



SOTTA MINING
CORPORATION LIMITED

The Executive Director
Tanzania Investment Centre (TIC)
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Attn: Gilead Teri

Copy to:

The Permanent Secretary
Ministry of Minerals Madini Street
CHC Building
Government City, Mtumba
PO Box 422
Dodoma
By email: ps@madini.go.tz;

Attn: Yahya Samamba

11 September 2024

SMCL/CFO/MISC/0182/2024

Dear Sir

Re: Nyanzaga Gold Project

Perseus Mining Limited (**Perseus**) is an Australian listed mining company that developed and currently operates three gold mines in Africa: Edikan in Ghana, and Sissingué and Yaouré in Côte d'Ivoire. Perseus also owns 70% of the Meyas Sand Gold Project in Sudan. Perseus currently produces in excess of 500k ounces of gold per annum across its 3 operations.

In April 2024 Perseus finalised the acquisition of 100% of the shares of Australian listed OreCorp Limited, which owns 84% of the Nyanzaga Gold Project (**Nyanzaga**) through Sotta Mining Corporation Limited (**SMCL**) in a joint venture with the Government of Tanzania (**GoT**) who currently have a 16% free carry. As part of the acquisition by Perseus and Fair Competition Commission (**FCC**) approval for the acquisition Perseus agreed to give up a further 4% free carry to the GoT to form an 80:20 joint venture between Perseus and the GoT.

While mining may not typically fall under the Tanzanian Investment Centre's mandate, the strategic importance and potential economic impact of the Nyanzaga Gold Project warrants special consideration for strategic project status. This letter outlines key arguments supporting this request.

Strategic Importance

- **First Major Gold Mine in 17 Years:** Nyanzaga will be the first significant gold mine constructed in Tanzania since the Buzwagi Gold Mine 17 years ago, marking a resurgence in the country's mining sector.
- **Boost to Gold Production:** With an expected average annual production of 234,000 ounces of gold over 10.7 years, Nyanzaga will significantly increase Tanzania's gold output and foreign exchange earnings.

Economic Impact

- **Job Creation and Skills Development:** The Nyanzaga Gold Project is expected to create significant employment opportunities, both direct and indirect, for Tanzanian citizens. It will also provide valuable skills training and development in the mining sector.
- **Foreign Investment and Revenue:** As a large-scale gold mining operation, Nyanzaga will attract substantial foreign investment and generate considerable revenue for Tanzania through taxes and royalties.

Government Partnership

- **Joint Venture Structure:** A new framework agreement currently under negotiation, will increase free carried interest for the Tanzanian government from 16% to 20%, aligns with national policies on resource ownership and benefit-sharing.
- **Government Support:** The Tanzanian government has already expressed support for the project's development, recognizing its potential benefits for the country.

Perseus are expecting to make a Final Investment Decision on the Nyanzaga Gold Project in December 2024, with the circa US \$500 million capital expenditure expected to be funded from Perseus balance sheet. Currently Perseus are working to optimise the project plan to ensure full economic benefit to Perseus and the Government of Tanzania.

The Perseus plan that is being developed is an iteration of the Definitive Feasibility Study (DFS) completed by Orecorp in 2022. The 2022 DFS, details the robust economic potential and positive impact of the Nyanzaga Gold Project in summary;



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Project Overview: Located in northwest Tanzania's Lake Victoria Goldfields, comprises Special Mining Licence 653/2021 (23.4km²) and surrounding prospecting licences.

DFS Highlights

- Production: Average 234,000 oz gold per year over 10.7-year mine life
- Peak Production: 295,000 oz in Year 6
- Mining Method: Concurrent open pit and underground operations
- Processing Capacity: 4 million tonnes per annum

Economic Metrics

- Pre-production capital cost: US\$474 million
- All-in sustaining cost (AISC): US\$954/oz
- Post-tax NPV5%: US\$618 million
- Internal Rate of Return (IRR): 25% (post-tax)
- Payback period: 3.7 years (post-tax)

Project Benefits

- Significant job creation and economic development for Tanzania
- Potential for skills transfer and local business opportunities
- Substantial tax revenue generation for the government

Please find the full 2022 DFS attached as **Appendix 1**.

We hope to further engage with the Tanzanian Investment Centre to identify avenues that can support the Nyanzaga Gold Project as the first major mine and processing plant constructed in over 17 years. Should you need further clarification please feel free to reach out to the Chief Financial Officer of SMCL, Mr. Isaac Lupokela, through mobile phone number (0743 690 772) or email (isaac.lupokela@perseusmining.com).

Yours sincerely

Lee-Anne de Bruin
Director

Attachment

1: 2022 DFS – Nyanzaga Gold Project