



# **GALENA**

## **MINING LIMITED**

**ABN 63 616 317 778**

**& Controlled Entities**

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# **Annual Report**

**For the year ended 30 June 2020**

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# Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

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# Galena Mining Limited and Controlled Entity

ABN 63 616 317 778

## CORPORATE DIRECTORY

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<b>Directors</b>	Mr Adrian Byass Non-Executive Chairman
	Mr Alexander Molyneux Managing Director/Chief Executive Officer
	Mr Jonathan Downes Non-Executive Director
	Mr Timothy Morrison Non-Executive Director
	Mr Anthony James Non-Executive Director
	Mr Stewart Howe Non-Executive Director
<b>Company Secretary</b>	Mr Stephen Brockhurst
<b>Registered Office</b>	Level 11, 216 St Georges Terrace Perth WA 6000
<b>Corporate Office</b>	Ground Floor, 1 Centro Avenue Subiaco, WA 6008
<b>Postal Address</b>	Ground Floor, 1 Centro Avenue Subiaco, WA 6008
<b>Web Site</b>	<a href="http://www.galenamining.com.au">www.galenamining.com.au</a>
<b>Share Registry</b>	Automic Pty Ltd Level 2, 267 St Georges Terrace Perth WA 6000
<b>Auditors</b>	PKF Perth Level 4, 35 Havelock Street West Perth WA 6005
<b>Legal Advisors</b>	King & Wood Mallesons Level 30, QV1 Building, 250 St Georges Terrace Perth WA 6000
<b>Stock Exchange Listing</b>	ASX Code: <b>G1A</b>
<b>Country of Incorporation and Domicile</b>	Australia

# Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

## DIRECTORS' REPORT

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Your directors present the following report on Galena Mining Limited and its controlled entities (“Galena”, the “Company” or “Group”) for the year ended 30 June 2020.

### DIRECTORS

The names of directors in office at any time during or since the end of the financial year are:

Adrian Byass	Non-Executive Chairman
Alexander Molyneux	Managing Director / Chief Executive Officer
Johnathan Downes	Non-Executive Director
Timothy Morrison	Non-Executive Director
Anthony James	Non-Executive Director
Stewart Howe	Non-Executive Director (appointed 26 November 2019)

Unless noted above, all directors have been in office since the start of the financial year to the date of this report.

### COMPANY SECRETARY

Stephen Brockhurst held office as Company Secretary since the start of the financial year until the date of this report.

### PRINCIPAL ACTIVITIES

Since listing on the ASX on 7 September 2017 the Company has continued to focus on exploration and pre-development works at the Abra Base Metals Project, together with early stage exploration works at other mineral prospects within the Group's portfolio.

### OPERATING RESULTS

The loss of the Group for the financial year ended 30 June 2020 amounted to \$6,595,849 (2019: \$2,420,609).

A detailed operating review of the Group is set out on pages 16 to 20 of this report under the section entitled 'Review of Operations'.

### FINANCIAL POSITION

As at 30 June 2020 the Group had a cash balance of \$9,053,747 (2019: \$27,977,417) and a net asset position of \$56,092,303 (2019: \$44,640,910).

### DIVIDENDS PAID OR RECOMMENDED

No dividends have been paid, and the directors do not recommend the payment of a dividend for the financial year ended 30 June 2020.

### CORPORATE GOVERNANCE STATEMENT

The Company has disclosed its corporate governance statement on the Company website at [www.galenamining.com.au](http://www.galenamining.com.au).

# Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

## DIRECTORS' REPORT

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the directors, there were no other significant changes in the state of affairs of the Company that occurred during the year not otherwise disclosed in this report or in the financial report.

### CORPORATE

As at the date of this report, the following shares and options were on issue.

Ordinary Shares	No.
Fully Paid Ordinary Shares	460,355,353
<b>Options</b>	
30 cents expiring 6 February 2021	5,000,000
8 cents expiring on 30 June 2021	10,750,000
50 cents expiring on 26 March 2023	1,250,000
60 cents expiring on 26 March 2023	1,250,000
50 cents expiring on 17 April 2023	1,250,000
60 cents expiring on 17 April 2023	1,250,000
<b>Performance Rights</b>	
Performance rights expiring on 9 November 2023	13,000,000
Performance rights expiring on 13 August 2024	2,000,000
<b>Share Appreciation Rights</b>	
17 cents expiring on 21 January 2024	1,635,000

### EVENTS AFTER THE REPORTING PERIOD

- On 17 July 2020, the Company successfully completed a \$12 million share placement of 57,150,000 new shares at an issue price of \$0.21 per share.
- On 29 July 2020, the Company announced that Abra Mining Pty Limited ("**AMPL**"), the joint-venture company for the Abra Base Metals Project ("**Abra**" or the "**Project**") has mandated Taurus Funds Management Pty Ltd ("**Taurus**") to provide US\$110 million in project financing debt facilities to be provided by its Taurus Mining Finance Fund No2 L.P. ("**Lender**"), made up of: a US\$100 million term loan ("**Project Finance Facility**"); plus a US\$10 million cost overrun loan ("**Cost Overrun Facility**") (together, the "**Taurus Debt Facilities**"). Furthermore, the Taurus Debt Facilities have been approved by Galena's co-shareholder in AMPL, Toho Zinc Co., Ltd. ("**Toho**"), thereby allowing the release of their final A\$60 million equity investment tranche into AMPL once the facilities are in place and drawdown conditions are met.
- On 4 August 2020, the Company announced that AMPL had commenced a substantial drilling program at Abra which has three objectives: infill drilling to further tighten the drill-hole spacing of the lead-silver orebody over the first four years of proposed production; drilling into lead-silver mineralisation with higher projected concentrations of metal; and gold-copper exploration.
- The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since the end of the audited period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

# Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

## DIRECTORS' REPORT

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### INFORMATION ON DIRECTORS

The names of directors who held office during or since the end of the financial year until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

#### **Mr Adrian Byass, BSc Geol Hons, B Econ, FSEG and MAIG Non-Executive Chairman**

Mr Byass has over 20 years' experience in the mining and minerals industry. This experience has principally been gained through evaluation and development of mining projects for a range of base, precious and specialty metals and bulk commodities. Due to his experience in resource estimation and professional association membership, Mr Byass is a competent person for reporting to the ASX for certain minerals. Mr Byass has also gained experience in corporate finance, capital raising, permitting and delivery of production-ready mining projects.

Mr Byass is a non-executive director of Kingwest Resources Limited, Kaiserreef Limited, Infinity Lithium Corporation Limited and Sarama Resources Limited.

#### *Interest in Shares and Options*

- 11,100,000 fully paid ordinary shares
- 2,450,000 options exercisable at \$0.08 expiring on 30 June 2021

#### **Alexander Molyneux, B Econ, GradDipMinExplGeoSc Managing Director/Chief Executive Officer**

Mr Molyneux is a metals and mining industry executive and financier with 20-years industry experience. He joined Galena on 1 September 2018.

Prior to Galena Mining, Mr Molyneux was CEO of Paladin Energy Limited (ASX: PDN) (2015 – 2018) one of the world's largest uranium companies, where he optimized its operating business and completed a US\$700M successful recapitalisation of the company and a re-listing on the ASX. Prior to that, Mr Molyneux spent approximately five-years with Ivanhoe Mines Group and Ivanhoe Energy in various leadership capacities including as CEO and Director of SouthGobi Resources Ltd. (TSX: SGQ) (2009 – 2012).

Mr Molyneux currently serves on a number of public company boards, including: Argosy Minerals Ltd. (ASX: AGY), Metalla Royalty & Streaming Ltd. (TSX-V: MTA), Tempus Resources Ltd. (ASX: TMR), Azarga Metals Corp. (TSX-V: AZR), Comet Resources Ltd. (ASX: CRL) and AMWolf Capital Corp. (TSX-V: AMW).

Prior to his mining industry executive and director roles, Mr Molyneux was Managing Director, Head of Metals and Mining Investment Banking, Asia Pacific for Citigroup. As a specialist resources investment banker, he spent approximately 10-years providing investment banking services to natural resources companies. Mr Molyneux holds a Bachelor Degree in Economics from Monash University and a Graduate Diploma in Mineral Exploration and Geoscience from Curtin University (WA School of Mines).

#### *Interest in Shares and Options*

- 3,700,000 fully paid ordinary shares
- 13,000,000 contingent performance rights which may convert into shares upon the achievement of various milestones

# Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

## DIRECTORS' REPORT

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### INFORMATION ON DIRECTORS *(continued)*

**Jonathan Downes, BSc Geol, MAIG**  
**Non-Executive Director**

Mr Downes has over 25 years' experience in the minerals industry and has worked in various geological and corporate capacities. Experienced with nickel, gold and base metals, he has also been intimately involved with the exploration process through to production.

Mr Downes is on the board of several ASX-listed companies; he is currently an executive director of Kaiser Reef Limited and is a non-executive director of Kingwest Limited and Corazon Mining Limited.

*Interest in Shares and Options*

- 13,162,950 fully paid ordinary shares
- 2,450,000 options exercisable at \$0.08 expiring on 30 June 2021

**Timothy Morrison, B Econ, MBA**  
**Non-Executive Director**

Mr Morrison co-founded Empire Equity Limited a Merchant Banking and Corporate Advisory firm in 2008. Mr Morrison has extensive capital raising and management experience across multiple sectors and has worked as CEO, Executive and non-executive director for a number of ASX listed companies. Previously Mr Morrison worked with Westscheme Superannuation to establish and manage a Private Equity Fund targeting early stage venture opportunities. Mr Morrison has an MBA from the University of Western Australia.

*Interest in Shares and Options*

- 66,250,000 fully paid ordinary shares held by Bloomgold Resources Pty Ltd, a company of which Mr. Morrison is a director

**Anthony James, BEng (Min) AWASM, FAusIMM**  
**Non-Executive Director**

Mr James has over 30 years' mine operating and project development experience predominantly in WA. He joined Galena on 15 October 2018. Mr James also has had previous experience at Managing Director level of three ASX listed companies with two of those companies successfully guided through a merger and takeover process to the benefit of the shareholders. He has strong mine operating background (examples being the Kanowna Belle Gold Mine and the Black Swan Nickel Mine) and a strong feasibility study / mine development background (examples being the Pillara Zinc/Lead Mine and the Trident/Higginsville Gold Mine).

Mr James is currently consulting and holds an additional two non-executive director positions on ASX gold companies.

*Interest in Shares and Options*

- 115,000 fully paid ordinary shares

**Stewart Howe, BE (Chem), ME (Mining), MAppFin, FAICD, FAusIMM(CP)**  
**Non-Executive Director (appointed 26 November 2019)**

Mr Howe brings 40+ years' experience in the global resources industry including the last 18 years in mining. He spent 6 years as Chief Development Officer of Zinifex Limited, one of the world's largest miners and smelters of lead/zinc, where he directed the spin-off of Zinifex's smelters to create Nyrstar N.V. and restarted development of Dugald River Mine now owned by MMG.

# Galena Mining Limited and Controlled Entities

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## DIRECTORS' REPORT

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### INFORMATION ON DIRECTORS *(continued)*

During the past 10 years Mr Howe has provided advisory roles to boards, private equity and financiers related to restructuring and acquisition of mining assets in base metals and bulk commodities. Mr Howe is an experienced director, chairing the board of Whittle Consulting Group and serving on the boards of a government owned water authority and not-for-profit organisations.

#### *Interest in Shares and Options*

- 536,425 fully paid ordinary shares

### INFORMATION ON OTHER MANAGEMENT

#### **Troy Flannery BEng (Min), MAppFin, FCMMC** **Chief Executive Officer of AMPL**

Mr Flannery is a Mining Engineer with over 23 years' experience in the mining industry including 7 years in corporate and 16 years in senior mining engineering / project development roles. Mr Flannery has worked at numerous mining companies, mining consultancies & contractors (including BHP, Newcrest, Xstrata, St Barbara Mines & AMC Consultants). Prior to starting with Galena, Mr Flannery was employed as the Hanking Gold Group Technical Services Manager, he was part of the corporate team that sold SXO for A\$330M to Minjar Gold in April 2017. SXO was acquired as a care and maintenance project for A\$23M in 2013 from St Barbara Mines.

#### **Craig Barnes B Com, B Acc (Hons), CA** **Chief Financial Officer**

Mr Barnes is a chartered accountant with more than 20 years' experience in senior finance and financial management within the mining industry and previously the financial services industry. Mr Barnes has considerable experience in project financing, mergers and acquisitions, joint ventures, treasury and implementation of accounting controls and systems. He joined Galena on 12 August 2019.

Before joining Galena, Mr Barnes held the position of Chief Financial Officer of Paladin Energy Limited (ASX: PDN) for more than 5 years and was part of the team that successfully completed the company's capital restructuring in 2018. Prior to that, he was the Chief Financial Officer of DRDGOLD Limited (NYSE: DRD) and its affiliated subsidiaries for more than 7 years where he played a key role in the successful transformation of the company from an underground miner with two ultra-deep underground operations into a profitable tailings retreatment business.

#### **Stephen Brockhurst BComm** **Company Secretary**

Mr Brockhurst has 19 years' experience in the finance and corporate advisory industry and has been responsible for the preparation of the due diligence process and prospectuses on a number of initial public offers. His experience includes corporate and capital structuring, corporate advisory and company secretarial services, capital raising, ASX and ASIC compliance requirements.

Mr Brockhurst has served on the board and acted as Company Secretary for numerous ASX listed companies. He is currently a Director of Nelson Resources Limited, Estrella Resources Limited and Kingwest Resources Limited and Company Secretary of Jacka Resources Limited and Nelson Resources Limited. He was also previously a Director of Roto-Gro Limited (resigned 5 February 2018).

# Galena Mining Limited and Controlled Entities

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## DIRECTORS' REPORT

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### REMUNERATION REPORT (AUDITED)

The remuneration report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for key management personnel (KMP) who are defined as those persons having the authority and responsibility for planning and directing the major activities of the Company, directly and indirectly, including any director (whether executive or otherwise).

#### Remuneration Philosophy

The performance of the Company depends on the quality of the Company's Directors, executives and employees and therefore the Company must attract, motivate and retain appropriately qualified industry personnel.

#### Remuneration policy

Remuneration levels for the executives are competitively set to attract the most qualified and experienced candidates, taking into account prevailing market conditions and the individual's experience and qualifications.

The Remuneration and Nomination Committee is responsible for assisting the Board with determining and reviewing remuneration arrangements for the executive and non-executive Directors.

The remuneration of Non-Executive Directors is not dependent on the satisfaction of performance conditions. Remuneration and share based payments are issued to align Directors' interest with that of shareholders.

#### Non-Executive Directors Remuneration

All Non-Executive Directors are entitled to receive \$50,000 per annum (inclusive of statutory superannuation) for their roles as Directors of the Company. The Chairman receives \$65,000 per annum (inclusive of statutory superannuation).

The Company's Constitution provides that the remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by a general meeting. Before a determination is made by the Company in a general meeting, the aggregate sum of fees payable by the Company to the Non-Executive Directors is a maximum of \$500,000 per annum. Summary details of remuneration of the Non-Executive Directors are provided in the table below. The remuneration is not dependent on the satisfaction of a performance condition.

Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors. A Director may also be paid additional amounts as fees or as the Directors determine where a Director performs extra services or makes any special exertions, which in the option of the Directors are outside the scope of the ordinary duties of a Director.

#### Other Executives Remuneration

##### Mr Alexander Molyneux

##### Managing Director and Chief Executive Officer (appointed 1 September 2018)

Mr Molyneux's engagement terms are governed by a Director Appointment Letter and a Consultant Appointment Letter. The consultant engagement can be terminated by either party providing three months written notice. Mr Molyneux is entitled to receive Director and Consulting Fees of US\$20,000 per month. Mr Molyneux is also entitled to receive 16,500,000 performance rights, which will convert into shares upon the achievement of various milestones expiring on 9 November 2023.

# Galena Mining Limited and Controlled Entities

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## DIRECTORS' REPORT

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### REMUNERATION REPORT (AUDITED)

#### **Mr Troy Flannery**

**Chief Executive Officer of AMPL (appointed 7 February 2018)**

Mr Flannery's employment conditions are governed by an Executive Employment Agreement. The terms of agreement can be terminated by either party providing three months written notice. Mr Flannery is entitled to receive a salary of \$310,000 per annum (exclusive of statutory superannuation) from 1 January 2020. Mr Flannery is also entitled to receive 5,000,000 options exercisable at \$0.30 expiring on 6 February 2021.

Mr Flannery is also entitled to receive a bonus on the delivery of a positive Pre-Feasibility Study on the Abra deposit delivered on time and on budget as defined in the Executive Employment Agreement. The bonus is payable upon the adoption of and ASX release of completion of the Pre-feasibility Study with a positive NPV and IRR, or determination of the Board to engage in a Feasibility Study on the Project based on the Pre-feasibility Study. The bonus amount is either \$75,000 cash or \$82,500 in shares based on a 14-day VWAP, at the election of Mr Flannery. The performance condition for the bonus was satisfied during the 2019 financial year and Mr Flannery received 458,333 fully paid ordinary shares in the Company at a VWAP per share of \$0.18.

#### **Mr Craig Barnes**

**Chief Financial Officer (appointed 12 August 2019)**

Mr Barnes' employment conditions are governed by an Executive Employment Agreement. The terms of agreement can be terminated by either party providing three months written notice. Mr Barnes is entitled to receive a salary of \$280,000 per annum (exclusive of statutory superannuation). Mr Barnes is also entitled to receive 2,000,000 performance rights, which will convert into shares upon the achievement of various milestones expiring on 13 August 2024.

**Galena Mining Limited and Controlled Entities**

**ABN 63 616 317 778**

**DIRECTORS' REPORT**

**REMUNERATION REPORT (AUDITED)**

The remuneration for key management personnel of the Company during the 2020 and 2019 financial years was as follows:

	Year	Short-term	Post-employment	Share-based		Total	Share-based Payments as a percentage of Remuneration %	Performance Related %
		Benefits	Benefits	Equity (viii)	Options/ Rights (ix)			
		Cash fees and salary \$	Super-annuation \$			\$		
<b>Non-Executive Directors</b>								
Adrian Byass (i)	2020	65,000	-	-	48,153	113,153	42.56	-
	2019	75,000	-	-	-	75,000	-	-
Jonathan Downes	2020	45,662	4,338	-	10,944	60,944	17.96	-
	2019	45,662	4,338	-	-	50,000	-	-
Oliver Cairns(ii)	2020	-	-	-	-	-	-	-
	2019	16,667	-	-	-	16,667	-	-
Timothy Morrison	2020	50,000	-	-	10,944	60,944	17.96	-
	2019	50,000	-	-	-	50,000	-	-
Anthony James(iii)	2020	192,411	4,338	-	48,153	244,902	19.66	-
	2019	69,875	2,169	-	-	72,044	-	-
Stewart Howe(iv)	2020	27,512	2,614	-	-	30,126	-	-
	2019	-	-	-	-	-	-	-
<b>Sub-Total Non-Executive Directors</b>	<b>2020</b>	<b>380,585</b>	<b>11,290</b>	<b>-</b>	<b>118,194</b>	<b>510,069</b>		
	<b>2019</b>	<b>257,204</b>	<b>6,507</b>	<b>-</b>	<b>-</b>	<b>263,711</b>		
<b>Executive Director</b>								
Alexander Molyneux(v)	2020	360,396	-	-	261,613	622,009	42.06	42.06
	2019	282,741	-	-	655,076	937,817	69.85	69.85
<b>Other KMP</b>								
Edward Turner(vi)	2020	-	-	-	-	-	-	-
	2019	208,000	19,760	-	19,140	246,900	7.75	-
Troy Flannery	2020	270,000	21,003	-	-	291,003	-	-
	2019	217,500	20,662	82,500	34,800	355,462	33.00	-
Craig Barnes(vii)	2020	249,487	21,003	-	118,411	388,900	30.45	11.30
	2019	-	-	-	-	-	-	-
<b>Sub-Total Other KMP</b>	<b>2020</b>	<b>519,487</b>	<b>42,006</b>	<b>-</b>	<b>118,411</b>	<b>679,904</b>		
	<b>2019</b>	<b>425,500</b>	<b>40,422</b>	<b>82,500</b>	<b>53,940</b>	<b>602,362</b>		
<b>TOTAL</b>	<b>2020</b>	<b>1,260,468</b>	<b>53,296</b>	<b>-</b>	<b>498,217</b>	<b>1,811,982</b>		
	<b>2019</b>	<b>965,445</b>	<b>46,929</b>	<b>82,500</b>	<b>709,016</b>	<b>1,803,890</b>		

- (i) Mr Byass' remuneration in 2019 included a bonus of \$25,000.
- (ii) Mr Cairns resigned as a Non-Executive Director on 15 October 2018.
- (iii) Mr James' remuneration includes fees for additional services provided to the Abra Base Metals Project.
- (iv) Mr Howe was appointed as a Non-Executive Director on 26 November 2019.
- (v) Mr Molyneux was appointed as Managing Director/Chief Operating Officer on 1 September 2018.
- (vi) Mr Turner resigned on 30 June 2019.
- (vii) Mr Barnes was appointed as Chief Financial Officer on 12 August 2019.
- (viii) Value of shares represents the Fair Value at grant date.
- (ix) Value of options were calculated using Black-Scholes Model.

# Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

## DIRECTORS' REPORT

### REMUNERATION REPORT (AUDITED)

#### Options and Rights Over Equity Instruments Granted as Compensation

Details of options and rights over ordinary shares in the Company that were granted as compensation to key management personnel during the 2019 and 2020 financial years and details of options that have vested are as follows:

Director/Key Management Personnel	Number Granted	Grant Date	Fair Value	Exercise Price	Expiry Date	Number Vested
Alexander Molyneux	16,500,000	09/11/2018	\$0.0846	Nil	09/11/2023	3,500,000
Edward Turner	165,000	13/02/2019	\$0.1095	\$0.17	21/01/2024	82,500
Troy Flannery	300,000	13/02/2019	\$0.1095	\$0.17	21/01/2024	150,000
Craig Barnes	2,000,000	13/08/2019	\$0.1987	Nil	13/08/2024	Nil
Adrian Byass	220,000	08/11/2019	\$0.2189	\$0.17	21/01/2024	110,000
Jonathan Downes	50,000	08/11/2019	\$0.2189	\$0.17	21/01/2024	25,000
Timothy Morrison	50,000	08/11/2019	\$0.2189	\$0.17	21/01/2024	25,000
Anthony James	220,000	08/11/2019	\$0.2189	\$0.17	21/01/2024	110,000

#### KMP Shareholdings

The number of ordinary shares in Galena Mining Limited held by each KMP of the Company during the financial year is as follows:

	Balance at beginning of period	Issued on exercise of options during the period	Other changes during the period	Balance at end of period
Adrian Byass	11,100,000	-	-	11,100,000
Jonathan Downes	13,162,950	-	-	13,162,950
Timothy Morrison	82,250,000	-	(16,000,000)	66,250,000
Alexander Molyneux	2,500,000	1,000,000	200,000	3,700,000
Anthony James	115,000	-	-	115,000
Stewart Howe	-	-	536,425	536,425
Edward Turner (i)	300,000	-	(300,000)	-
Troy Flannery	698,333	-	40,000	738,333
	110,126,283	1,000,000	(15,523,575)	95,602,708

(i) Mr Turner resigned on 30 June 2019.

**Galena Mining Limited and Controlled Entities**

**ABN 63 616 317 778**

**DIRECTORS' REPORT**

**REMUNERATION REPORT (AUDITED)**

**KMP Options Holdings**

The number of options over ordinary shares held during the year by each KMP of the Company is as follows:

**30 June 2020**

	Balance at beginning of period	Granted during the period	Exercised during the period	Other changes during the period	Balance at end of period	Vested during the period	Vested and exercisable	Vested and unexercisable
Adrian Byass	7,500,000	-	-	(5,050,000)	2,450,000	-	2,450,000	-
Jonathan Downes	7,500,000	-	-	(5,050,000)	2,450,000	-	2,450,000	-
Edward Turner (i)	2,500,000	-	-	(2,500,000)	-	-	-	-
Troy Flannery	5,000,000	-	-	-	5,000,000	-	5,000,000	-
	22,500,000	-	-	(12,600,000)	9,900,000	-	9,900,000	-

(i) Mr Turner resigned 30 June 2019.

**KMP Share Appreciation Rights Holdings**

The number of share appreciation rights held during the year by each KMP of the Company is as follows:

**30 June 2020**

	Balance at beginning of period	Granted during the period	Exercised during the period	Other changes during the period	Balance at end of period	Vested during the period	Vested and exercisable	Vested and unexercisable
Adrian Byass	-	220,000	-	-	220,000	110,000	110,000	-
Jonathan Downes	-	50,000	-	-	50,000	25,000	25,000	-
Timothy Morrison	-	50,000	-	-	50,000	25,000	25,000	-
Anthony James	-	220,000	-	-	220,000	110,000	110,000	-
Edward Turner (i)	165,000	-	-	(165,000)	-	-	-	-
Troy Flannery	300,000	-	-	-	300,000	150,000	150,000	-
	465,000	540,000	-	(165,000)	840,000	420,000	420,000	-

(i) Mr Turner resigned 30 June 2019.

**KMP Performance Rights Holdings**

The number of performance rights held during the year by each KMP of the Company is as follows:

**30 June 2020**

	Balance at beginning of period	Granted during the period	Exercised during the period	Other changes during the period	Balance at end of period	Vested during the period	Vested and exercisable	Vested and unexercisable
Alexander Molyneux	14,000,000	-	(1,000,000)	-	13,000,000	1,000,000	-	-
Craig Barnes	-	2,000,000	-	-	2,000,000	-	-	-
	14,000,000	2,000,000	(1,000,000)	-	15,000,000	1,000,000	-	-

**End of Remuneration Report**

# Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

## DIRECTORS' REPORT

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### MEETING OF DIRECTORS

During the period, 12 director's meetings were held. Attendance by each director during the period were as follows:

	Director's Meetings	
	Number eligible to attend	Director's meetings attended
Mr Adrian Byass	12	12
Mr Jonathan Downes	12	11
Mr Timothy Morrison	12	11
Mr Alexander Molyneux	12	12
Mr Anthony James	12	12
Mr Stewart Howe	8	8

### FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Further information, other than as disclosed in this report, about likely developments in the operations of the Company and the expected results of those operations in future periods has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Group.

### ENVIRONMENTAL ISSUES

The operations and proposed activities of the Group are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Group's activities are expected to have an impact on the environment, particularly if advanced exploration or field development proceeds. It is the Group's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. In this regard, the Department of Minerals and Petroleum of Western Australia from time to time, review the environmental bonds that are placed on permits. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Group.

### PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

### INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they be may be held personally liable, except when there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

# Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

## DIRECTORS' REPORT

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### INDEMNITY AND INSURANCE OF AUDITORS

The Company has not, during the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial period, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

### NON-AUDIT SERVICES

The Board of Directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The following fees were paid out to PKF Perth for non-audit services provided during the year ended 30 June 2020:

-Taxation compliance services	<u>\$4,400</u>
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### Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, PKF Perth, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 15 and forms part of this Directors' Report for the year ending 30 June 2020.

This report is signed in accordance with a resolution of the Board of Directors.



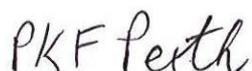
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Adrian Byass  
Chairman

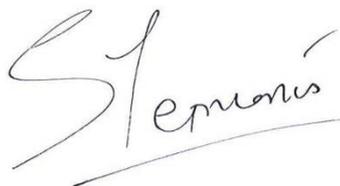
Dated this 26<sup>th</sup> day of August 2020

AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF GALENA MINING LIMITED

In relation to our audit of the financial report of Galena Mining Limited for the year ended 30 June 2020, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



PKF PERTH



SIMON FERMANIS  
PARTNER

26 AUGUST 2020  
WEST PERTH,  
WESTERN AUSTRALIA

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PKF Perth is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

Liability limited by a scheme approved under Professional Standards Legislation.

## Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

### REVIEW OF OPERATIONS

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For the financial year, the Company's focus remained the continued development of its Abra Base Metals Project ("Abra" or the "Project"), which 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).

Other than Abra, Galena holds a strategic package of exploration licences over the Jillawarra sub-basin that extends over approximately 20-80 kilometres west of Abra ("Jillawarra Prospects") and continues to undertake exploration there.

#### ABRA BASE METALS PROJECT

Abra comprises a granted Mining Lease, M52/0776 and is surrounded by the Exploration Licence E52/1455, together with several co-located General Purpose and Miscellaneous Leases. The Project is 100% owned by AMPL, which as at 30 June 2020 was 86.16% owned by Galena, with the remainder owned by Toho (pursuant to an Investment Agreement and Shareholders Agreement with Toho).

Abra is well located with the availability of key infrastructure and close access to water, public roads, existing mining operations and the towns of Meekatharra and Newman. Lead-silver concentrate will be transported by road to the port of Geraldton (or potentially Port Hedland) in the mid-west of Western Australia.

#### Definitive / bankable feasibility study ("FS")

An outstanding FS was completed for the Project in July 2019 (see Galena ASX announcement of 22 July 2019). The FS envisages development of an underground mine and conventional flotation concentration 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.

#### Final permitting

During the financial year, Abra received the following major approvals:

- The Western Australian Department of Mines, Industry Regulation and Safety ("DMIRS") for the Mining Proposal, Mine Closure Plan and Native Vegetation Clearing Permit.
- The Western Australian Department of Water and Environment Regulation ("DWER") Works Approval for the processing plant and tailings storage facility.
- Approval by the State Mining Engineer for the Abra Project Management Plan.
- Dangerous Goods licence.

Together with the previously received DWER Works Approval, the approvals received during the financial year constitute all the major approvals required for construction, mining and production at Abra.

#### Safety and environment

During the financial year, 40,665 employee and contractor work hours were recorded at Abra with no medically treated injuries or lost time injuries recorded.

No environmental reportable incidences or exceedances were recorded during the financial year.

# Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

## REVIEW OF OPERATIONS

### Project construction / development

During the financial year, the Company completed approximately 12% of the Abra Base Metals Project construction including the following:

- Box-cut mining.
- Permanent camp construction – The first stage of the permanent camp is complete, including accommodation units for 80 persons along with a final design-sized kitchen and messing facilities. Buildings for stage two (the final stage) have completed fabrication and have been delivered to site.
- Water supply and wastewater treatment facility installed and commissioned – Pumps are installed at three previously drilled water bores and 3km of water distribution pipe work is complete.
- Site communications infrastructure.
- Topsoil clearing and storage, ground preparation at the permanent camp site and various site and access roadworks are completed.

### Updated Mineral Resource

During the financial year, the Company reported an upgraded JORC Mineral Resource estimate (Indicated plus Inferred) for Abra at a 5.0% lead cut-off of 41.1Mt at 7.3% lead and 18g/t silver (the “**October 2019 Resource**”), representing an approximately 8% increase in contained lead and 10% increase in contained silver in comparison to the December 2018 Resource. The Indicated portion of the October 2019 Resource is now 16.7Mt at 8.5% and 24g/t silver, holding approximately 114Kt more lead and approximately 2.1Moz more silver than the December 2018 Resource.

Current Mineral Resources and Ore Reserves for the Project are set out below.

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

Resource classification	Tonnes (Mt)	Lead grade (%)	Silver grade (g/t)
Measured	-	-	-
Indicated	16.7	8.5	24
Inferred	24.4	6.5	14
<b>Total</b>	<b>41.1</b>	<b>7.3</b>	<b>18</b>

Notes: 1. See Galena ASX announcement of 17 October 2019. Galena confirms that it not aware of any new information or data that materially affects the information included in Galena’s ASX announcement of 17 October 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.

### Competent Persons’ Statement

The information in this report related to the October 2019 Resource estimate is based on work completed by Mr Don Maclean MSc (Geol), MAIG and RP Geo (Exploration and Mining), MSEG, a consultant to AMPL and Mr Mark Drabble B.App.Sci. (Geology), MAIG, MAusIMM, Principal Consultant at Optiro Pty Ltd. Mr Maclean was responsible for data review, QAQC, and development of the geological model. Mr Drabble was responsible for resource estimation, classification and reporting. Mr Maclean and Mr Drabble 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 Maclean and Mr Drabble consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

## Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

### REVIEW OF OPERATIONS

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#### Commercial initiatives in support of Abra development – Toho Transaction

In April 2019, the Company executed definitive agreements with Toho setting out the terms for Toho's investment of \$90 million in three tranches for a 40% ownership interest in Galena's previously wholly-owned subsidiary, AMPL (the "**Toho Transaction**"). Key components of the Toho Transaction include:

- Investment and investment structure – \$90 million total investment to be made via the subscription of new ordinary shares in AMPL such that Toho owns 40% of AMPL on completion of the full investment and Galena retains 60%.
- Tranche payment – \$20 million was paid on initial closing of the transaction in April 2019; \$10 million was paid in August 2019; and \$60 million will be paid once project financing debt for the Project has been confirmed (with all tranches combined taking Toho's total ownership in AMPL to 40.00%).
- Toho funding support – Toho will assist AMPL to procure, by leveraging the attractive programmes available to it from its relationships with Japanese lenders, a contribution to project financing debt.
- Repayment of historical shareholder loans to Galena – As part of the Transaction, AMPL repaid \$5 million of historical shareholder loans back to Galena out of the first payment tranche received from Toho and will repay a further \$7.25 million out of the final tranche.
- Off-take – Toho has also entered into an off-take agreement with AMPL to purchase 40% of Abra's high-grade high-value lead-silver concentrate on arms-length, benchmark terms.

#### Commercial initiatives in support of Abra development – project financing debt

During the financial year, AMPL and Galena continued active discussions with providers of project financing debt.

Subsequent to the financial year, Galena announced US\$110 million in proposed debt facilities arranged by Taurus Funds Management (see Galena ASX announcement of 29 July 2020). The facilities include a US\$100 million Project Finance Facility plus a US\$10 million Cost Overrun Facility.

The Project Finance Facility consists of a US\$100 million, 69-month term loan primarily to fund capital expenditures for the development of Abra. Key terms include:

- Fixed interest of 8.0% per annum on drawn amounts, payable quarterly in arrears.
- Arrangement fee of 2.5% and commitment fee of 2.0% on undrawn amounts.
- No mandatory hedging.
- Early repayment allowed without penalty.
- US\$30 million drawable until the previously announced infill drilling is complete (see Galena ASX announcement of 8 July 2020). The remainder will be drawable once the infill drilling is incorporated into the cash flow model and the model continues to forecast compliance with lock up financial ratios.

The Cost Overrun Facility consists of a US\$10 million loan to finance identified cost overruns on the Project in capital expenditure and working capital. Fixed interest of 10.0% per annum will apply to amounts drawn under the Cost Overrun Facility.

Conditions precedent to the Taurus Debt Facilities include completion of due diligence, documentation of facility agreements, lodgement of security documentation, receipt of Toho's remaining A\$60 million equity investment (in sub-tranches) and other conditions customary for facilities of this nature.

#### Near-Project exploration

In February 2020, AMPL completed a small drilling program consisting of re-opening a historical drillhole (AB42) that was drilled in 2007 and drilling an approximately 204 metre extension to that hole. The drill-hole collar of AB42 is located within the Exploration Licence E52/1455 that surrounds the Abra Mining Lease and is approximately 900 metres to the north of the current northern extent of the Abra lead-silver deposit.

On 29 June 2020, Galena announced the results of a series of exploration related activities, including geophysical work and geological modelling that took place during the financial year leading to the identification of new gold and base metals drilling targets at Abra (see Galena ASX announcement of 29 June 2020).

# Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

## REVIEW OF OPERATIONS

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### JILLAWARRA PROSPECTS

Galena's Jillawarra Prospects consist of Woodlands, Manganese Range and Quartzite Well, which are located between approximately 20-50 kilometres or further to the west of Abra and reside within three granted Exploration Licences, being: E52/1413; E52/3575; E52/3630 and E52/3823.

Galena had a new tenement application granted during the financial year, Exploration Licence (E52/3823) over tenure proximal to Abra, containing a prospect known as Copper Chert Prospect ("**Copper Chert Tenement**"). The Copper Chert Tenement is approximately 50 square kilometres in size and covers the area between the Company's existing wholly-owned 461 square kilometre Jillawarra exploration licence package to its west and the licence package of Galena's 86.16% owned subsidiary AMPL to its east.

A limited diamond drilling campaign was undertaken on the Manganese Range prospect on E52/1413 during October and November 2019 to test a large-scale coincident gravity and electromagnetic anomaly identified in 2018 by new and re-processed geophysical survey data. The program consisted of two drill-holes for a combined 1,014 cumulative linear metres. Visual logging indicated that copper, zinc and lead mineralisation appeared to be present in both holes. The Manganese Range drilling identified the presence of the right stratigraphy and strong alteration Galena is targeting within its Edmund Basin tenements for potential discovery of commercial base and precious metals deposits.

### CORPORATE

#### Tim Roberts / Warburton increased stake in Galena to 19.6%

On 9 September 2019, Galena announced that Warburton Portfolio Pty Ltd ("Warburton") purchased 30,400,000 shares from certain individual shareholders. Being an associated entity of Mr Timothy Andrew Roberts, the effect of the Warburton share purchase was to increase Mr Roberts' beneficial interest in the Company to 14.4%.

On 30 March 2020, Galena announced that Mr Roberts acquired an additional 20,000,000 fully paid ordinary shares in Galena via an off-market purchase which, aggregated with Mr Roberts' pre-existing interest of 55,400,000 Shares, increased his shareholding in the Company from 14.4% to 19.6%.

#### Offtake agreement with IXM

In October 2019, Galena concluded an offtake agreement with IXM S.A. ("**IXM**") to sell IXM 65,000 tonnes per year of Abra lead-silver concentrates for a period of 10-years from the commencement of production at the Project. Such agreed volume largely accounts for the 60% of Abra production that Galena has entered into an agreement with AMPL to procure. Under the back to back arrangement, Galena will purchase concentrates from AMPL on benchmark terms and then on-sell to IXM with an adjustment to benchmark terms in favour of Galena (i.e., Galena will realise a premium to benchmark).

In addition to offtake, IXM and the Company have agreed indicative terms with respect to a US\$12 million financing facility ("**IXM Facility**") to be available in two tranches of US\$6 million each during: Project construction; and rampup. The IXM Facility is not intended to be part of the Abra project financing debt facilities currently being arranged, for which AMPL will be the borrower. However, it provides a valuable additional source of funding that Galena may draw as an option in the event it, or AMPL, have additional liquidity requirements during critical phases of Abra's development.

#### Global lead industry expert appointed to the board

Mr Stewart Howe was nominated to the Galena board in late-November 2019.

## **Galena Mining Limited and Controlled Entities**

**ABN 63 616 317 778**

### **REVIEW OF OPERATIONS**

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Mr Howe is a mining and chemical engineer with considerable management experience in the global lead / zinc industry. His experience includes six years as Chief Development Officer at Zinifex Limited, which at the time was one of the world's largest miners and smelters of lead and zinc with assets on three continents. During his tenure at Zinifex, Mr Howe oversaw some of the most significant transactions in the global lead/zinc industry, including the spin-off of Zinifex's smelters to create Nyrstar N.V. and restarting development of the Dugald River Mine now owned by MMG.

During the past ten years Mr Howe has provided advisory roles to boards, private equity and financiers related to restructuring and acquisition of mining assets in base metals and bulk commodities. He has advised the South Australian Government for six years on its financial support for redevelopment of the Port Pirie lead smelter. Mr Howe is also an experienced director, chairing the board of Whittle Consulting Group and serving on the boards of a government owned water authority and not-for-profit organisations.

Prior to his tenure at Zinifex and non-executive director career, Mr Howe spent 23 years at BP in various executive and management roles.

#### **Cancellation of 1.125% Abra royalty**

In December 2019, the Company announced that AMPL terminated a 1.125% historical vendor royalty on Abra by entering into a transaction with the individual royalty holder. Under the transaction, AMPL paid consideration for the royalty termination of: \$1.6 million in cash; plus 7,000,000 shares in Galena. The consideration required for the termination was provided to AMPL by each of its shareholders, with \$1.6 million contributed by Toho's wholly-owned subsidiary CBH Western Australia Pty Ltd and the 7,000,000 Galena shares contributed by the Company.

Following the royalty termination, total historical vendor and other non-Government royalty equivalent payments applicable to Abra reduced from 3.5% to 2.375%.

**Galena Mining Limited and Controlled Entities**

ABN 63 616 317 778

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	Year ended 30 June 2020	Year ended 30 June 2019
		\$	\$
<b>Revenue</b>	3	535,552	1,421,908
<b>Expenses</b>			
Corporate and administration expenses		(1,256,593)	(2,112,030)
Depreciation and amortisation	9,10	(85,461)	(8,674)
Employee costs		(1,109,014)	(421,941)
Share-based payments	20	(498,217)	(873,191)
Exploration and evaluation expenditure		(89,458)	(408,171)
Royalty termination	4	(4,000,000)	-
Foreign exchange loss		(34,780)	(18,339)
<b>Loss before finance costs and income tax expense</b>		<b>(6,537,971)</b>	<b>(2,420,438)</b>
Finance costs	10	(57,878)	(171)
<b>Loss before income tax</b>		<b>(6,595,849)</b>	<b>(2,420,609)</b>
Income tax expense	6	-	-
<b>Loss after income tax for the year</b>		<b>(6,595,849)</b>	<b>(2,420,609)</b>
<b>Other comprehensive income net of income tax</b>		-	-
<b>Total comprehensive loss for the year</b>		<b>(6,595,849)</b>	<b>(2,420,609)</b>
<b>Loss for the year attributable to:</b>			
Non-controlling interest		(559,194)	(35,882)
Members of the parent		(6,036,655)	(2,384,727)
		<b>(6,595,849)</b>	<b>(2,420,609)</b>
<b>Loss per share</b>			
Basic and diluted loss per share (cents per share)	5	(1.73)	(0.71)

The accompanying notes form part of these financial statements.

**Galena Mining Limited and Controlled Entities**

ABN 63 616 317 778

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	Note	30 June 2020 \$	30 June 2019 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	9,053,747	27,977,417
Trade and other receivables	8	449,103	772,112
Prepayments		912,518	141,955
<b>TOTAL CURRENT ASSETS</b>		<b>10,415,368</b>	<b>28,891,484</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	9	26,384,326	1,196,169
Right-of-use assets	10	1,565,470	-
Exploration and evaluation expenditure	11	21,175,802	18,164,654
<b>TOTAL NON-CURRENT ASSETS</b>		<b>49,125,598</b>	<b>19,360,823</b>
<b>TOTAL ASSETS</b>		<b>59,540,966</b>	<b>48,252,307</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	1,801,316	3,563,363
Lease liabilities	10	602,390	-
Provisions	13	124,729	48,034
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,528,435</b>	<b>3,611,397</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	10	920,228	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>920,228</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>3,448,663</b>	<b>3,611,397</b>
<b>NET ASSETS</b>		<b>56,092,303</b>	<b>44,640,910</b>
<b>EQUITY</b>			
Issued capital	14	34,854,887	28,591,025
Share-based payment reserve	15	1,248,187	1,064,807
Consolidation reserve	24	26,071,954	17,680,860
Accumulated losses		(11,015,695)	(4,979,040)
Parent interest		51,159,333	42,357,652
Non-controlling interest	24	4,932,970	2,283,258
<b>TOTAL EQUITY</b>		<b>56,092,303</b>	<b>44,640,910</b>

The accompanying notes form part of these financial statements.

## Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Issued capital	Share-based payment reserve	Consolidation reserve	Accumulated losses	Non- controlling interest	Total
	\$	\$		\$	\$	\$
<b>Balance at 1 July 2018</b>	18,085,201	699,324	-	(2,594,313)	-	<b>16,190,212</b>
Loss for the year	-	-	-	(2,384,727)	(35,882)	<b>(2,420,609)</b>
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss	-	-	-	(2,384,727)	(35,882)	<b>(2,420,609)</b>
<i>Transactions with owners directly recorded in equity:</i>						
Shares issued during the year	10,507,708	-	-	-	-	<b>10,507,708</b>
Share-based payments	-	365,483	-	-	-	<b>365,483</b>
Share issue costs	(1,884)	-	-	-	-	<b>(1,884)</b>
Partial disposal of interest in subsidiary	-	-	17,680,860	-	2,319,140	<b>20,000,000</b>
<b>Balance at 30 June 2019</b>	<b>28,591,025</b>	<b>1,064,807</b>	<b>17,680,860</b>	<b>(4,979,040)</b>	<b>2,283,258</b>	<b>44,640,910</b>
<b>Balance at 1 July 2019</b>	28,591,025	1,064,807	17,680,860	(4,979,040)	2,283,258	<b>44,640,910</b>
Loss for the year	-	-	-	(6,036,655)	(559,194)	<b>(6,595,849)</b>
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss	-	-	-	(6,036,655)	(559,194)	<b>(6,595,849)</b>
<i>Transactions with owners directly recorded in equity:</i>						
Shares issued during the year	6,263,862	-	-	-	-	<b>6,263,862</b>
Share-based payments	-	183,380	-	-	-	<b>183,380</b>
Share issue costs	-	-	-	-	-	-
Partial disposal of interest in subsidiary (Note 24)	-	-	8,391,094	-	3,208,906	<b>11,600,000</b>
<b>Balance at 30 June 2020</b>	<b>34,854,887</b>	<b>1,248,187</b>	<b>26,071,954</b>	<b>(11,015,695)</b>	<b>4,932,970</b>	<b>56,092,303</b>

The accompanying notes form part of these financial statements.

**Galena Mining Limited and Controlled Entities**

ABN 63 616 317 778

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020**

	Note	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(4,710,163)	(793,066)
Other income		113,000	1,221,544
Interest received		335,052	200,363
Interest paid		-	(171)
Royalty termination		(1,600,000)	
<b>Net cash provided by (used in) operating activities</b>	17	<b>(5,862,111)</b>	<b>628,670</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of plant and equipment		(22,949,436)	(1,180,147)
Exploration and evaluation expenditure		(3,011,148)	(9,995,420)
Proceeds from partial disposal of subsidiary		11,600,000	20,000,000
<b>Net cash provided by (used in) investing activities</b>		<b>(14,360,584)</b>	<b>8,824,433</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		1,299,025	10,000,000
Payment of transaction costs associated with issue of shares		-	(1,884)
<b>Net cash provided by financing activities</b>		<b>1,299,025</b>	<b>9,998,116</b>
Net increase in cash held		(18,923,670)	19,451,219
Cash and cash equivalents at beginning of financial period		27,977,417	8,526,198
<b>Cash and cash equivalents at end of financial period</b>	7	<b>9,053,747</b>	<b>27,977,417</b>

The accompanying notes form part of these financial statements.

# Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements and notes represent those of Galena Mining Limited and its controlled entities (together referred to as “Galena”, the “Company”, the “Group” or the “Consolidated Entity”). Galena is a public company, incorporated and domiciled in Australia. The Consolidated Entity or the Group refers to the Company and the entity controlled during the year and at the year end.

The financial statements were authorised for issue on 26<sup>th</sup> August 2020 by the directors of the Company. The directors have the power to amend and reissue the financial statements.

#### Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of financial assets and financial liabilities.

#### Accounting Policies

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report.

##### a) Going Concern

The financial report has been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Group incurred a loss for the period of \$6,595,849 (2019: \$2,420,609), net cash outflows from operating activities of \$5,862,111 (2019: inflows of 628,670) and net cash outflows from investing activities of \$14,360,584 (2019: inflows of 8,824,433). As at 30 June 2020, the Group had a net current asset surplus of \$7,816,870 (2019: \$25,280,087), including cash and cash equivalents of \$9,053,747 (2019: \$27,977,417).

The directors believe the Group is a going concern as they have appropriate plans to raise additional capital to fund forecasted activities. On 17 July 2020, the Company successfully completed a \$12 million share placement. On 29 July 2020, the Company mandated Taurus to provide US\$110 million in project financing debt facilities to AMPL, the joint-venture company for the Abra Base Metals Project.

Should the Company or the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company or Group be unable to continue as a going concern and meet its debts as and when they fall due.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

# Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### b) Operating Segments

Operating segments are presented using the 'management approach' where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers. The Chief Operating Decision Makers are responsible for the allocation of resources to operating segments and assessing their performance.

#### c) Income Tax

The income tax expense (income) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

#### d) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

# Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less.

#### f) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

#### g) Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

#### h) Right-of-Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

#### i) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

# Galena Mining Limited and Controlled Entities

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## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### j) Mine Development Assets

Capitalised mine development assets include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mine development assets also include costs transferred from exploration and evaluation phase once production commences in the area of interest.

Amortisation of mine development assets is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually.

#### k) Impairment of Non-Financial Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

#### l) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

#### m) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

#### n) Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

#### o) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset and amortised over the life of the loan. All other finance costs are expensed in the period in which they are incurred.

# Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### p) Financial Instruments

##### Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

##### Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortization of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instruments to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

##### (i) *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

##### (ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

##### (iii) *Financial Liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

# Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### q) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within a 12 month period have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

#### r) Equity-settled compensation

The Company operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black –Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

#### s) Fair Value Measurement

When an asset or liability, financial or non-financial is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either; in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

#### t) Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

# Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### U) Earnings per share

##### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Galena Mining Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares, outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

##### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

#### v) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

#### w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### x) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Galena Mining Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 23.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

# Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### Y) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

##### ***Exploration and Evaluation Expenditure***

Exploration and evaluation costs are expensed in the period in which they are incurred unless the expenditure related to an area that had either: (a) already demonstrated economic or development potential; or (b) was integrated with a license that had already demonstrated economic or development potential, considered part of the overall area of interest. In this case the expenditure is capitalised in the statement of financial position and tested for impairment at each reporting date.

##### ***Share-based payment transactions***

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Significant judgement may be required in determining the valuation technique adopted. The fair value of the options issued in the current period are determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 17. The assumptions detailed in this note are also judgemental.

For equity transactions with consultants and other employees, the fair value reflects the value attributable to services where applicable. Where there is no quantifiable value of services the value of options is calculated using the Black and Scholes option pricing model or in the case of share grants, the fair value of an ordinary share is utilised.

For instruments issued with market-based conditions, alternative valuation methodologies would be adopted.

#### z) New accounting standards for application in the current period

In the year ended 30 June 2020, the Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

##### ***AASB 16 Leases***

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

##### ***Impact of adoption***

It has been determined by the Group that, other than the adoption of AASB 16, there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the financial performance and position of the Consolidated Entity from the adoption of these Accounting Standards.

# Galena Mining Limited and Controlled Entities

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## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### aa) New accounting standards for application in future periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2020. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, is set out below.

Reference/ Title	Summary	Application date of standard	Application date for Group
<b>IASB amends the definition of material</b>	The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and consequential amendments to other IFRSs which: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify when information is material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.	1 January 2020	1 July 2020
<b>IASB amends the definition of a business (IFRS 3)</b>	The IASB has issued amendments to the guidance in IFRS 3 Business Combinations that revises the definition of a business.	1 January 2020	1 July 2020
<b>Sale or contribution of assets between an investor and its associate or joint venture (AASB 2014-10)</b>	The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting depends on whether the contributed assets constitute a business or an asset.	1 January 2022	1 July 2022

The Group has considered what impact these accounting standards will have on the financial statements, when applied next year, and have concluded that they will have no material impact.

# Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 2: SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of one geographical segment being Australia, and has the following operating segments:

- The Abra Project segment which is a globally significant lead-silver project currently in development and located in the Gascoyne region of Western Australia.
- The Exploration segment which undertakes exploration and evaluation activities in Western Australia.
- The Other Activities segment which includes all corporate expenses that cannot be directly attributed to the Group's operating segments.

<b>Segment Results</b>				
<b>Year ended 30 June 2020</b>	<b>Abra Project</b>	<b>Exploration</b>	<b>Other</b>	<b>Consolidated</b>
	<b>\$</b>	<b>\$</b>	<b>Activities</b>	<b>\$</b>
			<b>\$</b>	<b>\$</b>
Interest received	218,886	-	116,166	335,052
Other income	100,000	-	100,500	200,500
<b>Revenue</b>	<b>318,886</b>	<b>-</b>	<b>216,666</b>	<b>535,552</b>
Corporate and administration expenses	(242,320)	-	(1,014,273)	(1,256,593)
Depreciation and amortisation	(3,253)	-	(82,208)	(85,461)
Employee costs	-	-	(1,109,014)	(1,109,014)
Share-based payments	-	-	(498,217)	(498,217)
Exploration and evaluation expenditure	-	(89,458)		(89,458)
Royalty termination	(4,000,000)	-	-	(4,000,000)
Foreign exchange loss	(10,814)	-	(23,966)	(34,780)
<b>Loss before finance costs and income tax</b>	<b>(3,937,501)</b>	<b>(89,458)</b>	<b>(2,511,012)</b>	<b>(6,537,971)</b>
Finance costs	(52,937)	-	(4,940)	(57,878)
<b>Loss before income tax</b>	<b>(3,990,439)</b>	<b>(89,458)</b>	<b>(2,515,953)</b>	<b>(6,595,849)</b>
Income tax expense	-	-	-	-
<b>Net loss for the year</b>	<b>(3,990,439)</b>	<b>(89,458)</b>	<b>(2,515,953)</b>	<b>(6,595,849)</b>
<b>Segment assets</b>	<b>29,938,647</b>	<b>21,175,802</b>	<b>8,426,517</b>	<b>59,540,966</b>
<b>Segment liabilities</b>	<b>(3,164,651)</b>	<b>-</b>	<b>(284,012)</b>	<b>(3,448,663)</b>
<b>Other segment information</b>				
Capital expenditure (i)	<b>(26,669,178)</b>	<b>(3,011,148)</b>	<b>(95,728)</b>	<b>(29,776,054)</b>

(i) Capital expenditure consists of additions to plant and equipment, mine development; lease assets and exploration and evaluation assets.

**Galena Mining Limited and Controlled Entities**

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**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2: SEGMENT INFORMATION (continued)**

<b>Segment Results</b>				
<b>Year ended 30 June 2019</b>	<b>Abra Project</b>	<b>Exploration</b>	<b>Other Activities</b>	<b>Consolidated</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest received	92,197	-	108,166	200,363
Other income	1,221,545	-	-	1,221,545
<b>Revenue</b>	<b>1,313,742</b>	<b>-</b>	<b>108,166</b>	<b>1,421,908</b>
Corporate and administration expenses	(576,167)	-	(1,535,863)	(2,112,030)
Depreciation and amortisation	(817)	-	(7,857)	(8,674)
Employee costs	(37,986)	-	(383,955)	(421,941)
Share-based payments	-	-	(873,191)	(873,191)
Exploration and evaluation expenditure	-	(408,171)	-	(408,171)
Royalty termination	-	-	-	-
Foreign exchange loss	(1,787)	-	(16,552)	(18,339)
<b>Loss before finance costs and income tax</b>	<b>696,985</b>	<b>(408,171)</b>	<b>(2,709,252)</b>	<b>(2,420,438)</b>
Finance costs	(171)	-	-	(171)
<b>Loss before income tax</b>	<b>696,814</b>	<b>(408,171)</b>	<b>(2,709,252)</b>	<b>(2,420,609)</b>
Income tax expense	-	-	-	-
<b>Net loss for the year</b>	<b>696,814</b>	<b>(408,171)</b>	<b>(2,709,252)</b>	<b>(2,420,609)</b>
<b>Segment assets</b>	<b>20,018,766</b>	<b>18,164,654</b>	<b>10,068,887</b>	<b>48,252,307</b>
<b>Segment liabilities</b>	<b>(3,397,702)</b>	<b>-</b>	<b>(213,695)</b>	<b>(3,611,397)</b>
<b>Other segment information</b>				
Capital expenditure (i)	<b>(1,173,893)</b>	<b>(9,185,686)</b>	<b>(6,254)</b>	<b>(10,365,833)</b>

(i) Capital expenditure consists of additions to plant and equipment, mine development, lease assets and exploration and evaluation assets.

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 3: REVENUE</b>		
Interest received	335,052	200,363
Other income	200,500	1,221,545
<b>Total Revenue</b>	<b>535,552</b>	<b>1,421,908</b>

## Galena Mining Limited and Controlled Entities

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### NOTES TO THE FINANCIAL STATEMENTS

<b>NOTE 4: ROYALTY TERMINATION</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Royalty termination	<b>4,000,000</b>	<b>-</b>

In December 2019, AMPL terminated a 1.125% historical vendor royalty on Abra by entering into a transaction with the individual royalty holder. Under the transaction, AMPL paid consideration for the royalty termination of: \$1.6 million in cash; plus 7,000,000 shares in Galena. The consideration required for the termination was provided to AMPL by each of its shareholders, with \$1.6 million contributed by Toho's wholly-owned subsidiary CBHWA and the 7,000,000 Galena shares contributed by the Company.

Following the royalty termination, total historical vendor and other non-Government royalty equivalent payments applicable to Abra have reduced from 3.5% to 2.375%.

<b>NOTE 5: EARNINGS PER SHARE</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
	<b>Cents per share</b>	<b>Cents per share</b>
Basic and diluted loss per share	<b>(1.73)</b>	<b>(0.71)</b>

The loss and weighted average number of ordinary shares used in this calculation of basic and diluted loss per share are as follows:

	<b>\$</b>	<b>\$</b>
Loss	(6,595,849)	(2,420,609)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	381,316,316	342,717,944

As the Company is in a loss position the options outstanding at 30 June 2020 have no dilutive effects on the earnings per share calculation.

**Galena Mining Limited and Controlled Entities**

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**NOTES TO THE FINANCIAL STATEMENTS**

<b>NOTE 6: INCOME TAX EXPENSE</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>a. Recognised in the income statement:</b>		
Current tax	-	-
Deferred tax	-	-
Income tax as reported in the statement of comprehensive income	-	-
<b>b. Reconciliation of income tax expense to prima facie tax payable:</b>		
Loss from ordinary activities before income tax expense	(6,595,849)	(2,420,609)
Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2019: 27.5%)	(1,813,859)	(665,667)
Increase in income tax due to:		
- Non-assessable income	(55,000)	(335,925)
- Non-deductible expenses	168,426	85,705
- Changes in unrecognised temporary differences	210,128	(2,255,928)
- Unused tax losses not recognised	1,490,305	3,171,815
Income tax attributable to operating loss	-	-
The following deferred tax balances have not been recognised:		
<b>c. Deferred tax assets not recognised</b>		
Carry forward revenue and capital losses	18,089,423	15,619,767
Accruals	32,040	24,107
Capital raising costs	135,673	183,457
Net deferred tax asset	<b>18,257,137</b>	<b>15,827,331</b>
The carry forward revenue losses are only available for offset subject to Galena Mining Limited and Abra Mining Pty Ltd satisfying the carried-forward loss tests for deductibility such as the Continuity of Ownership Test and the Same Business Test.		
<b>d. Deferred tax liabilities not recognised</b>		
Exploration expenditure	5,707,835	4,939,724
Interest receivable	44,463	58,425
Net deferred tax liability	<b>5,752,299</b>	<b>4,998,149</b>

Potential deferred tax assets attributable to tax losses and other temporary differences have not been brought to account at 30 June 2020 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the expenditure to be realised; and
- no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the expenditure.

**Galena Mining Limited and Controlled Entities**

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**NOTES TO THE FINANCIAL STATEMENTS**

<b>NOTE 7: CASH AND CASH EQUIVALENTS</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	1,419,019	2,854,715
Term deposits at call	7,634,728	25,122,702
<b>Total Cash and Cash Equivalents</b>	<b>9,053,747</b>	<b>27,977,417</b>

*Reconciliation to cash and cash equivalents at the end of the financial year*

The above figure is reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balance as above	9,053,747	27,977,417
Balance as per statement of cash flows	<b>9,053,747</b>	<b>27,977,417</b>

**NOTE 8: TRADE AND OTHER RECEIVABLES**

**Current**

GST receivable	311,703	626,647
Other trade receivables	62,247	70,312
Credit Card guarantee	45,000	45,000
Rent guarantee	30,153	30,153
<b>Total Trade and Other Receivables</b>	<b>449,103</b>	<b>772,112</b>

**NOTE 9: PLANT AND EQUIPMENT**

**Motor Vehicle**

At cost	8,018	8,018
Accumulated depreciation	(4,007)	(2,671)
	4,011	5,347

**Computer and Office Equipment**

At cost	35,519	29,371
Accumulated depreciation	(19,220)	(9,474)
	16,299	19,897

**Equipment and Tools**

At cost	2,350	2,350
Accumulated depreciation	(581)	(385)
	1,769	1,965

**Mine Development Assets**

At cost	26,362,247	1,168,960
Accumulated depreciation	-	-
	26,362,247	1,168,960

<b>Total Plant and Equipment</b>	<b>26,384,326</b>	<b>1,196,169</b>
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**Galena Mining Limited and Controlled Entities**

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**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 10: LEASES**

The Group has lease contracts for site communication equipment and for its corporate office. Both the communication equipment and corporate office leases have a three-year lease term. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

<b>Right-Of Use Assets</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Communication Equipment</b>		
Balance at beginning of period	-	-
Additions	1,472,743	-
Depreciation expense	-	-
Balance at reporting date	<u>1,472,743</u>	-
<b>Corporate Office</b>		
Balance at beginning of period	-	-
Additions	166,909	-
Depreciation expense	(74,182)	-
Balance at reporting date	<u>92,727</u>	-
<b>Total Right-Of-Use Assets</b>	<b><u>1,565,470</u></b>	<b>-</b>

Set out below are the carrying amounts of lease liabilities and the movements during the period:

<b>Lease Liabilities</b>		
Balance at beginning of period	-	-
Additions	1,639,652	-
Accretion of interest	57,878	-
Payments	(174,912)	-
<b>Balance at reporting date</b>	<b><u>1,522,618</u></b>	<b>-</b>
Current	602,390	-
Non-current	920,228	-
Depreciation expense for right-of use assets	74,182	-
Interest expense on lease liabilities	57,878	-
<b>Total amount recognised in profit or loss</b>	<b><u>132,060</u></b>	<b>-</b>

# Galena Mining Limited and Controlled Entities

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## NOTES TO THE FINANCIAL STATEMENTS

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<b>NOTE 11: EXPLORATION AND EVALUATION EXPENDITURE</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>

Exploration expenditure capitalised

- Exploration and evaluation asset acquisition	3,674,165	3,674,165
- Exploration and evaluation costs incurred	17,501,637	14,490,489
	<b>21,175,802</b>	<b>18,164,654</b>

A reconciliation of the carrying amount of exploration and evaluation expenditure is set out below:

- Carrying amount at the beginning of the year	18,164,654	8,169,949
- Costs capitalised during the year	3,011,148	9,820,540
- Acquisition of Abra tenements	-	174,165
- Carrying amount at the end of the year	<b>21,175,802</b>	<b>18,164,654</b>

### NOTE 12: TRADE AND OTHER PAYABLES

#### Current

Sundry payables and accrued expenses	<b>1,801,316</b>	<b>3,563,363</b>
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Trade creditors are expected to be paid on 30-day terms.

### NOTE 13: PROVISIONS

#### Current

Provisions for employee entitlements	<b>124,729</b>	<b>48,034</b>
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# Galena Mining Limited and Controlled Entities

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## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 14: ISSUED CAPITAL

	2020 No.	2020 \$	2019 No.	2019 \$
<b>Movement in ordinary shares</b>				
<b>Balance at beginning of period</b>	<b>364,522,853</b>	<b>28,591,025</b>	<b>336,564,520</b>	<b>18,085,201</b>
Placement shares issued on 26 March 2019			12,500,000	5,000,000
Placement shares issued on 17 April 2019			12,500,000	5,000,000
Shares issued on 4 December 2019	7,000,000	2,400,000		
Shares issued on 1 May 2020	11,600,000	2,250,000		
Shares issued under share-based payments (i)	20,082,500	1,613,862	2,958,333	507,708
Share issue costs		-		(1,884)
<b>Balance at reporting date</b>	<b>403,205,353</b>	<b>34,854,887</b>	<b>364,522,853</b>	<b>28,591,025</b>

- (i) The value recorded in issued capital on conversion of shares under share-based payments represents the original fair value of the award in the share-based payment reserve that is transferred from the share-based payment reserve to issued capital on exercise, as well as any consideration received on exercise.

#### Terms and conditions of issued capital

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. The fully paid ordinary shares have no par value.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

#### Capital risk management

The Group objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

The Group's capital includes ordinary share capital and financial liabilities, supported by financial assets.

Due to the nature of the Group's activities, being mineral exploration, it does not have ready access to credit facilities, with the primary source of funding being equity raisings. Accordingly, the objective of the Group's capital risk management is to balance the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The Group is not exposed to externally imposed capital requirements.

**Galena Mining Limited and Controlled Entities**

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**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 14: ISSUED CAPITAL (continued)**

**Capital risk management (continued)**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	9,053,747	27,977,417
Trade and other receivables	449,103	772,112
Trade and other payables	(2,598,498)	(3,611,397)
Working capital position	<b>6,904,352</b>	<b>25,138,132</b>

**NOTE 15: SHARE-BASED PAYMENT RESERVE**

The share-based payment reserve records items recognised as expenses on valuation of employees' and consultants' options.

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Opening balance 1 July	1,064,807	699,324
Share-based payments vesting expense	498,217	792,983
Share-based payments issued	(314,837)	(427,500)
Closing balance 30 June	<b>1,248,187</b>	<b>1,064,807</b>

Refer to Note 20 for valuation technique and assumptions.

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 16: AUDITORS' REMUNERATION</b>		
Remuneration of the auditor of the parent entity for:		
auditing or reviewing the financial report of consolidated group	76,000	61,585
reviewing the financial report of subsidiary	7,500	6,000
preparation of income tax	4,400	2,750
	<b>87,900</b>	<b>70,335</b>

**Galena Mining Limited and Controlled Entities**

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**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 17: CASHFLOW FROM OPERATING ACTIVITIES**

<b>Reconciliation of Cash Flow from Operations with Loss after Income Tax</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(6,595,849)	(2,420,609)
Non-cash flows in loss:		
Share-based payments	498,217	873,191
Depreciation and amortisation	85,461	8,674
Royalty termination	2,400,000	-
Other non-cash items	5,159	18,338
	<u>(3,607,012)</u>	<u>(1,520,406)</u>
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	410,509	(440,423)
(Increase)/decrease in prepayments	(770,563)	(43,092)
Increase/(decrease) in interest bearing liabilities	(174,912)	-
Increase/(decrease) in trade payables and accruals	(1,796,828)	2,600,328
Increase/(decrease) in provisions	76,695	32,263
Cashflow from operating activities	<u><b>(5,862,111)</b></u>	<u><b>628,670</b></u>

**NOTE 18: TRANSACTIONS WITH RELATED PARTIES**

**Key Management Personnel**

The totals of remuneration paid or due to be paid to the KMP of the Company during the year are as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Short-term employment benefits	1,260,468	965,445
Post-employment benefits	53,296	46,929
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	498,217	791,516
Total Remuneration paid or due to be paid	<u><b>1,811,982</b></u>	<u><b>1,803,890</b></u>

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

# Galena Mining Limited and Controlled Entities

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## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 19: EVENTS AFTER REPORTING PERIOD

- On 17 July 2020, the Company successfully completed a \$12 million share placement of 57,150,000 new shares at an issue price of \$0.21 per share.
- On 29 July 2020, the Company announced that AMPL, the joint-venture company for the Abra Base Metals Project has mandated Taurus to provide US\$110 million in project financing debt facilities to be provided by its Taurus Mining Finance Fund No2 L.P., made up of: a US\$100 million Project Finance Facility; plus a US\$10 million Cost Overrun Facility. Furthermore, the Taurus Debt Facilities have been approved by Galena's co-shareholder in AMPL, Toho, thereby allowing the release of their final A\$60 million equity investment tranche into AMPL once the facilities are in place and drawdown conditions are met.
- On 4 August 2020, the Company announced that AMPL had commenced a substantial drilling program at Abra which has three objectives: infill drilling to further tighten the drill-hole spacing of the lead-silver orebody over the first four years of proposed production; drilling into lead-silver mineralisation with higher projected concentrations of metal; and gold-copper exploration.
- The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since the end of the audited period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

### NOTE 20: SHARE-BASED PAYMENTS

Grant Date / entitlement	Number of Instruments	Grant Date	Fair value per instrument \$	Value \$
Performance Rights issued on 9 November 2018 exercisable on or before 9 November 2023 (i)	16,500,000	09/11/2018	0.0846	1,395,500
Share Appreciation Rights issued on 13 February 2019 to employees exercisable on or before 21 January 2024 (ii)	1,260,000	09/11/2018	0.1095	137,907
<b>Total value at 30 June 2019</b>				<b>1,533,407</b>
Performance Rights issued on 13 August 2019 exercisable on or before 13 August 2024 (iii)	2,000,000	13/08/2019	0.1987	397,440
Share Appreciation Rights issued on 8 November 2019 to employees exercisable on or before 21 January 2024 (iv)	540,000	08/11/2019	0.2189	118,193
<b>Total value at 30 June 2020</b>				<b>515,633</b>

## Galena Mining Limited and Controlled Entities

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### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 20: SHARE BASED PAYMENTS *(continued)*

The below inputs have been adjusted to ensure they are on a post-split basis.

- (i) 16,500,000 Performance Rights issued as part of the Managing Director / Chief executive Officer's engagement agreement have been calculated using Black-Scholes option pricing model with the following inputs:

	<b>Performance Rights Granted on 9 November 2018</b>
Expected volatility (%)	90
Risk free interest rate (%)	2.02
Weighted average expected life of options (years)	4.06
Expected dividends	Nil
Option exercise price (\$)	Nil
Share price at grant date (\$)	0.19
Fair value of option (\$)	0.0846
Expiry date	9 November 2023

- (ii) 1,260,000 Share Appreciation Rights issued to various employees have been calculated using Black-Scholes option pricing model with the following inputs:

	<b>Share Appreciation Rights Granted on 13 February 2019</b>
Expected volatility (%)	70
Risk free interest rate (%)	1.94
Weighted average expected life of options (years)	1.75
Expected dividends	Nil
Option exercise price (\$)	0.17
Share price at grant date (\$)	0.19
Fair value of option (\$)	0.1095
Expiry date	21 January 2024

- (iii) 2,000,000 Performance Rights issued as part of the Chief Financial Officer's engagement agreement have been calculated using Black-Scholes option pricing model with the following inputs:

	<b>Performance Rights Granted on 13 August 2019</b>
Expected volatility (%)	70
Risk free interest rate (%)	0.68
Weighted average expected life of options (years)	4.38
Expected dividends	Nil
Option exercise price (\$)	Nil
Share price at grant date (\$)	0.37
Fair value of option (\$)	0.1987
Expiry date	13 August 2024

**Galena Mining Limited and Controlled Entities**

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**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 20: SHARE BASED PAYMENTS (continued)**

- (iv) 1,260,000 Share Appreciation Rights issued as part of employment agreement have been calculated using Black-Scholes option pricing model with the following inputs:

	<b>Share Appreciation Rights Granted on 8 November 2019</b>
Expected volatility (%)	70
Risk free interest rate (%)	0.78
Weighted average expected life of options (years)	1.75
Expected dividends	Nil
Option exercise price (\$)	0.17
Share price at grant date (\$)	0.345
Fair value of option (\$)	0.2189
Expiry date	21 January 2024

Reconciliation of the number of Options, Performance Rights and Share Appreciation Rights

	<b>2020 Number</b>	<b>2019 Number</b>
Opening balance at 1 July	55,010,000	34,750,000
Issued	2,540,000	22,760,000
Expired / lapsed	(82,500)	-
Exercised	(20,082,500)	(2,500,000)
Other changes	-	-
Closing balance 30 June	<b>37,385,000</b>	<b>55,010,000</b>

**NOTE 21: CONTINGENT ASSETS AND LIABILITIES**

In the opinion of the directors there were no contingent assets or liabilities as at 30 June 2020.

**NOTE 22: CAPITAL AND OTHER COMMITMENTS**

	<b>30 June 2020 \$</b>	<b>30 June 20219 \$</b>
<b>Expenditure commitments*</b>		
Within one year	1,257,691	4,515,289
Between 1 and 5 years	2,543,958	652,000
	<b>3,801,649</b>	<b>5,167,289</b>

\* Native title compensation arrangements were agreed by AMPL in May 2019 and expected payments under this agreement have been included in the above expenditure commitments for the Abra Project.

# Galena Mining Limited and Controlled Entities

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## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 22: CAPITAL AND OTHER COMMITMENTS *(continued)*

	30 June 2020	30 June 2019
<b>Office rental commitments</b>	<b>\$</b>	<b>\$</b>
Within one year	58,700	75,466
Between 1 and 5 years	39,908	157,792
	<b>98,609</b>	<b>233,258</b>

### NOTE 23: FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable.

The Board of Directors has overall responsibility for the oversight and management of the Company's exposure to a variety of financial risks (including market risk, credit risk and liquidity risk).

#### Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is spread amongst approved counterparties.

The company does not have any collateral. Credit risk related to balances with banks and other financial institutions is managed by the board. The board's policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. All the Company's surplus funds are invested with AA Rated financial institutions.

The Company does not have any material credit risk exposure to any single receivable or Company of receivables under financial instruments entered into by the Company.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The responsibility of liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained. The Company's policy is to ensure that it has sufficient cash reserves to carry out its planned exploration activities over the next 12 months.

**Galena Mining Limited and Controlled Entities**

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**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 23: FINANCIAL RISK MANAGEMENT (continued)**

The table below reflects an undiscounted contractual maturity analysis for financial liabilities and receivables.

**Financial liability and financial asset maturity analysis**

<b>2020</b>	<b>Weighted Average Interest Rate</b>	<b>1 year or less \$</b>	<b>Between 1 &amp; 2 years \$</b>	<b>Between 2 &amp; 5 years \$</b>	<b>Total \$</b>
<b>Non Derivatives</b>					
<i>Financial Assets</i>					
Cash and Cash Equivalents	1.81%	9,053,747	-	-	9,053,747
Trade and Other Receivables		449,103	-	-	449,103
<i>Financial Liabilities</i>					
Trade Payables		(1,801,316)	-	-	(1,801,316)
Net Financial Assets		7,701,534	-	-	7,701,534

<b>2019</b>	<b>Weighted Average Interest Rate</b>	<b>1 year or less \$</b>	<b>Between 1 &amp; 2 years \$</b>	<b>Between 2 &amp; 5 years \$</b>	<b>Total \$</b>
<b>Non Derivatives</b>					
<i>Financial Assets</i>					
Cash and Cash Equivalents	1.84%	27,977,417	-	-	27,977,417
Trade and Other Receivables		696,959	-	-	696,959
<i>Financial Liabilities</i>					
Trade Payables		(3,563,363)	-	-	(3,563,363)
Net Financial Assets		25,111,013	-	-	25,111,013

**Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

**Interest rate risk**

The Company manages interest rate risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

**Interest rate sensitivity analysis**

The following table illustrates sensitivities to the Consolidated Entity's exposures to changes in interest rates and equity prices. These sensitivities assume that the movement in a particular variable is independent of other variables.

<b>Year ended 30 June 2020</b>	<b>Profit \$</b>	<b>Equity \$</b>
+/- 1% interest rate	+/- 90,537	+/- 90,537
<b>Year ended 30 June 2019</b>		
+/- 1% interest rate	+/- 279,774	+/- 279,774

**Fair value of financial instruments**

Unless otherwise stated, the carrying amount of financial instruments reflects their fair value.

# Galena Mining Limited and Controlled Entities

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## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 24: GROUP INFORMATION

#### Interest in controlled entities

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiary in accordance with the accounting policy described in note 1:

Name	Country of Incorporation	Class of share	Equity holding	
			30 June 2020	30 June 2019
Abra Mining Pty Ltd	Australia	Ordinary	86.16%	91.11%
Metal Range Ltd	Australia (i)	Ordinary	100%	100%
MR1 Holding Pty Ltd	Australia (i)	Ordinary	- (ii)	100% (ii)
GML Marketing Pty Ltd	Australia (i)	Ordinary	100%	100%

(i) These entities currently have no activity.

(ii) MR1 Holding Pty Ltd was voluntarily deregistered on 14 February 2020.

#### Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.

Statement of financial position	2020	2019
	\$	\$
<b>Assets</b>		
Current assets	8,446,324	9,986,604
Non-current assets	20,457,123	15,042,195
<b>Total assets</b>	<b>28,903,447</b>	<b>25,028,799</b>
<b>Liabilities</b>		
Current liabilities	244,549	213,695
Non-current liabilities	39,463	-
<b>Total liabilities</b>	<b>284,012</b>	<b>213,695</b>
<b>Net assets</b>	<b>28,619,435</b>	<b>24,815,104</b>
<b>Equity</b>		
Issued capital	34,854,887	28,163,525
Reserves	1,248,187	1,492,307
Accumulated losses	(7,483,639)	(4,840,728)
<b>Total equity</b>	<b>28,619,435</b>	<b>24,815,104</b>
<b>Statement of profit or loss and other comprehensive income</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Loss for the year	(2,642,911)	(2,263,566)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(2,642,911)</b>	<b>(2,263,566)</b>

There are no material guarantees or capital commitments to be disclosed.

**Galena Mining Limited and Controlled Entities**

ABN 63 616 317 778

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 24: GROUP INFORMATION (continued)**

**Proportion of equity interest held by non-controlling entity**

Name	Country of Incorporation	Non-controlling interest	
		30 June 2020	30 June 2019
Abra Mining Pty Ltd	Australia	13.84%	8.89%

On 12 April 2019, the Company completed a transaction with Toho to invest \$90,000,000 for a 40% joint-venture investment in AMPL. During the financial year AMPL received the second tranche payment of \$10,000,000 (2019: \$20,000,000 received) and an additional \$1,600,000 for the buy-back and termination of a royalty and issued new shares to Toho's wholly-owned subsidiary, CBHWA, such that AMPL is owned 13.84% by CBHWA and 86.16% by Galena. The transaction has been accounted for as an equity transaction with a non-controlling interest in accordance with AASB 10 Consolidations which specifies accounting for non-controlling interests, resulting in the following:

	2020	2019
	\$	\$
Proceeds from the issue of new shares in AMPL to CBHWA	11,600,000	20,000,000
Net assets attributable to non-controlling interest	(3,208,906)	(2,319,140)
<b>Increase in equity attributable to parent (i)</b>	<b>8,391,094</b>	<b>17,680,860</b>

(i) Represented by an increase in the consolidation reserve.

<b>AMPL's summarised statement of financial position</b>	2020	2019
	\$	\$
Current assets	2,046,780	18,842,824
Non-current assets	44,170,672	15,464,488
Current liabilities	(2,519,185)	(3,397,702)
Non-current liabilities	(8,055,257)	(5,226,162)
<b>Total equity</b>	<b>35,643,010</b>	<b>25,683,448</b>
Attributable to:		
Equity holders of parent	30,710,040	23,400,189
Non-controlling interest	4,932,970	2,283,258

<b>AMPL's summarised statement of profit or loss and other comprehensive income</b>	2020	2019
	\$	\$
Revenue	268,886	1,313,742
Expenses	(4,309,325)	(816,876)
<b>Loss for the year</b>	<b>(4,040,439)</b>	<b>(496,866)</b>
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(4,040,439)</b>	<b>(496,866)</b>
Attributable to non-controlling interest	(559,194)	(35,882)
Dividends paid to non-controlling interest	-	-

## Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

### DIRECTORS' DECLARATION

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In accordance with a resolution of the directors of Galena Mining Limited, the directors of the company declare that:

1. the financial statements, notes and the remuneration report in the Directors' Report are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2020 and of its performance, for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including International Financial Reporting Standards) and the Corporations Regulations 2001;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections of 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.



Adrian Byass  
Chairman

Perth, 26 August 2020

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF

### GALENA MINING LIMITED

#### Report on the Financial Report

##### Opinion

We have audited the accompanying financial report of Galena Mining Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration of the Company and the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the accompanying financial report of Galena Mining Limited is in accordance with the Corporations Act 2001, including:

- i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

##### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

##### Key Audit Matters

A key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the financial report of the current year. This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For each matter below, our description of how our audit addressed the matter is provided in that context.

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## Exploration and Evaluation Expenditure

### Why Significant

As at 30 June 2020 the carrying value of exploration and evaluation assets was \$21,175,802 (2019:\$18,164,654), as disclosed in Note 11.

The consolidated entity's accounting policy in respect of exploration and evaluation expenditure is outlined in Note 1 (i). Estimates and judgments in relation to capitalised exploration and evaluation expenditure is detailed at Note 1 (y).

Significant judgement is required:

- In determining whether facts and circumstances indicate that the exploration and evaluation expenditure should be tested for impairment in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources ("AASB 6"); and;
- In determining the treatment of exploration and evaluation expenditure in accordance with AASB 6, and the consolidated entity's accounting policy. In particular:
  - whether the particular areas of interest meet the recognition conditions for an asset; and
  - which elements of exploration and evaluation expenditures qualify for capitalisation for each area of interest.

### Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

The Other Information we obtained prior to the date of this Auditor's report was the Director's report. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

### Our Audit Approach

Our work included, but was not limited to, the following procedures:

- Conducting a detailed review of management's assessment of impairment trigger events prepared in accordance with AASB 6 including:
  - assessing whether the rights to tenure of the areas of interest remained current at reporting date as well as confirming that rights to tenure are expected to be renewed for tenements that will expire in the near future;
  - holding discussions with the Directors and management as to the status of ongoing exploration programmes for the areas of interest, as well as assessing if there was evidence that a decision had been made to discontinue activities in any specific areas of interest; and
  - obtaining evidence of the consolidated entity's future intention, reviewing planned expenditure and related work programmes;
- considering whether exploration activities for the areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;
- testing, on a sample basis, exploration and evaluation expenditure incurred during the year for compliance with AASB 6 and the consolidated entity's accounting policy; and
- assessing the appropriateness of the related disclosures in Note 1 (i), Note 1 (y) and Note 11.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Directors' for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on the Remuneration Report

##### Opinion

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2020.

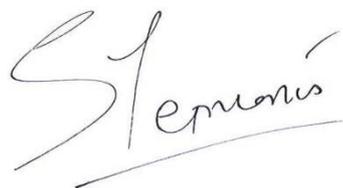
In our opinion, the Remuneration Report of Galena Mining Limited for the year ended 20 June 2020, complies with section 300A of the Corporations Act 2001.

##### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



PKF PERTH



SIMON FERMANIS  
PARTNER

26 August 2020  
WEST PERTH,  
WESTERN AUSTRALIA

# Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

## SHAREHOLDER INFORMATION

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only. The information is current as at 10 August 2020.

### 1. Shareholding

#### a. Distribution of Shareholders

##### (i) Ordinary share capital

- 460,355,353 fully paid shares held by 1,148 shareholders. All issued ordinary share carry one vote per share and carry the rights to dividends.

Category (size of holding)	Class of Equity Security	
	Number of Holders	Fully Paid Ordinary Shares
1 - 1,000	44	3,558
1,001 – 5,000	198	603,999
5,001 – 10,000	171	1,377,444
10,001 – 100,000	521	20,963,732
100,001 – and over	214	437,406,620
	<b>1,148</b>	<b>460,355,353</b>

b. The number of shareholdings held in less than marketable parcels is 744.

c. The Company had the following substantial shareholders listed in the holding company's register at the date of this report.

#### **Fully Paid Ordinary Shares**

Holder	Number	%
Citicorp Nominees Pty Ltd	110,691,478	24.04
Bloomgold Resources Pty Ltd	66,250,000	14.39
National Nominees Pty Ltd	26,175,261	5.69

#### **Unlisted Options exercisable at \$0.08 on 30 June 2021**

Holder	Number	%
Silverlight Holdings Pty Ltd	5,000,000	46.51
Valiant Equity Management Pty Ltd	2,450,000	22.79
Kiandra Nominees Pty Ltd	2,450,000	22.79
Mining Corporate Pty Ltd	750,000	6.98

#### **Unlisted Options exercisable at \$0.30 on 6 February 2021**

Holder	Number	%
Troy Anthony Flannery	5,000,000	100.00

#### **Unlisted Options exercisable at \$0.50 on 26 March 2023**

Holder	Number	%
Citicorp Nominees Pty Ltd	1,250,000	100.00

#### **Unlisted Options exercisable at \$0.60 on 26 March 2023**

Holder	Number	%
Citicorp Nominees Pty Ltd	1,250,000	100.00

#### **Unlisted Options exercisable at \$0.50 on 17 April 2023**

Holder	Number	%
Citicorp Nominees Pty Ltd	1,250,000	100.00

#### **Unlisted Options exercisable at \$0.60 on 17 April 2023**

Holder	Number	%
Citicorp Nominees Pty Ltd	1,250,000	100.00

# Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

## SHAREHOLDER INFORMATION

### d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

### e. 20 Largest holders of quoted equity securities (fully paid ordinary shares)

	<b>Name</b>	<b>Number Held</b>	<b>Percentage %</b>
1.	Citicorp Nominees Pty Ltd	110,691,478	24.04
2.	Bloomgold Resources Pty Ltd	66,250,000	14.39
3.	National Nominees Ltd	26,175,261	5.69
4.	JP Morgan Nominees Australia Pty Ltd	20,324,986	4.42
5.	UBS Nominees Pty Ltd	11,567,690	2.51
6.	Connor Michael Maloney	10,445,900	2.27
7.	HSBC Custody Nominees Australia Ltd	9,467,825	2.06
8.	Zerrin Investments Pty Ltd	8,900,000	1.93
9.	Fiona Van Den Berg	7,992,520	1.74
10.	Brispot Nominees Pty Ltd <House Head Nominees A/C>	7,880,815	1.71
11.	CS Fourth Nominees Pty Ltd < HSBC Custody Nominees A/C>	7,100,829	1.54
12.	John Mathias Clema	6,000,000	1.30
13.	Kiandra Nominees Pty Ltd	5,050,000	1.10
13.	Valiant Equity Management Pty Ltd	5,050,000	1.10
14.	Tubechangers Pty Ltd <King Family A/C>	4,592,975	1.00
15.	CS Third Nominees Pty Ltd < HSBC Custody Nominees A/C>	4,528,320	0.98
16.	Silverlight Holdings Pty Ltd	4,450,000	0.97
17.	Carrick Durrant Ryan <CD & RV Ryan Fam N>	4,419,680	0.96
18.	Alexander Alan Molyneux	3,700,000	0.80
19.	BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client>	3,670,307	0.80
20.	Brazil Farming Pty Ltd	3,529,660	0.77
		<b>331,788,246</b>	<b>72.07</b>

2. The Name of the Company Secretary is Mr Stephen Brockhurst.
3. The address of the registered office and principal place of business in Australia is Level 11, 216 St Georges Terrace, Perth WA 6000. Telephone (08) 9481 0389.
4. Registers of securities are held at the following address:  
Automatic Pty Ltd  
Level 2, 267 St Georges Terrace  
Perth WA 6000

# Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

## SHAREHOLDER INFORMATION

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### 5. **Stock Exchange Listing**

Quotation has been granted for all the ordinary shares of the company on the Australian Securities Exchange Limited.

### 6. **Restricted Securities**

The Company has the following restricted securities on issue as at the date of this report.

- 75,100,000 fully paid ordinary shares escrowed for 12 months from 9 September 2019.

### 7. **Unquoted Securities**

The Company has the following unquoted securities on issue as at the date of this report

- 5,000,000 options exercisable at \$0.30 on or before 6 February 2021
- 10,750,000 options exercisable at \$0.08 on or before 30 June 2021
- 1,250,000 options exercisable at \$0.50 on or before 26 March 2023;
- 1,250,000 options exercisable at \$0.60 on or before 26 March 2023;
- 1,250,000 options exercisable at \$0.50 on or before 17 April 2023;
- 1,250,000 options exercisable at \$0.60 on or before 17 April 2023;
- 13,000,000 performance rights expiring 9 November 2023;
- 2,000,000 performance rights expiring 13 August 2024;
- 1,635,000 share appreciation rights exercisable at \$0.17 on or before 21 January 2024.

## Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

### ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES

#### Use of Funds

Between the date of listing on ASX and the date of this report the Company has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives and as set out in the Prospectus dated May 2017.

#### Schedule of Tenements

Tenement	Project	Location	Registered holder	% Interest
E52/1413	Jillawarra	WA	Galena Mining Limited	100%
E52/3575	Jillawarra	WA	Galena Mining Limited	100%
E52/3581	Jillawarra	WA	Galena Mining Limited	100%
E52/3630	Jillawarra	WA	Galena Mining Limited	100%
E52/3823	Jillawarra	WA	Galena Mining Limited	100%
M52/0776	Abra	WA	Abra Mining Pty Ltd	100%
E52/1455	Abra	WA	Abra Mining Pty Ltd	100%
G52/0286	Abra	WA	Abra Mining Pty Ltd	100%
G52/0292	Abra	WA	Abra Mining Pty Ltd	100%
L52/0121	Abra	WA	Abra Mining Pty Ltd	100%
L52/0194	Abra	WA	Abra Mining Pty Ltd	100%
L52/0198	Abra	WA	Abra Mining Pty Ltd	100%
L52/0205	Teano	WA	Abra Mining Pty Ltd	100%
L52/0206	Erivilla	WA	Abra Mining Pty Ltd	100%
L52/0207	Teano	WA	Abra Mining Pty Ltd	100%
L52/0210	Teano	WA	Abra Mining Pty Ltd	100%

The Company's interest in the Abra Mining Pty Ltd tenements is held by virtue of its 86.16% equity holding in Abra Mining Pty Ltd which in turn has a 100% interest in the tenements.