

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
DAVID.EDWARDS@SKADDEN.COM

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4 June 2013

M. Nava Toure
Comite Technique de Revue des Titres
et Conventions Miniers
Villa 26, Cite des Nations
B.P. 3301
Conakry

Dear Sirs

We act for BSG Resources Limited. We are responding on behalf of our client to your letter of 7 May 2013, which attached several documents alleged by you to have been executed by our client.¹

Since receiving your letter of 30 October 2012 (the "October Complaint") our client has disputed the legitimacy of the CTRTCM's 'review process' and its failure to follow even the most basic requirements of due process and procedural fairness. Our client's complaints in that respect were set out at length in its response to you of December 2012, in which our client reserved all its rights.

Our client's key complaints as to due process have been that:

- * The sources of the vague and false allegations made by you in the October Complaint were never specified; and
- * No evidence in support of the allegations was attached to the October Complaint, nor was such evidence even identified.

¹ We note that certain of the documents attached to your letter do not even purport to be signed by or on behalf of our client.

The extraordinary manner in which the review process has been conducted (and the matters identified below) support our client's view that it is in fact designed to provide a pre-text for the expropriation of our client's mining investments in breach of its rights under international law and under Guinea's own investment protection legislation (including our client's right to commence arbitration against Guinea in Washington, DC under the auspices of ICSID). This concern is heightened by the recent arrest, without cause or justification, and detention – in appalling conditions – by the Guinean authorities of certain employees of our client who remained in Guinea. This targeting of our client gives rise to serious concerns about the safety of its employees and officers visiting or remaining in Guinea.

Only now – over 6 months after the October Complaint – have you finally forwarded a handful of documents with no explanation as to why they were not produced earlier. You have demanded our client's explanation (within 7 days) of what you say is their very serious nature. It would therefore appear that the CTRTCM's evidential case against our client is now focussed on these documents.

The CTRTCM's use of the alleged documents in fact demonstrates why our client was correct in its criticisms of the review process and its legitimacy, since it is clear that such evidence is fundamentally flawed.

Our client (and the relevant employees and individuals involved) has informed us that the documents which you allege are signed by our client are in fact forged. Versions of the alleged documents have been used in previous attempts to blackmail our client in connection with false allegations of bribery and corruption. One such example occurred in 2012 when our client was approached by a Mr. Walter Hennig, on behalf of the Palladino consortium, who threatened to use copies of the forged documents against our client. As has been reported in the International press, the "Palladino Scandal" involved an attempt by a consortium of businessmen in South Africa, led by Mr Hennig and including a Mr Samuel Mebiane (who is also referred to in the DLA Report which we address below), to acquire via an improper loan-for-shares scheme a substantial interest in our client's mining interests in Guinea. At the time our client denounced the alleged documents as forgeries and the blackmail attempt failed.

Given the above, what is now required is for the CTRTCM to at last follow basic notions of fairness and due process by:

- * Providing an explanation of the circumstances in which these documents came into its possession and why they were not produced to our client earlier; and
- * Providing our client the opportunity to perform a full forensic inspection of what you say are the "originals" of the documents.

Even without a full forensic examination it is clear that several of the documents attached to your letter are crude forgeries: Certain of the alleged documents, for example, bear official fiscal stamps. The (sequential) numbering on the stamps is not consistent with the purported dates of the documents themselves, i.e. stamps that appear on later documents contain numbering that precedes the numbering on stamps attached to earlier dated documents (which of course would be impossible if the documents and the stamps were genuine). This suggests that officials within the Guinea Government were complicit in the creation of such documents and, potentially, in the wider threat to our client's interests in Guinea. The other documents attached to your letter also contain notable discrepancies from the versions previously shown to our client in the circumstances described above.

The DLA Report

Furthermore, our client has come across information which further undermines the legitimacy of the entire review process. Our client has obtained a copy of a report prepared by DLA Piper, legal advisors to the CTRTCM/Government of Guinea (the "DLA Report") which clearly underpins the entirety of the October Complaint. The DLA Report is a flawed document based on fundamental errors, allegations which are premised upon multiple hearsay and unfounded speculation by private investigators.

The following are non-exhaustive examples of some of the principal mistakes and flaws in the DLA Report:

- 1) The DLA Report makes clear that it relies upon sources that have a clear motive to seek to discredit our client, including individuals clearly related or linked to rival businesses;
- 2) The DLA Report itself highlights several inherent weaknesses in the so-called 'evidence' it relies on concerning "gifts and monetary benefits" which are said to form the basis of allegations of corruption. For example:
 - a) Alleged cash payments to military leaders in Guinea in 2009-2010, in relation to which DLA noted "information [...] is limited" and that there was "no clear information that would make it possible to establish a connection between cash payments [...] involving BSGR's rights to Simandou";
 - b) Allegations that BSGR was involved in financing an arms deal by Global CST, a company related to a Victor Kenan, which allegation DLA noted "must be verified", since there was no actual evidence;

- c) The alleged delivery of a cheque by BSGR to Madame Toure for "10 or 7 million USD" which cheque allegedly bounced, and in relation to which DLA concluded it "unusual for payments of this type to be made" [i.e. by cheque] and "it appears strange that the cheque was refused". Again the DLA Report was unable to identify any evidentiary basis for this allegation; and
- d) The gift of a model F1 car to a Guinean official, which the DLA Report notes was handed over at a public ceremony and therefore "might mean it was not an undue and abusive tactic".

Notwithstanding these deficiencies, the above allegations all were simply lifted from the DLA Report and set out in the October Complaint. The false impression – deliberately – conveyed was that such allegations had substance and evidential support, when in fact DLA had concluded that was not the case. Furthermore:

- 3) The DLA Report contained a number of unsubstantiated allegations concerning Mr. Thiam, the former Minister of Mines in Guinea. Once again, it is clear from the DLA report that there was no evidence of such payments either as to amount, or date. Despite this, the allegations were simply lifted and repeated by the CTRTCM in the October Complaint, again giving the false impression that the allegations had substance; and
- 4) The DLA Report contained numerous entirely incredible allegations including, for example, that Mr. Steinmetz met with President Conte whilst the latter was in hospital, to seek to persuade him to grant mining rights to our client.

The comments we have made in relation to the DLA Report reflect a fundamental flaw in the approach of both the CTRTCM and DLA Piper as its advisor.

This failure of approach is reflected in the bizarre criticism in your 7 May letter that our client has not responded to allegations published in an article by the Financial Times newspaper, as if this might somehow form the basis for the CTRTCM recommending action against our client or its interests. This is all the more extraordinary since the CTRTCM or its advisors leaked the allegations against our client to that newspaper in advance of actually addressing them to our client, even though the October Complaint contains a demand that it be kept confidential by our client. Further, the by-line of the Financial Times article to which you refer included a journalist who is one of the sources for the DLA Report itself.

Confirmations Now Required As To Documents Recently Produced

Given the serious concerns referred to above regarding the withholding of documents by the CTRTCM, and the evident flaws in its attempted reliance on the documents it has now produced, a proper and fair 'review process' clearly requires, **at a minimum**, the following confirmations concerning the documents recently produced:

- i. That the CTRTCM will, without delay, now make available to our client the "original agreements" it claims to be holding in its letter of 7 May, copies of which were attached to the same letter, for examination and forensic analysis;
- ii. that the copy documents attached to the 7 May letter from the CTRTCM represent the entirety of the copies of the same documents available to the CTRTCM;
- iii. that the source(s) from which the copy documents and, if available, what you claim are "original" versions of the same, emanated and came into the possession of the CTRTCM; and
- iv. precisely when copies or, if available, what you claim are "original" versions of the same documents first came into the possession of the CTRTCM or its advisors.

Confirmations As To Other Evidence In Possession of CTRTCM

As explained, our client's principal complaint regarding the review process has been the refusal of the CTRTCM to provide it with the opportunity to review the evidence on which the 'review process' is based. You have now, belatedly, proffered limited documents and have demanded explanations in relation to those documents.

There is, in addition to the issues noted above, a wider fundamental concern: Namely that the CTRTCM cannot pick and choose which 'evidence' it wishes to disclose, and which it wishes to hold back. If there is evidence upon which the CTRTCM relies, basic fairness requires that the entirety of such evidence must be produced so that it may be assessed by our client. This is particularly so given the obviously flawed basis for the allegations arising from the DLA Report, as described above.

We therefore request the CTRTCM now to itemise and to produce to our client, without further delay, all evidence on which it relies in its 'review process' relating to our client and that it produce copies of such documents forthwith.

In the meantime all of our client's rights remain reserved.

Yours faithfully

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

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

cc. Scott Horton
DLA Piper (by e-mail)