

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

**GALANE GOLD LTD.**

For the three month period ended March 31, 2021

# GALANE GOLD LTD.

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

As at March 31, 2021 and December 31, 2020

	Note	March 31, 2021	December 31, 2020
<b>Assets</b>			
Current assets:			
Cash		\$ 2,905,849	\$ 4,971,880
Trade receivables and other assets	6	1,960,342	1,990,702
Inventories	7	4,542,344	4,597,504
		9,408,535	11,560,086
Non-current assets			
Mining and exploration properties and plant and equipment	8	43,100,610	41,418,257
Other receivables	6	1,185,247	1,168,648
		44,285,857	42,586,905
		\$ 53,694,392	\$ 54,146,991
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities:			
Accounts payable and accrued liabilities	10	\$ 10,488,680	\$ 9,301,744
Interest bearing loans and borrowings	11	13,546,970	14,695,062
		24,035,650	23,996,806
Non-current liabilities:			
Interest-bearing loans and borrowings	11	766,335	956,338
Restoration and rehabilitation provision	9	5,434,339	5,379,417
		6,200,674	6,335,755
Shareholders' equity:			
Share capital	13	\$ 46,215,643	\$ 46,215,643
Reserves		2,860,744	2,848,215
Deficit		(25,618,319)	(25,249,428)
		23,458,068	23,814,430
		\$ 53,694,392	\$ 54,146,991

Going Concern (note 2)

Approved and authorized by the Board on May 26, 2021:

“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 month periods ended March 31, 2021 and March 31, 2020

	Note	2021	2020
Mining Revenue		\$ 10,069,739	\$ 9,473,565
Mining Costs:	14	9,179,180	8,602,865
Earnings from mining operations		890,559	870,700
Expenses:			
Foreign exchange gain		(127,932)	(1,227,339)
Corporate general and administration	14	785,587	555,390
Financing expense (income)	14	191,834	(446,316)
Other expenses	14	409,961	329,389
		1,259,450	(788,876)
(Loss) earnings for the period before taxation		\$ (368,891)	\$ 1,659,576
Taxation	12	\$ -	\$ -
Net (loss) earnings and comprehensive loss for the period		\$ (368,891)	\$ 1,659,576
Basic earnings (loss) per common share	13	\$ (0.00)	\$ 0.01
Diluted earnings (loss) per common share	13	\$ (0.00)	\$ 0.01
Weighted average number of common shares – basic	13	254,964,760	223,400,910
Weighted average number of common shares – diluted	13	254,964,760	243,737,007

See accompanying notes to the consolidated financial statements.

# GALANE GOLD LTD.

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

Three month periods ended March 31, 2021 and March 31, 2020

	Notes	Capital Stock		Reserves	Retained Deficit	Total
		Number	Amount	Stock based payments		
<b>Balance as at December 31, 2019</b>		223,400,910	39,975,999	2,626,081	(29,683,456)	12,918,624
Stock-based compensation	14	-	-	58,888	-	58,888
Net earnings		-	-	-	1,659,576	1,659,576
<b>Balance as at March 31, 2020</b>		223,400,910	39,975,999	2,684,969	(28,023,880)	14,637,088
<b>Balance as at December 31, 2020</b>		254,964,760	46,215,643	2,848,215	(25,249,428)	23,814,430
Stock-based compensation	14	-	-	12,529	-	12,529
Net loss		-	-	-	(368,891)	(368,891)
<b>Balance as at March 31, 2021</b>		254,964,760	46,215,643	2,860,744	(25,618,319)	23,458,068

See accompanying notes to the consolidated financial statements.

# GALANE GOLD LTD.

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

Three month periods ended March 31, 2021 and March 31, 2020

	Note	2021	2020
Cash flows from operating activities:			
Net loss (earnings) for the period		\$ (368,891)	\$ 1,659,576
Items not involving cash:			
Depreciation and amortization	8	936,962	1,387,231
Share based compensation		12,529	58,888
Accretion – ARO	9	86,290	74,396
Interest expense	14	105,544	160,004
Foreign exchange gain		(190,469)	(1,236,966)
Change in fair value of warrants		-	(680,716)
Deferred financing charges		27,354	27,352
Working capital adjustments:			
Change in trade and other receivables		(34,499)	114,191
Change in inventories		51,904	(1,150)
Change in trade and other payables relating to operating activities		1,400,920	(731,836)
Cash flows from operating activities		2,027,644	830,970
Cash flows from investing activities:			
Mining assets acquired	8	(3,599,590)	(1,908,649)
Capitalised concentrate sales	8	1,124,492	764,324
Cash flows used in investing activities		(2,475,098)	(1,144,325)
Cash flow from financing activities:			
Deferred royalties paid		(557,389)	(314,778)
Deferred royalty interest paid		(42,611)	(85,222)
Barak loan repayments		(797,457)	(66,218)
Barak royalties paid		(8,409)	-
Capital lease obligation paid		(189,575)	(236,968)
Capital lease obligation interest		(19,767)	(30,150)
Cash flows used in financing activities		(1,615,208)	(733,336)
Decrease in cash		(2,062,662)	(1,046,691)
Effect of foreign exchange on cash		(3,369)	(57,260)
Cash, at January 1		4,971,880	2,201,853
Cash, at March 31		\$ 2,905,849	\$ 1,097,902

See accompanying notes to the consolidated financial statements.

# GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and March 31, 2020

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## 1. Corporate Information

Galane Gold Ltd. (the “Company” or “Galane”) 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

These financial statements were prepared using international financial reporting standards that are applicable to a going concern.

During the three months ended March 31, 2021, several measures continue to be in place in Botswana, South Africa and the rest of the world in response to the increased impact from COVID-19. The Company continues to operate while observing compliance with capacity and enhanced operating requirements as mandated by the Republic of Botswana Government and Republic of South Africa Government, including but not limited to social distancing, wearing of face masks, provision of hand sanitizer for employees and visitors, registration upon entry to site and temperature checks. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts 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 March 31, 2021, the Company had a working capital deficiency (current assets less current liabilities) of \$14.6 million compared to a deficiency of \$12.4 million at December 31, 2020.

The working capital deficiency includes deferred royalties of \$4.8 million now classified as a current liability. During 2020, the Company entered into discussions with the Government of Botswana to reschedule the repayment of the outstanding balance, however, with the current focus on the COVID-19 shutdown of non-essential services in the country, these discussions have not yet concluded.

The impact of the COVID-19 pandemic, and the Company’s financial position, result 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 Company’s liquidity position and the impact of the COVID-19 pandemic will be successful.

The ongoing strength in gold prices and positive operating performance at the Mupane mine have resulted in earnings from mining operations of \$0.9 million for the three months ended March 31, 2021, compared to \$0.9 million for the same period in 2020, with cashflow from operations of \$2.0 million for the three months ended March 31, 2021, compared to \$0.8 million for the same period in 2020. The Company has no material commitments for capital expenditures at the Mupane or Galaxy mine as of March 31, 2021.

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.

# GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and March 31, 2020

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These financial statements do not reflect adjustments to 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 three months ended March 31, 2021 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 audited consolidated financial statements for the year ended December 31, 2020 (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.

### 5. Accounting standards issued not yet adopted during the year

#### IAS 16 – Property Plant and Equipment

On May 14, 2020, the International Accounting Standard Board (IASB) published the narrow scope amendment to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use. The amendment prohibits deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, amounts received will be recognized as sales proceeds and the related costs in profit and loss. The effective date is for annual periods beginning on or after January 1, 2022. Management are of the opinion that this change will have a material impact on the reporting of 2021 comparative information, as the Company currently capitalises the proceeds from sale of gold concentrates during the commissioning phase and associated pre-production expenditure for its Galaxy operation.

# GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and March 31, 2020

## 6. Trade and other receivables

	March 31, 2021	December 31, 2020
Trade receivables	\$ 371,043	\$ 509,422
Taxes recoverable	750,731	814,918
Prepaid expenses	532,588	381,119
Other receivables and deposits	305,980	285,243
	<u>\$ 1,960,342</u>	<u>\$ 1,990,702</u>
Non-Current:		
Other receivables	\$ 1,185,247	\$ 1,168,648
	<u>\$ 1,185,247</u>	<u>\$ 1,168,648</u>

## 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:

	March 31, 2021	December 31, 2020
Gold in process	\$ 695,101	\$ 612,395
Supplies	3,816,609	3,928,697
Ore Stockpiles	30,634	56,412
	<u>\$ 4,542,344</u>	<u>\$ 4,597,504</u>



# GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and March 31, 2020

## 8. Mining assets

The continuity of mining assets for the three months ended March 31, 2021 is as follows:

	Construction in Progress	Mining Properties	Plant and Equipment	Total
Cost at December 31, 2020	\$ 11,890,761	\$ 93,482,856	\$ 7,890,685	\$ 113,264,302
Additions:				
Additions	1,555,193	919,906	-	2,475,099
Capitalised Interest <sup>(1)</sup>	-	144,216	-	144,216
Cost at March 31, 2021	\$ 13,445,954	\$ 94,546,978	\$ 7,890,685	\$ 115,883,617
Accumulated depreciation and amortization at December 31, 2020	\$ -	\$ (65,532,652)	\$ (6,313,393)	\$ (71,846,045)
Depreciation and amortization	-	(747,105)	(189,857)	(936,962)
Accumulated depreciation and amortization at March 31, 2021	\$ -	\$ (66,279,757)	\$ (6,503,250)	\$ (72,783,007)
Net book value, March 31, 2021	\$ 13,445,954	\$ 28,267,221	\$ 1,387,435	\$ 43,100,610

- (1) The additions for the current year include capitalised interest of \$144,216 related to the Barak facility that was utilised to fund the restart of the Galaxy mine (note 10).  
(2) Mining properties include exploration and evaluation assets of \$5,853,310.

## 9. Restoration and rehabilitation provision

At December 31, 2020	\$ 5,379,417
Revaluation	(31,368)
Accretion	86,290
At March 31, 2021	\$ 5,434,339

## 10. Trade accounts payable and accrued liabilities

	March 31, 2021	December 31, 2020
Trade accounts payable	\$ 8,964,312	\$ 7,929,054
Accrued liabilities	1,524,368	1,372,690
	\$ 10,488,680	\$ 9,301,744

# GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and March 31, 2020

## 11. Interest-bearing loans and borrowings:

	March 31, 2021	December 31, 2020
Current		
Debtures (1)	\$ 4,419,678	\$ 4,376,512
Mining Royalties (2)	4,762,084	5,319,473
Lease liabilities (3)	605,967	686,004
Barak loan facility (4)	3,624,989	4,250,876
Barak royalty (4)	134,252	62,197
	<u>\$ 13,546,970</u>	<u>\$ 14,695,062</u>
Non-Current		
Lease liabilities (3)	708,798	818,336
Barak royalty (4)	57,537	138,002
	<u>\$ 766,335</u>	<u>\$ 956,338</u>

- (1) The Company issued unsecured debtures 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 debtures was \$5,650,269 and was originally due on November 20, 2019. The debtures 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 debtures 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 debtures 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 debtures.

Prior to the date of these financial statements, the trading price of the common shares exceeded both 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 debtures at any time prior to maturity.

- (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:
- \$8,398,709 of royalties deferred at December 2017 were to be repaid as follows:

# GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and March 31, 2020

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- principal repayments of \$21,593 per month for ten months commencing March 2018 (all paid);
- principal repayments of \$101,593 per month for 12 months commencing January 2019 (all paid); 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.

The Company is currently engaging with the Government of Botswana to negotiate a rescheduling of the repayments that were due in 2020. As yet no agreement has been reached between the parties, however the Company made payments of \$1,800,000 for the year ended December 31, 2020. The Company has repaid \$600,000 for the three months ended March 31, 2021.

- (3) The lease liabilities include leases for the purchase of equipment, as well as Right of Use liabilities primarily related to property leases.
- (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. As the Company was in breach of the current ratio covenant at March 31, 2021, the entire outstanding balance of the loan facility has been classified as a current liability.

## Contractual Repayment Schedule

	2021	2022	2023 onwards	Total
	\$	\$	\$	\$
Debentures	4,419,678	-	-	4,419,678
Mining royalties	4,762,084	-	-	4,762,084
Lease liabilities	640,785	557,121	205,540	1,403,446
Barak loan facility	3,834,181	-	-	3,834,181
Barak royalty	134,252	57,537	-	191,789
<b>Total</b>	<b>13,790,980</b>	<b>614,658</b>	<b>205,540</b>	<b>14,611,178</b>

# GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and March 31, 2020

## 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 months ended March 31, 2021 (three months ended March 31, 2020 - \$nil). The effective income tax rates vary from the combined Canadian federal and provincial statutory income tax rate of 26.50% for the three months ended March 31, 2021 (three months ended March 31, 2020 – 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 March 31, 2021, the authorized share capital of the Company consisted of an unlimited number of common shares.

### (b) Issued share capital:

As at March 31, 2021, 254,964,760 common shares are issued and outstanding. All issued shares are fully paid.

The Company did not issue any common shares during the three months ended March 31, 2021, and March 31, 2020.

### (c) Stock Options:

The Company has a stock option plan whereby options to purchase common shares may be granted to directors, officers, employees and consultants. As at March 31, 2021 options to purchase a maximum of 25,496,476 common shares were issuable under the Company's stock option plan, of which 12,796,476 remained available for issuance. Under the plan, the exercise price and vesting is at the discretion of the Board, and options can be granted for a maximum term of ten years, with certain restrictions as to limits on amounts granted to insiders, consultants or persons engaged in investor relations activities.

The following is a summary of stock options outstanding as at March 31, 2021 and December 31, 2020 along with changes during the periods then ended:

	Number of Options	Weighted Average Exercise Price (CDN\$)
Balance December 31, 2019	12,700,000	\$ 0.10
Options granted	1,000,000	0.10
Options forfeited	(1,000,000)	0.10
Balance December 31, 2020 and March 31, 2021 <sup>(1) (2)</sup>	12,700,000	0.10

<sup>(1)</sup> The weighted average time to expiration for outstanding options is 1.6 years.

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

<sup>(2)</sup> As at March 31, 2021, 8,537,500 options were exercisable (December 31, 2020 – 8,537,500).

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and March 31, 2020

**(d) Earnings (loss) per share:**

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

	Three months ended March 31, 2021	Three months ended March 31, 2020
Earnings (loss) attributable to Galane shareholders	\$ (368,891)	\$ 1,659,576
Weighted average number of common shares outstanding for purposes of basic earnings per share	254,964,760	223,400,910
Dilutive options, warrants and DSUs	-	20,336,097
Weighted average number of common shares outstanding for the purpose of diluted earnings per share	254,964,760	243,737,007
<b>Earnings per share</b>		
Basic	\$ (0.00)	\$ 0.01
Diluted	\$ (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 deferred share units, warrants and stock options in the weighted average number of common shares outstanding during the period, if dilutive. For the three months ended March 31, 2020 all instruments were considered anti-dilutive due to the net loss in that period, while for the three months ended March 31, 2020 the dilutive impact of these instruments has been recognised.

**(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 March 31, 2021, 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 months ended March 31, 2021, the Company did not issue any shares under the Company’s deferred share unit plan.

**(f) Warrants:**

The following is a summary of warrants outstanding as at March 31, 2021 and changes during the periods then ended:

	Number of Warrants	Weighted Average Exercise Price (CDN\$)
Balance, December 31, 2019	31,563,850	0.05
Exercised	(31,563,850)	0.05
Balance, December 31, 2020 and March 31, 2021	-	-

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For the three months ended March 31, 2021 and March 31, 2020

The following is a summary of the fair value of the warrants outstanding as at March 31, 2021 and changes during the periods then ended:

	Warrants denominated in a foreign currency (\$)
Balance, December 31, 2019	1,228,626
Exercised	(5,052,305)
Revaluation at exercise date	3,823,679
Balance, December 31, 2020 and March 31, 2021	-

## 14. Breakdown of loss and comprehensive loss items:

### (a) Mining costs

	Three month period ended March 31, 2021	Three month period ended March 31, 2020
Mining and production	\$ 7,412,038	\$ 6,345,101
Administrative	830,180	870,533
Total costs	8,242,218	7,215,634
Depreciation and amortization	936,962	1,387,231
	\$ 9,179,180	\$ 8,602,865

### (b) Corporate general and administration

	Three month period ended March 31, 2021	Three month period ended March 31, 2020
Professional fees	\$ 332,390	\$ 110,280
Corporate administration	440,668	386,222
Share-based compensation	12,529	58,888
	\$ 785,587	\$ 555,390

### (c) Financing (income) expense

	Three month period ended March 31, 2021	Three month period ended March 31, 2020
Interest on long term debt	\$ 105,544	\$ 160,004
(Decrease)/Increase in fair value of warrants (note 12F)	-	(680,716)
Accretion	86,290	74,396
	\$ 191,834	\$ (446,316)

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and March 31, 2020

## (d) Other expenses

	Three month period ended March 31, 2021	Three month period ended March 31, 2020
Other expense	\$ 24,587	\$ 35,778
Galaxy on-going costs	385,374	293,611
	\$ 409,961	\$ 329,389

## 15. Related party transactions

The remuneration of directors and other key management personnel during the three months ended March 31, 2021 is as follows:

	Three months ended March 31, 2021	Three months ended March 31, 2020
Salaries	\$ 379,225	\$ 250,865
Management fees <sup>(1)</sup>	45,589	45,116
Directors fees	28,517	20,695
Share-based compensation <sup>(2)</sup>	12,529	58,888
	\$ 465,860	\$ 375,564

(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.

## 16. 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 South Africa and all revenues of the Company have been earned to date in the Republic of Botswana. A breakdown of the total assets by geographic segment is as follows:

	Canada	South Africa	Botswana	Total
Cash	\$ 95,385	\$ 352,789	\$ 2,457,675	\$ 2,905,849
All other assets	97,343	29,131,782	21,559,418	50,788,543
Balance, March 31, 2021	\$ 192,728	\$ 29,484,571	\$ 24,017,093	\$ 53,694,392

# GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and March 31, 2020

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## 17. Subsequent Events

### Summit Mine Acquisition

On May 19, 2021, the Company announced that it had completed the acquisition (the "Summit Acquisition"), through a wholly-owned subsidiary, of the Summit Mine (the "Summit Mine") and the infrastructure constituting the Banner crush, mill and flotation plant in New Mexico, located 57 miles from the Summit Mine (together with the Summit Mine, the "Summit Assets") from Pyramid Peak Mining, LLC, a wholly-owned subsidiary of Waterton Precious Metals Fund II Cayman, LP (the "Seller").

The aggregate consideration to be paid for the Summit Assets is \$17.0 million, of which \$8.8 million has been paid, consisting of (i) cash consideration of \$6.0 million paid on closing of the Summit Acquisition; (ii) issuance to the Seller on closing of the Summit Acquisition of 16 million common shares at a deemed issuance price of C\$0.22 per common share and warrants to purchase up to 16 million common shares, exercisable at an exercise price of C\$0.30 per common share for a period of three years from closing of the Summit Acquisition; and (iii) cash consideration of \$8.2 million to be paid upon commencement of production at the Summit Mine.

In connection with the Summit Acquisition, the Company also completed a private placement (the "2021 Private Placement") of 44,028,700 subscription receipts of the Company ("Subscription Receipts") at a price of C\$0.22 per Subscription Receipt for aggregate proceeds of C\$9,686,314. Canaccord Genuity Corp. acted as lead agent in connection with the 2021 Private Placement, on behalf of a syndicate of agents, including Research Capital Corporation (collectively, the "Agents").

On closing of the Summit Acquisition, each Subscription Receipt holder received one common share and one common share purchase warrant of the Company (a "SR Warrant"). Each SR Warrant entitles the holder thereof to purchase one common share at a price of C\$0.30, for a period of three years following the closing of the Summit Acquisition.

In connection with the 2021 Private Placement, the Agents received a cash commission of 7.0% or, in the case of the president's list purchasers, 3.5% of the aggregate proceeds raised pursuant to the 2021 Private Placement (the "Agents' Commission") and broker warrants in the amount of 7.0% or, in the case of the president's list purchasers, 3.5% of the number of Subscription Receipts sold pursuant to the 2021 Private Placement (the "Broker Warrants"). Each Broker Warrant entitles the holder thereof to purchase one common share at a price of C\$0.22, for a period of two years following the closing of the Summit Acquisition.

### Debenture Conversion

As of the date hereof, the Company has received notice from a debenture holder of its intention to convert \$600,000 of principal amount of debentures into common shares of the Company at a price of C\$0.15 per common share and based on a pre-determined exchange rate of C\$1.35 to \$1.00. Upon completion of the conversion of the principal amount and the accrued and outstanding interest, the Company expects to issue 5,610,200 common shares to the debenture holder.