

ASX: **POL**

ASX Announcement

16 September 2024

## ENDEAVOR MINE FUNDING & OFFTAKE SECURED

*Mine restart funding secured and on track to deliver cashflow during H1 2025*

Polymetals Resources Ltd (ASX: **POL**) (**Polymetals** or the **Company**) is pleased to announce it has secured a Pre-payment / Loan facility to fund the Endeavor mine restart along with favourable offtake terms for delivery of zinc and silver-lead concentrates commencing during H1 2025.

### HIGHLIGHTS

- **US\$20 million (~A\$30 million) pre-payment/loan facility secured.**
- **Funds applied to restart of the Endeavor Mine with pre-production capital A\$28m and maximum cash drawdown of A\$30m<sup>1</sup>.**
- **Strategic partnership with global commodity trader Ocean Partners provides flexibility to pursue organic growth in parallel including exploration growth plan and other inorganic opportunities.**
- **Mine restart work has commenced and on track to deliver cashflow H1 2025, on a robust mine plan<sup>1</sup>: Pre-tax NPV<sub>8%</sub> A\$414m, IRR 345% and free cash flow A\$609m over the 10-year mine plan with average annual EBITDA of \$89m over first 5 years.**
- **Favourable offtake arrangement with a blended agreement referenced to spot and benchmark terms.**

Following a competitive project funding process, Polymetals Resources Ltd, has entered a binding financing Term Sheet and Concentrate offtake arrangement with global precious and base metal commodities trader, Ocean Partners UK Ltd (**OP**).

The financing facility will fund the redevelopment of the Company's wholly owned Endeavor silver, lead and zinc mine located north of Cobar, NSW, Australia. Ocean Partners had initially provided a US\$10 million Pre-payment facility<sup>2</sup> in June 2023 as well as an equity

<sup>1</sup> Refer ASX announcement "Significantly improved Endeavor Silver Lead Zinc Mine Plan" dated 5<sup>th</sup> August 2024

<sup>2</sup> Refer ASX announcement "Binding Term Sheet for A\$15 million Pre-payment Facility" dated 27th June 2023

contribution of \$500,000. That Pre-payment arrangement has now been replaced by the upgraded US\$20 million revolving loan facility, subject of this announcement.

**Polymetals Executive Chairman Dave Sproule said:**

*“Completion of the project financing and offtake arrangement is the last hurdle in supporting the restart of Endeavor production, remaining on track for first concentrate output and cash flow during H1 2025. Surface and underground refurbishment work is underway, and we very much look forward to realising on the significant Endeavor asset with its substantive remaining ore reserves and exploration potential.*

*The strategic partnership with Ocean Partners builds upon an existing 20-year relationship between us, with Endeavor being a perfect fit for our respective capability and experience. The intent is to build a platform for growth, and the flexibility provided by the Ocean Partners facility allows us to execute this strategy.*

*The path to production is now secure and we remain laser focussed on delivering on our commitment to our shareholders and the Cobar Region.”*

**Table 1 summarises the terms and conditions of agreed arrangements with Ocean Partners.**

**Table 1: Summary of Ocean Partners Financing and Offtake Terms**

<b>Facility</b>	US\$20 million Prepayment / Loan Facility.
<b>Term</b>	Revolving facility up to 3 years (36 months) from first drawdown.
<b>Interest Rate/Margin</b>	12-month Secured Overnight Financing Rate (SOFR) + 6% margin.
<b>Security</b>	General Security over Cobar Operations Pty Ltd ranked pari-passu with Rehabilitation Bond and Parent Company Guarantee.
<b>Grace Period</b>	6 months.
<b>Repayment</b>	10% of facility amount to be repaid quarterly, with repayment period starting after 6-month grace period. Repaid amounts can be redrawn on the same terms revolving over the 36-month term. Outstanding balances upon maturity shall be subject to bullet repayment.
<b>Arrangement fee</b>	1% of drawn funds.
<b>Conditions &amp; Covenants</b>	Nil.
<b>Shares and Options</b>	1,118,280 fully paid POL Shares and \$2,500,000 Options. The Options extend over 24 months with an exercise price to be determined upon Completion.

<b>Early Repayment</b>	Any time with 5 days' notice. No additional costs or break fees.
<b>Offtake</b>	6-year offtake of zinc and silver-lead concentrates produced from the Endeavor Mine. No offtake on toll treated ores.
<b>Offtake Terms</b>	Zinc: 50% Benchmark and 50% at Spot References. Silver-Lead: Benchmark for high silver concentrates.
<b>Hedging</b>	No mandatory hedging required.
<b>Conditions Precedent</b>	Execution of formal documentation.

The parties expect to complete definitive documentation for the Prepayment / Loan facility and Offtake arrangement within the next 4 to 6 weeks from the date of this Announcement.

### **About Ocean Partners**

*Established in 2004, Ocean Partners provides a complete range of commodity trading services for miners, smelters, refiners and metal consumers. Through its global network of offices and agencies, Ocean Partners trades metal concentrates with global mining companies and smelters and is an industry leader in precious, base and specialty metal concentrate warehousing and blending, with operations in several locations worldwide.*

*Ocean Partners identifies, analyses and manages market opportunities for supply, purchase, sale, tolling of base, precious, minor and speciality metal concentrates, by-products and residues.*

*Working with global partners, Ocean Partners offer customised risk management, linking clients to unique market opportunities. Blending and Warehouse services offered by Ocean Partners enable mines and smelters to optimize their production schedules, minimise working capital requirements and maximise market opportunity.*

**<ENDS>**

**This announcement was authorised for release by Polymetals Resources Ltd Board.**

*For further information, please contact:*

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## **ABOUT POLYMETALS**

Polymetals Resources Ltd (ASX: POL) is a mining company developing the high-grade Endeavor silver, lead and zinc mine located within the premier polymetallic mineral province, the Cobar Basin, NSW, Australia. Polymetals is on track to become a long term, profitable base and precious metal producer. Polymetals holds a strong exploration portfolio for organic growth with excellent potential for discovery of copper, gold, silver and zinc orebodies. For more information visit [www.polymetals.com](http://www.polymetals.com)

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