

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

GALANE GOLD LTD.

For the three and nine month periods ended September 30, 2021

GALANE GOLD LTD.

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

As at September 30, 2021 and December 31, 2020

	Notes	September 30, 2021	December 31, 2020
Assets			
Current assets:			
Cash		\$ 2,719,582	\$ 4,971,880
Trade receivables and other assets	7	3,069,036	1,990,702
Inventories	8	4,213,813	4,597,504
		10,002,431	11,560,086
Non-current assets:			
Mining and exploration properties and plant and equipment	9	55,149,877	41,418,257
Other receivables	7	1,162,754	1,168,648
		56,312,631	42,586,905
		\$ 66,315,062	\$ 54,146,991

Liabilities and Shareholders' Equity

Current liabilities:			
Accounts payable and accrued liabilities	11	\$ 12,221,915	\$ 9,301,744
Interest bearing loans and borrowings	12	10,815,980	14,695,062
		23,037,895	23,996,806
Non-current liabilities:			
Interest bearing loans and borrowings	12	437,331	956,338
Warrants denominated in a foreign currency	14	997,346	-
Restoration and rehabilitation provision	10	5,543,448	5,379,417
		6,978,125	6,335,755
Shareholders' equity:			
Share capital	14	\$ 55,499,808	\$ 46,215,643
Reserves	14	2,738,303	2,848,215
Deficit		(21,939,069)	(25,249,428)
Equity attributable to Galane Gold Ltd. Shareholders		36,299,042	23,814,430
		\$ 66,315,062	\$ 54,146,991

Going concern (note 2)

Approved and authorized by the Board for issue on November 15, 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 and nine month periods ended September 30, 2021 and 2020.

	Note	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Mining Revenue		\$ 11,155,158	\$ 14,927,120	\$ 31,679,879	\$ 34,775,960
Mining Costs	15	10,689,958	11,390,341	28,839,709	28,388,427
Earnings from mining operations		\$ 465,200	\$ 3,536,779	\$ 2,840,170	\$ 6,387,533
Expenses:					
Foreign exchange (gain) loss		(516,096)	374,230	(431,981)	(962,510)
Corporate general and administration	15	449,194	610,321	1,949,818	1,675,969
Financing (income) costs	15	(3,240,578)	3,057,033	(3,258,295)	4,399,027
Other expenses	15	426,382	306,932	1,270,269	817,961
		\$ (2,881,098)	\$ 4,348,516	\$ (470,189)	\$ 5,930,447
Earnings (loss) and comprehensive earnings (loss) for the period before taxation		\$ 3,346,298	\$ (811,737)	\$ 3,310,359	\$ 457,086
Taxation	13	\$ -	\$ -	\$ -	\$ -
Net earnings (loss) and comprehensive earnings (loss) for the period		\$ 3,346,298	\$ (811,737)	\$ 3,310,359	\$ 457,086
Basic (loss) earnings per common share	14	\$ 0.01	\$ (0.00)	\$ 0.01	\$ 0.00
Diluted (loss) earnings per common share	14	\$ 0.01	\$ (0.00)	\$ 0.01	\$ 0.00
Weighted average number of common shares- basic	14	329,808,601	231,778,365	290,465,263	226,213,778
Weighted average number of common shares - diluted	14	339,508,675	231,778,365	300,889,198	237,290,208

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, 2021 and 2020

	Notes	Capital Stock		Reserves	Deficit	Total
		Number	Amount	Stock based payments		
Balance as at December 31, 2019		223,400,910	39,975,999	2,626,081	(29,683,456)	12,918,624
Stock-based compensation	14	-	-	174,629	-	174,629
Warrants exercised	14	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
Balance as at December 31, 2020		254,964,760	46,215,643	2,848,215	(25,249,428)	23,814,430
Common shares issued – private placement	14	44,028,700	3,806,444	-	-	3,806,444
Common shares issued – Summit acquisition	14	16,000,000	3,175,916	-	-	3,175,916
Stock-based compensation	14	-	-	34,395	-	34,395
Debenture Conversion		12,328,184	1,662,731	-	-	1,662,731
Options exercised	14	5,200,000	639,074	(144,307)	-	494,767
Net loss and comprehensive loss for the period		-	-	-	3,310,359	3,310,359
Balance as at September 30, 2021		332,521,644	55,499,808	2,738,303	(21,939,069)	36,299,042

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, 2021 and 2020

	Notes	2021	2020
Cash flows from operating activities:			
Net earnings (loss) for the period		\$ 3,310,359	\$ 457,086
Items not involving cash:			
Depreciation and amortization	9	2,049,551	4,512,787
Share based compensation	15	34,395	174,629
Accretion - ARO	15	255,918	211,006
Interest expense	15	437,986	364,341
Foreign exchange loss (gain)		(355,056)	(954,263)
Change in fair value of warrants	15	(4,646,476)	3,823,679
Deferred financing charges		82,062	82,060
Other income		(597)	-
Working capital adjustments:			
Change in trade and other receivables		(1,188,669)	(958,086)
Change in inventories		376,115	960,550
Change in trade and other payables		3,321,186	858,182
Cash flows from operating activities		\$ 3,676,774	\$ 9,531,971
Cash flows from investing activities:			
Mining assets acquired	9	(17,216,026)	(7,452,955)
Capitalised concentrate sales	9	6,416,946	2,917,300
Cash flows used in investing activities		\$ (10,799,080)	\$ (4,535,655)
Cash flow from financing activities:			
Warrants exercised		-	1,014,856
Debenture interest paid		-	(274,828)
Private placement		8,011,177	-
Options exercised		494,767	-
Deferred royalty paid		(557,389)	(1,057,964)
Deferred royalty interest paid		(42,611)	(142,037)
Barak facility repayment		(2,392,371)	(644,535)
Barak royalties paid		(35,352)	(23,702)
Capital lease obligations		(594,771)	(699,001)
Cash flows from financing activities		\$ 4,883,450	\$ (1,827,211)
(Decrease) Increase in cash		\$ (2,238,856)	\$ 3,169,105
Effect of unrealized foreign exchange gain on cash		(13,442)	(38,307)
Cash, at January 1		4,971,880	2,201,853
Cash, at September 30		\$ 2,719,582	\$ 5,332,651

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, 2021 and 2020

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, 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. With the ongoing impact of COVID-19, 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 September 30, 2021, the Company had a working capital deficiency (current assets less current liabilities) of \$13.0 million compared to a deficiency of \$12.4 million at December 31, 2020.

The working capital deficiency includes deferred royalties of \$5.0 million 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, the discussions were put on hold while the government dealt with the COVID-19 pandemic, and 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.

Earnings from mining operations were \$2.8 million for the nine months ended September 30, 2021, compared to \$6.4 million for the same period in 2020, with cashflow from operating activities of \$3.7 million for the nine months ended September 30, 2021, compared to \$9.5 million for the same period in 2020. The Company has no material commitments for capital expenditures at the Mupane or Galaxy mine as of September 30, 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.

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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These condensed consolidated interim 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 and nine months ended September 30, 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 is 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.

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6. Summit Acquisition

On May 19, 2021 the Company completed the acquisition (the “Summit Acquisition”) of the Summit Mine and the infrastructure constituting the Banner Mill in New Mexico (the “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 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 acquisition; (ii) the issuance to the Seller on closing of the acquisition of 16 million common shares of the Company at a deemed issuance price of C\$0.22 per common share and warrants to purchase up to 16 million common shares of the Company exercisable at a price of C\$0.30 per common share for a period of three years from closing; and (iii) cash consideration of \$8.2 million upon commencement of production at the mine.

On initial recognition of the Summit Acquisition the Company recognised a total of \$11.2 million in property plant and equipment, with \$6.0 million paid in cash, \$3.2 million attributable to the issuance of common shares, \$1.4 million attributable to warrants, and \$0.6 million attributable to transaction costs. The \$8.2 million payment due upon commencement of production at the mine is being treated as contingent consideration in an asset acquisition and will be recognised once production has commenced.

7. Trade receivables and other assets

	September 30, 2021	December 31, 2020
Trade receivables	\$ 1,328,551	\$ 509,422
Taxes recoverable	1,118,437	814,918
Prepaid expenses	339,266	381,119
Other receivables	282,782	285,243
	\$ 3,069,036	\$ 1,990,702
Non-Current:		
Other receivables	\$ 1,162,754	\$ 1,168,648
	\$ 1,162,754	\$ 1,168,648

8. 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, 2021	December 31, 2020
Gold in process	\$ 280,246	\$ 612,395
Supplies	3,874,377	3,928,697
Ore Stockpiles	59,190	56,412
	\$ 4,213,813	\$ 4,597,504

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For the three and nine months ended September 30, 2021 and 2020

9. Mining assets

The continuity of mining assets for the nine months ended September 30, 2021 is as follows:

	Construction in Progress	Mining and Exploration 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⁾	7,070,819	14,879,091	120,552	22,070,462
Capitalised Interest	-	367,084	-	367,084
Concentrate Sales	(6,656,375)	-	-	(6,656,375)
Cost at September 30, 2021	\$ 12,305,205	\$ 108,729,031	\$ 8,011,237	\$ 129,045,473
Accumulated depreciation and amortization at December 31, 2020	\$ -	\$ (65,532,652)	\$ (6,313,393)	\$ (71,846,045)
Depreciation and amortization	-	(1,469,522)	(580,029)	(2,049,551)
Accumulated depreciation and amortization at September 30, 2021	\$ -	\$ (67,002,174)	\$ (6,893,422)	\$ (73,895,596)
Net book value, September 30, 2021	\$ 12,305,205	\$ 41,726,857	\$ 1,117,815	\$ 55,149,877

- (1) The additions for the current year include capitalised interest of \$367,084 related to the Barak facility that was utilised to fund the restart of the Galaxy mine (note 12).

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The continuity of mining assets for the nine months ended December 31, 2020 is as follows:

	Construction in Progress	Mining Properties	Plant and Equipment	Total
Cost at December 31, 2019	\$ 7,986,281	\$ 89,508,971	\$ 7,746,270	\$ 105,241,522
Movements:				
Additions ⁽¹⁾	8,868,625	3,200,047	265,706	12,334,378
Capitalised Interest	-	773,838	-	773,838
Concentrate Sales	(4,964,145)	-	-	(4,964,145)
Disposals	-	-	(121,291)	(121,291)
Cost at December 31, 2020	\$ 11,890,761	\$ 93,482,856	\$ 7,890,685	\$ 113,264,302
Accumulated depreciation and amortization at December 31, 2019	\$ -	\$ (60,910,713)	\$ (5,417,985)	\$ (66,328,698)
Depreciation and amortization Disposals	-	(4,621,939)	(895,408)	(5,517,347)
Accumulated depreciation and amortization at December 31, 2020	\$ -	\$ (65,532,652)	\$ (6,313,393)	\$ (71,846,045)
Net book value, December 31, 2020	\$ 11,890,761	\$ 27,950,204	\$ 1,577,292	\$ 41,418,257

(1) The additions for the current year include capitalised interest of \$773,838 related to the Barak facility that was utilised to fund the restart of the Galaxy mine.

10. Restoration and rehabilitation provision

At December 31, 2020	\$ 5,379,417
Revaluation	(91,887)
Accretion	255,918
At September 30, 2021	\$ 5,543,448

11. Trade accounts payable and accrued liabilities

	September 30, 2021	December 31, 2020
Trade accounts payable	\$ 10,487,138	\$ 7,929,054
Accrued liabilities	1,734,777	1,372,690
	\$ 12,221,915	\$ 9,301,744

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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12. Loans and borrowings

	September 30, 2021	December 31, 2020
Current		
Debtures (1)	\$ 2,843,938	\$ 4,376,512
Mining Royalties (2)	4,975,135	5,319,473
Lease liabilities (3)	524,408	686,004
Barak loan facility (4)	2,307,651	4,250,876
Barak royalty (4)	164,848	62,197
	<u>\$ 10,815,980</u>	<u>\$ 14,695,062</u>
Non-Current		
Lease liabilities (3)	437,331	818,336
Barak royalty (4)	-	138,002
	<u>\$ 437,331</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.

On May 27, 2021, a debenture holder converted (i) \$600,000 of principal amount of debenture into 5,400,000 common shares at a price of C\$0.15 per common share and at a pre-determined exchange rate of \$1.00:C\$1.35 and (ii) \$29,195 of interest payable on such principal into 210,200

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common shares at a price of C\$0.1875 per common share, being the Discounted Market Price as of the date of the notice of conversion, and at a pre-determined exchange rate of \$1.00:C\$1.35.

On June 16, 2021, the Company exercised its right to force the conversion of (i) \$834,350 of principal amount of debenture into 5,423,275 common shares at a price of C\$0.20 per common share and at a pre-determined exchange rate of \$1.00:C\$1.30 and (ii) \$199,186 of interest payable on such principal into 1,294,709 common shares at a price of C\$0.20 per common share and at a pre-determined exchange rate of \$1.00:C\$1.30.

- (2) The Government of Botswana royalties were all recorded as current liabilities at September 30, 2021. On March 19, 2018 an agreement was reached with the government regarding royalties payable on the sale of gold and subsequent payment thereof under the following terms:
- \$8,398,709 of royalties deferred at December 2017 were to be repaid as follows:
 - principal payments of \$21,593 per month for ten months commencing March 2018 (all paid);
 - principal payments of \$101,593 per month for 12 months commencing January 2019 (all paid); and
 - the remaining balance to be paid 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 payments 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 paid \$600,000 for the nine months ended September 30, 2021.

- (3) The lease liabilities include leases for equipment and property.
- (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 last 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 September 30, 2021, the entire outstanding balance of the loan facility has been classified as a current liability.

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Contractual Repayment Schedule	2021	2022	2023 onwards	Total
	\$	\$	\$	\$
Debentures	2,843,938	-	-	2,843,938
Mining royalties	4,975,135	-	-	4,975,135
Lease liabilities	281,747	460,591	287,304	1,029,642
Barak loan facility	2,381,618	-	-	2,381,618
Barak royalty	34,152	130,696	-	164,848
Total	10,516,590	591,287	287,304	11,395,181

13. 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, 2021 (three and nine months ended September 30, 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 and nine months ended September 30, 2021 (three and nine months ended September 30, 2020 – 26.50%) due to the geographical distribution of earnings, which are subject to different tax rates, fluctuations in exchange rates, changes in unrecognized deferred tax assets and other non-deductible expenses.

14. Share Capital

(a) Authorized share capital:

As at September 30, 2021, 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, 2021, 332,521,644 common shares are issued and outstanding.

On April 8, 2021 the Company completed a private placement of 44,028,700 subscription receipts at a price of C\$0.22 per subscription receipt. Upon completion of the Summit Acquisition on May 19, 2021, 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. As partial consideration for the Summit Acquisition, the Company issued an additional 16,000,000 common shares at a deemed issue price of C\$0.22 per common share, and warrants to purchase up to 16,000,000 common shares on the same terms as the SR Warrants.

On May 27, 2021, the Company issued 5,610,200 common shares pursuant to the conversion of \$600,000 of principal amount of debenture and \$29,195 of interest payable on such principal. See Note 12.

On June 16, 2021, the Company issued 6,717,984 common shares pursuant to the forced conversion of \$834,350 of principal amount of debenture and \$199,186 of interest payable on such principal. See Note 12.

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The Company issued 31,563,850 common shares in respect of warrants exercised during the nine month period ended September 30, 2020.

(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, 2021, a maximum of 33,252,164 options to purchase common shares were issuable under the Company's stock option plan, of which 27,752,164 remained available for issuance.

The following is a summary of stock options outstanding as at September 30, 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	12,700,000	\$ 0.10
Options exercised	(5,200,000)	0.12
Options expired	(2,000,000)	0.12
Balance September 30, 2021 ^{(1) (2)}	5,500,000	\$ 0.09

⁽¹⁾ The weighted average time to expiration for outstanding options is 2.7 years.

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

⁽²⁾ As at September 30, 2021, 2,137,500 options were exercisable (December 31, 2020 – 8,537,500).

(d) Earnings (loss) per share:

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

	Three months ended September 30, 2021	Nine months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2020
Earnings (loss) attributable to Galane shareholders	\$ 3,346,298	\$ 3,310,359	\$ (811,737)	\$ 457,086
Weighted average number of common shares outstanding for purposes of basic earnings per share	329,808,601	290,465,263	231,778,365	226,213,778
Dilutive options, warrants and DSUs	9,700,074	10,423,935	-	11,076,430
Weighted average number of common shares outstanding for the purpose of diluted earnings per share	339,508,675	300,889,198	231,778,365	237,290,208
Earnings (loss) per share				
Basic	\$ 0.01	\$ 0.01	\$ (0.00)	\$ 0.00
Diluted	\$ 0.01	\$ 0.01	\$ (0.00)	\$ 0.00

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 and nine

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months ended September 30, 2021, the dilutive impact of these instruments has been recognised, while for the three months ended September 30, 2020 all instruments were anti-dilutive, and for the nine months ended September 30, 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 September 30, 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 and nine month periods ended September 30, 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 September 30, 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	-	-
Issued April 8, 2021 ⁽¹⁾	3,048,602	0.22
Issued May 19, 2021 ⁽²⁾	60,028,700	0.30
Balance, September 30, 2021	63,077,302	0.30

(1) The outstanding warrants have an expiry date of May 19, 2023.

(2) The outstanding warrants have any expiry date of May 19, 2024.

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The following is a summary of the value of the warrants outstanding as at September 30, 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	-
Issued ⁽¹⁾	5,643,822
Revaluation at balance date	(4,646,476)
Balance, September 30, 2021 ⁽²⁾	997,346

- (1) Using the Black Scholes Model the warrants issued as part of the private placement were valued on issuance using the following assumptions:

Issue date	April 8, 2021	May 19, 2021
Warrant value	\$244,652	\$5,399,170
Warrants issued	3,048,602	60,028,700
Risk free interest rate	0.22%	0.53%
Expected volatility	84%	78%
Expected life on issue date	25 months	36 months

- (2) Using the Black Scholes Model the warrants that remained outstanding as part of the private placement were valued at September 30, 2021 using the following assumptions:

Issue date	April 8, 2021	May 19, 2021
Warrant value	\$37,365	\$959,980
Warrants outstanding	3,048,602	60,028,700
Risk free interest rate	0.53%	0.67%
Expected volatility	76%	79%
Expected life at balance date	20 months	32 months

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15. Breakdown of costs

(a) Mining costs

	Three months ended September 30, 2021	Nine months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2020
Mining and production	\$ 9,205,404	\$ 24,311,412	\$ 8,944,884	\$ 21,456,300
Administrative	871,170	2,478,746	825,756	2,419,339
Total	\$ 10,076,574	\$ 26,790,158	\$ 9,770,640	\$ 23,875,639
Depreciation and amortization	613,384	2,049,551	1,619,701	4,512,788
	\$ 10,689,958	\$ 28,839,709	\$ 11,390,341	\$ 28,388,427

(b) Corporate and General Administration

	Three months ended September 30, 2021	Nine months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2020
Professional Fees	\$ 147,017	\$ 644,933	\$ 193,631	\$ 540,489
Share Based Compensation	9,337	34,395	37,691	174,629
Corporate Administration	292,840	1,270,490	378,999	960,851
	\$ 449,194	\$ 1,949,818	\$ 610,321	\$ 1,675,969

(c) Financing (income) costs

	Three months ended September 30, 2021	Nine months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2020
Interest on long term debt	\$ 132,654	\$ 437,986	\$ 133,898	\$ 364,342
(Decrease)/increase in fair value of warrants denominated in foreign currency	(3,458,490)	(4,646,476)	2,853,062	3,823,679
Other finance costs	-	694,277	-	-
Accretion	85,258	255,918	70,073	211,006
	\$ (3,240,578)	\$ (3,258,295)	\$ 3,057,033	\$ 4,399,027

(d) Other expenses

	Three months ended September 30, 2021	Nine months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2020
Other expenses (income)	\$ 25,364	\$ 75,750	\$ 10,690	\$ 78,476
Galaxy on-going costs	401,018	1,194,519	296,242	739,485
	\$ 426,382	\$ 1,270,269	\$ 306,932	\$ 817,961

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16. Related party transactions

The remuneration of directors and other members of key management personnel during the nine months ended September 30, 2021 are as follows:

	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Salaries	\$ 938,054	\$ 659,849
Management fees ⁽¹⁾	137,133	136,740
Directors fees	89,237	92,630
Share-based compensation ⁽²⁾	34,395	174,630
	\$ 1,198,819	\$ 1,063,849

(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, South Africa and in the United States of America, 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:

	North America	South Africa	Botswana	Total
Cash	\$ 134,078	\$ 383,577	\$ 2,201,927	\$ 2,719,582
All other assets	11,416,189	28,774,176	23,405,115	63,595,480
Balance, September 30, 2021	\$11,550,267	\$29,157,753	\$25,607,042	\$66,315,062

18. Subsequent Event

On November 11, 2021, the Company exercised its right to force conversion of \$2,649,433 of principal amount of Traxys Debenture into 23,844,897 Common Shares at a price of C\$0.15 per Common Share and at a pre-determined exchange rate of \$1.00:C\$1.35.