



ASX ANNOUNCEMENT

22 March 2019

ASX: G1A

ADDITIONAL \$10M STRATEGIC INVESTMENT AND ABRA UPDATE

HIGHLIGHTS:

- Kingfisher Capital agrees to invest \$10M into Galena via placement in two \$5M tranches at \$0.40/share
- Additional strategic investment proceeds to be used to accelerate pre-development works at Abra
- Major project advancement via commencement of initial project development drilling program including drilling associated with decline positioning, water bores and first production infill holes
- Drilling program includes some Resource development and near-Project exploration
- FIRB approval granted for Toho Transaction

GALENA MINING LTD. ("Galena" or the "Company") (ASX: G1A) is pleased to announce that it has executed a Subscription Agreement with Kingfisher Capital Pte Ltd ("Kingfisher Capital") for Kingfisher Capital to invest \$10 million into Galena in two tranches of \$5 million each at \$0.40/share.

The Company also announces:

- commencement initial production development drilling at its Abra Base Metals Project ("Abra" or the "Project"); and
- the receipt by Toho Zinc Co., Ltd. ("Toho") of Australian Government Foreign Investment Review Board ("FIRB") for its proposed 40% joint-venture investment in Abra Mining Pty Ltd ("AMPL") as described in the Company's announcement of 30 January 2019 ("Toho Transaction").

Managing Director, Alex Molyneux commented, ***"We welcome Kingfisher Capital as a new strategic investor for Galena as further confirmation of the quality of Abra as a leading Australian base metals project."***

Mr Molyneux further commented, ***"I'm also pleased about being able to move forward at this time with the initial project development drilling because it's important to be in a cycle of de-risking as we move forward with Abra."***

KINGFISHER CAPITAL TRANSACTION

Kingfisher Capital and Galena have signed a Subscription Agreement for Kingfisher Capital to invest \$10 million into Galena in two tranches of \$5 million each at \$0.40/share. The first tranche of ordinary shares is expected to close imminently whilst the second tranche is conditional on the issue of the initial tranche of shares in AMPL pursuant to the Toho Transaction. On completion of each tranche, the Company will, in addition, issue Kingfisher Capital 2.5 million unlisted options to acquire Galena shares (1.25 million with a strike price of \$0.50/share and 1.25 million with a strike price of \$0.60/share), with an expiry of four years from issuance. The placement will be completed using Galena's placement capacity under Listing Rule 7.1 for the total 25 million shares at \$0.40/share and 5 million options.

Galena will lodge an Appendix 3B and a cleansing statement pursuant to section 708A (5) of the Corporations Act on completion of the Placement.

Proceeds from the Kingfisher Capital strategic investment will be used in combination with the initial tranches from the Toho Transaction to accelerate pre-development works at Abra.

COMMENCEMENT OF INITIAL PROJECT DEVELOPMENT DRILLING AT ABRA

Galena has commenced an initial project development drilling program at Abra, which the Company considers a major advancement of the Project. The drilling will complete decline positioning, water bores and additional infill holes associated with early production horizons. Under the program, Galena anticipates drilling in excess of 15,000 new cumulative linear metres of diamond core drill-holes adding approximately 25% new data to the Project's total drilling database.

One of the main benefits of the initial project development drilling program is to increase drilling density (25m x 25m or better) over the first three years production horizons and subsequently de-risk the mine plan as early as possible. The program will generally aim to increase confidence within areas of the Abra Resource already categorized as Indicated and Inferred.

In addition to the main purpose, a sub-set of drill-holes have been planned for the purposes of overall Resource development and near-Project exploration.

FIRB APPROVAL FOR TOHO TRANSACTION

Galena has been notified by Toho that it has received, via its wholly-owned subsidiary CBH Western Australia Pty Ltd, approval from FIRB for the proposed Toho Transaction (see Galena ASX announcement of 30 January 2019).

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

Wholly-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}

Resource classification	Tonnes (Mt)	Lead grade (%)	Silver grade (g/t)
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}

Reserve classification	Tonnes (Mt)	Lead grade (%)	Silver grade (g/t)
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

