
GALENA MINING LIMITED

ACN 616 317 778

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 11:00 am (WST)
DATE: Wednesday, 2 March 2022
PLACE: Level 2
1100 Hay Street
WEST PERTH WA 6005

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm (WST) on Monday, 28 February 2022.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL TO GRANT PERFORMANCE RIGHTS TO ANTHONY JAMES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 10.11, and for all other purposes, Shareholders approve and authorise the grant of 7,500,000 Performance Rights by the Company to Anthony James (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

A voting prohibition statement applies to this Resolution. Please see below.

Dated: 27 January 2022

By order of the Board

**Stephen Brockhurst
Company Secretary**

Voting Exclusion Statement

Resolution 1 – Approval to grant Performance Rights to Anthony James

Anthony James (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9481 0389.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTION 1 – APPROVAL TO GRANT PERFORMANCE RIGHTS TO ANTHONY JAMES

1.1 General

On 15 June 2021, the Company announced the transition of Mr Anthony James from Non-Executive Director to a Managing Director role. Pursuant to Mr James' Managing Director agreement, the Company has agreed, subject to Shareholder approval, to grant a total of 7,500,000 Performance Rights to Mr James. The Board considers that the proposed issue of Performance Rights to Mr James provides a cost-effective incentive-based form of remuneration and is intended to reward and incentivise Mr James for delivering value to Shareholders.

Resolution 1 seeks Shareholder approval for the issue of the Performance Rights to Anthony James (or his nominee).

1.2 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3;
or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The grant of Performance Rights falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 1 seeks the required Shareholder approval for the grant of the Performance Rights under and for the purposes of Listing Rule 10.11.

1.3 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Performance Rights to Anthony James (or his nominee) pursuant to Resolution 1 constitutes the giving of a financial benefit and Anthony James is a related party of the Company by virtue of being a Director.

After a review of publicly available information relating to the remuneration structures of ASX listed companies, including those operating in the resources exploration industry, the Directors (other than Anthony James who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of the Performance Rights because the issue is considered reasonable remuneration in the circumstances.

1.4 Technical information required by Listing Rule 14.1A

If Resolution 1 is passed, the Company will be able to proceed with the grant of the Performance Rights to Anthony James within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the grant of the Performance Rights (because approval is being obtained under Listing Rule 10.11), the grant of the Performance Rights will not use up any of the Company's 15% annual placement capacity.

If Resolution 1 is not passed, the Company will not be able to proceed with the grant of the Performance Rights to Anthony James, and the Company may need to seek alternative means of raising capital and re-negotiate the remuneration package received by him for his role as Managing Director.

1.5 Information required by Listing Rule 10.13

The following information is provided for the purposes of Listing Rule 10.13:

- (a) the Performance Rights will be issued to Anthony James (or his nominee) who falls within the category set out in Listing Rule 10.11.1 as Anthony James is a related party of the Company by virtue of being a Director;
- (b) the maximum number of securities the Company will issue to Anthony James is a total of 7,500,000 Performance Rights, consisting of the following:
 - (i) 2,000,000 Class A Performance Rights;
 - (ii) 2,000,000 Class B Performance Rights;
 - (iii) 1,750,000 Class C Performance Rights; and
 - (iv) 1,750,000 Class D Performance Rights;
- (c) the terms and conditions of the Performance Rights are set out in Schedule 1;

- (e) the value of Performance Rights proposed to be issued and the valuation methodology are set out in Schedule 2;
- (f) the current total remuneration package for Anthony James is \$473,568, comprising of a base salary of \$450,000 (excluding superannuation or GST) and superannuation of \$23,568;
- (f) the Performance Rights will be granted no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Performance Rights will occur on the same date;
- (g) the issue price of the Performance Rights will be nil. The Company will not receive any other consideration in respect of the grant of the Performance Rights;
- (h) the purpose of the grant of the Performance Rights is to provide a performance linked incentive component in the remuneration package for Anthony James to motivate and reward his performance as Managing Director. The Performance Rights are linked to the achievement of milestones considered key to the Company's success in the coming years, thereby enabling the Company and its stakeholders to benefit from the achievement of such milestones;
- (i) the Performance Rights are being granted pursuant to Anthony James' Managing Director agreement with the Company. A summary of the material terms of the agreement is set out in Schedule 3; and
- (j) a voting exclusion statement is included in this Notice.

1.6 Board recommendation

The Board (other than Anthony James who has a material personal interest in the Resolution) has reviewed Anthony James' performance since his appointment to the Board and his transition from Non-Executive Director to a Managing Director role and considers that Anthony James' skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the grant of Performance Rights to Anthony James and recommends that Shareholders vote in favour of Resolution 1.

GLOSSARY

\$ means Australian dollars.

General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Galena Mining Limited (ACN 616 317 778).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Listing Rules means the Listing Rules of ASX.

Managing Director means the current Managing Director of the Company.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Performance Right means a right to acquire a Share, subject to satisfaction of any vesting conditions in Schedule 1, and includes Class A Performance Right, Class B Performance Right, Class C Performance Right and Class D Performance Right.

Proxy Form means the proxy form accompanying the Notice.

Resolution means the resolution set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Security means a fully paid ordinary share or Performance Right in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

Definitions

In these terms and conditions, unless the context otherwise requires:

ASX means ASX Limited ACN 008 624 691 or, where the context requires, the financial market operated by it.

Board means the board of directors of the Company.

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Australia.

Change of Control Event has the meaning given in condition 13(b).

Company means Galena Mining Limited ACN 616 317 778.

Corporations Act means the Corporations Act 2001 (Cth).

Expiry Date means 5pm (WST) on the date which is 5 years from the date of issue of a Performance Right.

Holder means a holder of a Performance Right.

Listing Rules means the official Listing Rules of the ASX as they apply to the Company from time to time.

Performance Right means the right to acquire a Share on these terms and conditions.

Share means a fully paid ordinary share in the capital of the Company.

Vesting Condition has the meaning given in condition 2.

VWAP means volume weighted average price.

1. Performance Rights

Each Performance Right is a right of the Holder (and/or its nominees) to acquire a Share subject to these terms and conditions.

2. Vesting Conditions

Each Performance Right will vest as follows.

Class	Number	Vesting Condition
Class A Performance Right	2,000,000	If at any time whilst Mr James remains employed by the Company, completion of construction of the Abra Base Metals Project occurs.
Class B Performance Right	2,000,000	If at any time whilst Mr James remains an employee of the Company commencement of commercial production at the Abra Base Metal Projects (ie., achievement of two quarters of positive cash receipts from customers less cash payments paid to suppliers and employees) occurs.
Class C Performance Right	1,750,000	If at any time whilst Mr James remains an employee of the Company the volume weighted average price ("VWAP") of the Company's shares traded on the ASX equals or exceeds A\$0.60/share for 20 business days.
Class D Performance Right	1,750,000	If at any time whilst Mr James remains an employee of the Company the VWAP of the Company's shares traded on the ASX equals or exceeds A\$0.80/share for 20 business days.

3. Exercise

Upon the applicable Vesting Condition being satisfied, the Holder may exercise a Performance Right by delivering a written notice of exercise (**Notice of Exercise**) to the Company Secretary at any time prior to the Expiry Date. The Holder is not required to pay a fee in order to exercise Performance Rights.

4. Expiry

Any Performance Rights that have not been exercised prior to the Expiry Date will automatically expire on the Expiry Date. All unexercised Performance Rights will lapse five years from their grant date.

5. Transfer

A Performance Right is not transferable.

6. Entitlements and bonus issues

The holder of a Performance Right will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

7. Reorganisation of capital

In the event that the issued capital of the Company is reconstructed, all the Holder's rights will be changed to the extent necessary to comply with the Listing Rules at the time of reorganisation provided that, subject to compliance with the Listing Rules, following such reorganisation the Holder's economic and other rights are not diminished or terminated.

8. Right to receive Notices and attend general meetings

Each Performance Right confers on the Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. A Holder has the right to attend general meetings of the Company.

9. Voting rights

A Performance Right does not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights provided under the Corporations Act or the Listing Rules where such rights cannot be excluded by these terms.

10. Dividend rights

A Performance Right does not entitle the Holder to any dividends.

11. Return of capital rights

The Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

12. Rights on winding up

The Performance Rights have no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.

13. Change in control

(a) If prior to the earlier of the conversion or the Expiry Date and prior to 16 June 2022 a Change in Control Event occurs, then Class A Performance Right will automatically vest and immediately convert into Shares notwithstanding any other conditions or milestone triggers. In the event that a Change of Control Event occurs on or after 16 June 2022 or after at least one of the Performance Right Classes becomes unconditional, all remaining unvested and/or conditional Performance Right Classes will automatically vest and immediately convert into Shares notwithstanding any other conditions or milestone triggers. However, if the number of Shares to be issued as a result of the conversion of the Performance Rights is in excess of 10% of the total fully diluted share capital of the Company at the time of the conversion, then the number of Performance

Rights to be converted will be reduced so that the aggregate number of Shares to be issued on conversion of the Performance Rights is equal to 10% of the entire fully diluted share capital of the Company.

- (b) A Change of Control Event occurs when:
- (i) takeover bid: the occurrence of the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of more than 50.1% of shares and that takeover bid has become unconditional; or
 - (ii) scheme of arrangement: the announcement by the Company that the Shareholders have at a Court-convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Company securities are to be either cancelled transferred to a third party, and the Court, by order, approves the proposed scheme of arrangement.
- (c) The Company must ensure the allocation of shares issued under sub-paragraph (a) is on a pro rata basis to a Holder in respect of their respective holdings of Performance Rights and all remaining Performance Rights held the Holder will remain on issue until conversion or expiry in accordance with the terms and conditions set out herein.

14. Timing of issue of Shares on exercise

Within 10 Business Days of receiving an Exercise Notice, the Company will:

- (a) issue the number of Shares required under these terms and conditions in respect of the number of Performance Rights specified in the Notice of Exercise;
- (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (c) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Performance Rights.

15. Compliance with law

The conversion of the Performance Rights is subject to compliance at all times with the Corporations Act and the Listing Rules.

16. Application to ASX

Performance Rights will not be quoted on ASX. On conversion of Performance Rights into Shares, the Company will within five (5) Business Days after the conversion, apply for official quotation on ASX of the Shares issued upon such conversion.

17. Ranking of Shares

Shares into which the Performance Rights will convert will rank parri passu in all respects with existing Shares.

18. No other rights

A Performance Right does not give a Holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

SCHEDULE 2– VALUATION OF PERFORMANCE RIGHTS

The Performance Rights to be granted to Anthony James pursuant to Resolution 1 have been valued by internal management.

The indicative value of the Performance Rights set out below is the maximum value assuming that all Performance Milestones will be achieved the expiry date of such Performance Rights. The Black & Scholes pricing model and the assumptions set out below have been used to determine the indicative values of the Performance Rights.

Assumptions:	
Valuation date	20 January 2022
Market price of Shares	\$0.235
Exercise price	Nil
Expiry date	5 years from grant date
Risk free interest rate	1.63%
Expiration period	5 years from grant date
Expected volatility	100%

	Indicative value per Performance Right	Indicative value of Performance Rights to be issued to Anthony James
Class A Performance Rights	\$0.235	\$470,000
Class B Performance Rights	\$0.235	\$470,000
Class C Performance Rights	\$0.235	\$411,250
Class D Performance Rights	\$0.235	\$411,250
Total Value		\$1,762,500

Note: The indicative valuations noted above are not necessarily the market prices that the Performance Rights could be traded at and they are not automatically the market prices for taxation purposes.

SCHEDULE 3 – MATERIAL TERMS OF MANAGING DIRECTOR AGREEMENT

Appointment Date	16 June 2021
Term	Employment continues until terminated by either the Company or Mr James
Base remuneration	Base salary A\$450,000 (excluding compulsory Superannuation)
Performance Rights	Subject to shareholder, ASIC and ASX approval (as required), 7,500,000 Mr James (or his nominee) will be granted 7,500,000 Performance Rights which will convert into Shares based on the vesting and conversion conditions of each class of Performance Right as set out in item 2 of Schedule 1.
Termination and notice	Resignation by Mr James on 6 months' written notice. Termination by the Company on 6 months' written notice. The Company may elect to make a payment in lieu of the notice period (based on Mr James' base remuneration). Termination by the Company without notice for serious misconduct or other circumstances justifying summary dismissal

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **11:00am (WST) on Monday, 28 February 2022**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote i



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.



