ANNUAL REPORT 2023

GALENA
MINING LIMITED
ABN 63 616 317 778

CONTENTS

CORPORATE DIRECTORY

DIRECTORS

Mr Adrian Byass
Non-Executive Chairman

Mr Anthony James
Managing Director / Chief Executive Officer

Mr Alexander Molyneux
Non-Executive Director

Mr Stewart Howe
Non-Executive Director

Mr Neville Gardiner
Non-Executive Director

COMPANY SECRETARY

Ms Aida Tabakovic

CORPORATE OFFICE

Level 2, 1100 Hay Street, West Perth, WA 6005
PO Box 297, West Perth, WA 6872
Website: www.galenamining.com.au

REGISTERED OFFICE

Level 8, London House, 216 St Georges Terrace,
Perth WA 6000

SHARE REGISTRY

Automic Pty Ltd
Level 5, 191 St Georges Terrace, Perth WA 6000

AUDITORS

PKF Perth
Level 5, 35 Havelock Street, West Perth WA 6005

LEGAL ADVISORS

King & Wood Mallesons
Level 30, QV1 Building,
250 St Georges Terrace
Perth WA 6000

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

STOCK EXCHANGE LISTING - ASX Code: **G1A**

COUNTRY OF INCORPORATION AND DOMICILE

Australia

DIRECTORS' REPORT

Your directors present the following report on Galena Mining Limited and its controlled entities ("**Galena**", the "**Company**" or "**Group**") for the year ended 30 June 2023.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Adrian Byass	Non-Executive Chairman
Anthony James	Managing Director / Chief Executive Officer
Alexander Molyneux	Non-Executive Director
Stewart Howe	Non-Executive Director
Neville Gardiner	Non-Executive Director

COMPANY SECRETARY

Stephen Brockhurst held office as Company Secretary since the start of the financial year until 11 January 2023. Aida Tabakovic was appointed Company Secretary on 11 January 2023.

COMMITTEE ROLES AND MEMBERSHIP

The role of the audit and risk committee is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and compliance. The role of the remuneration committee is to assist the Board in monitoring and reviewing any matters of significance affecting the remuneration of the Board and employees of the Company.

Members acting on the committees of the Board during the year are set out below.

Audit and Risk Committee	**Remuneration Committee**
Stewart Howe - Chairman	Neville Gardiner - Chairman
Neville Gardiner	Stewart Howe
Adrian Byass	Adrian Byass

PRINCIPAL ACTIVITIES

Since listing on the ASX on 7 September 2017 the Company has continued to focus on development, construction and production ramp-up of the Abra Base Metals Mine ("**Abra**" or the "**Project**"), together with early-stage exploration works at Abra and other mineral prospects within the Group's portfolio.

OPERATING RESULTS

The Group incurred a loss for the financial year ended 30 June 2023 of $61,181,994 (2022: $9,325,687)**.**

A detailed operating review of the Group is set out on pages 15 to 22 of this report under the section entitled "**Review of Operations**".

FINANCIAL POSITION

As at 30 June 2023 the Group had a cash balance of $19,342,915 (2022: $48,219,668) and a net asset position of $101,829,435 (2022: $126,668,961).

DIVIDENDS PAID OR RECOMMENDED

No dividends have been paid, and the directors do not recommend the payment of a dividend for the financial year ended 30 June 2023.

CORPORATE GOVERNANCE STATEMENT

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the directors, there were no other significant changes in the state of affairs of the Group that occurred during the year not otherwise disclosed in this report or in the financial report**.**

CORPORATE

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

Ordinary Shares	**No.**
Fully Paid Ordinary Shares	752,568,687
Performance Rights	
Performance rights expiring on 9 November 2023	6,500,000
Performance rights expiring on 13 August 2024	1,200,000
Performance rights expiring on 8 March 2027	5,500,000
Share Appreciation Rights	
17 cents expiring on 21 January 2024	815,000
24 cents expiring on 1 September 2025	1,400,000

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 7 August 2023, Galena Mining Ltd announced an update to its JORC Code 2012 Mineral Resources Estimate (refer ASX announcement dated 7 August 2023). Details of this update is set out in this report under "**Review of Operations**".

On 18 August 2023, the Company announced the high-grade drilling results received after the data cut-off associated with the 2023 Mineral Resource Estimate which was released on 7 August 2023 (refer ASX announcement dated 18 August 2023).

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

INFORMATION ON DIRECTORS

The names of directors who held office during or since the end of the financial year until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Adrian Byass, BSc Geol Hons, B Econ, FSEG and MAIG
Non-Executive Chairman

Mr Byass has over 25 years' experience in the mining and minerals industry. This experience has principally been gained through evaluation and development of mining projects for a range of base, precious and specialty metals and bulk commodities. Due to his experience in resource estimation and professional association membership, Mr Byass is a competent person for reporting to the ASX for certain minerals. Mr Byass has also gained experience in corporate finance, capital raising, permitting and delivery of production-ready mining projects.

Mr Byass is a non-executive chairman of Kaiser Reef Limited (ASX: KAU), Infinity Lithium Corporation Limited (ASX: INF), and non-executive director of Sarama Resources Limited (ASX: SRR).

Interest in Shares and Options (at the date of this report)
- 13,250,000 fully paid ordinary shares.
- 220,000 share appreciation rights exercisable at $0.17 expiring on 21 January 2024.
- 135,000 share appreciation rights exercisable at $0.24 expiring on 1 September 2025.

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

Mr James has over 30 years' mine operating and project development experience predominantly in WA. He joined Galena on 15 October 2018 as a non-executive director before becoming Managing Director / Chief Executive Officer on 16 June 2021. Mr James has had previous experience at Managing Director level of three ASX listed companies with two of those companies successfully guided through a merger and takeover process to the benefit of the shareholders. He has strong mine operating background (examples being the Kanowna Belle Gold Mine and the Black Swan Nickel Mine) and a strong feasibility study / mine development background (examples being the Pillara Zinc/Lead Mine and the Trident/Higginsville Gold Mine).

Interest in Shares and Options (at the date of this report)
- 3,245,000 fully paid ordinary shares.
- 220,000 share appreciation rights exercisable at $0.17 expiring on 21 January 2024.
- 200,000 share appreciation rights exercisable at $0.24 expiring on 1 September 2025.
- 5,500,000 contingent performance rights which may convert into shares upon the achievement of various milestones.

Alexander Molyneux, BEc, GradDipMinExplGeoSc
Non-Executive Director

Mr Molyneux is a metals and mining industry executive and financier with 20-years industry experience. He joined Galena on 1 September 2018.

Prior to Galena, Mr Molyneux was CEO of Paladin Energy Limited (ASX: PDN) (2015 – 2018) one of the world's largest uranium companies, where he optimised its operating business and completed a US$700M successful recapitalisation of the company and a re-listing on the ASX. Prior to that, Mr Molyneux spent approximately five-years with Ivanhoe Mines Group and Ivanhoe Energy in various leadership capacities including as CEO and Director of SouthGobi Resources Ltd. (TSX: SGQ) (2009 – 2012).

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

INFORMATION ON DIRECTORS *(continued)*

Prior to his mining industry executive and director roles, Mr Molyneux was Managing Director, Head of Metals and Mining Investment Banking, Asia Pacific for Citigroup. As a specialist resources investment banker, he spent approximately 10-years providing investment banking services to natural resources companies. Mr Molyneux holds a bachelor's degree in Economics from Monash University and a Graduate Diploma in Mineral Exploration and Geoscience from Curtin University (WA School of Mines).

Interest in Shares and Options (at the date of this report)
- 17,050,000 fully paid ordinary shares.
- 6,500,000 contingent performance rights which may convert into shares upon the achievement of various milestones.

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

Mr Howe brings over 40 years' experience in the global resources industry including the last 20 years in mining. He spent 6 years as Chief Development Officer of Zinifex Limited, one of the world's largest miners and smelters of lead/zinc, where he directed the spin-off of Zinifex's smelters to create Nyrstar N.V. and restarted development of Dugald River Mine now owned by MMG.

During the past 14 years Mr Howe has provided advisory roles to boards, private equity and financiers related to restructuring and acquisition of mining assets in base metals and bulk commodities. Mr Howe is an experienced director, currently serving as an executive director of ASX-listed Kaiser Reef Limited (ASX: KAU) and chairing the board of Whittle Consulting Group.

Interest in Shares and Options (at the date of this report)
- 723,092 fully paid ordinary shares.
- 135,000 share appreciation rights exercisable at $0.24 expiring on 1 September 2025.

Neville Gardiner, BBus (Accounting & Business Law)
Non-Executive Director

Mr Gardiner has over 30 years' experience in advising private and public sector clients. His experience includes being the founding partner of Torridon Partners a leading independent corporate advisory firm based in Perth, Western Australia which merged with Deloitte in 2016. He also served five years as Head of the Australian Natural Resources Team at Bank of America Merrill Lynch and nine years with Macquarie Bank including responsibility for its Western Australian Corporate Finance business and its Australian Oil and Gas Advisory business.

Prior to Macquarie, Neville specialised in Corporate Tax advice for eight years with Arthur Andersen. Neville's transaction experience details a strong history of public and private market mergers, acquisitions, divestments, and company financing over an extensive period. This experience includes the natural resources, agricultural and energy sectors.

Interest in Shares and Options (at the date of this report)
- 700,000 fully paid ordinary shares.

INFORMATION ON OTHER MANAGEMENT

Craig Barnes, BCom, BAcc (Hons), CA
Chief Financial Officer

Mr Barnes is a chartered accountant with more than 25 years' experience in senior finance and financial management within the mining industry and previously the financial services industry. Mr Barnes has considerable experience in project financing, mergers and acquisitions, joint ventures, treasury and implementation of accounting controls and systems. He joined Galena on 12 August 2019.

Before joining Galena, Mr Barnes held the position of Chief Financial Officer of Paladin Energy Limited (ASX: PDN) for more than 5 years and was part of the team that successfully completed the company's capital restructuring in 2018. Prior to that, he was the Chief Financial Officer of DRDGOLD Limited (NYSE and JSE: DRD) and its affiliated subsidiaries for more than 7 years where he played a key role in the successful transformation of the company from an underground miner with two ultra-deep underground operations into a profitable tailings retreatment business.

Interest in Shares and Options (at the date of this report)
- 800,000 fully paid ordinary shares.
- 200,000 share appreciation rights exercisable at $0.24 expiring on 1 September 2025.
- 1,200,000 contingent performance rights which may convert into shares upon the achievement of various milestones.

Aida Tabakovic, BBus, GradDipBus(Law)
Company Secretary (appointed 11 January 2023)

Miss Tabakovic has over 11 years' experience in the accounting profession. Her experience includes financial accounting reporting, company secretarial services, ASX and ASIC compliance requirements. Miss Tabakovic has been involved in listing a number of junior exploration companies on the ASX and is currently Company Secretary for numerous ASX listed companies.

Stephen Brockhurst, BCom
Company Secretary (resigned 11 January 2023)

Mr Brockhurst has over 20 years' experience in the finance and corporate advisory industry and has been responsible for the preparation of the due diligence process and prospectuses on a number of initial public offers. His experience includes corporate and capital structuring, corporate advisory and company secretarial services, capital raising, ASX and ASIC compliance requirements.

Mr Brockhurst has served on the board and acted as Company Secretary for numerous ASX listed companies. He is currently a Director of Locksley Resources Limited (ASX: LKY) and Company Secretary of Kaiser Reef Limited, Kingfisher Mining Ltd, Heavy Minerals Limited and Estrella Resources Limited.

REMUNERATION REPORT (AUDITED)

The remuneration report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for key management personnel ("**KMP**") who are defined as those persons having the authority and responsibility for planning and directing the major activities of the Company, directly and indirectly, including any director (whether executive or otherwise).

Remuneration Philosophy

The performance of the Company depends on the quality of the Company's Directors, executives and employees and therefore the Company must attract, motivate and retain appropriately qualified industry personnel.

Remuneration policy

Remuneration levels for the executives are competitively set to attract the most qualified and experienced candidates, taking into account prevailing market conditions and the individual's experience and qualifications.

The Remuneration and Nomination Committee is responsible for assisting the Board with determining and reviewing remuneration arrangements for the executive and non-executive Directors.

The remuneration of Non-Executive Directors is not dependent on the satisfaction of performance conditions. Remuneration and share based payments are issued to align Directors' interest with that of shareholders.

Non-Executive Directors Remuneration

All Non-Executive Directors are entitled to receive $67,500 per annum (exclusive of statutory superannuation) for their roles as Directors of the Company. The Chairman receives $100,000 per annum (exclusive of statutory superannuation).

The Company's Constitution provides that the remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by a general meeting. Before a determination is made by the Company in a general meeting, the aggregate sum of fees payable by the Company to the Non-Executive Directors is a maximum of $500,000 per annum. Summary details of remuneration of the Non-Executive Directors are provided in the table below. Other than performance rights issued when a Non-Executive Director was previously an Executive Director, the remuneration is not dependent on the satisfaction of a performance condition.

Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors. A Director may also be paid additional amounts as fees or as the Directors determine where a Director performs extra services or makes any special exertions, which in the option of the Directors are outside the scope of the ordinary duties of a Director.

Other Executives / Non-Executive Remuneration

Mr Anthony James
Managing Director / Chief Executive Officer

Mr James' engagement terms are governed by an Executive Employment Agreement. The terms of agreement can be terminated by either party providing six months written notice. Mr James is entitled to receive a salary of $470,000 per annum (exclusive of statutory superannuation). Mr James is also entitled to receive 7,500,000 performance rights, which will convert into shares upon the achievement of various milestones expiring five years from their grant date.

Mr Alexander Molyneux
Non-Executive Director

Mr Molyneux's engagement terms are governed by a Director Appointment Letter and a Consultant Appointment Letter. The consultant engagement can be terminated by either party providing three months written notice. Mr Molyneux is entitled to receive Director and Consulting Fees of US$10,000 per month. Mr Molyneux is also entitled to receive 16,500,000 performance rights, which will convert into shares upon the achievement of various milestones expiring on 9 November 2023.

REMUNERATION REPORT (AUDITED)

Mr Craig Barnes

Chief Financial Officer

Mr Barnes' employment conditions are governed by an Executive Employment Agreement. The terms of agreement can be terminated by either party providing three months written notice. Mr Barnes is entitled to receive a salary of $385,000 per annum (exclusive of statutory superannuation). Mr Barnes is also entitled to receive 2,000,000 performance rights, which will convert into shares upon the achievement of various milestones expiring on 13 August 2024.

The remuneration for key management personnel of the Company during the 2023 and 2022 financial years was as follows:

		Short-term Benefits			Post-employment Benefits	Share-based Payments			
	Year	**Cash fees and salary $**	**STI payments $**	**Termination payments $**	**Super-annuation $**	**Options / Rights (vi) $**	**Total $**	**Share-based Payments as a percentage of Remuneration %**	**Performance Related %**
Non-Executive Directors									
Adrian Byass	2023	110,500	-	-	-	-	110,500	-	-
	2022	95,000	-	-	-	-	95,000	-	-
Alexander Molyneux (i)	2023	187,830	-	-	-	632,366	820,196	77.10	77.10
	2022	-	-	-	-	-	-	-	-
Stewart Howe	2023	67,500	-	-	7,088	-	74,588	-	-
	2022	60,221	-	-	6,022	-	66,243	-	-
Neville Gardiner (ii)	2023	67,500	-	-	7,088	-	74,588	-	-
	2022	47,178	-	-	4,718	-	51,896	-	-
Jonathan Downes (iii)	2023	-	-	-	-	-	-	-	-
	2022	15,221	-	-	1,522	-	16,743	-	-
Sub-Total Non-	**2023**	**433,330**	**-**	**-**	**14,176**	**632,366**	**1,079,872**		
Executive Directors	**2022**	**217,620**	**-**	**-**	**12,262**	**-**	**229,882**		
Executive Directors									
Anthony James	2023	456,667	216,459	-	25,292	674,542	1,372,960	49,13	49.13
	2022	450,000	-	-	23,568	305,938	779,506	39.25	39.25
Alexander Molyneux (i)	2023	-	-	-	-	-	-	-	-
	2022	332,220	-	-	-	500,404	832,624	60.10	60.10
Sub-Total Executive	**2023**	**456,667**	**216,459**	**-**	**25,292**	**674,542**	**1,372,960**		
Directors	**2022**	**782,220**	**-**	**-**	**23,568**	**806,342**	**1,612,130**		
Other KMP									
Craig Barnes (iv)	2023	396,543	184,014	-	25,292	223,379	829,228	26.94	26.94
	2022	360,000	-	-	23,568	187,920	571,488	32.88	32.88
Troy Flannery (v)	2023	-	-	-	-	-	-	-	-
	2022	51,667	-	205,680	5,892	-	263,239	-	-
Sub-Total Other KMP	2023	396,543	184,014	-	25,292	223,379	829,228		
	2022	411,667	-	205,680	29,460	187,920	834,727		
TOTAL	**2023**	**1,286,540**	**400,473**	**-**	**64,760**	**1,530,287**	**3,282,060**		
	2022	**1,411,507**	**-**	**205,680**	**65,290**	**994,262**	**2,676,739**		

(i) Mr Molyneux is currently a Non-Executive Director, prior to this in FY2022 he was an Executive Director.

(ii) Mr Gardiner was appointed as a Non-Executive Director on 20 October 2021.

(iii) Mr Downes resigned as a Non-Executive Director on 29 October 2021.

(iv) Mr Barnes received a higher duties allowance as Acting CEO of Abra Mining Pty Ltd during FY2023.

(v) Mr Flannery resigned on 20 August 2021.

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

REMUNERATION REPORT (AUDITED)

Options and Rights Over Equity Instruments Granted as Compensation

Details of options and rights over ordinary shares in the Company that were granted as compensation to key management personnel during the 2023 and 2022 financial years:

Director/Key Management Personnel	Number Granted	Grant Date	Fair Value	Exercise Price	Expiry Date	Number Vested
Anthony James	7,500,000	02/03/2022	$0.1751	N/A	02/03/2027	2,000,000

KMP Shareholdings

The number of ordinary shares in Galena Mining Limited held by each KMP of the Company during the financial year is as follows:

30 June 2023	Balance at beginning of period	Issued on exercise of options during the period	Other changes during the period	Balance at end of period
Adrian Byass	12,550,000	-	700,000	13,250,000
Anthony James	365,000	2,000,000	880,000	3,245,000
Alexander Molyneux	8,000,000	2,500,000	6,250,000	16,750,000
Stewart Howe	536,425	-	186,667	723,092
Neville Gardiner	100,000	-	600,000	700,000
Craig Barnes	-	800,000	-	800,000
	21,551,425	**5,300,000**	**8,616,667**	**35,468,092**

KMP Share Appreciation Rights Holdings

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

30 June 2023	Balance at beginning of period	Granted during the period	Exercised during the period	Other changes during the period	Balance at end of period	Vested during the period	Vested and exercisable	Vested and unexercisable
Adrian Byass	355,000	-	-	-	355,000	45,000	310,000	-
Anthony James	420,000	-	-	-	420,000	66,667	353,333	-
Stewart Howe	135,000	-	-	-	135,000	45,000	90,000	-
Craig Barnes	200,000	-	-	-	200,000	66,667	133,333	-
	1,110,000	**-**	**-**	**-**	**1,110,000**	**223,334**	**886,666**	**-**

KMP Performance Rights Holdings

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

30 June 2023	Balance at beginning of period	Granted during the period	Exercised during the period	Other changes during the period	Balance at end of period	Vested during the period	Vested and exercisable	Vested and unexercisable
Alexander Molyneux	9,000,000	-	(2,500,000)	-	6,500,000	-	-	-
Anthony James	7,500,000	-	(2,000,000)	-	5,500,000	-	-	-
Craig Barnes	2,000,000	-	(800,000)	-	1,200,000	-	-	-
	18,500,000	**-**	**(5,300,000)**	**-**	**13,200,000**	**-**	**-**	**-**

End of Remuneration Report

MEETING OF DIRECTORS

During the period, 6 director's meetings were held. Attendance by each director during the period were as follows:

	Director's Meetings	
	Number eligible to attend	Director's meetings attended
Mr Adrian Byass	6	6
Mr Alexander Molyneux	6	6
Mr Anthony James	6	6
Mr Stewart Howe	6	6
Mr Neville Gardiner	6	6

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Further information, other than as disclosed in this report, about likely developments in the operations of the Company and the expected results of those operations in future periods has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL ISSUES

The operations and proposed activities of the Group are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Group's activities are expected to have an impact on the environment, particularly if advanced exploration or field development proceeds. It is the Group's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. In this regard, the Department of Minerals and Petroleum of Western Australia from time to time, review the environmental bonds that are placed on permits. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Group.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except when there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Group against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITORS

The Company has not, during the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial period, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

NON-AUDIT SERVICES

The Board of Directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

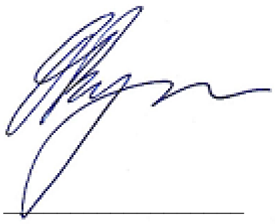
The following fees were paid out to PKF Perth for non-audit services provided during the year ended 30 June 2023:

-Taxation compliance services $1,650

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, PKF Perth, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 13 and forms part of this Directors' Report for the year ending 30 June 2023.

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



Adrian Byass
Chairman

Dated this 23rd day of August 2023

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF GALENA MINING LIMITED

In relation to our audit of the financial report of Galena Mining Limited for the year ended 30 June 2023, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

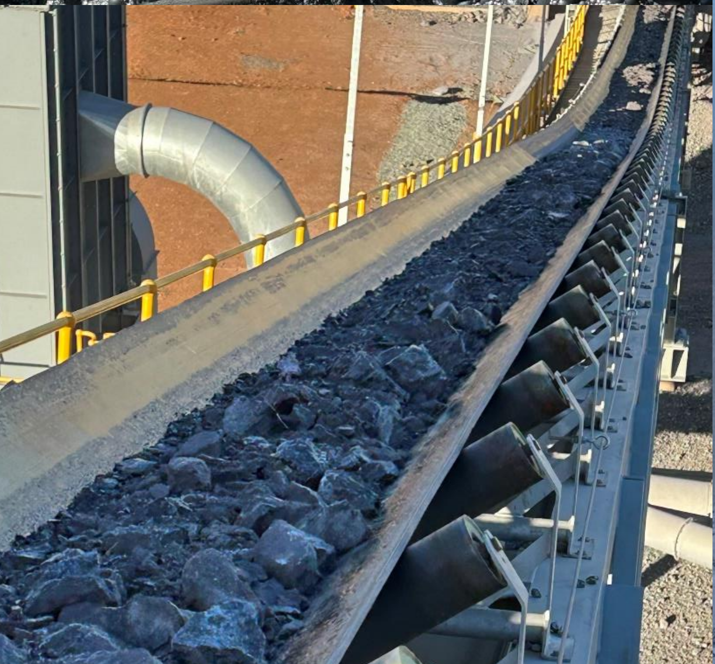
PKF Perth

PKF PERTH

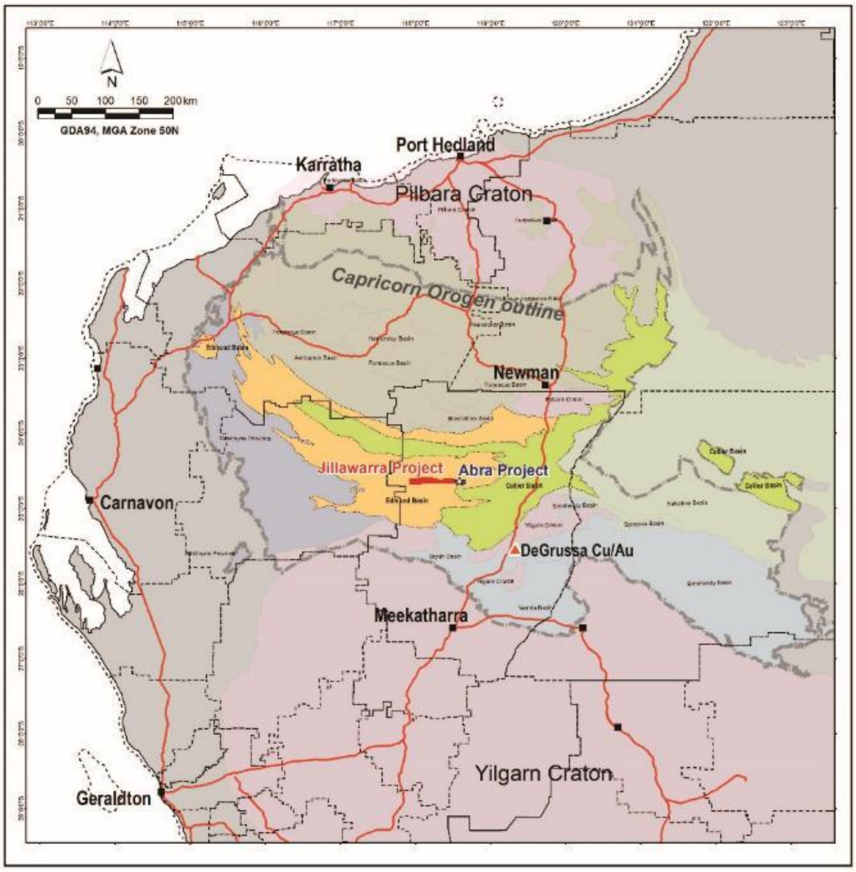
SHANE CROSS
PARTNER

23 August 2023
WEST PERTH,
WESTERN AUSTRALIA

Level 4, 35 Havelock Street, West Perth, WA 6005
PO Box 609, West Perth, WA 6872
T: +61 8 9426 8999 F: +61 8 9426 8900 www.pkfperth.com.au

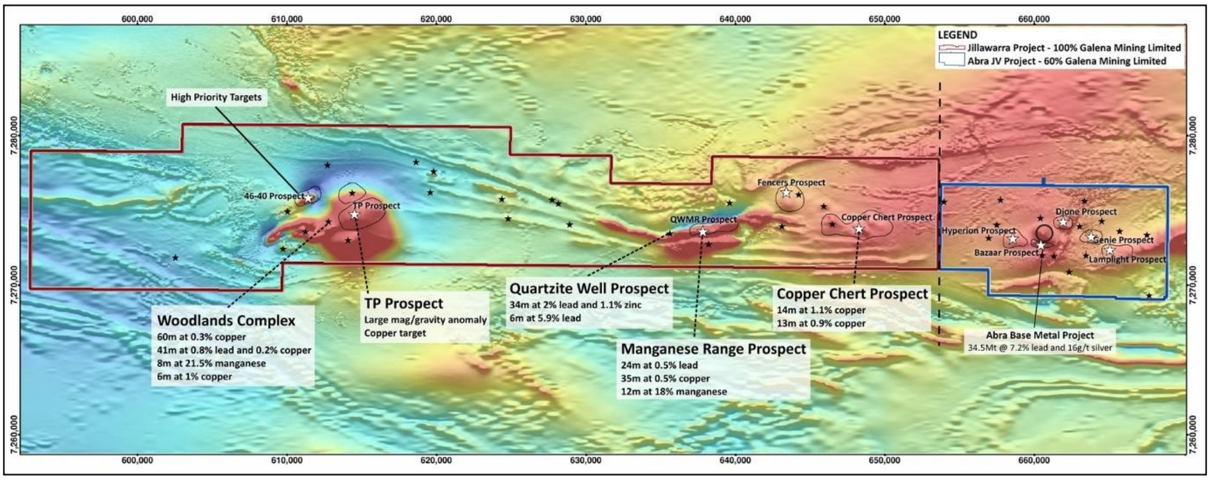


For the financial year, the Company's focus remained on the completion of construction, the commencement of production and production ramp-up of its Abra Base Metals Mine ("**Abra**"), which is a globally significant lead-silver mine located in the Gascoyne region of Western Australia (between the towns of Newman and Meekatharra, approximately 110 kilometres from Sandfire's DeGrussa Project).



Map showing the Abra Project location.

Other than Abra, Galena holds a strategic package of exploration licences over the Jillawarra sub-basin that comprises an elongated tenement package covering approximately 76km continuous strike length and 508km^2 directly to the west of Abra ("**Jillawarra Prospects**").



Magnetic and gravity anomaly map showing the Abra Project and Jillawarra Project tenements with drill hole results and targets.

ABRA BASE METALS MINE (60% GALENA OWNED)

Abra comprises a granted Mining Lease, M52/0776 and is surrounded by the Exploration Licence E52/1455, together with several co-located General Purpose and Miscellaneous Leases. The Project is 100% owned by AMPL, which as at 30 June 2023 was 60% owned by Galena, with the remaining 40% owned by Toho (pursuant to an Investment Agreement and Shareholders Agreement with Toho).

Abra is well located with the availability of key infrastructure and close access to water, public roads, existing mining operations and the towns of Meekatharra and Newman. Lead-silver concentrate is transported by road to the port of Geraldton in the mid-west of Western Australia. Abra is fully permitted, and construction of the processing plant and surface infrastructure was completed in December 2022. First production of its lead-silver concentrate occurred in January 2023 with first product shipment achieved in March 2023. The Company's primary focus currently is on the ongoing production ramp-up of both Abra's underground mine and processing plant to achieve steady-state production in the second half of 2023.

Project construction / development

Abra Project construction works were completed by the end of December 2022 and ore commissioning commenced with first ore feed into the plant and first concentrate produced as part of the plant commissioning process in early January 2023. Abra construction was completed at a total cost of approximately A$234.0 million, within 1% of budget construction costs.

Concentrate sales

First product shipment was achieved in March 2023 and subsequent shipments in May and June 2023. During the financial year, 15,059t of lead concentrate was sold containing 9,468t of payable lead and 69,735oz of payable silver at an average lead price received of US$0.96/lb (A$1.45/lb), generating revenue of approximately A$29.5 million.

Safety and environment

During the financial year, 724,695 employee and contractor work hours were recorded at Abra. The site's total recordable injury frequency rate ("**TRIFR**") and notifiable incident frequency rate ("**NIFR**") calculated on a 12-month moving average at the end of each quarter were 12.4 injuries per million work hours. During this time Abra had three medical treated injuries, six restricted work injuries and one notifiable incident.

Abra continues to focus on the prevention of incidents and management of risks for employees and contractors, including hazard reporting and other safety systems to assist with continuous improvement of safety. A strong focus remains on forward looking safety initiatives.

Operation performance

Abra Base Metals Mine Performance Summary (100% Basis)	Units	Sep 2022 Quarter	Dec 2022 Quarter	Mar 2023 Quarter	Jun 2023 Quarter	FY2023 YTD
Safety						
TRIFR[1]	**/Mwhrs**	14.6	11.0	12.5	12.4	**12.4**
NIFR[1]	**/Mwhrs**	16.4	11.0	12.5	12.4	**12.4**
Concentrate Sales[2]						
Lead Concentrate Sold	**t**	-	-	5,002	10,057	**15,059**
Payable Lead Sold[3]	**t**	-	-	3,105	6,363	**9,468**
Payable Silver Sold[3]	**oz**	-	-	27,339	42,396	**69,735**
Mining						
Total Ore Mined	**t**	-	17,925	136,008	194,644	**348,577**
Total Mined Grade - Lead	**%**	-	4.3	4.8	5.4	**5.1**
Total Mined Grade - Silver	**g/t**	-	20.0	20.6	16.9	**18.4**
Processing						
Total Ore Milled	**t**	-	-	135,666	190,258	**325,924**
Mill Feed Grade – Lead	**%**	-	-	4.4	5.1	**4.8**
Mill Feed Grade - Silver	**g/t**	-	-	22.0	19.0	**20.3**
Concentrate Produced	**t**	-	-	5,425	12,468	**17,893**
Lead in Concentrate Produced	**t**	-	-	3,492	8,305	**11,797**
Silver in Concentrate Produced	**oz**	-	-	34,232	65,060	**99,292**
Costs						
C1 Costs[4]	**A$M**	-	-	22.7	25.6	**48.3**
All-in Sustaining Costs[5]	**A$M**	-	-	29.2	32.3	**61.5**
Project Capital Expenditure[6]	**A$M**	32.5	33.3	-	-	**65.8**
Metal Price and Currency						
Average Lead Price Received[2]	**US$/t**	-	-	2,088	2,133	**2,118**
Average Lead Price Received[2]	**US$/lb**	-	-	0.95	0.97	**0.96**
Average Lead Price Received[2]	**A$/lb**	-	-	1.41	1.47	**1.45**
Average Exchange Rate	**A$:US$**	-	-	0.67	0.66	**0.66**

Notes:

1. *Total Recordable Injury Frequency Rate ("**TRIFR**") and Notifiable Incident Frequency Rate ("**NIFR**") are the 12-month moving average at the end of each quarter calculated per million work hours.*
2. *Concentrate sales and average lead price received initially based on provisional invoices and subsequently updated with final invoices, including final assays and quotational period adjustments.*
3. *Payable lead and silver based on 95% metal payability subject to standard deductions (i.e., 3 units for lead and 50g/t for silver).*
4. *C1 costs include mining costs, processing costs, site general and administration costs, transport, logistics and shipping costs, and treatment and refining charges, adjusted for inventory movements and net of silver by-product credits.*
5. *All-in sustaining costs include C1 Costs plus royalties, corporate general and administration costs, sustaining capital and capitalised mine development costs. All-in sustaining costs exclude growth capital and exploration costs.*
6. *Abra Project construction works were completed by the end of the December 2022 quarter (see Galena ASX announcements of 10 January 2023 and 13 January 2023).*

Mining and geology

Underground mining of the first three levels of the mine (1,300mRL, 1,280mRL, and 1,260mRL) commenced in the first half of 2023 and has occurred predominantly in Apron Zone mineralisation. Some initial development has occurred in Core Zone mineralisation on the lowest of the three levels (1,260mRL).

In June 2023 a new site record of lateral development of 646m was achieved and a total of 5,083m of development was completed during the year. At 30 June 2023, total mine development reached 19,117m consisting of 8,493m of decline development, 9,192m of lateral development and 1,432m of vertical development. The decline reached 1,234mRL, being 312m vertically below the surface.

Ore drive development continued progressing on the 1280mRL and 1260mRL levels and capital development continued in the Abra Main and Central declines, and the 1280mRL primary services drive. The new Abra Central decline is being developed on the southern side of the orebody to gain access to the 1260mRL to 1250mRL levels on the central and eastern side of the mine. This decline will also enable new drill platforms to be established for multiple parts of the mine including Core lodes and recently discovered mineralisation outside of the MRE.

A total of 348,577t of ore was delivered to the ROM pad from the mine for processing during the year, including 266,985t from development and 81,592t from stoping. Stoping occurred on the 1300mRL, 1280mRL and 1260mRL levels. A total of six different stopes were in production with two of those stopes being completed by the end of June 2023. As the mine progresses into a more balanced production profile, stoping will account for approximately 70% of the mine production. At the end of June, a total of 1,728t of ore remained stockpiled on the ROM pad for processing.

Mining and processing grade is slowly improving and will continue to do so in the coming months as new work areas are established and the ratio of stoping ore to development ore increases to required production levels.

During the year, a total of 251 (41,296m) underground diamond holes were completed for grade control and resource definition drilling providing greater confidence in mine planning. The underground drilling program continued to focus on grade control to the western part of the upper apron and drilling the planned core stopes to be mined in the last quarter of 2023. Additional resource definition drilling into the newly identified second Jaspilite dome is also scheduled for the next quarter along with some copper exploration drilling.

Two underground drill rigs will continue to operate on an ongoing basis providing continual improvement in the confidence levels of the mine plan and ongoing optimisation opportunities.

Processing

Several important milestones were achieved during the year, including the completion of commissioning of the processing plant, first ore fed into the plant and first concentrate produced in January 2023. The processing plant achieved in-specification concentrate production from the commencement of concentrate production.

During January to March 2023, 135,666t of ore was processed and 5,425t of lead concentrate was produced. The plant only operated for approximately 50 days during this time with low levels of throughput around 2,000t per day increasing to the expected throughput levels of 3,600t per day, with an average of approximately 2,700t per day. The plant operated in a stop-start nature during this period due to ore availability during the commissioning and initial stages of ramp-up.

A significant rainfall event in April 2023 caused road closures and limited Abra mine site access resulting in a reduction in work hours and the closure of the processing plant. The Abra processing plant recommenced ore treatment on 3 May 2023 and other than a planned maintenance shutdown at the beginning of June, the plant operated continuously through to the end of June 2023 and was able to process all the ore mined. The plant's instantaneous throughput rate was maintained at 150dmt/hr and a new record total of 190,258t of ore was processed between April and June 2023 producing 12,468t of lead concentrate.

Lead metal recovery continued to improve, increasing from 37.7% in January to 86.1% in June. Ongoing improvement is expected to be achieved in metal recoveries with longer more consistent run times and improving feed head grade as stoping increases in the mine's production profile. Processing plant performance is consistent with process flow-sheet design and throughput rates in each section of the plant is being achieved.

Costs

C1 costs of A$48.3 million and all-in sustaining costs of A$61.5 million for the financial year were in line with previous guidance.

Heritage

The Nharnuwangga Wajarri and Ngarlawangga ("**NWN"**) people are recognised as the traditional owners of the country where the Galena projects are located. The NWN people have granted Native Title for the area and the Jidi Jidi Aboriginal Corporation ("**JJAC"**) is the group representing the NWN people.

Following AMPLs first concentrate shipment in March 2023, JJAC received its first royalty payment from Abra amounting to $45,112. These royalty payments will continue to JJAC on a quarterly basis.

One heritage clearance survey was conducted during the reporting period to accommodate a pipeline and discharge point that was outside of previously surveyed areas. There were no areas of heritage significance discovered during this survey.

AMPL conducted a review of the Aboriginal Cultural Heritage ("**ACH Act**") Act 2021 in May of 2023 to determine any potential implications for the operations on site. The conclusions from this review were that all AMPL's previous heritage surveys were current and had been endorsed by JJAC and that the ACH Act 2021 would have minimal impact on AMPL's current operations. Any future expansion activities outside of the previously surveyed areas would need to be managed in accordance with the ACH Act 2021. In August 2023, the Western Australian State Government formally announced the new ACH Act will be repealed, just over a month after it commenced. Regulation of Aboriginal cultural heritage will revert back to the Aboriginal Heritage Act 1972 ("**AHA Act**").

AMPL will continue to support the government funded Ranger program which covers the Collier Range National Park and other conservation estate reserves within the NWN granted Native Title area. AMPL has also offered to integrate any environmental monitoring initiatives the Rangers wish to undertake into the monitoring program currently undertaken on the Abra mine site. AMPL is actively working with JJAC to identify current and future employment opportunities for its members with most recent discussions conducted during the Environment, Employment, Training and Contracts Liaison Committee meeting on 16 June 2023.

Abra JORC Mineral Resource Estimate

On 7 August 2023, Galena announced that the Abra Base Metals Mine has updated its JORC Code 2012 Mineral Resource Estimate ("**MRE**"). This update is the first MRE annual update including all underground drilling up to 5 May 2023, and all underground geological mapping, and mining and processing up to 30 June 2023.

There is no material difference from the previous MRE (April 2021).

The table below states the Abra July 2023 Resource at a 5.0% lead cut-off grade:

Abra JORC Mineral Resource estimate[1, 2]			
Resource classification	**Tonnes (Mt)**	**Lead grade (%)**	**Silver grade (g/t)**
Measured	0.3	7.3	32
Indicated	16.2	7.3	19
Inferred	16.9	6.9	15
Total	**33.4**	**7.1**	**17**

Notes:

1. *See Galena ASX announcement of 7 August 2023.*
2. *Calculated using ordinary kriging method and a 5.0% lead cut-off grade. Tonnages are rounded to the nearest 100,000t, lead grades to one decimal place and silver to the nearest gram. Rounding errors may occur when using the above figures.*

Commercial initiatives in support of Abra development – Toho transaction

In April 2019, the Company executed definitive agreements with Toho setting out the terms for Toho's investment of $90 million in tranches for a 40% ownership interest in Galena's previously wholly-owned subsidiary, AMPL (the "**Toho Transaction**"). Key components of the Toho Transaction include:

- Investment and investment structure – $90 million total investment to be made via the subscription of new ordinary shares in AMPL such that Toho owns 40% of AMPL on completion of the full investment and Galena retains 60%.
- Tranched payment – $20 million was paid on initial closing of the transaction in April 2019; $10 million was paid in August 2019; and the remaining $60 million was received during the 2021 financial year after project financing debt for the Project was confirmed (with all tranches combined taking Toho's total ownership in AMPL to 40%).
- Off-take –Toho has also entered into an off-take agreement with AMPL to purchase 40% of Abra's high-grade high-value lead-silver concentrate on arms-length, benchmark terms.

Commercial initiatives in support of Abra development – project financing debt

In November 2020, Galena put in place US$110 million in finalised debt facilities arranged by Taurus Funds Management. The facilities include a US$100 million project finance facility ("**Facility A**") plus a US$10 million cost overrun or working capital facility ("**Facility B**").

Facility A consists of a US$100 million, 69-month term loan primarily to fund capital expenditures for the development of Abra. Key terms include:

- Fixed interest of 8.0% per annum on drawn amounts, payable quarterly in arrears.
- 1.125% net smelter return royalty.
- No mandatory hedging.
- Early repayment allowed without penalty.
- Fifteen quarterly repayments from 31 December 2023 to 30 June 2027.

Facility B consists of a US$10 million loan to finance identified cost overruns on the Project in capital expenditure and working capital. Fixed interest of 10.0% per annum will apply to amounts drawn under Facility B.

The Taurus Debt Facilities have been fully drawn and are secured against Abra Project assets and over the shares that each of Galena and Toho own in AMPL.

Near-Project exploration

With the development of the Abra mine, the geological understanding of the Abra deposit and the surrounding targets has increased significantly. Specifically, the importance of the Jaspilite cap (Red Zone Cap) sitting directly above the mineralisation providing a physical barrier to the hydrothermal fluids is significant. The morphology of the Red Zone Cap has now been examined in relation to the adjacent prospects, including Sultan, Genie, and Jasmine. This work shows the tremendous advantage to ongoing exploration work at Abra and Galena's 100%-owned Jillawarra Project with the increased knowledge gained from physical access to the Abra orebody 230m below surface.

JILLAWARRA PROSPECTS (100% GALENA OWNED)

Galena's non-Abra prospects located in the Jillawarra Project area consist of Woodlands, Manganese Range, Quartzite Well and Copper Chert, which comprise more than 60km of continuous strike directly to the west of Abra and reside within five granted Exploration Licences, being: E52/1413; E52/3575; E52/3581; E52/3630; and E52/3823.

During the year, minor exploration activities were completed within the Jillawarra exploration licences.

CORPORATE

A$20 million share placement

On 20 April 2023, the Company accepted binding commitments for a placement of 133,333,334 fully paid ordinary shares ("**New Shares**") at an issue price of A$0.15 per share to raise A$20 million before costs ("**Placement**").

The Placement comprised the issue of 133,333,334 New Shares via two tranches, comprising:

- 92,885,303 New Shares (A$13.9 million) issued within the Company's 15% placement capacity under ASX Listing Rule 7.1 (Tranche 1); and
- 40,448,031 New Shares (A$6.1 million) issued following shareholder approval at a meeting of shareholders on 9 June 2023 (Tranche 2).

Proceeds from the Placement (net of expenses) are being used to provide AMPL with additional working capital funding during the ramp-up period of the Abra mine.

A$17 million placement

On 26 July 2022, the Company accepted binding commitments for a placement of 137,200,000 new shares at an issue price of $0.125 per share ("**Placement Shares**"), to raise $17.2 million before costs ("**Placement**").

Proceeds from the Placement are being used to provide AMPL a temporary unsecured reserve facility ("**URF**"). The URF of $30 million, was contributed $18 million by Galena and $12 million by the Company's joint-venture partner Toho. The URF is available during the critical commissioning and initial ramp-up stages of the Abra mine, up until the Project Completion tests are satisfied under the Taurus Debt Facilities. Its purpose is to provide a working capital and cost buffer for AMPL to draw in the event of unforeseen circumstances and costs such as weather-related road or port closures or other events. Any drawn amounts will become unsecured shareholder loans to AMPL whilst undrawn amounts will be returned to each of Galena and Toho in their respective 60:40 share.

71,400,000 of the shares issued under the Placement fell within the Company's 15% placement capacity under ASX Listing Rule 7.1, with settlement occurring on Wednesday, 3 August 2022. The remaining 65,800,000 shares issued under the Placement were subject to shareholder approval which was received at a general meeting held on 13 September 2022.

REVIEW OF OPERATIONS

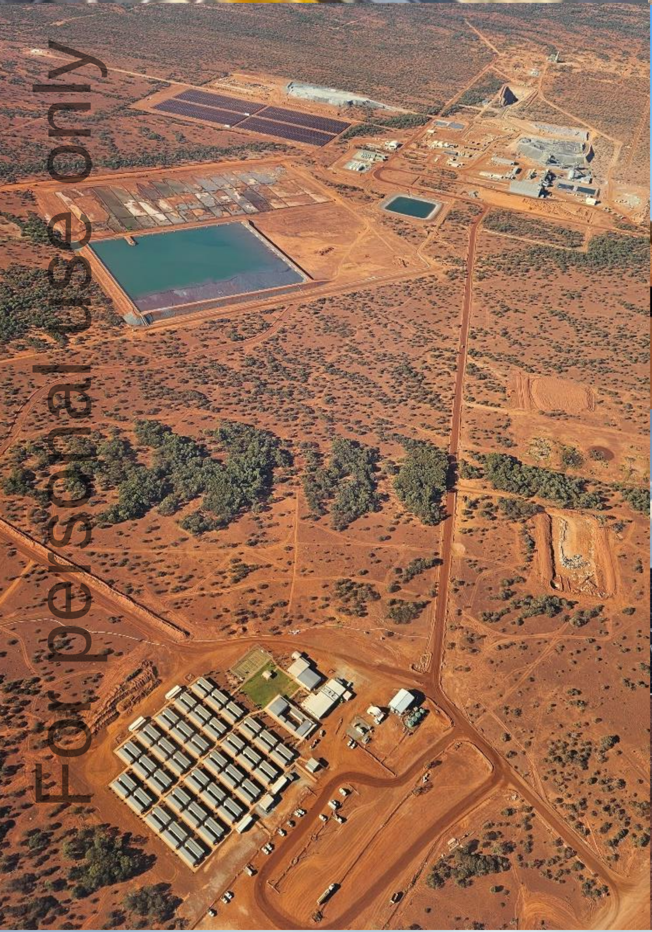
OUTLOOK

Upcoming key focus areas and corporate milestone workstreams include:

- Achieve the production ramp-up plan including ongoing concentrate shipments to achieve and maintain positive cash flows from operations during the September quarter. September quarter mining and processing plans have been completed to achieve this and the guidance for CY2023 production (CY2023 50-60kt lead production and 325-425kozs silver production).
  - Mining over 2,000m of development and over 250,000t of stope ore. Commission the paste plant and paste fill first stope in August 2023.
  - Processing over 300,000t of ore.
  - Targeting ~25-30kt of lead concentrate shipments expected to generate positive operating cash flows in the September quarter.
- Completion of specific technical works as follows:
  - Finalisation and publication of 2023 Mineral Resource Estimate.
  - Complete and publish 2023 Ore Reserve update.
  - Complete work associated with 2024 budget and CY2024 production guidance to be provided in December 2023.
  - Ongoing grade control drilling and model updates to continue to improve mine planning confidence.
- Complete construction of the next stage of the tailings storage facility ("**TSF**").
- Achieve Project Completion milestone under the Taurus Debt Facilities.

Competent Persons' Statement

The information in this report related to the Abra July 2023 Mineral Resource is based on work completed by Mr Angelo Scopel BSc (Geol), MAIG, an employee of Abra Mining Pty Ltd and Ms Lisa Bascombe BSc (Geol), MAIG, an employee of Abra Mining Pty Ltd. Mr Scopel is responsible for data review. QAQC, and the geological model. Ms Bascombe is responsible for the resource estimation, classification, and reporting. Mr. Scopel and Ms. Bascombe have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves. Mr Scopel and Ms Bascombe consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.




ROAD
TRAIN


PAPORA WISDOM
WISDOM LINE

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue	7(a)	29,516,863	-
Cost of sales	7(b)	(68,126,726)	-
Gross loss		**(38,609,863)**	**-**
Corporate and administration expenses	7(c)	(6,389,831)	(4,901,668)
Foreign exchange loss		(5,885,941)	(4,553,563)
Loss before finance costs and income tax expense		**(50,885,635)**	**(9,455,231)**
Finance income	8	671,403	194,774
Finance costs	8	(10,967,762)	(65,230)
Loss before income tax		**(61,181,994)**	**(9,325,687)**
Income tax expense	9	-	-
Loss for the year		**(61,181,994)**	**(9,325,687)**
Other comprehensive income net of income tax		-	-
Total comprehensive loss for the year		**(61,181,994)**	**(9,325,687)**
Loss for the year attributable to:			
Non-controlling interest	4	(23,015,752)	(2,485,823)
Members of the parent		(38,166,242)	(6,839,864)
		(61,181,994)	**(9,325,687)**
Loss per share			
Basic and diluted loss per share (cents per share)	10	**(10.00)**	**(1.96)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	2023 $	2022 $
ASSETS			
Current Assets			
Cash and cash equivalents	20	19,342,915	48,219,668
Trade and other receivables	21	2,769,702	1,469,987
Inventories	22	6,289,388	-
Prepayments		2,239,899	1,539,883
Total current assets		**30,641,904**	**51,229,538**
Non-Current Assets			
Exploration and evaluation expenditure	11	9,805,623	8,788,294
Property, plant and equipment	12	280,596,218	201,266,119
Right-of-use assets	19	45,138,609	2,960,543
Total non-current assets		**335,540,450**	**213,014,956**
TOTAL ASSETS		**366,182,354**	**264,244,494**
LIABILITIES			
Current Liabilities			
Trade and other payables	23	38,710,617	17,780,287
Unearned Revenue		306,280	-
Lease liabilities	19	3,362,474	812,824
Provisions	24	1,132,772	543,595
Interest bearing loans and borrowings	15	30,549,327	-
Total current liabilities		**74,061,470**	**19,136,706**
Non-Current Liabilities			
Lease liabilities	19	41,501,951	1,173,549
Provisions	24	10,610,771	3,863,356
Interest bearing loans and borrowings	15	138,178,727	113,401,922
Total non-current liabilities		**190,291,449**	**118,438,827**
TOTAL LIABILITIES		**264,352,919**	**137,575,533**
NET ASSETS		**101,829,435**	**126,668,961**
EQUITY			
Issued capital	16	84,336,578	48,287,278
Share-based payment reserve	17	2,199,090	1,905,922
Consolidation reserve		52,727,720	52,727,720
Accumulated losses		(59,056,469)	(20,890,227)
Parent interest		**80,206,919**	**82,030,693**
Non-controlling interest	4	21,622,516	44,638,268
TOTAL EQUITY		**101,829,435**	**126,668,961**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Note	Issued capital	Share-based payment reserve	Consolidation reserve	Accumulated losses	Non-controlling interest	Total
		$	$		$	$	$
Balance at 1 July 2021		48,006,327	1,657,270	52,727,720	(14,566,022)	45,124,091	**132,949,386**
Loss for the year		-	-	-	(6,839,864)	(2,485,823)	**(9,325,687)**
Other comprehensive income		-	-	-	-	-	**-**
Total comprehensive loss		**-**	**-**	**-**	**(6,839,864)**	**(2,485,823)**	**(9,325,687)**
Transactions with owners directly recorded in equity:							
Shares issued during the year	16	280,951	(745,610)	-	515,659	-	**51,000**
Share-based payments	17	-	994,262	-	-	-	**994,262**
CBHWA share subscription		-	-	-	-	2,000,000	**2,000,000**
Balance at 30 June 2022		**48,287,278**	**1,905,922**	**52,727,720**	**(20,890,227)**	**44,638,268**	**126,668,961**
Balance at 1 July 2022		48,287,278	1,905,922	52,727,720	(20,890,227)	44,638,268	**126,668,961**
Loss for the year		-	-	-	(38,166,242)	(23,015,752)	**(61,181,994)**
Other comprehensive income		-	-	-	-	-	**-**
Total comprehensive loss		**-**	**-**	**-**	**(38,166,242)**	**(23,015,752)**	**(61,181,994)**
Transactions with owners directly recorded in equity:							
Shares issued during the year	16	38,443,219	(1,237,119)	-	-	-	**37,206,100**
Share-based payments	17	-	1,530,287	-	-	-	**1,530,287**
Share issue costs	16	(2,393,919)	-	-	-	-	**(2,393,919)**
Balance at 30 June 2023		**84,336,578**	**2,199,090**	**52,727,720**	**(59,056,469)**	**21,622,516**	**101,829,435**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		28,189,876	-
Payments to suppliers and employees		(58,589,915)	(6,517,781)
Interest received		671,403	194,774
Net cash used in operating activities	20	**(29,728,636)**	**(6,323,007)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(8,293,061)	(26,086,512)
Project development expenditure		(55,056,078)	(85,520,739)
Exploration and evaluation expenditure		(1,017,329)	(2,123,022)
CBHWA share subscription in subsidiary		-	2,000,000
Net cash used in investing activities		**(64,366,468)**	**(111,730,273)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		37,206,100	51,000
Transaction costs associated with issue of shares		(2,393,919)	-
Payments of lease liabilities		(4,235,605)	(1,051,344)
Proceeds from loans and borrowings		48,603,208	76,998,482
Borrowing costs paid		(13,961,433)	(5,920,752)
Net cash provided by financing activities		**65,218,351**	**70,077,386**
Net decrease in cash held		(28,876,753)	(47,975,894)
Cash and cash equivalents at beginning of financial period		48,219,668	96,195,562
Cash and cash equivalents at end of financial period	20	**19,342,915**	**48,219,668**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

CORPORATE INFORMATION AND BASIS OF PREPARATION

NOTE 1: CORPORATE INFORMATION

Galena Mining Limited is a for profit company incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange ("**ASX**"). The consolidated financial statements of Galena Mining Limited and its controlled entities (together referred to as "**Galena**", the "**Company**", the "**Group**" or the "**Consolidated Entity**") for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 23 August 2023.

The nature of the Group's operations and principal activities are described in the Director's report. Information on the Group structure is provided in note 4. Information on other related party relationships of the Group is provided in note 5.

NOTE 2: BASIS OF PREPARATION

The consolidated financial statements are a general purpose financial report, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report also complies with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

The financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of financial assets and financial liabilities.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

Other than Revenue (outlined in note 7a) and Inventories (outlined in note 22) the accounting policies adopted are consistent with those of the previous financial year and corresponding reporting period except for the adoption of the new standards and amendments which became mandatory for the first time this reporting period commencing 1 July 2022. The adoption of these standards and amendments did not result in a material adjustment to the amounts or disclosures in the current or prior year. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Galena Mining Limited and its controlled entities as at 30 June 2023 (as outlined in note 4).

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 2: BASIS OF PREPARATION *(continued)*

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consideration of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year and included in the statement of comprehensive income from the date the Group contains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of the other comprehensive income ("**OCI**") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to a transaction between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

b) Foreign currencies

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent entity's functional currency and the Group's presentation currency.

Transactions in foreign currencies are initially recorded by each entity in the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences are taken to the statement of profit or loss and other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

c) Significant accounting adjustments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Group has identified a number of areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described and highlighted separately with the associated accounting policy note within the related note.

d) Changes in accounting policies and disclosures

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("**AASB**") that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The Group has yet to assess the impact of these new or amended Accounting Standards and Interpretations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 2: BASIS OF PREPARATION *(continued)*

e) Changes in accounting policies and disclosures *(continued)*

The following Australian Accounting Standards that have recently been issued or amended but are not yet effective are relevant to the Group but have not been applied by the Group for the annual reporting period ending 30 June 2023:

AASB No.	Title	Application date of standard *	Application date for Group
AASB 2014-10	Amendments to AASs – Sale or Contributions of Assets between an Investor and its Associate or Joint Venture	1 January 2025	1 July 2025
AASB 2020-1	Amendments to AASs – Classification of Liabilities as Current or Non-current	1 January 2023	1 July 2023
AASB 2021-2	Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023	1 July 2023
AASB 2021-5	Amendments of AASs – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	1 July 2023
AASB 2021-6	Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards	1 January 2023	1 July 2023
AASB 2021-7c	Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]	1 January 2025	1 July 2025

* Annual reporting periods beginning after

f) Fair Value Measurement

When an asset or liability, financial or non-financial is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either; in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 2: BASIS OF PREPARATION *(continued)*

g) Goods and Services Tax ("**GST**")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

h) Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant in understanding the financial statements are provided throughout the notes to the financial statements.

NOTE 3: GOING CONCERN

The financial report has been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Group incurred a loss for the period of $61,181,994 (2022: $9,325,687), net cash outflows from operating activities of $29,728,636 (2022: $6,323,007) and net cash outflows from investing activities of $64,366,468 (2022: $111,730,273). As at 30 June 2023, the Group had a net current asset deficit of $43,419,566 (2022: surplus $32,092,832), including cash and cash equivalents of $19,342,915 (2022: $48,219,668).

Management has prepared a cash flow forecast for the next twelve months, which anticipates that the Group will be able to pay its debts as and when they fall due during that period. Key assumptions in the cashflow forecast include:

- A production ramp-up plan including ongoing shipments to achieve and maintain positive cash flows from operations.
- Lead price continuing at current market prices.
- Operating costs have been prepared based on contracted rates taking into account cost pressures facing the industry, including rising costs.
- Capital sufficient to deliver the planned mine development, completion of the next stage of the Tailings Storage Facility, other sustaining capital expenditure and planned exploration activities.

At the date of this report, the Directors are satisfied there are reasonable grounds to believe that, having regard to the Group's position and its available financing options, the Group will be able to meet its obligations as and when they fall due. The Directors recognise that:

- The ramp up of the Abra Base Metals Mine will progressively generate positive cash flow for the Group.
- There are risks associated with the ramp up of a new lead mine.
- If required, suitable funding solutions can be sourced and the Group has a history of successful capital raisings.

In concluding this, the Directors have considered the Company's liquidity position, any risks to future projected cash flows and available funding. The economic outcomes associated with future projected cash flows are based on certain assumptions made for commodity prices, foreign exchange rates, commissioning and ramp-up of production, recovered grades, timing of concentrate sales and costs. Changes in such assumptions may have a material impact on the economic outcomes, including the timing and quantum of estimated revenues and cash flows.

GROUP STRUCTURE

This section provides information on the Group's structure as well as related party transactions.

NOTE 4: GROUP INFORMATION

Interest in controlled entities

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiaries:

	Country of		Equity holding	
Name	**Incorporation**	**Class of share**	**30 June 2023**	**30 June 2022**
Abra Mining Pty Ltd	Australia	Ordinary	60%	60%
GML Marketing Pty Ltd	Australia	Ordinary	100%	100%

Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.

Statement of Financial Position

	2023 $	2022 $
Assets		
Current assets	7,446,056	3,590,548
Non-current assets	62,969,057	34,708,781
Total assets	**70,415,113**	**38,299,329**
Liabilities		
Current liabilities	574,528	503,371
Non-current liabilities	498,638	680,837
Total liabilities	**1,073,166**	**1,184,208**
Net assets	**69,341,947**	**37,115,121**
Equity		
Issued capital	84,336,578	48,287,278
Reserves	2,199,090	1,905,921
Accumulated losses	(17,193,721)	(13,078,078)
Total equity	**69,341,947**	**37,115,121**

Statement of Profit or Loss and other Comprehensive Income

	2023 $	2022 $
Loss for the year	(4,115,643)	(3,120,864)
Other comprehensive income	-	-
Total comprehensive income	**(4,115,643)**	**(3,120,864)**

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

NOTE 4: GROUP INFORMATION *(continued)*

Proportion of equity interest held by non-controlling entity

Name	Country of Incorporation	Non-controlling interest 30 June 2023	30 June 2022
Abra Mining Pty Ltd	Australia	40%	40%

On 12 April 2019, the Company completed a transaction with Toho to invest $90,000,000 in various tranches for a 40% joint-venture investment in AMPL. During FY2021, AMPL received the final tranche payment of $60,000,000 from Toho and an additional $7,200,000 which included funding for the 2020 Abra Drilling Program and issued new shares to Galena and Toho's wholly-owned subsidiary, CBHWA, such that AMPL is currently owned 60% by Galena and 40% by CBHWA. During FY2022, AMPL received an additional $2,000,000 of funding from CBHWA. The transactions have been accounted for as an equity transaction with a non-controlling interest in accordance with AASB 10 Consolidated Financial Statements which specifies accounting for non-controlling interests, resulting in the following:

	2023 $	2022 $
Proceeds from the issue of new shares in AMPL to CBHWA	-	2,000,000
Net assets attributable to non-controlling interest	-	-
Increase in equity attributable to parent [(i)]	**-**	**-**

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

AMPL's Summarised Statement of Financial Position

	2023 $	2022 $
Current assets	23,357,775	42,687,416
Non-current assets	309,622,588	205,363,815
Current liabilities	(62,581,936)	(18,697,572)
Non-current liabilities	(216,342,137)	(117,757,990)
Total equity	**54,056,290**	**111,595,669**
Attributable to:		
Equity holders of parent	32,433,774	66,957,401
Non-controlling interest	21,622,516	44,638,268

AMPL's Summarised Statement of Profit or Loss and Other Comprehensive Income

	2023 $	2022 $
Revenue	29,762,973	142,640
Expenses	(87,302,354)	(6,357,197)
Loss for the year	**(57,539,381)**	**(6,214,557)**
Other comprehensive income	-	-
Total comprehensive income	**(57,539,381)**	**(6,214,557)**
Attributable to non-controlling interest	(23,015,752)	(2,485,823)
Dividends paid to non-controlling interest	-	-

NOTE 5: TRANSACTIONS WITH RELATED PARTIES

Key Management Personnel

The totals of remuneration paid or due to be paid to the KMP of the Company during the year are as follows:

	2023 $	2022 $
Short-term employment benefits	1,687,013	1,411,507
Post-employment benefits	64,760	65,290
Termination benefits	-	205,680
Share-based payments	1,530,287	994,262
Total Remuneration paid or due to be paid	**3,282,060**	**2,676,739**

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

RESULTS FOR THE YEAR

This section provides additional information that is most relevance in explaining the Group's performance during the year.

NOTE 6: SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of one geographical segment being Australia, and has the following operating segments:

Segment Name	Description
Abra Mine	The Abra Mine segment is a globally significant lead-silver mine located in the Gascoyne region of Western Australia.
Exploration	The Exploration segment which undertakes exploration and evaluation activities in Western Australia.
Other Activities	The Other Activities segment which includes all corporate expenses that cannot be directly attributed to the Group's operating segments.

The accounting policies used by the Group in reporting segments internally are the same as those contained in the financial statements and in the prior period.

NOTE 6: SEGMENT INFORMATION *(continued)*

(a) Segment Results, Segment Assets and Segment Liabilities

Year ended 30 June 2023	Abra Mine $	Exploration $	Other Activities $	Consolidated $
Revenue	29,199,148	-	317,715	**29,516,863**
Mine operating costs	(56,947,526)	-	-	**(56,947,526)**
Inventory movements	2,461,997	-	-	**2,461,997**
Royalty expense	(2,151,733)	-	-	**(2,151,733)**
Administration expenses	-	-	(4,556,792)	**(4,556,792)**
EBITDA	(27,438,114)		(4,239,077)	**(31,677,191)**
Foreign exchange (loss) gain	(6,018,809)	-	132,868	**(5,885,941)**
Depreciation and amortisation	(11,489,464)	-	(1,833,039)	**(13,322,503)**
Segment result (EBIT)	(44,946,387)	-	(5,939,248)	**(50,885,635)**
Finance Income				**671,403**
Interest expense and other costs of finance				**(10,967,762)**
Loss before tax				**(61,181,994)**
Income tax expense				**-**
Loss after tax				**(61,181,994)**
Segment assets	348,269,305	9,805,623	8,107,426	**366,182,354**
Segment liabilities	262,369,906	-	1,983,013	**264,352,919**
Other segment information				
Capital expenditure (i)	(20,671,244)	(1,017,329)	(1,435)	**(21,690,008)**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 6: SEGMENT INFORMATION *(continued)*

(a) Segment Results, Segment Assets and Segment Liabilities

Year ended 30 June 2022	Abra Mine $	Exploration $	Other Activities $	Consolidated $
Revenue	-	-	-	**-**
Mine operating costs	-	-	-	**-**
Inventory movements	-	-	-	**-**
Royalty expense	-	-	-	**-**
Administration expenses	(54,759)	-	(2,966,289)	**(3,021,048)**
EBITDA	**(54,759)**	**-**	**(2,966,289)**	**(3,021,048)**
Foreign exchange (loss) gain	(4,551,968)	-	(1,595)	**(4,553,563)**
Depreciation and amortisation	(1,699,118)	-	(181,502)	**(1,880,620)**
Segment result (EBIT)	**(6,305,845)**	**-**	**(3,149,386)**	**(9,455,231)**
Finance Income				**194,774**
Interest expense and other costs of finance				**(65,230)**
Loss before tax				**(9,325,687)**
Income tax expense				**-**
Loss after tax				**(9,325,687)**
Segment assets	245,843,527	8,788,294	9,612,673	**264,244,494**
Segment liabilities	136,414,123	-	1,161,410	**137,575,533**
Other segment information				
Capital expenditure (i)	(127,053,232)	(2,139,505)	(238,075)	**(129,430,812)**

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

(b) Geographical Information

	2023 $	2022 $
Total Revenue		
Japan	18,971,105	-
China	10,545,758	-
Total revenue	**29,516,863**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 7: INCOME AND EXPENSES

	2023 $	2022 $
(a) Revenue		
Revenue from sale of concentrate (point in time)	28,039,614	-
Revenue from shipping services (over time)	1,060,701	-
Total revenue from contracts with customers	**29,100,315**	**-**
Realised and unrealised fair value movements on receivables subject to QP adjustment	416,548	-
Total Revenue	**29,516,863**	**-**

Recognition and Measurement

Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration the Group expects to receive in exchange for those goods.

The Group is principally engaged in the business of producing lead-silver concentrates. The Group has concluded that it is the principal in its revenue contracts on the basis that it controls the goods before transferring them to the customer.

(i) Concentrate Sales

The Group's lead-silver concentrate is sold under Cost, Insurance and Freight ("**CIF**") Incoterms and allow for price adjustments based on the market price at the end of the relevant quotational period ("**QP**") determined in accordance with the contract. These are referred to as provisional pricing arrangements and are such that the selling price for metal in concentrate is based on prevailing forward prices on a specified future date after shipping to the customer. Adjustments to the sales price then occur based on movements in quoted market prices up to the end of the QP. The period between provisional invoicing and the end of the QP may vary between one and five months.

Revenue is recognised at the point in time when the lead-silver concentrate is physically transferred onto a vessel under CIF terms. The revenue is measured at the amount to which the Group expects to be entitled, being the estimate of the price expected to be received at the end of the QP, i.e., the forward price, and a corresponding trade receivable is recognised. Under CIF shipping terms a portion of the transaction price is allocated to the separate freight/shipping services.

For these provisional pricing arrangements, any future changes that occur during the QP are embedded within the provisionally priced trade receivables. Given the exposure to the commodity price, these provisionally priced trade receivables do not satisfy the cash flow characteristics test and are subsequently measured at fair value through the Consolidated Statement of Profit or Loss and Other Comprehensive Income until the date of settlement. These subsequent changes in fair value are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for each period and presented in revenue. Changes in fair value until the end of the QP are estimated by reference to updated forward market prices for the metal contained in mineral concentrates as well as taking into account other relevant fair value considerations, including interest rates and credit risk adjustments. The period between provisional invoicing and the end of the QP may vary between one and five months.

(ii) Shipping Services

Where the Group makes concentrate sales on CIF terms, the Group is required to provide freight and shipping services after the date at which the goods have transferred to the customer. The Group, therefore, has separate performance obligations for shipping services which are provided solely to facilitate sale of the commodities it produces.

For CIF arrangements, the transaction price (as determined above) is allocated to the metal concentrate and shipping services using the relative stand-alone selling price method. Shipping services revenue is generally recognised over the period of time in which the shipping services are being provided.

NOTE 7: INCOME AND EXPENSES *(continued)*

Significant Judgements, Estimates and Assumptions

(i) Concentrate sales contract - point of revenue recognition

Control of the product is transferred to the customer when the lead-silver concentrates are physically transferred onto a vessel as this coincides with the transfer of legal title and the risk and rewards of ownership as sales of lead-silver concentrates are sold under CIF.

(ii) Concentrate sales contract - variable consideration

Revenue is initially recognised based on the most recently determined estimate of metal contained in lead-silver concentrates using the expected value approach based on initial internal assay and weight results. The Group has determined that it is highly unlikely that a significant reversal of the amount of revenue recognised will occur due to variations in assay and weight results. Subsequent changes in the fair value based on the customer's final assay and weight results are recognised in revenue at the end of the QP.

	2023 $	2022 $
(b) Cost of Sales		
Mining costs	31,788,252	-
Processing costs	11,816,457	-
Site general and administration costs	9,369,987	-
Transport, logistics and shipping costs	3,972,830	-
Inventory movements	(2,461,997)	-
Depreciation and amortisation	11,489,464	-
Royalty expense	2,151,733	-
	68,126,726	**-**

	2023 $	2022 $
(c) Administration Expenses		
Corporate and administration expenses	1,403,951	664,172
Depreciation and amortisation	1,833,039	1,880,620
Employee costs	1,622,554	1,362,614
Share-based payments	1,530,287	994,262
	6,389,831	**4,901,668**

NOTE 8: NET FINANCE COSTS

	Note	2023 $	2022 $
Interest Income		671,403	194,774
Finance Income		**671,403**	**194,774**
Interest expense		(768,692)	-
Interest expense on lease liabilities	19	(2,276,697)	(110,134)
Amortisation of borrowing costs		(14,185,415)	(5,920,752)
Capitalised borrowing costs to qualifying asset		6,472,034	5,920,752
Unwinding of discount on provision for rehabilitation	24	(208,992)	44,904
Interest expense and other costs of finance		**(10,967,762)**	**(65,230)**
Net finance costs		**(10,296,359)**	**129,544**

Recognition and Measurement

Finance income comprises of interest income on funds invested. Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All borrowing costs, calculated using the effective interest method, are recognised in the Consolidated Statement of Comprehensive Income except where capitalised as part of a qualifying asset. Eligible borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the period. All other borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 9: TAXES

		2023 $	2022 $
a.	**Recognised in the income statement:**		
	Current income tax		
	- Current income tax charge	56,286,033	-
	- Adjustments in respect of previous current income tax	11,662,491	-
	- Current tax not brought to account	(67,948,524)	-
	Deferred income tax		
	- Relating to origination and reversal of temporary differences	49,346,649	-
	- Adjustments in respect of previous deferred income tax	(1,658,915)	-
	- Relating to origination and reversal of temporary differences not brought to account	(47,687,734)	-
	Income tax as reported in the statement of comprehensive income	**-**	**-**
b.	**Reconciliation of income tax expense (benefit) to accounting profit:**		
	Accounting profit (loss) before tax from continuing operations	(61,181,994)	(9,325,687)
	Income tax at the Australian tax rate of 30% (2022: 30%)	(18,354,598)	(2,797,706)
	Increase / (decrease) in income tax due to:		
	- Non-deductible expenses	472,413	303,294
	- Changes in unrecognised temporary differences	(38,401,534)	(1,269,305)
	- Unused tax losses not recognised	56,283,719	3,763,717
	Income tax attributable to operating loss	**-**	**-**
	The following deferred tax balances have not been recognised:		
c.	**Deferred tax assets not recognised at 30% (2022: 30%)**		
	Carry forward revenue and capital losses	96,061,082	28,114,873
	Trade and other receivables	61,484	-
	Capital raising costs	12,206	304,125
	Capital raising costs - Equity	656,148	-
	Unrealised foreign exchange loss (gains)	1,812,504	(1,683,977)
	Provision for employee entitlements	240,984	120,604
	Provision for rehabilitation	3,183,231	-
	Other	11,873,158	4,469
	Net deferred tax asset	**113,900,797**	**26,860,094**

The carry forward revenue losses are only available for offset subject to Galena Mining Limited and Abra Mining Pty Ltd satisfying the carried-forward loss tests for deductibility such as the Continuity of Ownership Test and the Similar Business Test.

d.	**Deferred tax liabilities not recognised at 30% (2022: 30%)**		
	Exploration expenditure	2,870,045	2,550,759
	Plant and equipment	30,557,644	(213,934)
	Deferred Mining	43,808,875	8,118,308
	Net deferred tax liability	**77,236,564**	**10,455,133**

NOTE 9: TAXES *(continued)*

Potential deferred tax assets and liabilities attributable to tax losses and other temporary differences have not been brought to account at 30 June 2023 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the expenditure to be realised; and
- no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the expenditure.

Change in Corporate Tax Rate

As a result of the non-controlling ownership of Abra Mining Pty Ltd, Galena Mining Ltd and its subsidiaries should not be considered a 'base rate entity' for income tax purposes and therefore not entitled to the reduced corporate tax rate. The impact of this change in the corporate tax rate has been reflected in the unrecognised deferred tax positions and the prima face income tax reconciliation.

Tax Consolidation

Galena Mining and its wholly owned Australian subsidiaries were part of an income tax consolidated group for the entire financial year.

Recognition and Measurement

Current Income tax

The income tax expense (income) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

NOTE 9: TAXES *(continued)*

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTE 10: EARNINGS PER SHARE

	2023	2022
	Cents per share	**Cents per share**
Basic and diluted loss per share	**(10.00)**	**(1.96)**
The loss and weighted average number of ordinary shares used in this calculation of basic and diluted loss per share are as follows:		
	$	**$**
Loss	(61,181,994)	(9,325,687)
	Number	**Number**
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	611,873,517	476,354,394

As the Company is in a loss position the options outstanding at 30 June 2023 have no dilutive effects on the earnings per share calculation.

Recognition and Measurement

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Galena Mining Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares, outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

INVESTED CAPITAL

This section provides additional information about how the Group invests and manages its capital.

NOTE 11: EXPLORATION AND EVALUATION EXPENDITURE

	2023 $	2022 $
Exploration expenditure capitalised		
Exploration and evaluation asset acquisition	3,674,086	3,674,086
Exploration and evaluation costs incurred	6,131,537	5,114,208
	9,805,623	**8,788,294**
A reconciliation of the carrying amount of exploration and evaluation expenditure is set out below:		
Carrying amount at the beginning of the year	8,788,294	6,648,789
Costs capitalised during the year	1,017,329	2,139,505
Carrying amount at the end of the year	**9,805,623**	**8,788,294**

Recognition and Measurement

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Significant Judgements, Estimates and Assumptions

Exploration and evaluation expenditure has been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources.

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

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

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

2023	Mine Properties	Buildings	Plant and Equipment	Assets under construction	Total
	$	$	$	$	$
Opening net carrying amount	3,863,356	20,988,536	3,315,169	173,099,058	201,266,119
Additions	14,397,752	-	-	68,685,209	83,082,961
Transfer from mine under construction	146,873,333	1,137,132	91,168,643	(239,179,108)	-
Depreciation and amortisation	(6,125,971)	(1,160,010)	(3,005,304)	-	(10,291,285)
Change in rehabilitation provision	6,538,423	-	-	-	6,538,423
Closing net carrying amount	**165,546,893**	**20,965,658**	**91,478,508**	**2,605,159**	**280,596,218**
At 30 June 2023					
Gross carrying amount at cost	171,672,864	23,096,278	95,024,599	2,605,159	292,398,900
Accumulated depreciation	(6,125,971)	(2,130,620)	(3,546,091)	-	(11,802,682)
Closing net carrying amount	**165,546,893**	**20,965,658**	**91,478,508**	**2,605,159**	**280,596,218**

2022	Mine Properties	Buildings	Plant and Equipment	Assets under construction	Total
	$	$	$	$	$
Opening net carrying amount	1,622,978	-	117,972	63,560,746	65,301,696
Additions	-	-	238,074	134,948,121	135,186,195
Transfer from mine under construction	-	21,959,146	3,450,663	(25,409,809)	-
Depreciation and amortisation	-	(970,610)	(491,540)	-	(1,462,150)
Change in rehabilitation provision	2,240,378	-	-	-	2,240,378
Closing net carrying amount	**3,863,356**	**20,988,536**	**3,315,169**	**173,099,058**	**201,266,119**
At 30 June 2022					
Gross carrying amount at cost	3,863,356	21,959,146	3,806,709	173,099,058	202,728,269
Accumulated depreciation	-	(970,610)	(491,540)	-	(1,462,150)
Closing net carrying amount	**3,863,356**	**20,988,536**	**3,315,169**	**173,099,058**	**201,266,119**

NOTE 12: PROPERTY, PLANT AND EQUIPMENT *(continued)*

Recognition and Measurement

Mine Properties

Mine Properties include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mine Properties also includes costs transferred from exploration and evaluation phase once a final investment decision is made and construction commences in the area of interest.

Mine property and development assets are stated at historical cost less accumulated amortisation and any accumulated impairment losses recognised. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and for qualifying assets (where relevant) borrowing costs. Any ongoing costs associated with mining which are considered to benefit mining operations in future periods are capitalised.

Buildings, Plant and Equipment

Buildings, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of building, plant, and equipment over their expected useful lives. The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of building and plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Useful lives

The useful lives of assets are estimated as follows:

Category	Depreciation Method
Buildings	20 years
Plant and Equipment	2 to 15 years
Assets Under Construction	No depreciation
Mine Property and Development	Units of ore extracted basis over the life of mine or straight line over the life of mine
Right of Use Assets (note 19)	Straight line over the shorter of the lease term and life of the asset

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 12: PROPERTY, PLANT AND EQUIPMENT *(continued)*

Significant Judgements, Estimates and Assumptions

Estimation of useful lives of assets

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

Impairment of Property, Plant and Equipment and Mine Under Construction

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

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

NOTE 13: CAPITAL AND OTHER COMMITMENTS

Capital commitments

	2023 $	2022 $
	2,572,108	**47,164,702**

At 30 June 2023, the Group has capital commitments that principally relate to the purchase and maintenance of plant and equipment for mining operations.

Mineral tenement lease commitments

Within one year	544,534	508,383
Between 1 and 5 years	857,722	510,004
Above 5 years	3,060,704	3,296,343
	4,462,960	**4,314,730**

The Company has commercial leases over the tenements in which the mining operations are located. These tenements leases have a life between six months to twenty-one years. To maintain current rights to explore and mine the tenements, the Group is required to perform minimum exploration work to meet the expenditure requirements specified by the relevant state governing authority.

CAPITAL AND DEBT STRUCTURE

This section provides additional information about the Group's business and management policies that the directors consider is most relevant in understanding the business and management of the Group's capital and debt structure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 14: CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong balance sheet and healthy capital ratios in order to support its business and maximise shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to its interest-bearing loans and borrowings that form part of its capital structure requirements. Breaches in the financial covenants without a waiver could permit the lender to immediately call interest-bearing loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current or prior period.

The Group monitors capital using a gearing ratio, which is net debt divided by the aggregate of equity and net debt. The Group includes in its net debt, interest-bearing loans and borrowings, lease liabilities, trade and other payables, less cash and cash equivalents.

	2023 $	2022 $
Interest-bearing loans and borrowings	168,728,054	113,401,922
Lease liabilities	44,864,425	1,986,373
Trade and other payables	38,710,617	17,780,287
Less cash and cash equivalents	(19,342,915)	(48,219,668)
Net debt	232,960,181	84,948,914
Equity	101,829,435	126,668,961
Capital and net debt	**334,789,616**	**211,617,875**
Gearing ratio	70%	40%

NOTE 15: INTEREST BEARING LOANS AND BORROWINGS

	Maturity	2023 $	2022 $
Current			
Secured US$110 million Taurus Debt Facilities (i)	June 2027	26,549,327	-
CBH Resources WA Pty Ltd		4,000,000	-
Total Current		**30,549,327**	-
Non-Current			
Secured US$110 million Taurus Debt Facilities (i)	June 2027	130,178,727	113,401,922
CBH Resources WA Pty Ltd		8,000,000	-
Total Non-Current		**138,178,727**	**113,401,922**

(i) Balance includes an unrealised foreign exchange loss of $5,730,270 at 30 June 2023 (2022: $4,550,894).

Secured US$110 million Taurus Debt Facilities

In November 2020, the Company put in place US$110 million in finalised debt facilities arranged by Taurus Funds Management. The facilities include a US$100 million project finance facility ("**Facility A**") plus a US$10 million cost overrun or working capital facility ("**Facility B**"). As at 30 June 2023, a total of US$110 million has been drawn under the Taurus Debt Facilities.

Facility A consists of a US$100 million, 69-month term loan primarily to fund capital expenditures for the development of the Abra mine. Key terms include:

- Fixed interest of 8.0% per annum on drawn amounts, payable quarterly in arrears.
- 1.125% net smelter return royalty.

NOTE 15: INTEREST BEARING LOANS AND BORROWINGS *(continued)*

- No mandatory hedging.
- Fixed repayments over 15 quarters with the first repayment on 31 December 2023.
- Early repayment allowed without penalty.

Facility B consists of a US$10 million loan to finance identified cost overruns on the Project in capital expenditure and working capital. Fixed interest of 10.0% per annum will apply to amounts drawn under Facility B. The Taurus Debt Facilities are secured against Abra Project assets and over the shares that each of Galena and Toho own in AMPL.

There have been no breaches in the covenants of any interest bearing loans and borrowings in the current or prior period.

Unsecured Reserve Facility (“URF”)

The URF of $30 million, was contributed $18 million by Galena and $12 million by the Company’s joint-venture partner Toho through its wholly owned subsidiary CBH Resources WA Pty Ltd. The URF is available during the critical commissioning and initial ramp-up stages of the Abra mine, up until the Project Completion tests are satisfied under the Taurus Debt Facilities.

Its purpose is to provide a working capital and cost buffer for AMPL to draw in the event of unforeseen circumstances and costs such as weather-related road or port closures or other events. Any drawn amounts will become unsecured shareholder loans to AMPL whilst undrawn amounts together with any interest earned will be returned to each of Galena and Toho in their respective 60:40 share. As at 30 June 2023, a total of $20 million was drawn under the URF and $10 million remains undrawn.

Interest bearing loans and borrowings are recognised initially at fair value, net of directly attributable transaction costs incurred. Interest bearing loans and borrowings are subsequently stated at amortised cost and any difference between the proceeds, net of transactions costs, and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Interest bearing loans and borrowings are derecognised when the obligation specified in the contract is discharged, cancelled or has expired. The difference between the carrying amount of the financial liability and the consideration paid, including any non-cash assets, is recognised in profit or loss as finance costs.

Finance costs attributable to qualifying assets are capitalised as part of the asset and amortised over the life of the loan. All other finance costs are expensed in the period in which they are incurred.

NOTE 16: ISSUED CAPITAL

	2023 No.	2023 $	2022 No.	2022 $
Movement in ordinary shares				
Balance at beginning of period	**476,405,353**	**48,287,278**	**476,105,353**	**48,006,327**
Shares issued	270,533,334	37,150,000	-	-
Shares issued under share-based payments (ii)	5,630,000	1,293,219	300,000	280,951
Share issue costs	-	(2,393,919)	-	-
Balance at reporting date	**752,568,687**	**84,336,578**	**476,405,353**	**48,287,278**

(ii) The value recorded in issued capital on conversion of shares under share-based payments represents the original fair value of the award in the share-based payment reserve that is transferred from the share-based payment reserve to issued capital on exercise, as well as any consideration received on exercise.

Recognition and Measurement

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Terms and conditions of issued capital

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. The fully paid ordinary shares have no par value.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 17: SHARE-BASED PAYMENT RESERVE

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

	2023 $	2022 $
Opening balance 1 July	1,905,922	1,657,270
Share-based payments vesting expense	1,530,287	994,262
Share-based payments issued	(1,237,119)	(745,610)
Closing balance 30 June	**2,199,090**	**1,905,922**

Refer to note 25 for valuation technique and assumptions.

NOTE 18: FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including commodity price risk, interest rate risk, market risk, currency risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The senior executives of the Group meet on a regular basis to analyse treasury risks and evaluate risk management strategies in the context of the prevailing economic conditions and forecasts. Risk management policies are approved and reviewed by the Board on a regular basis.

The group's financial instruments are as follows:

	2023 $	2022 $
Financial assets		
Cash and cash equivalents	19,342,915	48,219,668
Trade and other receivables	2,769,702	1,469,987
	22,112,617	**49,689,655**
Financial liabilities		
Trade and other payables	38,710,617	17,780,287
Unearned revenue	306,280	-
Interest bearing liabilities	168,728,054	113,401,922
Lease liabilities	44,864,425	1,986,373
	252,609,376	**133,168,582**

Commodity Price Risk

The prices of lead and silver are affected by numerous factors and events that are beyond the control of the Group. These metal prices change daily and can vary up and down, over time. The factors impacting metal prices include broader macro-economic developments and factors impacting the demand and supply specific to each metal.

The following table details the sensitivity of the Group's financial assets balances to movements in commodity prices. At 30 June 2023, the Group's outstanding provisionally priced sales contract amounted to $1,030,129 (2022: Nil). At the reporting date, if commodity prices increased / (decreased) by 10%, and all other variables were held constant, the Group's after-tax profit / loss for the year would have changed as set out below:

30 June 2023	Commodity Price Movement	Price Increase – Increase Profit / Equity	Price Decrease – Decrease Profit / Equity
Concentrate			
Lead	10%	103,013	(103,013)
Total		**103,013**	**(103,013)**

NOTE 18: FINANCIAL RISK MANAGEMENT *(continued)*

Interest Rate Risk

The Group is exposed to interest rate risk primarily through interest-bearing liabilities (note 15), cash and cash equivalents (note 20), and lease liabilities (note 19). The Group manages interest rate risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows.

	2023 $	2022 $
Fixed rate instruments		
Term deposits	158,102	122,857
Interest bearing liabilities	168,728,054	113,401,922
Lease liabilities	44,864,425	1,986,373
	213,750,581	**115,511,152**
Variable rate instruments		
Cash and cash equivalents	19,342,915	48,219,668
	19,342,915	**48,219,668**

The following table illustrates sensitivities to the Consolidated Entity's exposures to changes in interest rates and equity prices. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit or Loss $	Equity $
Year ended 30 June 2023		
+/- 1% interest rate	+/- 193,429	+/- 193,429
Year ended 30 June 2022		
+/- 1% interest rate	+/- 482,197	+/- 482,197

NOTE 18: FINANCIAL RISK MANAGEMENT *(continued)*

Currency risk

The Group is exposed to currency risk on bank balances, payables and receivables that are denominated in a currency other than the functional currency in which they are measured.

The Group is primarily exposed to changes in the US dollar exchange rate in relation to the price of commodities produced by the Group which are priced in US dollar terms and the carrying value of its US dollar denominated debt and cash holdings. The Group manages foreign currency risk by borrowing in US dollar terms and by regularly reviewing its exposure to US dollar fluctuations.

The Australian dollar carrying amount of the Group's US dollar financial assets and liabilities by its currency risk exposure at the reporting date is disclosed below:

	2023 $	2022 $
Cash and cash equivalents	(400,502)	-
Trade and other receivables	(1,030,129)	-
Trade and other payables	57,095	28,861
Interest bearing liabilities	156,728,054	113,401,922
Net exposure	**155,354,518**	**113,430,783**

The following significant exchange rates applied during the year:

	Average Rate 2023	Average Rate 2022	Spot Rate 30 June 2023	Spot Rate 30 June 2022
AUD:USD	0.673432	0.725598	0.662917	0.689198

Based on the financial instruments held at reporting date, had the functional currency weakened / strengthened by 10%, and all other variables held constant, the group's after-tax profit / loss and equity for the year would have been decreased / increased by the amounts shown below.

	Profit or Loss $	Equity $
Year ended 30 June 2023		
+/- 10% foreign exchange rate	+/- 15,535,452	+/- 15,535,452
Year ended 30 June 2022		
+/- 10% foreign exchange rate	+/- 11,343,078	+/- 11,343,078

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group is exposed to counterparty credit risk through sales of metal products on normal terms of trade and deposits of cash held with financial institutions.

The most significant exposure to credit risk is through sales of metal products on normal terms of trade. All sales for mining operations were made under contractual arrangements whereby provisional payment is received promptly after loading of ship and is generally 90-95% of estimated value at that time (Refer to note 7a).

The Group held cash and cash equivalents of $19,342,915 at 30 June 2023 (2022: $48,219,668). The cash and cash equivalents are held with financial institutions which are rated AA-, based on Standard & Poor's credit ratings. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

NOTE 18: FINANCIAL RISK MANAGEMENT *(continued)*

At the reporting date, the carrying amounts of financial assets are adjusted for any impairment and represent the Group's maximum exposure to credit risk, excluding the value of any collateral or other security, as shown below.

	2023 $	2022 $
Cash and cash equivalents	19,342,915	48,219,668
Trade and other receivables	2,769,702	1,469,987
Net exposure	**22,112,617**	**49,689,655**

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with financial liabilities.

The Group manages liquidity risk by conducting regular reviews of the timing of cash outflows, and short and long-term cash flow forecasts, in order to ensure sufficient funds are available to meet its obligations.

Financial liability and financial asset maturity analysis

2023	1 year or less $	Between 1 & 2 years $	Between 2 & 5 years $	5 years plus $	Total $
Non-Derivatives					
Financial Assets					
Cash and cash equivalents	19,342,915	-	-	-	19,342,915
Trade and other receivables	2,769,702	-	-	-	2,769,702
Financial Liabilities					
Trade and other payables	(23,710,617)	(10,000,000)	(5,000,000)	-	(38,710,617)
Lease liabilities	(3,362,469)	(3,551,267)	(16,356,912)	(21,593,772)	(44,864,420)
Loans and borrowings	(27,817,029)	(42,370,739)	(98,540,286)	-	(168,728,054)
Net Financial Assets	**(32,777,498)**	**(55,922,006)**	**(119,897,198)**	**(21,593,772)**	**(230,190,474)**

2022	1 year or less $	Between 1 & 2 years $	Between 2 & 5 years $	5 years plus $	Total $
Non-Derivatives					
Financial Assets					
Cash and cash equivalents	48,219,668	-	-	-	48,219,668
Trade and other receivables	1,469,987	-	-	-	1,469,987
Financial Liabilities					
Trade and other payables	(17,780,287)	-	-	-	(17,780,287)
Lease liabilities	(812,824)	(365,045)	(811,504)	-	(1,986,373)
Loans and borrowings	-	(25,536,928)	(87,864,994)	-	(113,401,922)
Net Financial Assets	**31,096,544**	**(25,901,973)**	**(88,676,498)**	**-**	**(83,481,927)**

Fair value of financial instruments

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

NOTE 18: FINANCIAL RISK MANAGEMENT *(continued)*

Recognition and Measurement

Financial Instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortization of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instruments to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(iii) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 19: LEASES

The Group has lease contracts for certain plant and equipment and for its corporate office. The plant and equipment lease terms range from three to sixteen years and the corporate office has a five-year lease term. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Right-Of Use Assets	**2023 $**	**2022 $**
Corporate Office		
At 1 July net of accumulated depreciation	833,941	37,091
Additions	-	944,084
Reassessment	(679)	-
Depreciation charge for the year	(188,602)	(147,234)
At 30 June net of accumulated depreciation	**644,660**	**833,941**
Plant and Equipment		
At 1 July net of accumulated depreciation	2,126,602	1,807,262
Additions	45,246,106	590,576
Reassessment	(36,143)	-
Depreciation charge for the year	(2,842,616)	(271,236)
At 30 June net of accumulated depreciation	**44,493,949**	**2,126,602**
Total Right-Of-Use Assets	**45,138,609**	**2,960,543**

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

Lease Liabilities	**2023 $**	**2022 $**
Balance at beginning of period	1,986,373	1,392,925
Additions	45,246,107	1,534,658
Reassessment	(36,789)	-
Accretion of interest	2,276,697	110,134
Payments	(4,607,963)	(1,051,344)
Balance at reporting date	**44,864,425**	**1,986,373**
Current	3,362,474	812,824
Non-current	41,501,951	1,173,549
Depreciation expense for right-of use assets	3,031,218	418,470
Interest expense on lease liabilities	2,276,697	110,134
Total amount recognised in profit or loss	**5,307,915**	**528,604**

NOTE 19: LEASES *(continued)*

Recognition and Measurement

Right-of-Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Significant Judgements, Estimates and Assumptions

Lease term

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

Incremental borrowing rate

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

WORKING CAPITAL

This section provides additional information that the directors consider most relevant in understanding the composition and management of the Group's working capital.

NOTE 20: CASH AND CASH EQUIVALENTS

	2023 $	2022 $
Cash at bank	19,342,915	48,194,668
Term deposits at call	-	25,000
Total Cash and Cash Equivalents	**19,342,915**	**48,219,668**

Reconciliation to cash and cash equivalents at the end of the financial year

The above figure is reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balance as above	19,342,915	48,219,668
Balance as per statement of cash flows	**19,342,915**	**48,219,668**

Recognition and Measurement

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less.

Cash flow information

A reconciliation of cash flow from operating activities is as follows:

Reconciliation of Cash Flow from Operations with Loss after Income Tax	**2023 $**	**2022 $**
Loss after income tax	(61,181,994)	(9,325,687)
Non-cash flows in loss:		
Share-based payments	1,530,287	994,262
Depreciation and amortisation	13,322,503	1,880,620
Unrealised foreign exchange loss	5,727,431	4,553,563
Other non-cash items	10,199,104	65,226
	(30,402,669)	**(1,832,016)**
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(1,296,863)	(1,365,892)
(Increase)/decrease in inventories	(6,289,388)	-
(Increase)/decrease in prepayments	(700,013)	(1,316,213)
Increase/(decrease) in trade payables and accruals	8,371,120	(2,125,013)
Increase/(decrease) in provisions	589,177	316,127
Cashflow from operating activities	**(29,728,636)**	**(6,323,007)**

NOTE 20: CASH AND CASH EQUIVALENTS *(continued)*

Changes in Liabilities arising from Financing Activities	**Interest Bearing Loans and Borrowings**	**Lease Liabilities**
Balance at 1 July 2021	31,852,545	1,392,925
Net cash provided by / (used in) financing activities	76,998,483	(1,051,344)
Acquisition and reassessment of leases	-	1,534,658
Foreign exchange loss	4,550,894	-
Accretion of interest	-	110,134
Balance at 30 June 2022	**113,401,922**	**1,986,373**
Net cash provided by / (used in) financing activities	48,603,208	(4,235,605)
Accrued payments	-	(372,358)
Acquisition of leases	-	45,209,318
Foreign exchange loss	5,730,284	-
Amortisation	14,185,415	-
Interest Payments	(13,192,775)	-
Accretion of interest	-	2,276,697
Balance at 30 June 2023	**168,728,054**	**44,864,425**

NOTE 21: TRADE AND OTHER RECEIVABLES

	2023 $	**2022 $**
Current		
GST receivable	1,262,313	1,369,661
Other trade receivables	1,349,287	2,469
Guarantees	158,102	97,857
Total Trade and Other Receivables	**2,769,702**	**1,469,987**

Trade receivables (subject to provisional pricing) are non-interest bearing, are exposed to future commodity price movements over the QP and, hence, do not satisfy the solely payments of principal and interest ("**SPPI**") test, and, as a result, are measured at fair value up until the date of settlement. These trade receivables are initially measured at the amount which the Group expects to receive, being the estimate of the price expected to be received at the end of the QP.

Approximately 90 - 95% of the provisional invoice is received in cash when the goods are loaded onto the ship or accepted by the buyer under a holding certificate, which reduces the initial receivable recognised. The QP's can range between one- and five-months post shipment and final payment is due within 30 days from the end of the QP.

Recognition and Measurement

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days from the date of recognition, with any mark to market adjustment due for settlement usually from 30-120 days.

NOTE 22: INVENTORIES

	2023 $	2022 $
Ore stockpiles at net realisable value	32,218	-
Concentrates at net realisable value	4,814,169	-
Stores and spares at cost	1,443,001	-
Inventories at lower of cost and net realisable value	**6,289,388**	**-**

During the year there were write-downs of inventories to net realisable value of $5,409,048 (2022: Nil), which are included in cost of sales (refer to note 7b).

Recognition and Measurement

Lead-silver concentrate and ore stockpiles are physically measured or estimated and valued at the lower of cost or net realisable value. Net realisable value is the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

Cost is determined by using the weighted-average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting materials into finished goods, based on the normal production capacity. The cost of production is allocated to joint products using a ratio of spot prices by volume at each month end. Separately identifiable costs of conversion of each metal are specifically allocated.

Stores and consumables are valued at the lower of cost or net realisable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

Significant Judgements, Estimates and Assumptions

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

Concentrate and ore stockpiles are measured by estimating the number of tonnes added and removed from the stockpiles, the number of contained metal based on assay data, and the estimated recovery percentage is based on the expected processing method.

Stockpile tonnages are verified by regular surveys.

NOTE 23: TRADE AND OTHER PAYABLES

	2023 $	2022 $
Current		
Sundry payables and accrued expenses	**38,710,617**	**17,780,287**

Recognition and Measurement

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

OTHER

This section provides additional information about various other disclosures including some disclosures that the directors of the Group consider to be less significant to the users of the financial statements.

NOTE 24: PROVISIONS

	2023 $	2022 $
Current		
Provisions for employee entitlements	**1,132,772**	**543,595**
Non-Current		
Provision for mine rehabilitation	**10,610,771**	**3,863,356**
The movement in the provision for mine rehabilitation is set out below:		
Balance at beginning of period	3,863,356	1,667,882
Arising during the year	6,538,423	2,240,378
Unwinding of discount	208,992	(44,904)
Balance at reporting date	**10,610,771**	**3,863,356**

Recognition and Measurement

Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within a 12 month period have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Mine Rehabilitation

Provisions are made for the estimated cost of rehabilitation, restoration and dismantling relating to areas disturbed during the mine's construction up to the reporting date, but not yet rehabilitated. The provision has been made in full for all the disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. Changes in estimates are dealt with on a prospective basis as they arise.

The provision is recognised as a liability with a corresponding asset included in mine properties and development (note 12). The corresponding asset is included only to the extent that it is probable that future economic benefits associated with the restoration expenditure will flow to the entity, otherwise a corresponding expense is recognised in the statement of profit and loss.

NOTE 24: PROVISIONS *(continued)*

At each reporting date, the rehabilitation liability is remeasured in line with changes in discount rates, and the expected timing or amounts of the costs to be incurred. Mine rehabilitation provisions are adjusted for changes in estimates. Adjustments to the estimates amount and timing of future rehabilitation and restoration cash flows are a normal occurrence in light of the significant judgements and estimates involved. Changes in the liability relating to mine rehabilitation are added to or deducted from the related asset, other than the unwinding of discount on provisions, which is recognised as a finance cost in the statement of profit and loss.

Significant Judgements, Estimates and Assumptions

Employee benefits provision

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

Rehabilitation provision

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

NOTE 25: SHARE-BASED PAYMENTS

Grant Date / entitlement	Number of Instruments	Grant Date	Fair value per instrument $	Value $
Performance Rights issued on 2 March 2022 exercisable on or before 2 March 2027 (i)	7,500,000	02/03/2022	0.1751	1,313,600
Total value at 30 June 2022				**1,313,600**

The Company did not issue any new employee share and option schemes during the year ending 30 June 2023.

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

NOTE 25: SHARE BASED PAYMENTS *(continued)*

(i) 7,500,000 Performance Rights issued as part of Chief Executive Officer's employment agreement have been calculated using Black-Scholes option pricing model with the following inputs:

	Performance Rights Granted on 2 March 2022
Expected volatility (%)	60
Risk free interest rate (%)	1.75
Weighted average expected life of options (years)	5
Expected dividends	Nil
Option exercise price ($)	Nil
Share price at grant date ($)	0.215
Fair value of option ($)	0.1751
Expiry date	2 March 2027

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

	2023 Number	**2022 Number**
Opening balance at 1 July	26,045,000	20,110,000
Issued	-	7,500,000
Expired / lapsed	(5,000,000)	(1,265,000)
Exercised	(5,630,000)	(300,000)
Other changes	-	-
Closing balance 30 June	**15,415,000**	**26,045,000**

Recognition and Measurement

Equity-settled compensation

The Company operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black –Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Significant Judgements, Estimates and Assumptions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Significant judgement may be required in determining the valuation technique adopted. The fair value of the options issued in the current period are determined by an internal valuation using a Black-Scholes option pricing model. The assumptions detailed in this note are also judgemental.

For equity transactions with consultants and other employees, the fair value reflects the value attributable to services where applicable. Where there is no quantifiable value of services the value of options is calculated using the Black-Scholes option pricing model or in the case of share grants, the fair value of an ordinary share is utilised.

For instruments issued with market-based conditions, alternative valuation methodologies would be adopted.

NOTE 26: CONTINGENT ASSETS AND LIABILITIES

In the opinion of the directors there were no contingent assets or liabilities as at 30 June 2023.

NOTE 27: AUDITORS' REMUNERATION

	2023 $	2022 $
Remuneration of the auditor of the parent entity for:		
- Auditing or reviewing the financial report of consolidated group	119,500	82,000
- Reviewing the financial report of subsidiary	10,000	8,500
- Fees for other assurance and agreed upon procedures services and other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	10,250	-
- Tax compliance	1,650	25,700
	141,400	**116,200**

NOTE 28: SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On 7 August 2023, Galena Mining Ltd announced an update to its JORC Code 2012 Mineral Resources Estimate (refer ASX announcement dated 7 August 2023). Details of this update is set out in this report under "**Review of Operations**".

On 18 August 2023, the Company announced the high-grade drilling results received after the data cut-off associated with the 2023 Mineral Resource Estimate which was released on 7 August 2023 (refer ASX announcement dated 18 August 2023).

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

DIRECTORS' DECLARATION

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

1. the financial statements, notes and the remuneration report in the Directors' Report are in accordance with the Corporations Act 2001, including:

    (i) giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2023 and of its performance, for the year ended on that date; and

    (ii) complying with Australian Accounting Standards (including International Financial Reporting Standards) and the Corporations Regulations 2001;

2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

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

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

Adrian Byass
Chairman

Perth, 23 August 2023

Advisory • Audit
Business Solutions

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

GALENA MINING LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Galena Mining Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration of the Company and the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the accompanying financial report of Galena Mining Limited is in accordance with the *Corporations Act 2001*, including:

i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date; and

ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code)* that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Level 4, 35 Havelock Street, West Perth, WA 6005
PO Box 609, West Perth, WA 6872
T: +61 8 9426 8999 F: +61 8 9426 8900 www.pkfperth.com.au

Key Audit Matters

A key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed these matters is provided in that context

Carrying Value of Mine Development – Cash Generated Unit (CGU)

Why significant

As at 30 June 2023 the carrying value of Plant and Equipment is $280,596,218 (2022: $201,266,119), as disclosed in Note 12. The balance is comprised by:

- Mine Properties - $165,546,893
- Buildings - $20,965,658
- Plant and Equipment - $ 91,478,508
- Assets under Construction - $2,605,159

The consolidated entity's accounting policy in respect of mine properties is outlined in Note 12. Estimates and judgments in relation to capitalised development expenditures is also detailed at Note 12.

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

Judgement is also required on the following:

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

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

How our audit addressed the key audit matter

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

- Obtaining a schedule of costs capitalised and testing on a sample basis, expenditure on the mine site and ensuring costs capitalised during the year comply with the recognition and measurement criteria of AASB 116 – Property, Plant and Equipment for qualifying assets;
- Reviewing management's impairment model, including consideration of inputs used in net present value calculations;
- Performing a physical inspection of the mine site, including mine site tour and observation of mine site assets capitalised. This inspection and observation was conducted by senior members of the engagement team,
- Reviewing management's assessment of impairment of the CGU;
- Reviewing competent persons report on the mineable reserves and valuation, it's congruence with management's assessment and the competence/ independence of the author;
- Ensuring valid mining licenses held and consider impairment of CGU for which no license is now held;
- Ensure that disclosures within the financial statements are accurate and that all estimates and judgements made by management are included therein, and
- Assessing the appropriateness of the related disclosures in Note 12.

Revenue Recognition and Measurement

Why significant	How our audit addressed the key audit matter

The Group generates revenue predominantly from the sale of lead/silver concentrate.
 	
Revenue recognition is considered to be a key audit matter given the significance of revenue to the Group's results as well as the additional audit effort required to evaluate whether the ore concentrate sales revenue recognised before and after balance date is in compliance with the Group's revenue recognition policy and the requirements of the applicable accounting standard.
 	
We focussed on the following judgements the Group applied in determining sales revenue:
 	
• Assessing the revenue recognised against the requirements of AASB 15 – Revenue from Contracts with Customers; and
 	
• The application of AASB 9 – Financial Instruments on the provisional pricing arrangements – embedded derivatives.
	Our procedures included:
	
	• Assessing the Group's accounting policies for recognition of revenue against the requirements of the accounting standards and consistency of disclosure in the financial report;
	
	• Understanding and documenting the Group's processes for recognition of revenue, including review of an independent external expert advise in relation to the accounting treatment of the provisional pricing arrangements in accordance with Australian Accounting Standards AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments;
	
	• Agreeing all lead / silver sales revenue transactions recorded by the Group during the year to the various supporting documents in relation to the assay and weight results, and the cash receipts from customers;
	
	• Assessing the gain or loss on sales revenue as a result of the adjustment on provisional quotational period;
	
	• Assessing a sample of ore sales revenue transactions recorded by the Group. For each sample selected we:
	  ○ Checked the amount of revenue recorded by the Group to the amount of the third party generated sales invoice; and
	  ○ Checked the date the revenue was recognised to the customer, assessing the date at which control of the ore transferred to the customer.
	
	• Assessing the appropriateness of the related disclosures in Note 7.

Stockpiles – Valuation and Classification

Why significant	How our audit addressed the key audit matter

Significant judgement is required to be exercised by the Group in assessing the value and classification of ore stockpiles which will be used to produce lead / silver concentrate in the future.
 	
The valuation and classification of ore stockpiles is a key audit matter because:
 	
• Ore stockpiles have been recorded through the mining activities; and
• Significant judgement is required by us in evaluating and challenging the key assumptions within the Group's assessment of net realisable value and estimated timing of processing into ore concentrate.
 	
The Group's assessment is based on a model which estimates future revenue expected to be derived from concentrate contained in the ore stockpiles, less future processing costs, to convert stockpiles into concentrate. We placed particular focus on those assumptions listed below which impact the valuation and classification of ore stockpiles:
 	
• Future processing costs of ore stockpiles including potential cost increases;
• The estimated quantity of ore concentrate from the ore stockpiles;
• Future commodity prices.
 	
Assumptions are forward looking or not based on observable data and are therefore inherently judgmental to audit.
	Our procedures included:
	
	• Testing the Group's inventory reconciliations which utilise underlying data such as production and processing costs, survey reports;
	• Assessing the methodology applied by the Group in determining the value of ore stockpiles against the requirements of the accounting standards;
	• Assessing the key assumptions in the Group's model used to determine the value of ore stockpiles by:
	  ◦ Comparing future processing costs to previous actual costs, and for consistency with the Group's latest life of mine plan;
	  ◦ Comparing the estimated quantity of ore concentrate to the Group's internal survey results. We assessed the scope, competence and objectivity of the Group's internal expert involved in preparing the survey results;
	  ◦ Comparing ore prices to published external analysts' data for prices expected to prevail in the future.
	• Assessing the appropriateness of the related disclosures in Note 22.

Provision for Rehabilitation

Why significant	How our audit addressed the key audit matter
As at 30 June 2023 the carrying value of Rehabilitation Provision is $10,610,771 (2022: $3,863,356), as disclosed in Note 24. The increase is due to the disturbance area occurred in the mine site due to the development of the mine site as well as the increase in the inflation rate. The consolidated entity's accounting policy in respect of Rehabilitation Provision is outlined in Note 24. Estimates and judgments in relation to this provision is also detailed at Note 24. Rehabilitation Provision is a key audit matter due to: • the level of complexity, judgement and assumptions applied in determining the best estimate in accordance with *AASB 137 - Provisions, Contingent Liabilities and Contingent Assets*. In particular, complexity, judgement and assumptions around: • The closure costs estimate have been calculated based on reasonable rates; • Whether the discount rate used is appropriate; • Whether the inflation rate used is appropriate; • Whether facts and circumstances changed from the prior year, such as Life of Mine.	Our work included, but was not limited to, the following procedures: • Obtaining and reviewing the report prepared by management in relation to the estimation of closure costs; • Obtaining support documentation / information to corroborate the rates used to calculate the closure costs estimate; • Reviewing the disturbance area and its reasonableness considering the construction works performed up until the reporting date; • Obtaining and reviewing the qualifications and work experience of the internal and external expert that has prepared and reviewed the estimation of the closure costs; • Obtaining and reviewing the net present value of the provision to restore the mine site; • Reperforming the rehabilitation provision calculations using inflation and discount rates released by reliable sources at 30 June 2023; • Assessing the appropriateness of the related disclosures in Note 24.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors' for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Galena Mining Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Advisory • Audit
Business Solutions

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PKF Perth

PKF PERTH

SHANE CROSS
AUDIT PARTNER

23 August 2023
WEST PERTH,
WESTERN AUSTRALIA

SHAREHOLDER INFORMATION

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only. The information is current as at 15 August 2023.

1. **Shareholding**

a. **Distribution of Shareholders**

(i) *Ordinary share capital*

- 752,568,687 fully paid shares held by 2,147 shareholders. All issued ordinary share carry one vote per share and carry the rights to dividends.

	Class of Equity Security	
Category (size of holding)	**Number of Holders**	**Fully Paid Ordinary Shares**
1 - 1,000	62	4,904
1,001 – 5,000	385	1,307,844
5,001 – 10,000	343	2,812,736
10,001 – 100,000	929	37,615,211
100,001 – and over	428	710,827,992
	2,147	**752,568,687**

b. The number of shareholdings held in less than marketable parcels is 318.

c. The Company had the following substantial shareholders listed in the holding company's register at the date of this report.

Fully Paid Ordinary Shares

Holder	**Number**	**%**
Citicorp Nominees Pty Ltd	164,023,183	21.80
BNP Paribas Noms Pty Ltd <DRP>	63,194,824	8.40

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

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

	Name	Number Held	Percentage %
1.	Citicorp Nominees Pty Ltd	164,023,183	21.80
2.	BNP Paribas Nominees Pty Ltd <DRP>	63,194,824	8.40
3.	Brazil Farming Pty Ltd	35,299,952	4.69
4.	JP Morgan Nominees Australia Pty Ltd	34,761,754	4.62
5.	Bloomgold Investments Pty Ltd	29,027,778	3.86
6.	Taurus Mining Finance Fund No 2 LP	21,457,862	2.85
7.	Mr Connor Michael Maloney	18,027,282	`2.40
8.	Mr Alexander Alan Molyneux	17,050,000	2.27
9.	Anchorfield Pty Ltd <Brazil Family Fndn A/C>	15,000,000	1.99
10.	Navigator Australia Ltd <MLC Investment Sett A/C>	10,701,448	1.42
11.	UBS Nominees Pty Ltd	10,045,831	1.33
12.	GR Engineering Services Ltd	10,000,000	1.33
13.	Silverlight Holdings Pty Ltd <Cairns Investment A/C>	9,000,000	1.20
14	Neweconomy com au Nominees Pty Limited <900 Account>	8,471,821	1.13
15.	Valiant Equity Management Pty Ltd	8,450,000	1.12
16.	Zerrin Investments Pty Ltd	8,424,529	1.12
17.	Netwealth Investments Limited <Wrap Services A/C>	7,130,716	0.95
18.	Mr Simon Van Der Berg & Mrs Fiona Van Der Berg <VDB Super Fund A/C>	6,908,335	0.92
19.	Taurus Mining Finance Fund No 2 LP	6,666,667	0.89
20.	Jayleaf Holdings Pty Ltd <Pollock Investment A/C>	6,240,576	0.83
		489,882,558	**65.09**

2. The Name of the Company Secretary is Ms Aida Tabakovic.

3. The address of the registered office and principal place of business in Australia is Level 8, 216 St Georges Terrace, Perth WA 6000. Telephone (08) 9481 0389.

4. Registers of securities are held at the following address:
Automic Pty Ltd
Level 5, 191 St Georges Terrace, Perth WA 6000

5. **Stock Exchange Listing**

Quotation has been granted for all the ordinary shares of the company on the Australian Securities Exchange Limited.

6. **Restricted Securities**

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

7. **Unquoted Securities**

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

- 6,500,000 performance rights expiring 9 November 2023;
- 1,200,000 performance rights expiring 13 August 2024;
- 5,500,000 performance rights expiring 2 March 2027;
- 815,000 share appreciation rights exercisable at $0.17 on or before 21 January 2024.
- 1,400,000 share appreciation rights exercisable at $0.24 on or before 1 September 2025.

ADDITIONAL INFORMATION

Schedule of Tenements

Tenement	Project	Location	Registered holder	% Interest
E52/1413	Jillawarra	WA	Galena Mining Limited	100%
E52/3575	Jillawarra	WA	Galena Mining Limited	100%
E52/3581	Jillawarra	WA	Galena Mining Limited	100%
E52/3630	Jillawarra	WA	Galena Mining Limited	100%
E52/3823	Jillawarra	WA	Galena Mining Limited	100%
M52/0776	Abra	WA	Abra Mining Pty Ltd	100%
E52/1455	Abra	WA	Abra Mining Pty Ltd	100%
G52/0286	Abra	WA	Abra Mining Pty Ltd	100%
G52/0292	Abra	WA	Abra Mining Pty Ltd	100%
L52/0121	Abra	WA	Abra Mining Pty Ltd	100%
L52/0194	Abra	WA	Abra Mining Pty Ltd	100%
L52/0198	Abra	WA	Abra Mining Pty Ltd	100%
L52/0205	Teano	WA	Abra Mining Pty Ltd	100%
L52/0206	Erivilla	WA	Abra Mining Pty Ltd	100%
L52/0210	Teano	WA	Abra Mining Pty Ltd	100%
L52/0214	Three Rivers	WA	Abra Mining Pty Ltd	100%
L52/0240	Teano	WA	Abra Mining Pty Ltd	100%

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

GALENA
MINING LIMITED