



ASX ANNOUNCEMENT

22 October 2018

ASX: G1A

GALENA TO DIVEST NON-CORE ASSETS TO FOCUS ON ABRA BASE METALS PROJECT DEVELOPMENT

HIGHLIGHTS:

- Early stage polymetallic base metals exploration prospects, Woodlands, Manganese Range and Quartzite Well to be separated into a new entity, Metal Range Limited
- Metal Range will seek a listing on the ASX with an intention to make a priority offering to Galena shareholders for any associated fund raising
- Successful early stage drilling and geophysics confirms copper and other base metals exploration potential for Metal Range Prospects
- Galena will retain the exploration license immediately surrounding Abra, including the Hyperion prospect, together with the significant potential for resource development within Abra's granted mining license
- Divestment follows outstanding PFS for Abra and allows Galena to focus on moving Abra into construction in 2019

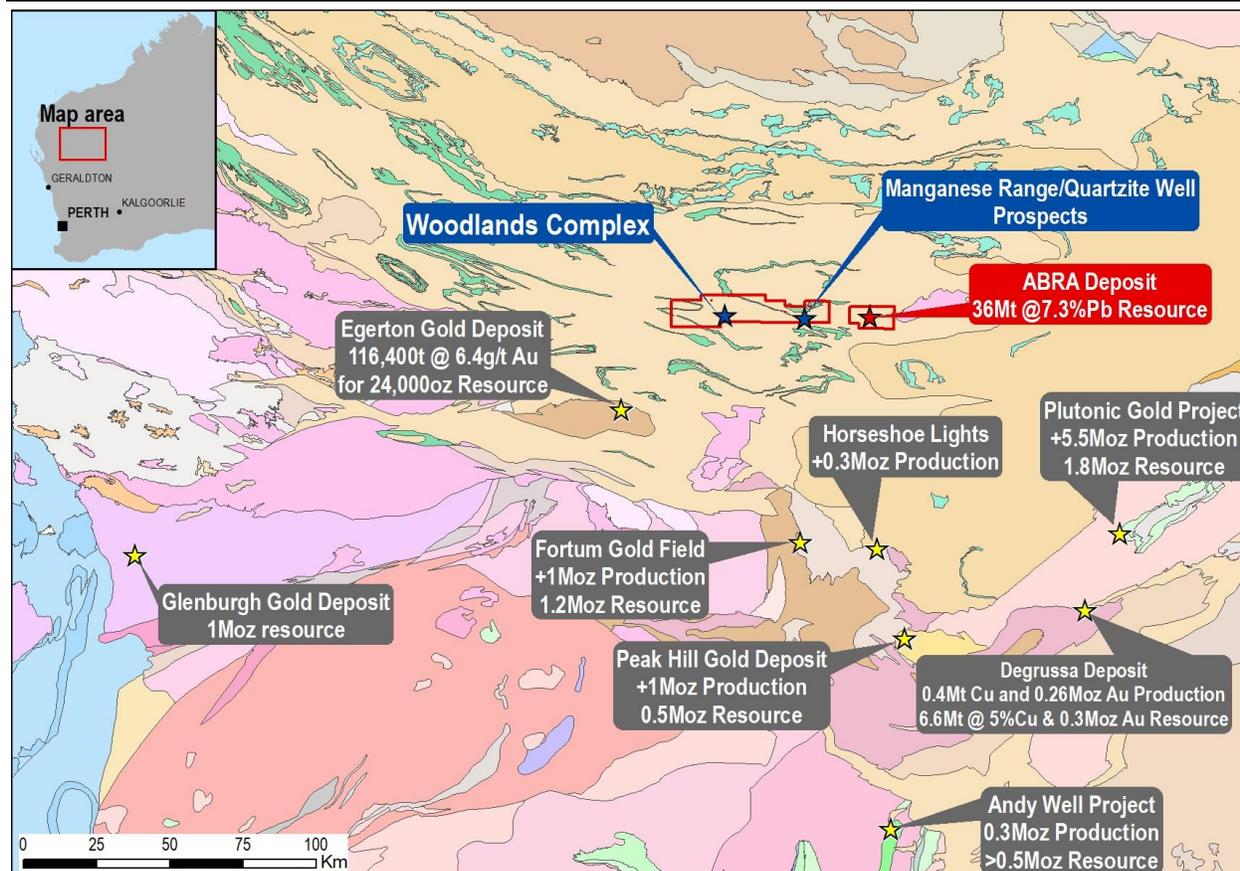
GALENA MINING LTD. ("Galena" or the "Company") (ASX: G1A) announces that it has resolved to separate its non-core polymetallic base metals exploration assets into a separate entity, Metal Range Limited ("**Metal Range**"), which is proposed to become self-funding, operate independently of Galena and seek securitization (listing) on the ASX.

Managing Director, Alex Molyneux commented, "*Galena is 'laser-focussed' on getting Abra into construction in 2019 and the separation of Metal Range helps with that, whilst it may also create additional optionality for our shareholders to participate in a separate ASX listing and priority offer.*"

Galena has agreed to vend-in a series of exploration licences that are approximately 20 kilometres or further to the west of its flagship Abra Base Metals Project ("**Abra**" or the "**Project**") associated with the Woodlands, Manganese Range and Quartzite Well polymetallic base metals prospects ("**Metal Range Prospects**").

Four granted Exploration Licenses will be included in Metal Range, being: E52/1413; E52/3575; E52/3630 and E52/3581, whilst all other licences, considered part of the core Abra Project will remain wholly-owned by Galena (Appendix 1). Figure 1 (below) shows the relative location of Abra and the Woodlands, Manganese Range and Quartzite Well prospects relative to other significant regional mineral deposits.

Figure 1: Map showing proposed separation of Galena and Metal Range tenements



Recent drilling by Galena on the Metal Range Prospects at Woodlands returned encouraging results including:

- 10.5m at 0.42% copper from 332.0m in GWD001 (incl. 0.5m at 1.63% copper and 0.25g/t gold)
- 20.7m at 1.10% lead from 214.3m in GWD002 (incl. 4.3m at 2.3% lead)
- 16.8m at 1.46% lead from 259.2m in GWD002
- 22.5m at 0.52% copper from 523.5m in GWD002
- 12.4m at 0.84% copper and 0.34g/t gold from 529.0m in GWD002 (incl. 7.4m at 1.16% copper)
- 2.8m at 0.98% copper from 624.6m in GWD002 (incl. 1m at 2.0% copper and 2.7g/t gold)

Additional prospects are shown at Manganese Range where very limited and shallow historical reconnaissance drilling returned hits such as 28 metres at 2.3% lead, 32g/t silver and 1.2% zinc as well as 12 metres at 18.8% manganese and Quartzite Well which has 34 metres at 2% lead, 1.1% zinc and six metres at 5.9% lead will be key parts of the future exploration focus for Metal Range as well.

Full details are contained in JORC Table 1 ASX announcement dated 12 April 2018.

Galena expects to retain a material stake in Metal Range after an ASX listing, which is anticipated to be in the range of 10-20% following the completion of the separation and Metal Range funding activities. Galena shareholders will be offered a priority offer to participate in the Metal Range listing at the time that transaction goes ahead. Further details regarding the Metal Range listing, including proposed timetable, priority offer terms and use of funds will be set out in a prospectus.

The Company considers the separation of the Metal Range Prospects to have several advantages, including:

- Galena will be able to focus all of its resources including its management time and funds to accelerate the development of Abra with a view to moving into construction in 2019.
- Exploration activity on the Metal Range Prospects will be able to be accelerated as a priority in a new stand-alone entity.
- Abra mineralisation is open to the north-west, south and south-east, as well as at depth, plus Galena will retain the attractive prospects of Hyperion and Genie within its tenement package so the Company continues to have outstanding resource development potential around its core asset.
- The Company will retain a residual interest in Metal Range and thereby continue to hold exposure to any success within the Metal Range Prospects.
- Any listing and priority offer of Metal Range may create additional optionality and value for Galena's shareholders.

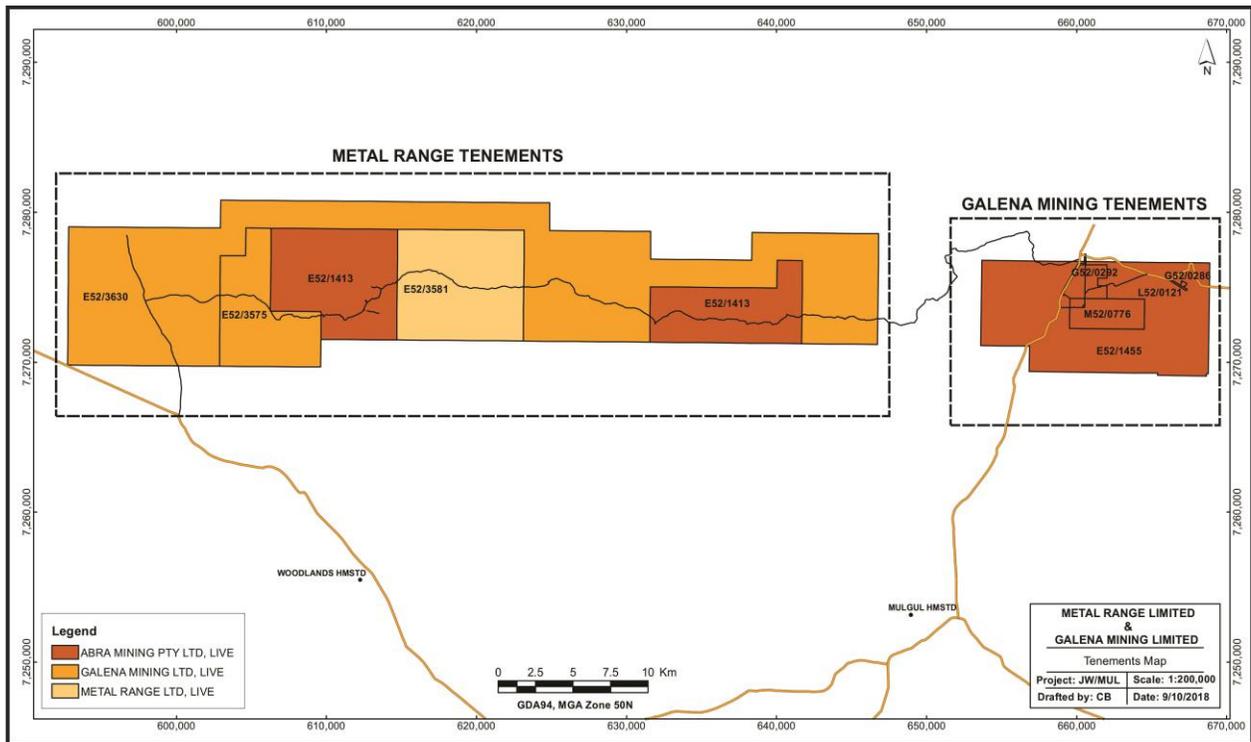
Galena has received confirmation from ASX that Listing Rule 11.4 will not apply to the proposed divestment of the Metal Range Prospects. No Galena shareholder approvals will therefore be required in relation to the Metal Range listing.

Galena Mining Ltd.



Alex Molyneux
Managing Director

APPENDIX 1 – DETAILS OF METAL RANGE AND GALENA TENEMENTS



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 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%.

Reserves and resources for Abra are set out below.

JORC Mineral Resource estimate (PFS Updated Resource) at a 5% lead cut-off grade¹

Resource classification	Tonnes (Mt)	Lead grade (%)	Silver grade (g/t)
Measured	-	-	-
Indicated	17.0	8.0	20
Inferred	19.7	6.6	15
Total	36.7	7.3	18

Notes: 1. Using Inverse Distance Interpolation.

JORC Ore Reserve statement¹

Reserve classification	Tonnes (Mt)	Lead grade (%)	Silver grade (g/t)
Proved	-	-	-
Probable	10.5	8.1	20
Total	10.5	8.1	20

Notes: 1. Prepared by Mining and Project Development Services in conjunction with the PFS.

Abra location

