



ASX ANNOUNCEMENT

20 April 2023

ASX: G1A

GALENA RAISES \$20 MILLION AND UPDATES PRODUCTION GUIDANCE

HIGHLIGHTS

- Weather and technical impacts at the Abra mine have resulted in a delayed ramp-up to expected steady-state production.
- Galena has undertaken a placement to provide additional working capital funding for the Abra ramp-up period.
- Strong support from existing shareholders and new institutional investors,
 - Existing largest investor, Warburton Group subscribed for ~A\$3.6M.
 - Project financing debt provider, Taurus subscribed for ~A\$1.0M.
 - Directors subscribed for ~A\$0.4M.
- Abra provides updated CY2023 guidance based on current mine planning information, production delays due to current rainfall event and increased production costs.

GALENA MINING LTD. (“Galena” or the “Company”) (**ASX: G1A**) announces that it has accepted binding commitments for a placement of 133,333,334 fully paid ordinary shares (“**New Shares**”) at an issue price of \$0.15 per share (“**Placement Shares**”), to raise A\$20 million before costs (“**Placement**”). In conjunction with the Placement, the Company has released updated production guidance for CY2023.

Managing Director, Tony James commented, *“The requirement for additional working capital during ramp-up is disappointing, considering the effort and diligence that everyone involved has put into progressing the mine to this stage. The revised geology information affecting the ore that was hard against the Abra fault has been a short-term technical change we did not expect or anticipate. That ore has been replaced by lower grade ore and we will continue our ramp-up to steady-state production as quickly as possible moving away from the upper northern margin of the orebody. The rain in the last week of March hurt us as we have had to slow down work until we re-stock the critical supplies required at the mine. The mine handled the rain well, but the main access roads were hit hard causing extended delays into April. The updated guidance for 2023 also includes some of the cost challenges that everyone in the industry is seeing. Our plan is to push through this ramp-up period as quickly as possible to get into consistent steady-state production”.*

GALENA MINING LTD.

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PLACEMENT DETAILS

The Placement was oversubscribed and well supported by existing stakeholders.

The Company's largest shareholder and strategic investor, Warburton Group, subscribed for 23,832,000 Placement Shares for ~A\$3.6 million.

Taurus Mining Finance Fund No 2 LP ("**Taurus**"), the provider of the Taurus Debt Facilities to the Abra Base Metals Mine and a key stakeholder in the ongoing success of the Project, subscribed for 6,666,667 Placement Shares for ~A\$1.0 million (see Galena ASX announcements of 12 November 2020 and 15 June 2021 respectively for more information on the Taurus Debt Facilities).

The Company's Directors subscribed for 2,756,667 Placement shares for ~A\$0.4 million, to be issued subject to shareholder approval.

The Placement issue price of \$0.15 per share represents a 36.6% discount to the 10-day volume weighted average price ("VWAP") to 6 April 2023 (A\$0.237 per share).

The Placement comprises the issue of 133,333,334 Placement Shares via two tranches, comprising:

- 92,885,303 New Shares (A\$13.9 million) to be issued within the Company's 15% placement capacity under ASX Listing Rule 7.1 (Tranche 1); and
- 40,448,031 New Shares (A\$6.1 million) to be issued subject to shareholder approval at a meeting of shareholders scheduled to take place on or around mid-June 2023 (Tranche 2).

Euroz Hartleys Limited and Petra Capital Pty Ltd acted as Joint Lead Managers and Joint Bookrunners to the Placement.

Proceeds from the Placement (net of expenses) will be used to provide Abra Mining Pty. Ltd. ("**AMPL**", the Abra Project joint-venture entity) with additional working capital funding during the ramp-up period of the Abra Base Metals Mine ("**Abra**" or the "**Project**"), up until the Project Completion tests are satisfied under the Taurus Debt Facilities (anticipated to be 2H CY2023).

Due to lower-than-expected ramp-up mining grades, production delays associated with significant rainfall closing mine access roads, and increased operating costs forecast for 2023 AMPL has been forced to utilise its unsecured reserve facility ("**URF**"). Additional funding is required to restore the working capital and cost buffer for AMPL to use in the event of any further unforeseen circumstances over the remainder of Abra's ramp-up period.

UPDATED PRODUCTION GUIDANCE

The Company has also updated Abra's 2023 production guidance because of the production issues and cost increases described above.

Lead production for CY2023 is expected to reduce from the previous guidance of 53-68kt to 50-60kt because of the reduced ramp-up lead grade and rainfall delays. Production unit costs are forecast to increase because of the lower expected lead production and a 12% increase in overall costs since the last guidance was provided in July 2022. Steady-state life of mine (LOM) guidance continues to show strong financial outcomes following the ramp-up time frame.

In conjunction with this announcement, the Company has released a presentation titled "Operations and guidance update" which details the reasons for the updated production guidance, and the Company encourages shareholders to refer to that presentation. A summary of the updated production guidance is detailed in Table 1 below:

Abra Mine Key Production Metrics ¹	Updated Production Guidance		Initial Production Guidance (ASX Announcement 25 July 2022)	
	Calendar Year 2023	Average Annual Steady State	Calendar Year 2023	Average Annual Steady State
Initial Mine Life		13 Years		13 Years
Mill Throughput	0.8-1.0 Mtpa	1.3 Mtpa ²	0.8-1.0 Mtpa	1.3 Mtpa
Lead Grade Mined	6.0-7.0%	7.0-7.5%	7.6%	7.6%
Silver Grade Mined	16.5-18.5 g/t	17.0-17.5 g/t	16.6 g/t	16.6 g/t
Lead Metal Production	50-60 ktpa	85-90 ktpa	53-68 ktpa	93 ktpa
Silver Metal Production	325-425 kozpa	500-550 kozpa	325-425 kozpa	553 kozpa
Lead C1 Direct Cash Cost ³	US\$0.70-0.80/lb	US\$0.50-0.60/lb	US\$0.55-0.65/lb	US\$0.50/lb
Average Annual EBITDA	A\$15-25M	A\$90-95M	A\$45-55M	A\$100M
Lead Metal Price ⁴	US\$0.95/lb	US\$0.95/lb	US\$0.90/lb	US\$0.90/lb
Exchange rate – US\$ per A\$ ⁴	0.67	0.67	0.68	0.68

Table Notes

1. Key production metrics shown reference 100% of Project. Abra is owned 60% by Galena & 40% by Toho Zinc.
2. Updated production guidance includes both Indicated Mineral Resources (66%) and Inferred Minerals Resources (34%), with no reduction factor applied to the tonnes and grades of the Inferred Mineral Resources. Inferred Mineral resources have a lower level of geological confidence and can't be included in the calculation of Ore Reserves, and there can be no guarantee that a Mineral resource update will convert Inferred Mineral Resources material into Indicated Mineral Resources or return the same grade and tonnage distribution.
3. Includes a by-product credit for net silver revenue of US\$0.05/lb (A\$0.07/lb). Modelled in 2023 'real' terms.
4. Current lead metal price and exchange rate.

Table 1 – Revised Abra guidance for 2023 and LOM

The Board of Directors of Galena authorised this announcement for release to the market.

For further information contact:

Galena Mining Limited

Anthony (Tony) James
Managing Director

ABOUT ABRA BASE METALS PROJECT & LOCATION

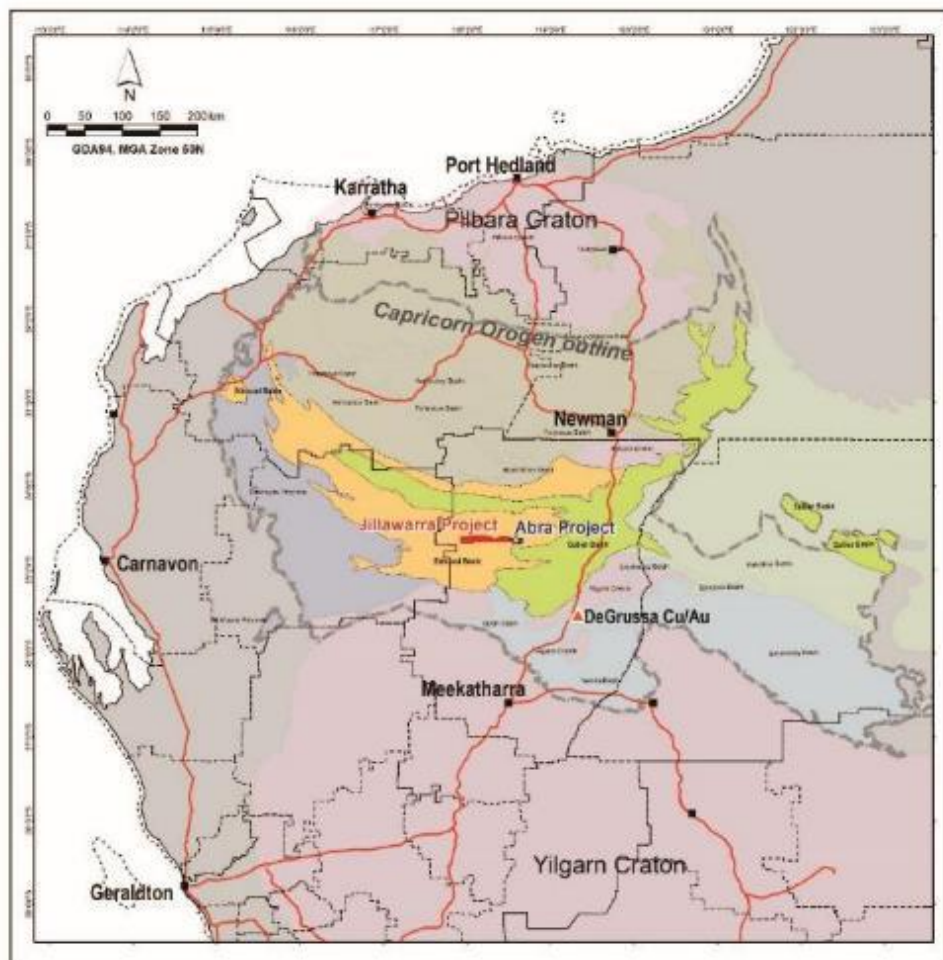
60% owned by Galena, the Abra Base Metals Mine ("Abra" or the "Project") is a globally significant lead-silver project located in the Gascoyne region of Western Australia (between the towns of Newman and Meekatharra, approximately 110 kilometres from Sandfire's DeGrussa Project).

Galena completed an outstanding definitive / bankable feasibility study ("FS") (see Galena ASX announcement of 22 July 2019) for development of an underground mine and processing facility to produce a high-value, high-grade lead-silver concentrate. A 'final investment decision' to complete the Project was made in June 2021 and construction was completed in 2022, with mine reaching first commercial production in the first quarter of 2023 calendar year.

Abra JORC Mineral Resource estimate^{1, 2}

Resource classification	Tonnes (Mt)	Lead grade (%)	Silver grade (g/t)
Measured	-	-	-
Indicated	16.9	7.4	17
Inferred	17.5	7.0	15
Total	34.5	7.2	16

Notes: 1. See Galena ASX announcement of 28 April 2021. Galena confirms that it not aware of any new information or data that materially affects the information included in Galena's ASX announcement of 28 April 2021 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.



FORWARD LOOKING STATEMENTS

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

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

The Company believes that it has a reasonable basis for making the forward-looking statements in this announcement, including with respect to any production targets and financial estimates, based on the information contained in this announcement. Reference is made to the Abra Base Metals Mine (“Abra” or the “Project”) Feasibility Study (“FS”) (ASX: 22 July 2019), Updated Mine Plan (ASX: 25 July 2022) and Revised Production Guidance (ASX: 11 April 2023). A summary of the FS and Updated Mine Plan material assumptions was published by Galena Mining Limited (“Galena”) on the 22 July 2019 and 25 July 2022 respectively. All material assumptions underpinning the production target, or the forecast financial information continue to apply and have not materially changed.

COMPETENT PERSONS STATEMENTS

The information in this announcement related to the Abra Ore Reserve is based on work completed by Mr Roger Bryant, BEng (Mining, Member AUSIMM). Mr Bryant was an employee of Galena Mining Ltd at the time the Ore Reserve was prepared. Mr Bryant has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is 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 Bryant consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report related to the Abra April 2021 Resource and underpinning the production target is based on work completed by Mr Angelo Scopel BSc (Geol), MAIG, a fulltime employee of Galena Mining and Mr Mark Drabble B.App.Sci. (Geology), MAIG, MAusIMM, Principal Consultant at Optiro Pty Ltd. Mr Scopel was responsible for data review and QAQC, and Mr Drabble was responsible for the development of the geological model, resource estimation, classification and reporting. Mr Scopel 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 Scopel 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.

The information in this report to which this statement is attached that relates to exploration results and drilling data is based upon information compiled by Mr Angelo Scopel BSc (Geol), MAIG, a fulltime employee of Galena Mining. Mr Scopel has 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 Scopel consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.