



ASX ANNOUNCEMENT

3 July 2019

ASX: G1A

MAJOR APPROVALS FOR ABRA CONCLUDED

GALENA MINING LTD. (“Galena” or the “Company”) (**ASX: G1A**) is pleased to announce that it has received final approvals for the major permits required to allow construction, mining and production at its Abra Base Metals Project (“Abra” or the “Project”). In addition, the Company reports conclusion of native title compensation arrangements for the Project.

Managing Director, Alex Molyneux commented, *“Its very pleasing to have received our major permits within the previously anticipated timeframe and to be able to commence major construction works at Abra at any time.”*

CONCLUSION OF MAJOR PERMITS FOR ABRA

The Company’s Project joint-venture subsidiary Abra Mining Pty Limited (“**AMPL**”) has recently received the following major approvals:

- The Western Australian Department of Mines, Industry Regulation and Safety (“**DMIRS**”) for the Mining Proposal, Mine Closure Plan and Native Vegetation Clearing Permit;
- The Western Australian Department of Water and Environment Regulation (“**DWER**”) Works Approval for the processing plant and tailings storage facility; and
- Approval by the State Mining Engineer for the Abra Project Management Plan.

Together with the previously received DWER Works Approval for the mine (see Galena announcement of 3 January 2019), these approvals constitute all of the major approvals required for construction, mining and production at Abra.

CONCLUSION OF NATIVE TITLE COMPENSATION ARRANGEMENTS

AMPL recently concluded the process to determine native title compensation arrangements for the Project under the terms of the pre-existing Heritage Agreement dated 21 September 2005 (as subsequently varied by a deed dated 28 August 2008, a letter dated 10 November 2014 and a letter dated 30 November 2018). The financial elements of the concluded arrangements are in-line with the Company’s expectations. In addition, arrangements have been agreed with respect to: environmental

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consultation; liaison; employment; training; contracting; and cross-cultural induction. The Company had modelled a financial compensation arrangement in its pre-feasibility study model for Abra released in September 2018.

The Company wishes to thank the Jidi Jidi Aboriginal Corporation RNTBC, its Directors, team members and advisers for their efforts during the process and looks forward to positive continued engagement.

Galena Mining Ltd.,



Alex Molyneux
Managing Director

Forward-looking statements

The contents of this announcement reflect various technical and economic conditions at the time of writing. Given the nature of the resources industry, these conditions can change significantly over relatively short periods of time. Consequently, actual results may vary from those in this announcement.

Some statements in this announcement regarding estimates or future events are forward-looking statements. They include indications of, and guidance on, future earnings, cash flow, costs and financial performance. Forward-looking statements include, but are not limited to, statements preceded by words such as “planned”, “expected”, “projected”, “estimated”, “may”, “Scheduled”, “intends”, “anticipates”, “believes”, “potential”, “predict”, “foresee”, “proposed”, “aim”, “target”, “opportunity”, “could”, “nominal”, “conceptual” and similar expressions.

Forward-looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements are provided as a general guide only and should not be relied on as guarantee of future performance. Forward-looking statement may be affected by a range of variables that could cause actual results to differ from estimated results and may cause the Company’s actual performance and financial results in future periods to materially differ from any projections of future performance or results expressed or implied by such forward-looking statements. So there can be no assurance that actual outcomes will not materially differ from these forward-looking statements.

About Abra Base Metals Project

91.11% 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 recently completed an outstanding pre-feasibility study (“**PFS**”) (see Galena ASX announcement of 25 September 2018) for development of a mine and processing facility with a 14-year life producing a high-value, high-grade lead-silver concentrate containing approximately 91kt of lead and 760koz of silver per year after ramp-up. Based on a pre-development capital expenditure estimate of A\$154 million, the PFS modelled a pre-tax net present value for Abra (at an 8% discount rate) of A\$528 million and an internal rate of return of 50%.¹

Note: 1. Information relating to the production target and financial information derived from the production target is extracted from the ASX announcement of 25 September 2018. Galena confirms 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^{1, 2}

| <u>Resource classification</u> | <u>Tonnes (Mt)</u> | <u>Lead grade (%)</u> | <u>Silver grade (g/t)</u> |
|--------------------------------|--------------------|-----------------------|---------------------------|
| Measured | - | - | - |
| Indicated | 15.0 | 8.7 | 22 |
| Inferred | 22.4 | 6.7 | 15 |
| Total | 37.4 | 7.5 | 18 |

Notes: 1. See Galena ASX announcement of 18 December 2018. Galena confirms that it not aware of any new information or data that materially affects the information included in Galena’s ASX announcement of 18 December 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 JORC Ore Reserve statement^{1, 2}

| <u>Reserve classification</u> | <u>Tonnes (Mt)</u> | <u>Lead grade (%)</u> | <u>Silver grade (g/t)</u> |
|-------------------------------|--------------------|-----------------------|---------------------------|
| Proved | - | - | - |
| Probable | 10.3 | 8.8 | 24 |
| Total | 10.3 | 8.8 | 24 |

Notes: 1. See Galena ASX announcement of 18 December 2018. Galena confirms that it not aware of any new information or data that materially affects the information included in Galena’s ASX announcement of 18 December 2018 and confirms that all material assumptions and technical parameters underpinning the ore reserve estimates continue to apply and have not materially changed. 2. 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

