



30 April, 2010

**Vale SA ('Vale') and BSG Resources Limited ('BSGR') form joint venture ('Vale-BSGR') to develop Zogota and Simandou in a multi-billion dollar investment programme to create one of the world's largest iron ore projects**

**BSGR Guinea and the Republic of Guinea have agreed a Base Convention**

BSGR is pleased to announce the creation of a joint venture with Vale to develop mining rights in Zogota and Simandou Blocks 1 and 2. Under these arrangements, Vale has acquired 51% of BSGR Guinea for a total purchase consideration of \$2.5bn of which \$500m is payable immediately and the balance according to an agreed schedule. Vale will assume management control and have exclusive off-take and marketing entitlements for all iron ore production from the Project. BSGR will continue to play an important role in ensuring the success of the venture and its employees will stay with the joint venture.

This world class project will ultimately create a low cost, high quality iron ore producer of 50mtpa, with potential to ramp up production to 75-90mtpa.

Prior to the formation of the joint venture, BSGR and the Government of Guinea had finalised a Base Convention to develop the iron ore deposits at Zogota, in the Simandou South region. A Presidential decree ratifying the agreement was signed and issued on 19 March 2010. As part of the Base Convention, exclusive rights to export iron ore through Liberia have been granted in return for rebuilding the trans-Guinea railway.

The first phase of Vale-BSGR's iron ore project in Guinea has been approved, with anticipated start up production of 10mtpa at Zogota in Simandou South and afterwards at Simandou Blocks 1 and 2.

The Government of Guinea fully supports and welcomes Vale's participation and commitment to the Project.

The development will create direct employment of around 5,000 permanent jobs and indirect employment for many more. Vale-BSGR has committed to the Government of Guinea to provide training and development for local employees.

Vale-BSGR will maintain and enhance a significant commitment to local schools, community and sporting projects and infrastructure development. Vale has world leading experience in the development of similar projects in the rainforests of Brazil at Carajas while committing to environmental conservation.

The venture's commitment to rebuild the trans-Guinea railway for passenger and light commercial use, initially from Conakry to Kankan, a 600km route, and later to Kerouane, and the economic and development contribution of Vale-BSGR's iron ore operations will create a lasting and positive impact across the country for the benefit of the Guinean people.

Vale-BSGR is also pleased to announce the signing of a Memorandum of Understanding (MoU) between the Government of Liberia and BSGR. The MOU describes the framework for further negotiations between the parties to conclude an infrastructure development agreement for the construction of a rail line and port for the export of iron ore from Guinea. This infrastructure development will provide substantial benefits to the Republic of Liberia and its people.

# BSGR



## BSG Resources Limited

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### About BSGR

BSG is a privately owned holding company with interests across the globe in natural resources, real estate, capital markets and the diamond industry. BSGR is BSG's natural resources company, operating metals and mining operations in Africa and Eastern Europe, including ferro-nickel, diamonds, copper, iron ore and gold. The group is also active in the production/exploration of oil and gas and engineering.

[www.bsgresources.com](http://www.bsgresources.com)

[www.bsgrguinea.com](http://www.bsgrguinea.com)

### About Vale:

Vale is the second largest metals and mining company in the world, with a market capitalization around US\$ 160 billion. It is world's largest producer of iron ore, second largest producer of nickel and an important producer of other minerals and metals, such as manganese, ferroalloys, bauxite, alumina, aluminum, copper, cobalt, coal and potash. Vale is a global company, with offices and operations in all continents. It is developing projects in several countries, including Brazil, Argentina, Peru, Chile, Canada, Indonesia, New Caledonia and Mozambique, where it is working in the construction of a major coal project. Vale is recognized as one of leading companies in the world in sustainability, due to its excellence in environmental protection and conservation and investments in social projects.

[http://www.vale.com/vale\\_us/cgi/cgilua.exe/sys/start.htm?tpl=home](http://www.vale.com/vale_us/cgi/cgilua.exe/sys/start.htm?tpl=home)