



**GALENA**  
MINING LIMITED

**And Its Controlled Entity**

**ABN 63 616 317 778**

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**Interim Financial Report**

**For the half year ended 31 December 2017**

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**Galena Mining Limited**

**ABN 63 616 317 778**

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# Galena Mining Limited

ABN 63 616 317 778

## CORPORATE DIRECTORY

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<b>Directors</b>	Mr Adrian Byass Non-Executive Chairman
	Mr Jonathan Downes Non-Executive Director
	Mr Oliver Cairns Non-Executive Director
	Mr Timothy Morrison Non-Executive Director
<b>Company Secretary</b>	Mr Stephen Brockhurst
<b>Registered Office &amp; Principal Place of Business</b>	Level 11, 216 St Georges Terrace Perth WA 6000
<b>Postal Address</b>	GPO Box 2517 Perth WA 6831
<b>Web Site</b>	<a href="http://www.galenamining.com.au">www.galenamining.com.au</a>
<b>Share Registry</b>	Security Transfer Australia Pty Ltd 770 Canning Highway Applecross WA 6153
<b>Auditors</b>	PKF Mack Level 5, 35 Havelock Street West Perth WA 6005
<b>Legal Advisors</b>	Steinepreis Paganin 16 Milligan Street Perth WA 6000
<b>Stock Exchange Listing</b>	ASX Code: <b>G1A</b>
<b>Country of Incorporation and Domicile</b>	Australia

# Galena Mining Limited

ABN 63 616 317 778

## DIRECTOR'S REPORT

For the half year ended 31 December 2017

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Your directors present the following report on Galena Mining Limited ("the Company") and its wholly owned subsidiary Abra Mining Pty Ltd (together referred to hereafter as "the Group") for the period ended 31 December 2017.

### Directors

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

Adrian Byass	Non-Executive Chairman
Johnathan Downes	Non-Executive Director
Oliver Cairns	Non-Executive Director
Timothy Morrison	Non-Executive Director (appointed 12 July 2017)

Unless noted above, all directors have been in office since the incorporation period to the date of this report.

### Company Secretary

Stephen Brockhurst held office as Company Secretary since the incorporation and until the date of this report.

### Principal Activities

The Company was incorporated as an unlisted public company limited by shares on 7 December 2016 for the purpose of listing on the ASX, acquiring Abra Mining Pty Ltd ("Abra") and the proceeding to explore and develop the Projects held by this company.

On 12 May 2017 the Company lodged an Initial Public Offer Prospectus to raise \$6 million by the issue of 30,000,000 shares at \$0.20 per share. On 7 September 2017 the company successfully listed on the ASX.

### Operating Results

The consolidated loss of the Company after tax for the half year ended 31 December 2017 attributable to equity holders of the parent was \$290,383 (for the period 7 December 2016 to 31 December 2016 loss of \$1,951).

### Review of Operations

#### Corporate

- On 12 July 2017 the Company appointed Mr Timothy Morrison as Non-Executive Director.
- On 30 August 2017 the Company issued the CEO 250,000 Options exercisable at \$0.40 on 30 June 2021.
- On 30 August 2017 the Company issued 17,500,000 shares to Bloomgold and finalised the Abra acquisition.
- On 7 September 2017 the Company listed on the ASX and successfully raised \$6 million before costs via the issue of 30,000,000 shares at \$0.20 per share.

#### Abra Mining Project

During the reporting period, Galena acquired Abra Base Metal Projects which are located 220km north of Meekatharra in Western Australia and are directed toward the identification of economic deposits of base metals. These metals are internationally traded and backed by international exchanges

## Galena Mining Limited

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### DIRECTOR'S REPORT

For the half year ended 31 December 2017

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#### Abra Mining Project (continued)

During September 2017, Galena commenced drilling on the project which was completed in mid-December 2017. Twelve holes (AB70-72, 73A, 74-81) were completed for a total of 8,022m and approximately 4,000 core samples were taken and submitted to SGS Laboratories for assaying. All assays have been received with high grade intersections in every hole. These included:

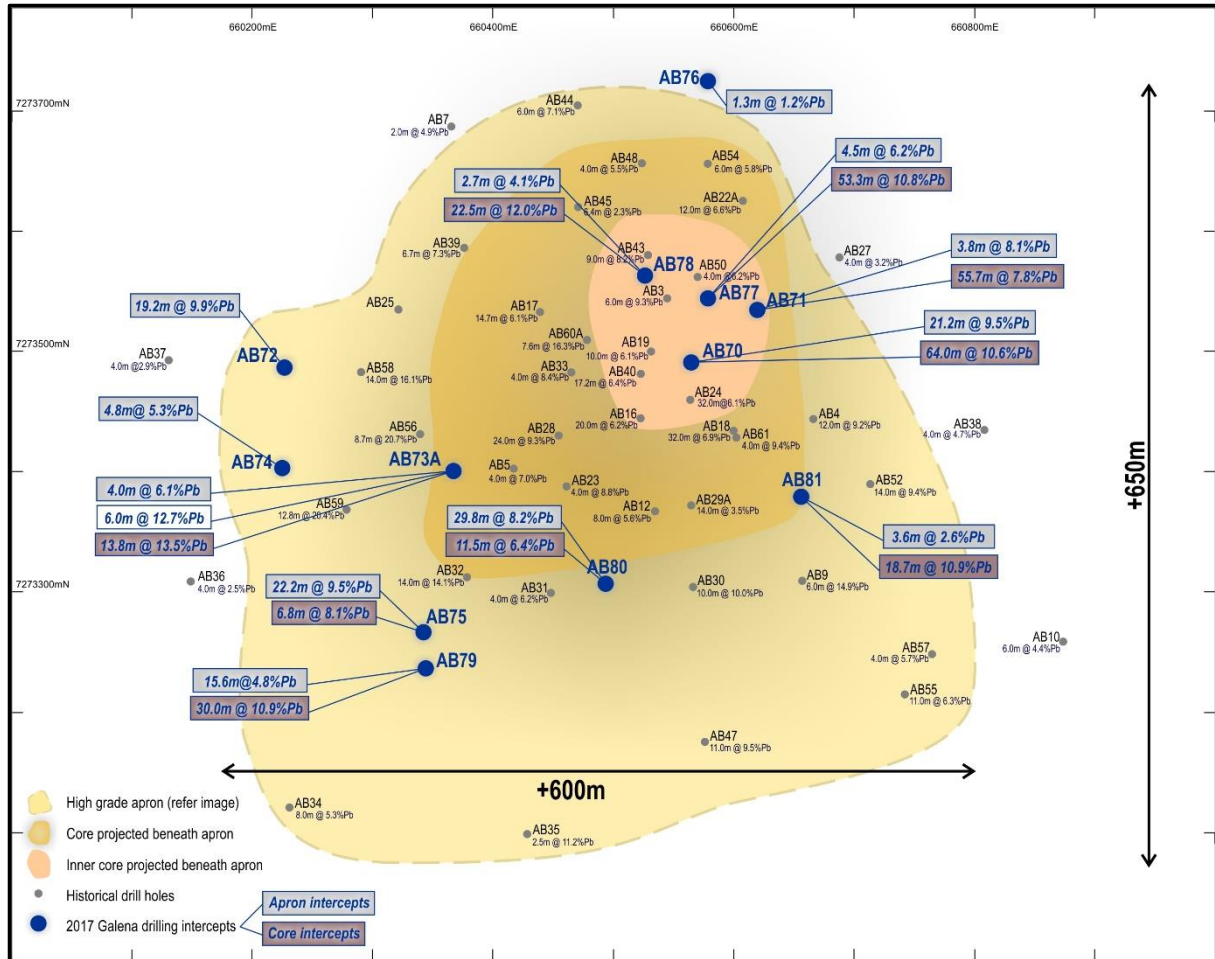
- **31m @ 14.5% Pb, 10ppm Ag (within 64.0m @ 10.6% Pb, 7ppm Ag) in AB70**
- **56m @ 7.8% Pb, 20ppm Ag in AB71**
- **19m @ 9.9% Pb, 26ppm Ag in AB72**
- **14m @ 13.5% Pb, 42ppm Ag in AB73A**
- **15m @ 9.2% Pb, 20ppm Ag in AB74**
- **22m @ 9.5% Pb, 20ppm Ag in AB75**
- **6m @ 8.9% Pb, 26ppm Ag in AB76**
- **32m @ 13.5% Pb, 27ppm Ag (within 53.3m @ 10.9% Pb, 20ppm Ag) in AB77**
- **22m @ 12.0% Pb, 21ppm Ag in AB78**
- **30m @ 10.9% Pb, 9ppm Ag in AB79**
- **30m @ 8.2% Pb, 12pp, Ag in AB80**
- **19 m @ 10.8% Pb, 15ppm Ag in AB81**

Galena has a geologically controlled, high-grade model for Abra which is being supported by the results of wide-spread, targeted drilling. Drill results continue to define both large stratabound shallow dipping zones of high grade mineralisation as well as sub vertical vein hosted high grade mineralisation within the feeder zone/core (see Figure 1 for a plan view of the relative positions of the core and apron and Figure 2 for a 3D model of the significant drill intersections and geological model). In Figure 1 the labelled drill holes represent the pierce point that each drill hole intersected the top of the stratabound zone.

High-grade, sub-vertical 'feeder' veining is not restricted to the core although the core contains the highest concentration of the mineralised veins and those with the greatest widths. The veins are located below, and act as feeders to, the stratabound zone.

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**ABN 63 616 317 778**

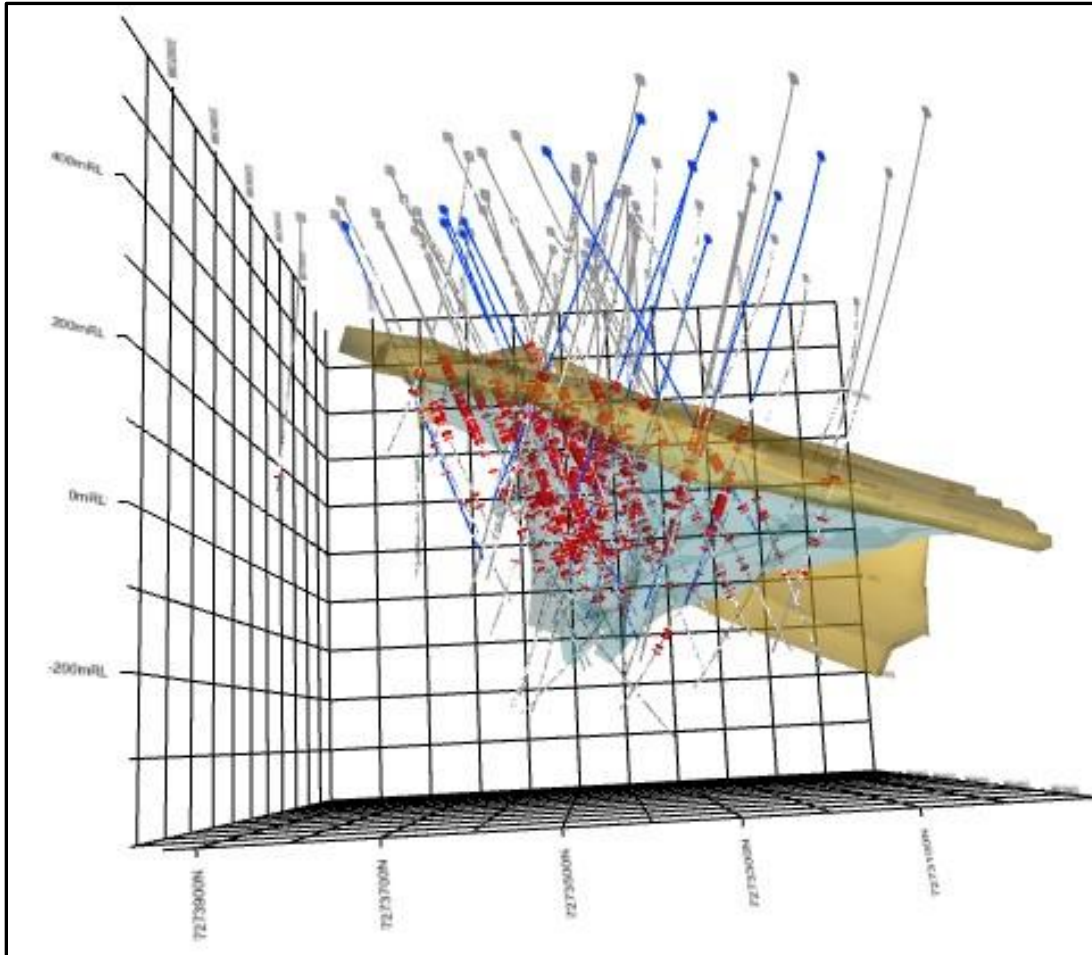
**DIRECTOR'S REPORT**  
**For the half year ended 31 December 2017**



**Figure 1: Plan view of the best intersections from both Galena and historic drill holes within high grade stratobound apron, the projected position of the high grade feeder zone/core beneath the apron and the inner core**

**DIRECTOR'S REPORT**  
For the half year ended 31 December 2017

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**Figure 2: 3D model of the core and apron zones looking east with significant historic and Galena intersections (>5% Pb in red). Galena drill hole traces in dark blue.**

Galena has initiated a Resource Estimate study to be completed in February 2018. Other work programs initiated including hydrogeological, geotechnical, environmental, transport and logistics and metallurgical studies are scheduled to be ongoing in the first half of 2018.

**Corporate**

At the end of the period the Group had \$3,120,544 in cash and the Company had the following securities on issue:

- 55,600,000 fully paid ordinary shares on issue;
- 2,350,000 options exercisable at \$0.30 on or before 30 June 2020; and
- 3,600,000 options exercisable at \$0.40 on or before 30 June 2021.

# Galena Mining Limited

ABN 63 616 317 778

## DIRECTOR'S REPORT

For the half year ended 31 December 2017

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### Changes in State of Affairs

- On 7 September 2017, the Company was officially listed on the ASX after issuing 30,000,000 IPO shares at \$0.20 per share.
- The Company completed the acquisition of Abra Mining Pty Ltd by issuing 17,500,000 shares to the vendors at \$0.20 per share.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Company that occurred during the period under review not otherwise disclosed in this report or in the financial report.

### Events after the Reporting Period

- On 7 February 2018, the Company announced appointment of Troy Flannery as the Chief Operating Officer.
- On 7 February 2018, the Company issued 1,000,000 options exercisable at \$1.50 on or before 6 February 2021, to COO as per employment agreement.
- On 16 February 2018, the Company announced that it plans to subdivide its issued capital on the basis that every one share be split into five shares, contingent on the shareholder approval at a General Meeting held on 19 March 2018.

No other matter or circumstance has arisen since the end of audited period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

### Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, PKF Mack, to provide the Directors of the Group with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 8 and forms part of this Directors' Report for the period ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors, made pursuant to s306(3) of the Corporations Act 2001.



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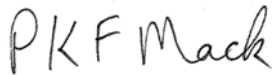
Adrian Byass  
Chairman

Dated this 2<sup>nd</sup> day of March 2018

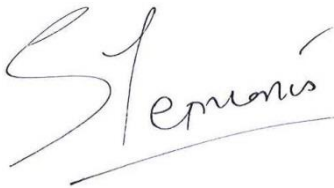


## AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF GALENA MINING LIMITED

In relation to our review of the financial report of Galena Mining Limited for the half year ended 31 December 2017, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



PKF MACK



SIMON FERMANIS  
PARTNER

2 MARCH 2018  
WEST PERTH,  
WESTERN AUSTRALIA

**Galena Mining Limited**

**ABN 63 616 317 778**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Note	31 December 2017 \$	7 December 2016 to 31 December 2016 \$
Revenue	3	27,540	-
<b>Expenses</b>			
Administration expenses		(50,287)	(819)
Consulting, promotion & marketing expenses		(29,073)	-
Personnel expenses		(70,857)	-
Corporate expenses		(63,479)	-
Compliance fees		(23,387)	-
Finance costs		(2,240)	-
Share based payments		(28,250)	-
Depreciation		(539)	-
Foreign exchange loss		(4,174)	-
Other expenses	4	(45,637)	(1,132)
<b>Loss before income tax expense</b>		<b>(290,383)</b>	<b>(1,951)</b>
Income tax expense		-	-
<b>Net loss for the period</b>		<b>(290,383)</b>	<b>(1,951)</b>
<b>Other comprehensive income net of income tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the period</b>		<b>(290,383)</b>	<b>(1,951)</b>
<b>Loss Per Share</b>			
Basic and diluted loss per share (cents per share)		<b>(0.73)</b>	<b>(0.05)</b>

*The accompanying notes form part of these financial statements.*

**Galena Mining Limited**

**ABN 63 616 317 778**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017**

	Note	31 December 2017 \$	30 June 2017 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		3,120,544	70,261
Trade and other receivables		237,925	6,787
<b>TOTAL CURRENT ASSETS</b>		<b>3,358,469</b>	<b>77,048</b>
<b>NON-CURRENT ASSETS</b>			
Plant & equipment		8,010	-
Exploration and evaluation expenditure	5	6,102,416	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>6,110,426</b>	
<b>TOTAL ASSETS</b>		<b>9,468,895</b>	<b>77,048</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		571,424	26,702
Provisions		5,200	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>576,624</b>	<b>26,702</b>
<b>TOTAL LIABILITIES</b>		<b>576,624</b>	<b>26,702</b>
<b>NET ASSETS</b>		<b>8,892,271</b>	<b>50,346</b>
<b>EQUITY</b>			
Issued capital	6	9,557,658	453,600
Share based payment reserve	7	351,324	323,074
Accumulated losses		(1,016,711)	(726,328)
<b>TOTAL EQUITY</b>		<b>8,892,271</b>	<b>50,346</b>

*The accompanying notes form part of these financial statements.*

**Galena Mining Limited**

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Issued Capital	Share based payment reserve	Accumulated losses	Total
	\$	\$	\$	\$
<b>Balance at 7 December 2016</b>	-	-	-	-
Loss for the period	-	-	(1,951)	(1,951)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(1,951)	(1,951)
<i>Transactions with owner directly recorded in equity</i>				
Shares issued during the period	153,600	-	-	153,600
<b>Balance at 31 December 2016</b>	<b>153,600</b>	<b>-</b>	<b>(1,951)</b>	<b>151,649</b>

	Issued Capital	Share based payment reserve	Accumulated losses	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	<b>453,600</b>	<b>323,074</b>	<b>(726,328)</b>	<b>50,346</b>
Loss for the period	-	-	(290,383)	(290,383)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(290,383)	(290,383)
<i>Transactions with owner directly recorded in equity</i>				
Shares issued during the period	9,500,000	-	-	9,500,000
Options issued during the period	-	28,250	-	28,250
Share issue costs	(395,942)	-	-	(395,942)
<b>Balance at 31 December 2017</b>	<b>9,557,658</b>	<b>351,324</b>	<b>(1,016,711)</b>	<b>8,892,271</b>

*The accompanying notes form part of these financial statements.*

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**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2017**

	<b>31 December 2017</b>	<b>7 December 2016 to 31 December 2016</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(408,524)	-
Exploration and evaluation expenditure	(2,149,242)	-
Interest received	27,540	-
<b>Net cash (used in) operating activities</b>	<b>(2,530,226)</b>	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(8,549)	-
Security deposit payment	(15,000)	-
<b>Net cash (used in) investing activities</b>	<b>(23,549)</b>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	6,000,000	153,600
Payment of transaction costs associated with public offering	(395,942)	-
<b>Net cash provided by financing activities</b>	<b>5,604,058</b>	153,600
Net increase in cash held	3,050,283	153,600
<b>Cash and cash equivalents at beginning of financial period</b>	<b>70,261</b>	-
<b>Cash and cash equivalents at end of financial period</b>	<b>3,120,544</b>	<b>153,600</b>

*The accompanying notes form part of these financial statements.*

# Galena Mining Limited

ABN 63 616 317 778

## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2017

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### NOTE 1: BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT

#### Statement of compliance

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

#### a) Going Concern

The half year financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss for the period ended 31 December 2017 of \$290,383 and net cash outflows from operating activities of \$2,530,226 (2016: Nil). These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern.

The directors believe the Group is a going concern as they have appropriate plans to raise additional capital to fund forecasted activities.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in its financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

#### b) Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Group's 2017 annual financial report for the financial year ended 30 June 2017, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australia Accounting Standards and with International Financial Reporting Standards.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half year.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Group accounting policies.

#### c) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Galena Mining Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 12.

# Galena Mining Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2017

### c) Principles of consolidation (continued)

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

The financial report was authorised for issue on 2<sup>nd</sup> March 2018 by the board of directors.

### NOTE 2: OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Abra Project, is managed primarily on the basis of one geographical segment being Australia, and one business segment being mineral exploration in Western Australia.

### NOTE 3: REVENUE

	31 December 2017	7 December 2016 to 31 December 2016
	\$	\$
Other income	27,540	-
	<u>27,540</u>	<u>-</u>

**Galena Mining Limited**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2017**

**NOTE 4: OTHER EXPENSES**

	<b>31 December 2017</b>	<b>7 December 2016 to 31 December 2016</b>
	<b>\$</b>	<b>\$</b>
Legal fees	22,351	-
Communication costs	2,969	-
Other expenses	20,317	1,132
	<u>45,637</u>	<u>1,132</u>

**NOTE 5: EXPLORATION AND EVALUATION EXPENDITURE**

	<b>31 December 2017</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
Costs carried forward in respect of Exploration and Evaluation		
<b>Exploration at cost</b>		
Balance at the beginning of period	-	-
Costs capitalised during the period	2,602,416	-
Acquisition of Abra tenements (Note 13)	3,500,000	-
Balance at end of period	<u>6,102,416</u>	<u>-</u>

**NOTE 6: ISSUED CAPITAL**

	<b>31 December 2017</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
<b>Movement in ordinary shares</b>		
Balance at beginning of period	453,600	-
Shares issued during the year for cash	6,000,000	453,600
Shares issued to Vendors for Abra Mining project acquisition	3,500,000	-
Less share issue costs	(395,942)	-
	<u>9,557,658</u>	<u>453,600</u>



# Galena Mining Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2017

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### NOTE 6: ISSUED CAPITAL (continued)

	31 December 2017 No.	30 June 2017 No.
<b>Movement in ordinary shares</b>		
Balance at beginning of period	8,100,000	-
Shares issued for cash	30,000,000	8,100,000
Shares issued to Vendors for Abra Mining project acquisition	17,500,000	-
<b>Balance at reporting date</b>	<b>55,600,000</b>	<b>8,100,000</b>

### Share Options

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

- ◆ 2,350,000 options expiring 30 June 2020 at an exercise price of \$0.30 each;
- ◆ 3,600,000 options expiring 30 June 2021 at an exercise price of \$0.40 each.

No options have been exercised between the end of the period and the date of this report.

### NOTE 7: SHARE BASED PAYMENT RESERVE

The share based payments reserve record items recognised as expenses on valuation of employees and consultants options.

A summary of the movements of all company options issued is as follows:

	Number	Weighted Average Exercise Price (\$)
<b>Options outstanding as at 7 December 2016</b>	-	-
Issued	5,700,000	0.36
Forfeited	-	-
Exercised	-	-
Expired	-	-
<b>Options outstanding as at 30 June 2017</b>	<b>5,700,000</b>	<b>0.36</b>
<b>Options exercisable as at 30 June 2017</b>	<b>5,700,000</b>	<b>0.36</b>

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## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2017

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### NOTE 7: SHARE BASED PAYMENT RESERVE (continued)

	Number	Weighted Average Exercise Price (\$)
<b>Options outstanding as at 1 July 2017</b>	5,700,000	0.36
Issued	250,000	0.40
Forfeited	-	-
Exercised	-	-
Expired	-	-
<b>Options outstanding as at 31 December 2017</b>	<u>5,950,000</u>	<u>0.36</u>
<b>Options exercisable as at 31 December 2017</b>	5,950,000	0.36

The 5,450,000 unlisted options issued to directors and consultants are subject to an escrow period of 24 months from date of ASX listing.

The 250,000 unlisted options issued to Chief Executive Officer are subject to an escrow period of 12 months from date of issue, being 30 March 2017.

The 250,000 unlisted options issued to Chief Executive Officer are subject to an escrow period of 12 months from date of issue, being 30 August 2017.

The weighted average remaining contractual life of options outstanding at the end of financial year was 3.1 years. See note 9 for valuation technique, assumptions and inputs.

### NOTE 8: EVENTS AFTER REPORTING PERIOD

-On 7 February 2018, the Company announced appointment of Troy Flannery as the Chief Operating Officer.

-On 7 February 2018, the Company issued 1,000,000 options exercisable at \$1.50 on or before 6 February 2021, to COO as per employment agreement.

-On 16 February 2018, the Company announced that it plans to subdivide its issued capital on the basis that every one share be split into five shares, contingent on the shareholder approval at a General Meeting to be held on 19 March 2018.

No other matter or circumstance has arisen since the end of audited period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

# Galena Mining Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2017

### NOTE 9: SHARE BASED PAYMENTS

Grant Date/entitlement	Number of Instruments	Grant Date	Fair value per instrument \$	Value \$
Unlisted Options issued on 30 August 2017 as per employment agreement exercisable at \$0.40 on or before 30 June 2021*	250,000	30/08/2017	0.113	28,250
			<b>TOTAL</b>	<b>28,250</b>

\*250,000 unlisted Options issued as part of employment agreement and to Promoters have been calculated using Black-Scholes option pricing model with the following inputs:

	Tranche 3 Options Granted
Expected volatility (%)	100
Risk free interest rate (%)	2.08
Weighted average expected life of options (years)	3.84
Expected dividends	Nil
Option exercise price (\$)	0.40
Share price at grant date (\$)	0.20
Fair value of option (\$)	0.113
Number of options	250,000
Expiry date	30 June 2021

Vesting was deemed to be immediate as there are no vesting conditions.

### NOTE 10: CONTINGENT ASSETS AND LIABILITIES

Native title claims have been made with respect to areas which include tenements in which the Group has interests. The Group is 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 the Group or its projects.

In the opinion of the directors there were no other contingent assets or liabilities as at 31 December 2017.

# Galena Mining Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2017

### NOTE 11: CAPITAL AND OTHER COMMITMENTS

Below table shows the expenditure commitments for Abra Project.

	31 December 2017	30 June 2017
	\$	\$
Within one year	238,619	-
Between 1 and 5 years	374,521	-
	<u>613,140</u>	<u>-</u>

In the opinion of directors, there were no further capital or other commitments as at 31 December 2017.

### NOTE 12: INTEREST IN CONTROLLED ENTITY

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

Name	Country of Incorporation	Class of share	Equity holding	
			31 December 2017	30 June 2017
Abra Mining Pty Ltd	Australia	Ordinary	100%	-

### NOTE 13: ASSET ACQUISITION

On 7 December 2016, the Company entered into a Share Sale Agreement with Bloomgold Resources Pty Ltd ("Bloomgold") and Abra Mining Pty Ltd ("Abra") to acquire 100% of the issued capital of Abra. The Company lodged a prospectus with ASX to enable active exploration and development of Abra Projects. The Company was admitted to the official ASX listing on 7 September 2017.

	\$
The purchase consideration is 17,500,000 shares in Galena Mining Limited at a fair value of \$0.20 per share	<u>3,500,000</u>

The acquisition was determined to be an asset acquisition as Abra did not constitute a business under AASB 3. The excess consideration over the net assets of Abra totalling \$3,500,000 is attributed to exploration expenditure and accordingly capitalised at consolidation level (refer to Note 5).

**Galena Mining Limited**

**ABN 63 616 317 778**

**DIRECTORS' DECLARATION**

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

1. the financial statements and notes are thereto in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the company as at 31 December 2017 and of its performance, for the period ended on that date; and
  - (ii) complying with Australian Accounting Standards (including International Financial Reporting Standards) and the Corporations Regulations 2001;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

This declaration has been made after receiving the declarations required to be made by the directors in accordance with sections of 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.



Adrian Byass  
Chairman

Perth, 2<sup>nd</sup> March 2018

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

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of Galena Mining Limited (the company) and controlled entities (Group), which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the Group comprising the company and the entities it controlled at 31 December 2017, or during the half year.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2017, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

#### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors' of the company a written Auditor's Independence Declaration.

#### Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 (a) in the financial report, which confirmed that the Group incurred a net loss after tax of \$(290,383) and had an operating cash outflow of \$(2,530,226) during the half year ended 31 December 2017. These conditions, along with other matters as set out in Note 1 (a), indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the Group does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

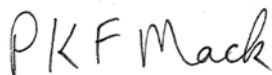
## Directors' Responsibility for the Half-Year Financial Report

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

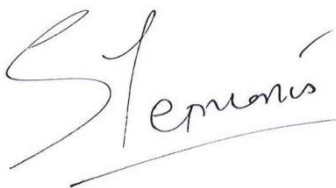
## Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Galena Mining Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



PKF MACK



SIMON FERMANIS  
PARTNER

2 MARCH 2018  
WEST PERTH,  
WESTERN AUSTRALIA