

GCWIHABA RESOURCES (PTY) LIMITED

Co 2003/292

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Gaborone, Botswana

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RSM House – Plot 39
Plot 39, Commerce Park
Gaborone, Botswana

19th May 2022

To: Honourable Lefoko M. Moagi
The Minister of Mineral Resources, Green Technology and Energy Security
Ministry of Mineral Resources, Green Technology and Energy Security (MMGE)
Private Bag 0018 – Gaborone, Botswana

Re: Proposal for Resolution of the PL020/2018 buffer zone property

Dear Honourable Minister,

Since our meeting of December 6, 2021, we have reviewed different ways to resolve the issue of the portion of our PL020/2018 license that lies in the buffer zone.

The work which we performed in the buffer zone area all with the approval of MMGE consisted of a minimum:

Item	Details	Total Cost (USD)
Holes Drilled	108	
Meters Drilled	23,289	
Cost of Drilling	\$4,657,768	\$4,657,768
Samples Assayed	18,338	
Cost of Assays	\$621,403	\$621,403
		\$5,279,171

Gcwihaba would be willing to drop the area in the buffer zone and all claims for expenditures in the buffer zone that we made and approved by MMGE in exchange for the following:

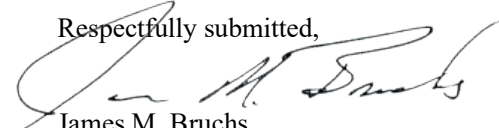
1	MDCB approves the \$2.7M USD investment for 10% of Gcwihaba XIF project and the option to acquire up to 50% as we have agreed to with MDCB in Dec 2019 and Dec 2020. – See Attachment A
2	The 5 Gcwihaba licenses are reissued with their initial license grant (3 year) on July 1 to make up for all the time we have lost (3 years) and are issued new license numbers so that the old license numbers with the trailing issues are gone forever.
3	MMGE grants Gcwihaba a right of first refusal (ROFR) in the event the government decides to allow exploration or mining in the buffer or core zone anytime in the future or if the government decides to modify the buffer zone to remove the portion we are relinquishing from the buffer zone.

We believe that the proposal resolves all the issues surrounding that portion of PL020 that lies within the buffer zone and allows the Company to defend the relinquishment of some 169Mt of resource worth ~\$6B USD to its shareholders who spent millions in exploration costs. The ROFR further protects the area to be relinquished so that only we may potentially benefit from our discovery in the future.

For the Government, we believe this resolves all the buffer zone issues and enables it to participate in this “game changer” resource.

Thank you for your consideration of this proposal.

Respectfully submitted,



James M. Bruchs
Attachment A



FACT & TERM SHEET

Incorporated: Republic of Botswana

UIN Number: BW00000223688

Corporate Number: 2003/292

Authorized Share Capital: Unlimited

Issued Common Shares: 100

Year-end: December 31

Directors and Officers:

James M. Bruchs	Managing Director
Blackie Marole	Director
Jonathan R. Kelafant	Director
Dr. Gary A. Bojes	Director

Legal Counsel: Norton Rose Fulbright

Auditor: RSM – Botswana

COVERED LICENSES (HOLDINGS)

PL Number	Km ²	Grant Date	Expiry or Renewal Date	Current Stage
PL 020/2018	TBD	TBD	In renewal	Initial Grant
PL 021/2018	572.5	01/01/22	12/31/23	1 st Renewal
PL 022/2018	160.4	01/01/22	12/31/23	1 st Renewal
PL 023/2018	491.2	01/01/22	12/31/23	1 st Renewal
PL 024/2018	781.7	01/01/22	12/31/23	1 st Renewal

Royalty (current):

PL Number	Type	%	Granted to
All current licenses	NSR	1.0%	Sandstorm Gold paid \$500,000 USD for a 1% NSR (9/2017)
All current licenses	NSR NMR	0.5%	TBM (Pty) Ltd. paid \$500,000 USD for a 0.5% NSR/NMR (7/2020)

TERMS OF INVESTMENT – SUBJECT TO CONTRACT

Party: Mineral Development Corporation Botswana (MDCB)

<p>Investment Stage I</p>	<p>10% of the share capital in Gcwihaba Resources (Pty) Limited (“the Company”)</p>
<p>Amount</p>	<ol style="list-style-type: none"> 1. \$2,200,000 USD for funding for Stage 1 program 2. \$500,000 USD for an option to increase MDCB’s ownership interest in Gcwihaba from 10% to up to 50% within 60 days after completion of the Preliminary Economic Assessment (PEA) on the Xaudum Iron Formation (XIF) as contemplated in the XIF Resource Development Plan, for a full subscription amount of \$8,000,000 USD for 40% (“the Option”). Proceeds of the capital raise to be utilized in Block 1 PFS: Preliminary Feasibility Study (PFS) Level Block 1. 3. The Stage 1 investment (\$2,200,000) and the option cost [\$500,000 USD] are not divisible. 4. Exercise of the option is at MDCB’s discretion. The option can be exercised once only, in full or in part (as set out below). In other words, the MDCB can exercise its right to acquire all or a part of 40% of the share capital in the Company (as set out below) of the share capital in the Company. Such election must be made, in writing to the Company, within 60 days of a final published PEA being issued with funding to take place within 15 days thereafter. 5. The Option can be exercised in full or in part. If it is exercised in part, it must be exercised in full 10% increments, with each increment being valued at \$2,000,000. For the avoidance of doubt, if the option is exercised in part (i.e. Not the full 40%), then the option can be exercised only in the following amounts: 10%; 20% or 30% respectively. Any amount not contained in the option exercise notice will be forfeited.
<p>Minerals and Metals</p>	<p>Means base and precious metals, platinum group metals and rare earth minerals which are found on, in or under the Project Area and covered by the Covered Licenses and which may lawfully be explored for, mined and sold pursuant to (i) the Covered Licenses and (ii) any other permits, authorizations or licenses that are obtained (as per applicable Botswana Law) in connection with the exploration, processing and/or mining of ores, and concentrates or metals and minerals derived therefrom.</p>
<p>Use of Funds</p>	<p>Stage 1: Preliminary Economic Assessment (PEA) Stage 2: Preliminary Feasibility Study (PFS) Stage 3: Feasibility Study (FS)</p>
<p>Pre-emptive Right</p>	<ol style="list-style-type: none"> a. If MDCB holds between 30% and 49% of the issued share capital of the Company, then it shall be entitled to a pre-emptive right in respect of the new issue of any shares in the Company. In other words, the MDCB shall be entitled to follow its rights to subscribe for any new shares being issued by the Company, on the same terms as the Company wishes to allot and issue any new shares to any existing or new

shareholder in the Company ("The MDCB Anti-Dilution Right").

- b. If MDCB owns 50% or more in the issued share capital of the Company, it shall have the Anti-Dilution Right as well as a pre-emptive right in relation to any shares sold by Tsodilo Resources Limited. If, at any time and from time to time, Tsodilo receives a bona fide offer, which offer Tsodilo is entitled and willing to accept, then Tsodilo will deliver written notice (the "Tsodilo Notice") immediately to MDCB that Tsodilo has received such bona fide offer, and setting forth all the terms and conditions of the offer including the identity of the proposed purchaser. Upon receipt of the Tsodilo Notice, MDCB will have the right to deliver to MDCB written notice (the "MDCB Acceptance") that MDCB will purchase such number of shares that are proportional to the amount of the shares held by MDCB at the time of the Tsodilo Notice and such sale shall be upon the terms and conditions set forth in such bona fide offer.
- c. Tsodilo Resources Limited (Tsodilo) shall at all times have a pre-emptive right in relation to the issue of any new shares in the share capital of the Company and in respect of the sale of any shares by MDCB at any stage. If, at any time and from time to time, MDCB receives a bona fide offer, which offer MDCB is entitled and willing to accept, then MDCB will deliver written notice (the "MDCB Notice") immediately to Tsodilo that MDCB has received such bona fide offer, and setting forth all the terms and conditions of the offer including the identity of the proposed purchaser. Upon receipt of the MDCB Notice, Tsodilo will have the right to deliver to MDCB written notice (the "Tsodilo Acceptance") that Tsodilo will purchase such number of shares that are proportional to the amount of the shares held by Tsodilo at the time of the Notice and such sale shall be upon the terms and conditions set forth in such bona fide offer.
- d. If either Party does not receive the Tsodilo Acceptance or the MDCB Acceptance, as the case may be, before the period prescribed for in such respective notice, then the Party issuing such notice may complete the sale with the proposed purchaser provided the completion is within the period of [ninety (90) days] after the expiry time set out in the respective notice and in strict accordance with the terms and conditions respectively stated and set forth in the respective bona fide offer. If the sale to the proposed purchaser is not so completed, then any subsequent sale to any person or corporation may be made only if all the requirements of the pre-emptive rights set out in this clause are again complied with.

<p>Purpose of Funds PL020/2018 PL021/2018 PL022/2018 PL023/2018 PL024/2018</p>	<ol style="list-style-type: none"> 1. Funding for Preliminary Economic Assessment on PL's 20 - 24/2018 as defined in the Resource Development Plan attached hereto (Stage I). 2. Funding for Block 1 PFS: Preliminary Feasibility Study (PFS) Level Block 1. 3. All overheads, administrative, in-house team studies and wages included.
<p>Budgets, evaluation plans and programs</p>	<p>If the option is exercised and a Block 1; Preliminary Feasibility Study is completed (Stage II) upon a decision to prepare a Feasibility Study on Block 1 (Stage III) then the following shall apply:</p> <ol style="list-style-type: none"> 1. No budget, exploration plan or program may be implemented or acted upon by the company unless and until it has been formally submitted to and approved by a majority of the board of directors of the company. 2. Copies of any proposed budgets, exploration plans or programs submitted to the board of directors of the company for determination, shall be sent to all directors of the company not less than 7 (seven) days before the date upon which any such meeting of the board of directors of the company is to be held to consider same. 3. By not later than 2 (two) months prior to the beginning of each financial year of the company, (which shall end on 31 December of each year unless and until otherwise agreed by Bosoto and MDCB) a detailed budget for the forthcoming financial year of the company shall be submitted to and approved by a majority of the board of directors of the company, which annual budget shall be adhered to by the company, provided that if there are to be any material departures from such budget, such material departures may only be acted upon if so resolved by a majority of the board of directors of the company
<p>Proportional Funding</p>	<p>The intention of the Parties that the Company shall be self-funding as far as possible. However, if further funds are required by the Company, such further funding of the Company will be effected as follows:</p> <ol style="list-style-type: none"> (a) firstly, be provided by the Company from its own cash resources; (b) secondly, if the Company's own cash resources are insufficient for the purposes in question, be obtained from loans by outside sources to the extent required, based on the credit worthiness of the Company and upon such terms and conditions as the Company's board may think fit; and/or (c) thirdly, if the Company is unable to source funding from outside sources on terms acceptable to the company board, be obtained from Shareholders (Shareholder Funding).

If the board decides that the Company requires Shareholder Funding (in addition to the any initial shareholder loans), the Shareholders undertake, pro rata to their shareholding in the Company at the date the Shareholder Funding is required, to provide the Shareholder Funding.

If the funding is in the form of share capital, each contributing shareholder will subscribe, at the issue price determined by the board of the Company and for cash, for that number of shares in the Company equal to its pro rata share of the shareholder funding divided by the issue price.

If the funding is in the form of a loan, each contributing shareholder will advance an amount equal to its pro rata share of the Shareholder Funding to the Company on loan account. The shareholders loan will be made on terms as determined by the board of the Company from time to time.

If any Shareholder (Defaulting Shareholder) fails to comply with its shareholding funding obligations and remains in default for [14 days] after receipt of a notice from the Company to provide the Shareholder Funding, any other contributing shareholder (Over-contributing Shareholder) will be entitled, but not obliged, to provide:

- (1) the whole of such funding (Additional Amount) (if there is only one Over-contributing Shareholder), or
- (2) a pro rata share of the Additional Amount in proportion to their shareholding or in such other proportions as the Over-contributing Shareholders may agree (if there is more than one Over-contributing Shareholder).

If the Over-contributing Shareholders provide the Additional Amount in the form of share capital the Defaulting Shareholder's shareholding in the Company will be diluted; and

If the Over-contributing Shareholders provide the Additional Amount in the form of loan capital, then any Over-Contributing Shareholder may, at any time, elect to capitalize that portion of its claims which constitutes the Additional Amount. In this event, new Shares will be issued by the Company, for which the Over-Contributing Shareholder will subscribe. The number of new Shares to be issued to the Over-contributing Shareholder will be calculated based on the market price to be determined at the date the capitalization.

If the Over-Contributing Shareholder does not elect to capitalize that portion of its claims which constitutes the Additional Amount, these claims will be reflected in the Company's books of account as Shareholders loans which will bear interest at the [rate of [x] interest\]. Any such claims, with interest on them,

	will be repayable in priority to all other loans by Shareholders to the Company.
Board Representation	10% initial equity purchase – 1 board member 30% and greater – proportional number of Directors 50% Equity Investment – MRDC shall have the right to name an equal number of directors to the Gcwihaba board. Tsodilo shall have the right to appoint the chair of the board, who shall have a casting vote.