

MARIPE J.

**IN THE HIGH COURT OF THE REPUBLIC OF BOTSWANA  
HELD AT MAUN**

**Case No. MAHMN-000075-22**

In the matter between:

**GQWIHABA RESOURCES (PTY) LTD**

Applicant

And

**MINISTER OF MINERALS AND ENERGY**

1<sup>st</sup> Respondent

**ATTORNEY GENERAL**

2<sup>nd</sup> Respondent

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**FILING SHEET**

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**PLEASE FIND FILED HEREWITH;**

1. Respondents' Notice of Opposition.

**DATED AT GABORONE ON THIS 14<sup>TH</sup> DAY OF NOVEMBER 2022**



**G.I. BEGANE**

For/ Respondents

Attorney General's Chambers

Civil Litigation Division

Government Enclave

Private Bag 009

**GABORONE**



**TO: REGISTRAR OF HIGH COURT**  
High Court  
**MAUN**

**AND TO: COLLINS CHILISA CONSULTANTS**  
Applicant's Attorneys  
Chambers Plot 4858, Lecha Close  
Off Marakanelo Way  
P. O. Box 45136  
**GABORONE**

Received the original document of which  
this is a copy-

Date: 23/11/22

Time: 0828

PATIENCE KESBYILE  
for **COLLINS CHILISA CONSULTANTS**

MARIPE J.

**IN THE HIGH COURT OF THE REPUBLIC OF BOTSWANA  
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1<sup>st</sup> Respondent

**ATTORNEY GENERAL**

2<sup>nd</sup> Respondent

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**NOTICE OF OPPOSITION**

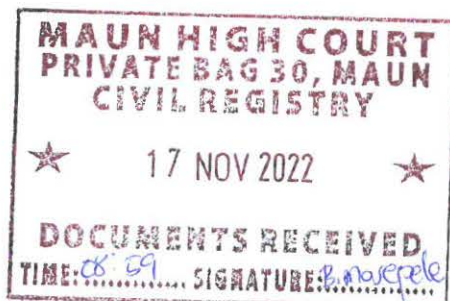
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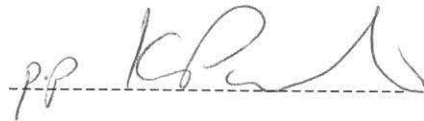
**BE PLEASED TO TAKE NOTICE THAT** the 1<sup>st</sup> respondent intends to oppose the applicant's application and appoints the **Attorney General's Chambers, Lot 50762, Government Enclave, Private Bag 009, Gaborone**, as the address at which all the documents may be delivered or sent.

**RELIEF SOUGHT**

**WHEREFORE** the 1<sup>st</sup> respondent prays for the dismissal of the application with costs.

**DATED AT GABORONE ON THIS 14<sup>TH</sup> DAY OF NOVEMBER 2022**





**G.I. BEGANE**

For/ Respondents

Attorney General's Chambers

Civil Litigation Division

Government Enclave

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**TO: REGISTRAR OF HIGH COURT**

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**ATTORNEY GENERAL**

2<sup>nd</sup> Respondent

---

**FILING SHEET**

---

**PLEASE FIND FILED HEREWITH;**

1. Respondents' Record of Proceedings.

**DATED AT GABORONE ON THIS 18<sup>TH</sup> DAY OF NOVEMBER 2022**



  
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**G.I. BEGANE**

For/ Respondents  
Attorney General's Chambers  
Civil Litigation Division  
Government Enclave  
Private Bag 009

**GABORONE**

**TO: REGISTRAR OF HIGH COURT**  
High Court  
**MAUN**

**AND TO: COLLINS CHILISA CONSULTANTS**  
Applicant's Attorneys  
Chambers Plot 4858, Lecha Close  
Off Marakanelo Way  
P. O. Box 45136  
**GABORONE**

Received the original document of which  
this is a copy-

Date: 23/11/12

Time: 0828HRS

PATIENCE KEBORILE  
for **COLLINS CHILISA CONSULTANTS**

**IN THE HIGH COURT OF THE REPUBLIC OF BOTSWANA  
HELD AT MAUN**

**Case No. MAHMN-000075-22**

In the matter between:

**GQWIHABA RESOURCES (PTY) LTD**

Applicant

And

**MINISTER OF MINERALS AND ENERGY**

1<sup>st</sup> Respondent

**ATTORNEY GENERAL**

2<sup>nd</sup> Respondent

---

**RECORD OF PROCEEDINGS**

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**BE PLEASED TO TAKE NOTICE** that that the Applicant has instituted Review Proceedings against the Respondents' before the Honorable Justice Maripe.

**TAKE FURTHER NOTICE** that the Respondents' file the Record of Proceedings as below:

Index	Item	Page
1.	Resolution letter dated 15 December 2015	1
2.	Letter dated 16 December 2015 from Gwihaba Resources (Pty) Ltd.	2-3
3.	Prospecting License given on 22 October 2018.	4-9
4.	License renewal application dated 30 June 2021	10-29

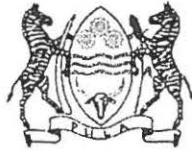


5.	Letter dated 06 December 2021 by Gchwihaba Resources (Pty) Ltd.	30
6.	Savingram dated 10 December 2021 from the Director of Mines regarding Application for first renewal of prospecting license.	31-32
7.	Savingram dated 31 December 2021 regarding Prospecting Licence Number.	33
8.	Savingram dated 14 April 2022 regarding Application for renewal of prospecting license.	34-35
9.	Letter dated 26 April 2022 from the Minister of Minerals and Energy.	36
9.	Response Letter dated 27 April 2022 from Gchwihaba Resources (Pty) Ltd	37-38
10.	Savingram dated 01 June 2022 regarding proposal for resolution of Application of Prospecting License.	39-40
11.	Letter dated 07 June 2022 being proposal for resolution of Application for renewal of prospecting license.	41-42

**DATED AT GABORONE ON THIS 18<sup>TH</sup> DAY OF NOVEMBER 2022**

Tel.: (267) 365 7000  
Fax.: (267) 395 2141

Ref: CP 337 XII (11)



Republic of  
Botswana

Department of Mines  
Private Bag 0049  
GABORONE  
BOTSWANA



*All correspondence to be addressed to the Director*

**Date:** 15<sup>th</sup> December 2015

Gcwihaba Resources (Pty) Ltd  
P O Box 3726  
GABORONE

**ATTENTION: Dr. Mike de Wit**

**Fax: 392 7144**

**RE: RESOLUTION OF MEETING HELD BETWEEN DEPARTMENT OF MINES AND  
GCWIHABA RESOURCES (PTY) LTD.**

The above refers.

2. This communiqué serves to summarize the resolutions agreed to between Department of Mines and Gcwihaba Resources (Pty) Ltd represented by Dr. Mike de Wit.
3. The meeting was held to discuss the issues of the pending renewals of prospecting licences held by Gcwihaba Resources. These licences fall within the buffer zone of the Okavango World Heritage Site (OWHS) where prospecting activities/operations are prohibited and/or will be subjected to stringent EIA measures.
4. Gcwihaba has agreed to release those licences that fall within the buffer zone in lieu of areas outside the buffer zone and also with the basis that the licences will be issued as new ones rather than as renewals. This request came about as Gcwihaba has spent and carried out works on the areas that they are now requested to surrender to give way to the OWHS.
5. In light of the above, we are currently waiting for the submissions from Gcwihaba Resources indicating those licences that they wish to release and also to indicate those that they wish to be given as a substitute.
6. Thank You.

Yours faithfully,

  
.....  
T. Segwabe  
**/FOR DIRECTOR**



**GCWIHABA RESOURCES (PTY) LIMITED**

Co 2003/292

VAT NO. C 06643801113

Mailing Address  
P. O. Box 3726  
Gaborone, Botswana

Registered Address  
1<sup>st</sup> Floor, Acacia House – PL 54358  
Gaborone, Botswana

TEL / FAX (267) 392-7144

**PRIVILEGED AND CONFIDENTIAL**

16<sup>th</sup> December 2015

The Director of Department of Mines, MMEWR,  
Private Bag 0049  
GABORONE

Attention: Mr Gabotshwarege Tshckiso

**RE: Gcwihaba Resources (Pty) Ltd and prospecting licences near the Okavango delta**

Dear Director,

Since we last spoke on Monday the 14<sup>th</sup> of December, I have had the opportunity to discuss with Mr. James M. Bruchs, Chairman and CEO, of Tsodilo Resources Limited (100% owner of Gcwihaba Resources), several scenarios whereby our mutual interests could be obtained. We would like to explore with you the possibility of giving up all rights to our metal licenses on the eastern side (Parcel 1, see map) of the panhandle (PL 393/2008 – 395/2008;

⇒ PL 93/2012 – PL 97/2012; and PL 588/2009) in exchange for having the licenses on western side (Parcel 2, see map) (PL 386/2008 – 392/2008; PL 51/2008 and 52/2008; PL 595/2009 – 597/2009; and PL 119/2005) be renewed for their initial three (3) year term. We would also like to select an area south of PL 391/2008 and PL 392/2008, linking it with PL 595/2009 and 119/2005, to be added to Parcel 2.

The above would be conditioned on several factors not limited to the following:

- 1) The areas on the eastern side (Parcel 1) that we would be giving up would be off-limits to further license grants to other companies, i.e. if we relinquish them they cannot then be then granted to another party/company - ever. However, if for some reason they would be granted to other parties, the Ministry would first give Gcwihaba Resources the right of first refusal to take up the licenses.
- 2) Our licensees on the western side (Parcel 2) would be granted their initial 3 year term and at minimum expenditure levels and would be considered contiguous licenses under the Act. As of to date, we have spent 213,762,183 BWP (over 200m BWP) on our metal licenses and although we continue to proceed with our aggressive exploration, prior expenditures and a recognition of the down turn in the resource sector must be recognized.
- 3) In-fill areas in Parcel 2 would be granted to us,
- 4) The licenses would be granted to us no earlier than April 1, 2016.

We believe that such an arrangement would serve the interests of all parties.

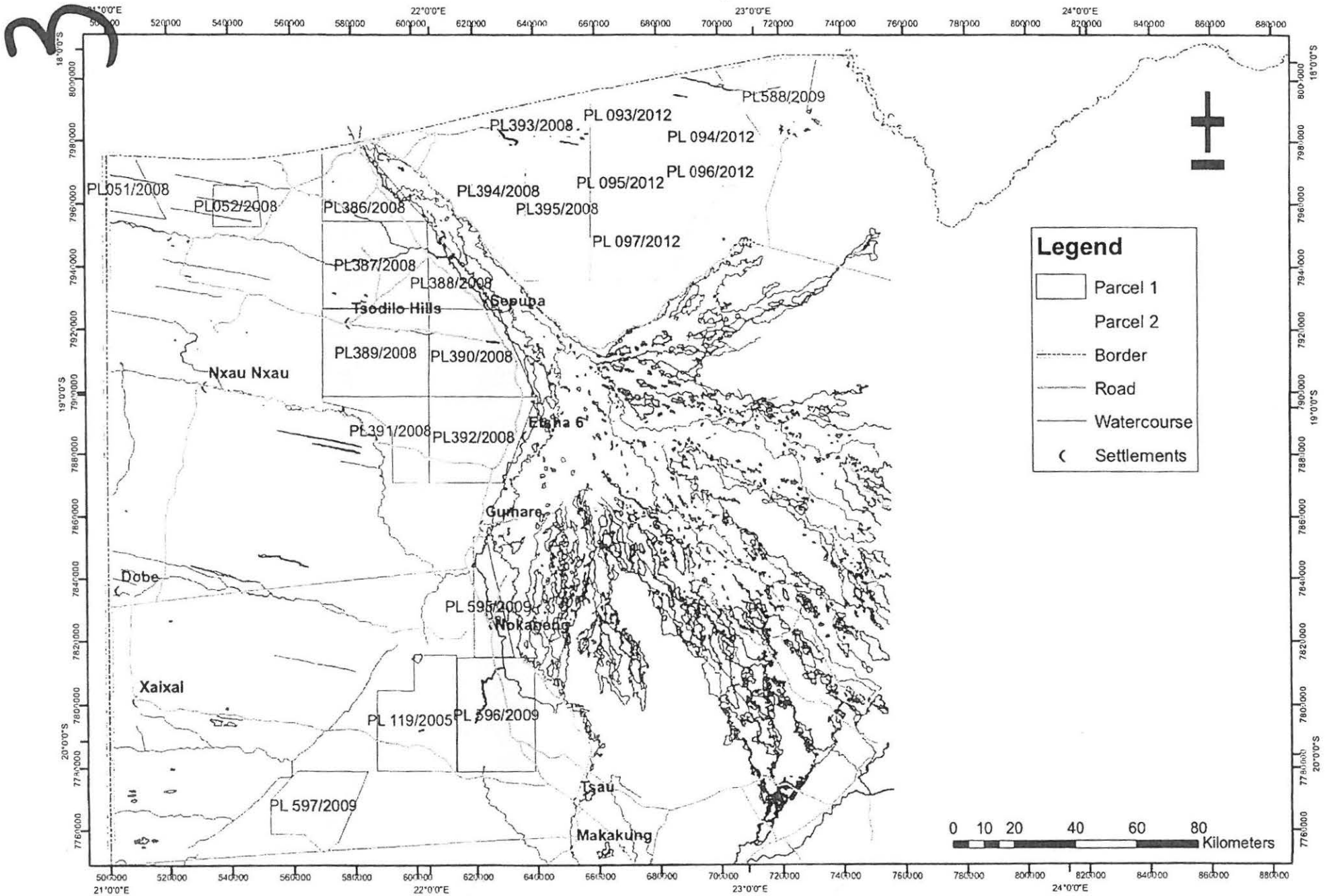
Yours sincerely,

<b>GCWIHABA RESOURCES (PTY) LTD</b>
COMPANY NO. 2003/292
VAT REG. NO. C06643801113
P.O. BOX 3726
GABORONE BOTSWANA
TEL/FAX: 3927144

Dr. Michiel C.J. de Wit  
Director and COO

Attached map

Directors: James M. Bruchs<sup>1</sup> (Managing), Michiel C.J. de Wit<sup>2</sup> David J. Cushing<sup>3</sup>  
<sup>1</sup>American <sup>2</sup>Netherlands <sup>3</sup>Botswana resident



Gcwhaba Metals Licenses (REE, PGE, Precious Metals, Base Metals) as of 15 December 2015.

WGS 1984 UTM Zone 34S Map produced: December 2015

H:\GIS\2014\10\_PL\_Referencenr\2014112\_PLs\_as\_of\_2015\_12\_15\2015-12-15\_Gcwhaba Base Metal PLs\_15\_December\_2015



4<sup>(42)</sup>



REPUBLIC OF BOTSWANA

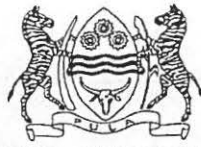
PROSPECTING LICENCE

in favour of

GCWIHABA RESOURCES (PTY) LTD

PROSPECTING LICENCE NO. 020/2018





REPUBLIC OF BOTSWANA

Form II/Amendment

Prospecting Licence No.020/2018

Issued in terms of section 16 of the Mines and Minerals Act.

WHEREAS Gcwihaba Resources (Pty) Ltd a company incorporated under the laws of the Republic of Botswana (hereinafter referred to as "the holder") has made application for the right to prospect for metals on land to which the Republic of Botswana holds mineral rights.

AND WHEREAS provision is made under section 14 of the Act for the conferring of such rights by means of a prospecting licence:

NOW THEREFORE the Minister hereby grants to the holder the exclusive right to prospect for metals in the Licence area for a period of 3 years commencing on 01 October 2018 and ending on 30 September 2021.

1. The Licence area shall be the area shown on the map annexed hereto in extent of five hundred and seventy square kilometres (570 km<sup>2</sup>), located in the Ngamiland District and more fully described in Annexure I hereto; and as reduced from time to time in accordance with the provisions of the Act.
2. In accordance with section 70 of the Act, the holder shall, simultaneously with issuance of this licence, and thereafter on each anniversary thereof, pay to the Government at the Office of the Director of Mines, an annual charge equal to Five Pula (P5.00) multiplied by the number of square kilometers in the Licence area subject to a minimum annual charge of One Thousand Pula (P1000.00).
3. The holder shall incur the minimum annual expenditures and shall expeditiously carryout the programme of prospecting operations set out in Annexure II.

GIVEN under my hand at GABORONE this .....22<sup>nd</sup>..... day of .....October..... in the year 2018.

.....  
*Tomotale*  
 Minister  
 Ministry of Mineral Resources,  
 Green Technology and Energy Security

6

ANNEXURE I

The Licence area is five hundred and seventy square kilometres (570 km<sup>2</sup>) in the Ngamiland District defined by boundary lines, which shall be straight unless otherwise stated, joining successive points at the following coordinates in Geographic Coordinate System, Datum WGS 1984:

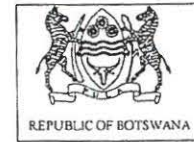
<u>Point</u>	<u>Longitude (E)</u>	<u>Latitude (S)</u>
A	21.666560	-18.291970
B	21.779180	-18.272020
C	21.994640	-18.497390
D	21.666600	-18.498830

Total Area = 570 km<sup>2</sup>

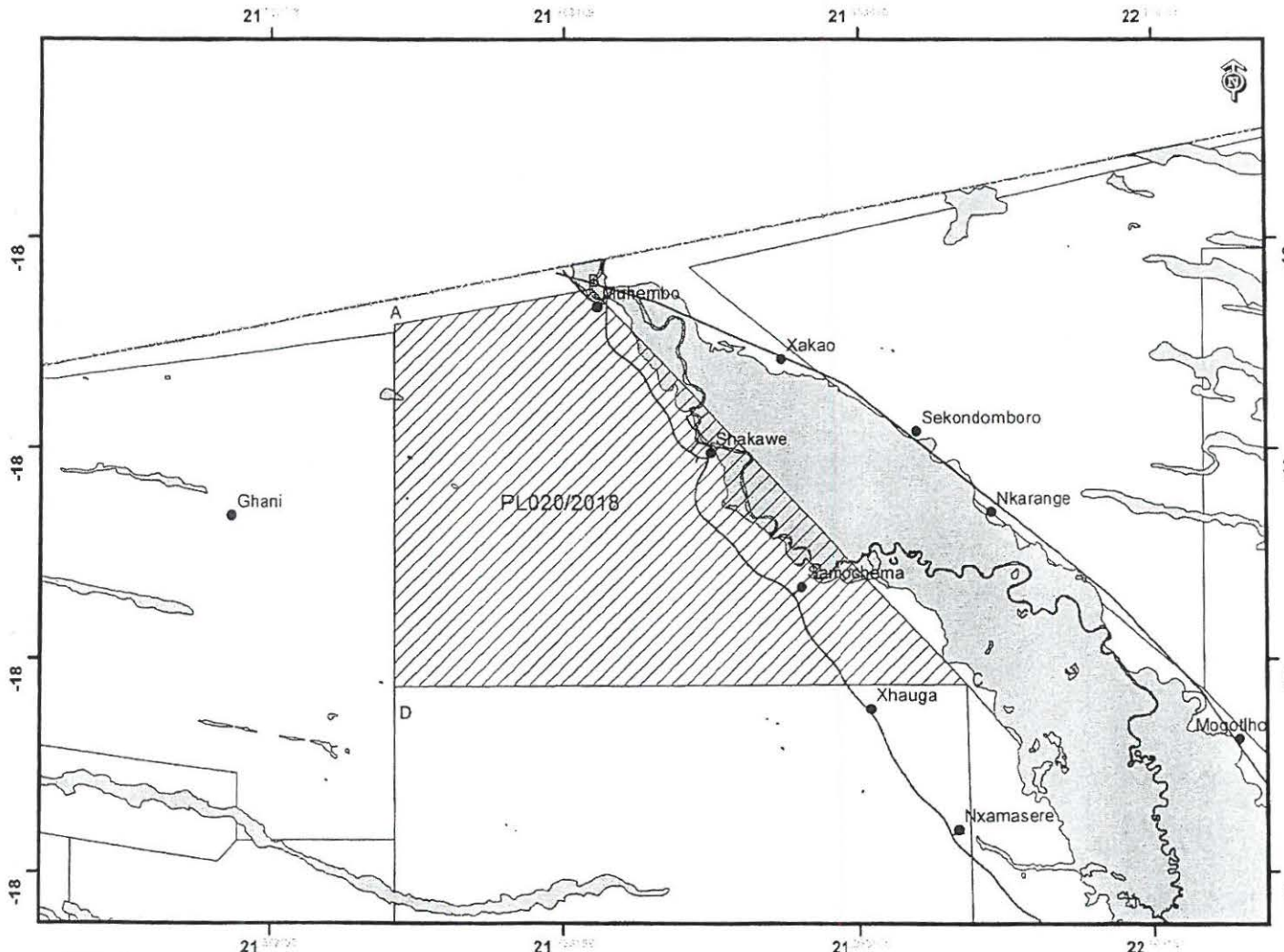
Annexure 1

GCWIHABA RESOURCES (PTY) LTD

Prospecting License No. 020/2018



Coordinate System: GCS WGS 1984  
Datum: WGS 1984  
Units: Degree

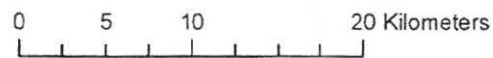


Point	Long	Lat
A	21.666560	-18.291970
B	21.779180	-18.272020
C	21.994640	-18.497390
D	21.666600	-18.498830

Legend

- Settlement
- Road
- Waterbody
- Other PLs
- ▨ Area of License

1:400 000



Drawn on the 09/10/2018 *JABE*  
By Sbanggo Sebekedi.....  
Checked By P. Matlotse.....  
Department of Mines

*11/10/2018* **7**

## ANNEXURE II

Programme of prospecting operations	Proposed minimum expenditure
<p><u>Year 1</u></p> <ul style="list-style-type: none"> <li>i. Conduct detailed review and analysis of geological and geophysical historical data, and continued upgrading of ground magnetic surveys, and building of geophysical and geological models.</li> <li>ii. Petrographic analyses of existing drill cores.</li> <li>iii. Further assaying of existing drill cores.</li> <li>iv. Conduct detailed ground magnetic survey.</li> <li>v. Extension and completion of the tie-lines of the airborne gravity survey and conduct drilling.</li> <li>vi. ICP multi-element geochemical analysis of 220 drill holes targeting metal anomalism.</li> <li>vii. Analysis of sulphide-rich mineral intersections from recently-drilled boreholes.</li> <li>viii. Water sampling for hydro geochemical analysis.</li> <li>ix. Complete a Preliminary Economic Assessment (PEA).</li> <li>x. Investigation of the transport of metals from bedrock into detectable anomalies and completion of geological model.</li> <li>xi. Geological interpretation in 2D (MapInfo) and 3D (Leapfrog) software.</li> </ul>	<p>Seventy Thousand Pula (BWP 70,000.00)</p>
<p><u>Year 2</u></p> <ul style="list-style-type: none"> <li>i. Further Mineral Resource estimation and definition to expand the resource model beyond the initial resource report.</li> <li>ii. Analyses of recently flown (2013/2014) airborne magnetic, electromagnetic, radiometric, and gravity surveys, as well as continued upgrading of ground magnetic surveys, and building of geophysical and geological models.</li> <li>iii. Drilling of 32 drill holes totaling 6,300 meters targeting high grade magnetite material.</li> <li>iv. Assaying of drill core samples using at least XRF analysis.</li> <li>v. Geological modelling of the deposit using GOCAD.</li> <li>vi. A NI 43-101 MRE report and resource statement.</li> <li>vii. Conduct detailed metallurgical test work including DTR analysis and magnetic susceptibility measurements.</li> <li>viii. Carryout a Pre-feasibility studies.</li> <li>ix. Conduct diamond core drilling of priority targets.</li> <li>x. Conduct petrographic analyses of drill cores.</li> <li>xi. Assaying of drill cores using a variety of techniques (AAS, ICP, and XRF, ME).</li> </ul>	<p>Eighty Thousand Pula (BWP 80,000.00)</p>

<p><u>Year 3</u></p> <ul style="list-style-type: none"><li>i. Define extended resources.</li><li>ii. Drilling of 31 drill holes totaling 6,200 meters targeting high grade magnetite material.</li><li>iii. Assaying of drill cores using XRF analysis.</li><li>iv. Geological modelling of the deposit.</li><li>v. A third NI 43-101 MRE report and resource statement.</li><li>vi. Conduct detailed metallurgical test work including DTR analysis and magnetic susceptibility measurements.</li><li>vii. Outline diamond core drilling of targets that have been identified as having the potential for an inferred resource.</li><li>viii. Conduct petrographic analyses of drill cores.</li><li>ix. Assaying of drill cores using a variety of techniques (AAS, ICP, and XRF, ME).</li><li>x. Conduct further detailed geophysical and drilling to prepare for an NI 43-101 Mineral Resource Report.</li></ul>	<p>Ninety Thousand Pula (BWP 90,000.00)</p>
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# GCWIHABA (PTY) LIMITED

Co 2003/292

**Mailing Address**  
**PO Box 3726**  
**Gaborone, Botswana**

**Physical Address**  
**The Office Building #59**  
**Plot 21532 Fairgrounds Office Park**  
**Gaborone, Botswana**

**Registered Address**  
**RSM House – Plot 39**  
**Plot 39, Commerce Park**  
**Gaborone, Botswana**

TEL / FAX (267) 392-7144

June 30, 2021

To: Madame Selinah Mogojwa  
 Director of Mines  
 Department of Mines  
 Private Bag 0049  
 Gaborone, Botswana



**Re: License Renewal Application for PL020/2018, PL021/2018, PL022/2018, PL023/2018, and PL024/2018 – Metals Prospecting Licenses**

Dear Madame Director,

Gcwihaba Resources (Pty) Ltd. (herein Gcwihaba or the Company) is hereby applying for the first-2 year renewal of Metals Prospecting Licenses PL020/2018, PL021/2018, PL022/2018, PL023/2018, and PL024/2018.

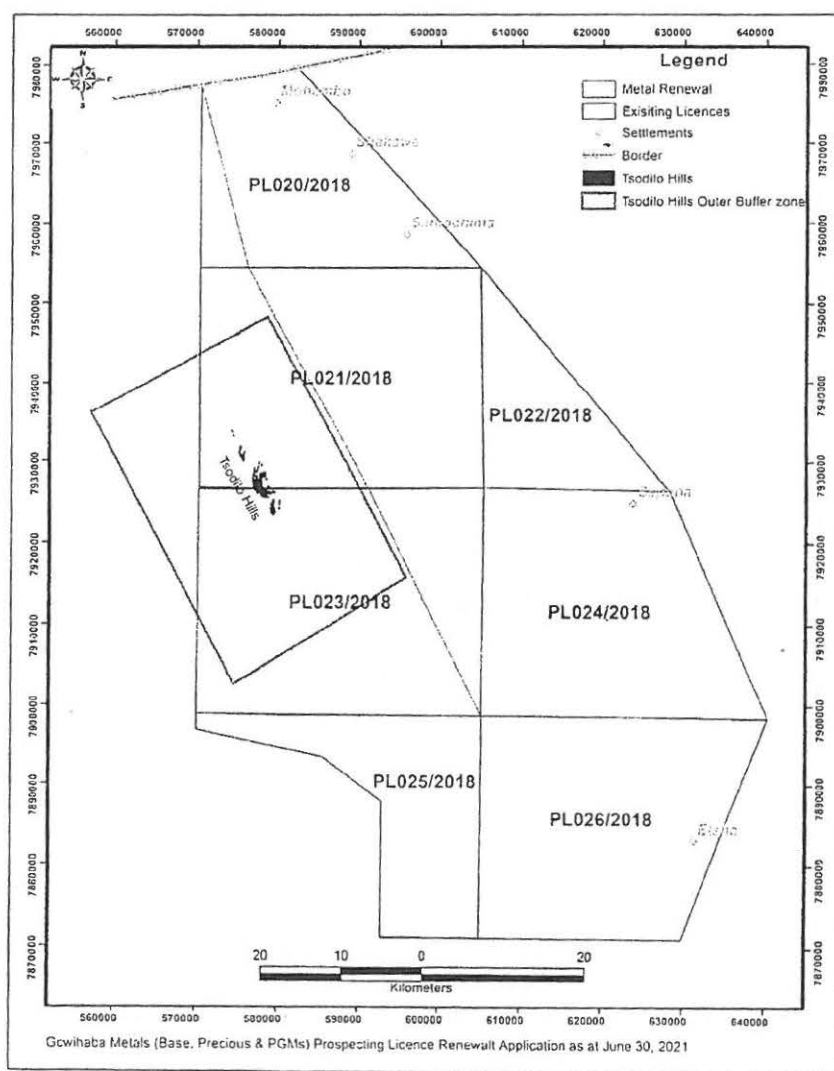
The Company was initially granted 7 contiguous Metals Prospecting Licenses effective the 1<sup>st</sup> October 2018 for 3 years. The 7 contiguous licenses were:

- PL020/2018 (570.0 km<sup>2</sup>);
- PL021/2018 (964.9 km<sup>2</sup>);
- PL022/2018 (317.1 km<sup>2</sup>);
- PL023/2018 (978.6 km<sup>2</sup>);
- PL024/2018 (807.3 km<sup>2</sup>);
- PL025/2018 (454.5 km<sup>2</sup>); and
- PL026/2018 (828.1 km<sup>2</sup>).

The Company is relinquishing 50.7% (2,496 km<sup>2</sup>) including the Tsodilo Hills area (see Figure 1). The relinquishment includes two licenses, PL026/2018, and PL025/2018, relinquished in their entirety (100%). Accordingly, the Company as such is renewing 49.3% of the original area of the 7 contiguous licenses aforementioned as follows in Table 1 and Figure 1:

**Table 1.** Area of the 7 contiguous metals licenses relinquished (grey) and renewed (green) in this application.

License	Original Area	Relinquish		Renew	
		Area	Percentage	Area	Percentage
PL020/2018	570	66.8	11.72%	503.2	88.28%
PL021/2018	964.9	367.76	38.11%	597.14	61.89%
PL022/2018	317.1	0	0.00%	317.1	100.00%
PL023/2018	978.6	779.24	79.63%	199.36	20.37%
PL024/2018	807.3	0	0.00%	807.3	100.00%
PL025/2018	454.5	454.5	100.00%	0	0.00%
PL026/2018	828.1	828.1	100.00%	0	0.00%
<b>TOTAL</b>	<b>4,920.50</b>	<b>2,496.40</b>	<b>50.73%</b>	<b>2,424.10</b>	<b>49.27%</b>



**Figure 1.** Map showing the original 7 contiguous metals licenses, the areas relinquished, and the areas renewed in this application. Also shown is the Tsodilo Hills area as part of the relinquished area.

Directors: James M. Bruchs<sup>1</sup> (Managing) – Jonathan R. Kelafant<sup>1</sup> – Blackie Marole<sup>2,3</sup> – Dr. Gary A. Bojes<sup>1</sup>  
<sup>1</sup>American, <sup>2</sup>Motswana, <sup>3</sup>Resident

**Effects of Covid-19 on the Company**

It is well known and documented, the Covid-19 pandemic has had a substantial negative impact on all areas of life including individuals, all industries, and all businesses alike, and the business of exploration and prospecting is no exception.

The local and global constraints, inclusive of financial constrictions, placed on us all have meant that conducting any form of work and normal business for an exploration Company such as Gcwihaba has been hard and to near impossible.

The Ministry recognized the effects of the Covid-19 pandemic on the economy, including the mineral industry, and as such the Company was granted a forbearance of one (1) year of prospecting programme for these prospecting licenses (PL 020-026/2018). The company has somewhat been able to outlast the ongoing and debilitating effects of the pandemic and is looking to make up for the lost time in its activities on this next renewal (See Form1 and an overview below).

**Expenditure:**

The total expenditure of Gcwihaba these licenses discussed as PL 020-026/2018 and their previous incarnations since inception through December 31, 2020 is over **\$25M USD in expenditures and services.**

A brief summary of the work completed to date and the **Form 1** planned work program is described below. Reference is made to **Form 1** (attached hereto) and **Appendix IIV as a summary of the work conducted.**

**General Summary of Work Conducted to Date on these Gcwihaba Licenses**

The Company has had an extremely successful exploration program, and thus far has defined successfully Botswana’s only exploitable resource of iron. This Xaudum Iron Project will produce an iron concentrate product which will be very similar to the iron ore concentrate fines and pellets feed produced from premium iron ore producers in the U.S., Canada, Brazil, Sweden etc. and attract a premium value compared to standard global iron ore products.

The Company’s independent scoping studies into the feasibility of the Xaudum Iron Project for iron ore mining show very exciting results suggesting that the project is highly feasible and will likely become the country’s first iron ore mine and bring in significant wealth for Botswana and Batswana. This study indicates that the project could have multiple positive NPV scenarios which are summarised below ranging from:

- 1. Stage 1: Low Risk venture Start Up Mine producing product beneficiated to Ferrosilicone (FeSi) and sold to southern African mines;
  - ◊ FeSi sales to regional diamond and coal mines
  - ◊ Small scale start-up operation – 1.8 Mtpa ROM



- ◇ @ 50 year plus life of mine
  - ◇ NPV = ~\$850 million USD Expected – upside to NPV \$1,350 million USD
  - ◇ IRR = ~82%
  - ◇ Low CAPEX = ~\$200 million USD
  - ◇ 5 year payback
  - ◇ 68% operating margin
2. Stage 2: Low Risk venture (as in it's a "no brainer") Base case iron ore concentrate shipping mine, shipping a moderate level iron concentrate mine;
- ◇ Magnetite concentrate produced via magnetic concentrator at 67% Fe
  - ◇ Product transported to railhead at Grootfontein Namibia
  - ◇ Railed to Walvis Bay
  - ◇ Shipped to international markets such as Europe, India, and China
  - ◇ Medium Size Mine – 7.2 Mtpa ROM
  - ◇ 50-year plus life of mine
  - ◇ NPV = ~\$82 million USD Expected – upside to NPV \$302 million USD
  - ◇ IRR = ~19%
  - ◇ Low CAPEX = ~\$260 million USD
  - ◇ 9-year payback
  - ◇ 35% operating margin
  - ◇ Low Risk Venture
3. Stage 3: Full Size Iron Ore Mine - Magnetite Concentrate international sales through Walvis Bay
- ◇ Magnetite concentrate produced via magnetic concentrator at 67% Fe
  - ◇ Magnetite concentrate further beneficiated to Pellets via pelletizing plant
  - ◇ Upgraded Rail Line From Mine to Walvis Bay
  - ◇ Upgraded Port at Walvis Bay
  - ◇ Shipped to international markets such as Europe, India, and China
  - ◇ Large Size Mine – 63 Mtpa ROM
  - ◇ 60-year plus life of mine
  - ◇ NPV = ~\$287 million USD Expected – upside to NPV \$2,600 million USD
  - ◇ IRR = ~15%
  - ◇ Significant CAPEX = ~\$3,746 million USD
  - ◇ 10-year payback
  - ◇ 34% operating margin
  - ◇ Moderate Risk Venture but huge job creation and secondary job and wealth creation for Botswana

In addition to this, the Company has explored successfully within the licenses for the following that could potentially become significant mines also:

1. Copper and Cobalt: Sedimentary Cu/Co (Katanga type sediments) within the entire Neoproterozoic package;
2. Xaudum Gold: Gold mineralisation linked to the Xaudum Iron Formation; and

3. Rare Earth Element: Skarn REE and Cu targets. These are secondary skarn targets hosted within marbles (carbonate) rich lithologies and include significant enrichment in REE and Cu.

### Metals Exploration Work Conducted

- Exploration Drilling
  - ◊ Number of holes drilled = 556
  - ◊ Meters Drilled = 83,546.95 meters
  - ◊ Assays taken = 12,898
  - ◊ Geotechnical and Structural Logged Intervals = 28,878
- Xaudum Iron Project Evaluation
  - ◊ Block 1 Resource Defined = 441 million tonnes @ 29.4% Fe
  - ◊ Metallurgy results show it can be Beneficiated to = ~67.2% Fe concentrate
  - ◊ Resource Reporting – NI 43-101 Mineral Resource Estimate Technical Report ([www.sedar.com](http://www.sedar.com))
    - Number of Holes Drilled = 156
    - Meters Drilled = 30,935.0 meters
    - Meters of mineralisation = 9,022 meters
    - Assays performed = 9,221
    - Davis Tube Recovery (DTR) bulk composite test results conducted = 19
    - Density Measurements 8,680
- Geophysics
  - ◊ Reflex Gyro Down-hole surveys = 116
  - ◊ Ground Magnetic Survey line km (20 and 50 m spacing) = 22,749
  - ◊ Airborne Electromagnetic Magnetic (EM) Survey Flown line km (200m line spacing) = 16,933. Collecting electromagnetic (EM), magnetic and radiometric data.
  - ◊ Airborne Gravity Survey Flown line km (200m line spacing) 10,392
  - ◊ These surveys have contributed greatly to advancing the structural and geological modelling of the area, which have aided immensely in exploration targeting.
- General Exploration
  - ◊ Hydro Geochemical Analysis, water analysis taken = 283
  - ◊ Mineralogy Reports = 88
  - ◊ Geochronology Dates taken (Samples) = 16
  - ◊ Passive seismic data points = 116
  - ◊ Various local and regional mapping interpretations and cross-sectional analysis
  - ◊ Various 3D modelling of regional scale and local scale
  - ◊ Copper Target soil samples for assays = 5,071. These soil samples were collected and sieved to 180 mesh from the sub-deflation soil zone during the dry season. The first targets soil samples were sent for a specialized partial digestion technique which has been specially developed for sampling in covered terrains called TerraLeach at Intertek laboratories Australia. This data was validated and further studied to remove geomorphological

controls and highlighted a significant target of interest that has been prioritized for drilling.

- ◊ GoCad Xaudum Iron 3D model, for specific iron resource definition, Verified by SRK
- Resource Reporting
  - ◊ NI 43-101 Mineral Resource Estimate Technical Report ([www.sedar.com](http://www.sedar.com)).
  - ◊ Independent Scoping level Techno-Economic Study into the feasibility of the iron project.
  - ◊ Scoping for a Preliminary Economic Assessment (PEA) for the Xaudum Iron Project (NI 43-101) to move it forward towards mining and define a road map for development.

The reported Block 1 Mineral Resource represents only a fraction of the potential iron mineralization delimited by the ground magnetics. An Exploration Target for the entire strike of the XIF is estimated to be 5 to 7 billion tonnes of potential resource at 15-40% Fe, which will also be able to be beneficiated to a ~67% Fe product also, which makes the Xaudum Iron Projects one of the largest iron projects in Africa.

The Net Revenues for the Xaudum Iron Project will be massive, and as such the revenues to the government from Tax and Royalties from these projects will be huge, far larger than the expected returns for some other notable projects that are being developed in Botswana by other companies, Table 2 gives an indication of this.

Table 2. Generalised Net Revenue Projects for the Gcwihaba Resources projects vs. generalised Net Revenues for a selection of Botswana Mines. Debswana All In means all of the Debswana mining activities in a generalised averaged revenue income range over recent years. Details on the non-Gcwihaba mines and operations are for generalised comparison only, every effort has been made to source accurate information although some variation may exist.

	Million Tonnes Per Annum	Life of Mine	Net Revenue Per Year (Million or Billion USD)	Net Revenue Life of Mine (Million or Billion USD)
<b>Stage 1:</b> Gcwihaba Iron Ore Mine FeSi Production	1.8	59	~\$480M USD	~\$28.3B USD
<b>Stage 2:</b> Gcwihaba Iron Ore Mine Base Case	7.2	59	~\$200M USD	~\$11.8B USD
<b>Stage 3:</b> Gcwihaba Iron Ore Mine Full Size Project	63	76	~\$2.1B USD	~\$153.3B USD
Khoemacau Copper Mine	~5.8	22	~\$41M USD	~\$900M USD
Lucara Karowe Diamond Mine (Open Pit)	~3.0	14	~\$222M USD	~\$4.9B USD
Debswana (All In)	-	-	~\$3 – 3.5B USD	-

As discussed, the Company also has also a Rare Earth Element prospect, and has defined an Exploration Target of over 76 to 92 Million Tonnes of Skarn Deposit which may contain 0.05% to 1% Total Rare Earth Element Oxide (TREO). Which at today's Rare Earth Element prices is over \$400 million to over \$10 billion US dollars of in-situ value in terms of Rare Earth Elements. This in combination with the potential the Company has shown for Iron, Copper, Cobalt, Gold and REE within these same Katanga meta-sediments and associated basement complex makes these licenses very exciting indeed.

**Strategic Partnership with Mineral Development Company Botswana (Pty) Ltd. to obtain Equity Funding and Accelerate Work on the Xaudum Iron Project**

The Minerals Development Company Botswana (MDCB) identified the Xaudum Iron project as a potential strategic project for Botswana and as such a key and exciting investment for MDCB. The MDCB scoping studies undertaken during their extensive review of the project identified a number of development scenarios that could be economically successful, ranging from small scale non-traditional start-up options through to mid-size base-case scenarios, as well as large-scale opportunities all of which could create significant revenue and jobs adding significantly to the Botswana's mining portfolio. As such the MDCB board approved the Xaudum Iron project for investment at every stage and again at its final stage on the 15<sup>th</sup> December 2020 when it sent the investment for final approval to the MDCB's main shareholder the Ministry of Minerals Resources, Green Technology and Energy Security ("MMGE") as represented by the Honourable Minister of Minerals Resources, Green Technology and Energy Security ("MMGE").

This exciting strategic partnership between Gcwihaba and the MDCB on the Xaudum Iron project in Botswana. The Xaudum Iron project has reached a stage of project development where it is crucial that the project is taken forward with the right entity, a strategic partner, to develop this project to economic success. MDCB is uniquely positioned to partner with Gcwihaba on the development of this iron project as they have in house expertise and contacts with industry leading individuals that can be brought on board to help enable Gcwihaba to bring the right expertise at the right stages of the project. This will ensure Gcwihaba can deliver the Xaudum Iron project on budget and on schedule. This will also allow Gcwihaba to take full advantage of synergies and cross industry partnership to help this project move towards mining in the most efficient and economic manner to deliver high quality iron mining.

Below is a short timeline to show the MDCB investment process into the Xaudum Iron project and stages that the project has been through.

February 2018

- Managing Director of Gcwihaba and MDCB Chairman meet and go over the project and introduce the project as a funding opportunity

April 2018

- Confidentiality Agreement signed by both parties

April 2018 to December 2018

- Multiple meetings and documentations shared by Gcwihaba relevant to the project

July 2019

- Meeting with new MDCB management personnel to re-introduce the Xaudum Iron project as a funding opportunity
- Project taken forward by MDCB management for due diligence review

October 2019

- Kick off meeting with MDCB due diligence team

November 2019

- MDCB undertake a detailed due diligence technical review of the project using independent technical team
- All data is uploaded into data room for this due diligence process
- Due diligence review concludes the project is a worthy investment for the MDCB

December 2019

- Project as an investment opportunity is presented to the MDCB main board
- Board recommend that the project is reviewed by the MDCB Investment Committee
- Investment Committee reviews and approves the project as an investment opportunity for the MDCB, subject to the main board approving it
- Main MDCB board approve the investment case for further technical review

Jan 2020

- More data including summary documents and resource development plan added to data rooms for more detailed technical review

February 2020

- Final meeting with the due diligence team to finalise the detailed technical review
- Technical Review presented to the MDCB Investment Committee
- Investment committee approves the investment case for the project once more

April 2020

- The main MDCB board and Investment Committee was disbanded and would require reconstitution before they could (again) hear the investment case for funding the Xaudum Iron Project

August 2020

- MDCB board and Investment Committee were both reformed

September 2020

- The investment case was presented again to the new Investment Committee

- New Investment Committee agreed again that the project was an investment opportunity the MDCB should progress
- The project was again taken forward to the new main MDCB board for final approval

#### October 2020

- The Xaudum Iron project investment opportunity was presented to the main MDCB board and approved
- The main board recommended that the MDCB take the investment opportunity through the final stages
- MDCB conducted a detailed Know Your Customer (KYC) and Legal review with a mind to finalising the investment in the project

#### November 2020

- MDCB finalised the Scope of Work document for the Investment Committee

#### December 2020

- The Legal and KYC review were completed successfully
- KYC and legal review presented to the MDCB Investment Committee
- Investment Committee once again approved the project as an investment opportunity to take to the main MDCB board for the final time
- The main MDCB board approved the project as an investment for the final time on the 15<sup>th</sup> December 2020
- MDCB sent all the documentations and reports to the Ministry and asked the Ministry to ratify the MDCB board decision and approve the Xaudum Iron project for investment by the MDCB

#### January 2021

- Documentation and data room was presented to the Ministry for Ministry to review

#### February 2021

- Xaudum Iron project was presented to the Permanent Secretary Mr. Mmetla Masire by Gcwihaba

#### May 2021

- May 14<sup>th</sup> MDCB presented the case for investment in the Xaudum Iron project to the Minister Honourable Minister Lefoko Maxwell Moagi
- May 24<sup>th</sup> the Honourable Minister Lefoko Maxwell Moagi, and Director Sellinah A Mogojwa, visit the Gcwihaba Xaudum Iron project in the northwest Botswana to appreciate the project

### General Summary of what is next for the Gcwihaba Projects

**Iron Ore Mine Development:** The Company is currently exploring options for developing the XIF resource. To this end the Company is looking to initiate a Preliminary Economic Assessment (PEA) for this project. The objective of this PEA will be to conduct an early stage economic analysis of the potential viability of the mineral resources and to develop a general strategy to move the project forward, given its premium ore potential. The PEA will include detailed studies into; processing and engineering strategies; equipment and technology requirements; transport and infrastructure requirements; identification of potential environmental and social aspects; associated costs such as capital costs, operational costs, and life-cycle costs; and, anticipated revenues. The potential for a small scale start-up mine supplying magnetite to a small scale ferrosilicon (FeSi) plant which will sell FeSi products to the mines in Botswana and the mines in the local SADC area is also being explored as a way of initiating mining at a small scale while a larger scale mine and infrastructure can be explored and developed.

**Copper and Cobalt Exploration:** Remaining soil samples will be sent for TerraLeach analysis to assist in refining the high priority Cu and Co targets so focused drilling of these targets can occur.

**Rare Earth Element Exploration:** Advance the next stage of REE drilling and exploration program to further define the grade and tonnage of these REE deposits.

**Gold Exploration:** Holes identified for further assay will be sent and will lead to drill target generation and drilling of these targets to define grades and tonnages further.

### **Summary**

In brief the following exploration and development programs will be undertaken (the following is a summary and extrapolation of the detailed program in Form 1):

1. Preliminary Economic Assessment (PEA) into the Xaudum Iron Project
  - ◇ Economic Viability of the project best Option and Approach
  - ◇ Trade-off studies for achieving the project objectives
  - ◇ Process Design Criteria (PDC)
  - ◇ Process description
  - ◇ Principle equipment definition
  - ◇ Principle Opex calculations for the plant
  - ◇ Block Flow Diagrams (BFD's) for beneficiation options
  - ◇ Preliminary capital and operating cost estimates
  - ◇ Assessment of the positive impact to the Botswana economy given its drive to diversify its economy away from Diamond based revenue
  - ◇ Environmental Study
  - ◇ PEA will review:
    - Infrastructure
    - Mine, plant, beneficiation



- Transport road and rail
  - Water supply
  - Electrical power availability
  - Housing, and communications
  - ◇ Human Capacity building local employment and skill development generated
  - ◇ Technology + methodology improvements (green tech)
2. This PEA will lead into a development strategy for the Xaudum Iron Project, which will include resource definition, and Feasibility work and studies to lead into mine development
  3. General Development of the Iron ore mine, with a 50 plus year mine life
  4. General Exploration and drilling into the Copper, Cobalt, and Gold targets in the licences
  5. Further Exploration to define better the exciting Rare Earth Element (REE) Skarn prospect
  6. This will included but not be limited to; drilling, assaying, engineering studies, technical studies, economic studies, geotechnical and hydrological sampling and studies,, and metallurgical sampling and studies.
  7. Further Geophysical Ground work and studies are planned, alongside mapping.
  8. Plus general Feasibility Studies and Assessments.

All of this will be undertaken in the next phases of work by Gcwihaba.

**Financing:**

Tsodilo Resources Limited will continue financing the evaluation of these Gcwihaba licenses, please see the attached **Resolution of Directors**.

**Social Responsibility:**

Local manual workers are benefiting from the project through temporary jobs. Thousands of permanent jobs will be created when the Xaudum Iron Project becomes a mine.

**Concluding remarks:**

Gcwihaba Resources (Pty) Ltd is fully committed to complete the evaluation and assessment of the Xaudum Iron Formation Project and ultimately develop the first iron ore mine in Botswana. We have enjoyed a positive and close relationship with the MMGE and look forward to continue with this project to the successful completion to the benefit of the local community and Botswana in general once the application for the renewal has been approved.

Respectfully submitted,

  
James M. Bruchs  
Managing Director



FIRST SCHEDULE

**Prospecting License Application Form (Issue/Renewal)**

FORM I

This application is in terms of Section 13 of the Minerals and Mineral Act, No. 17 of 1999

(Attach additional sheets or annexure where necessary)

<p>1. <b>Name</b> (and nationality where appropriate). In the case of Company attach copy of certificate of incorporation:</p> <p>GCWIHABA RESOURCES (PTY) LTD (2003/292)</p> <p>Please refer to <b>Appendix I</b> for the certificate of incorporation.</p>	<p><b>Address in Botswana:</b> P. O. Box 3726, Gaborone</p> <p>Tel/fax. 3927144</p>
<p>2. <b>Full name(s)</b> of partners/directors/members of association</p> <p>Directors – Mr. J. M. Bruchś (Managing Director)<sup>1</sup>, Jonathan R. Kelafant<sup>1</sup>, Blackie Marole<sup>2&amp;3</sup>, Dr. Gary Allen Bojes</p>	<p><b>Nationality</b></p> <p><sup>1</sup>American, <sup>2</sup>Motswana, <sup>3</sup>Botswana Resident</p>
<p>3. <b>Name(s) of shareholder</b> who is a beneficial owner of more than 5% of the issued capital</p> <p>Tsodilo Resources (PTY) Limited – 100%</p>	<p><b>Nationality</b></p> <p>Tsodilo Resources Limited is a listed public company in Toronto, Canada.</p>
<p>4. <b>Details of financial status</b> (attach bankers reference and most recent financial statements)</p> <p>The December 31, 2020 Tsodilo Resources (Pty) Ltd annual report is included in <b>Appendix II</b>.</p> <p>The December 31, 2020 Annual Financial Statements of Gcwihaba Resources (Pty) Ltd is included in <b>Appendix III</b>.</p> <p><b>Note:</b> GCWIHABA RESOURCES (PTY) LTD. will be adequately funded during all times of operation. In addition, services and goods may be provide at market price to Gcwihaba by Tsodilo Resources Ltd or its subsidiaries and will be booked by Gcwihaba as primary project loans or held as account payables.</p>	
<p>5. <b>Technical competence</b> (attach curriculum vitae of professionals to be involved)</p> <p>Tsodilo Resources (Pty) Ltd subsidiary company in Botswana, Gcwihaba Resources (Pty) Ltd (“Gcwihaba”) will manage the project. The curriculum vitae of the personnel responsible for providing guidance to the project and conducting field exploration are included in <b>Appendix IV</b>.</p>	
<p>6. <b>Experience</b> (established track record is an advantage but is not essential)</p> <p>Tsodilo Resources Limited has managed the diamond exploration programs for both its subsidiary companies, notably Newdico and Gcwihaba since 1988 and 2003 respectively. In addition, the sister company, Newdico (Pty) Ltd explored for diamonds in joint venture with</p>	

Tinto Botswana Explorations Pty Ltd during the mid-1980's, and with Rainbow Resources in PL's 35 & 36/97 in 1998.

The Company, through its subsidiary Bosoto (Pty) Ltd, have just finished a first phase evaluation program for its BK16 project in the Orapa area. A total of 20 DD holes (3,727 m) were drilled in 2015, and 14 DD pilot (3,220 m) and 14 LDD (24 inch) evaluation holes (3,119 m) drilled in 2017. A 10 tph DMS treatment plant was bought and is being commissioned for treatment of the 2,000-ton bulk sample from the LDD work.

To date, Gcwihaba's efforts has resulted in the successful identification of a south-western extension of the Zambian Copper belt over its prospective licences and thus has potential to contain Cu, Co and Ni deposits like those in Zambia and DRC, which was the focus of our joint venture partners First Quantum Minerals (Faloxia subsidiary). Several Cu targets have been identified for further exploration.

Further to this, Gcwihaba has discovered a major iron ore resource of 441 Mt at 29.4% in Block 1 of the Xaudum Iron Formation (XIF) and potential Exploration target of 5 to 7 Billion tonnes at 15-40 % Fe within the area termed the XIF. The XIF extends at least over two of the PL's being applied for in this application (PL Folio A and PL Folio B). A press release that explains the Block 1 NI 43-101 Mineral Resource Estimate (MRE) report can be found at [www.tsodiloresources.com](http://www.tsodiloresources.com), and the NI 43-101 MRE report filed under [www.sedar.com](http://www.sedar.com) and attached to this application, see **Appendix V**.

**7. Description of area applied for** (attach plan and coordinates in Latitude(S) and Longitude(E))

A map of the area applied for is attached together with the corner co-ordinates in **Appendix VI**. This is for renewal of prospecting licence blocks in the Ngamiland area of NW Botswana that include:

PL020/2018  
PL021/2018  
PL022/2018  
PL023/2018  
PL024/2018

The co-ordinates in Geographical WGS84 datum and a shape file are included separately on a CD attached to this application.

The initial licence grant is included in **Appendix VII**.

<p><b>8. <u>Name(s) of mineral(s) applied for</u></b></p> <p><b>Metals</b></p>	<p><b><u>Period applied for:</u></b></p> <p><b>1<sup>st</sup> - 2-year Renewal Application.</b></p>
<p><b>9. <u>Proposed programme of prospecting operations:</u></b></p>	<p><b><u>Proposed minimum expenditure per block</u></b></p>
<p><b>Year 4: If warranted:-</b></p> <p><b>Continued Advanced Evaluation of the Xaudum Iron Formation (XIF) which includes but not limited to Company signed document: MDCB Project Scope of Work for the XIF which is attached in Appendix XI. Plus additional exploration efforts for iron mineralisation and continued Cu, Co, Au, Ni and REE mineralisation Exploration</b></p> <ul style="list-style-type: none"> <li>i. Analyses of flown airborne magnetic, electromagnetic, radiometric, and gravity surveys, as well as continued upgrading of ground magnetic surveys, and building of geophysical and geological models for the exact extend and stratigraphy of the Zambian Copper Belt rocks over the permits (PL020/2018 to PL026/2018).</li> <li>ii. Geological interpretation in 2D and 3D using Gocad and Geosoft software.</li> <li>iii. Additional petrographic analyses of the existing drill cores.</li> <li>iv. Further assaying of existing drill cores using a variety of techniques (AAS, ICP, and XRF, ME).</li> <li>v. Detailed ground magnetic survey over selected targets.</li> <li>vi. Possible extension and completion of the tie lines of the airborne gravity survey covering ALL the licences under application. Approximately 8,000 lines of 22,000-line kilometres completed to date with flight-line spacing of 500 meters and tie-line spacing of 4,500 metres.</li> <li>vii. Drilling of eight holes within Block 2 in PL022/2018 totalling 2,000 meters targeting high-grade magnetite material.</li> <li>viii. ICP multi-element geochemical analysis (assaying) of 220 drill holes targeting metal anomalism in the Kalahari cover and litho-geochemistry of bedrock. Approximately 4,500 samples to be taken over PL020/2018 to PL024/2018 inclusive.</li> </ul>	<p>Year 4: <b>BWP 1,000,000.00</b> per PL block</p>

<p>ix. Analysis of sulphide-rich mineral intersections from drilled boreholes by ICP-MS and/or ICP-AES.</p> <p>x. Sampling of water from FQM and Tsodilo Resources boreholes for hydro geochemical analysis, by multi-element ICP-MS and Cu-isotope analysis, approximately 300 samples.</p> <p>xi. Complete a Preliminary Economic Assessment (PEA) of the Xaudum Iron Formation in collaboration with a reputable resource assessment company. This will lay the foundation of a pre-feasibility study for the development of iron ore mining options further, depending on previous work and the scale of potential collaborations to plan the eventual exploitation of this iron ore resource.</p> <p>xii. These Preliminary Economic Analysis (PEA) studies will be for the development of defined resources to study iron ore mining start-up options and beneficiation within Botswana, and industrial collaborations for the exploitation of this iron ore resource. Market Studies into potential marketing options for the XIF products. Transport studies, Infrastructure analysis, capital expenditure and operating costs analysis for mining options. PEIA Environmental studies at PEA level.</p> <p>xiii. A second NI 43-101 Mineral Resource Estimation and definition for Block 2a within the Xaudum Iron Formation (XIF) that stretches over the two PL's PL020/2018 and PL021/2018 to expand the resource model beyond the initial block I resource report.</p>	
<p><b>Year 5: If warranted: -</b></p> <p><b>i. Continued Advanced Evaluation of the Xaudum Iron Formation (XIF) which includes but not limited to Company signed document: MDCB Project Scope of Work for the XIF which is attached in Appendix XI. Plus additional exploration efforts for iron mineralisation and continued Cu, Co, Au, Ni and REE mineralisation Exploration Drilling of 32 drill holes in the area referred to as Block 2b within PL020/2018 totalling 6,300 meters targeting high-grade magnetite material.</b></p> <p><b>ii. Assaying of drill core samples using at least XRF analysis</b></p>	<p><b>Year 5: BWP1,000,000.00 per PL Block</b></p>

<ul style="list-style-type: none"><li>iii. Detailed metallurgical test work conducted including DTR analysis and magnetic susceptibility measurements taken for percent magnetite information.</li><li>iv. Pre-feasibility studies into iron ore mining start-up options and beneficiation within Botswana, and industrial collaborations for the exploitation of this iron ore resource.</li><li>v. Hydrological investigations and geotechnical investigations and lab tests.</li><li>vi. Continuation of 1<sup>st</sup> year Cu, Co, Au, Ni and REE exploration work.</li><li>vii. Diamond core drilling of priority targets.</li><li>viii. Petrographic analyses of drill cores.</li><li>ix. Assaying of drill cores using a variety of techniques (AAS, ICP, and XRF, ME).</li><li>x. Drilling of 31 drill holes in the area referred to as Block 2b within PL021/2018 totalling 6,200 meters targeting high-grade magnetite material.</li><li>xi. Assaying of drill cores using XRF analysis.</li><li>xii. Geological modelling of the deposit.</li><li>xiii. A third NI 43-101 MRE report and resource statement for Block 2b.</li><li>xiv. Detailed metallurgical test work conducted including DTR analysis, magnetic susceptibility measurements, milling and liberation test work, Low Intensity Magnetic Separation (LIMS) test work, High Intensity Magnetic Separation (HIMS) test work, particle size determinations, and chemical analysis of separation concentrates. Continuation of 2<sup>nd</sup> year work.</li><li>xv. Outline diamond core drilling of targets that have been identified as having the potential for an inferred resource.</li><li>xvi. Petrographic analyses of drill cores.</li><li>xvii. Assaying of drill cores using a variety of techniques (AAS, ICP, and XRF, ME).</li><li>xviii. Based on analytical results prioritize the targets for further detailed geophysical and drilling program to prepare for a NI 43-101 Mineral Resource Report.</li></ul>	
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10. Details of Botswana prospecting licences held within the preceding 10 years by the applicant or any person controlling, controlled by or under joint or common control with the applicant.

Please refer to **Appendix VIII** for the list of licences.

11. Disclose any other information material to the application

Tsodilo Resources (Pty) Ltd. ("Tsodilo") has actively explored in Botswana since 1988, successfully managing both the Newdico, Bosoto and Gcwihaba prospecting programs for diamonds, metals and radioactive minerals in NW Botswana. During these periods, the companies have gained considerable experience working within remote and logistic-challenging areas. In addition, the exploration and management teams are technically qualified and highly experienced in the various disciplines of diamond, as well as metals exploration. These company attributes have contributed to the successful discovery of new kimberlitic bodies and an extension of the Zambian Copper belt in NW Botswana. Tsodilo resources and its sister companies are therefore well equipped to explore for both diamonds and metals.

The Company has had an extremely successful exploration program, and thus far has defined successfully Botswana's only exploitable resource of iron. This Xaudum Iron Project will produce an iron concentrate product, which will be very similar to the iron ore concentrate fines and pellets feed produced from premium iron ore producers in the U.S., Canada, Brazil, Sweden etc. and attract a premium value compared to standard global iron ore products.

The Company's independent scoping studies into the feasibility of the Xaudum Iron Project for iron ore mining show very exciting result suggesting that the project is highly feasible and will likely become the country's first iron ore mine and bring in significant wealth for Botswana and Batswana:

This study indicates that the project could have multiple positive NPV scenarios which are summarised below ranging from:

1. Stage 1: Low Risk venture Start Up Mine producing product beneficiated to Ferrosilicon (FeSi) and sold to southern African mines;
  - ◇ FeSi sales to regional diamond and coal mines
  - ◇ Small scale start-up operation – 1.8 Mtpa ROM
  - ◇ @ 50 year plus life of mine
  - ◇ NPV = ~\$850 million USD Expected – upside to NPV \$1,350 million USD
  - ◇ IRR = ~82%
  - ◇ Low CAPEX = ~\$200 million USD
  - ◇ 5 year payback
  - ◇ 68% operating margin



2. Stage 2: Low Risk venture (as in it's a "no brainer") Base case iron ore concentrate shipping mine, shipping a moderate level iron concentrate mine;
  - ◇ Magnetite concentrate produced via magnetic concentrator at 67% Fe
  - ◇ Product transported to railhead at Grootfontein Namibia
  - ◇ Railed to Walvis Bay
  - ◇ Shipped to international markets such as Europe, India, and China
  - ◇ Medium Size Mine – 7.2 Mtpa ROM
  - ◇ 50-year plus life of mine
  - ◇ NPV = ~\$82 million USD Expected – upside to NPV \$302 million USD
  - ◇ IRR = ~19%
  - ◇ Low CAPEX = ~\$260 million USD
  - ◇ 9-year payback
  - ◇ 35% operating margin
  - ◇ Low Risk Venture
  
3. Stage 3: Full Size Iron Ore Mine - Magnetite Concentrate international sales through Walvis Bay
  - ◇ Magnetite concentrate produced via magnetic concentrator at 67% Fe
  - ◇ Magnetite concentrate further beneficiated to Pellets via pelletizing plant
  - ◇ Upgraded Rail Line From Mine to Walvis Bay
  - ◇ Upgraded Port at Walvis Bay
  - ◇ Shipped to international markets such as Europe, India, and China
  - ◇ Large Size Mine – 63 Mtpa ROM
  - ◇ 60-year plus life of mine
  - ◇ NPV = ~\$287 million USD Expected – upside to NPV \$2,600 million USD
  - ◇ IRR = ~15%
  - ◇ Significant CAPEX = ~\$3,746 million USD
  - ◇ 10-year payback
  - ◇ 34% operating margin
  - ◇ Moderate Risk Venture but huge job creation and secondary job and wealth creation for Botswana

In addition to this, the Company has explored successfully within the licenses for the following that could potentially become significant mines also:

1. Copper and Cobalt: Sedimentary Cu/Co (Katanga type sediments) within the entire Neoproterozoic package;
2. Xaudum Gold: Gold mineralisation linked to the Xaudum Iron Formation; and
3. Rare Earth Element: Skarn REE and Cu targets. These are secondary skarn targets hosted within marbles (carbonate) rich lithologies and include significant enrichment in REE and Cu.

See the following Appendices for details of work performed within PL020/2018 to PL026/2018:

- APPENDIX IX – Summary: Work Performed (XIF)
- APPENDIX X – Economic Evaluation of XIF
- APPENDIX XI - MDCB Project Scope of Work for the XIF
- APPENDIX XII – Summary: Work Performed (Cu Exploration)
- APPENDIX XIII – Summary: Work Performed (Co Exploration)
- APPENDIX XIV – Summary: Work Performed (REE)

Gcwihaba's environmental plan pertaining to its exploration programs is contained in APPENDIX XV.

I, James M. Bruchs being duly authorised, declare that the applicant and its partners/members/directors/shareholders are persons qualified in terms of Section 6 of the Mines and Minerals Act to hold a Prospecting License, and that the information contained herein is true and correct.

Signed: 

Capacity: Chairman and Managing Director

Date: 28/06/2021.....

Place: Maun, Botswana



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PROSPECTING LICENCE APPLICATION CHECKLIST (Front Desk Assessment)

Type of Application: Renewal - PL 020-024/2018  
 Applicant's Name: GCwihaba Resources (Pty) Ltd  
 Commodity applied for (for Industrial Minerals Specify): Metals

Nos	ITEMS CHECKED	STATUS	
		YES	NO
1	PROSPECTING LICENCE APPLICATION FORM I SIGNED & SUBMITTED (WITH ANNEXURES)		
	(a) All required information in Form I should be filled & the declaration part should be signed.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2	ADDRESS IN BOTSWANA		
	(a) Postal Address	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	(b) Telephone Number / Fax Number/ <del>Email Address</del>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	(d) Copy of Certification of Incorporation (Company Certificate)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3	FINANCIAL STATUS		
	(a) Audited Financial Report/ Statements with a letter of resolution from board committing the funds reserved for exploration project applied for. A share certificate is to be included if the company has one Director.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	(b) Latest Three months bank statement with a letter of resolution from board committing the funds reserved for exploration project applied for. A share certificate is to be included if the company has one Director.	<input type="checkbox"/>	<input type="checkbox"/>
4	TECHNICAL COMPETENCE		
	(a) Latest updated detailed curriculum vitae of professionals with experience in commodities applied for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	(b) Signed consent letter from the CV owner declaring they will work for the company applying for the PL.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5	DESCRIPTION OF AREA APPLIED FOR		
	(a) Attached sketch plan of the area applied for in Geographic Coordinate System (GCS), WGS84 Datum, Decimal Degrees.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	(b) Attached hard copy coordinates and soft copy of coordinates	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	(c) Is the area available (i.e., overlapping, partial overlapping and/or not overlapping)*	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	(d) Is the partial overlap corrected and accepted by the applicant?	<input type="checkbox"/>	<input type="checkbox"/>
6	DETAILED PROPOSED PROGRAMME OF PROSPECTING OPERATIONS		
	(a) It must provide an understanding of the nature and extent of the proposed exploration activities.	<input type="checkbox"/>	<input type="checkbox"/>
	(b) The activities should be adequate to explore mineral potential and able to generate data that may lead to discoveries and an increase in the level of knowledge of the area applied for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	(c) Types of activities to be undertaken must be clearly identifiable at each level of the programme: (i) Desktop studies, geological reviews, technical assessment of available data; Details of the number and types of data processing that are going to be undertaken and clearly indicate the added value for each phase. survey details, (Geochem, geophysics, etc.); Sampling methods, spacing of grids, lines, depths to samples & number; Drilling types and details of depth & number to be drilled, stratigraphy; Maps and illustrations or plans of the stratigraphy, etc. must be clearly outlined.	<input type="checkbox"/>	<input type="checkbox"/>
	(d) A summary of the minimum expenditure for each year has to be clearly stated in line with the proposed exploration activities.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7	ENVIRONMENTAL MANAGEMENT PLAN		
	(a) Companies to submit in-house Environmental Health and Safety (EHS) Policy	<input checked="" type="checkbox"/>	<input type="checkbox"/>

\* If 5 (c) or (d) above is no return application before capturing it in the system

COMMENTS: The renewal areas partially overlaps the Okavango Delta. The PLs 022 and PL024 renew 100% and PL020, 021 and 023 are reduced. The coordinates on the application differ with the database. So assessment will be made after correction. P. Motlale (Name) P. Motlale (Designation) 02/07/2021 (Date)

(Name) (Designation) (Date)  
 (Signature)

(ii) Application Checked and passed by: (for Geologist Personnel)  
 Ntso Mosetedi (Name) Geologist (Designation) 02/07/2021 (Date)  
 (Signature)

# GCWIHABA RESOURCES (PTY) LIMITED



Co 2003/292

**Mailing Address**  
PO Box 3726  
Gaborone, Botswana

**Physical Address**  
The Office Building #59  
Plot 21532 Fairgrounds Office Park  
Gaborone, Botswana

**Registered Address**  
RSM House – Plot 39  
Plot 39, Commerce Park  
Gaborone, Botswana

TEL / FAX (267) 392-7144

6<sup>th</sup> December 2021

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: PL020/2018 license renewal and Mineral Development Corporation of Botswana (MDCB)**

Dear Honourable Minister,

As per our discussions at the meeting on the 6<sup>th</sup> December 2021, with respect to Gcwihaba Resource (Pty) Ltd. (hereinafter "Gcwihaba") PL020/2018 prospecting license, we propose that Honourable Minister renew PL020/2018 as submitted for the reasons and rationale we set forth at today's meeting (see, attached presentation). This will allow us to announce the renewal of the five (5) licenses containing the Xaudum Iron Formation (XIF) project allaying the concerns of the board of directors, shareholders, stakeholders and investment community with respect to these license renewals.

Further to our discussion and in conjunction therewith, Gcwihaba will then agree to relinquish that portion of PL020/2018 which is located within the Okavango Delta World Heritage buffer zone upon execution and funding of the Gcwihaba / MDCB investment agreement ("the Agreement") that is currently pending. We would agree to make this a condition within the Agreement documentation and include language to this effect, so that the relinquishment occurs without further action required on our part. Said relinquishment achieves the government's goal of having no licenses in the Okavango Delta World Heritage buffer zone.

Coincident with the relinquishment of the buffer zone area, the Department of Mines (hereinafter "DOM") shall issue a revised PL020/2018 license modified to exclude the area of PL 020/2018 within the buffer zone only, all other terms to remain the same.

In consideration for the buffer zone area relinquishment, DOM will issue a letter to Gcwihaba, inclusive of MDCB's ownership, stating that Gcwihaba shall have the right of first refusal to acquire the area relinquished in the buffer zone if the Government of Botswana (a) decides to take such action to officially modify the buffer zone to exclude the area relinquished (by Gcwihaba); or, (b) otherwise permits any prospecting or mining license in the Okavango Delta World Heritage site.

I trust that the above accurately reflects our discussion. I believe the above rectifies the issues and allows the development of the XIF iron project to proceed without delay.

Respectfully submitted,

James M. Bruchs  
Managing Director  
Attachment – License Renewal / MDCB



31

SAVINGRAM

FROM: Director  
Department of Mines

  
Mogomotsi Nyepetsi  
For/Director

TEL: 365 7000

FAX: 395 2141

TO: Permanent Secretary, Ministry of  
Mineral Resources, Green Technology  
& Energy Security

REF: CP 215 XIV (11)

10 December 2021

**RE: Application for First Renewal of Prospecting Licence, ("PL") 020/2018 by Gcwihaba Resources Pty Ltd**

Gcwihaba Resources Pty Ltd ("Gcwihaba") has applied for renewal of their prospecting licence number 020/2018 to continue with prospecting for metals in the North West District. Gcwihaba is a company incorporated under the laws of the Republic of Botswana and the registered shareholders with more than 5% of the issued capital is Tsodilo Resources Bermuda Limited.

In 2018 Gcwihaba was re-granted prospecting licences numbers 020-024/2018 previously issued to the company in 2008 as PL386-390/2008. These were re-granted as new licences rather than as renewals on grounds that Gcwihaba release the licences that fell within the buffer zone for Okavango Delta World Heritage Site. This came about as Gcwihaba had spent funds and carried out work on the areas that they were now requested to surrender, to give way to the Okavango World Heritage Site (OWHS) where prospecting activities/operations are prohibited and/or will be subjected to stringent EIA measures.

In the initial renewal application received on 2<sup>nd</sup> July 2021, prospecting licences numbers 020-024/2018 encroached into the delta's buffer zone, and the company was requested to revise their submissions. Upon the re-submission of the modified licences boundaries, prospecting licence number 020/2018 still encroached into the buffer zone. The applicant was further engaged to realign the boundaries of the prospecting licence number 020/2018 with the buffer zone boundary of the Okavango Delta or otherwise submit an approved Environmental Assessment Statement for the area, but to no avail.

In their letter dated 6<sup>th</sup> December 2021, purportedly following engagements with the Honourable Minister, the applicant proposes that they be granted a renewal with the licence encroaching into the buffer zone to enable them to engage with Mineral Development Company Botswana ("MDCB") on a pending funding and investment agreement. The proposal

is that once the funding agreement and investment agreement has been executed with MDCB, Gcwihaba will relinquish a portion of the prospecting licence that falls within the buffer zone.

The Department of Mines does not see the rationale for signing a funding and investment agreement based on mineral resources that will shortly thereafter be relinquished. The Department further believes there is a big risk for the Government or Country to grant a Prospecting Licence inside the buffer of a World Heritage Site, no matter how short the duration before relinquishment; should International Environmental Pressure Groups and International Stakeholders become aware of the granting of a licence inside the World Heritage Site, Botswana may be put under a lot of pressure and disadvantage. The Department of Mines is of the view that the most reasonable thing will be to grant the licence renewal for a portion falling outside the buffer zone.

On the contiguous licence block on which a renewal of tenure has been applied for, to date, Gcwihaba has spent BWP 1, 753, 815.00 on prospecting activities conducted. This amount was spent on prospecting operations and some technical studies such as an independent scoping studies into the feasibility of the iron ore project, exploration drilling of 556 holes totalling to 83, 546.95 meters with 12, 898 assays taken. Also, a resource of 441 million tonnes at 29.4% Fe was defined together with completion of airborne electromagnetic survey, ground magnetic survey and hydro geochemical analysis.

In their proposed renewal of tenure, among other activities, Gcwihaba intends to conduct analysis of flown airborne magnetic, electromagnetic, radiometric and gravity surveys; geological interpretation in 2D and 3D followed by petrographic analyses of the existing drill cores. Also, a preliminary economic assessment (PEA) of the Xaudum Iron Formation in collaboration with a reputable resource assessment company together with drilling, detailed metallurgical test work, geological modelling of the deposit and the Pre-feasibility studies into iron ore mining start-up will be carried out.

Gcwihaba has committed a minimum expenditure of BWP 2, 000, 000.00 to undertake their proposed work programme. We view both the technical competence, financial commitment and prospecting programme as satisfactory.

In light of the above, the Department of Mines therefore recommend to the Honourable Minister that Gcwihaba be granted the renewal of their Prospecting Licence Number 020/2018, for a portion of licence area falling outside the buffer zone, and the company be advised that Government is not in a position to grant a prospecting licence within a World Heritage Site. The Department has taken the liberty to crop out the portion of the area falling with the buffer zone. The licence documents are attached for the Minister's consideration and approval together with a draft letter advising the applicant that Government is not in a position to grant a prospecting licence within a World Heritage Site.

Thank you.

33<sup>1</sup>

SAVINGRAM

FROM: Ag. Director  
Department of Mines

  
Kenalemang Charles

TEL: 365 7000

FAX: 395 2141

TO: Permanent Secretary, Ministry of  
Mineral Resources, Green Technology  
& Energy Security

REF: CP 215 XIV (16)

31 December 2021

**RE: PROSPECTING LICENCE NUMBER 020/2018 AND MINERAL DEVELOPMENT  
COMPANY BOTSWANA (MDCB)**

We refer to your savingram referenced CMMGE 7/3/56 III (4) dated 17 December 2021 on the subject matter.

Through our savingram referenced CP 215 XIV (11) and dated 10 December 2021, we recommended to the Honourable Minister that prospecting licence number 020/2018 should only be granted with the exclusion of areas that encroaches the buffer zone of the Okavango Delta.

The Rio Declaration on Environment and Development (Principle No. 15) which Botswana is also a signatory, it clearly states that where there is no scientific certainty that serious or irreversible harm would not occur to the environment as in the case of PL 020/2018, cost-effective measures must be taken and these includes not authorising the potential harmful activity of prospecting.

The position of the Department of Mines remains unchanged in that the licence cannot be issued with the inclusion of areas within the buffer of the heritage site as per the applicant, Gcwihaba Resources (Pty) Ltd request.

Department of Mines once again recommend to the Honourable Minister that Gcwihaba Resources (Pty) Ltd be granted prospecting licence number 020/2018 with the exclusion of areas within the World Heritage Site buffer zone as proposed.

Thank you.



34

SAVINGRAM

FROM: Director,  
Department of Mines

  
.....  
Ofentse Ditsele

TEL: 365 7000

FAX: 395 2141

TO: Permanent Secretary, Ministry of  
Mineral Resources, Green Technology  
& Energy Security  
Attention: Johannes o. Tsimako

REF: CP 215 XIV (21)

14<sup>th</sup> April, 2022

**RE: Application for First Renewal of Prospecting Licence, ("PL") 020/2018 by Gcwihaba Resources Pty Ltd**

1. Gcwihaba Resources Pty Ltd ("Gcwihaba") has applied for renewal of their Prospecting Licence No. 020/2018 for metals in the North West District.
2. Gcwihaba is a company incorporated under the laws of the Republic of Botswana and the registered shareholders with more than 5% of the issued capital is Tsodilo Resources Bermuda Limited.
3. In 2018 Gcwihaba was re-granted Prospecting Licences Nos. 020-024/2018 previously issued to the company in 2008 as PL386-390/2008. These were re-granted as new licences rather than as renewals on grounds that Gcwihaba release the licences that fell within the buffer zone for Okavango Delta World Heritage Site. This came about as Gcwihaba had spent funds and carried out work on the areas that they were now requested to surrender, to give way to the Okavango World Heritage Site (OWHS) where prospecting activities/operations are prohibited and/or will be subjected to stringent EIA measures.
4. In the initial renewal application received on 2<sup>nd</sup> July 2021, Prospecting Licences Nos. 020-024/2018 encroached into the buffer zone of the Okavango Delta, and the company was advised to revise their submissions. Upon re-submission of the modified licence boundaries, Prospecting Licence No. 020/2018 was noted to still encroach into the buffer zone.

5. The applicant was further engaged to realign the boundaries of the prospecting licence number 020/2018 with the buffer zone boundary of the Okavango Delta or otherwise submit an approved Environmental Assessment Statement for the area, but to no avail.
6. In their letter dated 6<sup>th</sup> December 2021, purportedly following engagements with the Honourable Minister, the applicant proposes that they be granted a renewal with the licence encroaching into the buffer zone to enable them to engage with Mineral Development Company Botswana ("MDCB") on a pending funding and investment agreement. The proposal is that once the funding agreement and investment agreement has been executed with MDCB, Gcwihaba will relinquish a portion of the prospecting licence that falls within the buffer zone.
7. The Department of Mines does not see the rationale for signing a funding and investment agreement based on the mineral resources that will shortly thereafter be relinquished. The Department further believes there is a big risk for the Government or Country to grant a Prospecting Licence inside the buffer of a World Heritage Site, no matter how short the duration before relinquishment. Should International Environmental Pressure Groups and International Stakeholders become aware of the granting of a Prospecting Licence inside the World Heritage Site, Botswana may be put under a lot of pressure and disadvantage.
8. Gcwihaba Resources, through their letter dated 15 March, 2022, are still insisting that Prospecting Licence No. 020/2018 be granted still with a portion of the licence falling within the buffer zone of the Okavango Delta.
9. The Department of Mines is of the view that the most reasonable thing will be to grant licence renewal only for a portion falling outside the buffer zone.
10. In light of the above, the Department of Mines therefore recommend that the Honourable Minister advises Gcwihaba Resources that he is not in a position to grant renewal of Prospecting Licence No. 020/2018 as long as the licence falls with the buffer zone World Heritage Site. The company should be advised to consider revising the boundaries of the area, or otherwise submit an approved Environmental Impact Assessment with their application
11. Attached herewith is a draft letter for consideration of the Honourable Minister

Thank you.



36

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REPUBLIC OF BOTSWANA

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Botswana  
www.mmge.gov.bw

**MINISTRY OF MINERALS AND ENERGY**

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

26<sup>th</sup> 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 15<sup>th</sup> 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

# GCWIHABA RESOURCES (PTY) LIMITED

37 (24)

Co 2003/292

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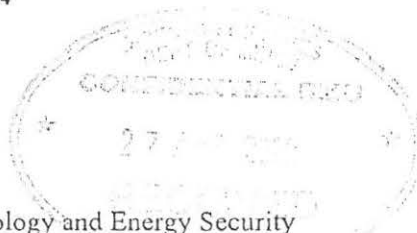
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TEL / FAX (267) 392-7144

27<sup>th</sup> 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 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 established 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:

Directors: James M. Bruchs<sup>1</sup> (Managing) – Jonathan R. Kelafant<sup>1</sup> - Blackie Marole<sup>2,3</sup> – Dr. Gary A. Bojes<sup>1</sup>  
<sup>1</sup>American, <sup>2</sup>Motswana, <sup>3</sup>Resident

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

39<sup>(29)</sup>

SAVINGRAM

FROM: Director  
Department of Mines

  
Kenalemang Charles  
For/Director

TEL: 365 7000

FAX: 395 2141

TO: Permanent Secretary, Ministry of  
Minerals and Energy  
**Attention: Johannes O. Tsimako**

REF: CP 215 XIV (29)

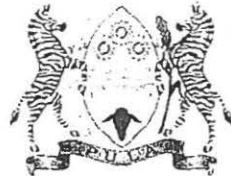
01<sup>st</sup> June 2022

**RE: PROPOSAL FOR RESOLUTION OF APPLICATION FOR RENEWAL OF  
PROSPECTING LICENCE NO. 020/2018 – ENCROACHMENT INTO OKAVANGO DELTA  
WORLD HERITAGE SITE BUFFER ZONE**

1. This refers to the letter dated 19<sup>th</sup> May 2022, which Gcwihaba Resources (Pty) Ltd ("Gcwihaba") are making a proposal for resolution of the application for renewal of Prospecting Licence No. 020/2018, which encroaches into the buffer zone of Okavango Delta World Heritage Site.
2. The Honourable Minister through his letter reference CMMGE 7/3/56 III (11), dated 26<sup>th</sup> April 2022 advised Gcwihaba that he is not in a position to grant renewal of Prospecting Licence No. 020/2018 as long as the submitted coordinates fall within the buffer zone of Okavango Delta World Heritage Site.
3. Gcwihaba through their letter dated 19<sup>th</sup> May 2022, are proposing, as resolution to the impasse on the renewal application of Prospecting Licence No. 020/2018, to drop the area of the licence that falls with the buffer zone of the Okavango world Heritage Site, subject to the following conditions:
  - Condition 1: That Gcwihaba would abandon all claims for expenditures in the buffer zone that were made in exchange of approval by Minerals Development Company Botswana ("MDCB") for investment in Gcwihaba's Project;
  - Condition 2: That Gcwihaba's Prospecting Licences' be granted with new licence numbers and also be granted with a three (3) years validity period.
  - Condition 3: That Gcwihaba be given a right of first refusal in the event the government decides to allow exploration or mining in the buffer or core zone of the Okavango Delta, including the portion in question anytime in the future.

4. The Department of Mines is of the view that Conditions 1 and 2 above as carried in Gcwihaba's proposal are unreasonable and not supported by law. It is unreasonable to tie the decision of investment into Gcwihaba's project by Minerals Development Company Botswana (MDCB) to the renewal of the prospecting licence.
5. The request for Gcwihaba Resources' held Prospecting Licences and the one in question to be renewed for a three (3) year period is not supported by any law. It may be worth pointing out that the Department is not responsible for any delays in the carrying out of the programme of prospecting for any licence held by Gcwihaba as claimed by the company. Rather, Gcwihaba has been responsible for delays in the renewal of its Prospecting Licences due to the insistence of licences being granted over a World Heritage Site.
6. The Department is of the view that the most reasonable thing will be to grant the licence renewal only for a portion falling outside the buffer zone and the renewal should not be attached the conditions stipulated in Gcwihaba's letter, except for the one request that the company be given a right of first refusal in the event government decides to allow exploration or mining within the buffer or core zone anytime in future.
7. In light of the above, the Department of Mines therefore recommend that the Honourable Minister advises Gcwihaba that the Ministry is in a position to grant the renewal of Prospecting Licence No. 020/2018 provided conditions 1 and 2 in their letter of 19<sup>th</sup> May 2022 are dropped and also that submission of a revised application for renewal of the licence in question with boundary coordinates falling entirely outside the Okavango Delta core and buffer zone be made within 21 days.
8. Attached herewith is a draft letter for the consideration of the Honourable Minister.
9. Thank you.

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REPUBLIC OF BOTSWANA

44

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MINISTRY OF MINERALS AND ENERGY

Ref: CMME 7/3/56 I (2)

7<sup>th</sup> June, 2022

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

Dear Mr. James M. Bruchs,

**RE: PROPOSAL FOR RESOLUTION OF APPLICATION FOR RENEWAL OF PROSPECTING LICENCE NO. 020/2018 – ENCROACHMENT INTO OKAVANGO DELTA WORLD HERITAGE SITE BUFFER ZONE**

1. Reference is made to your letter dated 19<sup>th</sup> May 2022, in which you are making a proposal for resolution of the application for renewal of Prospecting Licence No. 020/2018 which encroaches into the buffer zone of Okavango Delta World Heritage Site.
2. I note the resolution by Gcwihaba Resources (Pty) Ltd ("Gcwihaba") to drop off a portion of the area applied for, which falls within the buffer zone of the Okavango Delta World Heritage Site, subject to some conditions.
3. I wish to reiterate my willingness to consider a renewal application as long as the area applied for falls outside the Okavango Delta buffer zone. However, I am not amenable to the conditions attached to your resolution, save for the one that requires that Gcwihaba be given a right of first refusal in the event Government decides to allow exploration or mining within the buffer or core zone anytime in future. I wish to clarify that Government has no intention of allowing those activities in the Okavango Delta, anytime in future.
4. I am not inclined to agree with conditions 1 and 2 in Gcwihaba's letter as the conditions are unreasonable and not supported by law. It will be unreasonable to tie the decision of investment into Gcwihaba's project by Minerals Development Company Botswana ("MDCB") to the renewal of the prospecting licence. This is so because any investment decision is taken after a bankable feasibility study has been



"The Ministry that makes a real difference to Botswana"



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@minerals\_energy



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REPUBLIC OF BOTSWANA

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**MINISTRY OF MINERALS AND ENERGY**

completed and a competent person's report detailing the mineral resource statement issued to the Ministry. This has not happened with the area in question.

5. Furthermore, the request to renew Prospecting Licence No. 020/2018 held by Gcwihaba for a period three (3) years is not supported by any law therefore rejected. It may be worth pointing out that the Ministry is not responsible for any delays in the carrying out of the programme of prospecting for any licence held by Gcwihaba Resources as claimed in your letter. Rather, Gcwihaba Resources has been responsible for delays in the renewal of its Prospecting Licences due to the insistence of licences being granted over a World Heritage Site.
6. In light of the above, I will be willing to consider the renewal application for Prospecting Licence No. 020/2018 provided:
  - Gcwihaba drops off conditions 1 and 2 in their letter dated 19<sup>th</sup> May 2022.
  - Gcwihaba submit within 21days from the date of this letter, a revised application for renewal of the Prospecting Licence in question, with boundary coordinates falling entirely outside the Okavango Delta core and buffer zone.
7. Thank you.

Yours Sincerely,

.....  
Lefoko M. Moagi

**MINISTER OF MINERALS AND ENERGY**

Cc: Director of Mines



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