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**潼關黃金集團有限公司**  
**Tongguan Gold Group Limited**

*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 00340)**

**VOLUNTARY ANNOUNCEMENT**

**NON-LEGALLY BINDING TERM SHEET IN RELATION TO  
STREAMING TRANSACTION ON  
THE GOLD MINES OF THE COMPANY**

This announcement is made by Tongguan Gold Group Limited (the “**Company**”) on a voluntary basis.

The Company is pleased to announce that on 8 April 2025, the Company entered into a non-legal binding term sheet with Zijin Metal Company Limited (紫金金屬有限公司) (the “**Purchaser**”) (the “**Term Sheet**”), pursuant to which the Purchaser will advance an upfront cash payment of US\$25 million upon satisfaction of certain conditions precedent therein and the Company shall deliver to the Purchaser an amount of gold produced from the agreed mining areas of the Beidoing gold mines located in Gansu Province (the “**Gold Mines**”), the People’s Republic of China (the “**PRC**”) (the “**Streaming Transaction**”).

**KEY TERMS OF THE STREAMING TRANSACTION**

According to the Term Sheet, the Purchaser will advance an upfront cash deposit of US\$25 million (the “**Deposit**”) upon satisfaction of certain conditions precedent as set out therein, which represents prepayment of a portion of the purchase price for sales of gold to the Purchaser. The value of the Gold Stream Deliveries and Additional Payable Gold (defined below) will be credited against the Deposit. No additional fees, costs, or other charges will be made by the Purchaser until the uncredited Deposit is reduced to zero.

In exchange, the Company has committed to deliver to the Purchaser the equivalent of:

- (i) an amount of gold equal to a fixed number of 17.6 kilogram quarterly until an aggregate of 123.2 kilogram of gold have been delivered from the Gold Mines;
- (ii) an amount of gold equal to a fixed number of 17.0 kilogram quarterly until an aggregate of 276.2 kilogram of gold have been delivered from the Gold Mines; and

(iii) an amount of gold equal to a fixed number of 7.7 kilogram with the last delivery of 7.2 kilogram quarterly until an aggregate of 422.0 kilogram of gold have been delivered from the Gold Mines, (collectively, the “**Gold Stream Deliveries**”).

Instead of delivering actual gold production from the Gold Mines, the Company will, at its discretion, either (i) deliver gold credits in an amount equal to the Gold Stream Deliveries upon application of a fixed payable factor of 99.9% for gold in all forms; or (ii) repay the Purchaser or through its Hong Kong-based parent company in cash calculated by multiplying the quality of Gold Stream Deliveries by actual selling price made in accordance with spot gold price of Shanghai.

If the gold produced at the mineral processing facility of the Gold Mines in any calendar year exceeds 2.5 metric tons (the “**Excess Gold**”), the Purchaser is entitled to received 1% of the Excess Gold (the “**Additional Payable Gold**”).

The term of the Streaming Transaction will be 9 years from the date of the entrance of the definitive agreement provided that the Company may elect to exercise the one-time option to repurchase all the residual stream and Additional Payable Gold with US\$7.0 million subject to top-up adjustment, if required, on the later of (i) 31 December 2030; and (ii) an aggregate of 330.1 kilogram of gold having been delivered by the Company.

## **BACKGROUND ON STREAMING TRANSACTION**

A streaming transaction is an agreement where a financing party (in this case, the Purchaser) agrees to purchase certain amount of mineral products from a mining company (in this case, the Company) in exchange for an upfront advance payment, as well as additional ongoing agreed payments (which are a portion of the market price) as the minerals are delivered. Such transaction is essentially a long-term commodity purchase contract with the delivery obligations contingent on an amount by reference to future production. All parties are treating the transaction as equivalent to a long-term bullion forward sale agreement under which they share exposure to ongoing production and the ultimate size and grade of the underlying resource.

## **INFORMATION ABOUT GOLD MINES**

The Gold Mines are located in Subei County in the Gansu Province of the PRC. As at the date of this announcement, the Gold Mines hold a portfolio of mineral tenements, comprising two mining licences (C6200002011114120120526 and C6200002011104220119784) and three exploration licences (T6200002022014050056664, T6200002022014050056665 and T6200002022014050056666), covering a total area of 3.6399km<sup>2</sup>, 31.9122km<sup>2</sup>, 3.63km<sup>2</sup>, 1.22km<sup>2</sup> and 30.65km<sup>2</sup> respectively.

## **INFORMATION ABOUT THE COMPANY**

The Company (together with its subsidiaries, the “**Group**”) is an investment holding company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (Stock Code: 00340). The Group is principally engaged in exploration, mining, processing, smelting and sale of gold and related products in China.

## **INFORMATION ABOUT THE PURCHASER**

The Purchaser is a company incorporated in Hong Kong with limited liability and wholly-owned by Zijin Mining Group Co., Ltd.\* (紫金礦業集團股份有限公司), a joint stock limited company incorporated in the PRC, the H shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2899) and the A shares of which are listed on the Shanghai Stock Exchange of the PRC (Stock Code: 601899). The Purchaser is a mining company principally engaged in precious metal related investments and sales activities.

## **REASONS FOR AND BENEFITS OF THE STREAMING TRANSACTION**

The Gold Mines delivers outstanding safety record, consistent performance and presents outstanding resource potential. The Streaming Transaction ensures significant value realization of the Gold Mines with reference to a portion of the gold production while the Company maintains exposure to gold prices through residual ownership in the gold production. The Company may establish a long-term relationship for exploring future strategic opportunities with the Purchaser, a globally well-regarded partner with a track record of successful investment across the global mining sector. The Streaming Transaction also helps to diversify the Company’s capital structure by providing a source of long-term funding without reducing its broader borrowing capacity. Accordingly, the directors of the Company are of the view that the Streaming Transaction, if materialized, is on normal commercial terms, fair and reasonable and in the interest of the Company and its shareholders as a whole.

## NO LEGAL BINDING EFFECT

The Term Sheet does not have any legal binding effect, save for the provision on confidentiality. The terms of the Streaming Transaction are subject to the terms of the definitive agreement.

The Term Sheet may or may not lead to the entering into of a formal and binding agreement for the Streaming Transaction. The Board wishes to emphasise that the Streaming Transaction may or may not proceed and that the Company has not entered into any binding agreement in relation to the Streaming Transaction as at the date of this announcement. Since the Streaming Transaction may or may not materialise or eventually be consummated, Shareholders and potential investors of the Company are urged to exercise extreme caution when dealing in the Shares and/or other securities of the Company. Further announcement will be made by the Company as and when appropriate in accordance with the Rules Governing the Listing of Securities on the Stock Exchange.

By order of the Board  
**Tongguan Gold Group Limited**  
**Yeung Kwok Kuen**  
*Executive Director and Chief Financial Officer*

Hong Kong, 8 April 2025

*As at the date of this announcement, the board of directors of the Company comprises Mr. Jiang Zhiyong, Mr. Shi Xingzhi, Mr. Shi Shengli, Mr. Yeung Kwok Kuen and Ms. Feng Fangqing as executive Directors, Mr. Chu Kang Nam, Mr. Liang Xushu and Mr. Leung Ka Wo as independent non-executive Directors.*

\* *For identification purpose only.*