

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

## **GALANE GOLD LTD.**

For the three and nine month periods ended September 30, 2019

**Note to Reader:**

The accompanying unaudited condensed consolidated interim financial statements of Galane Gold Ltd. (the “Company”) have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of these financial statements.

# GALANE GOLD LTD.

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

As at September 30, 2019 and December 31, 2018

	Notes	September 30, 2019	December 31, 2018
<b>Assets</b>			
Current assets:			
Cash		\$ 3,222,299	\$ 4,173,052
Trade and other receivables	6	2,045,665	1,849,945
Inventories	7	3,947,293	4,410,241
Deferred financing asset		89,106	-
		9,304,363	10,433,238
Non-current assets:			
Mining and exploration properties	8	37,598,733	34,133,406
Plant and equipment	8	1,959,657	1,788,543
Deferred financing asset		226,031	-
		39,784,421	35,921,949
		\$ 49,088,784	\$ 46,355,187

## Liabilities and Shareholders' Equity

Current liabilities:			
Accounts payable and accrued liabilities	10	\$ 8,065,834	\$ 9,321,370
Loans and borrowings	11	7,723,273	3,947,288
		15,789,107	13,268,658
Non-current liabilities:			
Loans and borrowings	11	12,102,800	10,571,690
Warrants denominated in a foreign currency	13	1,173,453	1,109,662
Restoration and rehabilitation provision	9	6,514,428	6,420,233
		19,790,681	18,101,585
Shareholders' equity:			
Share capital	13	\$ 38,329,654	38,329,654
Reserves	13	2,640,471	2,515,382
Deficit		(24,368,064)	(25,860,092)
Equity attributable to Galane Gold Ltd. Shareholders		16,602,061	14,984,944
Non-controlling interest	5	(3,093,065)	-
		13,508,996	14,984,944
		\$ 49,088,784	\$ 46,355,187

Commitments and contingencies (Note 15)

Approved and authorized by the Board for issue on November 25, 2019:

“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)

For the three and nine month periods ended September 30, 2019 and 2018.

	Note	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Mining Revenue		\$ 12,462,310	\$ 10,555,280	\$ 32,363,435	\$ 33,632,986
Mining Costs	14	10,888,260	11,360,303	30,791,345	31,973,333
Earnings (Loss) from mining operations		\$ 1,574,050	\$ (805,023)	\$ 1,572,090	\$ 1,659,653
Expenses:					
Exploration costs		-	66,928	4,111	184,913
Foreign exchange (gain) loss		(261,592)	(457,524)	(224,268)	(1,091,177)
Corporate general and administration	14	677,563	776,935	1,576,951	2,073,729
Financing costs	14	437,160	149,400	925,669	453,603
Other expenses	14	236,475	(81,997)	890,664	371,042
		\$ 1,089,606	\$ 453,742	\$ 3,173,127	\$ 1,992,110
(Loss) earnings and comprehensive (loss) earnings for the period before taxation		\$ 484,444	\$ (1,258,765)	\$ (1,601,037)	\$ (332,457)
Taxation	12	\$ -	\$ -	\$ -	\$ -
Net (loss) earnings and comprehensive (loss) earnings for the period		\$ 484,444	\$ (1,258,765)	\$ (1,601,037)	\$ (332,457)
Attributable to:					
Equity holders of Galane Gold Ltd.		870,247	(1,258,765)	(1,017,790)	(332,457)
Non-controlling interest		(385,803)	-	(583,247)	-
Net (loss) earnings and comprehensive (loss) earnings for the period		\$ 484,444	\$ (1,258,765)	\$ (1,601,037)	\$ (332,457)
Basic (loss) earnings per common share		\$ 0.00	\$ (0.01)	\$ (0.01)	\$ (0.00)
Diluted (loss) earnings per common share		\$ 0.00	\$ (0.01)	\$ (0.01)	\$ (0.00)
Weighted average number of common shares- basic		200,804,760	146,804,760	200,804,760	146,804,760
Weighted average number of common shares - diluted		215,292,565	146,804,760	200,804,760	146,804,760

See accompanying notes to the consolidated financial statements.

# GALANE GOLD LTD.

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

For the nine month periods ended September 30, 2019 and 2018

	Notes	Capital Stock		Reserves	Deficit	Attributable to Galane Shareholders	Non-controlling Interest	Total
		Number	Amount	Stock based payments				
<b>Balance as at December 31, 2017</b>		146,804,760	37,348,880	2,280,668	(25,538,147)	14,091,401	-	14,091,401
Stock-based compensation	13	-	-	167,111	-	167,111	-	167,111
Net loss and comprehensive loss for the period		-	-	-	(332,457)	(332,457)	-	(332,457)
<b>Balance as at September 30, 2018</b>		146,804,760	\$ 37,348,880	\$2,447,779	\$(25,870,604)	\$ 13,926,055	\$ -	\$13,926,055
Balance as at December 31, 2018		200,804,760	38,329,654	2,515,382	(25,860,092)	14,984,944	-	14,984,944
Stock-based compensation	13	-	-	125,089	-	125,089	-	125,089
Galaxy share donation	5	-	-	-	2,509,818	2,509,818	(2,509,818)	-
Net loss and comprehensive loss for the period		-	-	-	(1,017,790)	(1,017,790)	(583,247)	(1,601,037)
<b>Balance as at September 30, 2019</b>		200,804,760	\$38,329,654	\$2,640,471	\$(24,368,064)	\$16,602,061	\$(3,093,065)	\$13,508,996

See accompanying notes to the consolidated financial statements.

# GALANE GOLD LTD.

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

For the nine month periods ended September 30, 2019 and 2018

	Notes	2019	2018
Cash flows from operating activities:			
Net (loss) earnings for the period		\$ (1,601,037)	\$ (332,457)
Items not involving cash:			
Depreciation and amortization	8	4,209,722	4,298,213
Share based compensation	14	125,089	167,111
Accretion	14	242,560	274,579
Interest expense	14	619,319	178,551
Foreign exchange loss (gain)		(219,527)	(558,547)
Change in fair value of warrants	14	63,791	473
Working capital adjustments:			
Change in trade and other receivables		(239,933)	(87,505)
Change in inventories		462,947	786,157
Change in trade and other payables		(1,075,043)	(1,229,662)
Cash flows from operating activities		\$ 2,587,888	\$ 3,496,913
Cash flows from investing activities:			
Mining assets acquired	8	(5,847,549)	(2,261,219)
Cash flows used in investing activities		\$ (5,847,549)	\$ (2,261,219)
Cash flow from financing activities:			
Debenture principal paid		(728,000)	-
Debenture interest paid		(467,326)	-
Deferred royalty paid		(914,337)	(151,148)
Deferred royalty interest paid		(255,667)	(198,852)
Barak facility drawdown		5,000,000	-
Barak facility fees		(200,000)	-
Capital lease obligations		(139,607)	(370,995)
Cash flows from financing activities		\$ 2,295,063	\$ (720,995)
(Decrease) Increase in cash		\$ (964,598)	\$ 514,699
Effect of unrealized foreign exchange gain on cash		13,845	(8,618)
Cash, at January 1		4,173,052	2,550,701
Cash, at September 30		\$ 3,222,299	\$ 3,056,782

See accompanying notes to the consolidated financial statements.

# 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, 2019 and 2018

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## 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. Liquidity Risk

As at September 30, 2019, the Company had a working capital deficiency of \$6.5 million compared to a deficiency of \$2.8 million at December 31, 2018.

During the nine months ended September 30, 2019, 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, 2019, was \$1.6 million, which was funded from cash flows from operations, in addition to \$1.2 million repaid from deferred royalties in accordance with the agreement with the Government of Botswana for the repayment of deferred royalties. The Company paid \$728,000 of the principal of the unsecured convertible debt and renegotiated the remaining \$1,672,836 that was due in November 2019, with the maturity date extended to November 2021.

The operating performance at the Mupane mine for the nine months ended September 30, 2019 was impacted by operational challenges, with earnings from operations of \$1.6 million, compared to earnings of \$1.7 million for the same period in 2018. However, with the ongoing strength in gold price, the Company remains confident in achieving its full year budget allowing the Company to generate sufficient cashflow from operations in order to meet its obligations as they fall due for at least the next 12 months.

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.

## 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, 2019 have been prepared in accordance with IAS 34, Interim Financial Reporting, and do not include all of the information required for full 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.

### (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

# 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, 2019 and 2018

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audited consolidated financial statements for the year ended December 31, 2018 (the “Annual Financial Statements”).

## (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, except as set out below.

IFRS 16 Leases - The Company adopted IFRS 16 on a retrospective basis effective January 1, 2019. The adoption of this standard did not have any measurement impact on prior period financial results or financial position.

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 1, 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 8.5%.

The change in accounting policy had the following effect on the balance sheet on January 1, 2019:

- Recognition of Right of Use liabilities of \$1,896,294.
- Recognition of Right of Use assets of \$1,896,294.

From January 1, 2019, leases are recognized as a right of use asset and corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use assets are depreciated over the shorter of their useful life and the lease term on a straight-line basis.

## 5. Galaxy Share Donation

On March 19, 2019, the Company donated 17% of the issued and outstanding shares of 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.

Non-controlling interests represent the equity in subsidiaries owned by outside parties. It is presented separately within equity in the consolidated statement of financial position, and separately from equity attributable to the shareholders of the Company. Losses within a subsidiary continue to be attributed to the non-controlling interests even if that results in a deficit balance. Changes in the Company’s ownership interest in subsidiaries that do not result in a loss of control, such as this change, are accounted for as equity transactions.

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(In U.S. Dollars)

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## 6. Trade and other receivables

	September 30, 2019	December 31, 2018
Trade receivables	\$ 800,620	\$ 262,434
Taxes recoverable	552,046	647,657
Prepaid expenses	639,647	847,128
Other receivables	53,352	92,726
	<b>\$ 2,045,665</b>	<b>\$ 1,849,945</b>

## 7. Inventories

The amount of inventories 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, 2019	December 31, 2018
Gold in process	\$ 454,452	\$ 681,773
Supplies	3,226,457	3,425,227
Ore Stockpiles	266,384	303,241
	<b>\$ 3,947,293</b>	<b>\$ 4,410,241</b>

## 8. Mining assets

The continuity of mining assets for the nine months ended September 30, 2019 is as follows:

	Construction in Progress	Mining and Exploration Properties	Plant and Equipment	Total
Cost at December 31, 2018	\$ 3,530,565	\$ 86,784,253	\$ 6,303,891	\$ 96,618,709
Adjustment on adoption of IFRS 16	-	1,321,388	574,906	1,896,294
Restated balance at January 1, 2019	3,530,565	88,105,641	6,878,797	98,515,003
Additions:				
Additions	4,137,596	1,735,179	339,566	6,212,341
Disposals/adjustments	-	(262,472)	(112,715)	(375,187)
Cost at September 30, 2019	<b>\$ 7,668,161</b>	<b>\$ 89,578,348</b>	<b>\$ 7,105,648</b>	<b>\$ 104,352,157</b>
Accumulated depreciation and amortization at December 31, 2018	\$ -	\$ (56,181,412)	\$ (4,515,348)	\$ (60,696,760)
Depreciation and amortization	-	(3,466,364)	(743,358)	(4,209,722)
Disposals	-	-	112,715	112,715
Accumulated depreciation and amortization at September 30, 2019	<b>\$ -</b>	<b>\$ (59,647,776)</b>	<b>\$ (5,145,991)</b>	<b>\$ (64,793,767)</b>
Net book value, September 30, 2019	<b>\$ 7,668,161</b>	<b>\$ 29,930,572</b>	<b>\$ 1,959,657</b>	<b>\$ 39,558,390</b>



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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

(In U.S. Dollars)

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## 9. Restoration and rehabilitation provision

	Restoration and rehabilitation provision	
At December 31, 2018	\$	6,420,233
Revaluation		(148,365)
Accretion		242,560
At September 30, 2019	\$	6,514,428

## 10. Trade accounts payable and accrued liabilities

	September 30, 2019		December 31, 2018	
Trade accounts payable	\$	6,307,520	\$	7,475,382
Accrued liabilities		1,758,314		1,845,988
	\$	8,065,834	\$	9,321,370

## 11. Loans and borrowings

	September 30, 2019		December 31, 2018	
Current				
Debentures (1)	\$	-	\$	2,690,970
Mining Royalties (2)		5,505,898		1,219,116
Equipment leases (3)		91,087		37,202
Barak loan facility (4)		1,549,955		-
Barak royalty (4)		118,092		-
Right of use liability (5)		458,241		-
	\$	7,723,273	\$	3,947,288
Non-Current				
Debentures (1)	\$	5,272,716	\$	3,608,028
Mining Royalties (2)		1,733,707		6,963,662
Equipment leases (3)		48,521		-
Barak loan facility (4)		3,764,176		-
Barak royalty (4)		197,045		-
Right of use liability (5)		1,086,635		-
	\$	12,102,800	\$	10,571,690

- (1) The Company issued unsecured debentures to certain loan holders of Galaxy Gold Mining (Pty) Limited (formerly Galaxy Gold Mining Limited, "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 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

# GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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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, with the first such payment being due on March 31, 2019. The first payment of interest under the rescheduled agreement was made in April, 2019.

Pursuant to an amending instrument dated September 30, 2019: (i) \$1,672,836 of the principal amount of the debentures is 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.

- (2) The Government of Botswana royalties were all recorded as current liabilities at December 31, 2017, however on March 19, 2018 an agreement was reached with the government regarding royalties payable on the sale of gold and subsequent repayment thereof under the following terms:
  - \$8,398,709 of royalties deferred to December 2017 will commence repayment in March 2018 over 34 months as follows:
    - principal repayments of \$21,593 per month for ten months commencing March 2018,
    - principal repayments of \$101,593 per month for 12 months commencing January 2019, and
    - 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.
- (3) The Company acquired a Komatsu Excavator in March 2019 and financed \$189,000 of the acquisition costs. The term of the loan is 24 months, with payments of approximately \$8,600 coming due each month including payment of the principal and interest. The loan is secured by the asset related to such loan.
- (4) On October 2, 2018, the Company announced that it had completed all the conditions precedent to finalize the 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 will 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 up to September 30, 2019.
- (5) 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.

# GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

(In U.S. Dollars)

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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, 2019 (three and nine months ended September 30, 2018 - \$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 nine months ended September 30, 2019 (three and nine months ended September 30, 2018 – 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, 2019, the authorized share capital of the Company consisted of an unlimited number of common shares. All issued shares are fully paid.

### (b) Issued share capital:

As at September 30, 2019, 200,804,760 common shares are issued and outstanding.

The Company did not issue any common shares during the nine month period ended September 30, 2019, or the period ended September 30, 2018.

### (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, 2019, a maximum of 20,080,476 options to purchase common shares were issuable under the Company's stock option plan, of which 8,130,476 remained available for issuance.

The following is a summary of stock options outstanding as at September 30, 2019 and December 31, 2018 along with changes during the periods then ended:

	Number of Options	Weighted Average Exercise Price (CDN\$)
Balance December 31, 2017	9,700,000	\$ 0.11
Options expired	(1,000,000)	0.12
Balance December 31, 2018 <sup>(1)(2)</sup>	8,700,000	\$ 0.11
Options granted	4,250,000	0.09
Options forfeited	(1,000,000)	0.12
Balance September 30, 2019	11,950,000	\$ 0.10

<sup>(1)</sup> The weighted average time to expiration for outstanding options is 3.0 years.

a. The range of exercise price are Cdn.\$0.085 to Cdn.\$0.12.

<sup>(2)</sup> As at September 30, 2019, 5,460,000 options were exercisable (December 31, 2018 – 2,970,000).

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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## (d) 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, 2019, a maximum of 13,262,888 DSUs were issuable under the Company’s deferred share unit plan, of which 4,967,020 remained available for issuance.

## (e) Warrants:

The following is a summary of warrants outstanding as at September 30, 2019 and changes during the periods then ended:

	Number of Warrants	Weighted Average Exercise Price (CDN\$)
Balance, December 31, 2017	520,016	0.18
Expired November 16, 2018	(520,016)	0.18
Issued October 1, 2018 <sup>(1)</sup>	54,000,000	0.05
Balance, December 31, 2018 and September 30, 2019	54,000,000	0.05

(1) The 54,000,000 outstanding warrants had an initial term of 2 years from the date of issue, having an expiry date of September 30, 2020.

The following is a summary of the value of the warrants outstanding as at September 30, 2019 and changes during the years then ended:

	Warrants denominated in a foreign currency (\$)
Balance, December 31, 2017	31,402
Expired November 16, 2018	(31,402)
Issued October 1, 2018	1,093,123
Revaluation at balance date	16,539
Balance, December 31, 2018	1,109,662
Revaluation at balance date	63,791
Balance, September 30, 2019	1,173,453

## 14. Breakdown of costs

### (a) Mining costs

	Three months ended September 30, 2019	Nine months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2018
Mining and production	\$ 8,712,972	\$ 24,034,171	\$ 9,023,096	\$ 24,740,546
Administrative	904,244	2,547,452	940,655	2,934,574
Total	\$ 9,617,216	\$ 26,581,623	\$ 9,963,751	\$ 27,675,120
Depreciation and amortization	1,271,044	4,209,722	1,396,552	4,298,213
	\$ 10,888,260	\$ 30,791,345	\$ 11,360,303	\$ 31,973,333

# 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, 2019 and 2018

## (b) Corporate and General Administration

	Three months ended September 30, 2019	Nine months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2018
Professional Fees	\$ 146,112	\$ 444,595	\$ 230,560	\$ 502,759
Share Based Compensation	52,806	125,089	43,192	167,111
Corporate Administration	478,645	1,007,267	503,183	1,403,859
	\$ 677,563	\$ 1,576,951	\$ 776,935	\$ 2,073,729

## (c) Financing costs

	Three months ended September 30, 2019	Nine months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2018
Interest on long term debt	\$ 140,985	\$ 619,318	\$ 60,001	\$ 178,551
(Decrease)/increase in fair value of warrants denominated in foreign currency	198,764	63,791	566	473
Accretion	97,411	242,560	88,833	274,579
	\$ 437,160	\$ 925,669	\$ 149,400	\$ 453,603

## (d) Other expenses

	Three months ended September 30, 2019	Nine months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2018
Other expenses (income)	\$ (9,756)	\$ 21,885	\$ 12,415	\$ 17,029
Galaxy on-going costs	246,231	868,779	(94,412)	354,013
	\$ 236,475	\$ 890,664	\$ (81,997)	\$ 371,042

## 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.

# 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, 2019 and 2018

## 16. Related party transactions

During the nine months ended September 30, 2019, no related party transactions occurred.

The remuneration of directors and other key management personnel during the nine months ended September 30, 2019 are as follows:

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Salaries	\$ 633,453	\$ 1,126,923
Management fees <sup>(1)</sup>	132,632	128,631
Directors fees	61,157	61,242
Share-based compensation <sup>(2)</sup>	125,089	167,111
	\$ 952,331	\$ 1,483,907

(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 exploration, 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 earned in the Republic of Botswana. A breakdown of the total assets by geographic segment is as follows:

	Canada	South Africa	Botswana	Total
Cash	\$ 95,782	\$ 195,658	\$ 2,930,859	\$ 3,222,299
All other assets	85,022	21,173,744	24,607,719	45,866,485
Balance, September 30, 2019	\$ 180,804	\$ 21,369,402	\$ 27,538,578	\$ 49,088,784