



For immediate release

**GALANE GOLD LTD. RELEASES FINANCIAL
AND OPERATING RESULTS FOR SECOND QUARTER 2016**

TORONTO, ONTARIO – August 18, 2016: Galane Gold Ltd. (“Galane Gold” or the “Company”) (TSX-V: GG) is pleased to announce the release of its financial results for the three and six months ended June 30, 2016. All amounts are in United States dollars unless otherwise indicated.

A copy of the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2016 prepared in accordance with International Financial Reporting Standards and the corresponding Management’s Discussion and Analysis will be available under the Company’s profile on www.sedar.com.

Second Quarter 2016 Highlights

- Produced 7,855 ounces of gold.
- All-in operating cash cost of \$849 per ounce (excluding royalties).⁽¹⁾
- Positive operating cash flow, before working capital movements, of \$1,978,754.
- Cash balance of \$2,430,555 at the end of the quarter.
- Net profit of \$99,173, which included Galaxy restart costs of \$423,769.

Galane Gold CEO, Nick Brodie commented: “The second quarter of 2016 saw the Company return to profit as production increased with the start of mining in the main ore body at Tau. We expect this trend to continue and production to increase in 2017 as we complete the development of the main ore body.

In addition the Galaxy rehabilitation project commenced on July 1, 2016 with an estimated capital cost of \$2 million. The increase in production at Mupane means we are currently able to fund the project from our own internal cash flows and add another potential 18,000 ounces of gold per annum to our output. Galaxy is a core feature of our long-term strategy with a desk top study commenced to increase production to 60,000 ounces in the long term.”⁽²⁾

Stock Options

The Company also announces the grant of stock options to certain officers and directors of the Company. Options to purchase up to 8,200,000 common shares were granted with a five year term and an exercise price equal to the greater of Cdn.\$0.115 per share and the closing price of the common shares on the TSX Venture Exchange on August 18, 2016. Such options shall vest according to the following schedule: 10% vest on the date of grant; 10% vest on the first anniversary of the date of grant; 15% vest on the second anniversary of the date of grant; and 32.5% vest on each of the fourth and fifth anniversary of the date of grant.

About Galane Gold

Galane Gold is an un-hedged gold producer and explorer with mining operations and exploration tenements in Botswana and South Africa. Galane Gold is a public company and its shares are quoted on the TSX Venture Exchange and the Botswana Stock

Exchange under the symbol "GG". Galane Gold's management team is comprised of senior mining professionals with extensive experience in managing mining and processing operations and large-scale exploration programmes. Galane Gold is committed to operating at world-class standards and is focused on the safety of its employees, respecting the environment, and contributing to the communities in which it operates.

Notes:

- (1) *Total Operating cash cost excluding royalties is a non-GAAP measure. Refer to "Supplemental Information to Management's Discussion and Analysis" in the Company's Management's Discussion and Analysis for the three months ended June 30, 2016 for reconciliation to measures reported in the Company's financial statements.*
- (2) *This is forward-looking information and is based on a number of assumptions. See "Cautionary Notes".*

Cautionary Notes

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

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to: the Company's dependence on two mineral projects; gold price volatility; risks associated with the conduct of the Company's mining activities in Botswana and South Africa; regulatory, consent or permitting delays; risks relating to the Company's exploration, development and mining activities being situated in Botswana and South Africa; risks relating to reliance on the Company's management team and outside contractors; risks regarding mineral resources and reserves; the Company's inability to obtain insurance to cover all risks, on a commercially reasonable basis or at all; currency fluctuations; risks regarding the failure to generate sufficient cash flow from operations; risks relating to project financing and equity issuances; risks arising from the Company's fair value estimates with respect to the carrying amount of mineral interests; mining tax regimes; risks arising from holding derivative instruments; the Company's need to replace reserves depleted by production; risks and unknowns inherent in all mining projects, including the inaccuracy of reserves and resources, metallurgical recoveries and capital and operating costs of such projects; contests over title to properties, particularly title to undeveloped properties; laws and regulations governing the environment, health and safety; operating or technical difficulties in connection with mining or development activities; lack of infrastructure; employee relations, labour unrest or unavailability; health risks in Africa; the Company's interactions with surrounding communities and artisanal miners; the Company's ability to successfully integrate acquired assets; risks related to restarting production; the speculative nature of exploration and development, including the risks of diminishing quantities or grades of reserves; development of the Company's exploration properties

into commercially viable mines; stock market volatility; conflicts of interest among certain directors and officers; lack of liquidity for shareholders of the Company; risks related to the market perception of junior gold companies; and litigation risk. Management provides forward-looking statements because it believes they provide useful information to investors when considering their investment objectives and cautions investors not to place undue reliance on forward-looking information. Consequently, all of the forward-looking statements made in this press release are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this press release and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

Information of a technical and scientific nature that forms the basis of the disclosure in the press release has been approved by Charles Byron Pr. Sci. Nat., MAusIMM., MGSSA and Chief Geologist for Galane Gold, and a "qualified person" as defined by National Instrument 43-101.

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

For further information please contact:

Nick Brodie
CEO, Galane Gold Ltd.
+ 44 7905089878
Nick.Brodie@GalaneGold.com
www.GalaneGold.com