



## **ASX ANNOUNCEMENT**

**14 February 2019**

**ASX: G1A**

### **ISSUE OF SHARE APPRECIATION RIGHTS**

**GALENA MINING LTD.** ("**Galena**" or the "**Company**") (**ASX: G1A**) announce that it has issued 1,260,000 Performance Rights to employees and consultants under the Performance Rights Plan which was approved by shareholders at Company's Annual General Meeting held on 26 November 2018.

The newly issued Performance Rights take the form of Share Appreciation Rights ("**SARs**"), which were proposed to certain employees, consultants and directors of the Company via an Offer (as defined by the Performance Rights Plan) on 21 January 2019 ("**Offer Date**"). Each SAR has a Strike Price calculated on the 20 trading day volume weighted average share price prior to the Offer Date (in this case, is \$0.17/share). Furthermore, the newly issued SARs vest in tranches (50% 12-months from the Offer Date, 25% 24-months from the Offer Date and 25% 36-months from the Offer Date) subject to the relevant employee, consultant or director remaining employed by the Company at the vesting date for each tranche.

In addition to the SARs being issued today, a further 540,000 SARs were accepted by directors under the same Offer. These additional SARs will be issued under the Performance Rights Plan with the same terms as the issued today, subject to shareholder approval.

Enclosed with this announcement is Appendix 3B for today's issue.

**Galena Mining Ltd.,**

**Stephen Brockhurst**  
Company Secretary

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

## Appendix 3B

### New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Galena Mining Limited

ABN

63 616 317 778

We (the entity) give ASX the following information.

#### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |   |
|---|---|---|
| 1 | +Class of +securities issued or to be issued  | Share Appreciation Rights vesting at various dates expiring 21 January 2024           |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1,260,000 Share Appreciation Rights vesting at various dates expiring 21 January 2024 |

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+ See chapter 19 for defined terms.

<p>3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)</p>	<p>Share Appreciation Rights (SARs) are issued under the terms of the Company’s existing Performance Rights Plan as adopted by shareholders at Company’s Annual General Meeting held 26 November 2018 (the Plan) for nil consideration. Share Appreciation Rights issued under the Plan are entitlements to acquire a number of Shares upon satisfaction of the terms and conditions determined by the Board under the Plan. These Share Appreciation Rights granted under the Plan are subject to the following vesting conditions.</p> <p>-Strike Price of 20 trading day VWAP prior to the Offer Date (21 January 2019), being \$0.17, exercisable five (5) years from the Offer Date (21 January 2019) vesting in tranches as follows:</p> <p>-50% of SARs to vest 12 months following the Offer Date (21 January 2020);</p> <p>-25% of SARs to vest 24 months following the Offer Date (21 January 2021);</p> <p>-25% of SARs to vest 36 months following the Offer Date (21 January 2022).</p> <p>SARS will only vest on the vesting dates if the employee remains employed by the Company on the vesting date. The employee must remain employed by the Company at the time of exercise. At the absolute discretion of the Board, vested and exercised Share Appreciation Rights will be converted into Galena Ordinary Shares or will be paid as a Cash Payment. Unvested Share Appreciation Rights which do not meet the vesting conditions or are not exercised within the exercise period will automatically lapse.</p>
<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>No - Share Appreciation Rights are a different security from the existing class of quoted securities (Fully Paid Ordinary Shares) and therefore do not rank equally with them.</p> <p>Share Appreciation Rights do not confer on the holder an entitlement to vote at shareholder meetings, receive dividends or participate in pro-rata equity issues.</p> <p>Galena shares which are allocated following the vesting and exercise of Share Appreciation Rights will rank equally in all respects with Galena Fully Paid Ordinary Shares.</p>

5	Issue price or consideration	Nil
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Issue of Share Appreciation Rights to eligible participants under the Performance Rights Plan as adopted by shareholders at the 26 November 2018 AGM for nil consideration.
6a	Is the entity an <sup>+</sup> eligible entity that has obtained security holder approval under rule 7.1A?  If Yes, complete sections 6b – 6h in relation to the <sup>+</sup> securities the subject of this Appendix 3B, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	26 November 2018
6c	Number of <sup>+</sup> securities issued without security holder approval under rule 7.1	Nil
6d	Number of <sup>+</sup> securities issued with security holder approval under rule 7.1A	Nil
6e	Number of <sup>+</sup> securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil
6f	Number of <sup>+</sup> securities issued under an exception in rule 7.2	1,260,000 Share Appreciation Rights vesting at various dates expiring 21 January 2024.  Pursuant to approval of the Company's Performance Rights Plan by shareholders at annual general meeting of the Company held on 26 November 2018.

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<sup>+</sup> See chapter 19 for defined terms.

6g If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.

	N/A
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6h If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements

	N/A
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6i Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements

	Refer to Annexure 1
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7 +Issue dates

Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.

Cross reference: item 33 of Appendix 3B.

	14 February 2019
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8	Number and +class of all +securities quoted on ASX ( <i>including</i> the +securities in section 2 if applicable)	Number	+Class
		231,522,853	Fully paid ordinary shares

	Number	+Class
9		Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)
	105,500,000	Fully paid ordinary shares (Escrowed)
	11,750,000	Options exercisable at \$0.06 on or before 30 June 2020
	18,000,000	Options exercisable at \$0.08 on or before 30 June 2021
	5,000,000	Options exercisable at \$0.30 on or before 6 February 2021
	1,000,000	Class 1 Performance Rights
	1,500,000	Class 2 Performance Rights
	2,500,000	Class 3 Performance Rights
	2,500,000	Class 4 Performance Rights
	2,000,000	Class 5 Performance Rights
	2,500,000	Class 6 Performance Rights
	2,500,000	Class 7 Performance Rights
	2,000,000	Class 8 Performance Rights
	1,260,000	Share Appreciation Rights (granted 21 January 2019)
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A

## Part 2 - Pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	

+ See chapter 19 for defined terms.

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- 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?
- 17 Policy for deciding entitlements in relation to fractions
- 18 Names of countries in which the entity has security holders who will not be sent new offer documents  
Note: Security holders must be told how their entitlements are to be dealt with.  
Cross reference: rule 7.7.
- 19 Closing date for receipt of acceptances or renunciations
- 20 Names of any underwriters
- 21 Amount of any underwriting fee or commission
- 22 Names of any brokers to the issue
- 23 Fee or commission payable to the broker to the issue
- 24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders
- 25 If the issue is contingent on security holders' approval, the date of the meeting
- 26 Date entitlement and acceptance form and offer documents will be sent to persons entitled
- 27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders
- 28 Date rights trading will begin (if applicable)

- 29 Date rights trading will end (if applicable)
- 30 How do security holders sell their entitlements *in full* through a broker?
- 31 How do security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 <sup>+</sup>Issue date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of <sup>+</sup>securities  
(tick one)
- (a)  <sup>+</sup>Securities described in Part 1
- (b)  All other <sup>+</sup>securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

##### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35  If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders
- 36  If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories  
 1 - 1,000  
 1,001 - 5,000  
 5,001 - 10,000  
 10,001 - 100,000  
 100,001 and over
- 37  A copy of any trust deed for the additional <sup>+</sup>securities

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<sup>+</sup> See chapter 19 for defined terms.

**Entities that have ticked box 34(b)**

38 Number of +securities for which +quotation is sought 

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39 +Class of +securities for which quotation is sought 

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40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment



41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)



	Number	+Class
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	

## Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



(Company Secretary)

Date: 14 February 2019

Print name: Stephen Brockhurst

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+ See chapter 19 for defined terms.

# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	278,000,000
<p><b>Add</b> the following:</p> <ul style="list-style-type: none"> <li>• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval                             <ul style="list-style-type: none"> <li>- 458,333 (9 October 2018)</li> <li>- 58,064,520 (26 April 2018)</li> <li>- 500,000 (3 April 2018)</li> </ul> </li> <li>• Number of partly paid +ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
<b>“A”</b>	337,022,853
<b>Step 2: Calculate 15% of “A”</b>	
<b>“B”</b>	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply</b> “A” by 0.15	50,553,428

<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<b>“C”</b>	-
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	50,553,428
<p><b>Subtract “C”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	-
<p><b>Total</b> [“A” x 0.15] – “C”</p>	<p>50,553,428</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	337,022,853
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>  <i>Note: this value cannot be changed</i>	0.10
<b>Multiply “A” by 0.10</b>	33,702,285
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <i>Notes:</i> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	-
<b>“E”</b>	-
<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
<b>“A” x 0.10</b>  <i>Note: number must be same as shown in Step 2</i>	33,702,285
<b>Subtract “E”</b>  <i>Note: number must be same as shown in Step 3</i>	-
<b>Total [“A” x 0.10] – “E”</b>	33,702,285  <i>Note: this is the remaining placement capacity under rule 7.1A</i>