

GCWIHABA RESOURCES (PTY) LIMITED

Mailing Address	Co 2003/292 Physical Address	Registered Address
PO Box 3726 Gaborone, Botswana	The Office Building #59 Plot 21532 Fairgrounds Office Park Gaborone, Botswana TEL / FAX (267) 392-7144	RSM House – Plot 39 Plot 39, Commerce Park Gaborone, Botswana

June 6, 2022

Dear Honourable Minister Moagi,

As I have not received a response to my April or May letters attached hereto as A & B, I wanted to make sure that you had received them, so I took the initiative of approaching His Excellency Onkokame Kitso Mokaila to transmit this correspondence to you.

When I assumed the CEO position of Tsodilo Resources Ltd. in 2002, I had the privilege of becoming a resident of Botswana for many years. I was impressed how information was relayed and disputes settle via the kgotla system. Everyone had a chance to have their say and a genuine effort was made by the participants to reach a consensus. I had the opportunity to participate in dozens of meetings, from Nxau Nxau to Shakawe, down the western side of the delta, and in Letlhakane to explain our projects and answer any questions. My experience was that this tradition of problem solving was conducted in government offices as well. There was never a time that I or our staff could not meet with Ministry Officials and staff to give updates on our projects; discuss issues; or resolve problems. At times, issues were contentious and when they were, there was a genuine effort by both parties to resolve the problems by working through them together. Gcwihaba Resources (Pty) Ltd. ("Gcwihaba") was always treated as a valued participant in the resource sector as our success was of benefit to the Batswana as it should be.


However, this "working through the issues," seemed to change by September of 2021 as we were renewing our licenses. For some reason, Gcwihaba was now viewed as an adversary instead of a company whose investors had spent years and millions of USD in discovering what is probably the largest resource in terms of its in-situ value in all of Botswana.

Gcwihaba feels that we are now being penalized for following all the laws and regulations in establishing an initial compliant NI 43-101 resource and are on the brink of establishing the Xaudum Iron Formation (XIF) as an economic project potentially equal to or greater in revenue than Debswana. Our activities were performed with the knowledge and encouragement of the government. However, the State Party's filings with UNESCO since 2014 clearly show that the declarations in those filings were not consistent with the facts concerning the Gcwihaba licenses. Further to that, the email correspondence (Attachment C) with Mr. Stephen Mogotsi, Director Department of National Museum and Monuments, clearly show that there was or is a concerted effort to obscure the facts with UNESCO by knowingly making inaccurate statements as they relate to Gcwihaba's licenses.

Gcwihaba is being asked to relinquish our license area in the buffer zone which is an important part of our compliant NI 43-101 resource and part of the license which we have held before and after the buffer zone was established in 2014. And, in return for spending \$6M USD in this area alone which contains 169MT or a resource with a current in-situ value of \$6B USD, we are being offered – nothing. Gcwihaba's shareholders and stakeholders are being asked to sacrifice itself apparently for errors in disclosure made by others. We are sensitive to the issues facing the State Party with respect to its goal of preserving the Okavango World Heritage Property and they are not necessarily contrary to our goals and objectives.

In September or October of 2021, it was conveyed to me by DPS Tsimako that we needed to work together to resolve the licensing issue before Gcwihaba pursued any legal action. I could not have agreed more but since that time there has been only one perfunctory meeting in April 2022, which was not designed for resolution of the issue. It has been one year since we filed the license renewal application, and I think we both agree that this issue needs to be resolved. Therefore, I am requesting a meeting with yourself to see if we cannot reach some accord that is mutually satisfactory, a traditional kgotla intended solely for the purpose to see if we can resolve this matter. If we can, then the effort was worth it. If we can't, then it would not have been for not trying.

Respectfully submitted,



James M. Bruchs
Managing Director
Attachments A, B & C

TELEPHONE: (267) 3656600
FAX: (267) 3909368
REF:



MINISTRY OF MINERALS, ENERGY AND
WATER RESOURCES
PRIVATE BAG 0018
GABORONE
BOTSWANA

DATE 27/04/2022

TO: GCWIHABA RESOURCES
PTY LIMITED

ACKNOWLEDGEMENT LETTER

RE: APPLICATION FOR RENEWAL OF PROSPECTING
LICENCE NO. 020/2018

We acknowledge receipt of your letter referenced No REF and dated 27 APRIL 2022 on the above subject matter. Feedback will be communicated to you within 10 working days from receipt of this correspondence.

Please contact Ms POPO at telephone number 3656600 or email for follow up.

Thank you

For /Permanent Secretary



'The Ministry that makes a real difference to Botswana'

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27th April 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

Mr. Ofentse Ditsele Director of the Ministry of Mines
Department of Mines
Ministry of Mineral Resources, Green Technology and Energy Security
Private Bag 0018 – Gaborone, Botswana

Re: Application For Renewal of Prospecting License No. 020/2018.

Dear Honourable Minister Moagi,

Thank you for your letter of April 26, 2022.

Gcwihaba Resources (Pty) Ltd. (Gcwihaba) fully understands your commitment to ensure that activities which take place within the *buffer zone*, an area controlled by the Republic of Botswana (State Party) and **not part** of the Okavango World Heritage Property (OKWHP), are conducted in such a way that it they do not have an adverse impact on the OKWHP.

PL020/2018 has existed in one form or another since 2008 and always in the area currently known as the *buffer zone*. Chronologically, the *buffer zone* encroached on our license area as our license existed six (6) years prior to the buffer zone being establish by the State Party in 2014. In fact, a compliant NI 43-101 441Mt resource report was prepared and filed with MMGE prior to the *buffer zone* and the OKWHP being established. For clarification, only the area known as the *core zone* is part of the OKWHP and it is defined in and known by as the Property in the UNESCO documentation. See, <https://whc.unesco.org/en/list/1432/documents>.

We agree with your sentiments that if mining were to take place within the *buffer zone* that an Environmental Impact Assessment (EIA) must first be conducted and made part of any mining application and further an Environmental Management Plan (EMP) must be filed before exploration activities are to be conducted. The foregoing is consistent with the Mines and Minerals Act, the Environmental Assessment Act of 2010 and the Environmental Regulations of 2012 and are applicable not only to us but to all resource activities in the country. **However, under existing law, before either an EIA or a EMP can be conducted and approved, a company must first have the prospecting license.**

Your sentiments are indeed consistent with the State Party's position on these issues as codified in the following documents:

Nomination dossier to UNESCO for inscription into the World Heritage List (submission by Republic of Botswana, 2013)

[Page 30]

*“The Ministry of Energy, Mineral and Water Resources has issued several mineral prospecting licenses to exploration companies for concession areas within the buffer zone of the site. No licenses have been issued within the core zones of the property. **Should an application to mine within the buffer zone arise, an Environmental Impact Study (EIA) will be required as part of Botswana’s EIA Act, which would address concerns relating to the World Heritage property.** Also, the matter would be referred to the World Heritage Centre (WHC) for their advice.” (emphasis added)*

and from the same report,

[Page 405]

*The government of Botswana through the Ministry of Minerals, Energy and Water Resources has taken a position that it will not issue any new mineral concessions within the Core area of the delta. The Ministry will further engage with the holders of the few existing licenses within the Core area of the delta with a view to eventually expunge those portions of the licenses which overlap the core. **Regarding the buffer area, stringent environmental protocols and practices will be adhered to, to protect the integrity of the Delta.** (emphasis added)*

In addition,

**WORLD HERITAGE NOMINATION – IUCN TECHNICAL EVALUATION
KAVANGO DELTA (BOTSWANA) – ID No. 1432 [April 2014]**

(page 12)

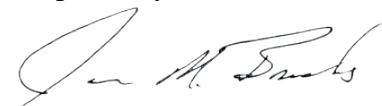
*“Mining activities including prospecting will not be permitted within the [core zone] property. **Furthermore, potential impacts from mining including concessions in the buffer zone and outside the buffer zone need to be carefully monitored and managed to avoid direct and indirect impacts to the property, including water pollution.**” (emphasis added)*

It is clear from the State Party’s submissions to UNESCO since 2013, **that both mining and prospecting licenses can exist within the buffer zone.** Accordingly, we are agreeable, as we have always been, to conduct our activities consistent with the prevailing law and we assure you that our goal is to advance our project in an environmentally friendly manner.

Accordingly, as we are in full compliance with all laws, we respectfully request that PL020/2018 is renewed as we have proposed as it is now almost 11 months since we filed for its renewal. If there is further delay in awarding the license, we request that the State Party reimburse us for its’ taking what is legally ours, the exploration costs (+25M USD) and the present value of the in-situ value (\$6-7Billion USD) of that portion of the resource in the buffer zone.

Thank you again for your attention to this matter and please be assured that we are committed to developing our project in full compliance of all relevant existing laws. In addition, Gcwihaba adopted Occupational Health and Safety Assessment Series (OHSAS 18000) and the International Financial Corporation (IFC) Performance Standards and Environmental, Health and Safety Guidelines when IFC, a member of the World Bank became a shareholder of Gcwihaba’s parent company, Tsodilo Resources Ltd. in 2010.

Respectfully submitted,



James M. Bruchs
Managing Director

Attachment: MMGE letter of 4.26.2022

Telephone: +267 3656600
Fax: +267 3909368
Plot No: 50676, Block C,
Fairgrounds Office Park



REPUBLIC OF BOTSWANA

Private Bag 0018
Gaborone
Botswana
www.mmge.gov.bw

MINISTRY OF MINERALS AND ENERGY

Ref: CMMGE 7/3/56 III (11)

26th April, 2022

The Managing Director
Gcwihaba Resources Pty Ltd
P O Box 3726
Gaborone
Botswana

Dear James M. Bruchs,

**RE: APPLICATION FOR RENEWAL OF PROSPECTING LICENCE NO. 020/2018
BY GCWIHABA RESOURCES PTY LTD**

1. Reference is made to your application submitted on 2 July 2021 as well as your letter of 15th March, 2022.
2. Kindly note that the coordinates submitted in the application for renewal of Prospecting Licence No. 020/2018 are encroaching into the buffer zone, of the Okavango Delta, which is listed as a World Heritage Site. Prospecting activities are prohibited within the buffer zone of the Delta, or if permitted, they are to be subjected to stringent Environmental Impact Assessment measures, in accordance with the provisions of the Environmental Assessment Act of 2010 and Environmental Regulations of 2012 from the Department of Environmental Affairs (DEA).
3. In light of the above, I am not in a position to renew the Prospecting Licence for as long as the submitted coordinates fall within the buffer zone of a World Heritage Site.

Yours faithfully,

Lefoko M. Moagi

MINISTER OF MINERALS AND ENERGY

Cc: Director of Mines



"The Ministry that makes a real difference to Botswana"



@mmgebotswana
@minerals_energy

Telephone: 3657000
Fax No: 3952141
Telegraphic Address:
Mines Gaborone



REPUBLIC OF BOTSWANA

Department of Mines
Private Bag 0049
Gaborone
Botswana

DATE 15/03/22.....

TO: C/KW/HA BA RESOURCES (PTY) LTD

.....

.....

ACKNOWLEDGEMENT LETTER

RE: C/KW/HA RESOURCES PTY LTD P/120/2018 - LICENCE RENEWAL

We acknowledge receipt of your letter referenced No 258 and dated 15/03/22 on the above subject matter.

Please contact: Mina at telephone number 365 7000 or email _____ for follow up.

YOUR ATTACHMENTS ARE:

Received by:

Thank you

For/Director



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Co 2003/292

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TEL / FAX (267) 392-7144

March 15, 2022

Mr. Ofentse Ditsele
Director of Department of Mines
Private Bag 0049
Gaborone, Botswana

RE: Gcwihaba Resources (Pty) Ltd. PL020/2018 – License Renewal

Dear Director Ditsele,

It has been 9 months since we filed the renewal application for PL020/2018 and 6 months since the first renewal license as per the license terms should have been granted. We are aware of no reason why the license has not been renewed. We have filed hundreds of pages since September 2021 making clear our legal title to the license and further establishing that there are no impediments or restrictions with respect to the license boundaries itself. See, Tsodilo Resources Ltd. - MMGE

We, Ministry of Mineral Resources, Green Technology and Energy Security (MMGE) and ourselves, are aware for at least nine years that a portion of PL020/2018 lies within what is known as the buffer zone which is an area that surrounds the Okavango UNESCO World Heritage Property (OWHP). We have established by citing the filings of the State Party (Government of Botswana) that 1) the buffer zone is not part of the OWHP, and 2) that the State Party explicitly states in its filings with UNESCO that “exploration and mining are permitted within the buffer zone”. See, Okavango Delta - Documents - UNESCO World Heritage Centre. Again, there has never been a legal prohibition to exploration and mining activities in the buffer zone. Further, there is a clear acknowledgement by the State Party that it cannot unilaterally take property from a license holder. This is set forth in the State party’s many submissions to UNESCO.

Further, we have clearly established that we have held the license before and after the establishment of the OWHP and that the license has either been granted or renewed many times since 2014. In fact, the resource report on PL020/2018 occurred prior to the OWHP designation and it was filed with MMGE. Without any consultation with ourselves, OWHP was established in 2014 and the buffer zone designed by the State party encroached on our license property. This act presented no barrier to our activities as it was clearly stated by the State Party to UNESCO in 2013 and 2014 and to us directly by numerous Ministers, Permanent Secretaries and Deputy Permanent Secretaries over the years that our activities were permitted in the buffer zone. The evidentiary record residing at the Ministry and at DOM is clear on these issues. We have also established that over +\$27M USD has been spent on exploration

and evaluation of the resource within the license itself, all done with the knowledge, approval and encouragement of MMGE.

As a result of our exhaustive activities, we have established a 441Mt ton iron mineral resource within PL020/2018 which today has an in-situ value of ~\$27,000,000,000 USD for which we have been preparing a preliminary economic assessment on. We have stopped most activities on PL's 020-024/2018 since these are contiguous licenses and together contain the Xaudum Iron Formation until such time that all licenses are granted and have the same commencement date.

As a public company, we are required to have an annual audit and even though we have filed extensive briefs, sent emails and requested meetings, I do not have any document from DOM explaining why PL020/2018 has not been renewed. This has effectively blocked our work on our \$27B USD resource asset. As it is now beyond any reasonable time frame to issue the license, I need to explain, in a documented fashion, to our auditors, legal counsel, shareholders, stakeholders and the investing public why the license has not been renewed.

Since the license was not renewed on October 1, 2021, we have lost more than \$30M USD from our market capitalization and not having the license which contains our proven resource is a barrier to capital raising as you can well appreciate. The damages to the company and its investors including the IFC (World Bank), JPMorgan Asset Management, First Quantum, Lucara, Sandstorm Gold and Botswana based TBM and our hundreds of shareholders is real.

Accordingly, I am requesting that you provide me with a written response specifically detailing why PL020/2018, which contains the company's major asset, is not being renewed so we can provide your response to our auditors and legal counsel and all parties of interest so that they can read for themselves the reasons why the biggest potential resource development project in Botswana is stalled.

Alternatively, if you have determined that there is no reason to not issue the license, please issue it effective April 1, 2022 and modify PL021-024 to coincide with the PL020/2018 commencement dates as it is one project and not divisible.

I am available to discuss this matter with you if you so desire at your convenience.

Respectfully submitted,



James M. Bruchs
Managing Director

Co 2003/292

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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:

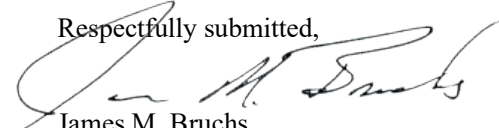
1	MDCB approves the \$2.7M USD investment for 10% of Gcwihaba XIF project and the option to acquire up to 50% as we have agreed to with MDCB in Dec 2019 and Dec 2020. – See Attachment A
2	The 5 Gcwihaba licenses are reissued with their initial license grant (3 year) on July 1 to make up for all the time 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)**

Investment Stage I	10% of the share capital in Gcwihaba Resources (Pty) Limited (“the Company”)
Amount	<ol style="list-style-type: none">1. \$2,200,000 USD for funding for Stage 1 program2. \$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.
Minerals and Metals	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.
Use of Funds	Stage 1: Preliminary Economic Assessment (PEA) Stage 2: Preliminary Feasibility Study (PFS) Stage 3: Feasibility Study (FS)
Pre-emptive Right	<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.

From: James Bruchs
Sent: Sunday, May 1, 2022 1:41 PM
To: Stephen Mogotsi <smogotsi@gov.bw>
Cc: Charles Siwawa <charles@bcm.org.bw>
Subject: RE: reports

Hello Stephen,

I had further conversations with the Company's directors, and it was suggested that the matter be brought to the attention of Frau Mechtild Rössler, M.Rossler@unesco.org, Director of the UNESCO World Heritage Centre in order to get clarification of what was filed with UNESCO by the State Party. Is this something that you would like to do in conjunction with us?

Another alternative which you might consider is to make a *minor buffer zone boundary modification* as was done in the case of the Venetia Mine in South Africa [UNESCO World Heritage Centre - State of Conservation \(SOC 2016\) Mapungubwe Cultural Landscape \(South Africa\)](#) and other projects throughout the world. I have attached an image showing the modification needed as well as the chronology of our license tenure. The encroachment of the buffer zone on our property would only have to be lessened a few hundred meters, a distance to where the airport was extended to in the buffer zone.

We acknowledge the predicament the State Party is in by the inaccuracies contained in the filed reports and there is no reason to expound upon that here, but the State Party must also recognize our legal title and the fact that millions of dollars were spent with the approval of the State to establish a billion-dollar resource. We have been trying to resolve this issue for months and months, but we find it difficult to reach a resolution as it appears that there is a lack of willingness to find a solution besides the illegal taking of our license. **Perhaps you could get authority to engage with us to seek as resolution and I am sure we can reach one in a matter of days.** We are more than reasonable and as the issue really lies in your Ministry, if we could come to an accommodation then others would surely respect it.

Please advise me at your soonest as this matter needs to be resolved without further delay as your recent State Party Report implies that we somehow gave up billions of dollars of our resource and this is not true.

I have cc'd Mr. Charles Siwawa, the Chief Executive Officer of the Botswana Chamber of Mines, who has been assisting us in resolving this matter. Legal title to a company's prospecting and mining licenses are important factors to where a mining company will invest their money and a sua sponte taking of a license away from a company does not sit well to those looking to invest in a country.

Again, I hope that you get the authority to work something out with us as the alternative is not productive and exposes things that do not need to be exposed if it can be avoided.

In good faith, I will wait a reasonable amount of time to hear from you before initiating any action on our own.

Regards,
James

From: James Bruchs
Sent: Friday, April 29, 2022 5:04 PM
To: Stephen Mogotsi <smogotsi@gov.bw>
Subject: RE: reports

Hi Stephen,
Thank you for your reply.

That is a very interesting version of the facts but there are no such documents that you reference that state what you are representing, see further below.

We are a stakeholder and have never been consulted. The buffer zone encroached on our licenses in 2014 as we have had them since 2008. You are basically saying that someone filed a report with UNESCO saying we agreed to give up licenses in the buffer zone which we never did and further this is contrary to what the State Report said last year wherein it was reported that there were no licenses exist in the buffer zone. For someone to say we gave up something which we did not is false and purposely so.

I'm not sure what documents you are reading but the documents filed by the State Party with UNESCO state the following:

Nomination dossier to UNESCO for inscription into the World Heritage List (submission by Republic of Botswana, 2013)
[Page 30]

*"The Ministry of Energy, Mineral and Water Resources has issued several mineral prospecting licenses to exploration companies for concession areas within the buffer zone of the site. No licenses have been issued within the core zones of the property. **Should an application to mine within the buffer zone arise, an Environmental Impact Study (EIA) will be required as part of Botswana's EIA Act, which would address concerns relating to the World Heritage property.** Also, the matter would be referred to the World Heritage Centre (WHC) for their advice." (emphasis added)*

and from the same report,
[Page 405]

*The government of Botswana through the Ministry of Minerals, Energy and Water Resources has taken a position that it will not issue any new mineral concessions within the Core area of the delta. The Ministry will further engage with the holders of the few existing licenses within the Core area of the delta with a view to eventually expunge those portions of the licenses which overlap the core. **Regarding the buffer area, stringent environmental protocols and practices will be adhered to, to protect the integrity of the Delta.** (emphasis added)*

In addition,

WORLD HERITAGE NOMINATION – IUCN TECHNICAL EVALUATION KAVANGO DELTA (BOTSWANA) – ID No. 1432 [April 2014]

(page 12)

*"Mining activities including prospecting will not be permitted within the [core zone] property. **Furthermore, potential impacts from mining including concessions in the buffer zone and outside the buffer zone need to be carefully monitored and managed to avoid direct and indirect impacts to the property, including water pollution.**" (emphasis added)*

It is clear from the State Party's submissions to UNESCO since 2013, **that both mining and prospecting licenses can exist within the buffer zone.** And as whole world is aware, mining has and does take place in buffer zones which are by definition not part of World Heritage Site.

The documents on the UNESCO website further state that that property cannot be taken away from a license holder. I continue to be amazed how the filings with UNESCO by the State Party can be so misconstrued as they are very straightforward with respect to licenses. Right now, I just want to find out who is writing these reports to get them clarified because as I read through them, about the only thing correct in them concerning our licenses is that the name of our subsidiary Gcwihaba is spelled correctly.

Regards,
James

From: Stephen Mogotsi <smogotsi@gov.bw>
Sent: Friday, April 29, 2022 4:13 PM
To: James Bruchs <JBruchs@tsodiloresources.com>
Subject: RE: reports

Dear James,

The State of Conservation Report entailed consultations with key stakeholders in the process. The Government of Botswana as a State Party has made a decision to conform to the requirements of the UNESCO 1972 World Heritage Convention not to allow any exploration nor mining activity within the core and buffer zones of the the two properties. This was also stated in the nomination of the Okavango Delta as a World Heritage Site dossier.

I hope this clarifies the matter and please feel free to engage further if need be.

Regards

Stephen T. Mogotsi

Director
Department of National Museum and Monuments
331 Independence Avenue
Private Bag 00114
Gaborone
Botswana

Tel: +267 361 0403 / 397 4561
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Mob: +267 72 304 002

From: James Bruchs [JBruchs@tsodiloresources.com]
Sent: Wednesday, April 27, 2022 4:23 PM
To: Stephen Mogotsi
Subject: reports

Dear Director Mogotsi,

I was given your details as it was suggested that you might be able to steer me in the right direction. I am trying to determine the author(s) of the attached report as I need to get some clarification from them regarding the comments made about our subsidiary Gwihaba Resources (Ltd) Pty. on page 5 of the report.

If you could direct me to the person or persons I can speak with, that would be most appreciated.

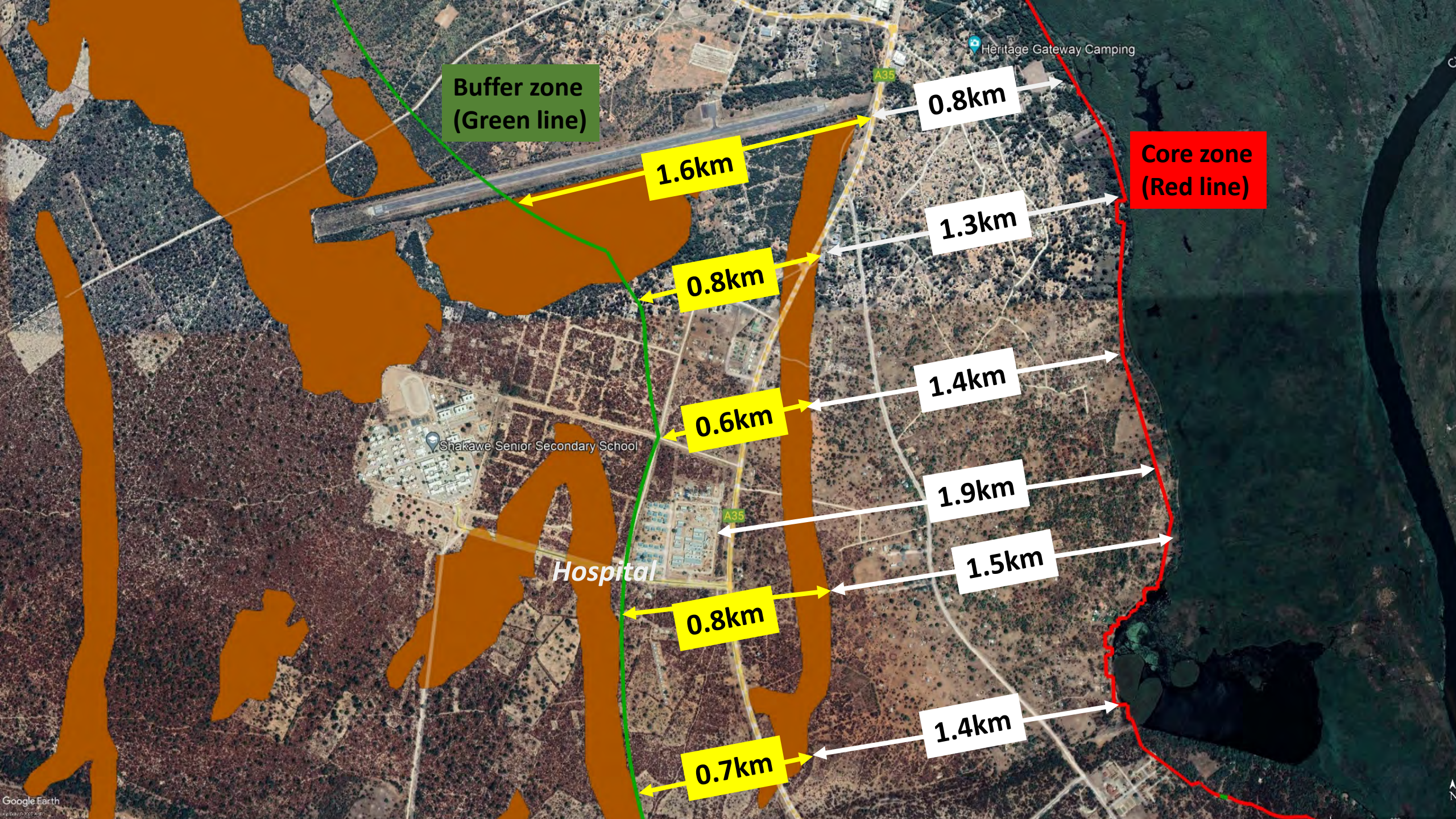
Thank you for your assistance with this matter.

Regards,
James

James M. Bruchs
Chairman & CEO
Tsodilo Resources Limited (www.TsodiloResources.com)
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Facsimile: +1 416 987 4369

Sometimes an image is more powerful than a thousand words

- 1) There is no doubt that Gcwihaba has a legal right to its license PL020/2018 inclusive of the portion in the buffer zone
- 2) The buffer zone encroached upon our license area in 2014 after we established a compliant 43-101 – 441Mt iron resource and spent some \$25M USD to do so (Note: the buffer zone has never been part of the Okavango World Heritage Property – it is an area surrounding the core zone which is the World Heritage Property).
- 3) Before and after 2014, our licenses have been granted and renewed by MMGE
- 4) In 2018, in an arrangement with MMGE by which we gave up very prospective licenses to the east of the panhandle in exchange for the initial grant of 7 (current) licenses to the west of the panhandle inclusive of the area in the buffer zone.
- 5) Since the designation of the Okavango World Heritage property in 2014, the government has allowed:
 - a hospital to be built in the buffer zone in Shakawe
 - an extension of the airport runway in the buffer zone in Shakawe
 - allowed the expansion and rebuilding of a shopping complex in the buffer zone in Shakawe
 - built a bridge in the core zone of the Property
- 6) What is the difference between the above examples and our prospecting license?
 - all except for the shopping center are owned by the government
 - all were constructed and reported with transparency while Gcwihaba licenses and activities were reported to UNESCO intentionally incorrect.
Note: Whether the person doing the actual reporting knew of the misrepresentations is not known
- 7) The buffer zone encroached on our resource from a distance at its greatest of 1.6km which is exactly the same distance that the airport extends into the buffer zone to the shortest distance of 0.6km.
- 8) The buffer zone resource has a current in-situ value of \$6-7B USD.
- 8) Our license and the resource residing in the buffer zone has never been an issue as the State Party (Gov. of Botswana) advised UNESCO in its application that [paraphrase] **“Exploration and mining in the buffer zone is permitted subject to the proper environmental management plan being approved in the case of exploration and an approved Environmental Impact Assessment report in the case of a mining application”**.
- 9) Gcwihaba has always agreed to the above conditions and has stated so repeatedly. The portion in the buffer or a portion of the area in the buffer zone can never be exploited unless and until an Environmental Impact Assessment study is approved by the government as required by the Mines and Minerals Act and no different than any other property in the country.
- 10) Solutions to the issue range from MMGE renewing our license as required by law to the State Party moving their buffer zone to eliminate the issue and possibilities in-between may exist also such as gov. paying us for the value of the resource.



**Buffer zone
(Green line)**

**Core zone
(Red line)**

0.8km

1.6km

1.3km

0.8km

1.4km

0.6km

1.9km

Hospital

1.5km

0.8km

1.4km

0.7km

Heritage Gateway Camping

Shakawe Senior Secondary School

A35

A35



Shopping Mall

2.2km

0.5km

A35

A35

Shakawe

Air guest house

JB Sports Acala Mall Shakawe

Shell

Builders Mart Shakawe

Heritage Gateway Camping

						RE-ISSUANCE - Change in PL #s	
COMPANY	PL NUMBER	Initial Grant	First	Second	Relinquished	Initial Grant	First
		ISSUE	RENEWAL	RENEWAL		ISSUE	RENEWAL
		DATE	DATE	DATE		DATE	DATE
Gcwihaba - metals	PL386/2008	1-Oct-08	01-Jan-12	01-Jul-16	31-Dec-17		
Gcwihaba - metals	PL387/2008	1-Oct-08	01-Jan-12	01-Jul-16	31-Dec-17		
Gcwihaba - metals	PL388/2008	1-Oct-08	01-Jan-12	01-Jul-16	31-Dec-17		
Gcwihaba - metals	PL389/2008	1-Oct-08	01-Jan-12	01-Jul-16	31-Dec-17		
Gcwihaba - metals	PL390/2008	1-Oct-08	01-Jan-12	01-Jul-16	31-Dec-17		
Gcwihaba - metals	PL391/2008	1-Oct-08	01-Jan-12	01-Jul-16	31-Dec-17		
Gcwihaba - metals	PL392/2008	1-Oct-08	01-Jan-12	01-Jul-16	31-Dec-17		
<i>Note: the above licenses became the below licenses as a result of an arrangement with Ministry whereby Gcwihaba gave up valuable licenses west of the panhandle in exchange for the grant of new licenses east of the panhandle inclusive of areas in the buffer zone</i>							
Gcwihaba - metals	PL020/2018					1-Oct-18	Pending
Gcwihaba - metals	PL021/2018					1-Oct-18	1-Jan-22
Gcwihaba - metals	PL022/2018					1-Oct-18	1-Jan-22
Gcwihaba - metals	PL023/2018					1-Oct-18	1-Jan-22
Gcwihaba - metals	PL024/2018					1-Oct-18	1-Jan-22
Gcwihaba - metals	PL025/2018					1-Oct-18	100 % Relinquished
Gcwihaba - metals	PL026/2018					1-Oct-18	100 % Relinquished