

An Interview with Richard Battersby of BWA Group Plc

BWA Group Plc, a mining investment company, is seeking to develop its mining exploration permits for rutile sands in Cameroon through its wholly owned subsidiary BWA Resources (UK) Limited, together with the development of its, mainly gold, licences in Canada. The company is presently working on the enhancement of the existing 7 licence areas.

The Non-Executive Chairman of the company, Richard Battersby, recently in an interview with Kalkine Media, shared the company's future strategy and growth prospects.

Interview Excerpts:

1. Can you please brief us what BWA Group is all about and who all are behind its success?

The origin of BWA goes back to 1932 when it was a textile company in Lancashire. It has been through several iterations since then and until five years ago was a "shell" company. Later it acquired a stake in a small mining exploration company out of which has grown the interest in Rutile sands in Cameroon. In October 2019 there was a major step forward with the acquisition of Kings of the North Corp which has five mining exploration licences in Quebec and Ontario, mainly gold but with other allied metals. There are three directors of BWA, Richard Battersby, James Butterfield, and Alex Borrelli, who have been in place throughout this period. There is a mining consultant, James Hogg, who is managing director of Addison Mining Services Limited.

The ultimate objective is to build BWA up to a significant size, providing material investment growth to our shareholders, through the development of the existing 7 licence areas, which exhibit opportunities for the significant growth of future values.

2. Please throw some light on your recently awarded second research licence in Dehane area? When can we expect to see the start of the initial work at the said site?

BWA has been working to obtain licences for exploration permits in Cameroon for five years. It has been a long process, but we were awarded the first licence at Nkoteng in December 2019 and the second at Dehane a few weeks ago. Work started at Nkoteng in January marking out the site which is nearly 500 sq. kms in area, and preliminary reviews of potential exploration areas start next week. Work starts at Dehane in marking out the site this week. Again, that will be followed by an initial survey of the area.

3. The Dehane permit is for three years, and there is an indicated financial commitment of GBP275,000 in the first year to be followed by GBP 207,000 each in the next two years. How is the company planning to go for it?

The board is reviewing the options for financing these costs.

4. The Kings of the North Corp acquisition had been said to be value-enhancing for Shareholders, can you briefly enlighten us on that?

The report by SRK consultants prior to the purchase indicated high levels of prospectivity in several of the claim areas which has been fully supported in recent months by announcements of successful strikes on immediately adjacent claims by other companies. In addition, current work has indicated the possibility of other, higher value, metals which were not fully valued as part of the SRK exercise.

The purchase price of Kings of the North was funded, in part, by the issue to the vendors of zero-coupon convertible loan notes. These notes can only be converted to equity but are restricted to a maximum of 29% of the overall equity of BWA. They are convertible at the market price at the time of conversion. Thus, if the BWA share price rises to, say, 2p per share then the real cost of the KOTN acquisition to existing BWA shareholders, in terms of equity dilution, falls to £1.150M (from £4.6M). The structure of the convertible loan notes, which are only convertible into equity, means that the enterprise value of the business on the balance sheet is approximately £6 million.

5. The acquisition of the Kings of the North Corp from St-Georges Eco-Mining had some funding issues of late, which were prudently sorted out, would you like to brief us about the same?

One of the subscribers to the cash element of the loan note issue was unable to settle all of the money due on the due date. The company immediately sourced alternative funding to cover the shortfall.

6. Can you please brief us about the progress of your major investee companies, Mineralfields Group and Prego International?

Mineralfields was the original investment which took us to Cameroon. The Mineralfields business will be developed as part of the work in Cameroon.

Prego International is no longer core to the business of BWA and will be disposed of as opportunity permits.

7. Is there any new licence under consideration with the Cameroon government?

We have developed good relations within Cameroon and have experienced staff on the ground. We are fully committed in developing the two licences we have recently obtained but are open to good additional opportunities should they arise.

8. What all are the future plans of the company going forward?

The company is an investment company focussed on the mining industry. The most likely expectation is that having proved the value of a claim, we would seek a partner to develop it. We would not rule out the possibility of producing ourselves, but that would require significant additional capital which might be more profitably allocated elsewhere.

In Cameroon as with the five KOTN licences, we would seek to undertake the necessary work to obtain a CPR, JORC, or 43-101 resource report, which provides both the calculated quantity of minerals or metals on the licence site, a price, and valuation. Once we have



formally established a resource, we can consider selling a particular site at a material premium, which would then fund work on the development of the other mineral licence areas, without a need to return to shareholders for additional funds.