



**GALANE GOLD LTD. ANNOUNCES PROPOSED ACQUISITION OF THE SUMMIT MINE IN NEW MEXICO; C\$9.0 MILLION PRIVATE PLACEMENT WITH LEAD ORDER FROM PALISADES GOLDCORP**

TORONTO, ONTARIO – March 16, 2021: Galane Gold Ltd. (“Galane Gold” or the “Company”) (TSX-V: GG; OTCQB: GGGOF) is pleased to announce that it has entered into a binding offer (the “Offer”) to acquire (the “Acquisition”), through a wholly-owned subsidiary, the Summit Mine (the “Mine”) and the infrastructure constituting the Banner Mill in New Mexico (collectively, 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 US\$17.0 million, consisting of (i) cash consideration of US\$6.0 million (the “Initial Cash Consideration”) on closing of the Acquisition (the “Closing”); (ii) issuance to the Seller on Closing of 16 million common shares of Galane (the “Consideration Shares”) at a deemed issuance price of C\$0.22 per share and warrants to purchase up to 16 million common shares of Galane exercisable at an exercise price of C\$0.30 per share for a period of three years from Closing (the “Consideration Warrants”); and (iii) cash consideration of US\$8.2 million (the “Subsequent Cash Consideration”) upon commencement of production at the Mine.

The Company is also pleased to announce that it has entered into an engagement letter with Canaccord Genuity Corp. in respect of a C\$9.0 million private placement (the “Offering”) of subscription receipts of the Company (the “Subscription Receipts”) to fund the Initial Cash Consideration, with a lead order from Palisades Goldcorp Ltd. (“Palisades”).

**Acquisition Highlights<sup>(1)(2)</sup>**

- Located in New Mexico, USA, a low-risk mining jurisdiction with a long history of support for gold and silver mines
- A National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”) compliant historical mineral resource estimate (the “Historical Estimate”), with a 4.35 g/t cut-off grade, of:

Resource by Au Equivalent Grade (Diluted tons adjusted for Pillar Loss)										
Class	Au Eq Cutoff (g/t)	Tons	In Situ Grades			Tons	Diluted		Ounces of Metal	
			Au Eq (g/t)	Au (g/t)	Ag (g/t)		Au (g/t)	Ag (g/t)	Au	Ag
Indicated	4.35	212,800	7.81	4.11	222.61	220,239	3.64	198.22	25,768	1,403,583
Inferred	4.35	627,209	8.62	3.98	277.91	649,136	3.55	245.22	74,002	5,117,788

- Existing infrastructure in place of:
  - 15,000 feet of underground workings; and
  - a 240 ton per day permitted crush, mill and flotation plant
- A 2014 Technical Report (as defined below) showing:
  - a six-year mine life producing over 1 million ounces of silver and 16,000 ounces of gold per year;
  - an all-in sustaining cost of US\$578 per gold equivalent ounce; and
  - capital cost of US\$4.2 million to restart operations
- Exploration upside with mining leases covering over 4,000 acres of prospective land as well as extension of the Mine at depth and near surface
- All key permits in place to restart the operations

Nick Brodie, CEO of Galane commented, "Our goal at Galane is to acquire near term production assets, which we consider to be highly accretive for our shareholders, and to leverage the strengths of our existing management team to put such assets back into production. This new venture is a perfect example of this approach. It represents an opportunity to increase Galane's production, lower its operating costs and reduce its country risk. Galane's plan is to update the economic plan for the Mine and target production as quickly as possible.

We are delighted that Palisades have also recognised the opportunity that this represents and have put themselves forward as the cornerstone of the Offering. We take this as a strong vote of confidence in our future plans for both Galane and the Summit Mine."<sup>(2)</sup>

### **Description of the Assets<sup>(1)</sup>**

The Mine is located in the Steeple Rock Mining District, within Grant County, New Mexico, USA. It consists of approximately 4,000 acres of patented and unpatented mining claims and mining leases. The Mine is past producing and currently on care and maintenance, but is fully permitted to resume operating activities.

The Assets are comprised of:

- an underground operation at the Mine which has a 12 foot by 13 foot decline accessing 15,000 feet of existing operations. The workings are in the 50 to 100 foot wide Summit fault zone which dips 70 to 80 degrees to the North East. The deposit extends over a 2,000 foot strike, 10 to 15 foot width and a known depth of 1,000 feet; and
- the 240 ton per day Banner crush, mill and flotation plant, located 57 miles from the Mine.

### **Historical Estimate<sup>(1)</sup>**

The Historical Estimate was disclosed in a report provided by the Seller to the Company with an effective date of September 17, 2014, entitled "Technical Report, Preliminary Economic Assessment, Summit Gold-Silver Project, Grant and Hidalgo Counties, New Mexico", prepared by Douglas F. Irving, P.E., Susan C. Bird, P.Eng., and Tracey D. Meintjes, P. Eng. of Chapman, Wood and Griswold, Inc. in Albuquerque, New Mexico (the "Technical Report"). The Historical Estimate complies with the CIM Definition Standards on Mineral Resources and Mineral Reserves as required by NI 43-101 on the date the Technical Report was prepared. A qualified person has not done sufficient work to classify the Historical Estimate as a current mineral resource in accordance with NI 43-101. The Company is not treating the Historical Estimate as a current mineral resource and the historical estimate should not be relied on.

The Technical Report was prepared by an advisory company that offers a wide range of exploration, mining, management, valuation, financing and advisory services (the "Author"). The Technical Report relies on historical drilling and sampling. The Author used information relating to operational methods and expectations provided to it by various sources. The report provides that: (a) the historical mineral resource model is based on available sampling data collected over the history of the project area; (b) the grade models were verified using visual and statistical methods and deemed to be globally unbiased; (c) the blocks were classified into historical mineral resource categories based on the variogram parameters and restrictions on the number of composites and drill holes used in each pass of the interpolation; (d) only the historical mineral resources lying within the legal boundaries are reported; and (e) no modifying factors were applied to the historical in-situ mineral resources, however the diluted mineral resource contains a 15% dilution factor and a mining loss of 10% to account for pillars.

The business of mining and mineral exploration, development and production by their nature contain significant operational risks. The business depends upon, amongst other things, successful prospecting programmes and competent management. Profitability and asset values can be affected by unforeseen changes in operating circumstances and technical issues. Factors such as political and industrial disruption, currency fluctuation and interest rates could have an impact on future operations, and potential revenue streams can also be affected by these factors. The majority of these factors are, and will be, beyond the control of any operating entity.

More recent estimates or data is not available. Work required to upgrade or verify the Historical Estimates as current mineral resources will be based on recommendations in the Technical Report.

### **Terms of the Acquisition**

Pursuant to the terms of the Offer, Galane will pay the Initial Cash Consideration and issue the Consideration Shares and the Consideration Warrants on Closing. The Subsequent Cash Consideration is payable once production commences at the Mine. The common shares of Galane to be issued to the Seller will represent approximately 5.13% of the Company's common shares without the exercise of the Consideration Warrants by the Seller, or 9.76% of the Company's common shares assuming full exercise of the Consideration Warrants by the Seller, after giving effect to the Offering.

The parties will negotiate the terms of the purchase agreement relating to the Acquisition (the "Purchase Agreement") and the terms of the lease for the land (the "Lease") on which the infrastructure constituting the Banner Mill is situated, both of which will be on customary terms for agreements of this nature.

Closing of the Acquisition is expected to occur on or about May 16, 2021, and is subject to certain conditions including, but not limited to, the execution of the Purchase Agreement and the Lease, legal due diligence on the Assets, completion of the Offering, and approval of governmental and regulatory authorities, including the TSX Venture Exchange ("TSXV"). Red Cloud Securities Inc. is acting as financial advisor to the Seller.

### **Concurrent Private Placement**

In connection with the Acquisition, Galane has engaged Canaccord Genuity, on behalf of a syndicate of agents, including Mackie Research Capital Corporation (the "Agents"), to offer the Subscription Receipts for sale on a best efforts agency basis. The Offering shall consist of the issuance of up to 40,909,090 Subscription Receipts at a price of C\$0.22 per Subscription Receipt (the "Issue Price") for aggregate gross proceeds of up to C\$9.0 million. Palisades has committed to place a lead order, subject to pricing constraints.

The Agents shall have the option (the "Agents' Option"), exercisable until the closing of the Offering, to sell up to an additional 6,136,364 Subscription Receipts at the Issue Price for additional gross proceeds to the Company of up to C\$1.35 million.

Each Subscription Receipt will entitle the holder thereof to receive one common share of Galane, and one common share purchase warrant of Galane (a "SR Warrant"), without any further action on the part of the holder and without payment of additional consideration, upon satisfaction of the escrow release conditions including the satisfaction of all conditions precedent to completing the Acquisition. Each SR Warrant will entitle the holder thereof to purchase one common share of Galane at a price to be determined in the context of the market, for a period of three years following the Closing of the Acquisition.

The aggregate gross proceeds of the Offering, less 50% of the Agents' commission and certain expenses of the Offering, will be held in escrow pending closing of the Acquisition. In the event that the Acquisition is not completed within 60 days after of the closing of the Offering, the escrow agent shall return to the holders of the Subscription Receipts an amount equal to the aggregate purchase price paid for the Subscription Receipts held by each holder.

The net proceeds of the Offering will be used to fund the Initial Cash Consideration payable in connection with the Acquisition. The Offering is expected to close on or about April 8, 2021, and is subject to customary regulatory and stock exchange approvals, including approval of the TSXV.

**Not for distribution to U.S. newswire services or for dissemination in the United States.**

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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

**About Palisades Goldcorp Ltd.**

Palisades Goldcorp is Canada's resource focused merchant bank. Palisades' management team has a demonstrated track record of making money and is backed by many of the industry's most notable financiers. With junior resource equities valued at generational lows, management believes the sector is on the cusp of a major bull market move. Palisades is positioning itself with significant stakes in undervalued companies and assets with the goal of generating superior returns.

**Notes:**

- (1) This information is based on available public sources and the Technical Report, has not been independently verified by the Company, and should not be relied upon as a predictor of future results.
- (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 closing of the Acquisition and the Offering, obtaining customary governmental, regulatory and stock exchange approvals

including that of the TSXV for the Acquisition and the Offering, the use of proceeds of the Offering, the participation of Palisades in the Offering, the Historical Estimates being realized, the Company's future expansion at the Mine, mining strategies at the Mine, technical, financial and business prospects of the Company, future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

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

*Information of a technical and scientific nature that forms the basis of the disclosure in the press release has been prepared and approved by Kevin Crossling Pr. Sci. Nat., MAusIMM. and Business Development Manager for Galane Gold, and a "qualified person"*

*as defined by NI 43-101. Mr. Crossling has verified the technical and scientific data disclosed herein and has conducted appropriate verification on the underlying data.*

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

*The information in this news release under the section titled "About Palisades Goldcorp Ltd." was provided by management of Palisades Goldcorp Ltd.*

**For further information please contact:**

Nick Brodie

CEO, Galane Gold Ltd.

+ 44 7905 089878

Nick.Brodie@GalaneGold.com

[www.GalaneGold.com](http://www.GalaneGold.com)