

Galena Mining Ltd

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Galena Mining well-funded as Abra Base Metals Project development progresses

Galena Mining Ltd (ASX:G1A) is well-funded and on track with development activities for its world-class Abra Base Metals Project in Western Australia.

Project works are around 12% complete and the site is being prepared for deployment of key contractors for the construction of plant and ancillary infrastructure, as well as deployment of the underground mining contractor.

Key agreements for these services have been awarded - further advancing on the completion of permitting, Native Title arrangements and offtake achieved in 2019.

Robust feasibility study

The company has received strong feasibility study outcomes, centred on a 16-year mine life at annual output of 1.2 million tonnes for a total of 16.3 million tonnes at 8.1% lead and 20.2 g/t silver.

Average LOM lead metal production is estimated at 95,000 tonnes and average silver at 805,000 ounces per annum at a lead C1 direct cash cost of A\$0.63/pound (US\$0.44/pound).

In addition, the proposed plant flow sheet indicated the potential for future expansion and/or use for copper or zinc-bearing primary sulphide minerals.

In demand product

The metallurgical testing confirms high (93- 95%) recoveries into high-value, high-grade concentrate (94% used as FS recovery assumption) with the concentrate product expected to be the highest grade primary lead concentrate available globally at around 75% lead and 200 g/t silver.

Already 40% of offtake has been committed to Toho Zinc Co Ltd (TYO:5707) at benchmark terms under Abra joint-venture investment agreement, with the remaining 60% of offtake sold to tier-one international trading firm IXM SA (10-year contract) at a premium to benchmark.

Capital costs

The pre-development capital expenditure already completed to June 30, 2020, is A\$20 million, with the total estimate at A\$170 million.

Average annual EBITDA is A\$114 million during steady-state production in years 3-15 of operations.

The net present value for the project is \$553 million pre-tax at 8% with an internal rate of return of 39% pre-tax.

Price: 0.24

Market Cap: \$110.85 m

1 Year Share Price Graph



Share Information

Code: G1A

Listing: ASX

52 week High Low
0.345 0.15

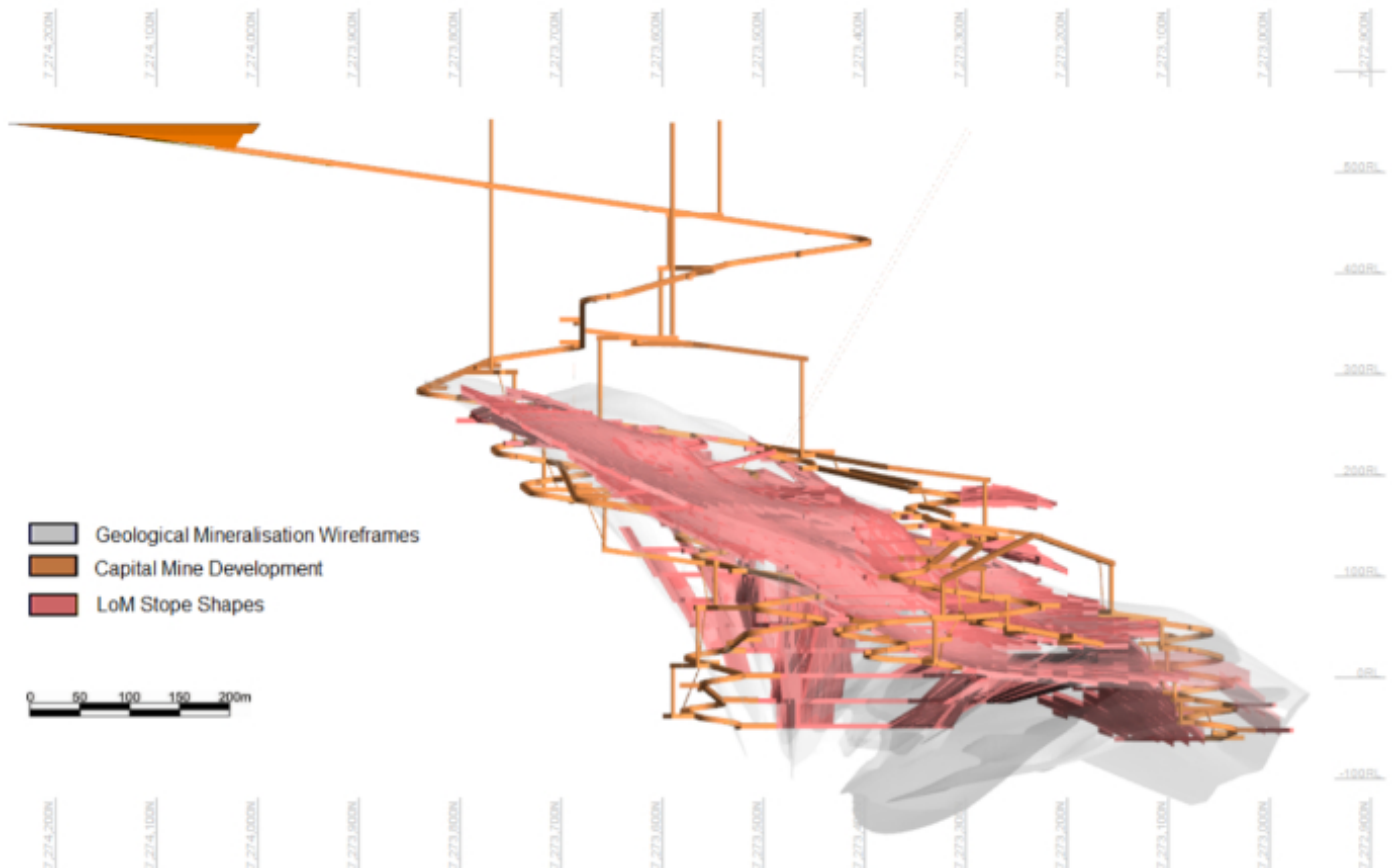
Sector: General mining & base metals

Website: www.galenaming.com.au

Company Synopsis:

Galena Mining Ltd (ASX:G1A) is listed on the Australian Securities Exchange.

action@proactiveinvestors.com.au



The Abra mine model.

Well-funded project

The company has several streams of funding in place for the project.

Net proceeds from the recent placement, which closed July 16, 2020, sit at A\$11 million.

The US\$110 million Taurus project-level debt includes:

- US\$100 million project development facility plus US\$10 million cost overrun facility;
- Usual conditions to financial close and condition that US\$70 million of the project development facility conditional on confirmatory infill drilling, and;
- 8.0% interest rate.

The remaining A\$60 million to be invested by Toho, on top of the already invested A\$30 million, will be completed in two tranches:

- A\$20 million when project debt closes, plus;
- A\$40 million when remaining US\$70 million of debt becomes unconditional.

This brings the total funding available for the project to A\$255 million.

Looking forwards

Upcoming milestones include the conclusion of US\$110 million project financing debt facilities - meeting conditions to financial close and draw facilities.

The milestone triggered by closing of project financing debt include:

- Receipt of final A\$60 million investment tranches from Toho;
- Move to the procurement and construction phase of plant EPC contract; and
- Final award of underground mining services contract and commencement of underground mining.

Optimising mine design

The company is also progressing with project optimisation initiatives, including the redesign of primary decline and capital infrastructure to shorten pre-development capital metres by 20-25%.

Infill drilling will also be pulled forward to enable certain metal-rich 'sweet spots' to be targeting with the potential to re-plan those areas for larger transverse stopes to reduce mining cost.

Galena will also continue exploration and resource development, with a 15,000-18,000-metre drilling program underway, which is expected to assist JV company Abra Mining Pty Limited optimise mine planning.

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Contact us +61 (0)2 9280 0700 action@proactiveinvestors.com.au

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