shareholder/s ("**Non-Defaulting Shareholder**") shall, within 30 (thirty) days of it becoming aware of the occurrence of the event of default and upon giving the Defaulting Shareholder written notice of the occurrence of the event of default and the Defaulting Shareholder failing to remedy the default within a 7 (seven) day period of receipt of such notice or the Company calling upon the Defaulting Shareholder to remedy that default, without prejudice to any rights they may otherwise have as a result of the breach, in its sole discretion have the option in respect of any breach, including if the breach is a failure to advance funds as required in terms of this Agreement, call on shares held by the Defaulting Shareholder in the Company at a purchase price equal to the fair value of such shares, (less a discount of 15% (fifteen per cent)) such fair value to be agreed upon among the Shareholders within a 14 (fourteen) day period from the exercise of the option, failing which the fair value of the interest shall be determined within a 3 (three) month period, from the exercise of the option, or such longer period as may be agreed between the Parties, by the Expert who shall act as an expert and not as an arbitrator and whose decision shall be final and binding on the Parties and, *mutatis mutandis*, on the basis set out in 7.
- 9.2 The option shall be exercised by delivering written notice to the Defaulting Shareholder stating that the option is exercised.
- 9.3 If the option is exercised, the Defaulting Shareholder shall deliver to the Non-Defaulting Shareholder, within 14 (fourteen) days from the date of delivery of the

- written notice referred to in 9.1, all necessary documentation evidencing such transfer of interest held or beneficially owned by it in favour of the Non-Defaulting Shareholder (or as they may direct) upon full payment to the Defaulting Shareholder of the purchase price. The interest which is transferred shall be deemed to be sold by the Defaulting Shareholder as beneficial owner with effect from the date of the transfer, free of any liens, charge or other Encumbrance and with all rights attaching to it as at the date of exercise of the option.
- 9.4 If a Defaulting Shareholder fails to execute and deliver to the Non-Defaulting Shareholder or the Company, as the case may be, in the time period specified, all documents necessary to give effect to the provisions of this 9, the Board (which for this purpose shall exclude the Defaulting Shareholder's appointee as provided for in 4.2) shall be entitled to nominate any officer or employee of the Company, which nomination it shall be entitled to revoke and substitute for a new nomination at any time, to act in the name, place and stead of the Defaulting Shareholder and the Defaulting Shareholder's appointee to the Board to sign and execute all such documents and to do all such things necessary or desirable to give effect to the provisions of this 9.
- 9.5 Upon exercise of the option referred to in 9.1 the Defaulting Shareholder's participation rights envisaged in 4, at the shareholder level, shall be suspended with immediate effect and the Non-Defaulting Shareholder shall be entitled to remove any person as a director appointed by the Defaulting Shareholder in terms of the provisions of 4.3.1, and to appoint any person in his place with immediate effect.
- 9.6 For the purpose of this 9 an event of default is committed or suffered by a Shareholder if –
- 9.6.1 it breaches any of the material terms of this Agreement;
- 9.6.2 other than pursuant to a permitted transfer in terms of 5.2.3, a Change of Control;
- 9.6.3 at any time it fails to lend and advance to the Company its portion of any funds required to be advanced in terms of this Agreement;

- 9.6.4 a judicial management or a liquidation (whether provisional or final) is enforced upon or sued out against its property which is not discharged within 10 (ten) days;
- 9.6.5 it ceases or threatens to cease wholly or substantially to carry on its business, otherwise than for a reconstruction, restructuring or amalgamation without insolvency previously approved by the Non-Defaulting Shareholder, which approval shall not be unreasonably withheld;
- 9.6.6 an encumberer takes possession of or a liquidator or trustee is appointed over the whole or substantial part of its undertaking, property or assets; or
- 9.6.7 an order is made or a resolution is passed for its winding up, sequestration or placing under judicial management, whether provisionally or finally and, otherwise than for the purpose of a reconstruction or amalgamation, without insolvency, previously approved by the Non-Defaulting Shareholder, which approval shall not be unreasonably withheld.

10 DISPUTE RESOLUTION AND ARBITRATION

- 10.1 Save to the extent to the contrary provided in this Agreement, the Parties agree that the terms of this Agreement shall be performed in the spirit of mutual co-operation trust and confidence. The Parties further agree to use their best efforts and Best Endeavours to resolve, through mutual consultation, without involving any third party or parties, any dispute which may arise under, out of, or in connection with or in relation to this Agreement. If, following such mutual consultation, the dispute still remains outstanding, the matter shall be referred to the respective chairman of each of the Parties, who shall negotiate for a period of up to 7 (seven) days in an attempt to resolve such dispute. If, following the expiry of such 7 (seven) day period, the dispute is still unresolved, then, save where otherwise provided in this Agreement, the matter shall be referred to arbitration in accordance with the remaining provisions of this 10.
- 10.2 Any question or difference which may arise concerning the construction, meaning or effect of this Agreement or concerning the rights and liabilities of the Parties hereunder or any other matter arising out of or in connection with this Agreement

shall be referred to a single arbitrator in London to be agreed between the Parties. Failing such agreement, within 30 (thirty) days of the request by one Party to the others that a matter be referred to arbitration in accordance with this clause, such reference shall be to an arbitrator appointed by the President for the time being of the London Chamber of Commerce. The decision of such arbitrator shall be final and binding upon the Parties. Any reference under this 10 shall be deemed to be a reference to arbitration within the meaning of the Arbitration Act 1996 which shall apply to the arbitration.

10.3 Notwithstanding the provisions of this 10, the Parties shall at all times be entitled to seek urgent interim relief in a court of law.

11 TERMINATION AND LIQUIDATION

11.1 Except for the provisions which this clause states will continue in full force after termination, this Agreement will terminate –

11.1.1 when 1 (one) Party ceases to hold any shares in the Company; or

11.1.2 when a resolution is passed by shareholders or creditors or an order made by a court or other competent body or person instituting a process that will lead to the Company being wound up and its assets being distributed among the Company's creditors, shareholders or other contributors

11.2 The following provisions of this Agreement remain in full force after termination : 1 (*interpretation*); this 11; 12.4 (*confidentially*); 12.5 (*whole agreement*); 12.7 (*variation and waiver*); 12.8 (*costs*); 12.14 (*notice*); 12.15 (*language*); and 12.18 (*governing law and jurisdiction*).

11.3 Termination of this Agreement will not affect any rights or liabilities that the Parties have accrued under it.

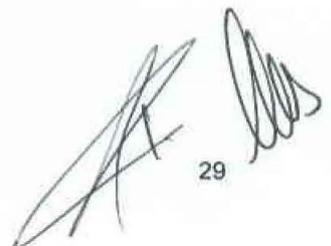
11.4 If this Agreement terminates (other than by reason of a transfer of Shares) each Party must, if requested by the other, procure that the name of the Company is changed to avoid confusion with the name of the Party making the request.

- 11.5 Where the Company is to be wound up and its assets distributed, the Parties must agree a suitable basis for dealing with the interests and assets of the Company and will endeavour to ensure that –
- 11.5.1 all existing contracts of the Company are performed to the extent that there are sufficient resources;
- 11.5.2 the Company will not enter into any new contractual obligations;
- 11.5.3 the Company is dissolved and its assets are distributed as soon as practical; and
- 11.5.4 any other proprietary information or intellectual property rights belonging to or originating from a Party will be returned to it by the other Party or the Company.

12 MISCELLANEOUS

12.1 Status Of Agreement

- 12.1.1 Each Party will, to the extent that it is able to do so, exercise all its voting rights and other powers in relation to the Company to procure that the provisions of this Agreement are properly and promptly observed and given full force and effect according to the spirit and intention of the Agreement.
- 12.1.2 If any provision in the Memorandum or Articles of Association of the Company conflicts with any provision of this Agreement, this Agreement will prevail.
- 12.1.3 The Parties will, when necessary, exercise their powers of voting and any other rights and powers they have to amend, waive or suspend a conflicting provision in the Memorandum or Articles of Association to the extent necessary to permit the Company and its business to be administered as provided in this Agreement.



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12.2 **Warranty of Authority**

Each Party warrants to the other Parties that it has the power, authority and legal right to sign and perform this Agreement and that this Agreement has been duly authorised by all necessary actions of its directors, or trustees as the case may be, and constitutes valid and binding obligations on it in accordance with the terms of this Agreement.

12.3 **Further Warranties**

Each Party warrants to the other that compliance with the terms of this Agreement, and any document entered into by the Parties in accordance with it, does not and shall not conflict with or result in a breach of any of the Parties' memorandum or articles of association.

12.4 **Confidentiality**

12.4.1 In this clause Confidential Information means any information –

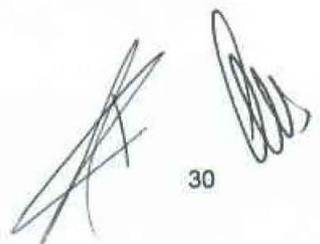
12.4.1.1 which either Party may have or acquire (whether before or after the date of this Agreement) in relation to the customers, business, assets or affairs of the Company;

12.4.1.2 which either Party or any member of its Group may have or acquire (whether before or after the date of this Agreement) in relation to the customers, business, assets or affairs of the other Party or any member of the other Party's Group, as a consequence of the negotiations relating to this Agreement or the performance of the Agreement; or

12.4.1.3 which relates to the contents of this Agreement (or any agreement or arrangement entered into pursuant to this Agreement),

but excludes the information in 12.4.2.

12.4.2 Information is not Confidential Information if –

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- 12.4.2.1 it is or becomes public knowledge other than as a direct or indirect result of the information being disclosed in breach of this Agreement; or
- 12.4.2.2 either Party can establish to the reasonable satisfaction of the other Party that it found out the information from a source not connected with the other Party or its Group and that the source is not under any obligation of confidence in respect of the information; or
- 12.4.2.3 either Party can establish to the reasonable satisfaction of the other Party that the information was known to the first Party before the date of this Agreement and that it was not under any obligation of confidence in respect of the information; or
- 12.4.2.4 the Parties agree in writing that it is not confidential.
- 12.4.3 Each Party shall at all times use all reasonable endeavours to keep confidential (and to ensure that its employees, agents, Subsidiaries and the employees and agents of such Subsidiaries, and the Company (in respect of information specified in 12.4.1.2 and 12.4.1.2 shall keep confidential) any Confidential Information and shall not use or disclose any such Confidential Information except –
- 12.4.3.1 to another member of the BSGR Steel Group or of Pentler Group, as the case may be, or to a Party's professional advisers where such disclosure is for a purpose related to the operation of this Agreement;
- 12.4.3.2 with the written consent of such of the Company or the Party or any member of its Group that the information relates to;
- 12.4.3.3 as may be required by law or by the rules of any recognised stock exchange or governmental or other regulatory body, when the Party concerned shall, if practicable, supply a copy of the required disclosure to the other before it is disclosed and incorporate any amendments or additions reasonably required by the other;

- 12.4.3.4 to any tax authority to the extent reasonably required for the purposes of the tax affairs of the Party concerned or any member of its Group; or
- 12.4.3.5 if the information comes within the public domain (otherwise than as a result of the breach of this 12.4.3).
- 12.4.4 Each Party shall inform (and shall use all reasonable endeavours to procure that any Subsidiary of the Company shall inform) any officer, employee or agent or any professional adviser advising it in relation to the matters referred to in this Agreement, or to whom it provides Confidential Information, that such information is confidential and shall require them –
- 12.4.4.1 to keep it confidential; and
- 12.4.4.2 not to disclose it to any third party (other than those persons to whom it has already been disclosed in accordance with the terms of this Agreement).
- 12.4.5 Upon termination of this Agreement, either Party may demand from the other and the Company the return of any documents containing Confidential Information in relation to the first Party by notice in writing whereupon the other Party shall (and shall use all reasonable endeavours to ensure that its Subsidiaries, and its officers and employees and those of its Subsidiaries and the Company) shall –
- 12.4.5.1 return such documents; and
- 12.4.5.2 destroy any copies of such documents and any other document or other record reproducing, containing or made from or with reference to the Confidential Information,

(save, in each case, for any submission to or filings with governmental, tax or regulatory authorities). Such return or destruction shall take place as soon as practicable after the receipt of any such notice.

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12.4.6 The obligations of each of the Parties in this 12.2 shall continue without limit in time and notwithstanding termination of this Agreement for any cause.

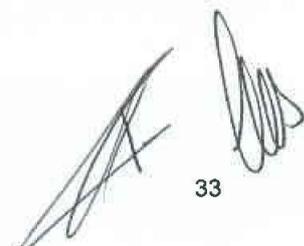
12.5 **Whole Agreement**

12.5.1 This Agreement, and any documents referred to in it or executed contemporaneously with it, constitute the entire Agreement between the Parties and supersede any arrangements, understanding or previous agreement between the Parties relating to the subject matter of this Agreement.

12.5.2 Each Party acknowledges that in entering into this Agreement, and any documents referred to in it or executed contemporaneously with it, it does not rely on, and shall have no remedy in respect of, any statement, representation, assurance or warranty of any person other than as expressly set out in this Agreement or each document referred to in it.

12.5.3 None of the Parties is liable to any of the other Parties (in equity, contract or tort (including negligence), under the Misrepresentation Act 1967 or in any other way) for a representation, warranty or undertaking that is not set out in this Agreement or any document referred to in this Agreement.

12.5.4 The Parties agree that no Shareholder Group company of any of the Parties or adviser or provider of finance to a Party or other Shareholder Group company of any of the Parties shall have any liability to the other Parties (in equity, contract or tort (including negligence), under the Misrepresentation Act 1967 or in any other way) for a representation, warranty or undertaking that is not set out in this Agreement or any document referred to in this Agreement. A Shareholder Group company of any of the Parties or an adviser or provider of finance to a Party or other Shareholder Group company of any of the Parties may enforce the terms of this 12.5.4 subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999.

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12.6 Assignments

12.6.1 Other than Inter-Group no person may assign, or grant any security interest over, any of its rights under this Agreement or any Document referred to in it without the prior written consent of all the Parties (such consent not to be unreasonably conditioned, withheld or delayed).

12.6.2 Each person that has rights under this Agreement is acting on its own behalf.

12.7 Variation and Waiver

12.7.1 Any variation of this Agreement must be in writing and signed by or on behalf of all Parties.

12.7.2 A waiver of any right under this Agreement is only effective if it is in writing and it applies only to the person to which the waiver is addressed and the circumstances for which it is given.

12.7.3 The failure to exercise or delay in exercising a right or remedy under this Agreement shall not constitute a waiver of the right or remedy or a waiver of any other rights or remedies and no single or partial exercise of any right or remedy under this Agreement shall prevent any further exercise of the right or remedy or the exercise of any other right or remedy.

12.8 Costs

Unless otherwise provided, all costs in connection with the negotiation, preparation, execution and performance of this Agreement, will be borne by the Party that incurred the costs.

12.9 No Partnership

No provision of this Agreement creates a partnership between any of the Parties or makes a Party the agent of another Party for any purpose. A Party has no authority or power to bind, to contract in the name of, or to create a liability for another Party in any way or for any purpose.



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12.10 Good Faith

- 12.10.1 All transactions entered into between either Party and the Company shall be conducted in good faith and on the basis set out or referred to in this Agreement or, if not provided for in this Agreement, as may be agreed by the parties and, in the absence of such agreement, on an arm's length basis.
- 12.10.2 The Parties shall, at all times during the continuance of this Agreement, observe the principles of good faith towards one another in the performance of their obligations in terms of this Agreement. This implies, without limiting the generality of the foregoing, that they -
- 12.10.2.1 shall at all times during the term of this Agreement act reasonably and in good faith;
- 12.10.2.2 shall perform their obligations arising from this Agreement diligently and with reasonable care; and
- 12.10.2.3 make full disclosure to each other of any matter that may affect the execution of this Agreement.
- 12.10.3 Each Party will do all things necessary and desirable to give effect to the spirit and intention of this Agreement.

12.11 Force Majeure

If any Party hereto is prevented or delayed from performing any of the obligations on its part to be observed by reason of any cause beyond the reasonable control of that Party, including but not limited to Acts of God, strike, lock-out, threat of imminent strike, fire, flood, interruption or delay in transportation, war (declared or undeclared), insurrection or mob violence, requirement or regulation of government or regulatory body, law, shortage of labour, equipment or materials, plant breakdown and failure of operation or equipment, then and in such event, any such failure to perform shall not be deemed to be a breach of this Agreement; observance or performance of any of the aforesaid obligations shall be suspended during such period of disability; provided that, in order that the provisions of this

12.11 may become operative, the Party so delayed shall give notice in writing to the other Parties forthwith upon and as often as it is so delayed or prevented from carrying out its obligations hereunder, and shall set out in such notice particulars of the cause thereof and the date upon which the same arose, and shall give like notice forthwith following the date upon which such cause and the effects thereof shall cease to subsist. The Parties hereto further agree to use reasonable diligence to remove such causes of disability as may arise from time to time.

12.12 **Independent Advice**

Each Party hereto acknowledges that it has been free to secure independent legal advice as to the nature and effect of all of the provisions of this Agreement and that it has either taken such independent legal advice or dispensed with the necessity of doing so. Further, each Party acknowledges that all of the provisions of this Agreement and the restrictions herein contained are fair and reasonable in all the circumstances and are part of the overall intention of the Parties in connection with this Agreement and that, where Shares are to be transferred at less than market value, such discount to market value shall be reasonable and shall not amount to a penalty against the transferor.

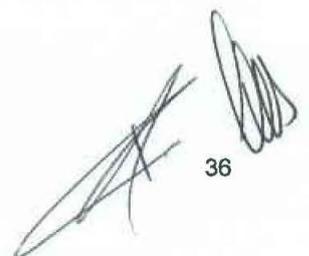
12.13 **Third Party Rights**

12.13.1 This Agreement is made for the benefit of the Parties and their successors and permitted assigns and except as provided for in 12.5.4, a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

12.13.2 The right of the Parties to terminate, rescind or agree any amendment, variation, waiver or settlement under this Agreement is not subject to the consent of any person that is not a Party to the Agreement.

12.14 **Notice**

12.14.1 A notice given under this Agreement –



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- 12.14.1.1 must be in writing in the English language (or be accompanied by a properly prepared translation into English);
- 12.14.1.2 must be sent for the attention of the person, and to the address, or fax number, given in this clause (or such other address, fax number or person as the Party may notify to the others, such notice to take effect five days from the notice being received); and must be –
- 12.14.1.2.1 delivered personally; or
- 12.14.1.2.2 sent by fax; or
- 12.14.1.2.3 sent by pre-paid first-class registered post; or
- 12.14.1.2.4 (if the notice is to be served by post outside the country from which it is sent) sent by registered airmail.

12.14.2 The addresses for service of notice are:

12.14.2.1 **BSGR Steel Holdings Limited**

Address: c/o Onyx Financial Advisors, 25 Voie de Traz, Chambre 1101, Port Franc, Batiment Aerogare Fret, 1211 Geneve 5 Switzerland

For the attention of: The Company Secretary

Fax number: +41 (22) 788 1461

12.14.2.2 **Pentler Holdings Limited**

Address: 36 Fricker Road, Illovo

For the attention of: Avi Lev Ran

Fax number: +27 11 327 1011

12.14.2.3 **BSG Resources (Guinea) Limited**

Handwritten signatures in black ink, appearing to be two distinct signatures, one larger and more stylized than the other.

Address: c/o Onyx Financial Advisors, 25 Voie de Traz, Chambre 1101,
Port Franc, Batiment Aerogare Fret, 1211 Geneve 5 Switzerland

For the attention of: The Company Secretary

Fax number: +41 (22) 788 1461

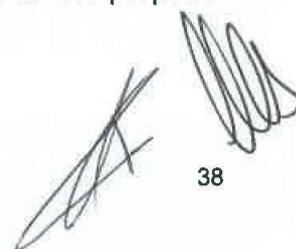
- 12.14.3 A notice is deemed to have been received -
- 12.14.3.1 if delivered by hand, at the time of delivery;
- 12.14.3.2 in the case of fax, at the time of transmission;
- 12.14.3.3 in the case of pre-paid first class post, special delivery or registered post, 48 (forty eight) hours from the date of posting;
- 12.14.3.4 in the case of registered airmail, 5 (five) days from the date of posting;
- 12.14.3.5 if deemed receipt under the previous paragraphs of this sub-clause is not within business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of receipt), when business next starts in the place of receipt.
- 12.14.4 To prove service it is sufficient to prove that the notice was transmitted by fax to the fax number of the Party or, in the case of post, that the envelope containing the notice was properly addressed and posted.

12.15 **Language**

If this Agreement is translated into any language other than English, the English language text will prevail.

12.16 **Further Assurance**

Each Party will promptly execute and deliver all such documents, and do all such things, as the other Party may from time to time reasonably require for the purpose of giving full effect to the provisions of this Agreement.



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12.17 Counterparts

This Agreement may be executed in any number of counterparts, each of which is an original and which together have the same effect as if each Party had signed the same document.

12.18 Governing Law and Jurisdiction

12.18.1 This Agreement is governed by, and shall be construed in accordance with, English law.

12.18.2 The courts of England shall have non-exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Agreement (respectively, "Proceedings" and "Disputes") and, for such purposes, irrevocably submits to the jurisdiction of the courts of England.

12.18.3 Each Party irrevocably waives any objection which it might at any time have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes and agrees not to claim that the courts of England are not a convenient or appropriate forum.

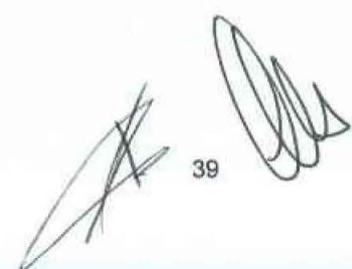
Executed as a deed by **BSGR STEEL HOLDINGS LIMITED**)



Name : Sandra Merloni-Horemans
Attorney in Fact

Designation: _____

Date: 19/7/2007



Executed as a deed by PENTLER HOLDINGS LIMITED)

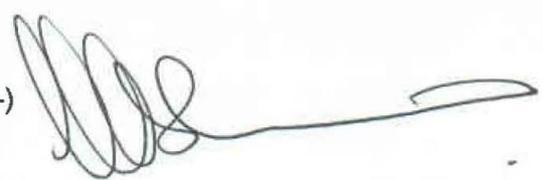
PENTLER HOLDINGS Ltd
building, 24 De Castro Street,
Wickhams Cay I, Road Town,
Tortola, B.V.I.
reg. n° 682814


Name: ABRAHAM LEU RATU

Designation: DIRECTOR

Date: 19 JULY 2007

Executed as a deed by BSG RESOURCES (GUINEA) LIMITED-)


Name: MARC STRUIK

Designation: DIRECTOR

Date: 19.07.2007