

## «OCIM is a trusted partner when it comes to ongoing financial support»

Michael Leonard, CFO at TRX Gold Corporation, talks to Maxime Dentrux, Head of Treasury & Operations at OCIM, about the quality and success of the partnership between the two companies.



**Michael Leonard**  
CFO at TRX Gold Corporation

**Maxime Dentrux**  
Head of Treasury & Operations  
at OCIM

### About OCIM

The OCIM group of privately held companies has a long and successful history as a Trader and Financier of Strategic Assets. Established in Paris in 1961, OCIM is headed by a third-generation member of the founding family. Besides its core historical business in Real Estate, OCIM has diversified into other strategic tangible assets such as coinage Precious Metals via its Geneva-based subsidiary. As a Merchant, OCIM trades physical metals across the full value chain, from producers to end users. As a Financier, OCIM invests in a wide variety of instruments and provides financing to the value chain with equity, debt, and alternative investments.

In 2021, TRX Gold Corporation ("TRX", "the Company") was evaluating a series of financing solutions to help support the growth of their flagship Buckreef Gold Project ("the Project") in Tanzania. The Company met with OCIM Metals and Mining SA ("OCIM") several times in Beaver Creek, Toronto and London to present their growth plans for the Company and to discuss the project and its financing requirements. The deep knowledge of the mining sector and agility of OCIM allowed it to structure a tailor-made financing solution to suit TRX's needs and assist them with their development and growth plan for the project. The day-to-day cooperation between the two companies, combined with transparent communication, has enabled both to build solid trust, overcome challenges and, ultimately, be a great success story that has been mutually beneficial. In addition, both strive to be exemplary corporate citizens while managing and mitigating environmental, social and governance ("ESG") risks. While both companies have their own ESG methodologies and criteria, our partnership is based on the same quest for excellence in this area, on the adoption of industry best practices and more generally, on shared values.



**ML: Michael Leonard, CFO at TRX Gold Corporation**

TRX Gold is a Canadian and US-listed company focused on growing the Buckreef Gold project in Tanzania. It consists of a low-risk, high-margin open-pit gold mining operation and 2M+ gold ounces in M&I Mineral Resource at the 16km<sup>2</sup> property. The Company completed its 3rd mill expansion in July 2024 and expects to increase its annual gold production guidance for f2025, up from f2024 guidance of approximately 20,000 ounces. The Company has also planned a comprehensive exploration program in f2025 with the goal of increasing its Mineral Resource. The leadership team is focused on creating both near-term and long-term shareholder value by increasing gold production to generate free cash flow to reinvest in the asset through exploration drilling and future plant expansions. TRX Gold's actions are led by the highest ESG standards, evidenced by the relationships and programs that the Company has developed during its nearly two decades of presence in Geita Region, Tanzania.



**MD: Maxime Dentrux, Head of Treasury & Operations at OCIM**

OCIM is an independent provider of structured trade finance solutions in the precious metals sector and operates in partnerships with various operators along the mining value chain, in a mutually beneficial fashion. OCIM approaches each opportunity in a comprehensive manner, from all operational and financial angles, with a constant focus on risk management and sustainable development.

**What was the purpose of the pre-payment financing from OCIM in 2022? Have these needs changed in subsequent tranches?**

**ML:** TRX Gold has been successfully growing the Buckreef Gold Project in Tanzania over the last 36 months. Today, the project consists of an open-pit, low-cost gold mining operation and a large land package offering blue-sky opportunity to uncover additional gold ounces. In 2022, the pre-payment financing offered the Company the financial flexibility to make high return, quick payback purchases of mining and milling equipment to advance its then, second mill expansion, growing the processing plant from 360 tonnes per day to 1,000 tonnes per day of throughput capacity. The financing also supported an ongoing exploration drilling program with the goal of increasing its Mineral Resource. Subsequently, TRX has utilized additional pre-payment tranches to further increase mill throughput capacity to 2,000 tonnes per day, which is expected to increase production and free cash flow to enable further reinvestment and growth in the asset.

**MD:** The initial Prepayment financing signed in 2022 has been easily renewed in 2024 to open the door to subsequent tranches and so, cover additional expansion projects.





### Why did you decide to obtain specifically a prepayment financing?

**ML:** This type of pre-payment financing allowed us to use our low-cost, high-margin gold operation as a means of payback using production from Buckreef Gold over time. Unlike many other financing alternatives that were available, we viewed this prepayment financing as a shareholder friendly, non-dilutive and economic option, which contained simple, straightforward, vanilla funding terms, thus benefitting the Company's balance sheet.

**MD:** On OCIM side this particular financing model allows us to buy metal ounces at discount from Spot price. Such ounces purchased at discount are then sold to our trading company electrum to be sold at premium in the financial markets. Our strength is to master the whole precious metals value chain from producers to end user markets.

### The first tranche was obtained at a time when interest rates were much lower than they are today. What difference did the tougher monetary environment make to your financing strategy?

**ML:** TRX Gold has taken a low-risk, phased approach to growth, which has allowed the Company to develop the project using prudent capital management and minimizing shareholder dilution, even during challenging interest rate and gold price environments. The first prepayment tranche was made available during a time when market liquidity was particularly tight and enabled the Company to expedite expansion of the Buckreef Gold processing plant from 360 tonnes per day to 1,000 tonnes per day, followed by a further expansion to 2,000 tonnes per day of throughput capacity. By using this type of financing to invest in high IRR yielding and quick payback expansions, even during a challenging capital markets environment, the Company has been able to realize economies of scale from its expanded plant and is well positioned to benefit from an increasingly bullish gold price environment.

**MD:** The implicit financing rate in the metal purchase discount is not fully correlated with the market interest rates. This allows us to offer advantageous financing conditions in periods of high interest rates and to offer quickly available funding to junior producers struggling to obtain financing from traditional sources like bank loans.

**Why did you choose a partner like OCIM to finance you, and not a more traditional banking or financial player? More generally, what do you expect from your financial partners?**

**ML:** Unlike many traditional financiers, OCIM has a deep knowledge of the mining sector and a long history of being a trusted partner to many successful mining companies. OCIM is unique as they provide bespoke financing solutions that are adapted to each mining operation. They understand the economic reality and production cycles that come with emerging mining assets and can structure financing products in line with their partner's economic situation. Our expectation was a flexible funding solution, executed with pace, and adapted to reflect the mining industry's pricing realities and production lifecycles. OCIM listened to our financing requirements and were able to structure a financing solution that was suitable to our needs to assist in the development and growth of the Buckreef Gold Project.

**MD:** We share with all our partners the same passion for the mining industry and are really enthusiastic to allow great projects to succeed. OCIM has specialized in precious and strategic metals financing for many years now and has developed a strong expertise in this field.

**What is your day-to-day relationship with the OCIM team? How have the new tranches evolved over time?**

**ML:** TRX and OCIM maintain an ongoing, transparent relationship with regular two-way communication. OCIM continues to be helpful and strategic in their offerings and are a trusted partner when it comes to ongoing financial support. The Company has worked strategically with OCIM in utilizing new tranches to opportunistically make high yield, short payback investments to help to continue to grow the asset. Each new tranche has been updated to reflect the latest production and price forecasts, with a repayment schedule that is staggered to ensure secure cash flow and ongoing business continuity.

**MD:** Both operation teams also work together on a daily basis to follow and ensure the good delivery of metal streams and overcome the various challenges associated with the business.

**What are your major strategic projects and your ESG ambitions for the coming years? What implications will this have for financing?**

**ML:** TRX continues to plan for the next phase of growth at the Buckreef Gold Project. Amongst other things, this will consist of another processing facility expansion in the near-term with the goal of increasing annual gold production and free cash flow to facilitate further reinvestment in the asset. Simultaneously, we will continue with a comprehensive exploration drilling campaign with the goal of increasing our Mineral Resource. Funding is expected from a combination of existing cash resources, cash flow from operations, ore stockpiles, gold forward sales and bank financing. TRX has a strong, debt-free balance sheet, and will continue to evaluate financing opportunities with partners like OCIM to continue to grow the Buckreef Gold Project into an important gold mining operation within the Tanzanian landscape. Regarding ESG, TRX has maintained its presence in Tanzania for close to two decades now and throughout this time, we have successfully demonstrated environmental stewardship, social acceptance and governance practices. TRX Gold's ultimate objective is to create value

and support the wellbeing of our people and planet; to contribute to an equitable and inclusive workplace; and to improve the lives of those with whom we interact and employ.

**MD:** OCIM is particularly aware that the mining sector faces a historic responsibility. Metals are at the heart of the new industrial revolution and the decarbonisation of our societies. On the front line, the mining industry bears the responsibility of accompanying this transformation while generating a positive impact on its entire ecosystem and its stakeholders. OCIM supports the transformation of the mining industry and as a financial partner, we take our part in this challenge. Above and beyond local laws and regulations, our commitment is to help our partners adopt industry best practices. We strive for ever greater exemplarity and for maximizing impact on all environmental, social and governance (ESG) dimensions.



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