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GALENA

MINING LIMITED

ABN 63 616 317 778

And Controlled Entities

Interim Financial Report

For the half year ended 31 December 2020

Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

CONTENTS

Corporate Directory	2
Directors' Report	3
Auditor's Independence Declaration	10
Consolidated Statement of Profit or Loss and Other Comprehensive Income	11
Consolidated Statement of Financial Position	12
Consolidated Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14
Notes to the Financial Statements	15
Directors' Declaration	26
Independent Auditor's Report	27

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Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

CORPORATE DIRECTORY

Directors	Mr Adrian Byass Non-Executive Chairman
	Mr Alexander Molyneux Managing Director / Chief Executive Officer
	Mr Jonathan Downes Non-Executive Director
	Mr Anthony James Non-Executive Director
	Mr Stewart Howe Non-Executive Director
Company Secretary	Mr Stephen Brockhurst
Registered Office	Level 11, 216 St Georges Terrace Perth WA 6000
Corporate Office	Ground Floor, 1 Centro Avenue Subiaco, WA 6008
Postal Address	Ground Floor, 1 Centro Avenue Subiaco, WA 6008
Web Site	www.galenamining.com.au
Share Registry	Automatic Pty Ltd Level 2, 267 St Georges Terrace Perth WA 6000
Auditors	PKF Perth Level 5, 35 Havelock Street West Perth WA 6005
Legal Advisors	King & Wood Mallesons Level 30, QV1 Building, 250 St Georges Terrace Perth WA 6000
Stock Exchange Listing	ASX Code: G1A
Country of Incorporation and Domicile	Australia

Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

DIRECTOR'S REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Your directors present the following report on Galena Mining Limited (the "Company" or "Galena") and its controlled entities, including Abra Mining Pty Ltd ("AMPL") (together referred to hereafter as the "Group"), for the period ended 31 December 2020.

DIRECTORS

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

Adrian Byass	Non-Executive Chairman
Alexander Molyneux	Managing Director / Chief Executive Officer
Johnathan Downes	Non-Executive Director
Anthony James	Non-Executive Director
Stewart Howe	Non-Executive Director
Timothy Morrison	Non-Executive Director (resigned 14 December 2020)

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 ("Abra" or the "Project"), together with early stage exploration works at other mineral prospects within the Group's portfolio.

OPERATING RESULTS

The Group incurred a loss for the period ended 31 December 2020 of \$1,255,296 (31 December 2019: \$5,595,273 loss) and net cash outflows of \$24,813,569 (31 December 2019: \$514,807 outflow).

FINANCIAL POSITION

At 31 December 2020, the Group had a net working capital surplus of \$31,651,395 (30 June 2020: \$7,886,933), including cash and cash equivalents of \$33,867,316 (30 June 2020: \$9,053,747).

REVIEW OF OPERATIONS

Highlights

- Successfully completed oversubscribed placement to raise A\$12 million.
- Finalised US\$110 million in project financing debt facilities for the development of the Abra Base Metals Project.
- Received an A\$20M investment tranche from Toho into AMPL increasing their interest in AMPL to 22.72% with Galena retaining 77.28%.
- Recommended preparatory construction and site enabling works, with Project development works 12% complete at the end of the half year.
- Successfully concluded the 2020 Abra Drilling Program with a total of 57 completed diamond core drill-holes (~25km of drilling) completed between August and December 2020, taking total cumulative drilling on Abra to over 100km.
- At the date of this report, assays have been published for all 57 drill-holes, received including the best high-grade lead-silver drill-hole ever at Abra, hole AB147.

Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

DIRECTOR'S REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Abra Base Metals Project (77.28%)

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 31 December 2020 was 77.28% 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 in the mid-west of Western Australia. Abra has received all the major approvals required for construction, mining and production.

An outstanding definitive / bankable feasibility study ("FS") was completed for the Project in 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. Based on a pre-development capital expenditure estimate of A\$170 million, the FS modelled a pre-tax net present value for Abra (at an 8% discount rate) of A\$553 million and an internal rate of return of 39%.

Project construction / development

Following finalisation of the US\$110 million Taurus Debt Facilities and receipt of a further A\$20 million investment tranche from Toho, construction tasks at Abra were recommenced in December 2020.

Construction tasks recommenced towards the end of the half year comprise of preconstruction and enabling works, including:

- Installation of the remaining 200 camp units and other ancillary buildings to complete the 280-unit Abra mine site village.
- Clearing and earthworks involving preparation of sites for the ROM pad, future processing plant, settlement pond and others.
- The construction of an explosives magazine (now complete as at the date of this report).
- Roadworks.

The Company continues to target the commencement of the procurement / construction phase of Abra's plant and deployment of the underground mining contractor in the first half of the 2021 calendar year. Based on the current schedule, first production of high-value, high-grade lead silver concentrate at the Project will commence within 2022.

Safety and environment

During the half year to 31 December 2020, 49,644 employee and contractor work hours were recorded at Abra. One recordable injury was reported regarding a drilling contractor employee.

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

Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

DIRECTOR'S REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

2020 Abra Drilling Program

On 4 August 2020, Galena announced the commencement of drilling at Abra for the 2020 Abra Drilling Program. The Program was initially planned to consist of approximately 15,000 metres to 18,000 metres of drilling with three objectives: lead-silver orebody infill; drilling into selected prospective 'metal rich' zones for potential life of mine plan optimisation; and copper-gold exploration.

The 2020 Abra Drilling Program initially started with one drill-rig and then ramped-up to three drill-rigs. A fourth drill-rig was added on 12 November 2020, then the Program wound down for conclusion on 16 December 2020. By the end of the Program, 57 diamond core drill-holes were successfully completed for a total of 24,832 cumulative linear metres. Total completed drilling at Abra is now approximately 100.5km, of which more than two-thirds has been completed under Galena's ownership since late-2017.

One of the reasons the 2020 Abra Drilling Program was expanded was the outstanding success of drill-hole AB147 (reported on 19 October 2020), which encountered 86.1 metres of combined down-hole cumulative thickness of significant intersections and is considered to be the best high-grade lead-silver drill-hole in Abra's history. Importantly, AB147 was targeting a prospective 'metal rich' zone not currently in the early years of the mine plan used for the Feasibility Study, in this case a relatively shallow zone on the north-eastern limb of the Indicated portion of Abra's Mineral Resource. AB147 indicated the existence of a potentially mineable domain approximately 30 metres closer to the surface than the shallowest currently planned mining zone. The relative shallowness of this area and proximity to early decline development makes it a target for optimisation of the early years of the mine plan and potentially improves risk in that period. Based on the success of drill-hole AB147 and then subsequent follow-up success of drill-holes added to the Program around it, an additional 16 drill-holes were added to the 2020 Abra Drilling Program in that area. The added drill-holes cover an area approximately 100 metres (north-south) by 200 metres (east-west), extending outside of the Indicated Resource area modelled for the Apron Zones 101 and 102 lode in the October 2019 Resource, into the Inferred area between the two northern limbs of the Indicated Resource boundary.

As at the date of this report, assays for all 57 holes from the 2020 Abra Drilling Program have been published. Eight holes from the program showed cumulative significant lead-silver intersections in excess of 50 metres.

One of the last drill-holes drilled in the Program (AB195) was drilled to target the interpreted copper and gold zone underneath the lead-silver mineralisation at Abra. Significant copper-gold intersections from AB195 include: 3.0 metres at 4.2g/t gold and 1.1% copper from 670.7 metres; 2.0 metres at 6.9% copper from 698.1 metres; and 26.9 metres at 1.4% copper from 763.8 metres, including 8.9 metres at 2.3% copper from 773.0 metres. Significant copper and gold mineralisation in AB195 occurred within the potential copper-gold channel zone interpreted by the Company's geological and geophysical review in 2020. A downhole electromagnetic survey is planned to be conducted on AB195 during the second quarter of 2021 for the definition of conductive plates within its vicinity.

For further information regarding results for the 34 drill-holes from the 2020 Abra Drilling Program where assays have been published please see Galena's ASX announcements of 19 October 2020, 18 November 2020, 22 January 2021, 22 February 2021 and 24 February 2021.

Following completion of the Program, the drilling density at Abra has been substantially improved, particularly across the shallower northern area of the deposit. For example, the area covered with thirty-by-thirty metre or better drill-hole spacing has grown approximately five-fold.

Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

DIRECTOR'S REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Commercial initiatives in support of Abra development – project financing debt

On 12 November 2020, Galena finalised US\$110 million in debt facilities arranged by Taurus Funds Management. 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% (already paid) and commitment fee of 2.0% on undrawn amounts.
- No mandatory hedging.
- Early repayment allowed without penalty.
- US\$30 million drawable upfront. The remainder will be drawable once the results of the Abra 2020 Drilling Program are 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 draw-down of the Taurus Debt Facilities include, receipt of Toho's remaining A\$40 million equity investment (for draw-down of in excess of the first US\$30 million), the aforementioned infill drilling condition for drawdown amounts in excess of US\$30 million and other conditions customary for facilities of this nature. The Taurus Debt Facilities will be secured against the Project assets and over the shares that each of Galena and Toho own in AMPL.

In consideration of the Taurus Debt Facilities, AMPL has entered into a Royalty Deed with Taurus for a royalty of 1.125% of net smelter return, which is the same amount as the historical vendor royalty terminated by AMPL after completion of the Abra Feasibility Study (see Galena ASX announcement of 4 December 2019). The royalty is conditional on the conditions precedent to drawdowns in excess of US\$30 million under the Project Finance Facility being met.

Commercial initiatives in support of Abra development – Toho Transaction

In April 2019, Galena executed definitive agreements with Toho setting out the terms for Toho's investment of A\$90 million in 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 – A\$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%.
- Tranched payment – A\$20 million was paid on initial closing of the transaction in April 2019; A\$10 million was paid in August 2019. A further A\$20 million was received during the half year (see Galena ASX announcement of 13 November 2020) and A\$40 million will be paid once the conditions precedent to drawing all of the Project Finance Facility are met (with all tranches combined taking Toho's total ownership in AMPL to 40%).
- Repayment of historical shareholder loans to Galena – As part of the Transaction, AMPL has repaid A\$12.75 million of historical shareholder loans back to Galena out of the received payment tranches.
- 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.

Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

DIRECTOR'S REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Near-Project exploration

There were no material near-Project exploration activities completed during the half year.

Non-Abra prospects

Galena's non-Abra prospects consist of Woodlands, Manganese Range, Quartzite Well and Copper Chert, which comprise more than 76 kilometres of continuous strike to the west of Abra and reside within five granted Exploration Licences, being: E52/1413; E52/3575; E52/3581; E52/3630; and E52/3823.

During the half year to 31 December 2020, the Company concluded a downhole electromagnetic survey program over one diamond drill-hole drilled at Quartzite Well Manganese Range ("QWMR") Prospect in 2019 targeting the identification of potential conductive bodies within the vicinity of the drill-hole. Due to the high concentration of magnetite within some of the stratigraphic horizons, the quality of the data acquired was compromised and no significant conductive targets were identified. Despite the inconclusive results with the downhole electromagnetic survey, QWMR Prospect remains a significant exploration target due to its magnetic and gravity signature, and nearby lead, silver, zinc and copper mineralisation at Quartzite Well Prospect.

Also, during the half year to 31 December 2020, Resource Potentials Pty Ltd, a geophysical consulting company, delivered the final data for the gravity survey completed across four Jilawarra Project tenements, where the regional gravity data was merged into the new gravity data.

Impact of COVID-19

Issues of COVID-19-related market volatility, combined with practical issues associated with travel / logistics restrictions delayed the ability to complete credit approvals on a mutually agreed set of terms for the project finance debt. However, during the half year to 31 December 2020 the Company finalised the Taurus Debt Facilities.

Abra is a fly-in-fly-out ("FIFO") site in the Gascoyne Region of Western Australia, with flights to site originating from Jandakot Airport and Perth Airport in Perth. A number of measures have been implemented to protect employees and contractors working on the Project, in line with recommended Government guidelines and procedures.

The boards of both Galena and AMPL continue to monitor the evolving COVID-19 situation and how it might impact the Company's strategy. Of particular importance is the process of working with contractors for the development of Abra in determining any impact on their works and delivery schedules for key construction work items to be commenced on completion of the project financing debt process.

Corporate

A\$12 million placement

On 8 July 2020 the Company announced the successful completion of a placement to raise A\$12 million to continue progress on the Abra Base Metals Project. 57,150,000 new Galena shares were issued at a placement price of \$0.21 per share.

The placement was significantly oversubscribed and well supported by existing and new investors including high-quality institutional investors. The Company's largest shareholder and strategic investor, Mr Timothy Andrew Roberts, subscribed for 11,150,000 placement shares to maintain his pro-rata shareholding at approximately 20%.

Resignation of Non-Executive Director

On 14 December 2020, Galena announced the resignation of Non-Executive Director, Mr Timothy Morrison.

Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

DIRECTOR'S REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Mr Morrison contributed to the achievement of significant milestones during the period he served as a board member, including completion of the ASX initial public offering in 2017 and the numerous advancements to bring Abra into the early construction phase.

The Company thanks Mr Morrison for his contributions and wishes him well in his future endeavours.

Outlook

To date, approximately A\$28 million has been spent on Project development at Abra to complete 12% of Project works. Abra site is prepared for the deployment of key contractors for the construction of the plant and ancillary infrastructure, and deployment of the underground mining contractor. In addition, key agreements for such services are awarded or in a near-to-final state, further advancing on the completion of permitting, native title arrangements and offtake achieved in 2019.

Galena also has a strong, flexible and supportive partner for the Project in Toho. Since Toho's overall A\$90 million investment was agreed in April 2019 the investment received to date has been used to prepare the Abra site and advance early project works. Toho is the leading producer of lead in Japan and has entered into a binding offtake agreement to purchase 40% of Abra's production for an initial period of 10-years from the commencement of production.

During the Quarter, Galena concluded US\$110 million of project financing debt facilities arranged by Taurus Funds Management.

The Company continues to target the commencement of the procurement / construction phase of Abra's plant and deployment of the underground mining contractor in the first half of the 2021 calendar year. Based on the current schedule, first production of high-value, high-grade lead silver concentrate at the Project will commence within 2022.

Upcoming value-adding Abra and corporate milestone workstreams include:

- Remaining 2020 Abra Drilling Program assays (assays for 23 drill-holes pending).
- Commencement of plant procurement and construction under the EPC contract.
- Mobilisation of the underground mining contractor.
- Receipt of the final A\$40 million of Toho's investment into AMPL.
- First draw-down of the Taurus Debt Facilities.

CORPORATE

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

- 462,855,353 fully paid ordinary shares on issue;
- 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;
- 11,500,000 performance rights exercisable on or before 9 November 2023;
- 2,000,000 performance rights exercisable on or before 13 August 2024;
- 1,585,000 share appreciation rights exercisable at \$0.17 on or before 21 January 2024; and
- 2,500,000 share appreciation rights exercisable at \$0.24 on or before 1 September 2025.

Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

DIRECTOR'S REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

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 period under review not otherwise disclosed in this report or in the financial report.

EVENTS AFTER THE REPORTING PERIOD

- On 8 January 2021, the Company issued 1,000,000 fully paid ordinary shares for 1,000,000 share options that were exercised at \$0.30. On 6 February 2021, the Company advised that the remaining 4,000,000 share options which the Company issued on 7 February 2018 were unexercised and therefore lapsed.
- On 18 January 2021, the Company advised that 25,000 share appreciation rights which the Company issued on 4 December 2019 lapsed and were cancelled due to the holder ceasing to be an eligible participant.
- The impact of the COVID-19 pandemic is ongoing and while it has not significantly impacted the Group up to 31 December 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 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.

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 10 and forms part of this Directors' Report for the period ended 31 December 2020.

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



Adrian Byass
Chairman

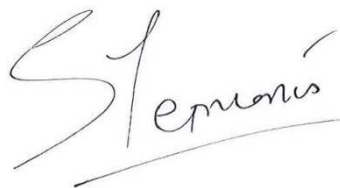
Dated this 26th day of February 2021

**AUDITORS INDEPENDENCE DECLARATION
TO THE DIRECTORS OF GALENA MINING LIMITED**

In relation to our review of the financial report of Galena Mining Limited for the half year ended 31 December 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

PKF PERTH



SIMON FERMANIS

PARTNER

26 February 2021

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WESTERN AUSTRALIA

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Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

	Note	Period ended 31 December 2020 \$	Period ended 31 December 2019 \$
Revenue	3	445,808	269,913
Expenses			
Corporate and administration expenses		(446,902)	(762,786)
Depreciation and amortisation		(100,585)	(46,391)
Employee costs		(501,172)	(616,596)
Share-based payments		(494,361)	(332,242)
Exploration and evaluation expenditure		(62,056)	(87,309)
Royalty termination	4	-	(4,000,000)
Foreign exchange loss		(21,337)	(16,920)
Loss before finance costs and income tax		(1,180,605)	(5,592,331)
Finance costs		(74,691)	(2,942)
Loss before income tax		(1,255,296)	(5,595,273)
Income tax expense		-	-
Net loss for the period		(1,255,296)	(5,595,273)
Other comprehensive income net of income tax		-	-
Total comprehensive loss for the period		(1,255,296)	(5,595,273)
Loss for the period attributable to:			
Non-controlling interest		(30,993)	(549,210)
Members of the parent		(1,286,289)	(5,046,063)
Total comprehensive loss for the period		(1,255,296)	(5,595,273)
Basic and diluted loss per share (cents per share)		(0.28)	(1.35)

The accompanying notes form part of these financial statements.

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Galena Mining Limited and Controlled Entities
ABN 63 616 317 778

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	31 December 2020 \$	30 June 2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	33,867,316	9,053,747
Trade and other receivables		490,712	449,103
Prepayments		1,678,299	912,518
TOTAL CURRENT ASSETS		36,036,327	10,415,368
NON-CURRENT ASSETS			
Plant and equipment	6	34,445,064	26,384,326
Right-of-use assets	7	1,821,740	1,565,470
Exploration and evaluation assets	8	28,012,183	21,175,802
TOTAL NON-CURRENT ASSETS		64,278,987	49,125,598
TOTAL ASSETS		100,315,314	59,540,966
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		3,503,269	1,801,316
Lease liabilities	7	715,034	602,390
Provisions	9	166,629	124,729
TOTAL CURRENT LIABILITIES		4,384,932	2,528,435
NON-CURRENT LIABILITIES			
Lease liabilities	7	894,310	920,228
Provisions	9	1,183,264	-
TOTAL NON-CURRENT LIABILITIES		2,077,574	920,228
TOTAL LIABILITIES		6,462,506	3,448,663
NET ASSETS		93,852,808	56,092,303
EQUITY			
Issued capital	10	46,371,327	34,854,887
Share-based payment reserve	11	1,547,548	1,248,187
Consolidation reserve		41,476,490	26,071,954
Accumulated losses		(12,301,984)	(11,015,695)
Parent interest		77,102,301	51,159,333
Non-controlling interest		16,759,427	4,932,970
TOTAL EQUITY		93,852,808	56,092,303

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Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Issued capital	Share-based payment reserve	Equity reserve	Accumulated losses	Non-controlling interest	Total
	\$	\$		\$	\$	\$
Balance at 1 July 2019	28,591,025	1,064,807	17,680,860	(4,979,040)	2,283,258	44,640,910
Loss for the period	-	-	-	(5,046,063)	(549,210)	(5,595,273)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss	-	-	-	(5,046,063)	(549,210)	(5,595,273)
<i>Transactions with owners directly recorded in equity:</i>						
Shares issued during the period	3,404,000	-	-	-	-	3,404,000
Vesting expense recognised	-	250,242	-	-	-	250,242
Share issue costs	-	-	-	-	-	-
Partial disposal of interest in subsidiary	-	-	8,391,094	-	3,208,906	11,600,000
Balance at 31 December 2019	31,995,025	1,315,049	26,071,954	(10,025,103)	4,942,954	54,299,879
Balance at 1 July 2020	34,854,887	1,248,187	26,071,954	(11,015,695)	4,932,970	56,092,303
Loss for the period	-	-	-	(1,286,289)	30,993	(1,255,296)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss	-	-	-	(1,286,289)	30,993	(1,255,296)
<i>Transactions with owners directly recorded in equity:</i>						
Shares issued during the period	12,196,500	-	-	-	-	12,196,500
Share-based payments	-	299,361	-	-	-	299,361
Share issue costs	(680,060)	-	-	-	-	(680,060)
Partial disposal of interest in subsidiary	-	-	15,404,536	-	11,795,464	27,200,000
Balance at 31 December 2020	46,371,327	1,547,548	41,476,490	(12,301,984)	16,759,427	93,852,808

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 HALF YEAR ENDED 31 DECEMBER 2020

	Note	Period ended 31 December 2020 \$	Period ended 31 December 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(424,364)	(1,419,654)
Other income		383,829	-
Interest received		61,978	159,991
Interest paid		-	(2,942)
Royalty termination		-	(1,600,000)
Net cash provided by (used in) operating activities		21,443	(2,862,605)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(56,141)	(5,134)
Project development expenditure		(2,621,465)	(4,405,799)
Exploration and evaluation expenditure		(6,836,380)	(5,763,269)
Proceeds from partial disposal of subsidiary		27,200,000	11,600,000
Net cash provided by investing activities		17,686,014	1,425,798
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		12,001,500	922,000
Transaction costs associated with issue of shares		(680,060)	-
Borrowing costs		(4,215,328)	-
Net cash provided by financing activities		7,106,112	922,000
Net increase/(decrease) in cash held		24,813,569	(514,807)
Cash and cash equivalents at beginning of period		9,053,747	27,977,417
Cash and cash equivalents at end of period	6	33,867,316	27,462,610

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ABN 63 616 317 778

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 1: BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT

Statement of compliance

The half year financial report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards Board (AASB) 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

a) Going Concern

The half year 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 ended 31 December 2020 of \$1,255,296 (31 December 2019: \$5,595,273 loss) and net cash inflows of \$24,813,569 (31 December 2019: \$514,807 outflows).

At 31 December 2020, the Group had a net working capital surplus of \$31,651,395 (30 June 2020: \$7,886,933), including cash and cash equivalents of \$33,867,316 (30 June 2020: \$9,053,747). At the date of this report, the Directors are satisfied there are reasonable grounds to believe that, having regard to the Group's financial position and its available financing options, the Group will be able to meet its obligations 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 31 December 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.

b) Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australia dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Group's 2020 annual financial report for the financial year ended 30 June 2020, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Under AASB 137 'Provision, Contingent Liabilities and Contingent Assets' a provision is required in respect of the future cost of rehabilitating the mine site. In accordance with AASB 137, using the life of mine, the present value of the rehabilitation costs of \$1,215,100 was calculated. As a result, a provision of \$1,171,723 was recorded during the half year and increased by the unwinding of the discount of \$11,541 to \$1,183,264 as at 31 December 2020.

The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual report and any public announcements made by Galena Mining Limited and its controlled entity during the half year in accordance with the continuous disclosure requirements of The Corporations Act 2001 and The ASX Listing Rules.

c) Adoption of new or revised accounting standards and interpretations

The Group has adopted all the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current half year. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

It has been determined by the Group that there are no new Accounting Standards or Interpretations that have a material or otherwise impact on its business.

Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

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.

Segment Results

Half year ended 31 December 2020

	Abra Project	Exploration	Other Activities	Consolidated
	\$	\$	\$	\$
Interest received	19,355	-	42,624	61,979
Other income	366,329	-	17,500	383,829
Revenue	385,684	-	60,124	445,808
Corporate and administration expenses	(142,671)	-	(304,231)	(446,902)
Depreciation and amortisation	(72,767)	-	(27,818)	(100,585)
Employee costs	-	-	(501,172)	(501,172)
Share-based payments	-	-	(494,361)	(494,361)
Exploration and evaluation expenditure	-	(62,056)	-	(62,056)
Royalty termination	-	-	-	-
Foreign exchange loss	(10,382)	-	(10,955)	(21,337)
Profit/(Loss) before finance costs and income tax	159,864	(62,056)	(1,278,413)	(1,180,605)
Finance costs	(73,423)	-	(1,268)	(74,691)
Profit/(Loss) before income tax	86,441	(62,056)	(1,279,681)	(1,255,296)
Income tax expense	-	-	-	-
Net profit/(loss) for the year	86,441	(62,056)	(1,279,681)	(1,255,296)
Segment assets	57,025,465	28,012,183	15,277,666	100,315,314
Segment liabilities	(6,343,981)	-	(118,525)	(6,462,506)
Other segment information				
Capital expenditure (i)	(30,794,454)	(9,847,529)	(48,323)	(40,690,306)

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

Galena Mining Limited and Controlled Entities
ABN 63 616 317 778

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 2: SEGMENT INFORMATION (continued)

Segment Results				
Half year ended 31 December 2019	Abra Project	Exploration	Other Activities	Consolidated
	\$	\$	\$	\$
Interest received	183,650	-	86,263	269,913
Other income	-	-	-	-
Revenue	183,650	-	86,263	269,913
Corporate and administration expenses	(145,463)		(617,323)	(762,786)
Depreciation and amortisation	(1,520)		(44,871)	(46,391)
Employee costs	-		(616,596)	(616,596)
Share-based payments	-		(332,242)	(332,242)
Exploration and evaluation expenditure	-	(87,309)		(87,309)
Royalty termination	(4,000,000)			(4,000,000)
Foreign exchange loss	(4,964)		(11,956)	(16,920)
Loss before finance costs and income tax	(3,968,297)	(87,309)	(1,536,725)	(5,592,331)
Finance costs	-		(2,942)	(2,942)
Loss before income tax	(3,968,297)	(87,309)	(1,539,667)	(5,595,273)
Income tax expense	-			-
Net loss for the year	(3,968,297)	(87,309)	(1,539,667)	(5,595,273)
Segment assets	30,352,820	20,724,333	9,026,088	60,103,241
Segment liabilities	(5,582,012)	-	(221,349)	(5,803,361)
Other segment information				
Capital expenditure (i)	(10,945,473)	(17,050,247)	(34,788)	(28,030,508)

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

NOTE 3: REVENUE

	31 December 2020	31 December 2019
	\$	\$
Interest received	61,979	269,913
Other income	383,829	-
Total Revenue	445,808	269,913

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Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 4: ROYALTY TERMINATION	31 December 2020	31 December 2019
	\$	\$
Royalty termination	-	4,000,000

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 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 have reduced from 3.5% to 2.375%.

NOTE 5: CASH AND CASH EQUIVALENTS	31 December 2020	30 June 2020
	\$	\$
Cash at bank	29,292,316	1,419,019
Term deposits at call	4,575,000	7,634,728
Total Cash and Cash Equivalents	33,867,316	9,053,747

NOTE 6: PLANT AND EQUIPMENT		
Communication Equipment		
At cost	51,404	-
Accumulated depreciation	(2,563)	-
	<u>48,841</u>	<u>-</u>
Motor Vehicle		
At cost	8,018	8,018
Accumulated depreciation	(4,215)	(4,007)
	<u>3,803</u>	<u>4,011</u>
Computer and Office Equipment		
At cost	40,256	35,519
Accumulated depreciation	(20,367)	(19,220)
	<u>19,889</u>	<u>16,299</u>
Equipment and Tools		
At cost	2,350	2,350
Accumulated depreciation	(581)	(581)
	<u>1,769</u>	<u>1,769</u>
Mine Development Assets		
At cost	34,370,763	26,362,247
Accumulated depreciation	-	-
	<u>34,370,763</u>	<u>26,362,247</u>
Total Plant and Equipment	<u>33,445,064</u>	<u>26,384,326</u>

During the period, borrowing costs of \$4.2 million relating to mines currently under development have been capitalised in Mine Development Assets, being a total of \$34.4 million in plant and equipment as at 31 December 2020.

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Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 7: 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:

Right-Of Use Assets	31 December 2020	30 June 2020
	\$	\$
Communication Equipment		
Balance at beginning of period	1,472,743	-
Additions	352,937	1,472,743
Depreciation expense	(68,849)	-
Balance at reporting date	<u>1,756,831</u>	<u>1,472,743</u>
Corporate Office		
Balance at beginning of period	92,727	-
Additions	-	166,909
Depreciation expense	(27,818)	(74,182)
Balance at reporting date	<u>64,909</u>	<u>92,727</u>
Total Right-Of-Use Assets	<u>1,821,740</u>	<u>1,565,470</u>

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

Lease Liabilities		
Balance at beginning of period	1,522,618	-
Additions	388,231	1,639,652
Accretion of interest	63,149	57,878
Payments	(364,654)	(174,912)
Balance at reporting date	<u>1,609,344</u>	<u>1,522,618</u>
Current	715,034	602,390
Non-current	894,310	920,228
Depreciation expense for right-of use assets	96,667	41,727
Interest expense on lease liabilities	63,149	2,942
Total amount recognised in profit or loss	<u>159,816</u>	<u>7,606</u>

Galena Mining Limited and Controlled Entities
ABN 63 616 317 778

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 8: EXPLORATION AND EVALUATION	31 December 2020	30 June 2020
	\$	\$
Exploration expenditure capitalised		
- Exploration and evaluation asset acquired	3,674,165	3,674,165
- Exploration and evaluation costs incurred	24,338,018	17,501,637
	<u>28,012,183</u>	<u>21,175,802</u>

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

- Carrying amount at beginning of the period	21,175,802	18,164,654
- Costs capitalised	6,836,381	3,011,148
Carrying amount at the end of the period	<u>28,012,183</u>	<u>21,175,802</u>

NOTE 9: PROVISIONS	31 December 2020	30 June 2020
	\$	\$
Current		
Employee benefits	166,629	124,729
Non-current		
Environmental rehabilitation	1,183,264	-

The movement in the closure provision during the half year is set out below.

	31 December 2020	30 June 2020
	\$	\$
Balance at beginning of period	-	-
Arising during the period	1,171,723	-
Unwinding of discount	11,541	-
Inflation and discount rate adjustments	-	-
Balance at reporting date	<u>1,183,264</u>	<u>-</u>

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Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 10: ISSUED CAPITAL	31 December 2020	30 June 2020
	\$	\$
Movement in ordinary shares		
Balance at beginning of period	34,854,887	28,591,025
Shares issued during the period for cash	12,001,500	-
Shares issued during the period for no cash	195,000	4,650,000
Share-based payments*	-	1,613,862
Share issue costs	(680,060)	-
Balance at reporting date	46,371,327	34,854,887

	31 December 2020	30 June 2020
	Number	Number
Movement in ordinary shares		
Balance at beginning of period	403,205,353	364,522,853
Shares issued during the period for cash	57,150,000	-
Shares issued during the period for no cash	1,500,000	18,600,000
Share-based payments	-	20,082,500
Balance at reporting date	461,855,353	403,205,353

*Reflects the Fair Value of share-based payments.

NOTE 11: SHARE-BASED PAYMENT RESERVE

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

	31 December 2020	30 June 2020
	\$	\$
Balance at beginning of period	1,248,187	1,064,807
Share-based payments vesting expense	494,361	498,217
Share-based payments shares issued	(195,000)	(314,837)
Balance at reporting date	1,547,548	1,248,187

Refer to Note 12 for valuation technique and assumptions.

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Galena Mining Limited and Controlled Entities
ABN 63 616 317 778

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 12: SHARE-BASED PAYMENTS

Grant Date/entitlement	Number of Instruments	Grant Date	Fair value per instrument \$	Value \$
Performance Rights issued on 13 August 2019 exercisable on or before 13 August 2024 (i)	2,000,000	13/08/2019	0.1987	397,440
Share Appreciation Rights issued on 8 November 2019 to directors exercisable on or before 21 January 2024 (ii)	540,000	08/11/2019	0.2189	118,193
Total value at 31 December 2019				515,633
Share Appreciation Rights issued on 1 September 2020 to employees and directors exercisable on or before 1 September 2025 (iii)	2,500,000	01/09/2020	0.1349	337,144
Total value at 31 December 2020				337,144

- (i) 2,000,000 Performance Rights issued as part of employment agreement have been calculated using Black-Scholes option pricing model with the following inputs:

Performance Rights Granted on 13 August 2019	
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

- (ii) 540,000 Share Appreciation Rights issued have been calculated using Black-Scholes option pricing model with the following inputs:

Share Appreciation Rights Granted on 8 November 2019	
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

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Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 12: SHARE-BASED PAYMENTS (continued)

- (iii) 2,500,000 Share Appreciation Rights issued have been calculated using Black-Scholes option pricing model with the following inputs:

Share Appreciation Rights Granted on 1 September 2020	
Expected volatility (%)	70
Risk free interest rate (%)	0.38
Weighted average expected life of options (years)	1.5
Expected dividends	Nil
Option exercise price (\$)	0.24
Share price at grant date (\$)	0.25
Fair value of option (\$)	0.1349
Expiry date	1 September 2025

At the end of the period, the following options over unissued ordinary shares were outstanding:

- 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;
- 11,500,000 performance rights exercisable on or before 9 November 2023;
- 2,000,000 performance rights exercisable on or before 13 August 2024;
- 1,635,000 share appreciation rights exercisable at \$0.17 on or before 21 January 2024; and
- 2,500,000 share appreciation rights exercisable at \$0.24 on or before 1 September 2025.

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

	31 December 2020	30 June 2020
	Number	Number
Balance at beginning of period	37,385,000	55,010,000
Issued	2,500,000	2,540,000
Expired / lapsed	-	(82,500)
Exercised	(1,500,000)	(20,082,500)
Other changes	-	-
Balance at reporting date	38,385,000	37,385,000

NOTE 13: CONTINGENT ASSETS AND LIABILITIES

In the opinion of the directors there were no contingent assets or liabilities as at 31 December 2020.

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Galena Mining Limited and Controlled Entities
ABN 63 616 317 778

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 14: CAPITAL AND OTHER COMMITMENTS

Expenditure commitments for Abra Project*	31 December 2020	30 June 2020
	\$	\$
Within one year	1,423,137	1,257,691
Between 1 and 5 years	1,526,307	2,543,958
	2,949,444	3,801,649

Office rental commitments	31 December 2020	30 June 2020
	\$	\$
Within one year	59,572	58,700
Between 1 and 5 years	9,977	39,908
	69,549	98,609

* 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.

In the opinion of directors, there were no further capital or other commitments as at 31 December 2020.

NOTE 15: EVENTS AFTER REPORTING PERIOD

- On 8 January 2021, the Company issued 1,000,000 fully paid ordinary shares for 1,000,000 share options that were exercised at \$0.30. On 6 February 2021, the Company advised that the remaining 4,000,000 share options which the Company issued on 7 February 2018 were unexercised and therefore lapsed.
- On 18 January 2021, the Company advised that 25,000 share appreciation rights which the Company issued on 4 December 2019 lapsed and were cancelled due to the holder ceasing to be an eligible participant.
- The impact of the COVID-19 pandemic is ongoing and while it has not significantly impacted the Group up to 31 December 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 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.

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Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 16: 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 31 December 2020	Equity holding 30 June 2020
Abra Mining Pty Ltd	Australia	Ordinary	77.28%	86.16%
GML Marketing Pty Ltd ⁽ⁱ⁾	Australia	Ordinary	100%	100%
Metal Range Ltd ⁽ⁱ⁾	Australia	Ordinary	-	100%
MR1 Holding Pty Ltd ⁽ⁱ⁾	Australia	Ordinary	-	100% ⁽ⁱⁱ⁾

(i) Entities have no activity.

(ii) MR1 Holding is a wholly owned subsidiary of Metal Range Limited only

Proportion of equity interest held by non-controlling entity

Name	Country of Incorporation	Non-controlling interest	
		31 December 2020	30 June 2020
Abra Mining Pty Ltd	Australia	22.72%	13.84%

On 12 April 2020, the Company completed a transaction with Toho to invest \$90,000,000 in various tranches for a 40% joint-venture investment in AMPL. During the reporting period AMPL received the third tranche payment of \$20,000,000 (2019: \$10,000,000 received) from Toho and an additional \$18,000,000 equity from Galena and Toho. AMPL issued new shares to Galena and Toho's wholly-owned subsidiary, CBHWA, such that AMPL is currently owned 77.28% by Galena and 22.72% by CBHWA. The transactions have 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:

	31 December 2020	30 June 2020
	\$	\$
Proceeds from the issue of new shares in AMPL to CBHWA	27,200,000	11,600,000
Net assets attributable to non-controlling interest	(11,795,465)	(3,208,906)
Increase in equity attributable to parent (i)	15,404,535	8,391,094

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

Galena Mining Limited

ABN 63 616 317 778

DIRECTORS' DECLARATION

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

1. the financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Group as at 31 December 2020 and of its performance, for the half 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, 26th day of February 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF GALENA MINING LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Galena Mining Limited (the company) and controlled entities (consolidated entity) which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2020, or during the half year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Galena Mining Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report.

Independence

We are independent of the company 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 (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Directors' Responsibility for the Interim Financial Report

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

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF Perth

PKF PERTH

Simon Fermanis

SIMON FERMANIS

PARTNER

26 FEBRUARY 2021

WEST PERTH,

WESTERN AUSTRALIA

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