

24 January 2018

ASX: GAL

## Corporate Directory

### Directors

**Non-Executive Chairman**  
Simon Jenkins

**Managing Director**  
Brad Underwood

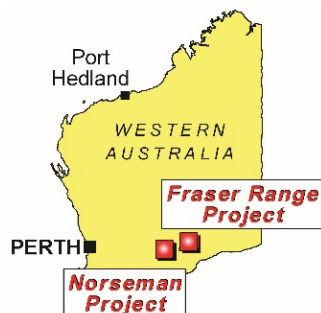
**Technical Director**  
Noel O'Brien

### Fast Facts

Issued Capital	120.4m
Share Price	\$0.19
Market Cap	\$22.9m
Cash (31/12/18)	\$9.1m

### Projects

Norseman Cobalt Project  
Fraser Range Nickel Project



### Contact Details

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# QUARTERLY ACTIVITIES REPORT & APPENDIX 5B

For period ending 31 December 2018

## Highlights

### Norseman Cobalt Project (100% owned)

- High-grade cobalt produced from metallurgical test work on Norseman cobalt resources
- Maiden JORC 2012 Inferred Resource delivered at the Goblin Prospect
- Norseman cobalt project now stands at 25.1Mt @ 0.11% cobalt (at a 0.06% cobalt cut-off) for 26,600t cobalt and 122,400t nickel <sup>(1)</sup>
- Cobalt exploration continuing with 43 RC drill hole campaign at Mission Sill South intercepting additional cobalt

### Fraser Range Project (JV with the Creasy Group)

- New Fraser Range target identified at Empire Rose
- IP survey at the Empire Rose Prospect highlights drill target
- Up to 7,000m of planned aircore drilling at Nightmarch and Lantern Prospects scheduled to begin in February 2019

### Corporate

- Strong cash position of \$9.1 million at the end of the December Quarter

**Galileo Mining Ltd** (ASX: GAL, "Galileo" or the "Company") is pleased to provide a summary of activities for the quarter ending 31 December 2018. Commenting on the results delivered to date, Galileo Managing Director Brad Underwood said:

"Galileo continues to develop its Norseman and Fraser Range projects at a rapid pace, with both exploration and metallurgical work conducted over the quarter putting the Company in good stead to further increase the value of our assets.

"At the wholly-owned Norseman project our metallurgical test program has delivered some outstanding cobalt concentrate samples and demonstrated high cobalt recoveries from the concentrate produced. Metallurgical test work has been complemented with continued exploration success, discovering further cobalt with a maiden JORC Resource from the Goblin prospect.

<sup>(1)</sup> See the "About Galileo Mining" section on page 10 of this report for details of Galileo's JORC Resources

“The Company believes it is building an encouraging track record of success with activities at the Fraser Range providing additional momentum as we hunt for large-scale, Nova-style, nickel-copper-cobalt discoveries.

“With two rapidly evolving projects in the top-tier mining jurisdiction of Western Australia, I would invite all investors to take stock of our achievements since listing on the ASX in May 2018 and prepare for the next exciting phase of Galileo’s development,” he said.

### 1. Norseman Cobalt Project, Norseman, WA

Throughout the quarter, the Company has scaled up its activities at the Norseman Project, which consists of two granted exploration licenses and three granted prospecting licenses covering a total ground holding of 270 km<sup>2</sup> in the Goldfields-Esperance region.

Metallurgical test work on drill core from the Norseman Project has demonstrated the ability to produce a high-grade cobalt concentrate. Using commercially available sizing techniques a maximum coarse-grained cobalt concentrate of 2.57% was produced, with medium sized concentrate giving a range of values from 0.12% to 0.51% cobalt. Overall preliminary results suggest an average concentrate grade of 0.3% cobalt is achievable making Galileo’s Norseman Cobalt Project one of the highest-grade cobalt plays in Australia.

Laboratory leach test work on concentrate samples was completed at ALS Metallurgy’s Perth Laboratory under the direction of Galileo consultants SGS-Bateman. Three extraction tests were completed with the results shown in Table 1 below.

**Table 1: Metallurgical extraction of cobalt, nickel and manganese over 24 hours for three Norseman concentrate samples (from ALS Metallurgy Results, 28 November 2018).**

Duration (hours)	HY6905			HY6940			HY6941		
	Cobalt (%)	Nickel (%)	Manganese (%)	Cobalt (%)	Nickel (%)	Manganese (%)	Cobalt (%)	Nickel (%)	Manganese (%)
0	0.00	0.00	0.00	11.20	11.54	7.72	8.72	11.20	5.10
1	14.21	9.36	14.23	52.94	37.13	52.34	38.72	28.42	37.22
2	21.96	14.31	21.66	55.79	37.58	53.00	67.03	43.44	69.90
4	33.59	22.24	36.83	64.26	42.78	64.47	76.52	49.55	78.29
8	41.69	31.38	41.60	72.73	47.91	74.87	83.84	52.43	83.12
12	60.06	39.20	58.67	83.66	52.08	81.01	87.41	55.71	89.39
24	95.70	66.10	95.39	93.31	59.24	95.02	91.19	60.86	92.29

All tests were conducted over 24 hours at atmospheric pressure with a temperature of 70° C. The tests used low amounts of SO<sub>2</sub> (sulphur dioxide) and H<sub>2</sub>SO<sub>4</sub> (sulphuric acid) to achieve a maximum 95.7% cobalt extraction and 66.1% nickel extraction (test HY6905).

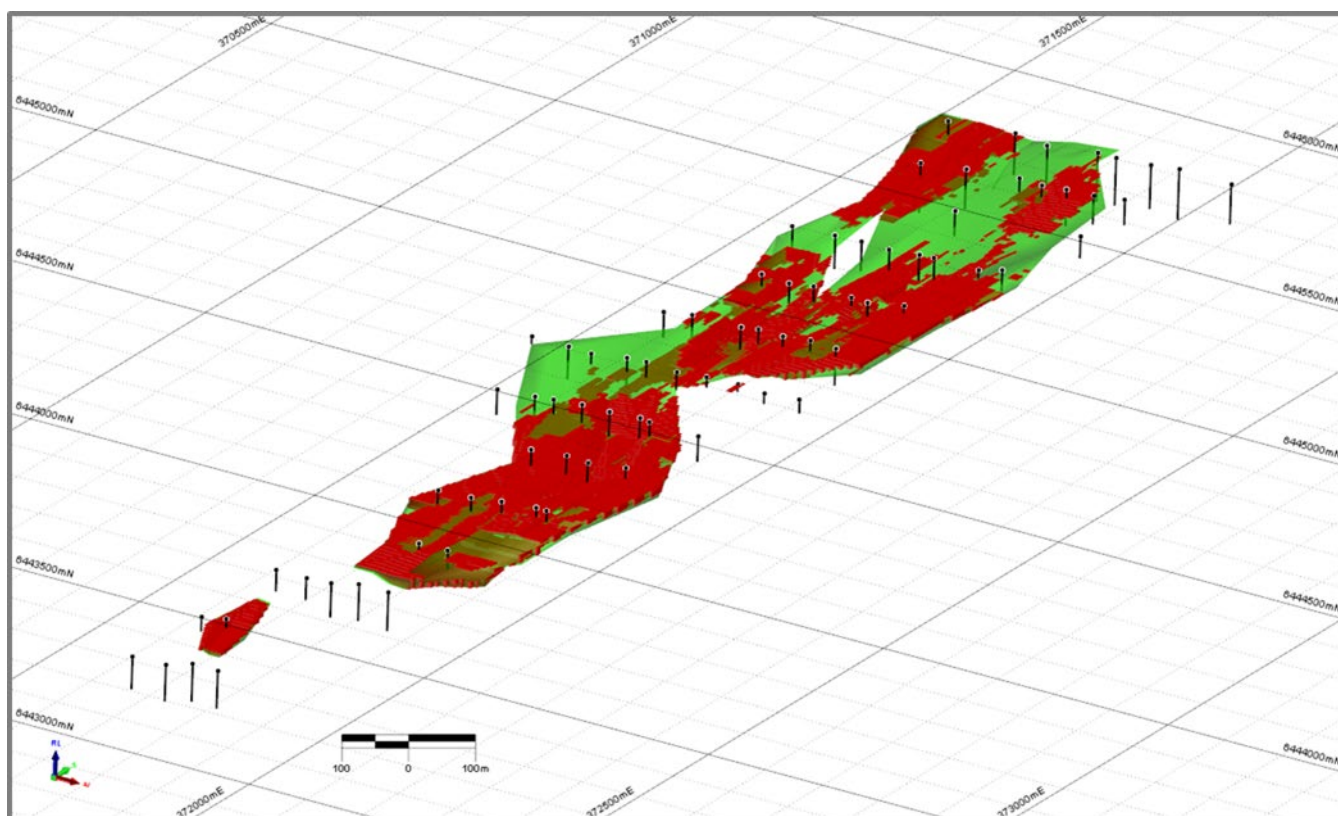
Galileo is highly encouraged by these cobalt and nickel metal extraction rates with all three tests delivering significantly higher returns than previous test work undertaken prior to the listing of the Company.

Based on the test results, the assumed leach extraction rate of concentrates for the purpose of scoping level CAPEX and OPEX estimation will be 90% for cobalt and 60% for nickel. This represents a conservative scoping level approach given that the average metal extractions for cobalt and nickel over the three tests performed were 93.4% and 62.1% respectively.

In addition, the Company continued to advance its exploration program, most notably with a maiden JORC 2012 Inferred Resource at the Goblin prospect.

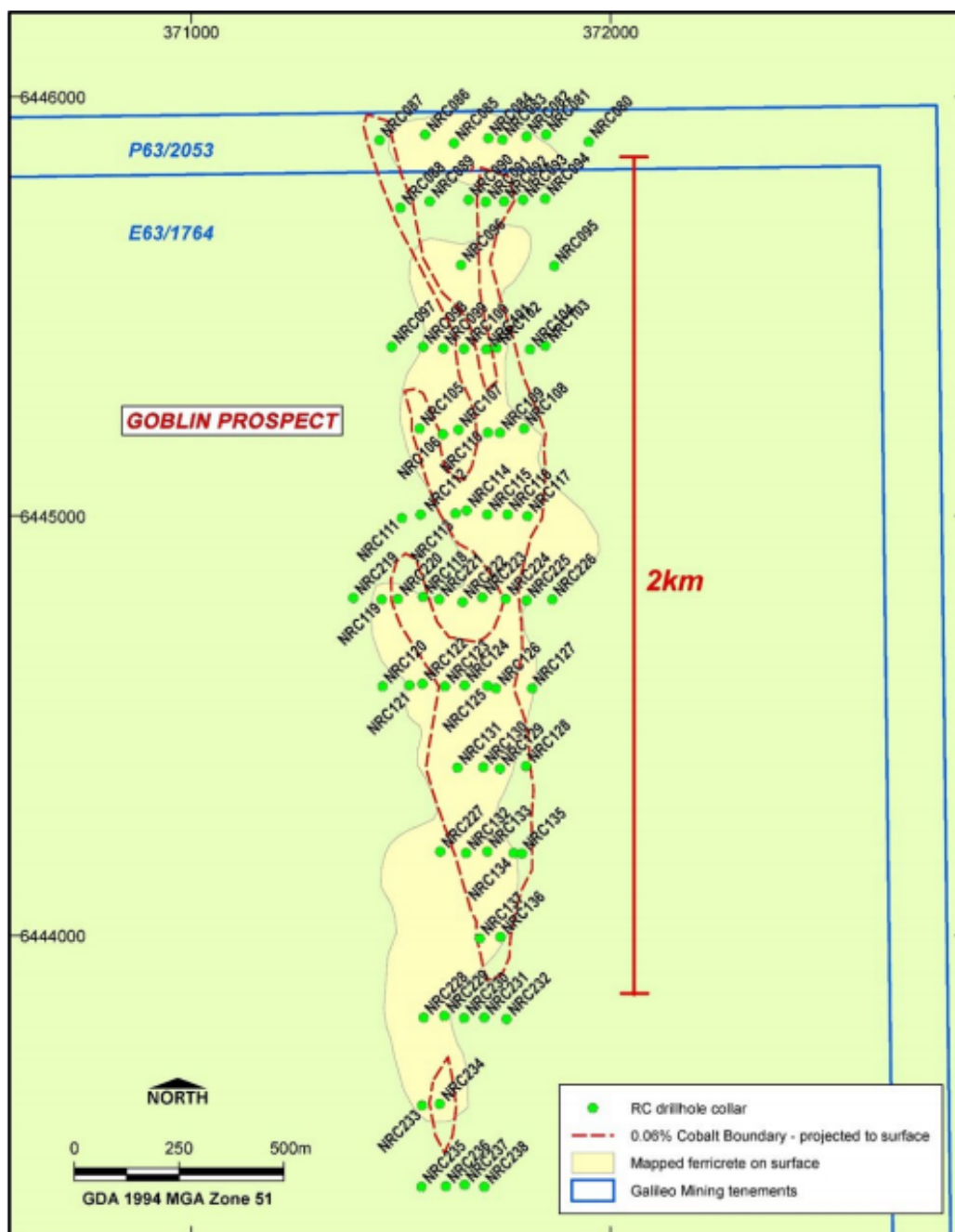
The Goblin Prospect has recorded 4.9Mt at 0.08% Co for 4,100 tonnes of contained cobalt, representing an 18% increase in overall contained cobalt at the Norseman Project.

**Figure 1- Goblin Prospect Inferred Resource area. Oblique view looking NE. Green shell = 0.04% Cobalt interpreted mineralisation wireframe, Red blocks = >0.06% Cobalt Inferred resource blocks**



With the addition of the Goblin Prospect, the global resource base of the Norseman Cobalt Project has expanded to 25.1Mt @ 0.11% cobalt (at a 0.06% cobalt cut-off) for 26,600t cobalt and 122,400t nickel. <sup>(2)</sup>

**Figure 2 - Goblin Prospect showing RC Drill hole locations and boundary of 0.06% Cobalt mineralisation projected to surface. Cobalt intercepts are recorded at shallow depths between 12 and 60 metres. The prospect extends over 2 kilometres in strike length.**



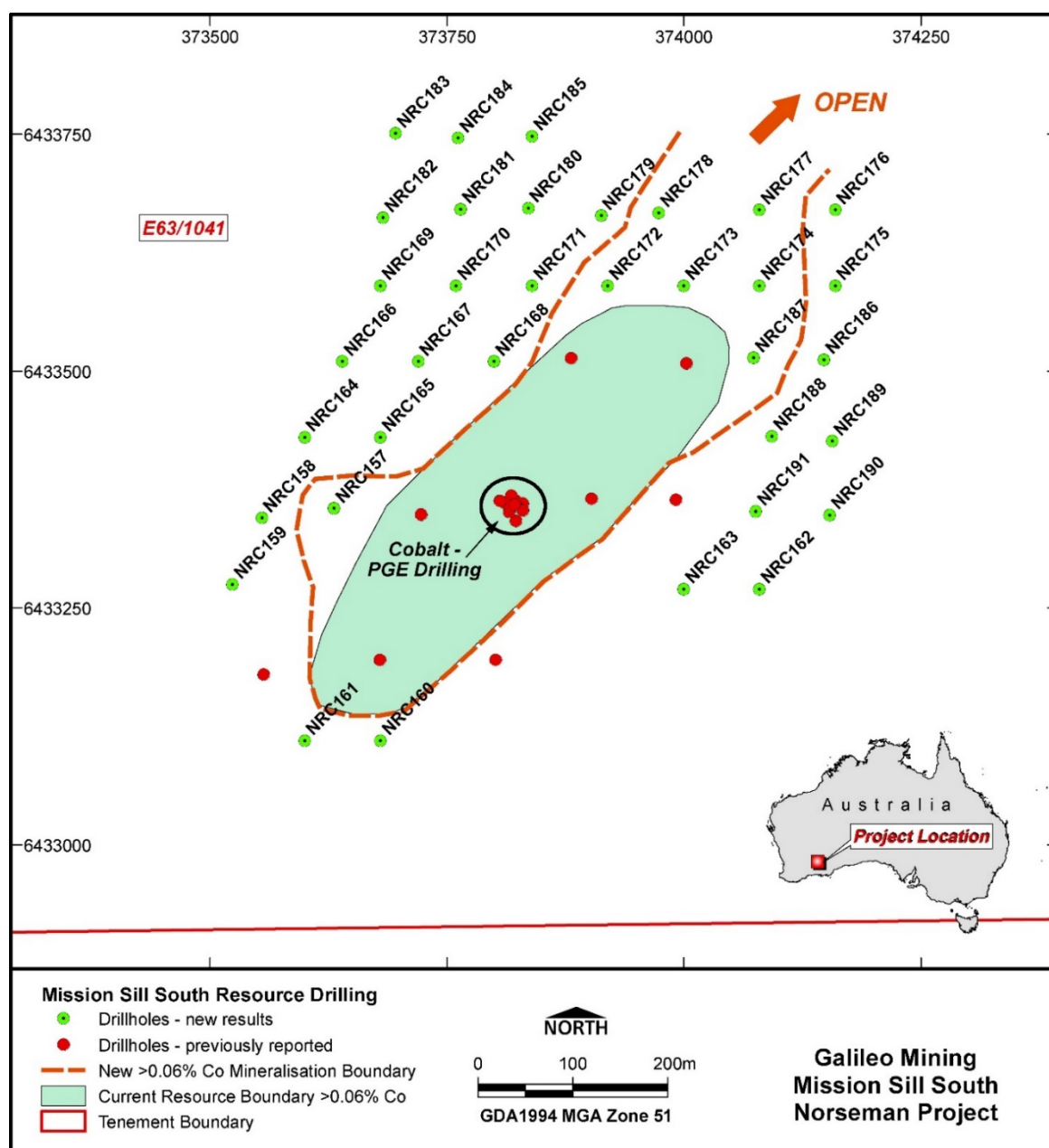
<sup>(2)</sup> See the "About Galileo Mining" section on page 10 of this report for details of Galileo's JORC Resources



The Goblin Prospect is located 3 kilometres south of Galileo's main resource and has an identified strike of cobalt mineralisation of greater than two kilometres. The cobalt mineralisation occurs at shallow depths of between 12m and 60m and is consistent in style with the Company's existing JORC resources at Norseman.

During the quarter, the Norseman Project has continued to establish its cobalt credentials with additional mineralisation also intersected in extension drilling at the Mission Sill South Prospect.

**Figure 3 - Mission Sill South 2018 Cobalt Drillhole Locations showing the Existing JORC Resource Boundary and New Cobalt Boundary (red dotted line - greater than 0.06% cobalt)**



In October the Company announced the results of a 43 reverse-circulation drill campaign, which yielded a number of thick cobalt intercepts.

Top results included:

- 12m @ 0.1% Cobalt from 54m (drill hole NRC172)
- 27m @ 0.09% Cobalt from 33m (drill hole NRC174)
- 15m @ 0.09% Cobalt from 33m (drill hole NRC187)

The Company continues to build confidence in the Mission Sill South Prospect, with cobalt mineralisation remaining open to the northeast beyond the recent drilling.

March quarter planned work programs for the Norseman Cobalt Project include:

- Conceptual Mining Study by CSA Global for use in Scoping Study level financial modelling
- Flora and Fauna Surveys within Mine Lease Application area
- Aeromagnetic survey of the entire project area to assist exploration target development
- Continued metallurgical domaining of the current JORC compliant resources
- Ongoing ore characterization test work to determine optimum concentrate size range

## **2. Fraser Range Project, WA**

Results from work undertaken at Galileo's Fraser Range project continue to increase the Company's interest in the region which currently hosts two major nickel-copper-cobalt deposits, Nova-Bollinger and Silver Knight. The presence of two significant discoveries in the Fraser Range indicates that the area is a developing mineral province and that new discoveries may be forthcoming in the future.

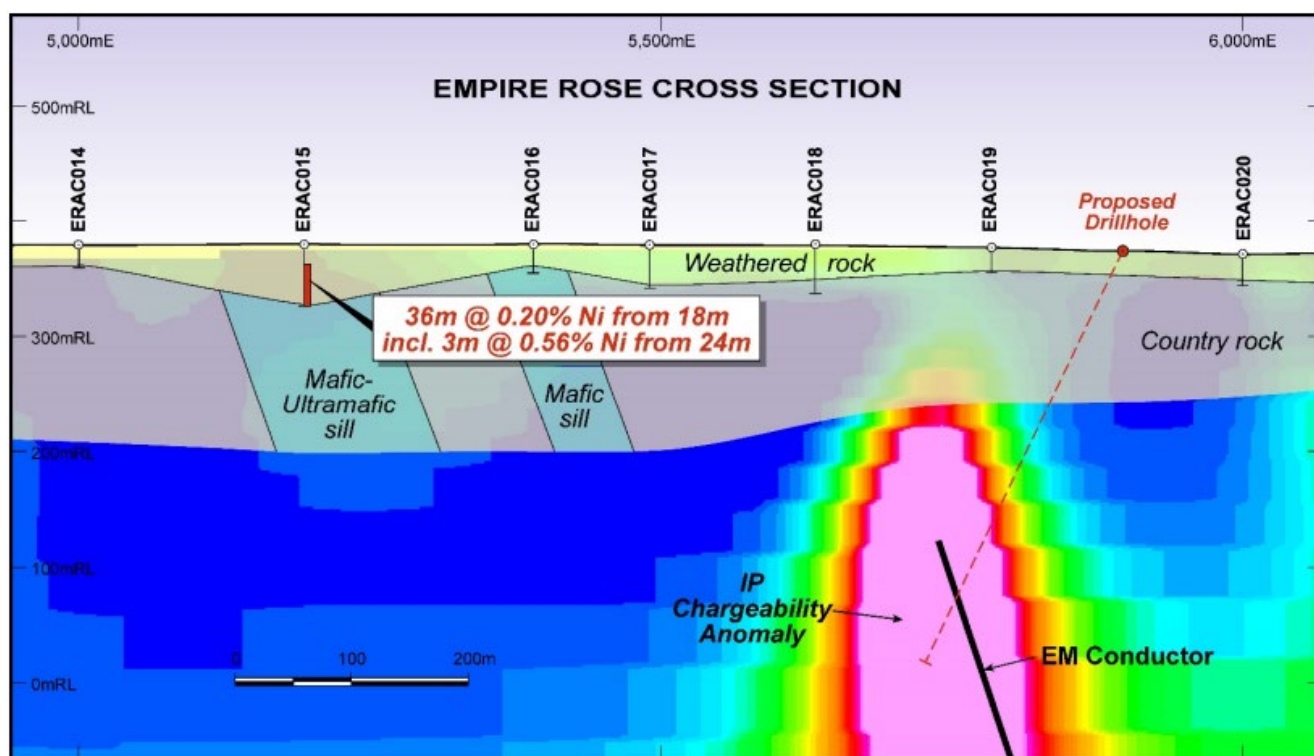
Galileo holds two Joint Ventures with the Creasy Group in the Fraser Range covering four active exploration tenements totalling 437km<sup>2</sup> of tenure. Galileo also has five Fraser Range applications covering 419km<sup>2</sup> of highly prospective ground. All five tenements are in a ballot process with numerous exploration and mining companies interested in applying for the ground. Two of the competing tenement applications are adjacent to the Creasy Group tenement which hosts the Silver Knight deposit.

During the quarter the Company conducted first pass air-core drilling at the Empire Rose prospect which yielded anomalous zones of nickel in mafic and ultramafic rocks, similar to the host rocks that occur at the Nova and Silver Knight deposits. The best intercept from the maiden drilling was 36m @ 0.2% nickel from 18m (drill hole EARC015).

An electromagnetic survey completed at the prospect delineated a strongly conductive target with a modelled conductivity of 2,100 siemens. The top of the conductor was modelled at around 250m below surface with a sub-vertical geometry suggesting that it extends further at depth.

Following the conclusion of the quarter the Company completed an Induced Polarisation (IP) survey at Empire Rose which has delivered outstanding results.

**Figure 4 - Empire Rose Prospect cross section through drillhole EARC015 showing the location of the EM conductor. A proposed 300m drillhole to test both the conductor and IP chargeable anomaly is shown.**



The IP survey has demonstrated a highly chargeable response, coincident with the results of the electromagnetic (EM) survey completed in 2018. IP surveying is most commonly used in the exploration for sulphide mineralisation which gives a chargeable response when a current is passed through the ground.

A drilling program has been planned at Empire Rose with drill holes designed to intersect the conductive and chargeable target at 250m below surface. Drill program approvals are currently pending with the Mines Department. Drilling will commence as soon as possible after receipt of drilling approvals.

Exploration within the Fraser Range Project is set to increase with activities at Empire Rose coinciding with first pass drilling at the Nightmarch and Lantern Prospects. The first-pass aircore drilling program of up to 7,000 metres at Lantern and Nightmarch is expected to commence in February 2019.

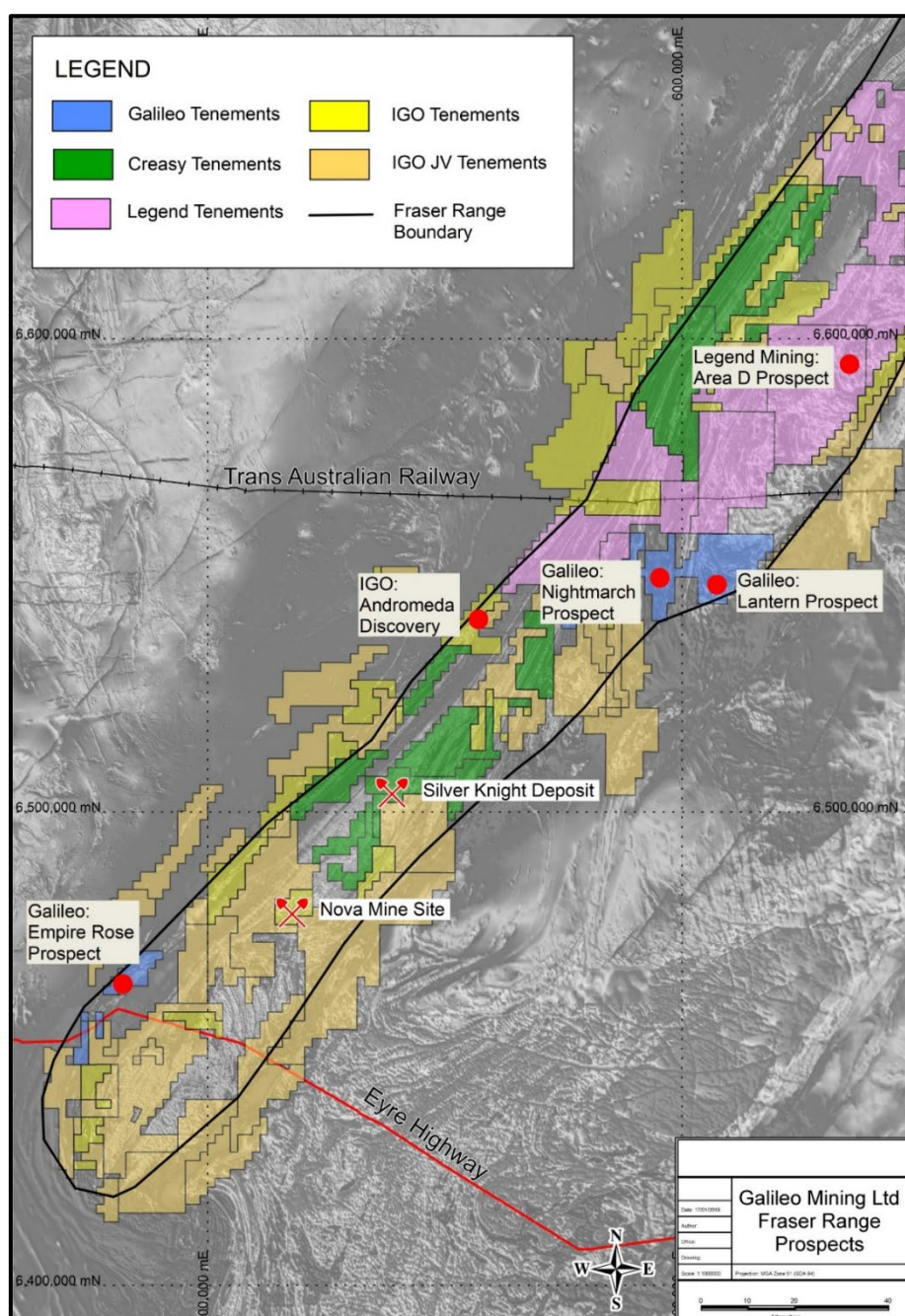


March quarter planned work programs for the Fraser Range Project include:

- Maiden aircore drilling program of 5,000 to 7,000 metres at the Lantern and Nightmarch prospects
- Drilling approvals expected to be received for the Empire Rose Prospect

Figure 5 shows the location of Galileo's prospects and tenements in the Fraser Range with respect to the Nova and Silver Knight deposits and other key tenement holders in the Fraser Range.

**Figure 5 – Galileo's Fraser Range tenement holdings (blue) with Empire Rose, Nightmarch and Lantern prospect locations as marked. Silver Knight and Nova deposits are shown by mine symbols.**





### 3. Corporate

As at 31 December 2018 the Company had cash of approximately \$9.1 million.

During the quarter the most significant costs incurred were related to exploration and evaluation with 85% of expenditure over the quarter falling into this category. Funds received over the quarter included a GST refund of \$25,000 and interest of \$99,000.

Estimated expenditure for the March 2019 Quarter is \$1.278 million.

Please refer to the attached Appendix 5B report for the period ended 31 December 2018 for further information.

#### Capital Structure

As at the date of this report the Company's capital structure is as follows:

##### Quoted Securities:

Number	Class
88,696,037	Ordinary Fully Paid Shares (Shares)

##### Un-Quoted Securities

Number	Class
28,094,895	Shares- held in escrow for 24 months from 29 May 2018
3,600,000	Shares- held in escrow for 12 months from 16 May 2018
15,000,000	Class A Options Ex @\$0.20 Exp 31/1/2023- held in escrow for 24 months from 29/5/2018 Vesting condition 60-day VWAP > \$0.60
2,200,000	Performance Rights Vesting @ \$1.00/ Exp 31/1/2023 Vesting condition 10-day VWAP > \$1.00

## Competent Person Statement

The information in this release that relates to Metallurgy and metallurgical test work has been reviewed by Mr Noel O'Brien, FAusIMM, MBA, B. Met Eng. Mr O'Brien is a Director of the company and is employed as a contract consultant. Mr O'Brien is a Fellow of the Australasian Institute of Mining and Metallurgy, he has sufficient experience with the style of processing response and type of deposit under consideration, and to the activities undertaken, to qualify as a competent person as defined in the 2012 edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code). Mr O'Brien consents to the inclusion in this report of the contained technical information in the form and context as it appears.

The information in this report that relates to Exploration Results is based on information compiled by Mr Brad Underwood, a Member of the Australasian Institute of Mining and Metallurgy, and a full time employee of Galileo Mining Ltd. Mr Underwood has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration, and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Underwood consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**Investor information:** phone Galileo Mining on + 61 8 9463 0063 or email [info@galmining.com.au](mailto:info@galmining.com.au)

### Media:

David Tasker

Managing Director

Chapter One Advisors

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T: +61 433 112 936

### About Galileo Mining:

Galileo Mining Ltd (ASX: GAL) is focussed on the exploration and development of cobalt and nickel resources in Western Australia. GAL holds tenements near Norseman with over 26,600 tonnes of contained cobalt, and 122,500 tonnes of contained nickel, in JORC compliant resources (see Figure 6 below). GAL also has Joint Ventures with the Creasy Group over tenements in the Fraser Range which are prospective for intrusive magmatic style nickel-copper-cobalt deposits.

Figure 6 - JORC Mineral Resource Estimates for the Norseman Cobalt Project ("Estimates") (refer to ASX "Prospectus" announcement dated May 25<sup>th</sup> 2018 and ASX announcement dated 11<sup>th</sup> December 2018, accessible at <http://www.galileomining.com.au/investors/asx-announcements/>). Galileo confirms that all material assumptions and technical parameters underpinning the Estimates continue to apply and have not materially changed).

Cut-off Cobalt %	Class	Tonnes Mt	Co		Ni	
			%	Tonnes	%	Tonnes
MT THIRSTY SILL						
0.06 %	Indicated	10.5	0.12	12,100	0.58	60,800
	Inferred	2.0	0.11	2,200	0.51	10,200
	Total	12.5	0.11	14,300	0.57	71,100
MISSION SILL						
0.06 %	Inferred	7.7	0.11	8,200	0.45	35,000
GOBLIN						
0.06 %	Inferred	4.9	0.08	4,100	0.36	16,400
TOTAL JORC COMPLIANT RESOURCES						
0.06 %	Total	25.1	0.11	26,600	0.49	122,400

## Appendix 1: Galileo Mining Tenement Schedule as at 31 December 2018

Project	Tenement reference & Location	Interest at beginning of Quarter	Interest at end of Quarter	Nature of Interest As at end of Quarter
<b>NORSEMAN COBALT PROJECT</b>	All tenements are in Western Australia			
	E63/1041	100%	100%	Active
	E63/1764	100%	100%	Active
	P63/2053	100%	100%	Active
	P63/2106	100%	100%	Active
	P63/2107	0%	100%	Active
	P63/2108	100%	100%	Active
	P63/2110	0%	100%	Active
	P63/2111	0%	100%	Active
	P63/2112	0%	100%	Active
	P63/2113	0%	100%	Active
	P63/2114	0%	100%	Active
	P63/2116	0%	100%	Active
	P63/2117	0%	100%	Active
	P63/2118	0%	100%	Active
<b>FRASER RANGE PROJECT</b>	All tenements are in Western Australia			
	E28/2064	67%	67% NSZ <sup>(1)</sup>	Active
	E63/1539	67%	67% FSZ <sup>(2)</sup>	Active
	E63/1623	67%	67% FSZ <sup>(2)</sup>	Active
	E63/1624	67%	67% FSZ <sup>(2)</sup>	Active

<sup>(1)</sup> 67% owned by NSZ Resources Pty Ltd a wholly owned subsidiary of Galileo Mining, 33% Great Southern Nickel Pty Ltd (a Creasy Group Company).

<sup>(2)</sup> 67% owned by FSZ Resources Pty Ltd a wholly owned subsidiary of Galileo Mining, 33% Dunstan Holdings Pty Ltd (a Creasy Group Company).



## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

**Name of entity**

GALILEO MINING LTD

**ABN**

70 104 114 132

**Quarter ended ("current quarter")**

31 DECEMBER 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(939)	(2,041)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(74)	(102)
	(e) administration and corporate costs	(79)	(233)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	99	112
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (Net GST refunded)	25	142
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(968)</b>	<b>(2,122)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(19)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Security Deposit refunded/(paid))	(14)	(10)
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(14)</b>	<b>(29)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>	<b>(982)</b>	<b>(2,152)</b>
4.1	Cash and cash equivalents at beginning of period	10,106	11,275
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(968)	(2,122)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(14)	(29)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>9,124</b>	<b>9,124</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	43	273
5.2	Call deposits	9,081	9,833
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>9,124</b>	<b>10,106</b>

**6. Payments to directors of the entity and their associates**

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
148
-



7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	961
9.2 Development	-
9.3 Production	-
9.4 Staff costs	93
9.5 Administration and corporate costs	258
9.6 Other (provide details if material)	(34) <sup>1</sup>
<b>9.7 Total estimated cash outflows</b>	<b>1,278</b>

<sup>1</sup>Includes forecast interest income

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	*			
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

\*Refer to Quarterly Activities Report for Schedule of Tenements.

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

24 January 2019

Sign here: .....  
(Company secretary)

Date: .....

Print name: .....  
Mathew Whyte

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.