

GALENA MINING LIMITED
ACN 616 317 778
SUPPLEMENTARY PROSPECTUS

IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 12 May 2017 (**Prospectus**) issued by Galena Mining Limited (ACN 616 317 778) (**Company**).

This Supplementary Prospectus is dated 21 July 2017 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus is a *refresh document* as defined in section 724(3H) of the Corporations Act, as inserted by ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70 (**LI 2016/70**).

This Supplementary Prospectus should be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed on the Company's website at www.galenamining.com.au.

The Company will send a copy of the Supplementary Prospectus to all applicants who have applied for Shares pursuant to the Prospectus prior to the date of this Supplementary Prospectus.

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

1. REASONS FOR SUPPLEMENTARY PROSPECTUS

As disclosed in the Prospectus, on 23 February 2017, the Company entered into the Share Sale Agreement to acquire all of the issued share capital of Abra from Abra's sole shareholder, Bloomgold. The material terms of the Share Sale Agreement are set out in Section 11.1 of the Prospectus.

Pursuant to ASX Listing Rule 1.1 (Condition 11), if in the 2 years before the date of application for admission to the Official List, the Company acquired a classified asset from a promoter, the consideration must have been restricted securities, subject to certain exceptions.

Under the Share Sale Agreement, it was proposed that Bloomgold, as an unrelated party, would receive the Cash Consideration as part consideration for the sale of the Abra Shares to the Company. Since lodging the Prospectus with ASIC on 12 May 2017, the Company has been advised by ASX that Bloomgold will be treated as a "promoter" of the Offer for the purposes of ASX Listing Rule 1.1 (Condition 11) and is therefore unable to receive the Cash Consideration.

As a result, the Company and Bloomgold have agreed to vary the Share Sale Agreement such that the consideration payable for the Acquisition will be restricted securities only. Bloomgold will no longer receive the \$1,200,000 Cash Consideration, which included a reimbursement of \$200,000 for all monies expended by Bloomgold on the Tenements (**Reimbursement**).

In light of the above, the Company is required to issue this Supplementary Prospectus in order to reflect necessary changes to the disclosure in the Prospectus stemming from the revised terms of the Acquisition.

In addition, and pursuant to LI 2016/70, this Supplementary Prospectus has been prepared to:

- (a) refresh the period for admission to quotation of Shares offered under the Prospectus from three months from the date of the Prospectus to three months from the date of this Supplementary Prospectus (**Quotation Condition**); and
- (b) refresh the period for the minimum subscription to the Offer under the Prospectus being achieved from the date four months after the date of the Prospectus to four months from the date of this Supplementary Prospectus (**Minimum Subscription Condition**).

The amendments to the Prospectus outlined in Section 4 below should be read in conjunction with the Prospectus.

2. SPECIFIC DISCLOSURES REQUIRED BY LEGISLATIVE INSTRUMENT 2016/70

2.1 Background

In accordance with the Corporation Act, if a person offers securities under a disclosure document such as a prospectus and the disclosure document states or implies that the securities are to be quoted on a financial market such as the ASX, and the securities are not then admitted to quotation within three months after the date of the disclosure document, then the issue of securities would be void and any subscription amounts would have to be returned to the applicants.

Additionally, also in accordance with the Corporations Act, if a person offers securities under a disclosure document such as a prospectus and the disclosure document states a minimum subscription amount must be raised before any securities will be issued, then the minimum subscription must be received within four months after the date of the disclosure document, otherwise any subscription amounts must be returned to the applicants or otherwise the applicants must be given a supplementary disclosure document and the opportunity to withdraw their application (see Section 2.5 below for details).

By the issue of the legislative instrument *ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70*, ASIC has varied the Corporations Act to allow companies to refresh the timing of the minimum subscription and quotation conditions, so that they commence from the date of a refresh document (such as this Supplementary Prospectus) such that the respective 3 and 4 month periods commence from the date that the refresh document is lodged with ASIC. LI 2016/70 implements a variety of conditions that must apply to the refresh document and the actions of the company which seeks to rely upon it. This Supplementary Prospectus addresses those requirements.

2.2 Applications received

The Company advises that 398 applications have been received as at the date of this Supplementary Prospectus for a total of 65,243,000 Shares totalling \$13,048,600, however no applications have been processed.

2.3 Minimum Subscription Condition

The Company makes the following statements regarding the Minimum Subscription Condition as required by LI 2016/70:

- (a) as at the date of this Supplementary Prospectus, the number of Shares for which applications have been received is detailed in Section 2.2 above;
- (b) the Minimum Subscription Condition is being amended to extend the period for the minimum subscription being achieved from the date four months from the date of the Prospectus to four months from the date of this Supplementary Prospectus; and
- (c) the Minimum Subscription Condition must be satisfied by 21 November 2017, being the date that is four months from the date of this Supplementary Prospectus.

2.4 Quotation Condition

The Company makes the following statements regarding the Quotation Condition as required by LI 2016/70:

- (a) an application for admission to quotation of Shares offered under the Prospectus was made within seven days after the date of the Prospectus;
- (b) as at the date of this Supplementary Prospectus, the Shares offered under the Prospectus have not been admitted to quotation on the ASX;
- (c) ASX has not indicated that the Shares offered under the Prospectus will not be admitted to quotation and, as at the date of this Supplementary Prospectus, the Company has not received an indication from ASX that the Shares will be admitted to quotation subject to certain conditions being satisfied;
- (d) the Quotation Condition is being amended to extend the period for admission to quotation of Shares offered under the Prospectus from three months from the date of the Prospectus to three months from the date of this Supplementary Prospectus;
- (e) upon lodgement of this Supplementary Prospectus, subject only to the lodgement of any future refresh document, the Quotation Condition must now be satisfied by 21 October 2017, being the date three months from the date of this Supplementary Prospectus; and
- (f) as at the date of this Supplementary Prospectus, the number of Shares for which applications have been received is detailed in Section 2.2 above.

2.5 Withdrawal of previous Applications

In accordance with sections 724(2) and 724(3G) of the Corporations Act, if you applied for Shares under the Prospectus (**Existing Applicant**) before the date of this Supplementary Prospectus, you may withdraw your Application and be repaid your application money, provided you give the Company written notice of your wish to do so within 1 month of the date of this Supplementary Prospectus.

Any repayments made by the Company pursuant to an Existing Applicant exercising their right to withdraw their application will be made in full without interest.

An Existing Applicant who wishes to withdraw their application and obtain a refund must submit a written request to the Company's share registry at the address set out below so that it is received within 1 month of the date of this Supplementary Prospectus (i.e. **by close of business on 21 August 2017**).

Security Transfer Australia Pty Ltd
PO Box 52
Collins Street West VIC 8007

The details for the payment of the refund cheque and address to which it should be sent as set out in the written request must correspond to the details contained in the Application Form lodged by that applicant.

If you do not wish to withdraw your application, you do not need to take any action.

2.6 New Applications

Applications for Shares under the Offer after lodgement of this Supplementary Prospectus **must** be made using the Supplementary Application Form attached to or accompanying this Supplementary Prospectus. Applications after the date of this Supplementary Prospectus **must not** be made on the Application Form attached to or accompanying the Prospectus and will not be valid.

3. AMENDED INDICATIVE TIMETABLE

The "KEY DATES - Indicative Timetable" in the Key Offer Information Section of the Prospectus is replaced by the following:

Event	Date
Lodgement of Prospectus with the ASIC	12 May 2017
Lodgement of Supplementary Prospectus with the ASIC	21 July 2017
Last day for Existing Applicant to notify the Company of their election to withdraw their application	21 August 2017
Closing Date*	25 August 2017
Despatch of holding statements	28 August 2017
Expected date for quotation on ASX	6 September 2017

**The Company reserves the right to extend the Closing Date or close the Offer early without prior notice except that the Offer will remain open until at least the expiration of the one-month period to withdraw applications set out in Section 2.5 of this Supplementary Prospectus. The Company also reserves the right not to proceed with the Offer at any time before the issue of Shares to Applicants.*

4. AMENDMENTS TO THE PROSPECTUS

4.1 Variation to Share Sale Agreement

On 12 July 2017, the Company and Bloomgold entered into a letter agreement to vary the terms of the Share Sale Agreement as follows:

- (a) **(Extension of End Date)**: The date by which the conditions precedent to the Share Sale Agreement (as summarised in Section 11.1(c) of the Prospectus) must be satisfied or waived (**End Date**) has been extended, from 31 July 2017 to 30 October 2017.

All references to the End Date in the Prospectus are amended to reflect the above.

- (b) **(Board Composition):** Timothy Morrison has been appointed as a Non-Executive Director of the Company on the commensurate pay (salary only) to other Non-Executive Directors of the Company.

All references in the Prospectus to the Board of the Company following Completion are amended to reflect the above.

Further details with respect to Mr Morrison's appointment (including his biography) are set out in Section 4.2 of this Supplementary Prospectus.

- (c) **(Revised Consideration):** The consideration provided by the Company to Bloomgold for the Acquisition (as detailed in Section 11.1 (b) of the Prospectus) has been revised such that Bloomgold will no longer receive the Cash Consideration (nor will it be entitled to the Reimbursement) and will instead receive 17,500,000 Consideration Shares, revised up from 11,500,000.

Despite the adjustment to the cash to equity ratio, the total value of the consideration remains the same (\$3,500,000).

All references in the Prospectus to the consideration paid by the Company for the Acquisition are amended to reflect the above.

4.2 Appointment of Mr Timothy Morrison as a Non-Executive Director

As detailed in Section 4.1(b) above, pursuant to the revised terms of the Share Sale Agreement, the Company has appointed Mr Timothy Morrison as a Non-Executive Director.

In light of the above, the following amendments are made to the Prospectus:

- (a) Section D (Directors and Key Management Personnel) of the Investment Overview section of the Prospectus is deleted and replaced with the following:

"Upon listing, the Board of Directors shall be comprised of:

(a) Mr Adrian Byass;

(b) Mr Jonathan Downes;

(c) Mr Oliver Cairns; and

(d) Mr Timothy Morrison."

- (b) The following is inserted into Section 3.4 of the Prospectus, beneath the biography for Oliver Cairns:

"Timothy Morrison
Non-Executive Director

Mr Morrison Co-Founded Empire Equity Limited a Merchant Banking and Corporate Advisory firm in 2008. Mr Morrison has extensive capital raising and management experience across multiple sectors and has worked as CEO, Executive and non-executive director for a number of ASX listed

companies. Previously Mr Morrison worked with Westscheme Superannuation to establish and manage a Private Equity Fund targeting early stage venture opportunities. Mr Morrison has an MBA from the University of Western Australia.

Mr Morrison is currently a non-executive director of Titan Minerals Limited (formally, Minera Gold Limited).

The Directors do not consider that Mr Morrison's other directorship will affect his ability to act as a Non-Executive Director of the Company."

- (c) The following is inserted as a new paragraph (d) at Section 9.1 of the Prospectus:

" (d) **Timothy Morrison** – Non-Executive Director – Refer to Section 3.4 of this Prospectus for Mr Morrison's biography."

- (d) The proposed annual remuneration of Mr Morrison, together with the relevant interest of Mr Morrison in the securities of the Company as at the date of this Supplementary Prospectus are added to the table in Section 9.2 of the Prospectus as set out below. The revised number of Shares to be issued to Oliver Cairns (as a result of the revised consideration under the Share Sale Agreement) is also added to the table in Section 9.2 of the Prospectus as set out below:

<i>Director</i>	<i>Remuneration</i>	<i>Shares</i>	<i>Options</i>
<i>Oliver Cairns</i>	<i>\$50,000</i>	<i>600,000⁵</i>	<i>1,500,000</i>
<i>Timothy Morrison</i>	<i>\$50,000</i>	<i>Nil⁶</i>	<i>Nil</i>

Notes:

5. Held indirectly by an entity controlled by Oliver Cairns. Upon completion of the Acquisition, Mr Cairns will be issued with 1,050,000 of the 17,500,000 Shares to be issued under the Share Sale Agreement pursuant to a separate agreement between Mr Cairns' controlled entity, Pursuit Capital Pty Ltd and Bloomgold.
6. Mr Morrison is the sole director and shareholder of Bloomgold. Therefore, upon Completion under the Share Sale Agreement, Mr Morrison will have a relevant interest in the 16,810,000 Shares issued to Bloomgold as consideration for the Acquisition.
- (e) The summary of the Non-Executive Directors' Letters of Appointment is amended to reflect the fact that Mr Morrison has also entered into a Letter of Appointment with the Company. Mr Morrison's Letter of Appointment is on the same terms as those entered into by Messrs Byass and Downes, except that Mr Morrison will not be issued any Options, as detailed in Section 11.4(b)(ii) of the Prospectus.

4.3 Capital Structure

The tables showing the capital structure of the Company following completion of the Offer and all related matters, at Section 3.8 of the Prospectus, together with the corresponding notes to the tables are replaced with the following:

"The capital structure of the Company following completion of the Offer is summarised below:¹

Shares²

	Number
Shares currently on issue ³	8,100,000
Shares to be issued pursuant to the Share Sale Agreement ⁴	17,500,000
Shares to be issued pursuant to the Offer	30,000,000
Total Shares on completion of the Offer	55,600,000

Options

	Number
Options currently on issue ⁵	5,700,000
Options to be issued pursuant to the Offer	Nil
Options to be issued to CEO prior to Official Quotation ⁶	250,000
Total Options on completion of the Offer	5,950,000

Notes:

1. Refer to the Independent Limited Assurance Report set out in Section 7 for further details.
2. The rights attaching to the Shares are summarised in Section 12.2.
3. The Shares currently on issue comprise 3,600,000 Shares issued at incorporation to entities controlled by Directors or related parties of the Company, and 4,500,000 Shares issued under a seed capital raising. The Shares issued under the seed capital raising were issued on 5 January 2017 and 14 February 2017 at an issue price of \$0.10 each to seed capital investors to fund \$450,000, to be applied towards listing costs and initial working capital requirements of the Company. These Shares were issued at a discount to the issue price of the Shares offered pursuant to the Offer to reflect the increased risk associated with an investment in the Company at the time of issue of the seed capital.
4. These Shares will be issued to Bloomgold at settlement of the Share Sale Agreement as part of the consideration for the Company's acquisition of the Abra Shares. Director Oliver Cairns will be issued with 1,050,000 of the 17,500,000 Shares to be issued as consideration for the Acquisition pursuant to a separate agreement between Mr Cairns' controlled entity, Pursuit Capital Pty Ltd and Bloomgold.
5. Two tranches of Options have been issued with the first tranche of 2,350,000 Options exercisable at \$0.30 on or before 30 June 2020 (2,100,000 if these Options are Director Options and 250,000 of these Options are Executive Options) and the second tranche of 3,350,000 Director Options exercisable at \$0.40 on or before 30 June 2021. Terms and conditions of the Director Options are outlined in Section 12.3 and terms and conditions of the Executive Options are outlined in Section 12.4.
6. On the date on which the Company is reasonably satisfied that it is in a position to satisfy the conditions imposed by ASX for admission to the Official List, and subject to obtaining all necessary approvals in accordance with the Listing Rules and the Corporations Act, the Company will issue Edward Turner, its CEO with 250,000 Executive Options exercisable at \$0.40 each on or before 30 June 2021 and otherwise on the terms and conditions set out in Section 12.4."

4.4 Substantial Shareholders

The table showing the substantial shareholders of the Company (being those Shareholders holding 5% or more of the Shares on issue) on completion of the Offer, at Section 3.9 of the Prospectus are replaced with the following:

“On completion of the Offer (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer)

<i>Shareholder</i>	<i>Shares</i>	<i>Options</i>	<i>% (undiluted)</i>	<i>% (fully diluted)</i>
<i>Bloomgold Resources Pty Ltd⁴</i>	<i>16,450,000</i>	<i>NIL</i>	<i>29.56</i>	<i>26.73</i>

4. Entity controlled by Mr Morrison.

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.”

4.5 Independent Geologist’s Report

The Independent Geologist’s Report at Section 5 of the Prospectus (IGR) is amended as follows:

(a) Table 1.4 in section 1.4 of the IGR and Table 8.1 in section 8 of the IGR are deleted and replaced with the following:

Project area	Activity	Year 1 (A\$M)	Year 2 (A\$M)	Total (A\$M)
Abra	Diamond Drilling	720,000	400,000	1,200,000
	Assays	70,000	40,000	110,000
	Resource Modelling	50,000	60,000	110,000
	Metallurgical testing	90,000	80,000	170,000
	Mine scoping study	120,000	400,000	520,000
	Groundwater testing	60,000	50,000	110,000
District Exploration	Geophysical review	25,000		25,000
	RC drilling	150,000		150,000
	Diamond drilling		100,000	100,000
	Assays	40,000	25,000	65,000
	Rehabilitation	5,000	5,000	10,000
Service costs	Heritage & Tenement Administration	40,000	20,000	60,000
	Geological services & field labour	380,000	120,000	500,000
	Administration	250,000	100,000	350,000
	Total	2,000,000	1,400,000	3,400,000

(b) All other references to the exploration expenditure budget of the Company contained in the IGR and Prospectus are amended to reflect the changes to the exploration expenditure budget, as detailed above.

The Independent Geologist has confirmed that the changes set out in this Section 4.5 do not affect the conclusions set out in the IGR.

4.6 Use of funds

Section 2.3 of the Prospectus is replaced with the table, notes and statements below:

"The Company intends to apply funds raised from the Offer, together with existing cash reserves, over the first two years following admission of the Company to the official list of ASX as follows:

Funds available	\$6,000,000 Subscription (\$)	Percentage of Funds (%)
<i>Existing cash reserves¹</i>	70,261	1.16
<i>Funds raised from the Offer</i>	6,000,000	98.84
Total	6,070,261	100
Allocation of funds		
<i>Exploration/Drilling/Development²</i>	3,400,000	56.01
<i>Administration costs</i>	1,522,581	25.08
<i>Working capital</i>	546,442	9.01
<i>Costs of the Offer³</i>	601,238	9.90
Total	6,070,261	100

Notes:

1. Refer to the financial information set out in Section 6 for further details.
2. Refer to Sections 3.3 and 5 for further details.
3. Refer to Section 12.8 for further details. \$154,112 of these costs, relating to payment of ASIC fees and part payment of ASX fees, legal fees, the Independent Geologist's and Investigating Accountant's fees have been paid by the Company. Refer to section 2.3 of the Financial Information contained in Annexure A to this Supplementary Prospectus for further information.

It should be noted that the Company's budgets will be subject to modification on an ongoing basis depending on the results obtained from exploration and evaluation work carried out. This will involve an ongoing assessment of the Company's mineral interests. The results obtained from exploration and evaluation programs may lead to increased or decreased levels of expenditure on certain projects reflecting a change in emphasis.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Directors consider that following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives. It should however be noted that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section 4."

4.7 Financial Information

Given the time that has elapsed since the Prospectus was lodged, the Company provides the updated financial information contained in Annexure A to this Supplementary Prospectus in respect of the Company.

Section 6 of the Prospectus is amended to reflect the information contained in Annexure A.

4.8 Independent Limited Assurance Report

Section 7 of the Prospectus is replaced with the Independent Limited Assurance Report contained in Annexure B to this Supplementary Prospectus.

The Investigating Accountant has confirmed that the changes set out above in Section 4.7 of this Supplementary Prospectus do not affect the conclusions that were set out in the Independent Limited Assurance Report contained in Section 7 of the Prospectus.

4.9 Expenses of the Offer

Section 12.8 of the Prospectus is replaced with the table, notes and statements below:

"The total expenses of the Offer (excluding GST) are estimated to be approximately \$601,238 for the subscription of \$6,000,000 pursuant to the Offer and are expected to be applied towards the items set out in the table below:

<i>Item of Expenditure</i>	<i>\$6,000,000 Subscription (\$)</i>
<i>ASIC fees</i>	<i>2,350</i>
<i>ASX fees</i>	<i>101,388</i>
<i>Joint Lead Manager Fees and Commission</i>	<i>360,000</i>
<i>Legal Fees</i>	<i>60,000</i>
<i>Independent Geologist's Fees</i>	<i>28,000</i>
<i>Investigating Accountant's Fees</i>	<i>28,500</i>
<i>Printing and Distribution</i>	<i>9,000</i>
<i>Miscellaneous</i>	<i>12,000</i>
<i>TOTAL</i>	<i>601,238</i>

**The Joint Lead Managers will be responsible for paying all capital raising fees that the Joint Lead Managers and the Company agree with any other licensed securities dealers or Australian financial services licensee out of these fees paid by the Company to the Joint Lead Managers. A summary of the Joint Lead Manager mandates are set out in Section 11.2."*

5. CONSENTS

Snowden Mining Industry Consultants Pty Ltd has given its written consent to being named as Independent Geologist in this Supplementary Prospectus and the inclusion of the information and statements contained in Section 4.5 of this Supplementary Prospectus in the form and context in which the information and

statements are included. Snowden Mining Industry Consultants Pty Ltd has not withdrawn its consent prior to the lodgement of this Supplementary Prospectus with the ASIC.

PKF Mack has given its written consent to being named as Investigating Accountant in this Supplementary Prospectus and to the inclusion of the information and statements contained in Sections 4.7 and 4.8 of this Supplementary Prospectus in the form and context in which the information and statements are included. PKF Mack has not withdrawn its consent prior to the lodgement of this Supplementary Prospectus with the ASIC.

6. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.

Adrian Byass
Non-Executive Chairman
For and on behalf of
Galena Mining Limited

ANNEXURE A – FINANCIAL INFORMATION

ANNEXURE A - FINANCIAL INFORMATION

1 Introduction

The Company ("Galena Mining Limited" or "Galena Mining") was incorporated on 7 December 2016 with \$3,600 in issued capital (3,600,000 shares issued at \$0.001 per Share). The Company has agreed, on the terms and conditions as set out in the Share Sale Agreement dated 23 February 2017 (varied by the Variation of Abra Mining Pty Ltd Sale Agreement dated 12 July 2017), to acquire Abra Mining Pty Ltd ("Abra Mining") which owns tenements in the Abra base-metal deposit located in the Jilawarra mineralised belt in the Bangemall Basin, Western Australia and will, upon settlement of the Share Sale Agreement, become the holding company of Abra Mining.

The financial information includes:

- The historical financial information for Galena Mining comprising:
 - the historical statement of comprehensive income for Galena Mining for the period from incorporation, 7 December 2016 to 30 June 2017;
 - the historical statement of cash flows for Galena Mining for the period from incorporation, 7 December 2016 to 30 June 2017; and
 - the historical statement of financial position for Galena Mining as at 30 June 2017.(together, the **Historical Financial Information**).
- The pro forma historical consolidated statement of financial position for the Company as at 30 June 2017 (**Pro Forma Historical Statement of financial position**) which includes the acquisition of Abra Mining encompassing its 30 June 2017 financial position.

(Collectively, the **Financial Information**)

The Financial Information presented in this Annexure A should be read in conjunction with the risk factors set out in Section 4 of the Prospectus and other information contained in this Supplementary Prospectus.

The Financial Information has been prepared by the Company in connection with the Offer. The Financial Information as defined above has been reviewed by PKF Mack in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information* as stated in its Independent Limited Assurance Report set out in Annexure B. Investors should note the scope and limitations of the Independent Limited Assurance Report.

2 Basis of preparation and presentation of the Financial Information

The Directors of the Company are responsible for the preparation and presentation of the Financial Information. The Financial Information included in this Supplementary Prospectus is intended to present potential investors with information to assist them in understanding the historical financial performance, cash flows and financial position of Galena Mining together with the Pro-Forma Historical Statement of financial position for the Company.

The Financial Information is presented in an abbreviated form and does not include all of the presentation, disclosures, statements and comparative information as required by Australian Accounting Standards applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

2.1 Preparation of Historical Financial Information

The Historical Financial Information has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (**AAS**) issued by the Australian Accounting Standards Board (**AASB**), which is consistent with International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board (**IASB**).

In preparing the Historical Financial Information, the accounting policies of the Company have been applied consistently throughout the period presented. Significant accounting policies of Abra Mining and the Company relevant to the Financial Information are detailed in Section 4 (a) & (b).

2.2 Financial information on the target entity – Abra Mining

Contained within Section 4 (j) of this report is historical financial information of the target entity - Abra Mining as at and for the year end 31 December 2014, 31 December 2015 and 31 December 2016. This has been derived from the respective special purpose historical financial statements of Abra Mining for 31 December 2014, 31 December 2015, and 31 December 2016.

The special purpose historical financial statements of Abra Mining for the year ended 31 December 2014 and 2015 have been audited by Pitcher Partners Corporate & Audit (WA) Pty Ltd (Pitcher Partners) in accordance with Australian Auditing Standards. Pitcher Partners issued an unqualified audit opinion on the 31 December 2014 financial statements and an unqualified opinion, which included an emphasis of matter paragraph on Abra Mining's ability to continue as a going concern on the 31 December 2015 financials statements.

The special purpose historical financial statements of Abra Mining for the the year ended 31 December 2016 have been audited by Rothsay Auditing (Rothsay) in accordance with Australian Auditing Standards. Rothsay issued an unqualified audit opinion on the 31 December 2016 financial statements.

2.3 Preparation of Pro Forma Historical Statement of financial position

The acquisition of Abra Mining by the Company is not considered to be a business combination due to the fact that the operations of Abra Mining do not consist of inputs and processes applied to those inputs that have the ability to create outputs. The transaction is therefore accounted for as an asset acquisition.

The Pro Forma Historical Statement of Financial Position for the Company has been prepared solely for inclusion in this Supplementary Prospectus.

The Pro Forma Historical Statement of financial position for the Company has been derived from the historical statement of financial position for Galena Mining as at 30 June 2017 and includes adjustments for the effects of the following group of proforma transactions:

1. The acquisition by the Company of Abra Mining (Galena Mining and Abra Mining are together referred to as the "Group") from Bloomgold Resources Pty Ltd ("Bloomgold") under the terms prescribed by the Share
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Sale Agreement and Variation of Abra Mining Pty Ltd Sale Agreement being pro forma transaction (i) below;

2. The Offer to raise gross proceeds of \$6,000,000 and incurring certain costs related to the offer being pro forma transactions (ii) to (iii) outlined below; and
3. The issue of share options being pro forma transaction (iv) below.

The Pro Forma Historical Statement of financial position for the Company has been prepared in accordance with the recognition and measurement requirements of AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS that reflect the impact of certain transactions as if they occurred as at 30 June 2017.

Details of the individual pro-forma transactions that have been applied to the historical statement of financial position as at 30 June 2017 of Galena Mining are as follows:

- (i) The Company's acquisition of all the shares (being 175,000,000 Shares) in Abra Mining from Bloomgold for the consideration of 17,500,000 shares immediately post Offer at a fair value of \$.20 per share in accordance with the Share Sale Agreement and Variation of Abra Mining Pty Ltd Sale Agreement;
 - (ii) The issue of 30,000,000 Shares in the Company in accordance with the Offer to raise gross proceeds of \$6,000,000;
 - (iii) The costs associated with the Offer and the listing of the Shares issued by Company estimated to be \$601,238. Of the total, \$360,000 has been deducted from contributed equity as these costs are directly attributable to the Offer. Of the remaining balance, \$154,112 has already been incurred at 30 June 2017 and therefore forms part of the historical financial information. The remaining balance totalling \$87,126 is therefore included as a pro forma transaction; and
 - (iv) The issue of 250,000 tranche 3 options expected on or around the date of the IPO.
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3 Historical Financial Information

3.1 Historical Statement of Profit or Loss and Other Comprehensive Income

The table below sets out the Historical Statement of Profit or Loss and Other Comprehensive Income of Galena Mining for the period from incorporation, 7 December 2016 to 30 June 2017.

	Reviewed 30 Jun 17
	\$
Revenue	-
Consultant & professional fees	(54,087)
Exploration expenses	(145,247)
Share based payments	(323,074)
Costs associated with listing	(120,088)
Marketing and advertising costs	(45,892)
Other expenses	(37,940)
Loss before income tax	(726,328)
Income tax benefit/(expense)	-
Loss for the period	(726,328)
Other comprehensive income/(loss)	-
Total comprehensive income/(loss)	(726,328)

This statement should be read in conjunction with the notes to the Financial Information

3.2 Historical Statement of Cash Flows

The table below sets out the Historical Statement of Cash Flows of Galena Mining for the period from incorporation, 7 December 2016 to 30 June 2017

	Reviewed 30 Jun 2017
	\$
Cash flows from operating activities	
Payments to suppliers and employees	(179,265)
Payments for exploration and evaluation	(152,532)
Net cash outflow used in operating activities	(331,797)
Cash flows from financing activities	
Proceeds from issue of shares	453,600
Payment of IPO related expenditure	(51,542)
Net cash inflow from financing activities	402,058
Net increase (decrease) in cash and cash equivalents	70,261
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the financial year	70,261

This statement should be read in conjunction with the notes to the Financial Information

3.3 Historical and Pro Forma Historical Statement of financial position

The table below sets out the Historical Statement of financial position of Galena Mining as at 30 June 2017 and the Pro Forma Historical Statement of financial position for the Company as at 30 June 2017.

	Notes	Reviewed Historical Statement of financial position 30 Jun 17	<i>Reviewed Pro Forma Adjustment - Acquisition of Abra Mining</i>	<i>Other Pro Forma Adjustments (i)</i>	Reviewed Pro Forma Historical Statement of financial position
		\$	\$	\$	\$
Current Assets					
Cash and cash equivalents	4(c)	70,261	-	5,552,874	5,623,135
Other assets		6,787	-	-	6,787
Total Current Assets		77,048	-	5,552,874	5,629,922
Non-Current assets					
Exploration and evaluation assets	4(d)	-	-	3,500,054	3,500,054
Total Non-Current Assets		-	-	3,500,054	3,500,054
Total Assets		-	-	9,052,928	9,129,976
Current Liabilities					
Trade and other payables		26,702	54	-	26,756
Total Current Liabilities		26,702	54	-	26,756
Total Liabilities		26,702	54	-	26,756
Net Assets (Liabilities)		50,346	(54)	9,052,928	9,103,220
Equity					
Contributed equity	4(e)	453,600	41,201,604	(32,061,604)	9,593,600
Share based payments reserve	4(f)	323,074	-	24,250	347,324
Accumulated losses		(726,328)	(41,201,658)	41,090,282	(837,704)
Total Equity		50,346	(54)	9,052,928	9,103,220

(i) Includes the pre-acquisition elimination entries related to the acquisition of Abra Mining.

This statement should be read in conjunction with the notes to the Financial Information

4 Notes to the Financial Information

The significant accounting policies adopted by the Company in the preparation of the Historical Financial Information and the Pro Forma Historical Statement of financial position. The accounting policies have been consistently applied to periods presented unless otherwise stated.

(a) Basis of Preparation

Going concern

The Financial Information has been prepared on a going concern basis which assumes the continuity of the Group's normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. Galena Mining had incurred losses totalling \$726,328 and had a net operating cash outflow of \$331,797 for the period from incorporation, 7 December 2016 to 30 June 2017. Following completion of the Offer and the acquisition by the Company of Abra Mining, the Group expects to be in a pro forma historical net current assets position of \$5,603,166 with net assets of \$9,103,220 and with a pro forma cash balance of \$5,623,135 as reflected in the Pro Forma Historical Statement of financial position as at 30 June 2017.

The Directors believe that the ability of the Company to complete the acquisition of Abra Mining and for the Group to undertake its planned exploration program and to meet its working capital requirements so as to settle its liabilities as and when they fall due is dependent upon the completion of the capital raising under the Supplementary Prospectus. The Directors expect that the proposed capital raising will be sufficient to allow for the planned exploration program to be undertaken and to provide the necessary working capital for a period in excess of 12 months from the date of this Supplementary Prospectus.

Should the Company be unable to complete the capital raising under this Supplementary Prospectus, as set out above, there is significant uncertainty whether the Company will be able to continue as a going concern and therefore, whether it will be able to pay its debts as and when they become due and payable and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the Historical and Pro Forma Historical Statement of financial positions. The Financial Information does not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Reporting basis and conventions

The financial information has been prepared on an accruals basis and is based on historical costs, except for certain assets measured at fair value.

(b) **Accounting Policies**

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and in the bank's short term deposits with an original maturity not exceeding three months and if greater than three months, principal amounts can be redeemed in full with interest payable at the same cash rate from inception as per the agreement with each bank, net of bank overdrafts.

(ii) Exploration and evaluation assets

Exploration and evaluation expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method.

Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest is current and the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area or, alternatively, by its sale.

Exploration and evaluation in the area of interest that have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are expensed as incurred.

Impairment

The carrying value of capitalised exploration expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The recoverable amount of capitalised exploration and evaluation expenditure is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit in which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

Capitalised exploration and evaluation expenditure that suffered an impairment are tested for possible reversal of the

impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(iii) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost when the Group becomes obliged to make payments resulting from the purchase of goods and services. The amounts are non-interest-bearing, unsecured and are usually paid within 30 days of recognition.

(iv) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction from the equity proceeds.

(v) Share based payments

Equity-settled share-based compensation benefits are provided to directors, employees and shareholders. Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

(vi) Goods and Services Tax (**GST**)

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position.

(vii) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
-

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred tax assets and liabilities are reassessed at each statement of financial position date and reduced to the extent that it is no longer probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(viii) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the Financial Information 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 internally and externally.

(A) *Impairment of capitalised exploration and evaluation expenditure*

The Company assesses impairment of all assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved and probable reserves and mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Capitalised exploration and evaluation expenditure that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(c) **Cash and cash equivalents**

	Reference		\$
Historical cash and cash equivalents in Galena Mining as at 30 June 2017			70,261
<i>Pro forma transactions:</i>			
Proceeds from the issue of shares under the Offer	2.3 (ii)		6,000,000
Transaction costs relating to the Offer	2.3 (iii)		(447,126)
Pro forma historical cash and cash equivalents as at 30 June 2017			5,623,135

(d) **Exploration and evaluation assets**

	Reference		\$
Exploration and evaluation assets in Galena Mining as at 30 June 2017			-
<i>Pro forma transaction:</i>			
Excess of fair value of consideration payable to acquire Abra Mining over the net acquired assets of Abra Mining	2.3(i)		3,500,054
Pro forma historical exploration and evaluation as at 30 June 2017			3,500,054

(e) **Contributed Equity**

	Reference	No.	\$
Historical contributed equity for Galena Mining as at 30 June 2017		8,100,000	453,600
<i>Pro forma transactions:</i>			
Issue of 17,500,000 shares to Bloomgold to complete the acquisition of Abra Mining at a deemed fair value of \$.20 (Offer price)	2.3(i)	17,500,000	3,500,000
Proceeds from the issue of shares pursuant to this Supplementary Prospectus	2.3(ii)	30,000,000	6,000,000
Transaction costs relating to the Offer charged to equity	2.3(iii)	-	(360,000)
Pro forma historical contributed equity as at 30 June 2017		55,600,000	9,593,600

(f) **Share Based Payment Reserve**

	Reference	Options No.	\$
Historical share based payment reserve for Galena Mining as at 30 June 2017		5,700,000	323,074
<i>Pro forma transactions:</i>			
Deemed fair value of the issue of tranche 3 options	2.3 (iv)	250,000	24,250
Pro forma historical share based payment reserve as at 30 June 2017		5,950,000	347,324

The fair value of all option issues have been determined with the use of a Black-Scholes option valuation model. The key inputs/assumptions to the models used are as follows:

Tranche 1 options:

Number of options	2,350,000
Expiry date	30 June 2020
Volatility	120%
Risk free rate	1.8
Exercise price	\$0.30
Grant date share price	\$0.10
Deemed fair value	\$0.05293
Total fair value	\$124,386

All tranche 1 options were issued in the period to 30 June 2017 and are therefore, part of the historical financial information.

Tranche 2 options:

Number of options	3,350,000
Expiry date	30 June 2021
Volatility	120%
Risk free rate	1.80
Exercise price	\$0.40
Grant date share price	\$0.10
Deemed fair value	\$0.05931
Total fair value	\$198,688

All tranche 2 options were issued in the period to 30 June 2017 and are therefore, part of the historical financial information.

Tranche 3 options:

Number of options	250,000
Expiry date	30 June 2021
Volatility	100%
Risk free rate	1.80
Exercise price	\$0.40
Grant date share price	\$0.20
Deemed fair value	\$0.097
Total fair value	\$24,250

These options have not yet been issued but are expected to be issued on or around completion of the Offer. Therefore, the Offer price has been used as the grant date fair value.

(g) **Commitments**

There are commitments in respect to mineral property and tenement licences held by Abra Mining in terms of minimum expenditure commitments prescribed in license conditions and legislation. To keep the tenement licences in good standing, work programs should meet minimum expenditure requirements. The Directors believe that the Company will have the ability to meet expenditure requirements through the planned equity raising as outlined in this Supplementary Prospectus. Based on the current tenements owned by Abra Mining, an annual minimum commitment of \$513,000 currently exists. Galena has agreed to fund these commitments until the acquisition and listing takes place.

(h) **Contingent assets and liabilities**

Native title claims have been made with respect to areas which include tenements in which Abra Mining has interests. The Directors are unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect Abra Mining or its projects.

(i) **Subsequent events**

The Directors are not aware of any other significant changes in the state of affairs of the Company or events subsequent to 30 June 2017 that would have a material impact on the Financial Information other than the execution of the "Variation of Abra Mining Pty Ltd Sale Agreement" dated 12 July 2017 which consisted of the following significant changes to the Initial Share Sale Agreement:

- a) Extension of term (until 30 October 2017) under which Galena has to complete the listing with its principal asset being the Abra lead-silver deposit;
- b) Inclusion of Timothy Morrison as a Non-Executive Director of Galena Mining; and
- c) Variation to the consideration payable to 17,500,000 shares.

The acquisition of Abra Mining as a pro forma transaction incorporates this variation.

(j) Historical financial information of Abra Mining.

The table below sets out the audited Historical Statements of Profit or Loss and Other Comprehensive Income of Abra Mining for 31 December 2014, 31 December 2015 and 31 December 2016.

(i)		31 Dec 14	31 Dec 15	31 Dec 16
		\$	\$	\$
Revenue		29,740	5,212	99
Consultant & professional fees		(91,238)	(45,098)	(70,045)
Depreciation expense		(43,390)	(34,795)	(71,366)
Employee benefit expense		(297,940)	(355,108)	(113,488)
Insurance		(25,376)	(16,458)	(7,770)
Gain/(loss) on disposal of fixed assets		-	(6,787)	2,337
Occupancy expenses		(173,089)	(386,025)	(3,047)
Management fee		(60,000)	-	-
Other expenses		(61,330)	(55,563)	(37,758)
Travel & accomodation expenses		(29,850)	(19,720)	(18,930)
Exploration and loan written off		-	-	(26,595,492)
Loss before income tax		(752,473)	(914,342)	(26,915,460)
Income tax benefit/(expense)		-	-	-
Loss for the period		(752,473)	(914,342)	(26,915,460)
Other comprehensive income/(loss)		-	-	-
Total comprehensive income/(loss)		(752,473)	(914,342)	(26,915,460)

The table below sets out the audited Historical Statements of Cash Flows of Abra Mining for 31 December 2014, 31 December 2015 and 31 December 2016.

(ii)	31 Dec 14	31 Dec 15	31 Dec 16
	\$	\$	\$
Cash flows from operating activities			
Cash received from government rebate	-	(39,047)	-
Interest received	29,730	5,902	99
Bank fee paid	(4,446)	(4,371)	(644)
Payments to suppliers and employees	(919,529)	(905,110)	(695,765)
Net cash outflow used in operating activities	(894,245)	(942,626)	(696,310)
Cash flows from investing activities			
Proceeds from term deposit	-	118,000	-
Payments for exploration and evaluation	(1,093,461)	(372,507)	-
Proceeds from the sale of Property, plant and equipment	-	5,797	2,337
Net cash outflow (used in) from investing activities	(1,093,461)	(248,710)	2,337
Cash flows from financing activities			
Cash received from HNC (Australia) Resources Holdings Ltd	-	-	566,207
Proceeds from issue of shares	7,420,000	-	-
Cash paid on repayment of borrowing	(4,250,000)	-	-
Net cash inflow from financing activities	3,170,000	-	566,207
Net increase (decrease) in cash and cash equivalents	1,182,294	(1,191,336)	(127,766)
Cash and cash equivalents at the beginning of the financial year	137,375	1,319,669	128,333
Cash and cash equivalents at the end of the financial year	1,319,669	128,333	567

The table below sets out the audited Historical Statement of financial positions of Abra Mining as at 31 December 2014, 31 December 2015 and 31 December 2016.

(iii)	31 Dec 14	31 Dec 15	31 Dec 16
	\$	\$	\$
Current Assets			
Cash and cash equivalents	1,319,669	128,333	567
Other financial assets	118,000	-	-
Other receivables	27,954	49,809	26,016
Other assets	26,003	4,645	-
Total Current Assets	1,491,626	182,787	26,583
Non-Current assets			
Plant and equipment	130,660	83,279	-
Exploration and evaluation assets	26,321,283	26,716,193	-
Total Non-Current Assets	26,451,943	26,799,472	-
Total Assets	27,943,569	26,982,259	26,583
Current Liabilities			
Trade and other payables	40,964	36,966	8,500
Provisions	54,719	11,750	-
Total Current Liabilities	95,683	48,716	8,500
Total Liabilities	95,683	48,716	8,500
Net assets	27,847,886	26,933,543	18,083
Equity			
Contributed equity	40,635,397	40,635,397	40,635,397
Share based payments reserve	2,912,185	2,912,185	-
Accumulated losses	(15,699,696)	(16,614,039)	(40,617,314)
Total Shareholders Equity	27,847,886	26,933,543	18,083

ANNEXURE B – INDEPENDENT LIMITED ASSURANCE REPORT

ANNEXURE B

21 July 2017

The Board of Directors
Galena Mining Limited
Level 11
London House
216 St Georges Terrace

Dear Directors,

Independent limited assurance report on historical financial information and pro forma historical consolidated statement of financial position**INTRODUCTION**

We have been engaged by Galena Mining Limited (“Galena Mining” or “the Company”) to report on the historical financial information of the Company and pro forma historical consolidated statement of financial position of the Company for inclusion in Annexure A of the supplementary prospectus (“Supplementary Prospectus”) to be dated on or about 21 July 2017, and to be issued by Galena Mining, in respect of its offer of 30,000,000 shares at an issue price of \$0.20 per share to raise \$6,000,000 by way of an Initial Public Offering (“the Offer”).

Expressions and terms defined in the Prospectus and Supplementary Prospectus have the same meaning in this Report.

This Report has been prepared to provide information and a conclusion on the historical results of the Company for the period from incorporation (7 December 2016) to 30 June 2017 and on pro forma financial information as at 30 June 2017. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than for which it was prepared.

BASIS OF PREPARATION

This Report does not address the rights attaching to the ordinary shares to be issued in accordance with the Supplementary Prospectus, the risks associated with the investment, nor form the basis of an expert’s opinion with respect to the value of the Company.

In addition this Report does not provide an expert’s opinion on the consideration (in the form of ordinary shares) for the acquisition of Abra Mining Pty Ltd (Abra Mining).

PKF Mack has not been requested to consider the risks of becoming a shareholder and does not purport to do so.

PKF Mack takes no responsibility for these matters or any matter or omission in the Supplementary Prospectus other than responsibility for this Report.

SCOPE OF REPORT

You have requested PKF Mack to perform a limited assurance engagement in relation to the historical and pro forma historical information described below and disclosed in the Supplementary Prospectus.

The historical and pro forma historical financial information is presented in the Supplementary Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

You have requested PKF Mack to review the following historical financial information (together the 'Historical Financial Information') of the Company included in Annexure A of the Supplementary Prospectus;

- The historical Statement of Profit or Loss and Other Comprehensive Income for the period from incorporation, 7 December 2016 to 30 June 2017;
- The historical Statement of Financial Position as at 30 June 2017; and
- The historical Statement of Cash Flows for the period from incorporation, 7 December 2016 to 30 June 2017.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

The Historical Financial Information for Abra Mining as set out in Annexure A - Section 4 (j) (i) (ii) & (iii) of the Supplementary Prospectus for the years ended 31 December 2014 and 31 December 2015 were derived from special purpose financial statements which were audited in accordance with Australian Auditing Standards by Pitcher Partners Corporate & Audit (WA) Pty Ltd (Pitcher Partners). Pitcher Partners issued an unqualified audit opinion on the financial statements for the year ended 31 December 2014 and an unqualified audit opinion with an emphasis of matter on going concern on the financial statements for the year ended 31 December 2015.

The Historical Financial Information for Abra Mining as set out in Section Annexure A - Section 4 (j) (i) (ii) & (iii) of the Supplementary Prospectus for the year ended 31 December 2016 was derived from special purpose financial statements which were audited in accordance with Australian Auditing Standards by Rothsay Auditing (Rothsay). Rothsay issued an unqualified audit opinion on the financial statements for the year ended 31 December 2016.

Pro Forma Historical Financial Information

You have requested PKF Mack to review the following pro forma consolidated historical financial information (the 'Pro Forma Historical Financial Information') of the Company included in Annexure A of the Supplementary Prospectus:

- The pro forma consolidated historical Statement of Financial Position as at 30 June 2017.

The Pro Forma Historical Financial Information has been derived from the historical financial information of the Company as at 30 June 2017 after adjusting for the effects of the pro forma adjustments detailed in Annexure A - Section 2.3.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Annexure A - Section 2.3, as if those event(s) or transaction(s) had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position.

Within the pro forma adjustments detailed in Annexure A - Section 2.3 is a transaction relating to the acquisition of 100% of the issued capital in Abra Mining, which has been derived from the reviewed financial information of Abra Mining as at 30 June 2017. This financial information was reviewed by PKF Mack for the purposes of the Report and nothing came to our attention that suggests that this information could not be relied on.

DIRECTORS' RESPONSIBILITY

The directors of the Company are responsible for the preparation and presentation of the Historical Financial Information and the Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information are free from material misstatement, whether due to fraud or error.

OUR RESPONSIBILITY

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Australian Standard on Assurance Engagement (ASAE) 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

Our limited assurance procedures consisted of making enquiries, primarily to the Directors and management who are persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit report on any financial information used as a source of the financial information.

CONCLUSIONS

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in this Report, and comprising:

- The historical Statement of Profit or Loss and Other Comprehensive Income for the period from incorporation, 7 December 2016 to 30 June 2017;
- The historical Statement of Financial Position as at 30 June 2017; and
- The historical Statement of Cash Flows for the period from incorporation, 7 December 2016 to 30 June 2017.

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Annexure A - Section 2.1.

Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in this Report, and comprising:

- The pro forma historical Statement of Financial Position of the Company as at 30 June 2017;

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Annexure A - Section 2.3.

SUBSEQUENT EVENTS

We note that the pro forma statement of financial position does not reflect any events that have occurred subsequent to the period ended 30 June 2017 except for the execution of the "Variation of Abra Mining Pty Ltd Sale Agreement" dated 12 July 2017 which consisted of the following significant changes to the Initial Share Sale Agreement:

- a) Extension of term (until 30 October 2017) under which Galena has to complete the listing with its principal asset being the Abra lead-silver deposit;
- b) Inclusion of Timothy Morrison as a Non-Executive Director of Galena Mining; and
- c) Variation to the consideration payable to 17,500,000 shares.

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no other material transaction or events outside the ordinary business of the Company, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

INDEPENDENCE OR DISCLOSURE OF INTEREST

PKF Mack does not have any interest in the outcome of this Offer, other than in connection with the preparation of this Report for which normal professional fees will be received.

DISCLOSURES

This Report has been prepared, and included in the Supplementary Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

RESTRICTION ON USE

Without modifying our conclusions, we draw attention to the purpose of the financial information which is for inclusion in the Supplementary Prospectus. As a result the financial information may not be suitable for use for another purpose.

CONSENT

PKF Mack has consented to the inclusion of this Report in the Supplementary Prospectus in the form and context in which it is included. At the date of this report this consent has not been withdrawn. However, PKF Mack were not involved in the preparation of any part of the Supplementary Prospectus, and accordingly, make no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Supplementary Prospectus.

Yours faithfully

Handwritten signature of PKF Mack in black ink.

PKF MACK

Handwritten signature of Simon Fermanis in black ink.

SIMON FERMANIS
AUDIT PARTNER

21 JULY 2017
WEST PERTH
WESTERN AUSTRALIA