

ASX ANNOUNCEMENT



Galena Mining Limited

ASX : G1A

Shares on Issue
336,564,520

Current Cash (unaudited)
~A\$10 million

Directors & Management

Non-Executive Chairman
Adrian Byass

CEO
Edward Turner

COO
Troy Flannery

Non-Executive Directors
Jonathan Downes
Oliver Cairns
Tim Morrison

Company Secretary
Stephen Brockhurst

Registered Office
Level 11, 216 St Georges Tce
Perth WA 6000
T 08 9481 0389

Contact
5/245 Churchill Ave, Subiaco
WA 6008
T 08 6166 3750

E admin@galenamining.com.au
W www.galenamining.com.au

7 June 2018

Abra Pre-Feasibility Metallurgical Test Work Completed *Outstanding results show high-grade concentrate with high recovery*

Highlights

- Metallurgical test work represents a significant component of the Pre-Feasibility Study - this has now been completed and results have exceeded expectations;
- High-quality, high grade lead-silver concentrate averaging 74.5% lead (and 140 g/t silver);
- Recoveries averaging 95% lead;
- Extremely high-quality, clean concentrate with no impurity penalties expected;
- Pre-Feasibility Study is well advanced and remains on schedule for delivery in September.

Galena Mining Limited (ASX: G1A) ("Galena" or "the Company") is pleased to announce that it has completed the Pre-Feasibility Study (PFS) metallurgical test-work at its 100% owned Abra Lead Project (WA). Following on from the preliminary results (ASX announcement dated 8th May 2018), the completion of the final locked-cycle processing stages has delivered further outstanding metallurgical results. The results have confirmed very high metal recoveries in an exceptionally high-grade and clean lead-silver concentrate. These results are from test work carried out by the internationally recognised global leader in this type of work, ALS Global (Burnie, Tasmania). Results exceed expectations and what was modelled in internal Scoping Study test-work conducted previously.

Composite samples delivered lead concentrate grades ranging from 69% – 81% (averaging 74.5%) with recoveries between 94% & 96% (averaging 95%).

Abra's very high lead grades in concentrate enables Galena to increase their metallurgical recoveries above 96% if desired and still maintain an extremely high lead-in-concentrate product.

Commenting on the results of the test-work program, Galena's COO, and PFS Manager, Mr Troy Flannery said,

"This is the most comprehensive level of process metallurgy completed on Abra to date. The results not only confirm, but exceed positive results from previous work. The exceptionally high-grade and clean lead-silver concentrate achieved at very high recovery grades gives Galena great flexibility in optimising throughput and capital cost components of the PFS which is currently underway."

"These results should be viewed as having de-risked the metallurgy component of the current economic study at Abra. The finalisation of metallurgy work now paves the way for GR Engineering to complete their work which is already highly advanced on plant and site layout."

Next Steps

Galena is currently integrating these results into the finalisation of proposed plant throughput and resultant capital and operating cost assumptions. The proposed Process Design Diagram, produced by GR Engineering and based on ALS' Test-work, is now highly advanced and shown in Figure 1. GR Engineering have designed an ore processing plant for inclusion in the Pre-Feasibility Study based on the latest test-work results, contemporary design practices and in-house GR Engineering's procedures. The proposed flow sheet will comprise the following stages:

- Single stage primary crushing;
- Single stage SAG milling with a flash flotation cell and pebble crusher;
- Flotation and concentrate regrind to produce a lead/silver concentrate;
- Concentrate dewatering utilising a thickener and a filter to produce transportable concentrates; and
- Tailings thickening and storage in a designated facility.

This proposed flow sheet is a simple and straight forward process which is commonly used in production of base metal sulphide concentrates. GR Engineering has extensive experience in the design and construction of plants such as these. It is expected that the final product (concentrate) will be readily saleable and competitively sort after.

Mining optimisation studies are nearing completion with preliminary mine plans now available to allow incorporation into the final decision on proposed production rates to be incorporated into the Pre-Feasibility Study.

Other components of the PFS have continued in parallel. Hydrogeological studies have been on going and have determined there is no water ingress problems expected in any underground mining scenario and sufficient potable water is expected to be available for processing requirements. Environmental baseline studies have been completed, which showed that there are no impediments to development.

Table 1: Abra test work sample assays.

Composite	Pb%	Ag (g/t)	Zn%	Cu%	Fe%	BaO%	S%
S1	10.9	13.6	0.05	0.05	31.1	12.8	4.8
S2	10.1	19.3	0.1	0.13	8.2	17.5	6.5
S3	7.5	14.6	0.04	0.29	47.9	8.8	4.8
V1	7.5	15.1	0.01	0.41	9.8	1.6	2.9
V2	12.9	12.3	3.7	0.12	3.6	22.9	9.5

Metallurgical test work was performed on the five composites containing lead sulphide (Table 1). The five composites are considered highly representative over a vast section of the deposit. Flotation processing (Figure 2) was then used to deliver a high-grade concentrate.



Figure 2: High-grade lead-silver concentrate from test-work on Abra samples.

Technical Discussion

Samples selected are representative of the expected material to be optimised in the PFS. The work conducted is sufficient in detail and quality to support a PFS. Samples have been sourced from the Apron and Core Zones (Figure 3).

Composite sample locked cycle results show consistent high-grade and high-recoveries and are shown below in Figure 4. The concentrate grade is consistently above 70% lead (Pb) with an average 140 g/t silver (Ag). There are no elevated levels of deleterious elements present, such as Arsenic (As), Bismuth (Bi), Mercury (Hg) and Antimony (Sb).

Therefore, Galena is confident that any concentrate would not incur a penalty or be unable to readily sell in the concentrate market.

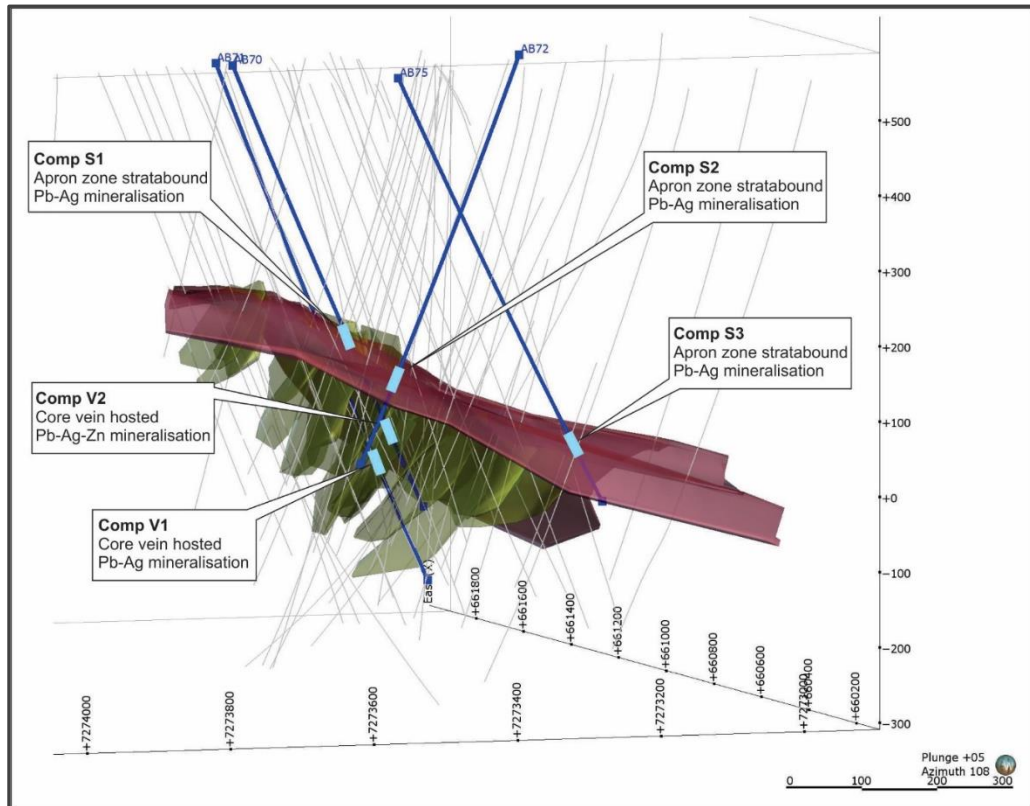


Figure 3: Metallurgical sample source locations at Abra.

The red line in Figure 4 shows the consistent results from locked cycle work.

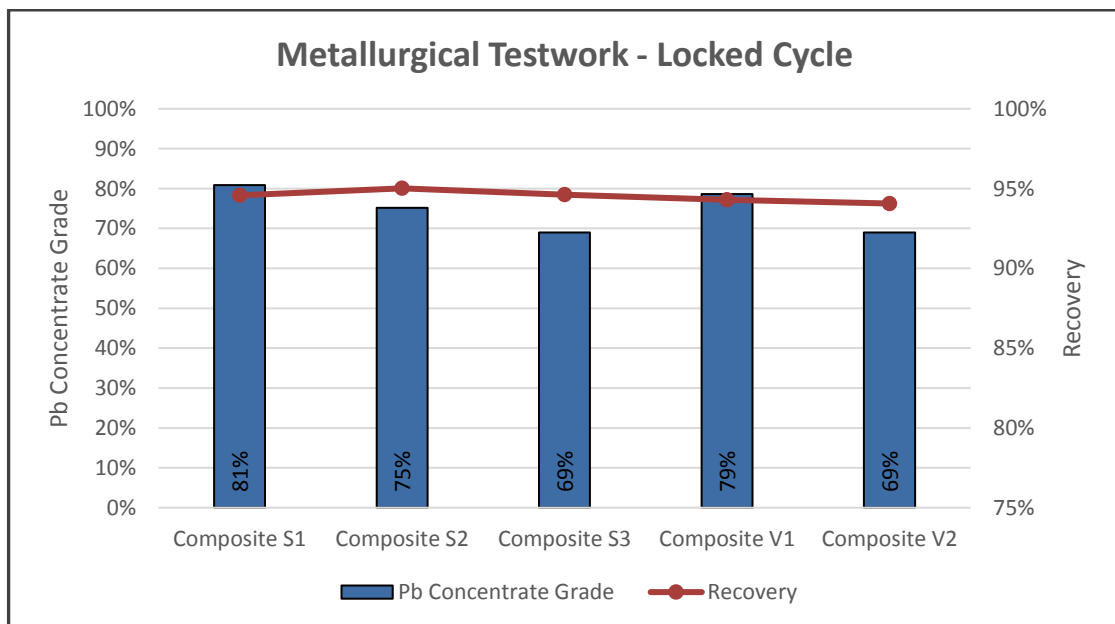


Figure 4: locked cycle test work results per composite.

The flotation conditions for the locked cycle test work were as follows:

- Ore was dry jaw and rolls crushed to 100% passing 1.7 mm;
- Grind at 66% solids in an open mild steel mill and charge to P₈₀ 150 µm;
- Dilute reagents were added and conditioned for two minutes prior to flotation;
- Flotation rougher performed in a 3.5 litre Agitair style laboratory cell;
- Lead rougher concentrate was then stirred mill to target P₈₀ of 40 µm;
- 1.5 litre cleaner floats were then performed to produce concentrates and tails;
- Air rate and time were recorded for each concentrate;
- Products were wet weighed, filtered and dried for weight analysis.

The image below (Figure 5) shows a summary of grinding and cleaner stages as referenced in the multi-stage, locked cycle results. The cleaner two concentrate grades and recoveries for the locked cycle flotation tests, LC01, LC02 & LC03 for composites S1, S2 & S3 respectively. Silver reports to the lead concentrate.

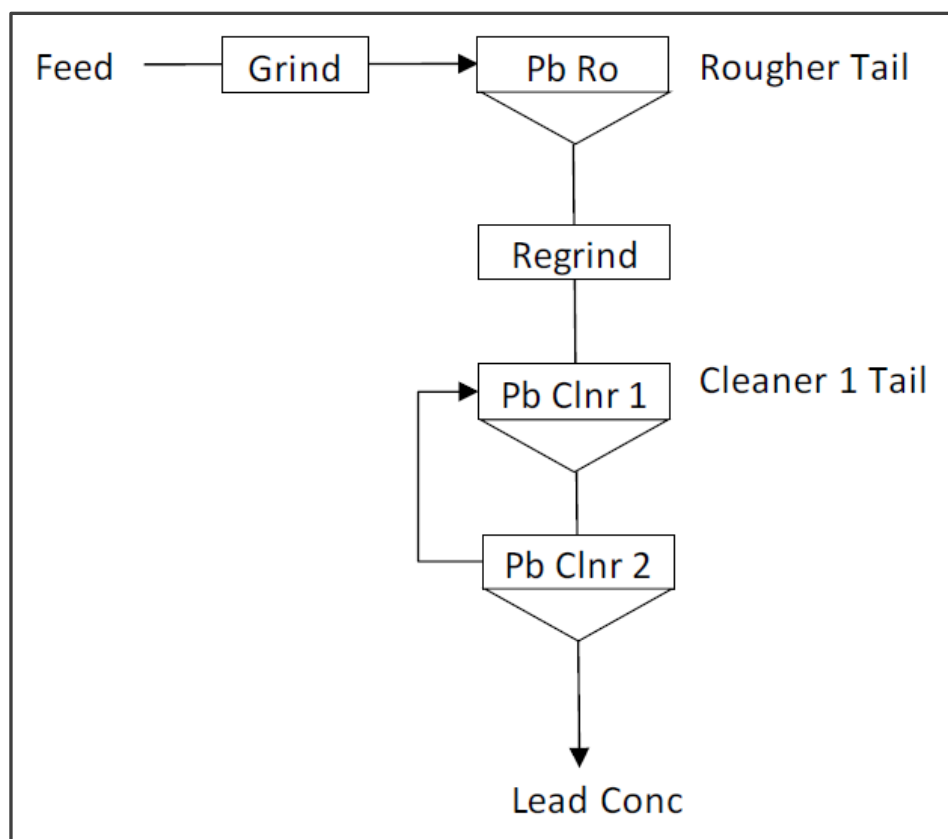


Figure 5: Simplified process stages.

Below are the latest locked cycle composite results (Table 2) this work was performed by ALS Global on the five composites shown in the earlier Table 1.

Table 2 Abra Locked Cycle Results

Product	Weight %	Pb%	Pb Distn %	Zn%	Zn Distn %	Cu%	Cu Distn %	Fe%	Fe Dist %
S1	11.26	80.9	94.6	0.4	11.1	0.3	62.7	3.4	1.3
S2	14.04	75.2	95.9	0.8	87.9	0.6	57.4	4.2	9.9
S3	11.04	69.0	94.1	0.3	57.4	1.4	56.7	7.5	2.6
V1	8.46	78.6	94.3	0.0	25.7	1.8	44.4	3.1	3.7
V2	12.42	69.0	94.1	0.3	57.4	1.4	56.7	7.5	2.6
AVE	11.4	74.5	94.6	0.3	47.9	1.1	55.6	5.1	4.0

Summary

Metallurgical test-work has shown that mineralisation at Galena’s 100% owned Abra Lead Project (WA) is amenable to producing a very high-grade leadsulphide concentrate with significant silver credits and with very high recovery rates. PFS level test-work has been completed. These results will now be integrated into the ongoing mining optimisation work.

For more information visit www.galenamining.com.au

For Enquiries Contact

Ed Turner

CEO

Galena Mining Limited

eturner@galenamining.com.au

08 6166 3750

Competent Person Statement

The information in this report related to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr E Turner B.App Sc, MAIG, Mr D Maclean B.Sc (Hons) and and Mr A Byass, B.Sc Hons (Geol), B.Econ, FSEG, MAIG both an employee and a Director of Galena Mining Limited. Mr Turner and Byass 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 Turner and Mr Byass consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

About Galena’s 100%-owned Abra Lead Project

Located in the Gascoyne region of Western Australia, Abra is a world class, high-grade lead-silver-copper-gold-zinc deposit. The project is wholly owned by Galena and located on a granted mining licence. Abra is a sedimentary hosted, polymetallic deposit and is broadly zoned into an upper level of lead+silver overlying zin +/- copper+gold mineralisation. Abra is located approximately 110km from Sandfire Resources high-grade Degruusa copper mine, is well serviced by infrastructure and located approximately halfway between Mt Newman and Meekatharra. A High-grade JORC resource (March 2018);

11.2Mt @ 10.1% Pb and 28g/t Ag*
 within
 36.6Mt @ 7.3% Pb and 18g/t Ag**

* Indicated Resource of 5.3 Mt at 10.6% lead & 28 g/t silver and an Inferred Resource of 5.9 Mt at 9.7% Pb & 29 g/t silver (using a 7.5% Pb cut-off) using ID2 interpolation.

** Indicated Resource of 13.2 Mt at 7.9% lead & 19g/t silver and an Inferred Resource of 23.5 Mt at 6.9% Pb & 17 g/t silver (using a 5.0% Pb cut-off) using ID2 interpolation.

