



Commerce House  
Wickhams Cay 1  
PO Box 3140, Road Town  
Tortola, British Virgin Islands

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## Global Witness

Lloyds Chambers  
1 Portsoken Street  
London  
E1 8BT

22 April 2016

Dear Sirs

### **Allegations of Historic Bribery and Corruption**

I refer to your letter dated 12 April 2016 sent to Mr Aboubacar Sampil, a non-executive director of Sable Mining Africa Limited ("**Sable**") and your separate letters dated 8 April 2016, to Mr Andrew Groves, the current CEO of Sable, Mr Philip Enoch, the current company secretary of Sable and Mr Phil Edmonds, the former chairman of Sable. I wish to take this opportunity to respond to your correspondence on behalf of Sable and its directors, in my capacity as chairman of Sable.

I wish to record that I find the accusatory tone (and content) of your letter to Mr Sampil to be inappropriate, given that only a few days prior (on 8 April 2016) he had been approached by your Daniel Balint-Kurti on a very friendly basis. Separately, we know that you had been promoting your draft report to the media - specifically to the Wall Street Journal – as they had attempted to contact Mr Groves even before your letters were sent. I fear in this context, that your sole intention in sending the letters is to provide Global Witness with a pre-emptive defence to a possible defamation action, rather than in any genuine attempt to determine the facts. As you will be aware, there can be no public interest in the publication of false and defamatory allegations about Sable's practices with particular references to current and former officers. Furthermore, from the content of your letters, it appears that you may have been misled as to certain facts by your primary sources, whose motivations in speaking to you are questionable to say the least.

As I am sure you are aware, I became non-executive chairman of Sable in January 2014 to bring added specific knowledge of the iron ore industry through my extensive industry experience and network and to bolster governance in anticipation of Sable becoming a major production business. I had no personal knowledge of Sable's activities in relation to Liberia and Guinea in 2010 and 2011, nor of the alleged

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acts of bribery and corruption which you suggest took place. However, your letter has, of course, prompted a further internal review of all of these matters, many of which were subject to review a number of years ago.

I would like to state that Sable adheres to the applicable, relevant laws in the jurisdictions where it and its group companies operate and that it has developed an international advisory network consisting of accounting practitioners, legal practitioners and financial institutions. Furthermore, as a publicly listed entity Sable is beholden, amongst others rules and regulations, to the AIM Rules for Companies issued by the London Stock Exchange and in this context, Sable is subject to regular external audit by a reputable international audit firm and its internal regulations and controls have been tailored accordingly.

Sable is committed to ensuring that its business is conducted in a responsible and ethical manner and that any breaches in internal anti-bribery policies and procedures will result in disciplinary action; all directors receive anti-bribery training, wider anti-bribery training programmes are reviewed on a periodic basis and compliance matters are discussed at every board/management meeting. In accordance with best practices, Sable has had in place for some time an external compliance officer, who liaises with the board on a periodic basis. With this in mind, the allegations which you make in your letters are extremely serious and are being treated accordingly.

Before addressing the issues raised by you in detail, I would like to stress that we are aware of certain disgruntled former associates, ex-employees and other individuals who hold a great deal of animosity towards Sable and individuals associated with it. The press has previously been lobbied by 3<sup>rd</sup> parties with misleading information and - we believe - a number of fake documents in a concerted effort to damage the reputation of Sable and a number of its officers; we believe that your investigations have been prompted by a continuation of these activities.

### **Liberia**

The matters to which you refer first came to the attention of the Sable head office accounting team in February 2011 during the annual audit process some ten months after they were alleged to have occurred. Following receipt of your letter we have also now conducted a further internal review of the

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allegations you made regarding Sable's conduct in Liberia, with the assistance of our external compliance officer.

The review process uncovered no evidence that any of the alleged actions were carried out with the knowledge or consent of the board. At the relevant time, Sable had no existing operations in-country, and the de facto COO for Sable in West Africa was Mr Heine van Niekerk, who had been operating in the country for many years in various other capacities. Together with his team, Mr van Niekerk was given full responsibility to establish, manage and staff this nascent operation which he did principally from the South African headquarters of his company, DMC (in which Sable had acquired a minority interest and had agreed to purchase the remainder, although this did not in fact happen).

With regards to matters raised in your correspondence, Sable did provide funding for Liberian projects by sending monies into its lawyer's client account because, at that time, Sable had yet to finalise establishment of a local subsidiary and did not have its own local bank accounts. It must be stressed here that the day-to-day relationship with the lawyers was effectively delegated to Mr van Niekerk at this time and that disbursements from that account were directed and controlled by Mr van Niekerk (and his team) who had the relationship with the lawyers. It is therefore clear that if any inappropriate actions were taken, they were taken without the knowledge of the board.

Concern was raised by the newly established group financial function during Sable's subsequent audit process in February 2011 regarding the accounting controls in place which were considered inadequate. As a result, Sable implemented improved internal procedures and controls early in 2011 with regard to the use of funds by local offices (through a combination of greater scrutiny of cash calls and direct sign-off in relation to high cost items). However, by that time the lack of controls had already exposed Sable to abuse by unreliable individuals.

As announced by Sable on 28 June 2012, Mr van Niekerk, was dismissed as the Group CEO of DMC (in which, at that time, Sable held a majority interest) following "*the conclusion of an independently chaired disciplinary enquiry set up to investigate allegations of theft of intellectual property from DMC*". I believe it is relevant to remind you of this because it appears from your allegations that Mr van Niekerk (or his associates) are the source of much of the information you have received to date. I therefore urge you to consider carefully the motivation of the source when determining what weight to give to their testimony.

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## Guinea

Regarding your allegations concerning business practices in Guinea, we have had sight of the documentation on which you incorrectly base your understanding and are aware of the source. The line of questioning and allegations made seem to be a re-working of allegations which were made in October/November 2015 and formed part of an article issued by the Sunday Times under the headline "How Edmonds spun his way into Guinea".

At that time and prior to publication, Sable issued a statement which was not printed in the published article, but is extracted in full here for reference:

*"Sable Mining strenuously denies any wrongdoing and refutes any accusation of impropriety in its conduct. In the context of the article being prepared, which we were informed by Mr Fortson would be a feature "examining where Guinea, once the great hope of West Africa (in terms of mining) and where it is now thanks to ebola, iron price crash, and of course the battle between Rio-BSGR-GoG, etc.", Sable Mining believes that a concerted attempt is being made by interested and disenfranchised third parties, utilising the British media, for their own purposes, to attack and destabilise the legitimate Government of Guinea in a critical time in the country's development of its mineral wealth. Indeed the Company is aware that a third party has actively contacted multiple publications to achieve these objectives. Sable Mining is unconnected with these issues and is being inappropriately used as a pawn in this campaign. Sable Mining will make no further comment on this topic due to the fact that, in previous dealings with Mr Fortson and other members of the press, it believes it has been unfairly treated and misrepresented."*

I think it is important to note that The Sunday Times subsequently printed an apology regarding the article referred to above, following a realisation that they had been deliberately misled and that a number of the documents they relied upon in putting together their article were falsified. The apology is extracted below and a copy of the apology is extracted in schedule 2 to this letter.

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*“In an article about mining interests in Guinea (“How Edmonds spun his way into Guinea”, November 16), we referred to emails and talks between Andrew Groves, chief executive of Sable Mining Africa Limited, and Alpha Condé, then a presidential candidate, concerning the company’s interest in a mining concession. The communications were not with Condé but with his son, Alpha Mohamed Condé. There was no evidence that Alpha Condé had relied on Aboubacar Sampil, a local businessman, during his presidential campaign. We apologise for the errors. We are also happy to clarify that mining rights secured by Sable Mining resulted not only from a bilateral accord between to Liberia and Guinea but pursuant to an infrastructure development plan linked to the mining sector which was developed with the input of the World Bank.”*

Our position on these issues is therefore clear as regards allegations of bribery and corruption in Guinea. I’m sure that you can understand that we will not address these issues in any detail as Sable has been unfairly treated and misrepresented in the past and nothing in your recent conduct or correspondence suggests to us that Global Witness has any intention to treat Sable or the individuals concerned in a fair and reasonable manner.

In addition, you have raised separate issues regarding payments made to Mr Sampil by Sable. The payments in question are fully justifiable and have been disclosed fully, as required. Mr Sampil, through his company, provided significant services to Sable in the development of its Nimba Project in West Africa. For reference, we have extracted in schedule 1 to this letter the extensive services which Mr Sampil was required to provide to Sable, from the relevant consultancy agreement. The payments made under this agreement were linked to performance of particular services and must be considered in the context of the potential value of the Nimba Project as a whole and its potential to deliver value to shareholders and for the benefit of the Guinean people.

Until the Ebola crisis hit West Africa, Sable had made substantial progress in developing its Nimba Project, which is itself significant due to:

- a) its mineral composition, verified by Xstract Mining Consultants, one of the most respected 3<sup>rd</sup> party consultant in the industry, having a current JORC Reserve of 53.96Mt at a grade of 61.6% iron, a mineral resource of 205.2Mt at an in-situ grade of 57.8% iron, making it the second largest on- or near-rail DSO deposit held outside of the majors in West Africa; and
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- b) the fact that it contemplated historic co-operation between the governments of Guinea and Liberia to permit the export of Guinean produce through Liberia, using Liberian infrastructure (namely the Yekepa-Port Buchanan railway line which had been rehabilitated by ArcelorMittal, on which excess capacity had to be made available to other parties under the terms of the Mineral Development Agreement with the Liberian government dated 17 August 2005, as amended on 28 December 2006).

Despite the world class quality of the ore body and the historic geo-political potential of the project, the effect of the Ebola crises and later collapse in the iron ore price have impacted the market sentiment regarding its valuation and the market capitalisation of Sable. In this context we remain resolute that at the time when consultancy fees were negotiated and agreed with Mr Sampil, the sums to be paid were entirely appropriate and proportionate (and indeed represented a cost-effective use of shareholder funds) when compared to the independently calculated NPV of the Nimba Project of approximately US\$1bn.

It is important for me to reiterate that the development of the Nimba Project will benefit all stakeholders. Whereas other iron ore projects in Guinea have floundered as a result of the well-publicised disputes relating to Simandou and the lack of visibility regarding the proposed trans-Guinean railway, the development of the Nimba Project and its export route through Liberia is realistic and there is a political will to achieve it, which has not existed before. The much needed economic stimulation which the Nimba Project can bring is therefore of paramount importance to the region as whole, as it offers the opportunity for Guinea to become more reliant on its own revenues than outside donors (and the conditions which are imposed by such donors). I am therefore extremely proud of the speed in which the Nimba Project was advanced, in contrast to other projects in the region.

Furthermore, we believe that the allegations being put forward are based on testimony from former associates who are disenfranchised and bitter and from other 3<sup>rd</sup> parties who malevolently wish to promote an anti-Sable agenda for their own purposes.

Due to their relatively high profile Mr Groves and Edmonds have had more than their fair share of public scrutiny over the years. I have no reason to doubt the professionalism, propriety or business practices of either Mr Groves or Mr Edmonds, both of whom I have known for several years and who have at all

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times been subject to regular scrutiny and review (in the same way as directors of any other listed company) from external auditors, advisors and regulators.

In the interests of balance, I request that in the event you proceed to publish your report, in spite of the clarifications provided in this letter, that you also publish the entirety of this letter in order that Sable's position may be properly recorded. Should you proceed with publishing your report containing serious and false allegations, Sable reserves the right to take all such action/steps as may be appropriate to protect its interests.

Yours faithfully

A handwritten signature in black ink, appearing to read "Jim Cochrane", with a long horizontal flourish extending to the right.

Jim Cochrane

Chairman, for and on behalf of  
**SABLE MINING AFRICA LIMITED**

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SCHEDULE 1

**SCHEDULE – DESCRIPTION OF THE SERVICES**

The Consultant shall perform the following services (without limitation) on an ongoing basis pursuant to the Engagement:

- a) providing the Company with general advice and assistance relating to economic and political evaluation(s) focussed on the natural resources sector in West Africa, so as to assist the Group as it seeks to consolidate and (if appropriate) to extend its asset base in West African and to progress such assets towards commercial production;
- b) If requested, liaising with the relevant governmental / quasi-governmental bodies in West Africa with a view to promoting the Group's commercial activities in West Africa;
- c) general advocacy, public relations, lobbying and similar activities relating to the services listed above in respect of the promotion of the Group's commercial activities in West Africa;
- d) providing the Company with specific advice and assistance with respect to the obtaining by / granting to WAE of all relevant approvals, permissions, consents and licences in Guinea required for the implementation of the Mining Licence;
- e) providing the Company with specific advice and assistance in relation to compliance with the terms and conditions set out in the Mining Licence and compliance with the Guinean Mining Code with a view to progressing the Nimba Project in all respects;
- f) providing the Company with specific advice and assistance in relation to the negotiations required to achieve rail and port allocation in Liberia including liaising with the Liberian government, general advocacy, public relations, lobbying and similar activities with a view to progressing the Nimba Project in all respects;
- g) advice in relation to the acquisition of land in Liberia (in Port Buchanan and in Yekepa) for establishment of handling facilities and the storage of products during the export process;
- h) assisting in obtaining an Infrastructure Development Agreement (or equivalent agreement) with the Government of Liberia in a form and substance satisfactory to the Company pursuant to which the Government of Liberia grants the Company (or a group company) rights to use rail and port facilities (acceptable to the Company) in Liberia for the purpose of exporting iron ore and liaising with all relevant bodies in Liberia and Guinea to achieve this;
- i) liaising with the relevant governmental / quasi governmental bodies in West Africa with a view to progressing the Nimba Project and providing general advocacy, public relations, lobbying and similar activities in relation thereto.





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SCHEDULE 2

**Client:** Sable Mining  
**Source:** The Sunday Times (Business)  
**Date:** 14 December 2014  
**Page:** 2  
**Reach:** 812262  
**Size:** 63cm2  
**Value:** 3064.32

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## BUSINESS DIGEST

### Government of Guinea

In an article about mining interests in Guinea ("How Edmonds spun his way into Guinea", November 18), we referred to emails and talks between Andrew Groves, chief executive of Sable Mining Africa Limited, and Alpha Condé, then a presidential candidate, concerning the company's interest in a mining concession. The communications were not with Condé but with his son, Alpha Mohamed Condé. There was no evidence that Alpha Condé had relied on Aboubacar Sampil, a local businessman, during his presidential campaign. We apologise for the errors. We are also happy to clarify that mining rights secured by Sable Mining resulted not only from a bilateral accord between Liberia and Guinea but pursuant to an infrastructure development plan linked to the mining sector which was developed with the input of the World Bank.

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