



## ASX ANNOUNCEMENT

12 November 2020

ASX: G1A

### ABRA US\$110M PROJECT FINANCING DEBT FACILITY AGREEMENTS EXECUTED

**GALENA MINING LTD.** (“Galena” or the “Company”) (**ASX: G1A**) announces Abra Mining Pty Limited (“**AMPL**”), the joint-venture company for the Abra Base Metals Project (“**Abra**” or the “**Project**”), Toho Zinc Co., Ltd. (“**Toho**”) and the Company have executed definitive facility agreements with Taurus Mining Finance Fund No2 L.P. (“**Taurus**”) for US\$110 million in project financing debt facilities, made up of: a US\$100 million term loan (“**Project Finance Facility**”); plus a US\$10 million cost overrun loan (“**Cost Overrun Facility**”) (together, the “**Taurus Debt Facilities**”).

Managing Director, Alex Molyneux commented, “*We’re very pleased to have executed the Taurus Debt Facilities in a timely manner, which complete the Abra funding package. We now look forward to receiving the additional tranches of equity investment from Toho and commencement of further project construction initiatives.*”

### TAURUS DEBT FACILITIES

The material terms of the Taurus Debt Facilities remain in-line with those announced on execution of the Mandate Letter (see *Galena ASX announcement of 29 July 2020*).

The Project Finance Facility consists of a US\$100 million, 69-month term loan primarily to fund capital expenditures for the development of Abra. Key terms include:

- Fixed interest of 8.0% per annum on drawn amounts, payable quarterly in arrears.
- Arrangement fee of 2.5% and commitment fee of 2.0% on undrawn amounts.
- No mandatory hedging.
- Early repayment allowed without penalty.
- US\$30 million drawable until the previously announced infill drilling is complete. The remainder will be drawable once the infill drilling is incorporated into the cash flow model and the model continues to forecast compliance with lock up financial ratios.

The Cost Overrun Facility consists of a US\$10 million loan to finance identified cost overruns on the Project in capital expenditure and working capital. Fixed interest of 10.0% per annum will apply to amounts drawn under the Cost Overrun Facility.

Material conditions to the Taurus Debt Facilities include the receipt of Toho's remaining A\$60 million equity investment (in sub-tranches, as described below), the aforementioned infill drilling condition for drawdown amounts in excess of US\$30 million, and other conditions customary for facilities of this nature. The Taurus Debt Facilities will be secured against the Project assets and over the shares that each of Galena and Toho own in AMPL.

In consideration of the Taurus Debt Facilities, AMPL has entered into a Royalty Deed with the Taurus for a royalty of 1.125% of net smelter return, which is the same amount as the historical vendor royalty terminated by AMPL after completion of the Abra Feasibility Study (see *Galena ASX announcement of 4 December 2019*). The royalty is conditional on the conditions precedent to drawdowns in excess of US\$30 million under the Project Finance Facility being met.

### **TOHO FINAL INVESTMENT TRANCHE**

Toho has approved and executed the Taurus Debt Facilities, thereby allowing the release of its final A\$60 million equity investment tranche into AMPL as drawdown conditions are met. The final A\$60 million Toho investment tranche will be split into two sub-tranches of: A\$20 million to be received prior to the first drawdown under the Project Finance Facility; and the remaining A\$40 million to be received once other conditions to drawing in excess of US\$30 million are met.

Toho has been a strong, flexible and supportive partner for the Abra Project, since its overall A\$90 million investment was agreed in January 2019, and the A\$30 million investment received to date has been used to prepare the Abra site and advance early project works. Toho is the leading producer of lead in Japan and has entered into a binding offtake agreement to purchase 40% of Abra's production for an initial period of 10-years from the commencement of production.

### **ABRA PROJECT UPDATE AND NEXT STEPS**

To date, approximately A\$23 million has been spent to complete 12% of Project works at Abra. The Project site is largely prepared for the deployment of key contractors for the construction of the plant and ancillary infrastructure, and deployment of the underground mining contractor. In addition, key agreements for such services are awarded or in a near-to-final state, further advancing on the completion of permitting, native title arrangements and offtake achieved in 2019.

AMPL expects to receive the next A\$20 million sub-tranche of Toho's investment within the next two weeks, following which additional Project construction initiatives will be commenced.

The highly successful 2020 Abra Drilling Program remains ongoing with three drill-rigs still drilling 1,400-1,800 metres per week. Assays for 5 drill-holes have already been reported, including the best ever high-grade lead-silver drill-hole at Abra, AB147 (see *Galena ASX announcement of 19 October 2000*). A further 32 drill-holes have been completed with assays pending.

Galena expects to make further announcements regarding: receipt of Toho's next A\$20 million sub-tranche; Project construction initiatives; and results of drilling, over the coming weeks.

The Board of Directors of Galena authorised this announcement for release to the market.

For further information contact:

**Galena Mining Ltd.,**

A handwritten signature in blue ink, appearing to read 'Alex Molyneux'.

**Alex Molyneux**  
Managing Director

### About Abra Base Metals Project

85.31% owned by Galena, the Abra Base Metals Project (“**Abra**” or the “**Project**”) is a globally significant lead-silver project located in the Gascoyne region of Western Australia (between the towns of Newman and Meekatharra, approximately 110 kilometres from Sandfire’s DeGrussa Project).

Galena completed an outstanding definitive / bankable feasibility study (“**FS**”) (see *Galena ASX announcement of 22 July 2019*) for development of a mine and processing facility with a 16-year life producing a high-value, high-grade lead-silver concentrate containing approximately 95kt of lead and 805koz of silver per year after ramp-up. Based on a pre-development capital expenditure estimate of A\$170 million, the FS modelled a pre-tax net present value for Abra (at an 8% discount rate) of A\$553 million and an internal rate of return of 39%.<sup>1</sup>

*Note: 1. Information relating to the production target and financial information derived from the production target is extracted from the ASX announcement of 22 July 2019. Galena confirms that that all material assumptions underpinning the production target, or forecast financial information derived from a production target, in that announcement continue to apply and have not materially changed.*

### Abra JORC Mineral Resource estimate<sup>1, 2</sup>

Resource classification	Tonnes (Mt)	Lead grade (%)	Silver grade (g/t)
Measured	-	-	-
Indicated	16.7	8.5	24
Inferred	24.4	6.5	14
<b>Total</b>	<b>41.1</b>	<b>7.3</b>	<b>18</b>

Notes: 1. See Galena ASX announcement of 17 October 2019. Galena confirms that it not aware of any new information or data that materially affects the information included in Galena's ASX announcement of 17 October 2018 and confirms that all material assumptions and technical parameters underpinning the resource estimates continue to apply and have not materially changed. 2. Calculated using ordinary kriging method and a 5.0% lead cut-off grade. Tonnages are rounded to the nearest 100,000t, lead grades to one decimal place and silver to the nearest gram. Rounding errors may occur when using the above figures.

### Abra location

