



ASX ANNOUNCEMENT

11 October 2018

ASX: G1A

GALENA LAUNCHES ABRA PROJECT DEFINITIVE FEASIBILITY STUDY

GALENA MINING LTD. ("Galena" or the "Company") (**ASX: G1A**) announces that it has formally commenced a definitive / bankable feasibility study ("**DFS**") for its wholly-owned Abra Base Metals Project ("**Abra**" or the "**Project**"), located in Western Australia.

Galena has retained leading Australian engineering consulting and contracting company, GR Engineering Services Limited ("**GR Engineering**") (ASX: GNG) to undertake key portions of the DFS related to plant design, capital cost and operating cost estimation, process and non-process infrastructure evaluation. During the past eleven years GR Engineering has completed more than 40 design and construction projects and over 160 feasibility studies including a number of 'flagship' Australian base metals projects.

Managing Director, Alex Molyneux commented, "***The recently published pre-feasibility study for Abra demonstrated outstanding investment returns and we're keen to see it engineered to the highest standards so we're in a strong position to commence construction next year. In this regard we're very pleased to have GR Engineering on-board in a key role.***"

GR Engineering Managing Director, Geoff Jones commented, "***GR Engineering was involved in the Abra PFS and we are pleased to have been engaged to deliver key aspects of the DFS and to assist Galena realise the significant potential of the Abra Base Metals Project.***"

In addition to the appointment of GR Engineering, Galena also recently appointed a full-time Metallurgy and Study Manager to lead the internal DFS work under the guidance of Chief Operating Officer, Troy Flannery. The Company will continue to add to its technical and operating team in the lead-up to Abra Project construction.

The commencement of the DFS and various related appointments comes following the announcement of an excellent pre-feasibility study ("**PFS**") for Abra (see Galena ASX announcement of 25 September 2018). The PFS envisages a 1.2 million tonne per annum throughput underground mine and conventional floatation concentrator for the Project to produce a high-grade, high-value lead silver concentrate containing 91ktpa of lead and 760kozpa of silver over a 14-year mine life. Economic outcomes from the PFS are outstanding, with pre-tax net present value of A\$528 million (calculated at an 8% discount rate) and internal rate of return of 50%.

A number of key work items in the PFS were already completed to DFS-level including: geotechnical drilling; metallurgical testwork; environmental studies and reports; water supply analysis; hydrogeology; underground mine designs; and infrastructure design.

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The DFS is targeted to be complete in mid-2019. In the meantime, Galena expects to progress a number of value-adding milestone workstreams in parallel, including:

- Preparation of an updated Mineral Resource estimate including 2018 resource development and infill drilling data.
- A review of the Abra Ore Reserve and underground mine designs / schedule following the updated Mineral Resource estimate for a potential Ore Reserve update and optimisation of the PFS.
- Continuation of permitting works, including lodgement of the final Mining Proposal in the next three to four months.
- Ongoing discussions with multiple potential customers / offtakers.
- Continuation of recently initiated discussions with project financing parties, including traditional project financing banks and strategic counterparties.

Galena continues to target commencement of construction at Abra in 2019, initial production in 2021 and the first full-year of steady-state commercial production in 2022.

Galena Mining Ltd.,



Alex Molyneux
Managing Director

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

