

Quarterly Report for the period ended 30 September 2017

Galena Mining Limited**ASX: G1A****Capital Structure (as at 30 Sep 2017)**

- ◆ 55,600,000 shares
- ◆ 2,350,000 unlisted options exercisable \$0.30 on 30 June 2020
- ◆ 3,600,00 unlisted options exercisable \$0.40 on 30 June 2021

Cash \$5.4m

Board and ManagementEd Turner
C.E.OAdrian Byass
Non-Executive ChairmanJonathan Downes
Non-Executive DirectorOliver Cairns
Non-Executive DirectorTim Morrison
Non-Executive Director**Contact:**www.galenamining.com.auEd Turner – C.E.O.
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26 October 2017

Australian Securities Exchange

HIGHLIGHTS

- **Successful Initial Public Offering (IPO)**
- **Drilling commenced**
- **Clear breakout in the lead price driven by supply constraints**

Successful IPO

Galena Mining Limited (ASX: G1A) (“Galena” or “the Company”) is pleased to report on its activities for the period ending 30 September 2017 towards bringing its world class Abra Base Metal Project (“Abra”) into development.

Galena was admitted to the Official List of ASX Limited on Tuesday 5th September and commenced trading on Thursday 7th September in a strongly oversubscribed IPO raising \$6,000,000 before costs.

Drilling Commenced

Drilling commenced on Sunday 24th September and subsequent to the end of the quarter three diamond core holes (AB70, AB71 and AB72) have been completed and drilling has commenced on AB73 and AB74. The drill program has already been revised with up to 11 holes for 7,100 metres and is expected to be completed by the end of the December Quarter. Assays are pending for all holes.

Galena is conducting infill and definition drilling targeting known high-grade zones defined by previous intercepts with the intention of completing a JORC 2012 Indicated and Inferred resource estimate. Historic high-grade intercepts include*;

- **44m @ 25.3% Pb, 42.9 g/t Ag (AB016)**
- **6m @ 34.3 % Pb, 81 g/t Ag (AB019)**
- **14m @ 16.1 % Pb, 38 g/t Ag (AB058)**
- **12.8m @ 20.4% Pb, 183 g/t Ag (AB059)**

(*) Full details of historical drill intercepts are contained in the Independent Geological Report section of the Galena Mining Limited IPO prospectus dated 25th May 2017.

To date over 38,000 metres of drilling has been completed at Abra and a world-class deposit has been defined. Galena is focussing on defining the high-grade core to the extensive base and precious metals system.

Holes AB058 and AB059 were part of an 8 hole programme drilled post the last (2008) resource estimate. This programme is designed to upgrade the historical JORC 2004 estimate to JORC 2012 status and support Pre-feasibility Study work on the deposit. Galena is confident that the infill programme which has commenced will deliver a JORC 2012 resource of Indicated and Inferred classification and provide metallurgical and geotechnical data which will form the basis of a Pre-feasibility Study.

Previous economic studies have been conducted on Abra utilising historic resource estimates. These were based on assumptions of 4-6 million tonnes per year of production from sub level caving underground operations and the production of a lead-silver concentrate. Galena is to conduct economic studies based on a circa 1 million tonne per year higher-grade focussed underground scenario.

Abra mineralisation starts within 250m of surface and is characterised by a widespread high-grade strata-bound zone which sits above and across a high-grade core of stock-work style lead-silver mineralisation (Figure 1). Drilling below this has also encountered high grade copper-gold intercepts.

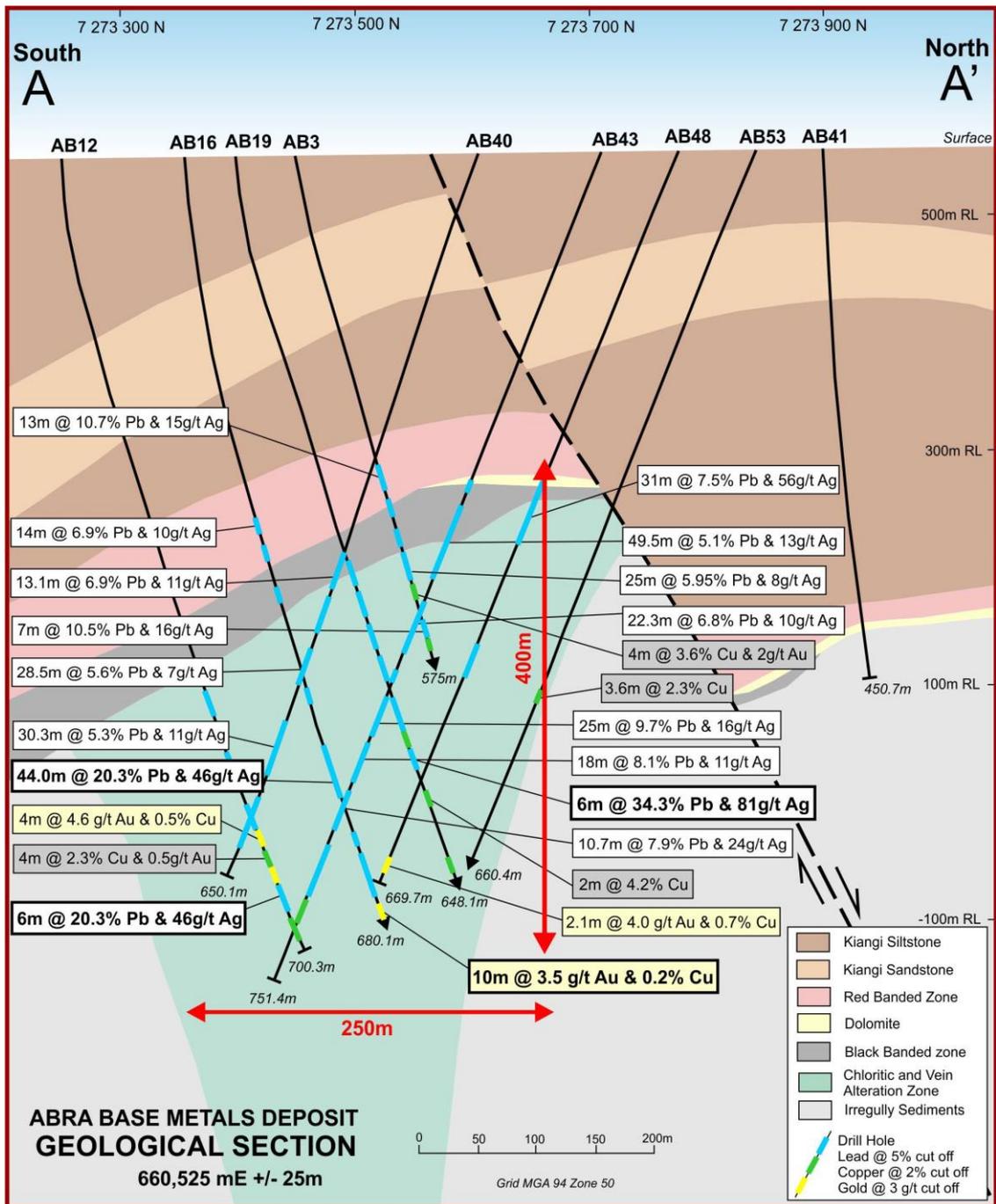


Figure 1: Cross section through Abra showing extensive base and precious metal mineralisation over a vertically extensive area.

Abra is located approximately 110km from Sandfire Resources' high-grade Degruassa copper mine, is well serviced by infrastructure and located approximately halfway between Mt Newman and Meekatharra. Exploration support camp, airstrip and other amenities are now in use on site (Figure 2).



Figure 2: (left) Exploration Camp, (Right) Galena geological staff inspecting high-grade intercepts in AB059. This hole was drilled after the most recent (pre JORC 2012) resource estimate.

Drilling contractor DDH1 Drilling is performing the exploration work for Galena (Figure 3 and 4). A second drilling rig has now commenced on site operated by McKay Drilling.



Figure 3: Diamond core drilling of Galena's first hole at Abra (AB70).



Figure 4: The first drill core from AB70.

The Lead Market

The primary use of lead is within batteries. Over 75% of lead demand is utilised in lead-acid batteries, primarily for vehicle transport fleets. Even hybrid vehicles contain lead-acid batteries as well as lithium-ion batteries.

Demand has increased from 7.3Mt in 2004 to 11.3Mt in 2016 representing an increase in demand of 45% over 11 years* (refer figure 5, 6 and 7).

Demand from 2010-2016 was up 56%, led by China but increasing demand in North America and Europe.

Coupled with expected ongoing demand growth, supply is becoming constrained - South32's Cannington Lead and Silver Mine generated a large percentage of its earnings but has only 6 years in reserves at current mining rates **.

(*) Source: Deutsche Bank, United States Geological Society, company data

(**) South 32 Half Year Dec 2016 report



Figure 5: 1 Year LME Lead Warehouse Stocks Level

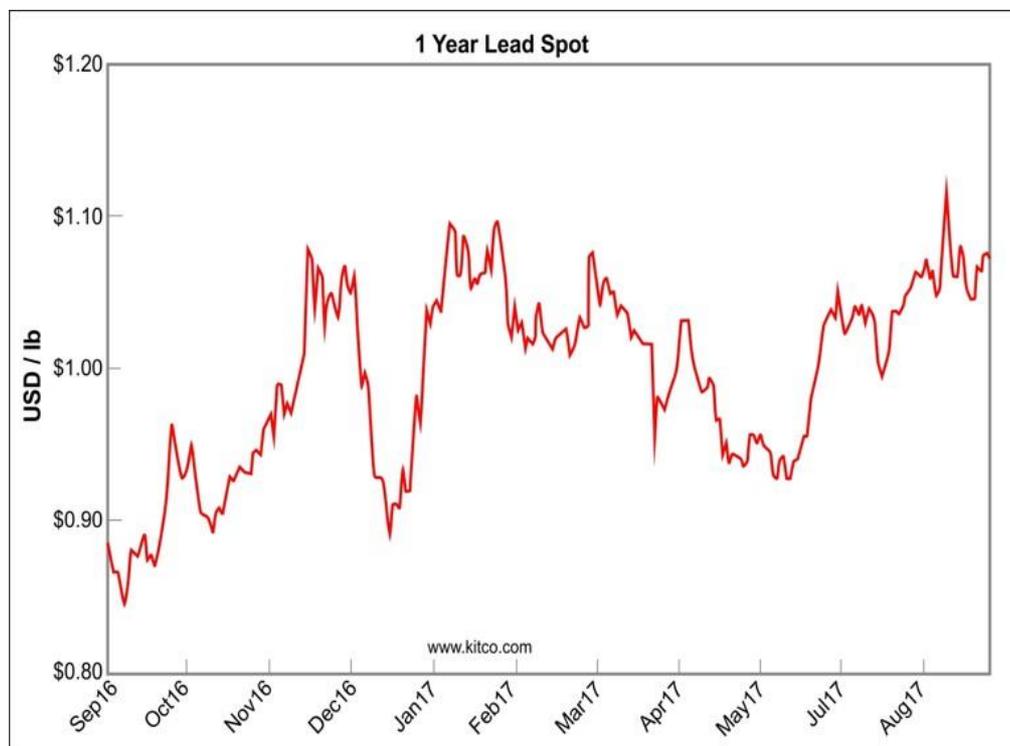


Figure 6: 1 Year Lead Spot Price

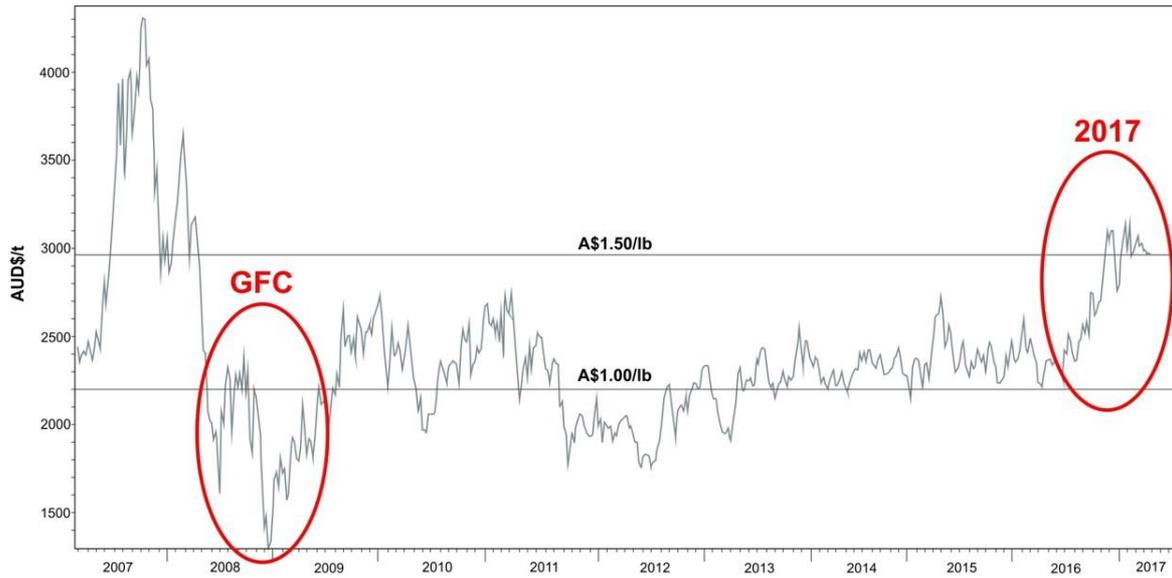


Figure 7: 10 Year Spot Price

Cash Funds

As at the end of September 2017 quarter, the Company approximately had \$5.41 million in cash comprised of cash at bank and term deposit balances.

For further information contact:

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Appendix 1 – Tenement Information as Required by the Listing Rule 5.3.3

Country	Location	Project	Tenement	Change in Holding (%)	Current Interest (%)
Australia	WA	Mulugul	M52/0776	100	100
Australia	WA	Jillawarra	E52/1413	100	100
Australia	WA	Mulugul	E52/1455	100	100
Australia	WA	Camp	G52/0286	100	100
Australia	WA	Camp	L52/0121	100	100
Australia	WA	Jillawarra	ELA52/3575	N/A	Application

The Company holds a 100% interest in the tenements. The transfer for all tenements was effective upon the Company’s official listing on the ASX and the completion of Abra Mining acquisition of the tenements listed in the table above. The Department of Mines and Petroleum in Western Australia has transferred the title from Abra Mining Pty Ltd to the Company effective September 2017.

Competent Person Statement:

The information in this report related to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr E Turner B.App Sc, MAIG, and Mr A Byass, B.Sc Hons (Geol), B.Econ, FSEG, MAIG both an employee and a Director of Galena Mining Limited. Mr Turner and Byass 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 Turner and Mr Byass consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.