Galena Mining Limited

ABN 63 616 317 778

FINANCIAL REPORT

FOR THE PERIOD (FROM INCORPORATION)
7 DECEMBER 2016 TO 31 MARCH 2017

CONTENTS

Non-Executive Chairman
Adrian Byass

Non-Executive Directors
Jonathan Downes
Oliver Cairns

Chief Executive Officer
Edward Turner

Company Secretary
Stephen Brockhurst

Registered Office and Principal Place of Business
London House
Level 11, 216 St Georges Terrace
Perth WA 6000

Auditor
PKF Mack
Level 4, 35 Havelock Street
West Perth WA 6005

Your Directors submit the financial report of the Galena Mining Limited ("the Company") for the financial period 7 December 2016 (from incorporation) to 31 March 2017.

In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of the Directors who held office during or since the end of the period and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated:

Adrian Byass	Non-Executive Chairman
Johnathan Downes	Non-Executive Director
Oliver Cairns	Non-Executive Director

Company Secretary

Stephen Brockhurst held office as Company Secretary during and since the end of the period and until the date of this report.

Principal Activities

The Company was incorporated as an unlisted public company limited by shares on 7 December 2016 for the purpose of listing on the ASX, acquiring Abra Mining Pty Ltd and the proceeding to explore and develop the Projects held by this company.

On 12 May 2017 the Company lodged an Initial Public Offering Prospectus to raise $6 million by the issue of 30,000,000 shares at $0.20 per share.

Operating Results

The loss of the Company for the period ended 31 March 2017 amounted to $424,968.

Financial Position

As at 31 March 2017 the Company had a cash balance of $385,787 and a net asset position of $326,706.

Dividends Paid or Recommended

No dividends have been paid, and the directors do not recommend the payment of a dividend for the financial period ended 31 March 2017.

Significant Changes in State of Affairs

On 7 December 2016 the Company issued 3,600,000 fully paid ordinary shares to Promotors to raise a total of $3,600.

On 19 December 2016 the Company exercised its option to acquire 100% of Abra Mining Pty Ltd ("Abra") under the terms of the Heads of Agreement between Galena Mining Limited and Bloomgold Resource Pty Ltd ("Bloomgold").

On 5 January 2017 the Company issued 1,500,000 Seed shares to raise a total of $150,000.

On 14 February 2017 the Company issued 2,750,000 Seed shares to raise a total of $275,000.

On 27 February 2017 the Company entered into a Share Sale Agreement with Bloomgold and Abra, pursuant to which the Company has agreed to purchase and Bloomgold has agreed to sell the Abra shares. The completion of same is dependent on the successful completion of the Initial Public Offering.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Company that occurred during the period under review not otherwise disclosed in this report or in the financial report.

Corporate

As at the date of this report the following shares and options were on issue.

ORDINARY SHARES	2017 No.
Incorporation shares	3,600,000
Seed shares	4,500,000
OPTIONS	
30 cents expiring on 30 June 2020	2,350,000
40 cents expiring on 30 June 2021	3,350,000

Review of Operations

Galena Mining Limited (proposed ASX code: G1A) ("Galena" or "the Company") has lodged a prospectus with ASX to enable active exploration and development of Abra Projects. The Projects are located 220km north of Meekatharra in Western Australia and are directed toward the identification of economic deposits of base metals. These metals are internationally traded and backed by international exchanges. The project area consists of open river flood plains separated by a series of low ranges. The native vegetation is characterised by mulga scrub and Spinifex, with eucalypt trees concentrated along major watercourses.

The **Mulgul Project** (upon listing Galena to hold 100%) is a group of mineral tenements that host a large scale of Abra lead and silver deposits as well as other prospects. Previous explorers have identified numerous prospects at Mulgul. Anomlies that have been described in historic material include Hyperion, Genie, Thea, Iceberg and Anth. Several of these, most notably Hyperion and Genie, have been drill tested and are interpreted by Galena to have intersected Abra style mineralisation.

The **Jillawarra Project** (upon listing Galena to hold 100%) is a group of mineral tenements that host several prospects. The tenure lies to the west of and along stride and up-plunge of the sediments that host Abra. Previous explorers have utilised a combination of geophysics, geochemistry and performed limited drill testing. The principal prospects identified to date include Woodlands, Quartzite Well and Manganese Range. The magnetic geophysics that has been used by previous explorers to identify these prospects indicates the presence of very strong magnetic anomalies in comparison to Abra.

Should the Company successfully list on ASX, there are programs in place to undertake exploration activities as set out in the Prospectus dated 12 May 2017.

COMPETENT PERSONS' STATEMENTS

The information in this report that relates to Exploration Results of the Company has been reviewed by Mr. Ed Turner, who is an employee of Galena Mining Limited and is a member of the Australasian Institute of Geoscientists and is bound by and follows the Institute's codes and recommended practices. Mr Ed Turner has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the VALMIN Code and in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Turner consents to the inclusion in this Prospectus of the matters based on his information in the form and context in which it appears.

Events after the Reporting Period

-On 6 April 2017 the Company appointed Edward Turner as the Chief Executive Officer.
-On 18 April 2017 the Company issued 250,000 seed shares raising $25,000.
-On 12 May 2017 the Company lodged an Initial Public Offering Prospectus to raise $6 million by the issue of 30,000,000 shares at $0.20 per share.

No other matter or circumstance has arisen since the end of audited period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

Information on Directors

The names of directors who held office from incorporation until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Adrian Byass *BSc Geol Hons, B. Econ, FSEG and MAIG*
Non-Executive Chairman (Appointed 7 December 2016)

Mr Byass has over 20 years' experience in the mining and minerals industry. This experience has principally been gained through evaluation and development of mining projects for a range of base, precious and specialty metals and bulk commodities. Due to his experience in resource estimation and professional association membership, Mr Byass is a competent person for reporting to the ASX for certain minerals. Mr Byass has also gained experience in corporate finance, capital raising, permitting and delivery of production-ready mining projects.

Mr Byass is the Executive Chairman of Plymouth Minerals Limited and is a non-executive director of Corazon Mining Limited and Fertoz Limited.

Jonathan Downes BSc Geol, MAIG
Non-Executive Director (Appointed 7 December 2016)

Mr Downes has over 20 years' experience in the minerals industry and has worked in various geological and corporate capacities. Experienced with nickel, gold and base metals, he has also been intimately involved with numerous private and public capital raisings.

Mr Downes is on the board of several ASX-listed companies; he is a founding director of Moly Mines Limited, Siberia Mining Corporation Limited, Wolf Minerals Limited and Ironbark Zinc Limited and he is currently the managing director of Ironbark Zinc Limited and is a non-executive director of Corazon Mining Limited.

Oliver Cairns MSI
Non-Executive Director (Appointed 7 December 2016)

Mr Cairns has over 17 years' experience in the small to mid-cap corporate and capital markets space. A corporate financier, he was a Nominated Advisor for AIM companies in London for over eight years before relocating to Perth in 2007 where he established Pursuit Capital, a corporate and strategic advisory firm. His wide experience covers international capital raisings, M&A, IPOs, regulatory advice, investor relations and corporate governance.

Mr Cairns was a non-executive director of Vmoto Limited (ceased on 31 May 2017) and is a member of the Securities Institute (UK).

Information on Other Management

Edward Turner B App Sc (Geol), MAIG
Chief Executive Officer (Appointed 6 April 2017)

Mr Turner has 30 years' experience as a Geologist in Europe, South America, Africa and Australia. His roles have covered exploration and development of base, precious and specialty metals for leading mining companies. Mr Turner has extensive experience in the economic studies of base-metal deposits in open-pit and underground scenarios and related mining experience.

He is the former Exploration Manager for Abra from 2008-2011. The Directors consider that Mr Turner brings a wealth of experience in relation to the Abra Deposit, its exploration history and the ability to efficiently advance the Project.

Stephen Brockhurst BComm
Company Secretary (Appointed 7 December 2016)

Mr Brockhurst has 15 years' experience in the finance and corporate advisory industry and has been responsible for the preparation of the due diligence process and prospectuses on a number of initial public offers. His experience includes corporate and capital structuring, corporate advisory and company secretarial services, capital raising, ASX and ASIC compliance requirements.

Mr Brockhurst has served on the board and acted as Company Secretary for numerous ASX listed companies. He is currently a Director of Estrella Resources Limited, Roto-Gro International Limited and International Goldfields Limited and Company Secretary of Jacka Resources Limited, Lindian Resources Limited, Volt Resources Limited, Cabral Resources Limited, Raptor Resources Limited and Estrella Resources Limited.

Meeting of Directors

During the period, 2 director's meetings were held. Attendance by each director during the period were as follows:

	Director's Meetings	
	Number eligible to attend	Director's meetings attended
Mr Adrian Byass	2	2
Mr Jonathan Downes	2	2
Mr Oliver Cairns	2	2

Future Developments, Prospects and Business Strategies

Further information, other than as disclosed in this report, about likely developments in the operations of the Company and the expected results of those operations in future periods has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Company.

Environmental Issues

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or field development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

In this regard, the Department of Minerals and Petroleum of Western Australia from time to time, review the environmental bonds that are placed on permits. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

Non-Audit Services

No non-audit services were provided by the Company's auditor PKF Mack during the reporting period.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, PKF Mack, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 7 and forms part of this Directors' Report for the period ending 31 March 2017.

This report is signed in accordance with a resolution of the Board of Directors, made pursuant to s306(3) of the Corporations Act 2001.

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Adrian Byass
Chairman

Dated this 23rd day of June 2017

PKF MACK

Accounting, Financial and Business Advisory

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF GALENA MINING LIMITED

In relation to our audit of the financial report of Galena Mining Limited for the period ended 31 March 2017, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Mack

PKF MACK

SIMON FERMANIS
PARTNER

23 JUNE 2017
WEST PERTH
WESTERN AUSTRALIA

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 7 DECEMBER 2016 TO 31 MARCH 2017

	Note	7 December 2016 to 31 March 2017 $
Expenses from continuing operations		
Administration expenses		**(15,656)**
Share based payments	**(8)**	**(323,074)**
Initial Public Offering expenses		**(16,082)**
Pre-acquisition exploration and evaluation expenditure		**(70,156)**
Loss before income tax expense from continuing operations	**(3)**	**(424,968)**
Income tax expense		**-**
Net loss after income tax for the period		**(424,968)**
Other comprehensive income		**-**
Total comprehensive income for the period		**(424,968)**

The accompanying notes form part of this financial report.

	Note	31 March 2017 $
ASSETS		
Current Assets		
Cash and cash equivalents	**(4)**	**385,787**
Trade and other receivables		**7,242**
Total Current Assets		**393,029**
Total Assets		**393,029**
LIABILITIES		
Current Liabilities		
Trade and other payables	**(5)**	**66,323**
Total Current Liabilities		**66,323**
Total Liabilities		**66,323**
Net Assets		**326,706**
EQUITY		
Issued capital	**(6)**	**428,600**
Share based payment reserves	**(7)**	**323,074**
Accumulated losses		**(424,968)**
Total Equity		**326,706**

The accompanying notes form part of this financial report.

	Issued capital $	Share based payment reserve $	Accumulated losses $	Total Equity $
Balance at incorporation – 7 December 2016	**-**	**-**	**-**	**-**
Loss for the period	-	-	(424,968)	(424,968)
Other comprehensive income		-	-	-
Total comprehensive income for the period	-	-	(424,968)	(424,968)
Transaction with owners, in their capacity as owners, and other transfers				
Options Issued	-	323,074	-	323,074
Shares issued during the period (net of costs)	428,600	-	-	428,600
Balance at 31 March 2017	**428,600**	**323,074**	**(424,968)**	**326,706**

The accompanying notes form part of this financial report.

	7 December 2016 to 31 March 2017 $
Cash flows from operating activities	
Payments to suppliers and employees	**(42,813)**
Net cashflows used in operating activities	**(42,813)**
Cashflows from financing activities	
Proceeds from issues of shares	**428,600**
Net cashflows from financing activities	**428,600**
Net increase in cash and cash equivalents	**385,787**
Cash and cash equivalents at beginning of the reporting period	**-**
Cash and cash equivalents at end of the reporting period	**385,787**

The accompanying notes form part of this financial report.

1. Statement of Significant Accounting Policies

These financial statements and notes represent those of Galena Mining Limited (the "Company" or "Galena Mining"). Galena Mining is a public company, incorporated and domiciled in Australia.

The financial report was authorised for issue on 23 June 2017 by the board of directors.

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for "for-profit" oriented entities.

The financial report is presented in Australian dollars.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied.

Comparative figures

Galena Mining was incorporated on 7 December 2016 and this the Company's first financial report since incorporation. As a result there are no comparatives to include in the 31 March 2017 financial report.

Accounting Policies

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report.

(a) Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Company incurred a loss of $424,968 and had operating cash outflows of $42,813 for the period to 31 March 2017.

The Directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. This forecast assumes the successful completion of the Initial Public Offering thus raising $6m before costs including acquisition costs of Abra.

Based on this forecast, the Directors believe that it is reasonably foreseeable that the Company will continue as going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

(b) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

(c) Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Impairment of Assets

At the end of each reporting date, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(d) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within a 12 month period have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(d) Employee Benefits (continued)

Equity-settled compensation

The Company operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black –Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(e) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less.

(g) Revenue and Other Income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(h) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(i) Borrowing Costs

All borrowing costs are recognised as expense in the period in which they are incurred.

(j) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

Key Estimates

(i) Impairment - General

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the consolidated entity that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key Judgments

(i) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Market conditions are taken into consideration in determining fair value.

(m) New Accounting Standards for Application in the Current Period

During the period to 31 March 2017, the Company has reviewed all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

(n) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the reporting period to 31 March 2017. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Company will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Company.

(n) New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Company will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Company.

3. Expenditure

The loss before income tax expense includes the following specific expenses:

	31 March 2017
	$
Share based payments expense (see Note 8 for valuation technique)	323,074

4. Cash and cash equivalents

	31 March 2017
	$
Cash at bank	385,787
	385,787

5. Trade and other payables

	31 March 2017
	$
Trade creditors	61,323
Accruals	5,000
	66,323

6. Issued capital

	31 March 2017
	$
Ordinary shares issued and fully paid (a)	428,600
	428,600

	Number	$
(a) Ordinary shares		
At 7 December 2016	-	-
Incorporation shares issued to Promotors	3,600,000	3,600
Seed shares issued	4,250,000	425,000
At the end of reporting period – 31 March 2017	7,850,000	428,600

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

7. Reserves

	31March 2017
	$
Options (a)	323,074
	323,074

(a) During the period the Company issued options to Directors and CEO. The fair value of options was calculated using the Black-Scholes option pricing model. Refer to Note 8 for details of options issued.

8. Share based payments

Grant Date/entitlement	Number of Instruments	Grant Date	Fair value per instrument $	Value $
Unlisted Options issued on 5 January 2017 as per employment agreement exercisable at $0.30 on or before 30 June 2020* (Tranche 1)	1,500,000	05/01/2017	0.05293	79,395
Unlisted Options issued on 5 January 2017 to Promoters exercisable at $0.30 on or before 30 June 2020* (Tranche 1)	600,000	05/01/2017	0.05293	31,758
Unlisted Options issued on 30 March 2017 to as per employment agreement exercisable at $0.30 on or before 30 June 2020* (Tranche 1)	250,000	30/03/2017	0.05293	13,232
Unlisted Options issued on 5 January 2017 as per employment agreement exercisable at $0.40 on or before 30 June 2021 ** (Tranche 2)	3,000,000	30/03/2017	0.05931	177,930
Unlisted Options issued on 5 January 2017 to Promoters exercisable at $0.40 on or before 30 June 2021** (Tranche 2)	350,000	30/03/2017	0.05931	20,759
			TOTAL	**323,074**

*****2,350,000 unlisted Options issued as part of employment agreements and to Promoters have been calculated using Black-Scholes option pricing model with the following inputs:

	Tranche 1 Options Granted
Expected volatility (%)	120
Risk free interest rate (%)	1.80
Weighted average expected life of options (years)	3
Expected dividends	Nil
Option exercise price ($)	0.30
Share price at grant date ($)	0.10
Fair value of option ($)	0.05293
Number of options	2,350,000
Expiry date	30 June 2020

8. Share based payments (continued)

**3,350,000 unlisted Options issued as part of employment agreements and to Promoters have been calculated using Black-Scholes option pricing model with the following inputs:

	Tranche 2 Options Granted
Expected volatility (%)	120
Risk free interest rate (%)	1.80
Weighted average expected life of options (years)	4
Expected dividends	Nil
Option exercise price ($)	0.40
Share price at grant date ($)	0.10
Fair value of option ($)	0.05931
Number of options	3,350,000
Expiry date	30 June 2021

Both tranches were deemed to vest immediately as there are no vesting conditions.

9. Auditors' Remuneration

	31 March 2017 **$**
Remuneration of the auditor:	
-auditing or reviewing financial report for period 7 December 2016 to 31 March 2017	5,000
-Non-audit services	-
	5,000

10. Events after the Reporting Period

-On 6 April 2017 the Company appointed Edward Turner as the Chief Executive Officer.
-On 18 April 2017 the Company issued 250,000 seed shares raising $25,000.
-On 12 May 2017 the Company lodged an Initial Public Offering Prospectus to raise $6 million by the issue of 30,000,000 shares at $0.20 per share.

No other matter or circumstance has arisen since the end of audited period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

11. Contingent Assets and Liabilities

Contingent Assets
There are no contingent assets as at 31 March 2017.

Contingent Liabilities
There were no contingent liabilities as at 31 March 2017.

12. Capital and Other Commitments

During the period, the Company entered into a Share Sale Agreement with Bloomgold and Abra to acquire 100% of the issued capital of Abra. As part of the completion of the transaction, it is required that the Company be admitted to the ASX. While the listing process is ongoing, the Company has agreed to fund all exploration activities of Abra.

Subject to the admission being successful, the consideration payable by the Company to acquire Abra is $1,200,000 in cash, 11,500,000 consideration shares at a deemed issued price of $0.20 per share and reimbursement by the Company of all monies expended by Bloomgold on the Abra tenements, being $200,000 payable in cash.

In the opinion of directors, there were no further capital or other commitments as at 31 March 2017.

In the opinion of the directors of Galena Mining Limited ("the Company"):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:

   a) complying with Accounting Standards – Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   b) giving a true and fair view of the Company's financial position as at 31 March 2017 and of its performance for the period ended 31 March 2017.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s305(5) of the Corporations Act 2001.

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Adrian Byass
Chairman

Perth, 23 June 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GALENA MINING LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Galena Mining Limited (the company), which comprises the statement of financial position as at 31 March 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

In our opinion:

a) The financial report of Galena Mining Limited is in accordance with the Corporations Act 2001, including:

   i) Presenting fairly the company's financial position as at 31 March 2017 and of it's performance for the period ended on that date; and

   ii) Complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report. We are independent of the company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Directors' Responsibility for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

PKF MACK
Accounting, Financial and Business Advisory

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue and auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PKF Mack

PKF MACK

SIMON FERMANIS
PARTNER

23 JUNE 2017
WEST PERTH
WESTERN AUSTRALIA