

BloombergBusiness

BSGR May Call 83 Witnesses as It Seeks Dismissal of Rio Case

by Jesse Riseborough
6:13 PM CEST September 8, 2014

Sept. 8 (Bloomberg) -- Beny Steinmetz's BSG Resources Ltd. said a filing to a New York court last week was part of a joint motion by all defendants, led by Brazil's Vale SA, to have dismissed claims made by Rio Tinto Group that they conspired to steal rights to the world's biggest untapped iron-ore deposit.

In its filing last week, BSGR claimed dozens of people including leading South African government officials and Guinean President Alpha Conde had knowledge of the "corrupt rigging" of the 2010 Guinean election that led to the Israeli billionaire losing rights to his most valuable mineral asset in the West African country. BSGR listed 83 people in the filing likely to have "discoverable information" about events in Guinea that resulted in the company being stripped of its rights to Simandou this April.

"BSGR has not made allegations against any of the 83 individuals but it does believe, either individually or collectively, they will demonstrate the real reasons for the illegal expropriation of BSGR's mining right in Guinea," the company said in an e-mailed statement.

Steinmetz and partner Vale, the world's largest exporter of iron ore, had planned a \$10 billion operation at the site, which has been the focus of a battle for control, attracting the biggest mining companies and some of the industry's most prominent investors, bankers and entrepreneurs.

Public Defense

BSGR's Sept. 3 filing was the first time lawyers for Steinmetz and his company have made public elements of their defense against claims by Rio Tinto, the world's second-biggest mining company, that they conspired with rival Vale to steal the rights to Simandou as far back as 2008 by bribing Guinean officials. BSGR described the suit as "baseless and bizarre" at the time.

South African information technology company Waymark Infotech, identified in BSGR's filing, today said it "was not and has never got involved in rigging elections," according to an e-mailed response to questions. "Our lawyers will deal with BSGR at the appropriate time."

In last week's filing the defendants asked U.S. District Judge Richard M. Berman to dismiss the case so it can be litigated in England.

The case is Rio Tinto Plc v. Vale SA, 14-cv-03042, U.S. District Court, Southern District of New York (Manhattan).

To contact the reporter on this story: Jesse Riseborough in London at jriseborough@bloomberg.net

To contact the editors responsible for this story: Will Kennedy at wkennedy3@bloomberg.net Tony Barrett, Randall Hackley