



## **Galane Gold Provides an Update on Its Galaxy Property and Announces that it has Initiated Phase 2 of Its Galaxy Expansion Plan**

TORONTO, Dec. 16, 2020 -- Galane Gold Ltd. ("Galane Gold" or the "Company") (TSX-V: GG; OTCQB: GGGOF) is pleased to provide an update on its Galaxy property and to announce that it has initiated phase 2 of its Galaxy expansion plan ("Phase 2") to take production to over 43,000 ounces per year at an all in operating cash cost of less than \$750 per ounce.<sup>(1)</sup> All dollar amounts referenced herein are stated in United States dollars.

### **GALAXY UPDATE**

#### ***Processing Plant Upgrade***

Galane has commissioned and completed the upgrade of the processing capacity at the plant at Galaxy (the "Galaxy Plant") from 15,000 tonnes per month to 50,000 tonnes per month.<sup>(2)(3)(4)</sup> This means that the plant is now right sized for the completion of Phase 2.

The following is a summarized description of the work performed at the Galaxy Plant:

- Ore bins –
  - Modification of the first ore bin to allow the installation of a Titan 850 x 4000 apron feeder
  - Installation of three new chutes and five refurbished vibrating feeders with new vibrating motors
- Upgrade of all conveyors in the crushing area
- Installation of a NMS JC850 jaw crusher into the existing structure
- Installation of a new NMS CC100 hydraulic cone crusher
- Installation of a 3.6m x 6.7m ball mill complete with cyclone tower and feed conveyors with a milling capacity of 50,000 tonnes per month
- Refurbishment of the existing flotation plant
- Installation of two new rougher flotation units and three new scavenger units to increase flotation capacity
- Conversion of the old plane table building to house copper sulphate, sodium isobutyl xanthate, and sodium hydrosulfide reagent mixing and dosing systems
- Conversion of old carbon-in-leach ("CIL") tanks to slurry storage, pre flotation conditioning tanks and concentrate storage tanks
- Installation of two bright 200m<sup>2</sup> x 76 plate, 4.25 tonnes/hour side bar hydraulic concentrate filter presses
- Installation of three concentrate transport conveyors to feed a new bagging system

#### ***Mining Update***

On December 14, 2020, Galaxy commenced mining at both Princeton and Galaxy (the "Projects") with its newly acquired Rham mining fleet. Due to poor performance by the existing contractor at the Projects, management of the Company made a decision to capitalise and supervise the mining operations at the Projects itself. It is expected that the introduction of the new fleet and a new management structure will greatly improve the performance of mining at the Projects.<sup>(3)</sup>

The Company's Phase 1 mine plan ("Phase 1") involves mining at both the Princeton and Galaxy mineralised zones to feed 10,000 tonnes per month from Princeton, and 20,000 tonnes per month from Galaxy. With the introduction of the new mining fleet, it is envisioned that the Projects will reach their production targets by the fourth quarter of 2021 ("Q4 2021").<sup>(3)</sup>

#### ***Phase 2 Expansion***

The Company's Board of Directors has approved a plan and budget to commence Phase 2 at Galaxy as of January 1, 2021, and to take production to over 43,000 ounces per annum.<sup>(2)(3)</sup> Galane now forecasts that Phase 2 will be completed by the fourth quarter of 2022.<sup>(3)</sup>

Based on the results of the Technical Report (as defined below), the Company redesigned the mine plan at Galaxy to combine Phase 1 and Phase 2 of the mine plan and, as a result, has accelerated the implementation of Phase 2. As the processing plant is already sized to accommodate the increased production associated with Phase 2, no further work is required to accommodate the acceleration of the implementation of Phase 2. In addition, with the current gold prices, the expansion can be fully funded by Galane's own cash flows, as well as paying off the debt relating to the re-commencement of the operations.

### **Production update**

Due to various factors in 2020, including the COVID-19 pandemic and the performance of the existing contractor at the Projects, the Company is not as advanced as it had forecast to be. In addition, with the commencement of Phase 2 in January 2021, Galane's existing fleet is required to do additional development beyond what was originally planned, to ultimately accelerate the completion of Phase 2. To address this issue, the Company will be adding to its mining fleet in 2021.<sup>(3)</sup> However, the completion of Phase 1 will be delayed until the arrival of the new additions to its mining fleet.

Galane's currently anticipates that Phase 1 will be completed in Q4 2021, in line with mining reaching its production targets.<sup>(3)</sup> This will translate to an annualised production of over 26,000 ounces per year at an all in operating cash cost of less than \$900 per ounce.<sup>(1)(3)</sup>

### **PHASE 3<sup>(3)</sup>**

The Company's Board of Directors has also approved that work should commence on a Phase 3 expansion plan ("Phase 3") with an objective to increase production to 60,000 ounces per annum. It is currently envisaged that Phase 3 will take the form of a new CIL plant and a new oxidation step in the processing plant. This will increase recoveries at the processing plant from 75% to 90%. Management will work on an internal preliminary economic assessment during 2021.

Galane CEO, Nick Brodie, commented: "Giant steps continue to be made at Galaxy and I congratulate the team for completing the processing plant upgrade and the implementation of a new mining programme.

The work done to accelerate the implementation of Phase 2 is of great benefit to Galane and puts us in a strong position to profit from the current gold environment in advance of our original plans.

I believe it is time for us to stop talking about expansion phases as I expect that once we complete the work to support Phase 3 we will already be planning Phase 4. It is the reality of the camp resource that we have at Galaxy that there is the potential to continue to expand production in a staged, self-funded, process for years to come."

### **About Galane Gold**

Galane Gold is an un-hedged gold producer and explorer with mining operations and exploration tenements in Botswana and South Africa. Galane Gold is a public company and its shares are quoted on the TSX Venture Exchange under the symbol "GG" and the OTCQB under the symbol "GGGOF". Galane Gold's management team is comprised of senior mining professionals with extensive experience in managing mining and processing operations and large-scale exploration programmes. Galane Gold is committed to operating at world-class standards and is focused on the safety of its employees, respecting the environment, and contributing to the communities in which it operates.

### **Notes**

- (1) Total all in operating cash cost is a non-generally accepted accounting principles ("GAAP") measure. Refer to "Non-GAAP Measures" below and "Supplemental Information to Management's Discussion and Analysis – Cash Costs" in the Company's Management's Discussion and Analysis for the three and nine months ended September 30, 2020 (the "MD&A"), for reconciliation to measures reported in the Company's financial statements.
- (2) The deposits at the Galaxy mine are supported by a technical report entitled "NI 43-101 Technical Report on the Galaxy Gold Mine, South Africa" which was issued on July 3, 2020 (the "Technical Report"), with an effective date of June 29, 2020, a copy of which is available under the Company's profile on [www.sedar.com](http://www.sedar.com). The preliminary economic assessment ("PEA") supported by the Technical Report is preliminary in nature as the resources included in the PEA are comprised 54% of inferred mineral resources. Inferred mineral resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA will be realized.
- (3) This is forward-looking information and is based on a number of assumptions. See "Cautionary Notes".
- (4) The Company is not basing its decision to expand the throughput capacity of the Galaxy mine's processing plant to 50,000 tonnes per month on a feasibility study of mineral reserves demonstrating economic and technical viability of production at such levels, and as a result there is increased uncertainty and there are multiple technical and economic risks of failure which are associated with producing at such plant's throughput capacity. These risks, among others, include applying economic analysis to resources and reserves, more detailed metallurgy and a number of specialized studies in areas such as mining and recovery methods, market analysis, and environmental and community impacts.

### **Non-GAAP Measures**

This press release makes reference to certain non-GAAP measures including operating cash cost. These measures are not recognized measures under Canadian GAAP and do not have a standardized meaning prescribed by GAAP. Therefore these measures may not be comparable to similar measures presented by other issuers. However, the Company believes that these measures are useful to assist readers in evaluating the total costs of producing gold from current operations. For more information regarding the non-GAAP measures used by the Company, see the information under the heading "Supplemental Information to Management's Discussion and Analysis" in the MD&A. The financial statements for the three and nine months ended September 30, 2020, and the MD&A are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Cautionary Notes**

Certain statements contained in this press release constitute "forward-looking statements". All statements other than statements of historical fact contained in this press release, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to: the Company's dependence on two mineral projects; gold price volatility; risks associated with the conduct of the Company's mining activities in Botswana and South Africa; regulatory, consent or permitting delays; risks relating to the Company's exploration, development and mining activities being situated in Botswana and South Africa; risks relating to reliance on the Company's management team and outside contractors; risks regarding mineral resources and reserves; the Company's inability to obtain insurance to cover all risks, on a commercially reasonable basis or at all; currency fluctuations; risks regarding the failure to generate sufficient cash flow from operations; risks relating to project financing and equity issuances; risks arising from the Company's fair value estimates with respect to the carrying amount of mineral interests; mining tax regimes; risks arising from holding derivative instruments; the Company's need to replace reserves depleted by production; risks and unknowns inherent in all mining projects, including the inaccuracy of reserves and resources, metallurgical recoveries and capital and operating costs of such projects; contests over title to properties, particularly title to undeveloped properties; laws and regulations governing the environment, health and safety; the ability of the communities in which the Company operates to manage and cope with the implications of COVID-19; the economic and financial implications of COVID-19 to the Company; operating or technical difficulties in connection with mining or development activities; lack of infrastructure; employee relations, labour unrest or unavailability; health risks in Africa; the Company's interactions with surrounding communities and artisanal miners; the Company's ability to successfully integrate acquired assets; risks related to restarting production; the speculative nature of exploration and development, including the risks of diminishing quantities or grades of reserves; development of the Company's exploration properties into commercially viable mines; stock market volatility; conflicts of interest among certain directors and officers; lack of liquidity for shareholders of the Company; risks related to the market perception of junior gold companies; and litigation risk. Management provides forward-looking statements because it believes they provide useful information to investors when considering their investment objectives and cautions investors not to place undue reliance on forward-looking information. Consequently, all of the forward-looking statements made in this press release are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this press release and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

*Information of a technical and scientific nature that forms the basis of the disclosure in the press release has been approved by Kevin Crossling MAusIMM, Pr. Sci. Nat. and Business Development Manager for Galane Gold, and a "qualified person" as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects. Mr. Crossling has verified the technical and scientific data disclosed herein and has conducted appropriate verification on the underlying data.*

*Neither the TSX Venture Exchange nor its regulation services provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

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