

27th September 2024

PRESS RELEASE - RESPONSE TO ALLEGATIONS AGAINST SEGILOLA RESOURCES OPERATING LIMITED BY OSUN STATE GOVERNMENT

Our attention has been drawn to an online press release issued by the Osun State Government containing a number of inaccuracies and misleading allegations about Segilola Resources Operating Limited (“the Company” or “SROL”) in relation to tax evasion and unethical business practices.

We wish to address each of the issues raised in the press release to clarify our position and defend our reputation as a responsible corporate entity and a leading best practice operator in Nigeria’s mining sector.

1. Alleged Unethical Business Practices and Use of proxy Companies

- We categorically deny any unethical business practices or use of any proxy companies. Like every global mining operation, we rely on the support services of specialized service providers. The companies listed by the State Government are independent, legally registered entities that provide specialized services to SROL. Each of these companies – SINIC Engineering Limited, ATF Consulting Limited, Monurent Nigeria Limited, Rabaa Cleaning Limited, Deep Rock Drilling Services, and CEFO Security Limited – operates in full compliance with Nigerian laws and have their records readily available in the public domain. None of these companies are proxies; they are legitimate service providers engaged in their respective fields, each having undergone appropriate due diligence and contracting procedures. SROL has always complied with the necessary environmental and security documentation requirements as per applicable laws. We remain transparent about all our operations and the entities we engage for services.

2. Allegations of Tax Evasion and the Company’s Operational Timeline

- The claim that SROL has engaged in tax evasion is incorrect and unsubstantiated. SROL has consistently cooperated with the relevant authorities, granting full access to its financial records for audits and assessments. Our company operates in full transparency, adhering to both federal and state tax obligations.
- In April 2024, SROL allowed consultants engaged by the Osun State Government unrestricted access to review its records, including those related to employment, Withholding Tax (WHT), and Pay-As-You-Earn (PAYE) remittances. This review was conducted in good faith, as part of the company’s commitment to regulatory compliance.
- However, following the audit, the Osun State Government unexpectedly issued a claim of **₦3,250,598,513 (Three Billion, Two Hundred and Fifty Million, Five Hundred and Ninety-Eight Thousand, Five Hundred and Thirteen Naira)** in outstanding tax liabilities. Despite this significant sum, the state did not provide any clear breakdown, computation, or justification for how this amount was determined.

- Upon receiving the claim, SROL formally objected to the tax findings, presenting detailed transaction records and employee schedules to support its own tax remittance calculations for reconciliation.
- In an effort to resolve the matter amicably, two meetings were held in June and July 2024 between representatives of the State Government and SROL. These meetings were productive and demonstrated both parties' willingness to reconcile differences. A third meeting, scheduled for September 2, 2024, was regrettably cancelled by the State Government. Both parties agreed to reschedule the meeting to a convenient date, which had not been confirmed at the time of the State's press release.
- As a responsible corporate citizen, SROL has consistently remitted royalties and other applicable taxes from its gold production in compliance with federal and state regulations. The Company has comprehensive evidence and receipts of all payments made to the various authorities and never sought to avoid or defraud the state government of its due revenue. We fully acknowledge our tax obligations and are committed to fulfilling them.

Segilola's Operational Timeline

- It is important to note that the claim that Segilola Resources Operating Limited (SROL) commenced production in 2019 is factually incorrect. Construction of the Segilola Project commenced in March 2020 after years of significant high-risk investment in exploration and carrying out feasibility studies. The Company poured its first bar of gold in July 2021 and declared commercial production on 1st January 2022. These milestones have been publicly announced and widely covered across various media platforms, demonstrating our commitment to transparency in our operations.
- Prior to this, the project was in the construction and development phase, during which we completed all necessary infrastructure, regulatory approvals, and environmental assessments. The commencement of gold production was the culmination of years of careful planning, investment, and compliance with both federal and state laws.
- The Company's operational timeline has been fully documented and available in the public domain, further refuting any suggestion of hidden or premature production activities prior to 2022.

3. Issues Relating to Osun State's Interest in Tropical Mines Ltd

The allegation that SROL has failed to pay accrued considerations for Osun State's interest in Tropical Mines Ltd is incorrect. As a subsidiary of Thor Explorations Ltd, SROL has no outstanding financial obligations related to any agreements with the State regarding Tropical Mines Ltd. If there are any disputes regarding historical arrangements, we are open to dialogue to clarify and resolve these concerns.

4. Environmental Concerns

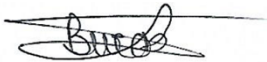
- SROL takes its environmental responsibilities very seriously. We have put in place a robust environmental management plan that complies with both federal and state regulations. The Environmental Impact Assessment (EIA) for the Segilola Gold Project was conducted and approved

in accordance with Nigerian environmental laws. Allegations of environmental pollution, including particulate matter in the air and potential acid drainage from waste rocks, are unsubstantiated.

- We have sufficient evidence to prove that we have followed all necessary protocols for environmental assessments and regulatory filings, including environmental compliance monitoring and mitigation of potential environmental impacts.
- In addition, we are regularly audited by the Federal Ministry of Environment and the Ministry of Solid Minerals Development and to date, there has been no claim of pollution or environmental violations against the company. The most recent joint environmental compliance monitoring inspection by the Federal Ministry of Environment was held on the 6th of September 2024 and included State Government Environmental representatives, following which a report was produced showing full compliance with the regulatory environmental standards.

As one of Nigeria's leading mining companies, we remain committed to contributing to the economic growth of the state and the country while adhering to the highest ethical and operational standards.

Signed,

A handwritten signature in black ink, appearing to read 'Austin Menegbo', with a horizontal line drawn through it.

Austin Menegbo

Country Manager