

GALENA
MINING LIMITED

ASX: G1A FRA: GM6

Alex Molyneux, Managing Director

AGM PRESENTATION

November 2019



DISCLAIMER

Cautionary statement – Reference to FS

This report refers to the Abra Base Metals Project (“Abra” or the “Project”) Feasibility Study (“FS”). A summary of the FS and material assumptions was published by Galena Mining Ltd (“Galena”) on 22 July 2019 (see ASX announcements platform).

Environmental approvals, mining tenements and approvals, other governmental factors and infrastructure requirements for selected mining methods and for transportation to market were not included as modifying factors for the Ore Reserve estimate contained in this report as they were all analysed in detail and determined not to pose any practical or economic restriction to the selected mining and processing model. Furthermore, all other material assumptions (eg, with respect to financial assumptions, metallurgy, mineralogy and geotechnical etc.) that were made in the previously announced FS have not materially changed, continue to apply and continue to underpin the December 2018 Reserve. For further information, please see Galena’s ASX announcement of 18 December 2018 (revised mine model, December 2018 Resource and December 2018 Reserve).

Process and engineering designs for Abra’s FS were developed to support capital and operating estimates to an accuracy of $\pm 10\%$. Key assumptions that the FS was based on (including those defined as Material Assumptions under ASX Listing Rule 5.9.1) are outlined in the ASX announcement of 22 July 2019 and its Appendix 1. Galena believes the production target, forecast financial information derived from that target and other forward-looking statements included in that announcement and this presentation are based on reasonable grounds.

A number of key steps need to be completed in order to bring Abra into production. Many of these steps are referred to in this announcement. Investors should note that if there are delays associated with completion of those steps, outcomes may not yield the expected results (including the timing and quantum of estimated revenues and cash flows).

The economic outcomes associated with the FS are based on certain assumptions made for commodity prices, concentrate treatment and recovery charges, exchange rates and other economic variables, which are not within the Company’s control and subject to change from time to time. Changes in such assumptions may have a material impact on the economic outcomes (including the timing and quantum of estimated revenues and cash flows).

To develop the Project as per the assumptions set out in the FS will require additional capital. Investors should note that any failure to procure the required additional capital may result in a delay, change in nature and scale, or even suspension of the Project.

Cautionary statement – FS Mine Model

The mineralised material scheduled to be mined and processed in the FS (“FS Mine Model”) includes a mix of material taken from Probable Ore Reserves (67%) and Inferred Mineral Resources (33%), with no reduction factor applied to the tonnes and grades of the Inferred Mineral Resources. Inferred Mineral Resources have a lower level of geological confidence and can’t be included in the calculation of Ore Reserves, and there can be no guarantee that a Mineral Resource estimate update will convert Inferred Mineral Resources to Indicated Mineral Resources or return the same grade and tonnage distribution. This may affect mining studies and outcomes (including economic) from the FS. The Abra Ore Reserve will be reviewed in conjunction with an upcoming update of the Mineral Resource estimate following completion of the ongoing 2019 project development drilling program.

At the time of publication of the FS, Galena had completed approximately 80% and received assays for approximately 40% of the ongoing 2019 project development drilling program. A key objective of the program is specifically targeting the material that is expected to be mined in the first 3-years of production. The results to date provide confidence and validation to the Company in regard to the assumptions and geological models which underpin Mineral Resource estimates as well as the target for conversion of certain mineralised material currently in the Inferred Mineral Resource category to the Indicated or better category (see Galena ASX releases of 5 June 2019 and 19 July 2019). Based on the status of geological information, Galena believes it has a strong basis for inclusion of certain Inferred Mineral Resource material in the FS Mine Model (defined below) at this time and whilst remaining within feasibility study level tolerances. To further test its basis, Galena ran the FS financial model on a check scenario assuming a zero grade for any Inferred Mineral Resource material in the FS Mine Model and that produced a substantial positive NPV outcome.



DISCLAIMER

Competent Person's statement

The information in this report related to the Abra Ore Reserve estimate is based on work completed by Mr Roger Bryant, BEng (Mining, Member AUSIMM). Mr Bryant is an employee of Galena Mining Ltd. Mr Bryant has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves. Mr Bryant consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report related to the October 2019 Resource estimate is based on work completed by Mr Don Maclean MSc (Geol), MAIG and RP Geo (Exploration and Mining), MSEG, a consultant to Galena Mining and Mr Mark Drabble B.App.Sci. (Geology), MAIG, MAusIMM, Principal Consultant at Optiro Pty Ltd. Mr Maclean was responsible for data review, QAQC, and development of the geological model. Mr Drabble was responsible for resource estimation, classification and reporting. Mr Maclean and Mr Drabble have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves. Mr Maclean and Mr Drabble consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report to which this statement is attached that relates to exploration results and drilling data is based upon information compiled by Mr Don Maclean MSc (Geol), MAIG and RP Geo (Exploration and Mining), MSEG, a consultant to Galena Mining. Mr Maclean has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves. Mr Maclean consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.



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Forward looking statements

The contents of this presentation 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 presentation.

Some statements in this presentation 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 presentation 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.

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SUMMARY

WHO IS GALENA?

**ASX-listed: G1A / Frankfurt-listed: GM6
~800 shareholders**

WHAT DO WE OWN?

Abra Base Metals Project (being diluted to 60%), plus 100% of Gascoyne region base metals exploration tenements

WHAT'S OUR SCALE / CAPITALISATION?

**Market cap: ~A\$140M
Sep 30 Cash: ~A\$34M**



ABRA LOCATION & INFRASTRUCTURE



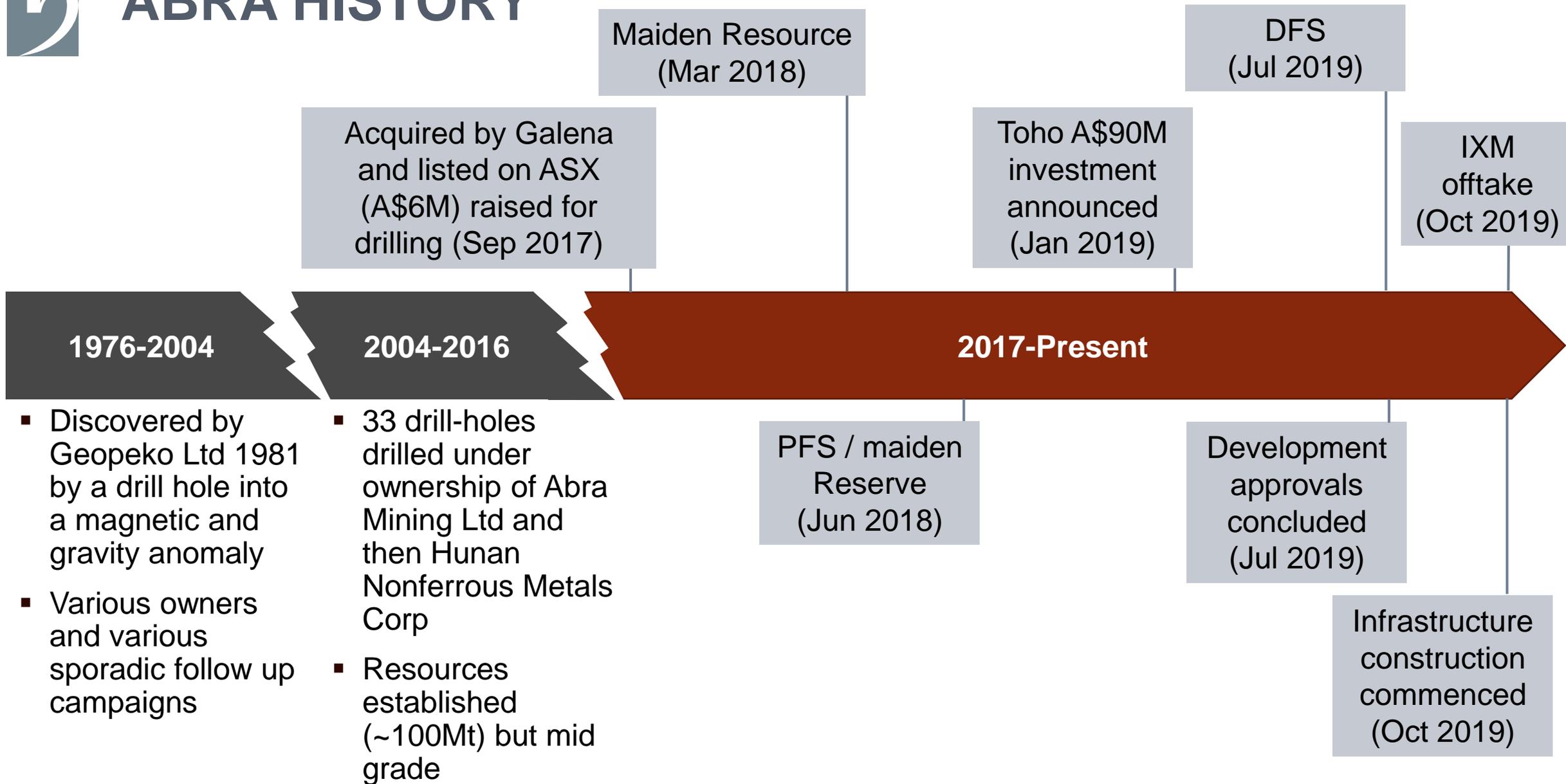
- In the Gascoyne region of WA (~110km from Sandfire Resources' DeGrussa Copper Mine)
- Serviced by existing Shire maintained roads
- Lead concentrate to be trucked to Port of Geraldton in purpose build containers
- Port of Geraldton has all permits and infrastructure required to handle lead sulphide concentrates (it currently handles similar product for a third-party)
- Ample storage / ship loading capacity available



Port of Geraldton

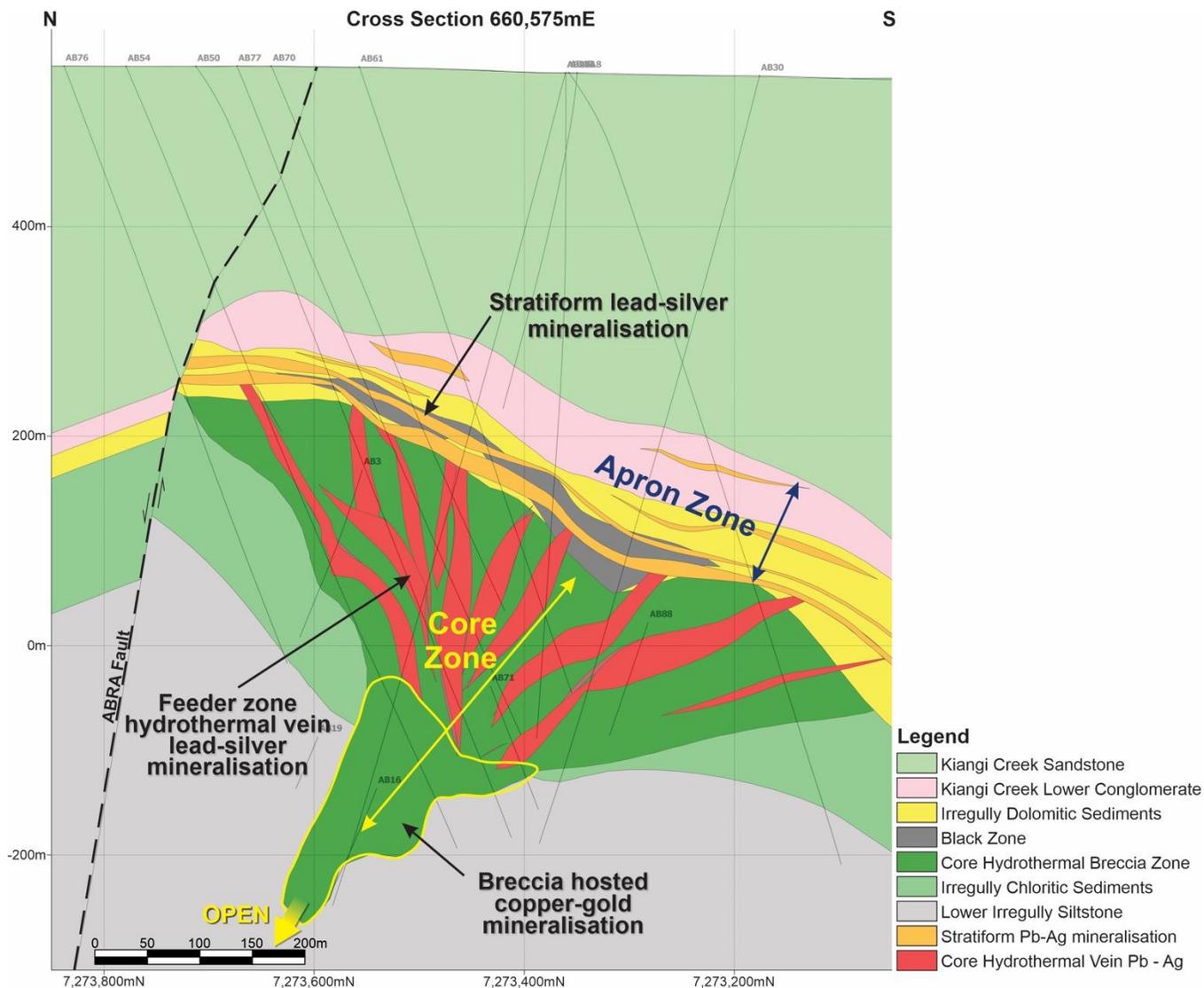


ABRA HISTORY





ABRA MINERALISATION



- Replacement style base metals mineralization (lead, copper, zinc, silver and gold)
- Upper zone of stratiform massive and disseminated lead sulphides (Apron Zone)
- Lower zone of hydrothermal breccia (Core Zone)



ABRA RESOURCE

- Rich in lead-silver at upper levels with zinc / copper-gold at depth
- Lead-silver Mineral Resource (Oct 2019) based on ~76km of cumulative linear drilling
- 55% of the database made up of new drill-holes from 2017-2019

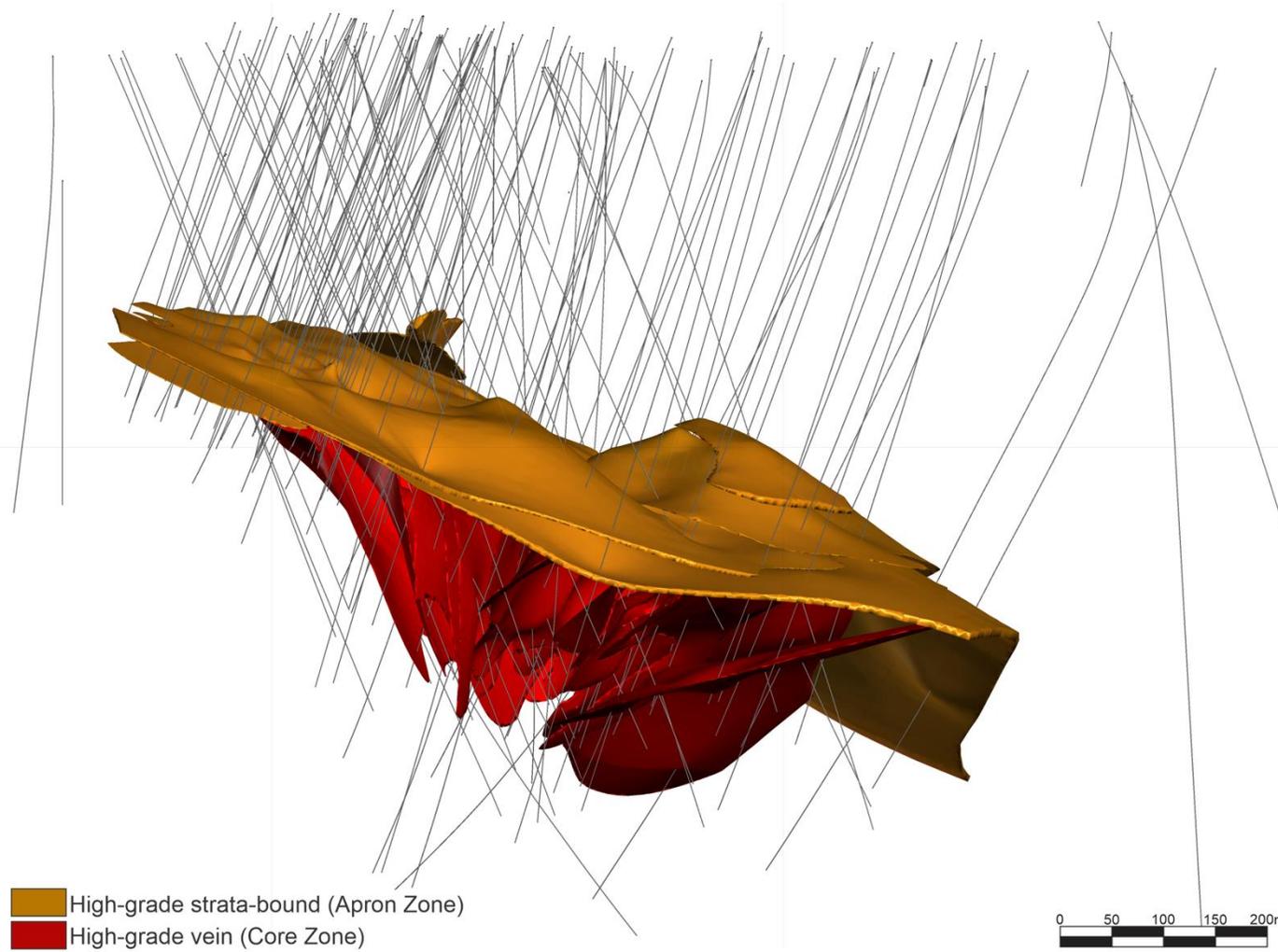
JORC Mineral Resource estimate (October 2019 Resource) at a 5% lead cut-off grade¹

<u>Resource classification</u>	<u>Tonnes (Mt)</u>	<u>Lead grade (%)</u>	<u>Silver grade (g/t)</u>
Indicated	16.7	8.5	24
Inferred	24.4	6.5	14
Total	41.1	7.3	18

Notes: 1. For more detail please see Galena ASX announcement of 17 October 2019.



ABRA RESOURCE IN 3D



- 3D shows October 2019 Resource wireframes at 5% lead cut-off
- Apron Zone and Core Zone shaded
- Remains open at depth (copper-gold / zinc zone) and to the north-west



ABRA MINE PLAN

Feasibility study assumptions – Production metrics

Mill throughput	1.2Mtpa
Initial mine life	16-years
Average LOM lead metal production	95ktpa
Average LOM silver metal production	805kozpa

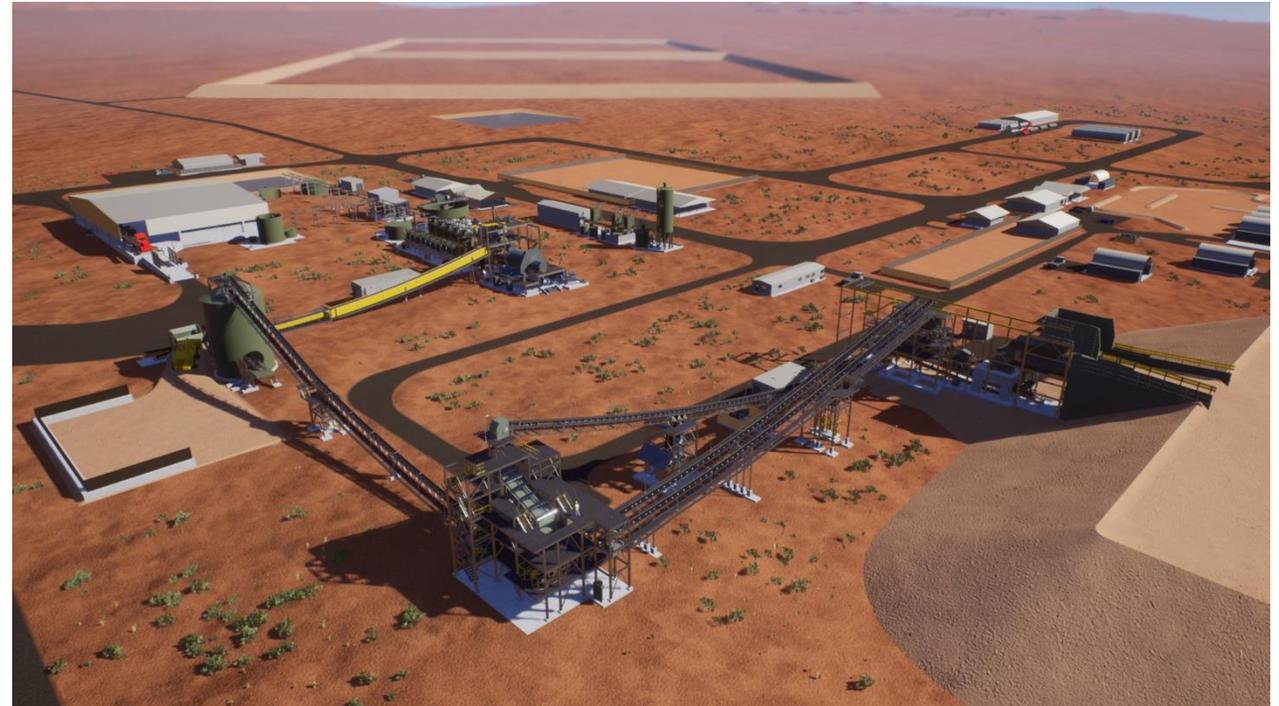
- Underground mine mainly conventional long-hole open stoping, with some areas room and pillar, with cement paste backfill
- Total of 16.3Mt contained in the mine plan 8.1% lead and 20.2g/t silver
- Stope recoveries ranging from 92% in some room and pillar areas, up to 98% in some long-hole open stoping areas
- Contractor mining model
- Top down mining sequence



METALLURGY & PRODUCT

- Product to be highest grade primary lead concentrate available globally – 75% lead and ~200g/t silver (no penalties)
- 100% of product committed:
 - 40% to Toho (at benchmark)
 - 60% to IXM (via Galena at a premium to benchmark)
- Conventional 3-stage crushing, grinding, flotation and filtration
- Metallurgical testing confirms high recoveries – 94% used as FS recovery assumption

Rendering of proposed Abra plant and ancillaries



Source: GRES.



FS OUTCOMES

FS outcomes – Capital investment and project economics

Pre-production capital	A\$170m
Steady-state average EBITDA (yrs 3-15)	A\$114m
Project payback from commercial production	2-years
Pre-tax NPV (8% discount rate)	A\$553M
Pre-tax IRR	39%

- FS assumptions are ‘spot’ as at 18 July 2019 and include: lead price US\$0.92/lb; silver price US\$16.00/oz, exchange rate of A\$1=US\$0.70 and lead treatment charge of US\$96/t of concentrate
- Post-tax NPV (8% discount rate) of A\$381M and post-tax IRR of 32%
- Lead ‘C1’ direct cash cost of production US\$0.44/lb
- FS assumptions do not incorporate the premium on sale of 60% of product to IXM

See Galena ASX feasibility study announcement of 22 July 2019



INFRASTRUCTURE CONSTRUCTION COMMENCED

Cleared permanent camp site with pipeline and road access



Site roadworks





INFRASTRUCTURE CONSTRUCTION COMMENCED

Paddock dumping material in the permanent camp area



Equipment on the 'go' line





INFRASTRUCTURE CONSTRUCTION COMMENCED

**Kitchen module of permanent camp
in place**



Welding in pipe fittings





FUNDING – SOURCES & USES

WHAT WILL IT COST?

Pre-development capex	\$170M
Working cap etc.	\$15-25M
Capital requirement	<u>\$185-195M</u>

EXISTING SOURCES

30 September 2019 cash	\$34M
Toho closing tranche	\$60M
Option proceeds	\$4M
Equity available	<u>\$98M</u>
IXM debt available at Galena-level	\$17M ¹

1. A\$ equivalent of US\$12M facilities at AUDUSD of 0.69

Indicative debt capacity at Abra-level	\$125M+
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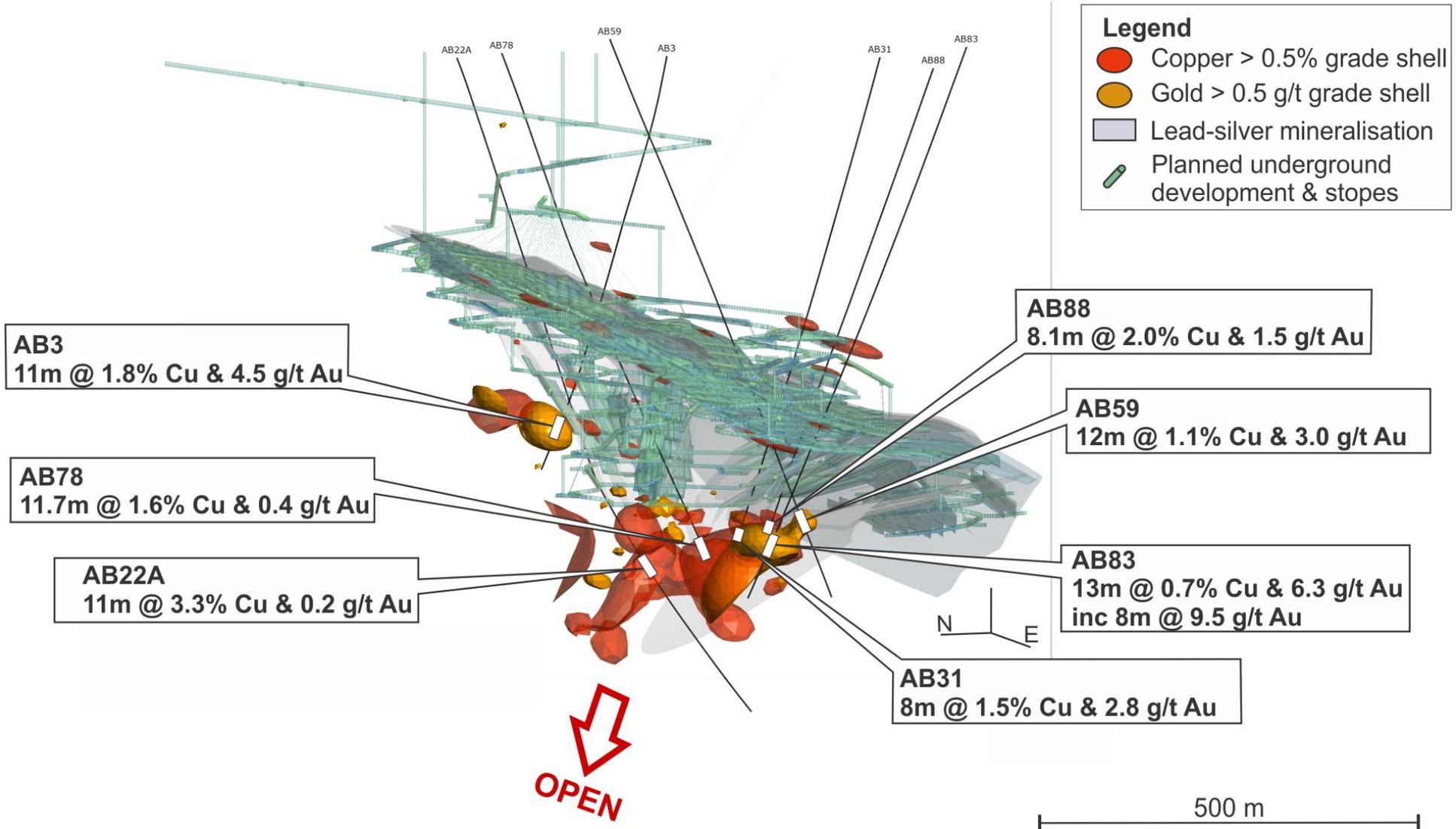


UPCOMING MILESTONES

- **Project financing debt**
- **Continued surface infrastructure development milestones**
- **Mobilisation of underground mining contractor**
- **Full construction decision and execution of plant EPC contract**
- **Formal construction commencement**
- **Plant commissioning (2021)**



PLUS AN EMERGING COPPER-GOLD STORY?





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