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GALENA MINING LIMITED

ABN 63 616 317 778

& Controlled Entities

Annual Report

For the year ended 30 June 2021

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

Directors	Mr Adrian Byass Non-Executive Chairman
	Mr Anthony James Managing Director / Chief Executive Officer
	Mr Alexander Molyneux Executive Director
	Mr Jonathan Downes 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	Automic Pty Ltd Level 2, 267 St Georges Terrace Perth WA 6000
Auditors	PKF Perth Level 4, 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

DIRECTORS' REPORT

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 2021.

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
Anthony James	Managing Director / Chief Executive Officer
Alexander Molyneux	Executive Director
Jonathan Downes	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, together with early-stage exploration works at other mineral prospects within the Group's portfolio.

OPERATING RESULTS

The Group incurred a loss for the financial year ended 30 June 2021 of \$3,903,440 (2020: \$6,595,849).

A detailed operating review of the Group is set out on pages 16 to 19 of this report under the section entitled "Review of Operations".

FINANCIAL POSITION

As at 30 June 2021 the Group had a cash balance of \$96,195,562 (2020: \$9,053,747) and a net asset position of \$132,949,386 (2020: \$56,092,303).

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 2021.

Galena Mining Limited and Controlled Entities

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DIRECTORS' REPORT

CORPORATE GOVERNANCE STATEMENT

The Company has disclosed its corporate governance statement on the Company website at www.galenamining.com.au.

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 Group 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	476,105,353
Options	
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
Performance Rights	
Performance rights expiring on 9 November 2023	9,000,000
Performance rights expiring on 13 August 2024	2,000,000
Share Appreciation Rights	
17 cents expiring on 21 January 2024	1,610,000
24 cents expiring on 1 September 2025	2,500,000

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 11 August 2021, the Company announced that Abra Mining Pty Limited ("**AMPL**"), the joint-venture company for the Abra Base Metals Project ("**Abra**" or the "**Project**") confirmed placement of orders for two key long lead-time items for the Abra processing plant, being the ball mill and the concentrate filter (horizontal filter press). These items have a combined order value of approximately \$9 million.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the consolidated entity up to 30 June 2021, 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 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

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DIRECTORS' REPORT

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

- 12,550,000 fully paid ordinary shares
- 220,000 share appreciation rights exercisable at \$0.17 expiring on 21 January 2024
- 135,000 share appreciation rights exercisable at \$0.24 expiring on 1 September 2025

Anthony James, BEng (Min) AWASM, FAusIMM
Managing Director / Chief Executive Officer

Mr James has over 30 years' mine operating and project development experience predominantly in WA. He joined Galena on 15 October 2018 as a non-executive director before becoming Managing Director / Chief Executive Officer on 16 June 2021. Mr James 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).

Interest in Shares and Options

- 115,000 fully paid ordinary shares
- 220,000 share appreciation rights exercisable at \$0.17 expiring on 21 January 2024
- 200,000 share appreciation rights exercisable at \$0.24 expiring on 1 September 2025

Alexander Molyneux, BEcon, GradDipMinExplGeoSc
Executive Director (previously Managing Director / Chief Executive Officer until 16 June 2021)

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).

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DIRECTORS' REPORT

INFORMATION ON DIRECTORS *(continued)*

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

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's 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

- 7,700,000 fully paid ordinary shares
- 9,000,000 contingent performance rights which may convert into shares upon the achievement of various milestones

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

- 14,762,950 fully paid ordinary shares
- 50,000 share appreciation rights exercisable at \$0.17 expiring on 21 January 2024

Stewart Howe, BE (Chem), ME (Mining), MAppFin, FAICD, FAusIMM Non-Executive Director

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.

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, currently serving as an executive director of ASX-listed Kaiser Reef Limited and chairing the board of Whittle Consulting Group.

Interest in Shares and Options

- 536,425 fully paid ordinary shares
- 135,000 share appreciation rights exercisable at \$0.24 expiring on 1 September 2025

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DIRECTORS' REPORT

INFORMATION ON OTHER MANAGEMENT

Troy Flannery BEng (Min), MAppFin, FCMMC
Chief Executive Officer of AMPL (resigned 20 August 2021)

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 BCom, BAcc (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 and JSE: 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 BCom
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.

Galena Mining Limited and Controlled Entities

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DIRECTORS' REPORT

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 Anthony James

Managing Director / Chief Executive Officer (appointed 16 June 2021)

Mr James' engagement terms are governed by an Executive Employment Agreement. The terms of agreement can be terminated by either party providing six months written notice. Mr James is entitled to receive a salary of \$450,000 per annum (exclusive of statutory superannuation). Subject to shareholder, ASIC and ASX approval (as required), Mr James will be entitled to receive 7,500,000 performance rights, which will convert into shares upon the achievement of various milestones expiring five years from their grant date.

Galena Mining Limited and Controlled Entities

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DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

Mr Alexander Molyneux

Executive Director (previously Managing Director / Chief Executive Officer until 16 June 2021)

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 was 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.

Mr Troy Flannery

Chief Executive Officer of AMPL (resigned 20 August 2021)

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 2021. Mr Flannery was also entitled to receive 5,000,000 options exercisable at \$0.30 expiring on 6 February 2021.

Mr Flannery was 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 was 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 was 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

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 \$350,000 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

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DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

The remuneration for key management personnel of the Company during the 2021 and 2020 financial years was as follows:

	Year	Short-term Benefits		Post-employment Benefits	Share-based Payments	Total \$	Share-based Payments as a percentage of Remuneration		Performance Related %
		Cash fees and salary \$	STI payments \$	Super-annuation \$	Options / Rights (v) \$		%	%	
Non-Executive Directors									
Adrian Byass	2021	65,000	-	-	18,206	83,206	21.88	-	-
	2020	65,000	-	-	48,153	113,153	42.56	-	-
Jonathan Downes	2021	45,662	-	4,338	-	50,000	-	-	-
	2020	45,662	-	4,338	10,944	60,944	17.96	-	-
Timothy Morrison (i)	2021	25,002	-	-	-	25,002	-	-	-
	2020	50,000	-	-	10,944	60,944	17.96	-	-
Stewart Howe	2021	45,662	-	4,338	18,206	68,206	26.69	-	-
	2020	27,512	-	2,614	-	30,126	-	-	-
Sub-Total Non-Executive Directors	2021	181,326	-	8,676	36,412	226,414			
	2020	188,174	-	6,952	70,041	265,167			
Executive Directors									
Anthony James (ii)	2021	268,669	-	5,938	26,971	301,578	8.94	-	-
	2020	192,411	-	4,338	48,153	244,902	19.66	-	-
Alexander Molyneux (iii)	2021	321,472	-	-	634,185	955,657	66.36	66.36	66.36
	2020	360,396	-	-	261,613	622,009	42.06	42.06	42.06
Sub-Total Executive Directors	2021	590,141	-	5,938	661,156	1,257,235			
	2020	552,807	-	4,338	309,766	866,911			
Other KMP									
Troy Flannery (iv)	2021	310,000	-	21,694	121,372	453,066	26.79	-	-
	2020	270,000	-	21,003	-	291,003	-	-	-
Craig Barnes	2021	280,000	125,000	21,694	134,724	561,418	24.00	12.81	12.81
	2020	249,487	-	21,003	118,411	388,900	30.45	11.30	11.30
Sub-Total Other KMP	2021	590,000	125,000	43,388	256,096	1,014,484			
	2020	519,487	-	42,006	118,411	679,904			
TOTAL	2021	1,361,467	125,000	58,002	953,664	2,498,133			
	2020	1,260,468	-	53,296	498,217	1,811,982			

(i) Mr Morrison resigned as a Non-Executive Director on 14 December 2020.

(ii) Mr James was appointed as Managing Director/Chief Operating Officer on 16 June 2021. Prior to this, Mr James was a Non-Executive Director and his remuneration included fees for additional services provided to the Abra Base Metals Project.

(iii) Mr Molyneux was replaced by Mr James as Managing Director/Chief Operating Officer on 16 June 2021. Mr Molyneux will remain an Executive Director with responsibility for corporate development initiatives and strategic relationships.

(iv) Mr Flannery resigned on 20 August 2021.

(v) The fair value of options or rights were calculated at grant date using the Black-Scholes model and recognised over the vesting period. These amounts have not actually been paid during the year and the fair value is not related to or indicative of the benefit (if any) that key management personnel may ultimately receive.

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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 2020 and 2021 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
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
Troy Flannery	900,000	01/09/2020	\$0.1349	\$0.24	01/09/2025	Nil
Craig Barnes	200,000	01/09/2020	\$0.1349	\$0.24	01/09/2025	Nil
Anthony James	200,000	13/11/2020	\$0.1349	\$0.24	01/09/2025	Nil
Adrian Byass	135,000	13/11/2020	\$0.1349	\$0.24	01/09/2025	Nil
Stewart Howe	135,000	13/11/2020	\$0.1349	\$0.24	01/09/2025	Nil

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:

30 June 2021

	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	2,450,000	(1,000,000)	12,550,000
Jonathan Downes	13,162,950	2,450,000	(850,000)	14,762,950
Timothy Morrison (i)	66,250,000	-	(15,000,000)	51,250,000
Alexander Molyneux	3,700,000	4,000,000	-	7,700,000
Anthony James	115,000	-	-	115,000
Stewart Howe	536,425	-	-	536,425
Troy Flannery	738,333	1,000,000	(1,288,333)	450,000
	<u>95,602,708</u>	<u>9,900,000</u>	<u>(18,138,333)</u>	<u>87,364,375</u>

(i) Mr Morrison resigned as a Non-Executive Director on 14 December 2020.

Galena Mining Limited and Controlled Entities

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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 2021

	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	2,450,000	-	-	(2,450,000)	-	-	-	-
Jonathan Downes	2,450,000	-	-	(2,450,000)	-	-	-	-
Troy Flannery	5,000,000	-	(1,000,000)	(4,000,000)	-	-	-	-
	9,900,000	-	(1,000,000)	(8,900,000)	-	-	-	-

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 2021

	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	135,000	-	-	355,000	55,000	165,000	-
Anthony James	220,000	200,000	-	-	420,000	55,000	165,000	-
Jonathan Downes	50,000	-	-	-	50,000	12,500	37,500	-
Timothy Morrison (i)	50,000	-	-	(25,000)	25,000	-	25,000	-
Stewart Howe	-	135,000	-	-	135,000	-	-	-
Troy Flannery	300,000	900,000	-	-	1,200,000	75,000	225,000	-
Craig Barnes	-	200,000	-	-	200,000	-	-	-
	840,000	1,570,000	-	(25,000)	2,385,000	197,500	617,500	-

(i) Mr Morrison resigned as a Non-Executive Director on 14 December 2020.

KMP Performance Rights Holdings

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

30 June 2021

	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	13,000,000	-	(4,000,000)	-	9,000,000	4,000,000	-	-
Craig Barnes	2,000,000	-	-	-	2,000,000	-	-	-
	15,000,000	-	(4,000,000)	-	11,000,000	4,000,000	-	-

End of Remuneration Report

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Galena Mining Limited and Controlled Entities

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DIRECTORS' REPORT

MEETING OF DIRECTORS

During the period, 9 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	9	9
Mr Jonathan Downes	9	9
Mr Timothy Morrison	5	4
Mr Alexander Molyneux	9	9
Mr Anthony James	9	8
Mr Stewart Howe	9	9

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 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.

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DIRECTORS' REPORT

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 2021:

-Taxation compliance services	<u>\$8,950</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 16 and forms part of this Directors' Report for the year ending 30 June 2021.

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



Adrian Byass
Chairman


Dated this 26th day of August 2021

**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 2021, 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 August 2021
WEST PERTH,
WESTERN AUSTRALIA

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Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

REVIEW OF OPERATIONS

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 comprises an elongated tenement package covering approximately 76 kilometres continuous strike length directly to the 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 2021 was 60% owned by Galena, with the remaining 40% 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

The Company has received all the major approvals required for construction, mining and production at Abra.

Safety and environment

During the financial year, 104,526 employee and contractor work hours were recorded at Abra with two medically treated injuries or lost time injuries recorded.

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

Project construction / development

During the financial year, the Company completed approximately 17% of the Abra Base Metals Project construction including the following:

- Mine box-cut ground support works were completed to the portal excavation stage. Shotcreting company Incycle Construction Pty Ltd applied fibrecrete to the lower walls of the box-cut. This rock surface coverage work was then followed by the installation of cable bolts above the portal access location and fully grouted rockbolts.
- The installation of the remaining 200 rooms and other ancillary buildings to complete the 280 room Abra mine village was completed and commissioned by contractor McNally Group Pty Ltd. The mine village has modern new accommodation units and other central facilities including dry and wet mess buildings; village administration buildings, sports and gym facilities, laundries and a medical centre.
- General site clearing of the mine's surface infrastructure and process plant areas were completed, along with the final construction of the run-of-mine (ROM) pad.

Galena Mining Limited and Controlled Entities

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REVIEW OF OPERATIONS

Other Abra Project development activities undertaken during the year included completing detailed design and engineering for the tailings storage facility ("TSF") and aerodrome. Contracts were finalised for the earthworks activities for the TSF, aerodrome and processing facility.

2020 Abra Drilling Program and Updated Mineral Resource

During the financial year, Galena announced the achievement of the key objectives from the 2020 Abra Drilling Program and a subsequently completed updated JORC Code 2012 Mineral Resource estimate ("**April 2021 Resource**") for the Project, independently prepared by Optiro Pty Ltd ("**Optiro**").

The completed 2020 Abra Drilling program included 57 drill-holes totalling 24,834 cumulative linear meters and was designed to achieve three specific objectives. These objectives were mainly focussed on the original Mineral Resource estimate and potential grade and continuity risk of certain areas within that estimate, and they were:

- (i) Lead-silver orebody infill drilling – Some infill drilling that had previously been planned to take place from underground once the decline was in place was pulled forward into the 2020 Abra Drilling Program. This aimed to further tighten the drill-hole spacing over the first four years of proposed production to 20 by 20 metres and up to 30 by 30 metres or better, compared with a more variable drilling density of up to 40 by 40 metres and up to 60 by 60 metres in that area previously.
- (ii) Drilling into selected lead-silver 'metal rich' zones – Some drill-holes successfully targeted selected areas within the Abra lead-silver mineralisation where higher concentrations of metal (in both grade and thickness) were projected from previous drilling campaigns, in particular drill-hole AB147, which became the best high-grade lead-silver drill-hole ever at Abra, and the follow-up drill-holes that were added to the program in its vicinity.
- (iii) Gold-copper exploration – Some of the drilling, in particular drill-hole AB195 successfully targeted the newly interpreted gold and copper drilling targets to the south and south-east of the lead-silver mineralisation and at depth.

The April 2021 Resource incorporated the new information from the 2020 Abra Drilling Program and is set out below.

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.

Competent Persons' Statement

The information in this report related to the Abra April 2021 Resource 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.

Galena Mining Limited and Controlled Entities

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REVIEW OF OPERATIONS

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 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 the remaining \$60 million was received during the current financial year after project financing debt for the Project was confirmed (with all tranches combined taking Toho's total ownership in AMPL to 40%).
- 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

In November 2020, Galena put in place US\$110 million in finalised 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 (see Galena ASX announcement of 12 November 2020).

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.
- 1.125% net smelter return royalty.
- No mandatory hedging.
- Early repayment allowed without penalty.

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.

In June 2021, AMPL received the first drawdown under the Project Finance Facility in the amount of US\$30 million, leaving US\$80 million undrawn under remaining facilities.

The Taurus Debt Facilities are secured against Abra Project assets and over the shares that each of Galena and Toho own in AMPL, and additional drawdowns remain subject to satisfaction of customary conditions precedent.

Near-Project exploration

During the financial year, a full review of the prospects around Abra and other exploration targets was concluded defining five high-priority targets that have the potential to host similar base and precious metals mineralisation as for Abra.

Amongst the work completed during the year, a downhole geophysical survey was concluded for the deepest drill-hole ever drilled at Abra (AB195) to identify any potential conductive source associated with massive sulphide mineralisation, particularly in the interpreted copper-gold zone. The downhole geophysical survey included electromagnetic, magnetic susceptibility, magnetic and conductivity surveys. A significant magnetic conductive source was identified that is still being interpreted by the Company's consultant geophysicists.

Galena Mining Limited and Controlled Entities

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REVIEW OF OPERATIONS

JILLAWARRA PROSPECTS (100% OWNED)

Galena's Jillawarra 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 financial year, the Company concluded the review and targeting exercise for the Jillawarra Prospects exploration targets focusing on developing the prospects with the highest potential to host base and precious metals mineralisation, using the learnings from the geological and mineralisation modelling of Abra following the 2020 Abra Drilling Program and preparation of the April 2021 Resource.

CORPORATE

Management transition

With Abra's accelerated progress towards production, Galena announced on 16 June 2021 the transitioning of its Managing Director role to Anthony James, a previously serving Non-Executive Director.

Mr James is a Mining Engineer with considerable senior underground operational and project development experience. He joined Galena's board in October 2018 and has been actively involved in Abra Project development initiatives, having also served on the board of directors of AMPL since the establishment of the active joint-venture with Toho in 2019.

Mr James has been actively involved in both technical and corporate initiatives for the Company since the second half of 2018. Prior to Galena, Mr James' experience includes having previously worked as Managing Director of various ASX-listed companies, including Carbine Resources; Atherton Resources; and Mutiny Gold. At Atherton Resources he achieved a favourable outcome for shareholders which culminated in a cash takeover by Auctus Minerals. At Mutiny Gold he led the implementation of a revised development strategy for the Deflector copper-gold deposit in WA prior to the merger of that company with Doray Minerals. Currently, Mr James serves as a Non-Executive Director of Apollo Consolidated, Wiluna Mining and Medallion Metals. Since his appointment of Managing Director of Galena, Mr James has retired from his position as non-Executive director of Wiluna Mining to be effective from 31 July 2021. Prior to Mr James' Managing Director and Non-Executive Director roles, he held a number of senior executive positions with international gold producer Alacer Gold, including President of its Australian operations. He also played a key role in Avoca Resources' initial growth and success, leading the feasibility, development and operation of its Higginsville Gold Mine.

The Company's prior Managing Director, Alex Molyneux remains a Director with responsibility for corporate development initiatives and strategic relationships.

A\$12 million placement

On 17 July 2020 the Company successfully completed 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%.

Galena Mining Limited and Controlled Entities

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
Revenue	3	516,035	535,552
Expenses			
Corporate and administration expenses		(894,018)	(1,256,593)
Depreciation and amortisation	10,11	(247,949)	(85,461)
Employee costs		(1,311,295)	(1,109,014)
Share-based payments	16	(1,079,083)	(498,217)
Exploration and evaluation expenditure		(62,056)	(89,458)
Royalty termination	4	-	(4,000,000)
Foreign exchange loss		(647,241)	(34,780)
Loss before finance costs and income tax expense		(3,725,607)	(6,537,971)
Finance costs	11,13	(177,833)	(57,878)
Loss before income tax		(3,903,440)	(6,595,849)
Income tax expense	6	-	-
Loss after income tax for the year		(3,903,440)	(6,595,849)
Other comprehensive income net of income tax		-	-
Total comprehensive loss for the year		(3,903,440)	(6,595,849)
Loss for the year attributable to:			
Non-controlling interest		(353,113)	(559,194)
Members of the parent		(3,550,327)	(6,036,655)
		(3,903,440)	(6,595,849)
Loss per share			
Basic and diluted loss per share (cents per share)	5	(0.85)	(1.73)

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 30 JUNE 2021

	Note	30 June 2021 \$	30 June 2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	96,195,562	9,053,747
Trade and other receivables	8	104,095	449,103
Prepayments		223,671	912,518
TOTAL CURRENT ASSETS		96,523,328	10,415,368
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	9	6,648,789	21,175,802
Plant and equipment	10	65,301,696	26,384,326
Right-of-use assets	11	1,844,353	1,565,470
TOTAL NON-CURRENT ASSETS		73,794,838	49,125,598
TOTAL ASSETS		170,318,166	59,540,966
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	2,227,960	1,801,316
Lease liabilities	11	769,745	602,390
Provisions	13	227,468	124,729
TOTAL CURRENT LIABILITIES		3,225,173	2,528,435
NON-CURRENT LIABILITIES			
Lease liabilities	11	623,180	920,228
Provisions	13	1,667,882	-
Interest bearing loans and borrowings	14	31,852,545	-
TOTAL NON-CURRENT LIABILITIES		34,143,607	920,228
TOTAL LIABILITIES		37,368,780	3,448,663
NET ASSETS		132,949,386	56,092,303
EQUITY			
Issued capital	15	48,006,327	34,854,887
Share-based payment reserve	16	1,657,270	1,248,187
Consolidation reserve	25	52,727,720	26,071,954
Accumulated losses		(14,566,022)	(11,015,695)
Parent interest		87,825,295	51,159,333
Non-controlling interest	25	45,124,091	4,932,970
TOTAL EQUITY		132,949,386	56,092,303

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 CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Issued capital	Share-based payment reserve	Consolidation 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 year	-	-	-	(6,036,655)	(559,194)	(6,595,849)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss				(6,036,655)	(559,194)	(6,595,849)
<i>Transactions with owners directly recorded in equity:</i>						
Shares issued during the year	6,263,862	-	-	-	-	6,263,862
Share-based payments	-	183,380	-	-	-	183,380
Share issue costs	-	-	-	-	-	-
Partial disposal of interest in subsidiary (Note 25)	-	-	8,391,094	-	3,208,906	11,600,000
Balance at 30 June 2020	34,854,887	1,248,187	26,071,954	(11,015,695)	4,932,970	56,092,303
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 year	-	-	-	(3,550,327)	(353,113)	(3,903,440)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss				(3,550,327)	(353,113)	(3,903,440)
<i>Transactions with owners directly recorded in equity:</i>						
Shares issued during the year	13,831,500	-	-	-	-	13,831,500
Share-based payments	-	409,083	-	-	-	409,083
Share issue costs	(680,060)	-	-	-	-	(680,060)
Partial disposal of interest in subsidiary (Note 25)	-	-	26,655,766	-	40,544,234	67,200,000
Balance at 30 June 2021	48,006,327	1,657,270	52,727,720	(14,566,022)	45,124,091	132,949,386

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 2021

	Note	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,481,064)	(4,710,163)
Other income		383,829	113,000
Interest received		132,206	335,052
Interest paid		(132,931)	-
Royalty termination		-	(1,600,000)
Net cash used in operating activities	18	(1,097,960)	(5,862,111)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(14,560,789)	(22,949,436)
Exploration and evaluation expenditure		(8,232,028)	(3,011,148)
Proceeds from partial disposal of subsidiary		67,200,000	11,600,000
Net cash provided by / (used in) investing activities		44,407,183	(14,360,584)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		13,161,500	1,299,025
Transaction costs associated with issue of shares		(680,060)	-
Payments of lease liabilities		(501,393)	-
Proceeds from loans and borrowings		39,421,800	-
Borrowing costs paid		(7,569,255)	-
Net cash provided by financing activities		43,832,592	1,299,025
Net increase / (decrease) in cash held		87,141,815	(18,923,670)
Cash and cash equivalents at beginning of financial period		9,053,747	27,977,417
Cash and cash equivalents at end of financial period	7	96,195,562	9,053,747

The accompanying notes form part of these financial statements.

For personal use only

Galena Mining Limited and Controlled Entities

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 26th August 2021 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.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note Z.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 25.

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 \$3,903,440 (2020: \$6,595,849), net cash outflows from operating activities of \$1,097,960 (2020: \$5,862,111) and net cash inflows from investing activities of \$44,407,183 (2020: outflows of \$14,360,584). As at 30 June 2021, the Group had a net current asset surplus of \$93,298,155 (2020: \$7,886,933), including cash and cash equivalents of \$96,195,562 (2020: \$9,053,747).

On 17 July 2020, the Company successfully completed a \$12 million share placement. On 12 November 2020, the Company put in place US\$110 million in finalised debt facilities arranged by Taurus Funds Management to provide project financing to AMPL, the joint-venture company for the Abra Base Metals Project.

Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

a) Going Concern (*continued*)

At the date of this report, the Directors are satisfied there are reasonable grounds to believe that, having regard to the Group's 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 COVID-19 pandemic is ongoing and while it has not significantly impacted the Group up to 30 June 2021, 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) 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.

Galena Mining Limited and Controlled Entities

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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.

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.

Restoration costs expected to be incurred are provided for as part of development activities that give rise to the need for restoration.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

o) 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.

p) 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

q) 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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

r) 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.

s) 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.

t) 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.

u) 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

v) 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.

w) 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).

x) 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.

y) 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 25.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

z) 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.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

It is reasonably possible that the underlying metal price assumption may change which may then impact the estimated life of mine determinant and may then require a material adjustment to the carrying value of mining plant and equipment, mining infrastructure and mining development assets. Furthermore, the expected future cash flows used to determine the value-in-use of these assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as metal spot prices, discount rates, estimates of costs to produce reserves and future capital expenditure.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

z) Critical Accounting Estimates and Judgments (*continued*)

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Rehabilitation provision

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The consolidated entity's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The consolidated entity recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Exploration and Evaluation Expenditure

Exploration and evaluation expenditure has been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

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.

aa) New accounting standards for application in the current period

New Accounting Standards and Interpretations not yet mandatory or early adopted Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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NOTES TO THE CONSOLIDATED 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.

Segment Results				
Year ended 30 June 2021	Abra Project	Exploration	Other Activities	Consolidated
	\$	\$	\$	\$
Interest received	52,948	-	79,258	132,206
Other income	366,329	-	17,500	383,829
Revenue	419,277	-	96,758	516,035
Corporate and administration expenses	(309,637)	-	(584,381)	(894,018)
Depreciation and amortisation	(187,116)	-	(60,833)	(247,949)
Employee costs	-	-	(1,311,295)	(1,311,295)
Share-based payments	-	-	(1,079,083)	(1,079,083)
Exploration and evaluation expenditure	-	(62,056)	-	(62,056)
Royalty termination	-	-	-	-
Foreign exchange loss	(629,587)	-	(17,654)	(647,241)
Loss before finance costs and income tax	(707,063)	(62,056)	(2,956,488)	(3,725,607)
Finance costs	(175,720)	-	(2,113)	(177,833)
Loss before income tax	(882,783)	(62,056)	(2,958,601)	(3,903,440)
Income tax expense	-	-	-	-
Net loss for the year	(882,783)	(62,056)	(2,958,601)	(3,903,440)
Segment assets	125,437,476	29,407,830	15,472,860	170,318,166
Segment liabilities	(37,013,230)	-	(355,550)	(37,368,780)
Other segment information				
Capital expenditure (i)	(15,062,182)	(8,232,028)	-	(23,294,210)

- (i) Capital expenditure consists of additions to plant and equipment, mines under construction, lease assets and exploration and evaluation assets.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: SEGMENT INFORMATION (continued)

Segment Results				
Year ended 30 June 2020	Abra Project	Exploration	Other Activities	Consolidated
	\$	\$	\$	\$
Interest received	218,886	-	116,166	335,052
Other income	100,000	-	100,500	200,500
Revenue	318,886	-	216,666	535,552
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)
Loss before finance costs and income tax	(3,937,501)	(89,458)	(2,511,012)	(6,537,971)
Finance costs	(52,937)	-	(4,940)	(57,878)
Loss before income tax	(3,990,439)	(89,458)	(2,515,953)	(6,595,849)
Income tax expense	-	-	-	-
Net loss for the year	(3,990,439)	(89,458)	(2,515,953)	(6,595,849)
Segment assets	29,938,647	21,175,802	8,426,517	59,540,966
Segment liabilities	(3,164,651)	-	(284,012)	(3,448,663)
Other segment information				
Capital expenditure (i)	(26,669,178)	(3,011,148)	(95,728)	(29,776,054)

(i) Capital expenditure consists of additions to plant and equipment, mines under construction, lease assets and exploration and evaluation assets.

	2021	2020
	\$	\$
NOTE 3: REVENUE		
Interest received	132,206	335,052
Other income	383,829	200,500
Total Revenue	516,035	535,552

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4: ROYALTY TERMINATION	2021	2020
	\$	\$
Royalty termination	<u>-</u>	<u>4,000,000</u>

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 were reduced by 1.125%.

NOTE 5: EARNINGS PER SHARE	2021	2020
	\$	\$
	Cents per share	Cents per share
Basic and diluted loss per share	<u>(0.85)</u>	<u>(1.73)</u>

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

Loss	\$ (3,903,440)	\$ (6,595,849)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	459,723,161	381,316,316

As the Company is in a loss position the options outstanding at 30 June 2021 have no dilutive effects on the earnings per share calculation.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6: INCOME TAX EXPENSE	2021 \$	2020 \$
a. Recognised in the income statement:		
Current tax	-	-
Deferred tax	-	-
Income tax as reported in the statement of comprehensive income	-	-
b. Reconciliation of income tax expense to prima facie tax payable:		
Loss from ordinary activities before income tax expense	(3,903,440)	(6,595,849)
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2020: 27.5%)	(1,171,032)	(1,813,859)
Increase in income tax due to:		
- Non-assessable income	(109,899)	(55,000)
- Non-deductible expenses	326,191	168,426
- Impact of change in corporate tax rate	(1,136,803)	-
- Changes in unrecognised temporary differences	(1,300,314)	210,128
- Unused tax losses not recognised	3,391,857	1,490,305
Income tax attributable to operating loss	-	-
The following deferred tax balances have not been recognised:		
c. Deferred tax assets not recognised at 30% (2020: 27.5%)		
Carry forward revenue and capital losses	22,920,777	18,089,424
Accruals	113,058	32,040
Capital raising costs	310,253	135,673
Unrealised foreign exchange loss	125,129	-
Other	713	-
Net deferred tax asset	23,469,930	18,257,137
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 Business Continuity Test.		
d. Deferred tax liabilities not recognised at 30% (2020: 27.5%)		
Exploration expenditure	1,892,678	5,707,835
Plant and equipment	6,827,712	-
Other	-	44,463
Net deferred tax liability	8,720,390	5,752,299

Potential deferred tax assets attributable to tax losses and other temporary differences have not been brought to account at 30 June 2021 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: CASH AND CASH EQUIVALENTS	2021	2020
	\$	\$
Cash at bank	96,170,562	1,419,019
Term deposits at call	25,000	7,634,728
Total Cash and Cash Equivalents	96,195,562	9,053,747

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	96,195,562	9,053,747
Balance as per statement of cash flows	96,195,562	9,053,747

NOTE 8: TRADE AND OTHER RECEIVABLES

Current

GST receivable	71,430	311,703
Other trade receivables	2,512	62,247
Credit Card guarantee	-	45,000
Rent guarantee	30,153	30,153
Total Trade and Other Receivables	104,095	449,103

NOTE 9: EXPLORATION AND EVALUATION EXPENDITURE

2021

2020

\$

\$

Exploration expenditure capitalised

Exploration and evaluation asset acquisition	3,674,086	3,674,165
Exploration and evaluation costs incurred	2,974,703	17,501,637
	6,648,789	21,175,802

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

Carrying amount at the beginning of the year	21,175,802	18,164,654
Costs capitalised during the year	8,232,028	3,011,148
Transferred to mine properties	(22,759,041)	-
Carrying amount at the end of the year	6,648,789	21,175,802

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10: PLANT AND EQUIPMENT

Reconciliation of the carrying amounts for each class of plant and equipment is set out below.

	Rehabilitation Asset	Mine Properties	Plant and Equipment	Mines Under Construction	Total
2021	\$	\$	\$	\$	\$
Opening net carrying amount	-	-	22,079	26,362,247	26,384,326
Additions	-	-	121,331	14,439,458	14,560,789
Transfer from exploration	-	22,759,041	-	-	22,759,041
Depreciation and amortisation	-	-	(25,438)	-	(25,438)
Change in rehabilitation provision	1,622,978	-	-	-	1,622,978
Disposals	-	-	-	-	-
Closing net carrying amount	1,622,978	22,759,041	117,972	40,801,705	65,301,696

At 30 June 2021

At cost	1,622,978	22,759,041	167,219	40,801,705	65,350,943
Accumulated depreciation	-	-	(49,247)	-	(49,247)
	1,622,978	22,759,041	117,972	40,801,705	65,301,696

	Rehabilitation Asset	Mine Properties	Plant and Equipment	Mines Under Construction	Total
2020	\$	\$	\$	\$	\$
Opening net carrying amount	-	-	27,209	1,168,960	1,208,699
Additions	-	-	6,148	25,193,287	25,199,435
Transfer from exploration	-	-	-	-	-
Depreciation and amortisation	-	-	(11,278)	-	-
Change in rehabilitation provision	-	-	-	-	-
Disposals	-	-	-	-	-
Closing net carrying amount	-	-	22,079	26,362,247	26,384,326

At 30 June 2020

At cost	-	-	45,887	26,362,247	26,408,134
Accumulated depreciation	-	-	(23,808)	-	(23,808)
	-	-	22,079	26,362,247	26,384,326

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11: 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	2021	2020
	\$	\$
Communication Equipment		
Balance at beginning of period	1,472,743	-
Additions	501,393	1,472,743
Depreciation expense	(166,874)	-
Balance at reporting date	<u>1,807,262</u>	<u>1,472,743</u>
Corporate Office		
Balance at beginning of period	92,727	-
Additions	-	166,909
Depreciation expense	(55,636)	(74,182)
Balance at reporting date	<u>37,091</u>	<u>92,727</u>
Total Right-Of-Use Assets	<u>1,844,353</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	536,458	1,639,652
Accretion of interest	132,931	57,878
Payments	(799,082)	(174,912)
Balance at reporting date	<u>1,392,925</u>	<u>1,522,618</u>
Current	769,745	602,390
Non-current	623,180	920,228
Depreciation expense for right-of use assets	222,510	74,182
Interest expense on lease liabilities	132,931	57,878
Total amount recognised in profit or loss	<u>355,441</u>	<u>132,060</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12: TRADE AND OTHER PAYABLES

Current

Sundry payables and accrued expenses	2,227,960	1,801,316
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Trade creditors are expected to be paid on 30-day terms.

NOTE 13: PROVISIONS

Current

Provisions for employee entitlements	227,468	124,729
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Non-Current

Provision for mine rehabilitation	1,667,882	-
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The movement in the provision for mine rehabilitation is set out below:

Balance at beginning of period	-	-
Arising during the year	1,622,978	-
Unwinding of discount	44,904	-
Balance at reporting date	1,667,882	-

NOTE 14: INTEREST BEARING LOANS AND BORROWINGS

	2021	2020
	\$	\$
Current		
Secured US\$110 million Taurus Debt Facilities	-	-
Maturity		
March 2027	-	-
Non-Current		
Secured US\$110 million Taurus Debt Facilities	31,852,545	-

Secured US\$100 million term loan facility

In November 2020, the Company put in place US\$110 million in finalised 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. In June 2021, AMPL received the first drawdown under the Project Finance Facility in the amount of US\$30 million, leaving US\$80 million undrawn under remaining facilities.

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.
- 1.125% net smelter return royalty.
- No mandatory hedging.
- Early repayment allowed without penalty.

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.

The Taurus Debt Facilities are secured against Abra Project assets and over the shares that each of Galena and Toho own in AMPL, and additional drawdowns remain subject to satisfaction of customary conditions precedent.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15: ISSUED CAPITAL

	2021 No.	2021 \$	2020 No.	2020 \$
Movement in ordinary shares				
Balance at beginning of period	403,205,353	34,854,887	364,522,853	28,591,025
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 on 16 July 2020	57,150,000	12,001,500	-	-
Shares issued under share-based payments (i)	15,750,000	1,830,000	20,082,500	1,613,862
Share issue costs	-	(680,060)	-	-
Balance at reporting date	476,105,353	48,006,327	403,205,353	34,854,887

- (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.

	2021 \$	2020 \$
Cash and cash equivalents	96,195,562	9,053,747
Trade and other receivables	104,095	449,103
Trade and other payables	(2,227,960)	(1,801,316)
Working capital position	94,071,697	7,701,534

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16: SHARE-BASED PAYMENT RESERVE

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

	2021	2020
	\$	\$
Opening balance 1 July	1,248,187	1,064,807
Share-based payments vesting expense	1,079,083	498,217
Share-based payments issued	(670,000)	(314,837)
Closing balance 30 June	1,657,270	1,248,187

Refer to Note 21 for valuation technique and assumptions.

NOTE 17: AUDITORS' REMUNERATION

	2021	2020
	\$	\$
Remuneration of the auditor of the parent entity for:		
Auditing or reviewing the financial report of consolidated group	79,950	76,000
Reviewing the financial report of subsidiary	7,500	7,500
Tax compliance	8,950	4,400
	96,400	87,900

NOTE 18: CASHFLOW FROM OPERATING ACTIVITIES

	2021	2020
	\$	\$
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(3,903,440)	(6,595,849)
Non-cash flows in loss:		
Share-based payments	1,079,083	498,217
Depreciation and amortisation	247,949	85,461
Royalty termination	-	2,400,000
Other non-cash items	44,903	5,159
	(2,531,506)	(3,607,012)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	345,009	410,509
(Increase)/decrease in prepayments	688,847	(770,563)
Increase/(decrease) in interest bearing liabilities	(129,692)	(174,912)
Increase/(decrease) in trade payables and accruals	426,644	(1,796,828)
Increase/(decrease) in provisions	102,739	76,695
Cashflow from operating activities	(1,097,960)	(5,862,111)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19: 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:

	2021	2020
	\$	\$
Short-term employment benefits	1,486,467	1,260,468
Post-employment benefits	58,002	53,296
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	953,664	498,217
Total Remuneration paid or due to be paid	2,498,133	1,811,982

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

NOTE 20: SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On 11 August 2021, the Company announced that AMPL, the joint-venture company for Abra has confirmed placement of orders for two key long lead-time items for the Abra processing plant, being the ball mill and the concentrate filter (horizontal filter press). These items have a combined order value of approximately \$9 million.

The impact of the COVID-19 pandemic is ongoing and while it has been financially positive for the consolidated entity up to 30 June 2021, 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 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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 21: 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 employees exercisable on or before 21 January 2024 (ii)	540,000	08/11/2019	0.2189	118,193
Total value at 30 June 2020				515,633
Share Appreciation Rights issued on 1 September 2020 exercisable on or before 1 September 2025 (iii)	2,500,000	01/09/2020	0.1349	337,144
Total value at 30 June 2021				337,144

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

- (i) 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:

	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 as part of employment agreement 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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 21: SHARE BASED PAYMENTS *(continued)*

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

	Performance Rights Granted on 1 September 2020
Expected volatility (%)	70
Risk free interest rate (%)	0.38
Weighted average expected life of options (years)	2
Expected dividends	Nil
Option exercise price (\$)	Nil
Share price at grant date (\$)	0.25
Fair value of option (\$)	0.1349
Expiry date	1 September 2025

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

	2021 Number	2020 Number
Opening balance at 1 July	37,385,000	55,010,000
Issued	2,500,000	2,540,000
Expired / lapsed	(4,025,000)	(82,500)
Exercised	(15,750,000)	(20,082,500)
Other changes	-	-
Closing balance 30 June	20,110,000	37,385,000

NOTE 22: CONTINGENT ASSETS AND LIABILITIES

In the opinion of the directors there were no contingent assets or liabilities as at 30 June 2021.

NOTE 23: CAPITAL AND OTHER COMMITMENTS

	30 June 2021	30 June 2020
Expenditure commitments*	\$	\$
Within one year	405,384	582,370
Between 1 and 5 years	657,517	1,261,341
	1,062,901	1,843,711

* 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 CONSOLIDATED FINANCIAL STATEMENTS

NOTE 24: 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 activities over the next 12 months.

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

Financial liability and financial asset maturity analysis

2021	Weighted Average Interest Rate	1 year or less \$	Between 1 & 2 years \$	Between 2 & 5 years \$	Total \$
Non-Derivatives					
<i>Financial Assets</i>					
Cash and Cash Equivalents	0.61%	96,195,562	-	-	96,195,562
Trade and Other Receivables	-	104,095	-	-	104,095
<i>Financial Liabilities</i>					
Trade Payables	-	(2,227,960)	-	-	(2,227,960)
Leases Payable	8.58%	(769,745)	(545,525)	(77,655)	(1,392,925)
Loans Payable	8.00%	-	-	(31,852,545)	(31,852,545)
Net Financial Assets		93,301,952	(545,525)	(31,930,200)	60,826,227

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 24: FINANCIAL RISK MANAGEMENT *(continued)*

Financial liability and financial asset maturity analysis *(continued)*

2020	Weighted Average Interest Rate	1 year or less \$	Between 1 & 2 years \$	Between 2 & 5 years \$	Total \$
Non-Derivatives					
<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		<u>7,701,534</u>	<u>-</u>	<u>-</u>	<u>7,701,534</u>

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.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to financing activities necessary for mine development.

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Consolidated Entity's profit before tax due to changes in the carrying value of monetary assets and liabilities at the reporting date:

Year ended 30 June 2021	Profit \$
+/- 5% change in foreign exchange rate	+/- 1,898,890
Year ended 30 June 2020	Profit \$
+/- 5% change in foreign exchange rate	+/- Nil

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.

Year ended 30 June 2021	Profit \$	Equity \$
+/- 1% interest rate	+/- 961,956	+/- 961,956
Year ended 30 June 2020	Profit \$	Equity \$
+/- 1% interest rate	+/- 90,537	+/- 90,537

Fair value of financial instruments

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 25: GROUP INFORMATION

Interest in controlled entities

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

Name	Country of Incorporation	Class of share	Equity holding	
			30 June 2021	30 June 2020
Abra Mining Pty Ltd	Australia	Ordinary	60.00%	86.16%
GML Marketing Pty Ltd	Australia (i)	Ordinary	100%	100%

(i) This entity currently has no activity.

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	2021	2020
	\$	\$
Assets		
Current assets	10,447,952	8,446,324
Non-current assets	29,098,320	20,457,123
Total assets	39,546,272	28,903,447
Liabilities		
Current liabilities	355,549	244,549
Non-current liabilities	-	39,463
Total liabilities	355,549	284,012
Net assets	39,190,723	28,619,435
Equity		
Issued capital	48,006,327	34,854,887
Reserves	1,657,270	1,248,187
Accumulated losses	(10,472,874)	(7,483,639)
Total equity	39,190,723	28,619,435

Statement of profit or loss and other comprehensive income	2021	2020
	\$	\$
Loss for the year	(3,026,735)	(2,642,911)
Other comprehensive income	-	-
Total comprehensive income	(3,026,735)	(2,642,911)

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 25: GROUP INFORMATION (continued)

Proportion of equity interest held by non-controlling entity

Name	Country of Incorporation	Non-controlling interest	
		30 June 2021	30 June 2020
Abra Mining Pty Ltd	Australia	40.00%	13.84%

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 final tranche payments from Toho totalling \$60,000,000 (2020: \$30,000,000 received) and an additional \$7,200,000 which included funding for the 2020 Abra Drilling Program and issued new shares to Toho's wholly-owned subsidiary, CBHWA, such that AMPL is now owned 40% by CBHWA and 60% 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:

	2021	2020
	\$	\$
Proceeds from the issue of new shares in AMPL to CBHWA	67,200,000	11,600,000
Net assets attributable to non-controlling interest	(40,544,234)	(3,208,906)
Increase in equity attributable to parent (i)	26,655,766	8,391,094

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

AMPL's summarised statement of financial position	2021	2020
	\$	\$
Current assets	81,069,297	2,046,780
Non-current assets	68,754,159	44,170,672
Current liabilities	(2,869,625)	(2,519,185)
Non-current liabilities	(34,143,605)	(8,055,257)
Total equity	112,810,226	35,643,010
Attributable to:		
Equity holders of parent	67,686,136	30,710,040
Non-controlling interest	45,124,090	4,932,970

AMPL's summarised statement of profit or loss and other comprehensive income	2021	2020
	\$	\$
Revenue	419,277	268,886
Expenses	(1,302,060)	(4,309,325)
Loss for the year	(882,783)	(4,040,439)
Other comprehensive income	-	-
Total comprehensive income	(882,783)	(4,040,439)
Attributable to non-controlling interest	(353,113)	(559,194)
Dividends paid to non-controlling interest	-	-

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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, 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 2021 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 2021

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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 2021, 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 2021 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 (including Independence Standards) (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.

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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. These matters were 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 these matters. For each matter below, our description of how our audit addressed these matters is provided in that context

Carrying value of capitalised exploration expenditure

Why significant

As at 30 June 2021 the carrying value of exploration and evaluation assets was \$6,648,789 (2020: \$21,175,802), as disclosed in Note 9. The significant decrease is due to the reclassification of the exploration expenditure to mine properties, as the Abra Project started the development stage.

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 (z).

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.

How our audit addressed the key audit matter

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 (z) and Note 9.

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Carrying value of capitalised Mine Development

Why significant

As at 30 June 2021 the carrying value of Mine Development was \$65,301,696 (2020: \$26,384,326), as disclosed in Note 10. The balance is comprised by:

- Mine Properties	\$24,382,019 (2020: Nil)
- Plant and Equipment -	\$117,972 (2020: \$22,079)
- Mines under	
- Construction -	\$40,801,705 (2020: \$26,362,247)

Mine Properties includes transfer of exploration expenditures of \$22,759,041 plus the rehabilitation asset of \$1,622,978.

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

There is a level of judgement applied in determining the treatment of the mine asset in accordance with AASB 116 *Property, Plant and Equipment* and whether the asset is impaired in accordance with AASB 136 *Impairment of Assets*.

Significant judgement is required:

- whether depreciation rates applied are appropriate;
- whether disclosure is appropriate; and
- whether the mine asset is impaired.

The evaluation of the recoverable amount of the mine asset requires significant judgement in determining the key assumptions supporting the expected future cash flows of the Abra Project.

How our audit addressed the key audit matter

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

- Reviewing management's impairment model, including consideration of inputs used in net present value calculations;
- Reviewing management's assessment of impairment of the cash generating units;
- Reviewing competent persons report on the mineable reserves and valuation, it's congruence with management's assessment and the competence/ independence of the author;
- Ensuring valid mining licenses held and consider impairment of assets for which no license is now held;
- Ensure that disclosures within the financial statements are accurate and that all estimates and judgements made by management are included therein, and
- Assessing the appropriateness of the related disclosures in Note 1 (j), Note 1 (z) and Note 10.

Other Information

The Directors 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 2021, but does not include the financial report and our auditor's report thereon.

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 2021.

In our opinion, the Remuneration Report of Galena Mining Limited for the year ended 30 June 2021, 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

PKF PERTH



SIMON FERMANIS
PARTNER

26 August 2021
WEST PERTH,
WESTERN AUSTRALIA

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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 16 August 2021.

1. Shareholding

a. Distribution of Shareholders

(i) Ordinary share capital

- 476,105,353 fully paid shares held by 1,151 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	54	3,819
1,001 – 5,000	236	719,556
5,001 – 10,000	167	1,358,331
10,001 – 100,000	568	19,179,633
100,001 – and over	226	454,844,014
	1,151	476,105,353

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	100,564,338	21.12
Bloomgold Resources Pty Ltd	51,250,000	10.76

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

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.

Galena Mining Limited and Controlled Entities

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SHAREHOLDER INFORMATION

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

	Name	Number Held	Percentage %
1.	Citicorp Nominees Pty Ltd	100,564,338	21.12
2.	Bloomgold Resources Pty Ltd	51,250,000	10.76
3.	JP Morgan Nominees Australia Pty Ltd	23,660,261	4.97
4.	National Nominees Limited	21,236,136	4.46
5.	Brispot Nominees Pty Ltd <House Head Nominees A/C>	16,558,127	3.48
6.	BNP Paribas Noms Pty Ltd <DRP>	10,964,003	2.30
7.	Mr Connor Michael Maloney	10,233,659	2.15
8.	Zerrin Investments Pty Ltd	9,100,000	1.91
9.	Brazil Farming Pty Ltd	8,429,660	1.77
10.	Navigator Australia Ltd <MLC Investment Sett A/C>	7,764,188	1.63
11.	Mr Alexander Alan Molyneux	7,700,000	1.62
12.	UBS Nominees Pty Ltd	7,011,788	1.47
13.	CS Third Nominees Pty Ltd < HSBC Custody Nominees A/C>	7,000,000	1.47
13.	Anchorfield Pty Ltd <Brazil Family Fndn A/C>	6,600,000	1.39
14.	Kiandra Nominees Pty Ltd	6,500,000	1.37
15.	Valiant Equity Management Pty Ltd	6,500,000	1.37
16.	Silverlight Holdings Pty Ltd <Cairns Investment A/C>	5,825,000	1.22
17.	Est Mr John Mathias Clema	5,800,000	1.22
18.	Brazil Farming Pty Ltd	5,542,817	1.16
19.	Silverlight Holdings Pty Ltd	5,000,000	1.05
19.	Tubechangers Pty Ltd <King Family A/C>	5,000,000	1.05
20.	Ms Fiona Nicole van der Berg	4,848,734	1.02
		333,088,711	69.96

- The Name of the Company Secretary is Mr Stephen Brockhurst.
- 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.
- Registers of securities are held at the following address:
Automic Pty Ltd
Level 2, 267 St Georges Terrace
Perth WA 6000

Galena Mining Limited and Controlled Entities

ABN 63 616 317 778

SHAREHOLDER INFORMATION

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 no restricted securities on issue as at the date of this report.

7. **Unquoted Securities**

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

- 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;
- 11,000,000 performance rights expiring 9 November 2023;
- 2,000,000 performance rights expiring 13 August 2024;
- 1,610,000 share appreciation rights exercisable at \$0.17 on or before 21 January 2024.
- 2,500,000 share appreciation rights exercisable at \$0.24 on or before 1 September 2025.

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Galena Mining Limited and Controlled Entities

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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%
L52/0214	Three Rivers	WA	Abra Mining Pty Ltd	100%

The Company's interest in the Abra Mining Pty Ltd tenements is held by virtue of its 60% equity holding in Abra Mining Pty Ltd which in turn has a 100% interest in the tenements.