

ANNEX VII

Witness Statement as Clarification and Correction Of The Case

1. Following the previous Annexes, The Arbitral Tribunal received numerous requests of clarifications. Taking into account with all of these requests, we hereby issues the following clarifications and corrections based on the witness statements by Mr.FarizSukmaRyanda, Mr. MuhamadAndikaManaon,Mr. AzhelHouzanFariz and Mr. Rafif Muhammad Rizqullah the counsel of SasongkoTubagus& Partners, Legal Representative of DastanLogam Ltd.
2. Within the Case Study (para 1) it is explained that Validatu had found a source of steel in 2009, consequently in Case Study (para 2, 3) it explains the further effort to seek foreign industry to engage in supporting of the steel project which was referring to Valiant. The problem arise where Case Study (para 4) implies that Validatu had undergone multiple diplomacy to Validatu pursuant to the steel finding, The main question here, was the product of diplomacy in Case Study 4 the JVA DL-AS? Or is it referring to the BIT.

Clarification : This question will not be further entertained.

3. According to the Rules/Guidelines the Memoranda and citation shall be in accordance to OSCOLA, while ICSID have its own citation method, which one prevails?

Clarification : The citation stipulated in the AIMCC rules and guidelines prevails.

4. Remembering that CISG are limited to contract on Sales of goods which provides obligation between Buyer and seller as the parties, and noting that JVA itself does not constitutes buyer and sellers but an agreement on a creation of Joint Venture Company, Does CISG applicable in the present case?

Clarification : CISG and other legal instruments that has been stipulated in the clarification is not a law governing the contract, however it is an international convention which has been ratified by both state as a reflection of their National Law. There would not be any municipal law in this case since it isafictional character. Regarding the confusion of CISG and its correlation with the JVA, it should be noted that CISG is not the only applicable convention to the case

To further elaborate Noting that CISG Convention does not apply to shares + Investments under Article 2 (d). Considering that does CISG remains as applicable law governing the JVA DL-AS?

5. The non-compete clause as provided in para 19 of the case study says "DL is to obtain prior written consent from AS to make any investment" but contrary to this, the same

clause given under the joint venture agreement says "AS shall obtain prior written consent of DL to make any investment"

Clarification : Its a reciprocity principle in a contract.

6. In page 2 of "Response to Request For Arbitration", in the first paragraph under "objections" it has been stated:
"...a) has become obsolete due to the provisions made in the joint venture agreement in the dispute settlement clause..."

Clarification : It is the fundamental question of the case regarding the ICSID arbitration in this present dispute, therefore this question could not be entertained directly.

For further Clarification to entertain this case we submitted an addition schedule as follows :

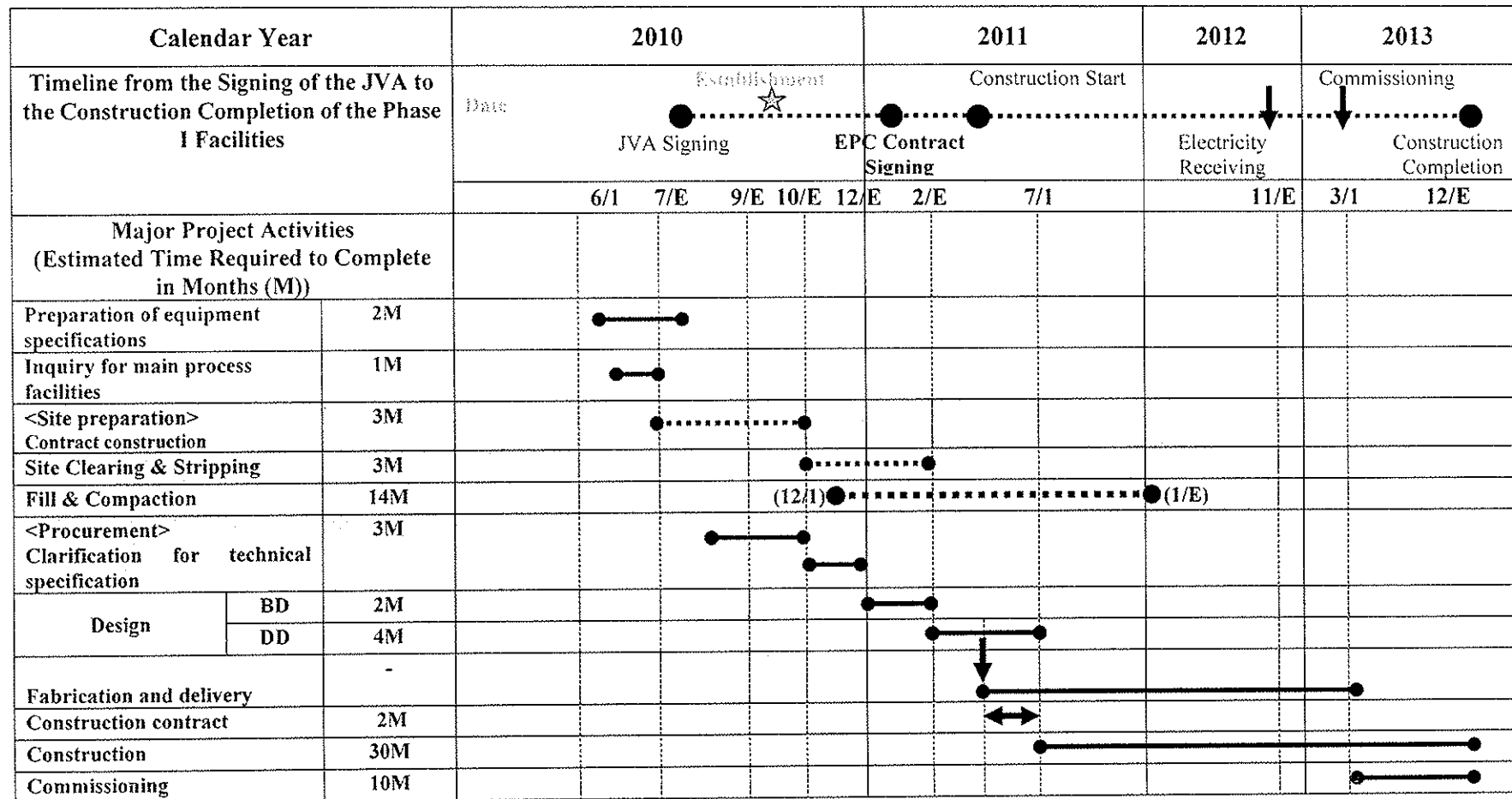
1. Positioning of Directors
2. Project Plan

| | | | | |
|---|------------------------|---|--|--|
| | | | | |
| 1 | President Commissioner | DL (or by rotation if mutually agreed by the Parties) | | |
| 2 | Commissioner | DL | | |
| 3 | Commissioner | AS (or by rotation, if President Commissioner is nominated by rotation) | | |
| 4 | Commissioner | AS | | |

Schedule 4

Project Milestones / DL Site Preparation Work Procedure / Phase I Investment Cost Breakdown

Part 1: Project Milestones / Schedule



3. _____

| | | 2010 | | | | | 2011 | | | | | | | | | | | |
|-------------------|---------------------|------|---|----|----|----|------|---|---|---|---|---|---|---|---|----|----|----|
| | | 8 | 9 | 10 | 11 | 12 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | | ● | | | ● | | | | | | | | | | | | | |
| Preparation Work | Tendering | ● | | | ● | | | | | | | | | | | | | |
| | Parking area | | | | ● | | ● | | | | | | | | | | | |
| | Access road | | | | ● | | ● | | | | | | | | | | | |
| Site Construction | Tendering | ● | | | ● | | | | | | | | | | | | | |
| | Striping & Clearing | | | | ● | | ● | | | | | | | | | | | |
| | Fill & Compaction | | | | | | ● | | | | | | | | | | | ● |

* The sequence for site preparation work and site level shall be discussed with the Company at the detailed design stage for site preparation work to ensure that the construction commencement target date for main facilities are met.

* The area of 290 hectares on which site preparation work will be initially performed shall be adjusted at the detailed design stage for site preparation work.

(Million USD)

| | | | | | 2010 | 2011 | 2012 | 2013 |
|------------------|--------------|-------|-----|-----|------|------|-------|------|
| | 2 660 | 1,293 | 785 | 582 | 327 | 380 | 1,284 | 668 |
| | 2 108 | 1,293 | 668 | 146 | 113 | 247 | 1,188 | 560 |
| Iron making | 960 | 570 | 323 | 67 | 55 | 112 | 545 | 248 |
| Steel making | 387 | 246 | 114 | 27 | 25 | 39 | 223 | 99 |
| Plate Mill | 401 | 257 | 116 | 28 | 27 | 39 | 231 | 104 |
| Utility/ AUX' | 360 | 220 | 116 | 25 | 6 | 56 | 189 | 109 |
| | 287 | 0 | 116 | 171 | 182 | 105 | | |
| | 265 | 0 | 0 | 265 | 32 | 29 | 97 | 108 |

| | | | | | | |
|-----|-----|-----|-----|-----|-----|-----|
| 49% | 30% | 22% | 12% | 14% | 48% | 25% |
|-----|-----|-----|-----|-----|-----|-----|

| Name of Project Agreement | | Parties | Description |
|----------------------------|-------------------------------|------------------------------|--|
| 1. Slab Offtake Agreements | (a) DL Slab Offtake Agreement | (i) DL ; and (ii) Company | <p>This agreement will set out mutually agreed terms and conditions governing DL 's purchase of 1,000,000 MT (One Million Metric Tons) of slabs per annum produced by the Company, which shall reflect the following:</p> <p>(A) the volume of slabs to be purchased by DL per annum under such agreement shall be at least:</p> <p>(1) 500,000 MT (Five Hundred Thousand Metric Tons) during the year in which the Commercial Operation Date of the Phase I Facilities occurs, which shall be adjusted pro rata based on the number of days remaining in such year for the above quantity;</p> <p>(2) 700,000 MT (Seven Hundred Thousand Metric Tons) in the calendar year immediately following the year in which the Commercial Operation Date of the Phase I Facilities occurs; and</p> <p>(3) 1,000,000 MT (One Million Metric Tons) thereafter; and</p> <p>(B) such volume shall be used as DL 's raw materials; and</p> <p>(C) the term of such agreement shall be ten (10) years from the Commercial Operation Date of Phase I Facilities.</p> |

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|---------------------------------------|-------------------------------------|---|---|
| | (b) AS Slab Offtake Agreement | (i) AS ; and (ii) Company | This agreement will set out mutually agreed terms and conditions governing AS 's purchase of an agreed volume of excess slabs remaining after the applicable quantity of slabs has been delivered to DL under the DL Slab Offtake Agreement. |
| 2. Port Facility Sharing Agreement | | (i) DL (or its Affiliate(s), as appropriate); and (ii) Company | This agreement will set out mutually agreed terms and conditions governing the Company's right to use the Cukragung port. |
| 3. Power Supply Agreement | | (i) DL (or its Affiliate(s) or PLN, as appropriate); and (ii) Company | This agreement will set out mutually agreed terms and conditions governing the Company's purchase of an agreed quantity of electricity from DL (or its Affiliate(s) or PLN, as appropriate). |
| 4. Water Supply Agreement | | (i) DL (or its Affiliate(s), as appropriate); and (ii) Company | This agreement will set out mutually agreed terms and conditions governing the Company's purchase of an agreed volume of industrial water from DL (or its Affiliate(s), as appropriate). |
| 5. Gas Supply Agreement | | (i) Third party supplier(s); and (ii) Company | This agreement will set out mutually agreed terms and conditions governing the Company's purchase of an agreed quantity of natural gas from third party supplier(s). |
| 6. Other Utilities Supply Agreement | | (i) DL (or its Affiliate(s), as appropriate) or the relevant utility providers; and (ii) Company | This agreement will set out mutually agreed terms and conditions governing the Company's purchase of certain utilities required for the Project (other than those set out in rows 3, 4 and 5 of this Schedule 6) from DL (or its Affiliate(s), as appropriate) or the relevant utility providers. |
| 7. General Support Services Agreement | | (i) DL ; (ii) AS ; and (iii) Company | This agreement will set out mutually agreed terms and conditions governing AS 's and DL 's provision of general support services and facilities to the Company. |

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| 8. Technology License and Services Agreement | (i) AS ; and (ii) Company | This agreement will set out mutually agreed terms and conditions governing AS 's license of certain of the AS Intellectual Property Rights and provision of agreed technical support services to the Company. |
| 9. Land Contribution Agreement | (i) DL ; and (ii) Company | This agreement will set out mutually agreed terms and conditions governing DL 's transfer and delivery of the DL Land to the Company on the Completion Date. |
| 10. Site Preparation Agreement | (i) DL ; and (ii) Company | This agreement will set out mutually agreed terms and conditions governing DL 's provision of site preparation works on the DL Land, which works shall be carried out in accordance with the target soil conditions and site preparation procedures and schedule as set out in Schedule 4. |
| 11. Land Use Agreement for Ancillary Industrial Complex | (i) DIA ; and (ii) Company | This agreement will set out mutually agreed terms and conditions governing the Company's right to use and/or lease the DIA Site. |
| 12. Land Use Agreement for Bonded Area | (i) DL (or its Affiliate(s), as appropriate); and (ii) Company | This agreement will set out mutually agreed terms and conditions governing the Company's right to use certain sites owned by DL (or its Affiliate(s), as appropriate) within the Bonded Area. |
| 13. Land Use Agreement for Marshalling Area | (i) DL ; and (ii) Company | This agreement will set out mutually agreed terms and conditions governing the Company's right to use the Marshalling Area. |
| 14. Road Use Agreement | (i) DL (or its Affiliate(s), as appropriate); and (ii) Company | This agreement will set out mutually agreed terms and conditions governing DL (or its Affiliate(s), as appropriate)'s construction of the Access Road to Cukagang Port as necessary and the Company's right to use the Road to Cukagang Port owned by DL . |

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| Product and Market Scopes: | <p>The optimization of the Company's production and increasing of the Company's efficiency through meeting market needs with a focus in Phase I toward producing slabs and thicker and wider plate materials that are imported by the Validatu market.</p> <p>Development of products capable of meeting the needs of the relevant Validatu industries including shipping and marine construction industry and construction industry.</p> |
| Distribution and Pricing Policy: | Any off-take agreement between the Company and the Parties shall be negotiated in good faith as an Arm's Length Transaction for fair market value under appropriate long term sales agreements. |
| | Slabs produced by the Company and not off-taken by the Parties shall be exported. |
| | Slab purchased by AS in accordance with an off-take agreement with the Company shall not later be sold in Validatu as a finished product directly by AS or AS Affiliates. |