

TOOLSIE PERSAUD TIMBER TRADERS INC.

SFEP 02/13

PROJECT SUMMARY

1. Introduction

Toolsie Persaud Timber Traders Incorporated was incorporated on January 20, 2012 as Company No. 6985 under the provisions of the Companies Act of Guyana (see Annexes I, II). The senior managerial staff (see Table 1, Annex V) have all garnered extensive experience working in similar positions at Toolsie Persaud Limited, a company with more than 60 years local logging experience, and certainly one of the architects of successful in Guyana's hinterland. The management team and directors will be supported with some 60 field operatives once timber harvesting operations commence.

Table 1: Key managerial staffs of TPTTI

#	Name	Designation	Logging experience
1	PERSAUD, Toolsie	Chairman	60
2	PERSAUD, Avinash	Director	30
3	PERSAUD, Vinode	Director	30
4	PERSAUD, Rajest	Director	30
5	PERSAUD, Munesshwar	Forest Operations Coordinator	20
6	LALL, Rupchan	Senior Operations Manager	20
7	MOHAMED, Saheed	Production Supervisor	18
8	SMITH, Dornellas	Log pond clerk	18
9	RAMNARINE, Rovenia	Administrative Assistant	15

On October 4, 2013, on the basis of its application, the Government of Guyana granted State Forest Exploratory Permit (SFEP) 02/2013 over 66,873 hectares of forest resources to TPTTI under the provisions of Regulation 7B (1) of the Forest Regulations made under the Forests Act, Cap. 67:01 (see Annexes III, IV). The SFEP allows TPTTI to '*occupy and engage in exploratory operations*' with respect to the management of the SFEP area for timber production, subject to national policies and guidelines.

TPTTI will invest some US\$10million on this project over a three year period and will also inject some G\$5million per month into the economy of the Kartabo Triangle via wages, purchases of meat, fresh vegetables and ground provisions, and fuel and lubricants.

Since the acquisition of the SFEP, TPTTI has been engaged in the following:

- a) Reconnaissance surveys over the entire concession area;
- b) The organization of the concession area into four compartments;
- c) Provisional identification, demarcation of a biodiversity reserve of some 3,009ha;
- d) The organization of the concession area into blocks, each with a specific alpha-numerical code;
- e) The demarcation of seven 1000m x 1000m blocks;
- f) 100% enumeration of seven blocks (~700ha);
- g) Identification, demarcation of some 15km of access roads;
- h) Planning of skid trails in respect of the seven blocks inventoried (see item e) above); and
- i) Acquisition of core logging assets (see Table 2)

That preparatory work undertaken to date has convinced the company that a logging operation is feasible and consequently, the Company is formally approaching the Environmental Protection Agency for an Environmental Authorization as a prerequisite for the granting of a Timber Sales Agreement.

Table 2: Assets available for TPTTI logging operation

#	Type of Equipment	Model	No. of units	Section
1	Bulldozer	CAT D6	1	Road Construction and Maintenance
2	Excavator	CAT 320C	1	
3	Motor-Grader	CAT 140H	1	
4	Dump Truck	Foden	1	
5	Chainsaws	STIHL 051	1	
6	Tracked Skidder	CAT 527	1	Felling & Extraction
7	Skidder	Ranger F68	1	
8	Chainsaws	STIHL 051	2	
9	Log Loader Series I	CAT	1	Trucking
10	Log Truck	Mack RD888	3	
11	Crane/Dragline	30RB	1	Log Pond Operations
12	Tugs (ocean Going)	CAT (Engine)	1	
13	Barge (Ocean Going)	Steel hull	1	
14	Log Loader Series I	CAT966F	1	
15	Chainsaw	STIHL 051	1	
16	Transport truck	Leyland	1	Utility services
17	Land Cruiser	Toyota	1	
18	Speed Boat w O/B Engine	48hp Yamaha	1	Workshop
19	Generator	Lister	1	
20	Welding Plant	Miller	1	

2. Context for the Project

Peculiarities of the Kartabo Triangle

The logging project will occur within the Kartabo Triangle, an area saturated with logging concessions and with mining concessions, respectively. Some 7,000 people occupy the Kartabo Triangle: 90% are employed in the logging and mining sectors, 3% in agricultural activity and the others in diverse businesses, including the trade in fuel and oil, rations, beverages, assorted mining supplies and the provision of mechanical and vulcanizing services.

Socio-economic activity in the Kartabo Triangle is dominated by events in Bartica (population about 15,000 persons), a town some five miles from Iteballi, where the Regional Administration (Region 7) is situate and where there is considerable social infrastructure and commerce that provide for a large number of satellite communities including Iteballi, Kartabo, Teperu, Mazaruni Prisons, Karrau, Makouria, Riversview, St. Mary, and Wineperu. A major eco-resort-*Aruwai White Water Resort*, has just opened for business on an *island* east of Iteballi.

The main access route within the Kartabo Triangle is the Iteballi-Puruni Road which extends some 104 km between Iteballi and Puruni Landing, left bank Puruni River, where there is a barge, and from where the road continues all the way to Olive Creek and Kurupung, on the left and right banks of the Mazaruni River respectively. Due to barges plying the Surabana- Kumaka Sherima crossing, Essequibo River and at Teperu-

Iteballi barge crossing on the Mazaruni River, and finally the barge crossing at Puruni Landing, on the Puruni River, it is possible to drive between Georgetown and Iteballi-a route taken by most miners. Most people travel to the area via riverine bateau type crafts between Parika and Iteballi (via Bartica) and between Bartica and Iteballi. There is a daily THD ferry between Parika and Bartica, several passenger speedboats plying the same route and also a fully functional airstrip at Bartica.

The traffic density on the Iteballi-Puruni Road is quite high with a density of about 30 vehicles per day, and these comprise an assortment of mostly heavy-duty ex-Army 6 x 6 and 4 x 4 trucks, pickups, logging trucks and ATVs-many of these with trailers).

Communities

Two communities are critical to the development of enterprises in the area: Puruni Landing (200 persons), left bank Puruni River, left bank Mazaruni River and Iteballi (2,000 persons), left bank Mazaruni River. East of Iteballi and also south-east of Iteballi are stone mining quarries on right bank Mazaruni River. In addition there are numerous dwelling points where loggers and miners respectively reside as well as itinerant groups camping all over the place in response to gold 'shouts', whether real or imagined. Closely allied with the two communities and other work units are a host of business men engaged in the trade in fuel and oil, rations and beverages and mechanical and vulcanizing services.

Iteballi has a primary school, a health centre and community centre ground. The local RDC has its offices there and there is a forest station there. Various shops dominate the waterfront. Several loggers already have log depots there, from where they transport logs to other areas, mainly along the east bank Essequibo or Georgetown.

Land use

The Kartabo Triangle has an area of about 456,541 ha). The GFC has allocated 37 forest concession agreements there, comprising 32 State Forest Permissions, 4 Timber Sales Agreements and one SFEP, the same SFEP under consideration. In *addition*, GGMC has approved within the same area 1,207 mining units- a mix of 42 *Special Mining Permits*, nine (9) *Large Scale Concessions*, 1,101 *Mineral Licenses* and 55 *Claim Licenses*.

Several residents of Iteballi have moved to acquire agricultural leases within the area, most of these on the outskirts of Iteballi. Meanwhile there are exquisite landscapes in the Kartabo Triangle whose aesthetic attributes may well serve as the basis for eco-tourism type escapades.

In SFEP 2/13 itself, there are 184 mining units: 181 Mining Licenses (and 3 Large Scale Concessions

3. The TPTTI Logging Project

Overview.

Toolsie Persaud Limited, with which the principals of TPTTI are *associated*, is already engaged in logging activity on left bank Puruni River and right bank Puriari River, south of the Kartabo-Puruni Road, since 2012, and therefore the principals of TPTTI are already engaged in hauling logs to Iteballi, then transporting them by barge to the east bank Essequibo and Georgetown, respectively. TPTTI will haul logs via the Old Granny Road, to Takutu Compound, the administrative base for TSA 04/85 held by Toolsie

Persaud Limited, thence to Iteballi; therefore, to some extent, TPTTI will 'piggy back' on TPL's ongoing logging operations.

TPTTI is working towards the acquisition of a TSA which will allow the company to harvest merchantable timber. Logs will be extracted from the concession area, transported some 105km to Iteballi. At Iteballi, the logs will be transshipped via barge to the east bank Essequibo River for sale to sawmillers there, or to Georgetown, where the logs will be processed at a sawmill held by Toolsie Persaud Limited.

The primary source of labour is expected to be ex-field operatives of TPL who worked at Manaka, left bank Essequibo River and at Butukari, left bank Essequibo River respectively, where TPL has drastically scaled back logging operations.

The forest resources

TPTTI has access to some 66,873.36 ha of mostly intact forests. The forest resources in the area are typical of that within the Bartica Triangle, which Ter Steege (2000) described as Central Guyana Wet Forests: forests characterized by a high abundance of commercial species including Wamara (*Swartzia leiocalycina*), Greenheart (*Chlorocardium rodiei*), Mora (*Mora excelsa*), Morabukea (*Mora gonggrijpii*), Haiariballi (*Alexa imperatricis*) and Aromata (*Clathrotropis spp.*).

Recent 100% enumeration of merchantable trees with dbh \geq 35cm within seven blocks indicate that for the 20 species recorded (see Annex VI), the dominant species by volume were Greenheart-60%, Waramadan-26% and Baromalli-8%.

Miners have been working at various points within the concession and a number of roads and trails occur throughout the area. Provisional planning parameters for the concession area as follows:

I.	Total concession area:	66,873.36	(A)
II.	Total area of merchantable forest:	66,873.36	(B)
III.	Biodiversity Reserve (4.5% of (B)):	3,009.30	(C)
IV.	Available merchantable forest (+ buffer zones) (B-C):	63,864.06	(D)
V.	Net production forest (-inoperable areas, est. 20%): (D*0.8)	51,091.25	(E)
VI.	Felling cycle:	60 years	(F)
VII.	Allowable yield for a 60 year cycle:	20m ³	(G)
VIII.	Total production: (E*G (m ³)):	1,021,825m ³	(H)
IX.	Annual Allowable Cut (60 year cycle): H/F)	17,031.42m ³	(I)
X.	Annual Allowable Area: (E/F):	851.52ha(~9 100ha blocks)	(J)

In other words, TPTTI estimates that it would harvest an area of 900 ha per annum for a projected yield of 17,031.42m³.

Base Camp

The company is still looking at options for the setting up of its main base camp on the SFEP. Three criteria are under consideration:

- a) Easy access: for conveying production assets, goods and personnel in a safe manner and for extracting logs as quickly as possible;

- b) Privacy: TPTTI would like as much privacy as feasible when setting up its base camp, mainly for security reasons;
- c) Year round access to adequate potable water (from a river of adequate depth, not impacted by mining).

For 2016-2017, management of TPTTI will use TPL's Takutu Compound for administrative purposes pending a decision on the construction of the base camp on the SFEP area.

Operations

In the pursuit of concession development, TPTTI will be guided by all applicable national guidelines, Codes of Practice, all relevant legislation and considerations raised by stakeholders, including other developers in the natural resources sector. Wherever applicable, TPTTI will develop partnerships that foster approved multiple use of the forest resources. TPTTI will ensure that merchantable trees felled are extracted as quickly as possible so that the intensity of impacts is of the shortest duration practicable. Finally, TPL will ensure that all field operatives are duly trained for the tasks they have to perform.

Two sets of activities are contemplated: planning works and field operations.

Planning works will include:

- a) Demarcation of the primary and secondary road networks
- b) Demarcation of compartments
- c) Demarcation of blocks
- d) Forest inventory (100% enumeration)
- e) Tree marking operations
- f) Demarcation of skid trails and log markets
- g) Identification (and if necessary demarcation) for areas where forward camps would be established.

Field operations will include:

- a) Tree felling for camp construction, road works, for skid trails and for log markets respectively
- b) The construction of roads, bridges and culverts respectively
- c) The directional felling of merchantable trees with dbh \geq 35cm.
- d) The skidding of logs from stump to log market
- e) The transport of logs from log markets to a log depot at Iteballi: this will entail trucks conveying 20-30m³ of logs or cants per trip.

In the course of its field operations, TPTTI will deploy several pieces of heavy-duty equipment (see Table 2) necessary for road works and for handling or manipulating logs.

TPTTI will prepare Forest Management Plans and Annual Plans of Operations setting out the order and extent of all operations to be carried out within the TSA, once issued.

4. Anticipated negative impacts

The major negative impacts anticipated are summarized below:

- a) TPTTI expects that negative impacts in terms of noise, vibration and dust from its operations will come from road works.
- b) Drainage works, bridge and culvert construction, cut and fill earth works, corduroy works in soft or fragile terrain and the setting out and use of borrow pits will generate major disruption (digging or gouging, scarification, and surface soil removal) in the environment and affect the aesthetic qualities of landscapes.
- c) Noise, dust, smoke and vibration will scare animals, forcing their temporary migration and otherwise generating stress among them.
- d) The occurrence of additional vehicles hauling logs along the Puruni Road will increase the hazard level on the road as well as the dust and noise nuisance for people living or working near the road.

5. Mitigation of mitigable negative impacts

TPTTI will hire consultants approved by the EPA who will help the company develop and implement practices, environmental management plans and other ameliorative measures for mitigable negative impacts. Training of field operatives, the use of fully functional machines and rigid attention to issues of occupational safety and health will underlie all initiatives.

6. Partnerships

TPTTI will develop such partnerships with stakeholders, including the RDC-Iteballi, which foster the development of rural communities in the Kartabo Triangle generally and social infrastructure in particular. TPTTI's relationship with other loggers and with miners will be given special attention.

7. Technical Assistance for ESIA Project

The core technical assistance will be provided by the following:

- a) Godfrey Marshall (Forester) Team Leader
- b) Eustace Alexander-Biodiversity Specialist
- c) Environmental Engineering Solutions-Environmental specialists

The team will also work with a large number of technicians, including a few employed with TPTTI, especially in carrying out faunal surveys and in reconnaissance level forest inventory. The team also has at hand an array of equipment for recording environmental parameters-such as noise levels and soil and water analysis, a couple of high-end Nikon Cameras with assorted accessories, equipment for recording and identifying fauna (nets, traps, fishing tackle) and surveying and forest mensuration equipment, including GPS devices, compasses, and diameter tapes. More importantly, the team has significant experience in the preparation of ESIA's.



Company No.: 6985

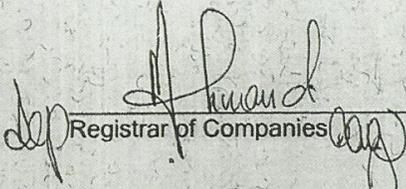
COMPANIES ACT OF GUYANA

CERTIFICATE OF INCORPORATION

TOOLSIE PERSAUD TIMBER TRADERS INCORPORATED

I hereby certify that the above-mentioned Company, Articles of Incorporation of which are attached, was incorporated under the Companies Act of Guyana on the 20th day of January, 2012.




Registrar of Companies

Dated this 01st day of February, 2012

TPTTI Articles of Incorporation

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REPUBLIC OF GUYANA
COUNTY OF DEMERARA

THE COMPANIES ACT 1991
PRIVATE LIMITED-LIABILITY COMPANY

ARTICLES OF INCORPORATION
OF

TOOLSIE PERSAUD TIMBER TRADERS INCORPORATED

RD-797510
Fees \$ 60,000.00
Notary \$ 3,000.00
Copy \$ 350.00
\$ 63,350.00
Date 20.1.2012

NAME OF COMPANY: TOOLSIE PERSAUD TIMBER TRADERS INCORPORATED COMPANY NO. 6983

CLASSES AND MAXIMUM NUMBER OF SHARES:
SIX HUNDRED (600) ORDINARY SHARES OF THE VALUE OF \$1000.00
(ONE THOUSAND DOLLARS) EACH

RESTRICTIONS OF SHARE TRANSFERS:

THE ANNEXED SCHEDULE "A" AND THE RESTRICTIONS SET OUT
THEREIN ARE INCORPORATED IN THIS FORM

NUMBER OF DIRECTORS:

NOT LESS THAN TWO AND NO MORE THAN FIVE DIRECTORS

RESTRICTIONS OF BUSINESS THE COMPANY MAY CARRY ON:

NONE

OTHER PROVISIONS:

THE PROVISIONS SET OUT IN SCHEDULE "A" AFORESAID.

DATE INCORPORATED:
DAY OF JANUARY, 2012



NAME:	ADDRESS	SIGNATURE:
Rajesh Persaud	Lot 15 Area 'A', Turkeyen, East Coast Demerara, Guyana.	<i>[Signature]</i>
Vinode Persaud	Lot 'A' 44 Barima Avenue, Bel Air Park, Georgetown, Guyana.	<i>[Signature]</i>
Avinash Persaud	Lot 15 Lamaha & New Garden Streets, Greater Georgetown, Guyana.	<i>[Signature]</i>

Dated this 20th day of January, 2012

Certified a True Copy
[Signature]
Assistant Sworn Clerk

1510
Certified a True Copy
[Signature]

TPTTI-Articles of Incorporation

Page 3 of 3

REPUBLIC OF GUYANA
COUNTY OF DEMERARA

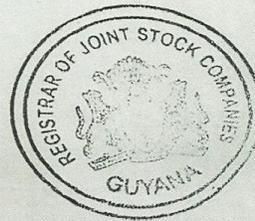
THE COMPANIES ACT 1991
(SECTION 67 & 75)
PRIVATE LIMITED-LIABILITY COMPANY
WITH SHARE CAPITAL

NOTICE OF DIRECTORS
OF
TOOLSIE PERSAUD TIMBER TRADERS INCORPORATED

NAME OF COMPANY *TOOLSIE PERSAUD TIMBER TRADERS INCORPORATED* COMPANY NO. *6985*

Notice is given that on this 5th day of January, 2012 the following persons were appointed Directors of the Company.

NAME:	ADDRESS:	OCCUPATION
Rajesh Persaud	Lot 15 Area 'A', Turkeyen, East Coast Demerara, Guyana	Businessman
Vinode Persaud	Lot 'A' 44 Barima Avenue, Bel Air Park, Georgetown, Guyana.	Businessman
Avinash Persaud	Lot 15 Lamaha & New Garden Streets, Greater Georgetown, Guyana.	Businessman



Certified a True Copy
[Signature]
Assistant Sworn Clerk
2012-2-3


Certificate of Registration
Taxpayer Identification Number (TIN)

Taxpayer Name: TOOLISIE PERSAUD TIMBER TRADERS INC.
Business Name: TOOLISIE PERSAUD TIMBER TRADERS INC.
Taxpayer Type: COMPANY
Address: 10-12 LOMBARD AND SUSSEX STREETS
GEORGETOWN

Date Issued: February 05, 2013

Tax Office: *This Taxpayer has been registered under the provisions of the Income Tax (Amendment) (No. 2) Act # 15 of 2006*
HEAD OFFICE

TIN: 014559043



Commissioner General
Guyana Revenue Authority

GRA/GM/1249

**STATE FOREST EXPLORATORY PERMIT
Regulation 7B(1)**

No. SFEP: 02/2013

Permission is hereby granted to **TOOLSIE PERSAUD TIMBER TRADERS INC.** of Lot **10-12 Lombard & Sussex Streets, Georgetown, Guyana** under **Regulations 7B** of the Forest Regulations made under the Forests Act, Cap 67:01, to occupy and commence exploratory operations within the area of State Forests shown on the plan annexed hereto, more particularly described as falling within the following boundaries:

Right Bank Cuyuni River, Left Bank Puruni River, Left Bank Ekabago River: Right Bank Mara-Mara River.

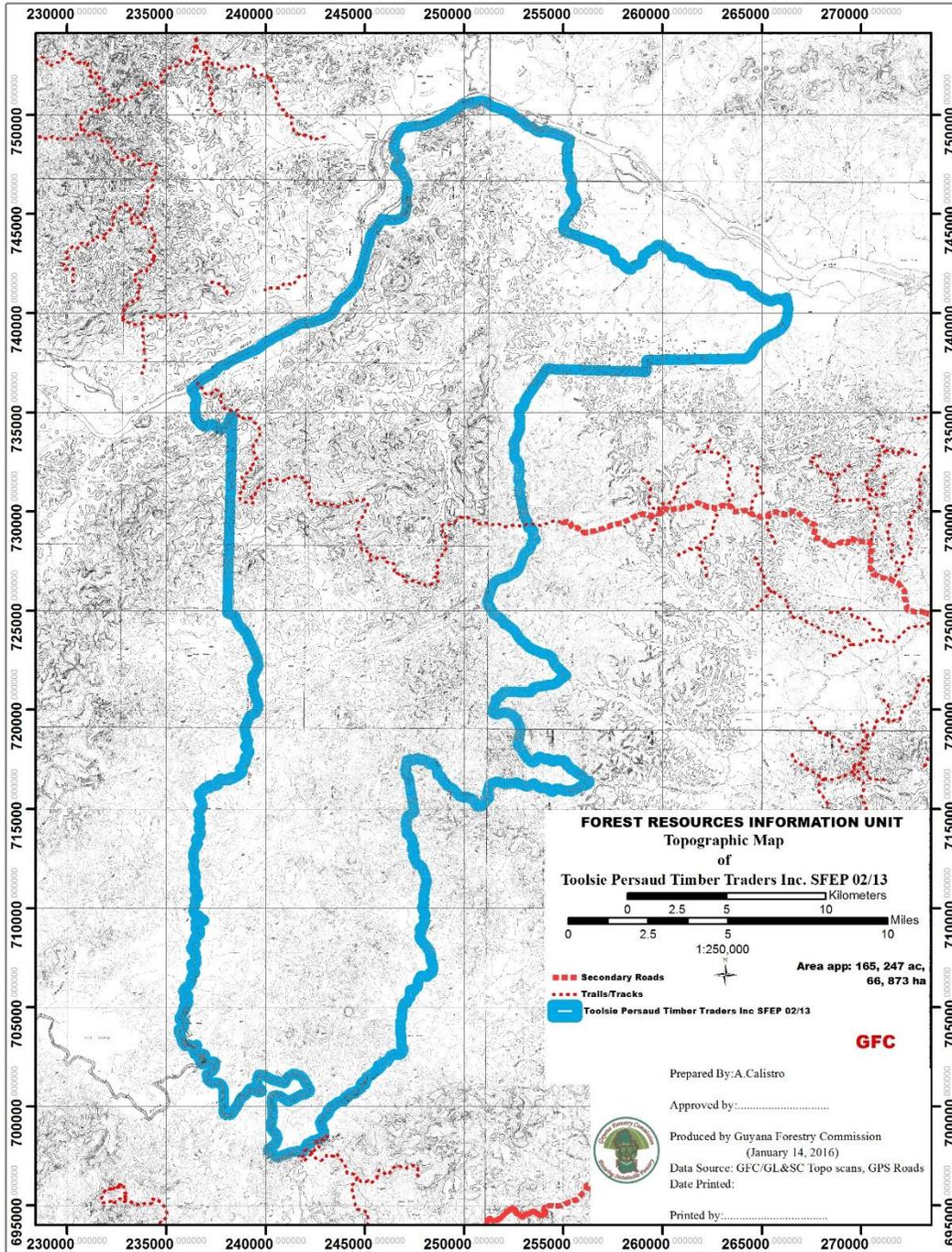
Commencing at the **mouth** of the **Waiarimpo River** on the **right bank Quartzstone River** having approximate UTM geographic coordinates of **02 66 242 E, 07 40 780 N**; thence up the **left bank Waiarimpo River** for approximately **4.1 km** to a point having approximate UTM geographic coordinates of **02 64 751 E, 07 37 711 N**; thence by a **cut line** in a **Westerly** direction for approximately **4.9 km** to a point having approximate UTM geographic coordinates of **02 59 185 E, 07 37 649 N**; thence by a **cut line** in a **Southerly** direction for approximately **0.6 km** to a point having approximate UTM geographic coordinates of **02 59 161 E, 07 37 068 N**; thence by a **cut line** in a **Westerly** direction for approximately **5.0 km** to a point having approximate UTM geographic coordinates of **02 54 139 E, 07 37 203 N**; thence by another **cut line** in a **South-Westerly** direction for approximately **1.9 km** to a point on an unnamed tributary having approximate UTM geographic coordinates of **02 53 081 E, 07 35 678 N**; thence across and up the **left bank** of this unnamed tributary to a point near its source having approximate UTM geographic coordinates of **02 52 798 E, 07 30 867 N**; thence by a **cut line** in a **South-easterly** direction for approximately **1.0 km** to a point near the source of an unnamed tributary having approximate UTM geographic coordinates of **02 53 001 E, 07 29 874 N**; thence down the **right bank** of this unnamed tributary to its mouth on **left bank** of another unnamed tributary having approximate UTM geographic coordinates of **02 53 286 E, 07 28 069 N**; thence up the **left bank** of this unnamed tributary for approximately **2.6 km** to a

APPENDIX I

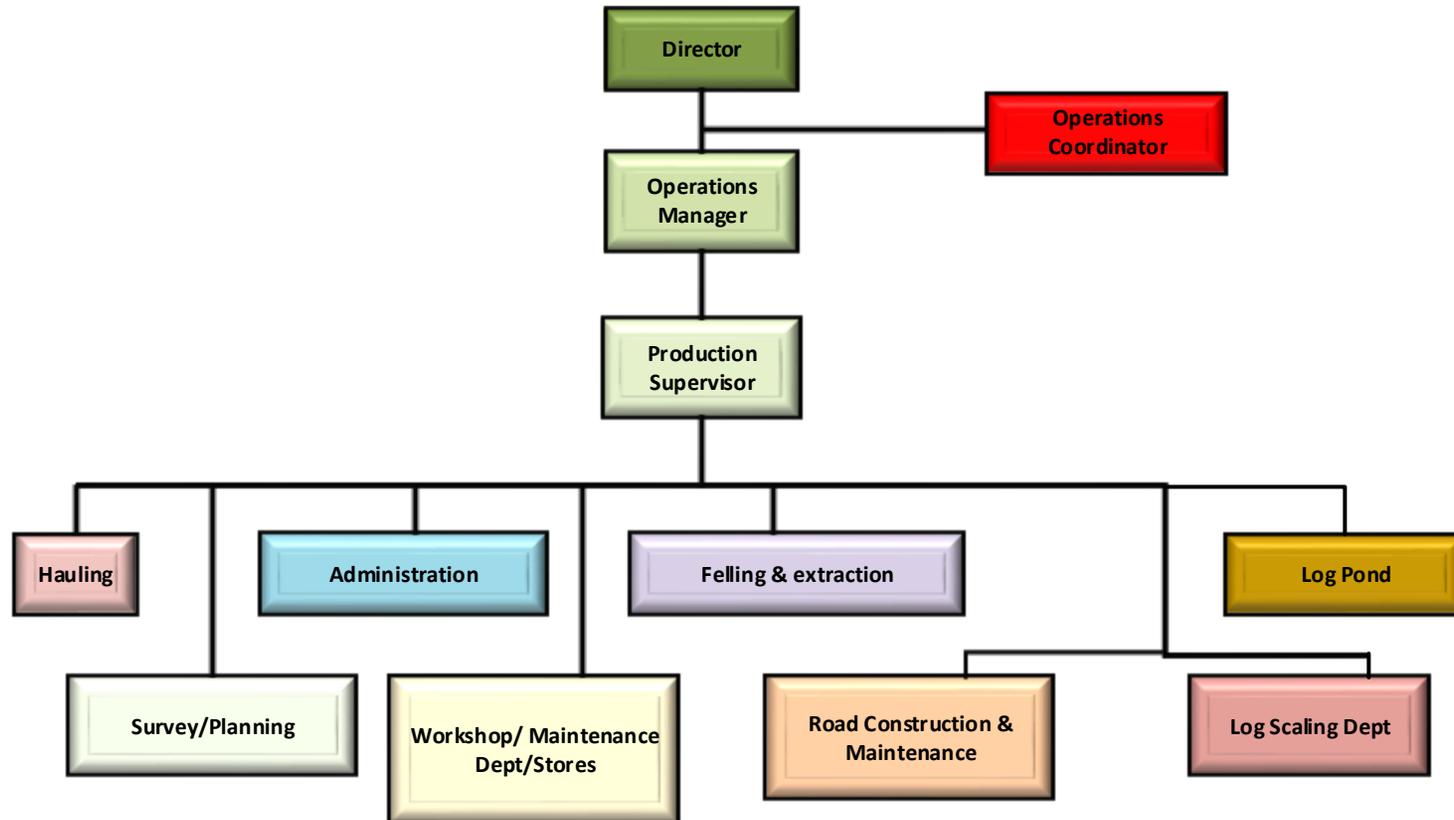
SFEP: 02/2013

1. Area:
66.873 Hectares (165,247 Acres).
2. Period:
Three (3) years
3. Land to be excluded
All lands legally held.
4. Type of Forests
Mixed forest
5. Penalty for Offences:
As set out in the Forest Act Chapter 67:01 and its regulations.
As set out in the Environmental Protection Act No. 11 of 1996.
6. Acreage Fees:
A fee of **US\$0.15 per acre, per annum** is charged on all forested area as amended by regulations made under the Forests Act.

Annex IV: Outline of Map of SFEP 02/13, L.B. Cuyuni River



Annex V: Organization chart-TPTTI



Annex VI: Merchantable species of interest to TPTTI

#	Common Name	Botanical Name
1	Baradan	Ocotea tomentella
2	Baromalli	Catostemma spp.
3	Br. Silverballi	Licaria canella
4	Black Kakaralli	Lecythis
5	Crabwood	Carapa guianensis
6	Dukali	
7	Greenheart	Chlorocardium rodiei
8	Hububalli	Loxopterygium sagotii
9	Kabukalli	Goupia glabra
10	Kereti Silverballi	Ocotea sp.
11	Locust	Hymenea courbaril
12	Maporokon	Inga alba
13	Morabukea	Mora
14	Purpleheart	Peltogyne pubescens
15	Shibadan	Aspidosperma
16	Simarupa	Simaruba amara
17	Tatabu	Diplotropis purpurea
18	Wallaba	Eperua spp
19	Wamara	Swartzia leiocalycina
20	Waramadan	