

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

## **GALANE GOLD LTD.**

For the three month period ended March 31, 2020

Note to Reader:

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

# GALANE GOLD LTD.

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

As at March 31, 2020 and December 31, 2019

	Note	March 31, 2020	December 31, 2019
<b>Assets</b>			
Current assets:			
Cash		\$ 1,097,902	\$ 2,201,853
Trade and other receivables	6	1,769,098	2,196,520
Inventories	7	4,899,249	4,947,196
		7,766,249	9,345,569
Non-current assets			
Mining and exploration properties	8	36,791,505	36,584,539
Plant and equipment	8	2,075,944	2,328,285
		38,867,449	38,912,824
		\$ 46,633,698	\$ 48,258,393

## Liabilities and Shareholders' Equity

Current liabilities:			
Accounts payable and accrued liabilities	10	\$ 7,613,413	\$ 9,345,504
Interest bearing loans and borrowings	11	12,936,697	13,089,675
Warrants denominated in a foreign currency	13	547,910	1,228,626
		21,098,020	23,663,805
Non-current liabilities:			
Interest-bearing loans and borrowings	11	5,854,590	6,050,059
Restoration and rehabilitation provision	9	5,044,000	5,625,905
		10,898,590	11,675,964
Shareholders' equity:			
Share capital	13	\$ 39,975,999	\$ 39,975,999
Reserves		2,684,969	2,626,081
Deficit		(28,023,880)	(29,683,456)
		14,637,088	12,918,624
		\$ 46,633,698	\$ 48,258,393

Going Concern (note 2)  
Commitments and contingencies (note 15);

Approved and authorized by the Board on May 22, 2020:

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"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, 2020 and March 31, 2019

	Note	2020	2019
Mining Revenue		\$ 9,473,565	\$ 8,476,421
Mining Costs:	14	8,602,865	9,299,644
Earnings (loss) from mining operations		870,700	(823,223)
Expenses:			
Exploration costs		-	4,111
Foreign exchange (gain) loss		(1,227,339)	113,738
Corporate general and administration	14	555,390	676,389
Financing (income) expense	14	(446,316)	384,728
Other expenses	14	329,389	245,916
		(788,876)	1,424,882
Earnings (loss) for the period before taxation		\$ 1,659,576	\$ (2,248,105)
Taxation	12	\$ -	\$ -
Net earnings (loss) and comprehensive loss for the period		\$ 1,659,576	\$ (2,248,105)
Basic earnings (loss) per common share	13	\$ 0.01	\$ (0.01)
Diluted earnings (loss) per common share	13	\$ 0.01	\$ (0.01)
Weighted average number of common shares – basic	13	223,400,910	200,804,760
Weighted average number of common shares – diluted	13	243,737,007	200,804,760

See accompanying notes to the consolidated financial statements.

# GALANE GOLD LTD.

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

Three month periods ended March 31, 2020 and March 31, 2019

	Notes	Capital Stock		Reserves		Total
		Number	Amount	Stock based payments	Retained Deficit	
<b>Balance as at December 31, 2018</b>		200,804,760	38,329,654	2,515,382	(25,860,092)	14,984,944
Stock-based compensation	14	-	-	36,202	-	36,202
Net loss		-	-	-	(2,248,105)	(2,248,105)
<b>Balance as at March 31, 2019</b>		200,804,760	38,329,654	2,551,584	(28,108,197)	12,773,041
<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

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, 2020 and March 31, 2019

	Note	2020	2019
Cash flows from operating activities:			
Net loss for the period		\$ 1,659,576	\$ (2,248,105)
Items not involving cash:			
Depreciation and amortization	8	1,387,231	1,269,311
Share based compensation		58,888	36,202
Accretion – ARO	9	74,396	74,953
Interest expense	14	160,004	340,950
Foreign exchange (gain) loss		(1,236,966)	(61,291)
Change in fair value of warrants		(680,716)	(31,175)
Deferred financing charges		27,352	-
Working capital adjustments:			
Change in trade and other receivables		114,191	247,022
Change in inventories		(1,150)	781,495
Change in trade and other payables relating to operating activities		(731,836)	(1,288,023)
Cash flows used in operating activities		830,970	(878,661)
Cash flows from investing activities:			
Mining assets acquired	8	(1,908,649)	(1,762,692)
Capitalised concentrate sales	8	764,324	-
Cash flows used in investing activities		(1,144,325)	(1,762,692)
Cash flow from financing activities:			
Deferred royalties paid		(314,778)	(304,779)
Deferred royalty interest paid		(85,222)	(85,222)
Barak facility drawdown		-	1,400,000
Barak facility fees		-	(200,000)
Barak facility repayment		(66,218)	-
Capital lease obligations		(267,118)	(37,201)
Cash flows from financing activities		(733,336)	772,798
Decrease in cash		(1,046,691)	(1,868,555)
Effect of foreign exchange on cash		(57,260)	12,817
Cash, at January 1		2,201,853	4,173,052
Cash, at March 31		\$ 1,097,902	\$ 2,317,314

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, 2020 and March 31, 2019

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## 1. Corporate Information

Galane Gold Ltd. (the “Company”) operates through its wholly owned subsidiary, Galane Gold Mines Ltd., which was incorporated under the *Business Corporations Act* (Ontario) on November 15, 2010 and whose principal business activities are the exploration for, development of, and operation of gold mining properties. The Company’s registered and head office is located at Suite 1800, 181 Bay St., Toronto, Ontario, Canada.

## 2. 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, 2020, several measures have been implemented in Botswana, South Africa and the rest of the world in response to the increased impact from COVID-19. The Company has been notified by the Republic of Botswana Government that, as a mining operation, Mupane is deemed an essential operation and is allowed to keep operating during the country’s 28 day lockdown which commenced on April 2, 2020, and was subsequently extended to May 21, 2020. For Mupane to continue in operation it has been working closely with the Department of Mines to agree on protocols to manage the potential for spread of COVID-19 between its employees and in particular, in its underground operations. During this period Mupane production has been restricted, although approval was granted on April 28, 2020 to recommence operations while observing compliance with capacity and enhanced operating requirements. The Galaxy project was placed on temporary care and maintenance in late March, as mandated by the Government of South Africa. On April 23, 2020, the Company was notified that Galaxy had been designated as an essential service and can operate at 50% of its normal capacity, with the Company recommencing operations on May 4, 2020 in compliance with the capacity and enhanced operating requirements. While the impact of COVID-19 is expected to be temporary on the Company’s operations, the current circumstances are dynamic and the impacts of COVID-19 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, 2020, the Company had a working capital deficiency (current assets less current liabilities) of \$13.3 million compared to a deficiency of \$14.3 million at December 31, 2019.

During the three months ended March 31, 2020, the Company paid, on a timely basis, the 5% royalty to the Government of Botswana on all gold sales in accordance with the terms of the royalty. The royalty expense for the three months ended March 31, 2020, was \$0.5 million, which was funded from cash flows from operations, in addition to \$0.4 million repaid from deferred royalties in accordance with the proposal to reschedule deferred royalty payments presented to the Government of Botswana for the repayment of remaining deferred royalties. The working capital deficiency includes deferred royalties with a total outstanding balance of \$6.6 million now classified as a current liability. While management projects that the current gold price would allow the Company to repay the deferred royalties consistent with the payment schedule agreed with the Government of Botswana in 2018, the Company has entered into discussions with the Government of Botswana to reschedule the outstanding balance. However, with the current focus on the COVID-19 shutdown of non-essential services in the country, these discussions have now been put on hold.

The impact of the COVID-19 pandemic results 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 are taking to mitigate the impact of the COVID-19 pandemic will be successful.

# **GALANE GOLD LTD.**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020 and March 31, 2019

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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, 2020, compared to a loss from mining operations of \$0.8 million for the same period in 2019. In addition, cash flow generated from operations for the three months ended March 31, 2020 was \$0.8 million, after royalty payments made in the normal course of business, compared to a cash outflow from operations of \$0.9 million for the same period in 2019. The Company has no material commitments for capital expenditures at the Mupane mine as of March 31, 2020.

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.

These financial statements do not reflect adjustments in 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, 2020 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, 2019 (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.

# GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020 and March 31, 2019

## 5. Galaxy Share Donation

On March 19, 2019, the Company donated 17% of the issued and outstanding shares of Galaxy Gold Mining (Pty) Limited (“Galaxy”) to Phakamani Foundation Trust (operating as Phakamani Foundation NPC). The donation was made in relation to the terms of the *Mineral and Petroleum Resources Development Act, 2004* of South Africa, together with the *Broad-Based Social-Economic Empowerment Charter for Mining and Mineral Industry, 2018* and the requirement for Galaxy, as holder of existing gold mining rights, to be comprised, directly or indirectly, of at least a 20% shareholding by historically disadvantaged persons (the “BEE Requirement”).

On March 19, 2019, 10% of the issued and outstanding shares of Galaxy Gold Reefs (Pty) Ltd, was donated to a South African community based trust and a South African local employee share scheme. The donation was made in relation to the BEE Requirement.

Because the Company is deemed, for accounting purposes, to control the various trusts, these donations do not give rise to non-controlling interests.

## 6. Trade and other receivables

	March 31, 2020	December 31, 2019
Trade receivables	\$ 349,527	\$ 464,873
Taxes recoverable	403,735	409,869
Prepaid expenses	427,797	644,689
Other receivables	588,039	677,089
	\$ 1,769,098	\$ 2,196,520

## 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, 2020	December 31, 2019
Gold in process	\$ 1,548,626	\$ 966,822
Supplies	3,287,672	3,675,542
Ore Stockpiles	62,951	304,832
	\$ 4,899,249	\$ 4,947,196



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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020 and March 31, 2019

## 8. Mining assets

The continuity of mining assets for the three months ended March 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
Additions:				
Additions <sup>(1)</sup>	441,531	854,090	46,235	1,341,856
Cost at March 31, 2020	\$ 8,427,812	\$ 90,363,061	\$ 7,792,505	\$ 106,583,378
Accumulated depreciation and amortization at December 31, 2019	\$ -	\$ (60,910,713)	\$ (5,417,985)	\$ (66,328,698)
Depreciation and amortization	-	(1,088,655)	(298,576)	(1,387,231)
Accumulated depreciation and amortization at March 31, 2020	\$ -	\$ (61,999,368)	\$ (5,716,561)	\$ (67,715,929)
Net book value, March 31, 2020	\$ 8,427,812	\$ 28,363,693	\$ 2,075,944	\$ 38,867,449

- (1) The additions for the current year include capitalised interest of \$197,531 related to the Barak facility that was utilised to fund the restart of the Galaxy mine (note 11).

## 9. Restoration and rehabilitation provision

	Restoration and rehabilitation provision
At December 31, 2019	\$ 5,625,905
Revaluation	(656,301)
Accretion	74,396
At March 31, 2020	\$ 5,044,000

## 10. Trade accounts payable and accrued liabilities

	March 31, 2020	December 31, 2019
Trade accounts payable	\$ 6,247,942	\$ 7,921,914
Accrued liabilities	1,365,471	1,423,590
	\$ 7,613,413	\$ 9,345,504

# GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020 and March 31, 2019

## 11. Interest-bearing loans and borrowings:

	March 31, 2020	December 31, 2019
Current		
Mining Royalties (2)	\$ 6,620,048	\$ 6,934,825
Lease liabilities (3)	791,421	788,289
Barak loan facility (4)	5,447,496	5,288,829
Barak royalty (4)	77,732	77,732
	<u>\$ 12,936,697</u>	<u>\$ 13,089,675</u>
Non-Current		
Debentures (1)	\$ 4,520,148	\$ 4,475,516
Lease liabilities (3)	1,172,778	1,412,879
Barak royalty (4)	161,664	161,664
	<u>\$ 5,854,590</u>	<u>\$ 6,050,059</u>

- (1) The Company issued unsecured debentures 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 debentures was \$5,650,269 and was originally due on November 20, 2019. The debentures have a fixed interest rate of 4% per annum, compounded annually. \$728,000 of such principal was repaid on September 27, 2019.

In accordance with an amended and restated debenture agreed to between the Company and a debenture holder in the second quarter of 2018: (i) \$3,249,433 of the principal amount of debentures is repayable on November 20, 2021 and is convertible into common shares at a price of C\$0.15 per common share, based on a pre-determined exchange rate; (ii) interest is convertible into common shares, based on a pre-determined exchange rate, at a price equivalent to the greater of C\$0.15 and the Discounted Market Price (as defined by the TSX Venture Exchange) at the time of conversion; (iii) the Company has a right of forced conversion for the principal where the trading price of the common shares exceeds C\$0.15 for 10 consecutive trading days; and (iv) commencing January 1, 2018, interest for a calendar year is due and payable on March 31 of the subsequent year, with the first such payment being due on March 31, 2019. The first payment of interest under the rescheduled agreement was made in April 2019.

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

- (2) The Government of Botswana royalties were all recorded as current liabilities at March 31, 2020, however on March 19, 2018 an agreement was reached with the government regarding royalties payable on the sale of gold and subsequent repayment thereof under the following terms:
- \$8,398,709 of royalties deferred at December 2017 were to be repaid as follows:
    - principal repayments of \$21,593 per month for ten months commencing March 2018 (all paid);

# GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020 and March 31, 2019

- 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 due in 2020, as yet no agreement has been reached between the parties. The Company repaid \$200,000 in each of January and February 2020.

- (3) The Company acquired a Komatsu Excavator in March 2019 and financed \$189,000 of the acquisition costs, and acquired a Remote GHH Loader in November 2019 and financed \$591,000. The term of the loans is 24 months, with payments of approximately \$8,600 and \$18,600 respectively coming due each month including payment of the principal and interest of between 8.25% and 8.5%. The loan is secured by the assets related to such loans.

On adoption of IFRS 16, the group recognized lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as at January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on January 1, 2019, was 8.5%. A Right of use liability of \$1,896,294 was recognized on the initial application at January 1, 2019

- (4) On October 2, 2018, the Company finalized 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 up to December 31, 2019, with the first repayment of \$66,218 remitted during the three months ended March 31, 2020. As the Company was in breach of the current ratio covenant at year end, the entire outstanding balance of the loan facility has been classified as a current liability in accordance with IFRS 7.

## Contractual Repayment Schedule

	2020	2021	2022 onwards	Total
	\$	\$	\$	\$
Debentures	-	4,520,148	-	4,520,148
Mining royalties	6,620,048	-	-	6,620,048
Lease liabilities	440,593	469,188	645,543	1,555,324
Barak loan facility	5,638,974	-	-	5,638,974
Barak royalty	77,732	149,229	12,435	239,396
<b>Total</b>	<b>12,777,347</b>	<b>5,138,565</b>	<b>657,978</b>	<b>18,573,890</b>

# GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020 and March 31, 2019

## 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, 2020 (three months ended March 31, 2019 - \$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, 2020 (three months ended March 31, 2019 – 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, 2020, 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 March 31, 2020, 223,400,910 common shares are issued and outstanding.

The Company did not issue any common shares during the three month periods ended March 31, 2020, and March 31, 2019.

### (c) Stock Options:

The Company has a stock option plan whereby options may be granted to directors, officers, employees and consultants. As at March 31, 2020, a maximum of 22,340,091 options to purchase common shares were issuable under the Company's stock option plan, of which 8,640,091 remained available for issuance.

The following is a summary of stock options outstanding as at March 31, 2020 and December 31, 2019 along with changes during the periods then ended:

	Number of Options	Weighted Average Exercise Price (CDN\$)
Balance December 31, 2018	9,700,000	\$ 0.11
Options expired	(1,000,000)	0.12
Balance March 31, 2019 <sup>(1)(2)</sup>	8,700,000	\$ 0.11
Balance December 31, 2019	12,700,000	\$ 0.10
Options granted	1,000,000	0.10
Balance March 31, 2020 <sup>(1)(2)</sup>	13,700,000	\$ 0.10

<sup>(1)</sup> The weighted average time to expiration for outstanding options is 2.4 years.

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

<sup>(2)</sup> As at March 31, 2020, 5,535,000 options were exercisable (December 31, 2019 – 2,970,000).

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For the three months ended March 31, 2020 and March 31, 2019

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

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

	Three months ended March 31, 2020	Three months ended March 31, 2019
Earnings (loss) attributable to Galane shareholders	\$ 1,659,576	\$ (2,219,508)
Weighted average number of common shares outstanding for purposes of basic earnings per share	223,400,910	200,804,760
Dilutive options, warrants and DSUs	20,336,097	-
Weighted average number of common shares outstanding for the purpose of diluted earnings per share	243,737,007	200,804,760
Earnings per share		
Basic	\$ 0.01	\$ (0.01)
Diluted	\$ 0.01	\$ (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 the dilutive impact of these instruments has been recognised, while for the three months ended March 31, 2019, all instruments were considered anti-dilutive due to the net loss in that period.

**(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, 2020, 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 period ended March 31, 2020, 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, 2020 and changes during the periods then ended:

	Number of Warrants	Weighted Average Exercise Price (CDN\$)
Balance, December 31, 2018	54,000,000	0.05
Exercised December 15, 2019	(22,436,150)	0.05
Balance, December 31, 2019 and March 31, 2020	31,563,850	0.05

# GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020 and March 31, 2019

The following is a summary of the fair value of the warrants outstanding as at March 31, 2020 and changes during the periods then ended:

	Warrants denominated in a foreign currency (\$)
Balance, December 31, 2018	1,109,662
Exercised December 15, 2019	(873,165)
Revaluation	992,129
Balance, December 31, 2019	1,228,626
Revaluation at balance date	(680,716)
Balance, March 31, 2020	547,910

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

### (a) Mining costs

	Three month period ended March 31, 2020	Three month period ended March 31, 2019
Mining and production	\$ 6,345,101	\$ 7,227,951
Administrative	870,533	802,382
Total costs	7,215,634	8,030,333
Depreciation and amortization	1,387,231	1,269,311
	\$ 8,602,865	\$ 9,299,644

### (b) Corporate general and administration

	Three month period ended March 31, 2020	Three month period ended March 31, 2019
Professional fees	\$ 110,280	\$ 163,760
Corporate administration	386,222	476,427
Share-based compensation	58,888	36,202
	\$ 555,390	\$ 676,389

### (c) Financing (income) expense

	Three month period ended March 31, 2020	Three month period ended March 31, 2019
Interest on long term debt	\$ 160,004	\$ 140,950
Barak loan fees	-	200,000
(Decrease)/Increase in fair value of warrants (note 13f)	(680,716)	(31,175)
Accretion	74,396	74,953
	\$ (446,316)	\$ 384,728

# GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2020 and March 31, 2019

## (d) Other expenses

	Three month period ended March 31, 2020	Three month period ended March 31, 2019
Other expense	\$ 35,778	\$ 26,302
Galaxy on-going costs	293,611	219,614
	\$ 329,389	\$ 245,916

## 15. Commitments and Contingencies

### (a) Claims

The Company is also subject to the possibility of revised tax assessments for some years. The Company does not believe that, should unfavourable decisions arise from any review of its tax filings, that any amount it might be required to pay will be material. No such amounts have been provided for in the Financial Statements.

## 16. Related party transactions

During the three months ended March 31, 2020, no related party transactions occurred.

The remuneration of directors and other key management personnel during the three months ended March 31, 2020 is as follows:

	Three months ended March 31, 2020	Three months ended March 31, 2019
Salaries	\$ 250,865	\$ 364,213
Management fees <sup>(1)</sup>	45,116	36,619
Directors fees	20,695	20,575
Share-based compensation <sup>(2)</sup>	58,888	36,202
	\$ 375,564	\$ 457,609

(1) Management fees represent compensation paid to officers of the Company pursuant to contracts for services.

(2) Share-based compensation is the fair value of options and deferred share units granted and vested with key management personnel.

## 17. Segmented information

The Company operates in one reportable segment, being the exploration, development and operation of gold mining properties. All of the Company's equipment and mining assets are located in the Republic of Botswana and 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	\$262,351	\$ 223,490	\$ 612,061	\$ 1,097,902
All other assets	79,438	21,627,818	23,828,540	45,535,796
Balance, March 31, 2020	\$ 341,789	\$ 21,851,308	\$ 24,440,601	\$ 46,633,698