

Condensed Consolidated Interim Financial Statements
(In U.S. dollars) (Unaudited)

GALANE GOLD LTD.

For the three and nine month periods ended September 30, 2020

GALANE GOLD LTD.

Condensed Consolidated Interim Statement of Financial Position
(In U.S. dollars) (Unaudited)

As at September 30, 2020 and December 31, 2019

	Notes	September 30, 2020	December 31, 2019
Assets			
Current assets:			
Cash		\$ 5,332,651	\$ 2,201,853
Trade and other receivables	6	3,016,863	2,196,520
Inventories	7	3,947,405	4,947,196
		12,296,919	9,345,569
Non-current assets:			
Mining and exploration properties	8	37,873,439	36,584,539
Plant and equipment	8	1,661,918	2,328,285
		39,535,357	38,912,824
		\$ 51,832,276	\$ 48,258,393

Liabilities and Shareholders' Equity

Current liabilities:			
Accounts payable and accrued liabilities	10	\$ 9,363,108	\$ 9,345,504
Interest bearing loans and borrowings	11	12,041,185	13,089,675
Warrants denominated in a foreign currency	13	-	1,228,626
		21,404,293	23,663,805
Non-current liabilities:			
Interest bearing loans and borrowings	11	5,302,549	6,050,059
Restoration and rehabilitation provision	9	5,335,451	5,625,905
		10,638,000	11,675,964
Shareholders' equity:			
Share capital	13	\$ 46,215,643	39,975,999
Reserves	13	2,800,710	2,626,081
Deficit		(29,226,370)	(29,683,456)
Equity		19,789,983	12,918,624
		\$ 51,832,276	\$ 48,258,393

Going concern (note 2)

Approved and authorized by the Board for issue on November 17, 2020:

"Ravi Sood " Director "Dino Titaro " Director

See accompanying notes to the consolidated financial statements.

GALANE GOLD LTD.

Condensed Consolidated Interim Statement of Earnings (Loss) and Comprehensive Earnings (Loss)
(In U.S. dollars) (Unaudited)

Three and nine month periods ended September 30, 2020 and 2019.

	Note	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Mining Revenue		\$ 14,927,120	\$ 12,462,310	\$ 34,775,960	\$ 32,363,435
Mining Costs	14	11,390,341	10,888,260	28,388,427	30,791,345
Earnings from mining operations		\$ 3,536,779	\$ 1,574,050	\$ 6,387,533	\$ 1,572,090
Expenses:					
Foreign exchange (gain) loss		374,230	(261,592)	(962,510)	(224,268)
Corporate general and administration	14	610,321	677,563	1,675,969	1,576,951
Financing costs	14	3,057,033	437,160	4,399,027	925,669
Other expenses	14	306,932	236,475	817,961	894,775
		\$ 4,348,516	\$ 1,089,606	\$ 5,930,447	\$ 3,173,127
Earnings (loss) and comprehensive earnings (loss) for the period before taxation		\$ (811,737)	\$ 484,444	\$ 457,086	\$ (1,601,037)
Taxation	12	\$ -	\$ -	\$ -	\$ -
Net earnings (loss) and comprehensive earnings (loss) for the period		\$ (811,737)	\$ 484,444	\$ 457,086	\$ (1,601,037)
Basic (loss) earnings per common share	13	\$ (0.00)	\$ 0.00	\$ 0.00	\$ (0.01)
Diluted (loss) earnings per common share	13	\$ (0.00)	\$ 0.00	\$ 0.00	\$ (0.01)
Weighted average number of common shares- basic	13	231,778,365	200,804,760	226,213,778	200,804,760
Weighted average number of common shares - diluted	13	231,778,365	215,292,565	237,290,208	200,804,760

See accompanying notes to the consolidated financial statements.

GALANE GOLD LTD.

Condensed Consolidated Interim Statement of Changes in Equity
(In U.S. Dollars) (Unaudited)

Nine month periods ended September 30, 2020 and 2019

	Notes	Capital Stock		Reserves	Deficit	Total
		Number	Amount	Stock based payments		
Balance as at December 31, 2018		200,804,760	38,329,654	2,515,382	(25,860,092)	14,984,944
Stock-based compensation	13	-	-	125,089	-	125,089
Net loss and comprehensive loss for the period		-	-	-	(1,601,037)	(1,601,037)
Balance as at September 30, 2019		200,804,760	\$38,329,654	\$2,640,471	\$(27,461,129)	\$13,508,996
Balance as at December 31, 2019		223,400,910	39,975,999	2,626,081	(29,683,456)	12,918,624
Stock-based compensation	13	-	-	174,629	-	174,629
Warrants exercised	13	31,563,850	6,239,644	-	-	6,239,644
Net loss and comprehensive loss for the period		-	-	-	457,086	457,086
Balance as at September 30, 2020		254,964,760	\$46,215,643	\$2,800,710	\$(29,226,370)	\$19,789,983

See accompanying notes to the consolidated financial statements.

GALANE GOLD LTD.

Condensed Consolidated Interim Statement of Cash Flows
(In U.S. Dollars) (Unaudited)

Nine month periods ended September 30, 2020 and 2019

	Notes	2020	2019
Cash flows from operating activities:			
Net earnings (loss) for the period		\$ 457,086	\$ (1,601,037)
Items not involving cash:			
Depreciation and amortization	8	4,512,787	4,209,722
Share based compensation	14	174,629	125,089
Accretion - ARO	14	211,006	242,560
Interest expense	14	364,341	619,319
Foreign exchange loss (gain)		(954,263)	(219,527)
Change in fair value of warrants	14	3,823,679	63,791
Deferred financing charges		82,060	-
Working capital adjustments:			
Change in trade and other receivables		(958,086)	(239,933)
Change in inventories		960,550	462,947
Change in trade and other payables		858,182	(1,075,043)
Cash flows from operating activities		\$ 9,531,971	\$ 2,587,888
Cash flows from investing activities:			
Mining assets acquired	8	(7,452,955)	(5,847,549)
Capitalised concentrate sales	8	2,917,300	-
Cash flows used in investing activities		\$ (4,535,655)	\$ (5,847,549)
Cash flow from financing activities:			
Warrants exercised		1,014,856	-
Debenture principal paid		-	(728,000)
Debenture interest paid		(274,828)	(467,326)
Deferred royalty paid		(1,057,964)	(914,337)
Deferred royalty interest paid		(142,037)	(255,667)
Barak facility drawdown		-	5,000,000
Barak facility fees		-	(200,000)
Barak facility repayment		(644,535)	-
Barak royalty payment		(23,702)	-
Capital lease obligations		(699,001)	(139,607)
Cash flows from financing activities		\$ (1,827,211)	\$ 2,295,063
(Decrease) Increase in cash		\$ 3,169,105	\$ (964,598)
Effect of unrealized foreign exchange gain on cash		(38,307)	13,845
Cash, at January 1		2,201,853	4,173,052
Cash, at September 30		\$ 5,332,651	\$ 3,222,299

See accompanying notes to the consolidated financial statements.

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements
(in U.S. Dollars)

For the three and nine months ended September 30, 2020 and 2019

1. Corporate Information

Galane Gold Ltd. (the “Company”) operates through its wholly owned subsidiary, Galane Gold Mines Ltd., which was incorporated under the *Business Corporations Act* (Ontario) on November 15, 2010 and whose principal business activities are the exploration for, development of, and operation of gold mining properties. The Company’s registered and head office is located at Suite 1800, 181 Bay St., Toronto, Ontario, Canada.

2. Going Concern

The condensed consolidated interim financial statements were prepared using international financial reporting standards that are applicable to a going concern.

During the nine months ended September 30, 2020, several measures have been implemented in Botswana, South Africa and the rest of the world in response to the increased impact from COVID-19. The Company was notified by the Republic of Botswana Government that, as a mining operation, Mupane is deemed an essential operation and was allowed to keep operating during the country’s 28 day lockdown which commenced on April 2, 2020, and was subsequently extended to May 21, 2020. For Mupane to continue in operation it has been working closely with the Department of Mines on protocols to manage the potential for spread of COVID-19 between its employees and in particular, in its underground operations. During this period Mupane production was restricted, although approval was granted on April 28, 2020 to recommence operations while observing compliance with capacity and enhanced operating requirements. The Galaxy project was placed on temporary care and maintenance in late March, as mandated by the Government of South Africa. On April 23, 2020, the Company was notified that Galaxy had been designated as an essential service and can operate at 50% of its normal capacity, with the Company recommencing operations on May 4, 2020 in compliance with the capacity and enhanced operating requirements. On July 13, 2020, the government removed the restrictions relating to the operating capacity, however social distancing protocols are still to be maintained. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on our business operations, including the duration and impact on our future production, cannot be reasonably estimated at this time and we anticipate this could have an adverse impact on the Company’s financial position, results of operation and cash flows. The Company’s liquidity and ability to continue as a going concern may also be impacted.

As at September 30, 2020, the Company had a working capital deficiency (current assets less current liabilities) of \$9.1 million compared to a deficiency of \$14.3 million at December 31, 2019.

During the nine months ended September 30, 2020, the Company paid, on a timely basis, the 5% royalty to the Government of Botswana on all gold sales in accordance with the terms of the royalty. The royalty expense for the nine months ended September 30, 2020 was \$1.8 million, which was funded from cash flows from operations, in addition to \$1.2 million repaid for deferred royalties. The working capital deficiency includes deferred royalties with a total outstanding balance of \$5.9 million now classified as a current liability. While management projects that the current gold price would allow the Company to repay the deferred royalties consistent with the payment schedule agreed with the Government of Botswana in 2018, the Company has entered into discussions with the Government of Botswana to reschedule the outstanding balance. However, with the current focus on the COVID-19 shutdown of non-essential services in the country, these discussions have now been put on hold.

The impact of the COVID-19 pandemic, and the Company’s financial position, results in material uncertainties which may give rise to significant doubt as to the ability of the Company to continue as a going concern. Because of these uncertainties, there can be no assurance that the measures that management is taking to mitigate the impact of the COVID-19 pandemic will be successful.

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The ongoing strength in gold prices and positive operating performance at the Mupane mine have resulted in earnings from mining operations of \$6.4 million for the nine months ended September 30, 2020, compared to \$1.6 million for the same period in 2019. In addition, cash flow generated from operations for the nine months ended September 30, 2020 was \$9.5 million, after royalty payments made in the normal course of business, compared to \$2.6 million for the same period in 2019. The Company has no material commitments for capital expenditures at the Mupane mine as of September 30, 2020.

The current commodity price and exchange rate environment can be volatile, which may have an impact on the Company's cash flows. Despite the higher gold price currently being realized, the Company continues to review its near term operating plans and to take steps to reduce costs and maximize cash flow generated from operations.

These condensed consolidated interim financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

3. Basis of preparation

(a) Statement of compliance

The unaudited condensed consolidated interim financial statements (the "Financial Statements") of the Company as at and for the nine months ended September 30, 2020 have been prepared in accordance with IAS 34, Interim Financial Reporting, and do not include all of the information required for annual consolidated financial statements. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. These financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS as issued by the IASB.

(b) Significant accounting judgments, estimates and assumptions

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are regularly 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. Actual results may differ from these estimates. The particular areas of estimation uncertainty and critical judgments are outlined in detail in the annual audited consolidated financial statements for the year ended December 31, 2019 (the "Annual Financial Statements"). The uncertainty relating to COVID-19 is discussed in note 2.

(c) Functional and presentation currency

The consolidated financial statements are presented in U.S. dollars, which is the functional currency of the Company and each of its subsidiaries. All amounts are in U.S. dollars, except where otherwise indicated.

4. Significant Accounting Policies

These Financial Statements have been prepared following the same accounting policies and methods of computation as the Annual Financial Statements.

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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5. Galaxy Share Donation

On March 19, 2019, the Company donated 17% of the issued and outstanding shares of Galaxy Gold Mining (Pty) Limited (“Galaxy”) to Phakamani Foundation Trust (operating as Phakamani Foundation NPC). The donation was made in relation to the terms of the *Mineral and Petroleum Resources Development Act, 2004* of South Africa, together with the *Broad-Based Social-Economic Empowerment Charter for Mining and Mineral Industry, 2018* and the requirement for Galaxy, as holder of existing gold mining rights, to be comprised, directly or indirectly, of at least a 20% shareholding by historically disadvantaged persons (the “BEE Requirement”).

On March 19, 2019, 10% of the issued and outstanding shares of Galaxy Gold Reefs (Pty) Ltd, was donated to a South African community based trust and a South African local employee share scheme. The donation was made in relation to the BEE Requirement.

Because the Company is deemed, for accounting purposes, to control the various trusts, these donations do not give rise to non-controlling interests.

6. Trade and other receivables

	September 30, 2020	December 31, 2019
Trade receivables	\$ 622,452	\$ 464,873
Taxes recoverable	1,122,674	409,869
Prepaid expenses	133,217	644,689
Other receivables	1,138,520	677,089
	<u>\$ 3,016,863</u>	<u>\$ 2,196,520</u>

7. Inventories

The amount of inventory recognized as an expense during the period is included in mining costs in the condensed consolidated interim statement of earnings and comprehensive earnings. The carrying values at the end of the respective periods are:

	September 30, 2020	December 31, 2019
Gold in process	\$ 612,329	\$ 966,822
Supplies	3,280,438	3,675,542
Ore Stockpiles	54,638	304,832
	<u>\$ 3,947,405</u>	<u>\$ 4,947,196</u>

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8. Mining assets

The continuity of mining assets for the nine months ended September 30, 2020 is as follows:

	Construction in Progress	Mining and Exploration Properties	Plant and Equipment	Total
Cost at December 31, 2019	\$ 7,986,281	\$ 89,508,971	\$ 7,746,270	\$ 105,241,522
Additions:				
Additions ⁽¹⁾	1,950,852	3,085,884	98,585	5,135,321
Cost at September 30, 2020	\$ 9,937,133	\$ 92,594,855	\$ 7,844,855	\$ 110,376,843
Accumulated depreciation and amortization at December 31, 2019	\$ -	\$ (60,910,713)	\$ (5,417,985)	\$ (66,328,698)
Depreciation and amortization	-	(3,747,836)	(764,952)	(4,512,788)
Accumulated depreciation and amortization at September 30, 2020	\$ -	\$ (64,658,549)	\$ (6,182,937)	\$ (70,841,486)
Net book value, September 30, 2020	\$ 9,937,133	\$ 27,936,306	\$ 1,661,918	\$ 39,535,357

- (1) The additions for the current year include capitalised interest of \$599,665 related to the Barak facility that was utilised to fund the restart of the Galaxy mine (note 11).

9. Restoration and rehabilitation provision

	Restoration and rehabilitation provision
At December 31, 2019	\$ 5,625,905
Revaluation	(501,460)
Accretion	211,006
At September 30, 2020	\$ 5,335,451

10. Trade accounts payable and accrued liabilities

	September 30, 2020	December 31, 2019
Trade accounts payable	\$ 7,967,629	\$ 7,921,914
Accrued liabilities	1,395,479	1,423,590
	\$ 9,363,108	\$ 9,345,504

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11. Loans and borrowings

	September 30, 2020	December 31, 2019
Current		
Mining Royalties (2)	\$ 5,876,863	\$ 6,934,825
Lease liabilities (3)	716,498	788,289
Barak loan facility (4)	5,326,020	5,288,829
Barak royalty (4)	121,804	77,732
	<u>\$ 12,041,185</u>	<u>\$ 13,089,675</u>
Non-Current		
Debentures (1)	\$ 4,333,396	\$ 4,475,516
Lease liabilities (3)	875,263	1,412,879
Barak royalty (4)	93,890	161,664
	<u>\$ 5,302,549</u>	<u>\$ 6,050,059</u>

- (1) The Company issued unsecured debentures to certain loan holders of Galaxy and other parties as settlement of amounts previously due on the acquisition of Galaxy in 2015. The original principal amount of the debentures was \$5,650,269 and was originally due on November 20, 2019. The debentures have a fixed interest rate of 4% per annum, compounded annually. \$728,000 of such principal was repaid on September 27, 2019.

In accordance with an amended and restated debenture agreed to between the Company and a debenture holder in the second quarter of 2018: (i) \$3,249,433 of the principal amount of debentures is repayable on November 20, 2021 and is convertible into common shares at a price of C\$0.15 per common share, based on a pre-determined exchange rate; (ii) interest is convertible into common shares, based on a pre-determined exchange rate, at a price equivalent to the greater of C\$0.15 and the Discounted Market Price (as defined by the TSX Venture Exchange) at the time of conversion; (iii) the Company has a right of forced conversion for the principal where the trading price of the common shares exceeds C\$0.15 for 10 consecutive trading days; and (iv) commencing January 1, 2018, interest for a calendar year is due and payable on March 31 of the subsequent year.

Pursuant to an amending instrument dated September 30, 2019: (i) \$1,672,836 of the principal amount of the debentures is now repayable on November 20, 2021, (ii) such amount of principal is convertible into common shares at a price of C\$0.20 per common share, based on a pre-determined exchange rate, with interest on such principal convertible into common shares, based on a pre-determined exchange rate, at a price equivalent to the greater of C\$0.20 and the Discounted Market Price at the time of conversion, subject to acceptance of the TSX Venture Exchange, and (iii) the Company has a right of forced conversion for such principal where the trading price of the common shares exceeds C\$0.20 for 10 consecutive trading days. On December 15, 2019 the Company prepaid an additional \$838,486 of the principal and \$12,517 of interest on the debentures.

As of the date hereof, the trading price of the common shares has exceeded both the C\$0.15 and C\$0.20 thresholds for 10 consecutive trading days and, as a result, the Company has a right to force conversion of the principal amount of the outstanding debentures.

- (2) On March 19, 2018 an agreement was reached with the Government of Botswana regarding royalties payable on the sale of gold under the following terms:

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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- \$8,398,709 of royalties deferred at December 2017 were to be repaid as follows:
 - o principal repayments of \$21,593 per month for ten months commencing March 2018 (all paid);
 - o principal repayments of \$101,593 per month for 12 months commencing January 2019 (all paid); and
 - o the remaining balance to be repaid in 12 equal monthly payments commencing January 2020;
- interest to be charged at Bank of Botswana commercial bank prime lending rate plus 5%, applied on a simple interest basis, equating to \$28,407 per month over the 34 month repayment period; and
- the deferral amount is unsecured.

The Company is currently engaging with the Government of Botswana to negotiate a rescheduling of the repayments due in 2020. As yet no agreement has been reached between the parties. The Company has repaid \$1,200,000 in the nine months ended September 30, 2020.

- (3) The Company acquired a Komatsu Excavator in March 2019 and financed \$189,000 of the acquisition costs, and acquired a Remote GHH Loader in November 2019 and financed \$591,000. The term of the loans is 24 months, with payments of approximately \$8,600 and \$18,600 respectively coming due each month including payment of the principal and interest of between 8.25% and 8.5%. The loan is secured by the assets related to such loans.

On adoption of IFRS 16, the group recognized lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as at January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on January 1, 2019, was 8.5%. A Right of use liability of \$1,896,294 was recognized on the initial application at January 1, 2019

- (4) On October 2, 2018, the Company entered into a loan agreement with Barak Fund SPC Limited (“Barak”) with respect to a \$5,000,000 secured loan facility (the “Barak Facility”), for a term ending three years from the date of the first drawdown and bearing interest at a rate of 14% per annum. The funds have been used towards the refurbishment and expansion of the processing facilities and restarting underground mining operations at the Galaxy gold mine in Barberton, South Africa. The Company has agreed to pay to Barak, or its nominee, 0.75% of the net proceeds accruing to Galaxy under an off-take agreement covering the annual gold concentrate production of the Agnes gold mine in Barberton owned and operated by Galaxy, after taking into account all attributable logistics and freight costs, State Royalties (as defined in the Barak Facility) and value-added tax (if applicable). The Company received the funds from drawdown requests totalling \$5,000,000 under the Barak Facility before December 31, 2019, with the first repayment of \$66,218 remitted during the three months ended March 31, 2020. As the Company was in breach of the current ratio covenant at September 30, 2020, the entire outstanding balance of the loan facility has been classified as a current liability in accordance with IFRS 7.

Contractual Repayment Schedule

	2020	2021	2022 onwards	Total
	\$	\$	\$	\$
Debentures	-	4,333,396	-	4,333,396
Mining royalties	5,876,863	-	-	5,876,863
Lease liabilities	402,778	734,684	645,543	1,783,005
Barak loan facility	5,784,844	-	-	5,784,844
Barak royalty	9,076	194,183	12,435	215,694
Total	12,073,561	5,262,263	657,978	17,993,802

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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12. Income and Mining Taxes

The Company estimates the effective tax rate expected to be applicable for the full fiscal year and uses that rate to provide for income taxes in interim reporting periods. The Company also recognizes the tax impact on certain discrete (unusual or infrequently occurring) items, including changes in judgment concerning the probable realization of losses and effects of changes in tax laws or rates, in the interim period in which they occur.

As a result of the effect of utilization of loss carry forwards available to the Company, the Company reported no income tax expense for the three and nine months ended September 30, 2020 (three and nine months ended September 30, 2019 - \$nil). The effective income tax rates vary from the combined Canadian federal and provincial statutory income tax rate of 26.50% for the three and six months ended June 30, 2020 (three and six months ended June 30, 2019 – 26.50%) due to the geographical distribution of earnings, which are subject to different tax rates, fluctuations in exchange rates and other non-deductible expenses.

13. Share Capital

(a) Authorized share capital:

As at September 30, 2020, the authorized share capital of the Company consisted of an unlimited number of common shares.

(b) Issued share capital:

As at September 30, 2020, 254,964,760 common shares are issued and outstanding.

The Company issued 31,563,850 common shares in respect of warrants exercised during the nine month period ended September 30, 2020, with no shares issued for the nine month period ended September 30, 2019.

(c) Stock Options:

The Company has a stock option plan whereby options may be granted to directors, officers, employees and consultants. As at September 30, 2020, a maximum of 25,496,476 options to purchase common shares were issuable under the Company's stock option plan, of which 12,796,476 remained available for issuance.

The following is a summary of stock options outstanding as at September 30, 2020 and December 31, 2019 along with changes during the periods then ended:

	Number of Options	Weighted Average Exercise Price (CDN\$)
Balance December 31, 2018	8,700,000	\$ 0.11
Options granted	4,250,000	0.09
Options forfeited	(1,000,000)	0.12
Balance September 30, 2019 ^{(1) (2)}	11,950,000	\$ 0.10
Balance December 31, 2019	12,700,000	\$ 0.10
Options granted	1,000,000	0.10
Options forfeited	(1,000,000)	0.10
Balance September 30, 2020 ^{(1) (2)}	12,700,000	0.10

⁽¹⁾ The weighted average time to expiration for outstanding options is 2.0 years.

a. The range of exercise prices is Cdn.\$0.085 to Cdn.\$0.125.

⁽²⁾ As at September 30, 2020, 8,462,500 options were exercisable (December 31, 2019 – 5,535,000).

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(d) Earnings (loss) per share:

The calculation of earnings (loss) per share is based on the following data:

	Three months ended September 30, 2020	Nine months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2019
Earnings (loss) attributable to Galane shareholders	\$ (811,737)	\$ 457,086	\$ 484,444	\$ (1,601,037)
Weighted average number of common shares outstanding for purposes of basic earnings per share	231,778,365	226,213,778	200,804,760	200,804,760
Dilutive options, warrants and DSUs	-	11,076,430	14,487,805	-
Weighted average number of common shares outstanding for the purpose of diluted earnings per share	231,778,365	237,290,208	215,292,565	200,804,760
Earnings (loss) per share				
Basic	\$ (0.00)	\$ 0.00	\$ 0.00	\$ (0.01)
Diluted	\$ (0.00)	\$ 0.00	\$ 0.00	\$ (0.01)

Basic earnings (loss) per share is computed by dividing the earnings (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution of outstanding warrants, stock options, deferred share units or convertible debentures in the weighted average number of common shares outstanding during the period, if dilutive.

(e) Deferred Share Units

The Company has established a deferred share unit plan whereby deferred share units ("DSUs") may be granted to directors, officers, employees and consultants. As at September 30, 2020, a maximum of 13,262,888 DSUs were issuable under the Company's deferred share unit plan, of which 4,967,060 remained available for issuance.

During the three and nine month periods ended September 30, 2020 the Company did not issue any shares under the Company's deferred share unit plan.

GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

(In U.S. Dollars)

For the three and nine months ended September 30, 2020 and 2019

(f) Warrants:

The following is a summary of warrants outstanding as at September 30, 2020 and changes during the periods then ended:

	Number of Warrants	Weighted Average Exercise Price (CDN\$)
Balance, December 31, 2018	54,000,000	0.05
Exercised	(22,436,150)	0.05
Balance, December 31, 2019	31,563,850	0.05
Exercised	(31,563,850)	0.05
Balance, September 30, 2020	-	-

The following is a summary of the value of the warrants outstanding as at September 30, 2020 and changes during the periods then ended:

	Warrants denominated in a foreign currency (\$)
Balance, December 31, 2018	1,109,662
Exercised	(873,165)
Revaluation at balance date	992,129
Balance, December 31, 2019	1,228,626
Exercised	(5,052,305)
Revaluation at exercise date	3,823,679
Balance, September 30, 2020	-

GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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For the three and nine months ended September 30, 2020 and 2019

14. Breakdown of costs

(a) Mining costs

	Three months ended September 30, 2020	Nine months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2019
Mining and production	\$ 8,944,884	\$ 21,456,300	\$ 8,712,972	\$ 24,034,171
Administrative	825,756	2,419,339	904,244	2,547,452
Total	\$ 9,770,640	\$ 23,875,639	\$ 9,617,216	\$ 26,581,623
Depreciation and amortization	1,619,701	4,512,788	1,271,044	4,209,722
	\$ 11,390,341	\$ 28,388,427	\$ 10,888,260	\$ 30,791,345

(b) Corporate and General Administration

	Three months ended September 30, 2020	Nine months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2019
Professional Fees	\$ 193,631	\$ 540,489	\$ 146,112	\$ 444,595
Share Based Compensation	37,691	174,629	52,806	125,089
Corporate Administration	378,999	960,851	478,645	1,007,267
	\$ 610,321	\$ 1,675,969	\$ 677,563	\$ 1,576,951

(c) Financing costs

	Three months ended September 30, 2020	Nine months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2019
Interest on long term debt	\$ 133,898	\$ 364,342	\$ 140,985	\$ 619,318
Increase in fair value of warrants denominated in foreign currency	2,853,062	3,823,679	198,764	63,791
Accretion	70,073	211,006	97,411	242,560
	\$ 3,057,033	\$ 4,399,027	\$ 437,160	\$ 925,669

(d) Other expenses

	Three months ended September 30, 2020	Nine months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2019
Other expenses (income)	\$ 10,690	\$ 78,476	\$ (9,756)	\$ 25,996
Galaxy on-going costs	296,242	739,485	246,231	868,779
	\$ 306,932	\$ 817,961	\$ 236,475	\$ 894,775

GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

(In U.S. Dollars)

For the three and nine months ended September 30, 2020 and 2019

15. Commitments and Contingencies

(a) Claims

The Company is subject to the possibility of revised tax assessments for some years. The Company does not believe that, should unfavourable decisions arise from any review of its tax filings, that any amount it might be required to pay will be material. No amounts have been provided for in the Financial Statements.

16. Related party transactions

During the nine months ended September 30, 2020, the following related party transactions were entered into:

On August 13, 2020 the Company entered into loan agreements with its CEO, COO and CFO (the “Executives”) as partial compensation for the services provided by the Executives to the Company in 2019. The loans are non-interest bearing, non-recourse loans with a term of three years. Pursuant to the terms of the loan agreements, the Executives used the proceeds of the loans to exercise 4,563,000 2018 Warrants held by the Executives. The shares issued to the Executives on exercise of the 2018 Warrants are held by the Company as security for the outstanding loan balance. The loan receivable balance at September 30, 2020 is \$172,481.

The remuneration of directors and other members of key management personnel during the nine months ended September 30, 2020 are as follows:

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Salaries	\$ 659,849	\$ 633,453
Management fees ⁽¹⁾	136,740	132,632
Directors fees	92,630	61,157
Share-based compensation ⁽²⁾	174,630	125,089
	\$ 1,063,849	\$ 952,331

(1) Management fees represent compensation paid to officers of the Company pursuant to contracts for services.

(2) Share-based compensation is the fair value of options and deferred share units granted and vested with key management personnel.

17. Segmented information

The Company operates in one reportable segment, being the development and operation of gold mining properties. All of the Company’s equipment and mining assets are located in the Republic of Botswana and in South Africa and all revenues of the Company are currently earned in the Republic of Botswana. A breakdown of the total assets by geographic segment is as follows:

	Canada	South Africa	Botswana	Total
Cash	\$ 990,591	\$ 95,768	\$ 4,246,292	\$ 5,332,651
All other assets	84,234	23,314,417	23,100,974	46,499,625
Balance, September 30, 2020	\$1,074,825	\$ 23,410,185	\$ 27,347,266	\$ 51,832,276