



**ASX Announcement**  
19 June 2023

## **Pantoro secures re-finance ahead of merger with Tulla**

Pantoro Limited (**ASX:PNR**) (**Pantoro**, or the **Company**) is pleased to advise it has secured a 4-year A\$55 million equivalent USD-denominated senior secured loan facility with Nebari Partners LLC (**Nebari**). The facility will refinance and replace existing debt facilities held by Pantoro and Tulla Resources plc (**ASX:TUL**) (**Tulla**).

Pantoro and Nebari have executed formal loan documentation for the new facilities, comprising an amortising term loan facility of US\$25.2 million<sup>2</sup> (**Term Loan Facility**) and a convertible loan facility of US\$12.1 million<sup>2</sup> (**Convertible Loan Facility**) (together, the **Loan Facilities**). The Loan Facilities are subject to certain conditions precedent, including completion of the Merger (defined below), with funds expected to be drawn on 30 June 2023 (**Financial Close**).

### **Transaction Highlights**

- US\$37.3 million<sup>2</sup> (A\$55 million<sup>1</sup> equivalent) debt funding with a combined interest margin of 6.8% per annum.
- Loan Facilities to fully refinance Pantoro's existing A\$25 million senior secured facility with Global Credit Investments and Tulla's existing US\$24 million debt facilities with Nebari.
- Highly flexible facility terms with limited financial covenants, which include maintaining a minimum cash balance of US\$5 million equivalent. The Loan Facilities can be repaid early without additional prepayment fees after the first 12 months.
- Attractive amortisation profile on the Term Loan Facility which includes an initial 12-month interest only period and equal repayments in years two to four. The Convertible Loan Facility is not subject to any compulsory amortisation and only a bullet repayment is due on maturity.
- No mandatory commodity hedging, allowing Pantoro to maintain its leverage to gold price in the current inflationary environment.
- The Company is permitted to undertake discretionary foreign exchange and commodity hedging. Pantoro intends to undertake some foreign exchange hedging at or around Financial Close to mitigate its exposure to USD/AUD exchange currency risk.

As announced on 13 February 2023, Pantoro entered into a Merger Implementation Deed with Tulla to effect a demerger of certain assets from Tulla (**Demerger**) and an all scrip merger of Tulla and Pantoro via a scheme of arrangement under the *Companies Act 2006* (UK), under which Pantoro will acquire Tulla (**Merger**) (**MID**).

Under the MID, it is a condition to the Demerger and Merger that Pantoro enters into an agreement with new or existing financiers, and obtains all necessary approvals in respect of the entry into that agreement, to refinance the existing debt facilities of the combined Pantoro and Tulla corporate groups in full on and with effect from the implementation date of the Merger.

1 Facility commitments are denominated in USD but drawn to achieve a fixed AUD funded amount based upon the lower of (i) the prevailing USD/AUD exchange rate 10 business days prior to Financial Close and (ii) an AUD:USD exchange rate of 1:0.75 (**Settlement FX Rate**).

2 Funded facility amount. Calculated using a Settlement FX Rate for USD/AUD of 0.6786, final rate and amounts to be confirmed prior to Financial Close.

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## Key Terms of the Loan Facilities

The material terms of the Term Loan Facility are as follows:

- **Facility Limit:** US\$25.2 million<sup>2</sup> (A\$37.2 million<sup>1</sup>), net of a 7% original issue discount (OID).
- **Coupon:** Secured Overnight Financing Rate (SOFR) + 8.0% per annum on the outstanding loan balance of the Term Loan Facility.
- **Maturity Date and prepayment:** the date that is four years after Financial Close, with the option to prepay subject to a minimum term of 12 months from Financial Close (or equivalent minimum absolute return).
- **Amortisation:** straight-line amortisation profile after a 12 month interest only period.

The material terms of the Convertible Loan Facility are as follows:

- **Facility Limit:** US\$12.1 million<sup>2</sup> (A\$17.8 million<sup>1</sup>), net of a 3.5% OID.
- **Coupon:** SOFR<sup>3</sup> + 3.0% per annum on the outstanding loan balance of the Convertible Loan Facility.
- **Maturity Date:** the date that is 4 years after the date of Financial Close.
- **Conversion:**
  - **Conversion right:** Nebari, at its election, may convert an amount of up to 100% of the outstanding amount of the Convertible Loan Facility, plus any accrued and unpaid interest (**Conversion Amount**) into fully paid ordinary shares issued in the capital of Pantoro (**Pantoro Shares**), in one or multiple parts at any time prior to the Maturity Date or the repayment or prepayment of Convertible Loan Facility, at the Conversion Price;
  - **Conversion Price:** the conversion price (in US dollars) will be equal to a 37.5% premium to the lowest 25 day VWAP of Pantoro Shares (in Australian dollars) at:
    - » the date of signing the Term Sheet, being A\$0.0686;
    - » the date of execution of the binding Loan Agreement; or
    - » the date the Loan Agreement is publicly announced,multiplied by the Settlement FX Rate (**Conversion Price**); and
- **Adjustments:** The Conversion Price is subject to adjustments upon any share consolidations, exercise of warrants for less than the market price of Pantoro Shares, share splits, spin-off events, rights issues and reorganisations (excluding mergers and takeovers) or if Pantoro makes a distribution other than a cash dividend to its shareholders. Provided however, that any issue of Pantoro Shares via a public placement, employee share scheme and/or warrant exercises at the market price will not be subject to the anti-dilution adjustment and, if issued or exercised (as applicable) below the market price, the anti-dilution adjustment will only apply in respect of the discount to the market price.
- **Prepayment:** Pantoro has the option to prepay in whole or part. If Pantoro elects to prepay, Pantoro must issue such number of options to Nebari equal to 85% of the prepaid amount (converted from USD into AUD at the Settlement FX Rate) divided by the Conversion Price, exercisable at a price equal to the Conversion Price expiring on the later of the Maturity Date and the date that is 18 months after the date of prepayment.
- **Amortisation:** 100% bullet on maturity, if not converted beforehand.

The Loan Facilities contain other terms and conditions which are customary for an agreement of this nature.

Pantoro Managing Director, Paul Cmrlec, commented:

“Pantoro is delighted to have secured the financing support of Nebari Partners. Nebari has been involved with the Norseman project through the construction and ramp up phase of the project via their facilities with Tulla. During that time, Nebari has demonstrated a strong understanding of the industry and challenges involved in bringing new projects to fruition, building on its reputation as a highly respected and experienced financier of precious metals and other mining projects globally. We look forward to working with Nebari in the operational phase of the project.”

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3 The greater of the 3-month SOFR reference rate administered by CME Group Benchmark Administration Limited or 3.5%.

Nebari Managing Director, Roderik van Losenoord, commented:

“Nebari is very pleased to continue its relationship with the Norseman Gold Project and to support Pantoro as it takes full ownership and brings Norseman to its full potential. We’d like to thank everyone involved at both Pantoro and Tulla for their confidence in Nebari and thank the entire Pantoro team for their excellent support in getting this financing in place, following the Merger. We look forward to continue our role as a supportive partner, as Norseman reemerges as a long-lasting, sustainable and profitable business.”

amicaa acted as financial adviser and DLA Piper acted as legal adviser to the Company in respect of the Loan Facilities.

### **About Nebari**

Nebari is a United States-based investment manager, specialized in privately offered pooled investment vehicles including Nebari Natural Resources Credit Fund I, LP, Nebari Natural Resources Credit Fund II, LP and Nebari Gold Fund 1, LP, which are funding this transaction. The growing Nebari team has deep experience with leading global mining companies and financial institutions. Nebari is known for partnering with motivated and capable management teams, focused on achieving clear goals, supported by technically strong assets.

### **Enquiries**

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This announcement was authorised for release by Paul Cmrlec, Managing Director.