



## ASX ANNOUNCEMENT

3 October 2019

ASX: G1A

### PROJECT CONSTRUCTION COMMENCES AT ABRA

#### HIGHLIGHTS:

- Project construction works commenced constitute development of site surface infrastructure prior to commencement of plant construction and mine development
- Activities commenced include:
  - Site clearing and roadworks
  - Installation of water supply and waste water treatment facilities
  - Deployment and establishment of permanent camp
- Works form part of an approximately \$15M surface infrastructure development program representing ~9% of total FS projected project capital expenditure
- Works to be completed during Q4 CY2019

**GALENA MINING LTD.** (“Galena” or the “Company”) (ASX: G1A) announces the commencement of surface infrastructure construction at the Abra Base Metals Project (“Abra” or the “Project”).

Managing Director, Alex Molyneux commented, *“The construction works now commenced at Abra are significant and most of them form part of what might go into a final EPC package so we’re genuinely getting a ‘jump’ on things to fast-track the overall timetable to production.”*

Surface infrastructure development activities have commenced at Abra to advance the Project into construction prior to finalisation of key engineering procurement and construction (“EPC”) and mining services contracts for the construction of the plant and development of the boxcut / underground mine. Infrastructure works that have already commenced include the following:

- Site clearing and roadworks – Initial works have focused on topsoil clearing and storage, ground preparation at the permanent camp site and various site and access roadworks.
- Water supply and waste water treatment facility – Equipping the previously drilled and prepared water production bores (see *Galena ASX announcement*

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of 22 March 2019) with pumps and constructing pipelines, together with construction and connection of waste water treatment facilities.

- Permanent camp construction – Deployment to Abra and on-site assembly of the initial 80-person accommodation units of the permanent camp along with the final camp sized kitchen and messing facilities (all of which were previously purchased and have now been fabricated by the supplier and are ready for transportation and installation), together with on-site civil works and connection to services.

The above works have been facilitated by the establishment of a 24-person accommodation unit temporary construction camp at the Project that will be used to house workers until the permanent camp is ready for habitation by the end of the year.

The commenced surface infrastructure development activities are part of an approximately \$15 million development works program approved by the board of Abra Mining Pty Limited (“**AMPL**”), the Abra Project joint-venture company currently owned 86.67% by Galena. The work program is being conducted to the scope of the previously announced Abra bankable / definitive feasibility study (“**FS**”) (see *Galena ASX announcement of 22 July 2019*) and they’re significant in that they represent approximately 9% of the total Project pre-development capital expenditure.

Moving forward with such a major infrastructure development program at this time has been made possible by a combination of Galena / AMPL’s strong availability of equity funds and good progress being made with respect to the project financing debt process.

Selected photos taken at Abra site over the last 10 days are set out below.

Figure 1: Loader working on clearing at permanent camp site



Figure 2: Site roadworks



Figure 3: Drone view of cleared permanent camp site with completed access road and track for water pipeline



Figures 4-5: Water tank connected to production water bore 1 for temporary use in advance of completion of pipelines and water truck undertaking dust suppression



Figure 6: 24 unit temporary construction camp



Figures 6-7: Facilities at temporary construction camp



**Galena Mining Ltd.,**

**Alex Molyneux**  
Managing Director

Forward-looking statements

The contents of this announcement reflect various technical and economic conditions at the time of writing. Given the nature of the resources industry, these conditions can change significantly over relatively short periods of time. Consequently, actual results may vary from those in this announcement.

Some statements in this announcement regarding estimates or future events are forward-looking statements. They include indications of, and guidance on, future earnings, cash flow, costs and financial performance. Forward-looking statements include, but are not limited to, statements preceded by words such as “planned”, “expected”, “projected”, “estimated”, “may”, “Scheduled”, “intends”, “anticipates”, “believes”, “potential”, “predict”, “foresee”, “proposed”, “aim”, “target”, “opportunity”, “could”, “nominal”, “conceptual” and similar expressions.

Forward-looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements are provided as a general guide only and should not be relied on as guarantee of future performance. Forward-looking statement may be affected by a range of variables that could cause actual results to differ from estimated results and may cause the Company’s actual performance and financial results in future periods to materially differ from any projections of future performance or results expressed or implied by such forward-looking statements. So there can be no assurance that actual outcomes will not materially differ from these forward-looking statements.

#### About Abra Base Metals Project

86.67% 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 completed an outstanding definitive / bankable feasibility study (“**FS**”) (see *Galena ASX announcement of 22 July 2019*) for development of a mine and processing facility with a 16-year life producing a high-value, high-grade lead-silver concentrate containing approximately 95kt of lead and 805koz of silver per year after ramp-up. Based on a pre-development capital expenditure estimate of A\$170 million, the FS modelled a pre-tax net present value for Abra (at an 8% discount rate) of A\$553 million and an internal rate of return of 39%.<sup>1</sup>

*Note: 1. Information relating to the production target and financial information derived from the production target is extracted from the ASX announcement of 22 July 2019. Galena confirms that that all material assumptions underpinning the production target, or forecast financial information derived from a production target, in that announcement continue to apply and have not materially changed.*

#### Abra JORC Mineral Resource estimate<sup>1, 2</sup>

<u>Resource classification</u>	<u>Tonnes (Mt)</u>	<u>Lead grade (%)</u>	<u>Silver grade (g/t)</u>
Measured	-	-	-
Indicated	15.0	8.7	22
Inferred	22.4	6.7	15
<b>Total</b>	<b>37.4</b>	<b>7.5</b>	<b>18</b>

*Notes: 1. See Galena ASX announcement of 18 December 2018. Galena confirms that it not aware of any new information or data that materially affects the information included in Galena’s ASX announcement of 18 December 2018 and confirms that all material assumptions and technical parameters underpinning the resource estimates continue to apply and have not materially changed. 2. Calculated using ordinary kriging method and a 5.0% lead cut-off grade. Tonnages are rounded to the nearest 100,000t, lead grades to one decimal place and silver to the nearest gram. Rounding errors may occur when using the above figures.*

## Abra JORC Ore Reserve statement<sup>1, 2</sup>

Reserve classification	Tonnes (Mt)	Lead grade (%)	Silver grade (g/t)
Proved	-	-	-
Probable	10.3	8.8	24
<b>Total</b>	<b>10.3</b>	<b>8.8</b>	<b>24</b>

Notes: 1. See Galena ASX announcement of 18 December 2018. Galena confirms that it not aware of any new information or data that materially affects the information included in Galena's ASX announcement of 18 December 2018 and confirms that all material assumptions and technical parameters underpinning the ore reserve estimates continue to apply and have not materially changed. 2. Tonnages are rounded to the nearest 100,000t, lead grades to one decimal place and silver to the nearest gram. Rounding errors may occur when using the above figures.

## Abra location

