

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

GALANE GOLD LTD.

For the three and six month periods ended June 30, 2022 and June 30, 2021

The accompanying unaudited condensed consolidated financial statements of Galane Gold Ltd. (the “Company”) have been prepared by and are the responsibility of the Company’s management and approved by the Board of Directors of the Company.

The Company’s independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity’s auditor.

GALANE GOLD LTD.

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

As at June 30, 2022 and December 31, 2021

	Notes	June 30, 2022	December 31, 2021 ¹
Assets			
Current assets:			
Cash		414,136	889,561
Trade receivables and other assets	8	1,374,041	520,942
Inventories	9	323,906	446,786
Assets held for sale		-	18,270,822
		2,112,083	20,128,111
Non-current assets:			
Mining properties and plant and equipment	10	41,174,970	41,198,985
		41,174,970	41,198,985
		43,287,053	61,327,096

Liabilities and Shareholders' Equity

Current liabilities:			
Accounts payable and accrued liabilities	12	3,061,944	2,532,352
Interest bearing loans and borrowings	13	1,138,817	2,317,484
Liabilities held for sale		-	18,270,821
		4,200,761	23,120,657
Non-current liabilities:			
Restoration and rehabilitation provision	11	2,911,509	2,834,859
Warrants denominated in a foreign currency	15	433,547	1,139,262
		3,345,056	3,974,121
Shareholders' equity:			
Share capital	15	58,149,241	58,149,241
Reserves	15	2,769,111	2,744,270
Deficit		(25,177,116)	(26,661,193)
		35,741,236	34,232,318
		43,287,053	61,327,096

¹ The comparative period balances have been restated due to the impact of amendments to IAS 16. Refer to Note 5.

Going Concern (Note 2)

Approved and authorized by the Board for issue on August 22, 2022:

"Ravi Sood" Director "Dino Titare" 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)

	Note	Three months ended June 30,		Six months ended June 30,	
		2022	2021 ^{1,2}	2022	2021 ^{1,2}
Revenue		3,558,309	2,297,277	8,044,067	3,181,178
Operating cost	16	3,085,831	1,289,843	5,753,210	2,517,159
Earnings from operations		472,478	1,007,434	2,290,857	664,019
Expenses:					
Foreign exchange (gain) loss		(485,983)	68,887	221,009	89,795
Corporate general and administration	16	588,304	715,037	1,194,260	1,495,008
Financing (income) costs	16	(920,030)	(372,458)	(461,382)	(266,569)
Other expenses	16	-	434,882	-	847,611
		(817,709)	846,348	953,887	2,165,845
Earnings (loss) from continuing operations before taxation		1,290,187	161,086	1,336,970	(1,501,826)
Taxation	14	-	-	-	-
Net earnings (loss) and comprehensive income (loss) from continuing operations		1,290,187	161,086	1,336,970	(1,501,826)
Net earnings and comprehensive income from Discontinued operations	6	42,500	1,179,304	147,107	2,129,908
Net earnings (loss) and comprehensive income (loss)		1,332,687	1,340,390	1,484,077	628,082
Basic and diluted earnings (loss) per common share from continuing operations	15	0.00	0.00	0.00	(0.01)
Basic and diluted earnings (loss) per common share from discontinued operations	15	0.00	0.00	0.00	0.01
Total basic and diluted earning (loss) per common share		0.00	0.00	0.00	0.00
Weighted average number of common shares – basic	15	356,366,541	285,799,969	356,366,541	270,464,544
Weighted average number of common shares – diluted	15	365,389,410	299,885,074	365,330,835	270,464,544

¹ The results of the Mupane operation, as well as the restated comparative period, have been presented as discontinued operations. Refer to Note 6.

² The comparative period results have been restated due to the impact of amendments to IAS 16. Refer to Note 5.

See accompanying notes to the consolidated financial statements.

GALANE GOLD LTD.

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

Six month periods ended June 30, 2022 and 2021

	Notes	Capital stock		Reserves		Total
		Number	Amount	Stock based payments	Deficit	
Balance as at December 31, 2020		254,964,760	46,215,643	2,848,215	(25,249,428)	23,814,430
Opening retained earnings adjustment – IAS 16	5				15,342	15,342
Common shares issued – private placement		44,028,700	3,806,444	-	-	3,806,444
Common shares issued – Summit acquisition		16,000,000	3,175,916	-	-	3,175,916
Debenture Conversion		12,328,184	1,662,731	-	-	1,662,731
Stock-based compensation		-	-	25,038	-	25,038
Net loss and comprehensive loss for the period		-	-	-	628,082	628,082
Balance as at June 30, 2021¹		327,321,644	54,860,734	2,873,253	(24,606,004)	33,127,983
Balance as at December 31, 2021 ¹		356,366,541	58,149,241	2,744,270	(26,661,193)	34,232,318
Stock-based compensation	15	-	-	24,841	-	24,841
Net income and comprehensive income for the period		-	-	-	1484,077	1484077
Balance as at June 30, 2022		356,366,541	58,149,241	2,769,111	(25,177,116)	35,741,236

¹ The comparative period results have been restated due to the impact of amendments to IAS 16. Refer to Note 5.

See accompanying notes to the consolidated financial statements.

GALANE GOLD LTD.

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

Six month periods ended June 30, 2022 and 2021

	Notes	Six months ended June 30,	
		2022	2021 ¹
Cash flows from operating activities:			
Net earnings (loss) for the period		1,336,970	(1,501,826)
Items not involving cash:			
Depreciation and amortization	10	655,916	-
Share based compensation	16	24,841	25,058
Accretion	16	128,772	128,990
Interest expense	16	115,562	98,152
Foreign exchange loss (gain)		(91,319)	29,618
Change in fair value of warrants	15	(705,716)	(1,187,988)
Deferred financing charges		-	54,708
Other income		-	(597)
Working capital adjustments:			
Change in trade and other receivables		(873,137)	(196,679)
Change in inventories		117,802	59,286
Change in trade and other payables		578,814	1,322,172
Cash flows from operating activities			
Continuing operations		1,288,505	(1,169,106)
Discontinuing operations		714,765	4,180,971
Cash flows from investing activities:			
Mining assets acquired	10	(631,901)	(8,438,157)
Cash flows used in investing activities			
Continuing operations		(631,901)	(8,438,157)
Discontinuing operations		(317,737)	(2,409,055)
Cash flow from financing activities:			
Private placement		-	8,011,177
Barak facility repayment and royalty	13	(1,123,746)	(1,609,798)
Repayment of shareholder loan from discontinued operations		-	2,748,925
Cash flows from financing activities			
Continuing operations		(1,123,746)	9,150,304
Discontinuing operations		(248,859)	(3,527,424)
(Decrease) Increase in cash		(318,973)	(2,212,467)
Effect of unrealized foreign exchange gain on cash		(8,199)	12,834
Disposal of Mupane	6	(222,042)	-
Cash, at January 1		963,350	4,971,880
Cash, at June 30, of which:		414,136	2,772,247
Continuing operations		414,136	359,168
Discontinuing operations		-	2,413,079

¹ The results of the Mupane operation, as well as the restated comparative period, have been presented as discontinued operations. Refer to Note 6.

See accompanying notes to the consolidated financial statements.

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements
(in U.S. Dollars)

For the three months ended June 30, 2022 and 2021

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.

As at June 30, 2022, the Company had a working capital deficiency (current assets less current liabilities) of \$2.1 million compared to a deficiency of \$3.0 million at December 31, 2021. Earnings from continuing mining operations were \$2.3 million (earnings from discontinuing mining operations were \$1.2 million) for the six months ended June 30, 2022. Cashflow from continuing operating activities was \$1.3 million (cashflow from discontinuing operating activities was \$0.7 million) for the six months ended June 30, 2022. The Company has no material commitments for capital expenditures as of June 30, 2022.

The current commodity price and exchange rate environment can be volatile, which may have an impact on the Company’s cash flows and the Company continues to review its near-term operating plans and to take steps to reduce costs and maximize cash flow generated from operations.

The Company’s financial position and the ability to generate sufficient positive cash flow from operating activities result in material uncertainties that 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 risks to the Company’s liquidity position will be successful.

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 six months ended June 30, 2022 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

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

(In U.S. Dollars)

For the three months ended June 30, 2022 and 2021

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, 2021 (the “Annual Financial Statements”).

(c) Functional and presentation currency

These 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. New and amended IFRS Standards that are effective for the current 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 was for periods beginning on or after January 1, 2022.

The amendments have been applied retrospectively for items of property, plant and equipment that are made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The impact of these amendments has resulted in the following restatements to the comparative period.

- Increased mining properties by \$679,370 as at June 30, 2021;
- Increased shareholders' equity by \$679,370 as at June 30, 2021;
- Increased mining properties by \$2,541,446 as at December 31, 2021;
- Increased shareholders' equity by \$2,541,446 as at December 31, 2021;
- Increased revenue by \$3,181,178 for the six month period ended June 30, 2021;
- Increased mining cost by \$2,517,159 for the six month period ended June 30, 2021; and
- Increased cash flows from operating activities by \$664,019 and decreased cash flows from investing activities by \$664,019 for the three month period ended June 30, 2021.

6. Disposal of the Mupane Property

On November 29, 2021, the board of directors approved the disposition of the Company's interests in Botswana, namely the Mupane gold mine in Botswana (the “Mupane Property” or the “Disposal Group”).

On February 7, 2022, the Company entered into definitive agreements to sell 100% of the issued and outstanding share capital of the Company's subsidiaries that own the Mupane Property to Hawks Mining Company Proprietary Limited (the “Purchaser”), a company registered under the laws of Botswana and owned by certain individuals forming part of the Company's local Botswana management team. On May 3, 2022 the disposal of the Mupane Property was completed.

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The carrying amounts of the Mupane Property as at the date of disposal and the resulting loss on sale are as follows:

	May 3, 2022
<i>Assets:</i>	
Cash	222,042
Trade receivables and other assets	1,169,192
Inventories	3,832,962
Mining and exploration properties and plant and equipment	12,457,347
	17,681,543
<i>Liabilities:</i>	
Accounts payable and accrued liabilities	8,816,060
Interest-bearing loans and borrowings	5,852,090
Restoration and rehabilitation provision	2,668,717
	17,336,867
Loss on sale	344,676

The net earnings from discontinued operations for the three and six month periods ended June 30, 2022 and 2021 were as follows:

	Three months ended June 30,		Six months ended June 30	
	2022	2021	2022	2021
Revenue	2,546,338	10,454,982	9,842,724	20,524,722
Operating cost	(2,178,223)	(8,970,572)	(8,690,347)	(18,149,753)
Earnings from mining operations	368,115	1,484,410	1,152,377	2,374,969
Expenses:				
Foreign exchange (gain) loss	(55,896)	143,156	143,407	(5,684)
Financing costs	38,946	162,908	157,715	248,853
Impairment	-	-	362,334	-
Other expenses (income)	(2,111)	(958)	(2,862)	1,892
Loss on sale	344,676	-	344,676	-
	325,615	305,106	1,005,270	245,061
Earnings from discontinuing operations before taxation	42,500	1,179,304	147,107	2,129,908
Taxation	-	-	-	-
Net earnings and comprehensive income from discontinuing operations	42,500	1,179,304	147,107	2,129,908

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7. 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 Summit Acquisition was accounted for as an asset acquisition.

The aggregate consideration to be paid for the Assets is up to \$17.0 million, of which \$8.8 million has been paid, consisting of (i) cash consideration of \$6.0 million paid on closing of the Summit Acquisition; (ii) the issuance to the Seller on closing of the Summit Acquisition of 16 million common shares of the Company (“common shares”) at a fair value of C\$0.24 per common share and warrants to purchase up to 16 million common shares 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.

8. Trade receivables and other assets

	June 30, 2022	December 31, 2021
Trade receivables	1,020,569	184,465
Taxes recoverable	36,063	56,956
Prepaid expenses	108,571	70,845
Other receivables	208,838	208,676
	<u>1,374,041</u>	<u>520,942</u>

9. 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:

	June 30, 2022	December 31, 2021
Finished goods	76,176	96,785
Supplies	190,586	282,792
Ore Stockpiles	57,144	67,209
	<u>323,906</u>	<u>446,786</u>

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements
(In U.S. Dollars)

For the three months ended June 30, 2022 and 2021

10. Mining assets and plant and equipment

The continuity of mining assets for the six month period ended June 30, 2022 is as follows:

	Mining Properties	Construction in Progress	Plant and Equipment	Total
Cost at December 31, 2021	111,558,265	723,653	16,801,764	129,083,682
Movements:				
Additions	879,154	-	54,250	933,404
Impairment	(362,334)	-	-	(362,334)
Disposal of Mupane	(77,183,922)	(155,741)	(8,712,235)	(86,051,898)
Cost at June 30, 2022	34,891,163	567,912	8,143,779	43,602,854
Accumulated depreciation and amortization at December 31, 2021	(68,047,024)	-	(7,335,729)	(75,382,753)
Depreciation and amortization for the period	(318,271)	-	(337,645)	(655,916)
Disposal of Mupane	67,862,077	-	5,748,708	73,610,785
Accumulated depreciation and amortization at June 30, 2022	(503,218)	-	(1,924,666)	(2,427,884)
Net book value, June 30, 2022	34,387,945	567,912	6,219,113	41,174,970

The continuity of mining assets for the year ended December 31, 2021 is as follows:

	Mining Properties	Construction in Progress	Plant and Equipment	Total
Cost at December 31, 2020	93,482,856	11,890,761	7,890,685	113,264,302
Movements:				
IAS 16 Amendment	2,541,446	-	-	2,541,446
Additions ⁽¹⁾	17,156,124	1,086,323	292,907	18,535,354
Capitalised Interest	450,430	-	-	450,430
Impairment	(5,707,850)	-	-	(5,707,850)
Transfers	3,635,259	(12,253,431)	8,618,172	-
Cost at December 31, 2021	111,558,265	723,653	16,801,764	129,083,682
Accumulated depreciation and amortization at December 31, 2020	(65,532,652)	-	(6,313,393)	(71,846,045)
Depreciation and amortization	(2,514,372)	-	(1,022,336)	(3,536,708)
Accumulated depreciation and amortization at December 31, 2021	(68,047,024)	-	(7,335,729)	(75,382,753)
Net book value, December 31, 2021				
- continuing	34,048,902	567,912	6,582,171	41,198,985
- held for sale	9,462,339	155,741	2,883,864	12,501,944
	43,511,241	723,653	9,466,035	53,700,929

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements
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11. Restoration and rehabilitation provision

At December 31, 2021	2,834,859
Foreign exchange revaluation	(52,122)
Accretion	128,772
At June 30, 2022	2,911,509

12. Trade accounts payable and accrued liabilities

	June 30, 2022	December 31, 2021
Trade accounts payable	2,670,476	2,303,287
Accrued liabilities	391,468	229,065
	3,061,944	2,532,352

Trade payables and accrued liabilities are non-interest bearing.

13. Loans and borrowings

	June 30, 2022	December 31, 2021
Current:		
Barak loan facility	1,056,483	2,152,532
Barak royalty	82,334	164,952
	1,138,817	2,317,484

On October 2, 2018, the Company entered into a loan agreement with Barak Fund SPC Limited (“Barak”) with respect to a \$5,000,000 secured loan facility (the “Barak Facility”), for a term ending three years from the date of the first drawdown and bearing interest at a rate of 14% per annum. The funds have been used towards the refurbishment and expansion of the processing facilities and restarting underground mining operations at the Galaxy gold mine in Barberton, South Africa. The Company has agreed to pay to Barak, or its nominee, 0.75% of the net proceeds accruing to Galaxy under an off-take agreement covering the annual gold concentrate production of the Agnes gold mine in Barberton owned and operated by Galaxy, after taking into account all attributable logistics and freight costs, State Royalties (as defined in the Barak Facility) and value-added tax (if applicable). The Company received the funds from drawdown requests totalling \$5,000,000 under the Barak Facility by December 31, 2019. The Company was in breach of certain covenants as at June 30, 2022 and December 31, 2021 and is currently in default on the loan. The Barak Facility is guaranteed by the Company and secured by all of the assets of Galaxy and the Company’s subsidiary that indirectly owns those assets.

14. 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.

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements
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For the three months ended June 30, 2022 and 2021

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 six months ended June 30, 2022 (three and six months ended June 30, 2021 - \$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 six months ended June 30, 2022 (three and six months ended June 30, 2021 – 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.

15. Share Capital

(a) Authorized share capital:

As at June 30, 2022, 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 June 30, 2022, 356,366,541 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 fair value of C\$0.24 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.

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.

On November 11, 2021, the Company issued 23,844,897 common shares pursuant to the conversion of \$2,649,433 of principal amount of debenture.

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(c) Stock Options:

The Company has an equity incentive plan whereby options may be granted to directors, officers, employees and consultants. As at June 30, 2022, a maximum of 35,636,654 options to purchase common shares were issuable under the Company's equity incentive plan, of which 30,886,654 remained available for issuance.

The following is a summary of stock options outstanding as at June 30, 2022 and December 31, 2021 along with changes during the periods then ended:

	Number of Options	Weighted Average Exercise Price (CDN\$)
Balance December 31, 2020	12,700,000	\$ 0.10
Options granted	(5,200,000)	0.12
Options forfeited	(2,000,000)	0.12
Balance December 31, 2021	5,500,000	0.09
Options forfeited	(750,000)	0.09
Balance June 30, 2022 ^{(1) (2)}	4,750,000	\$ 0.09

⁽¹⁾ The weighted average time to expiration for outstanding options is 2.2 years. The range of exercise price is Cdn.\$0.085 to Cdn.\$0.125.

⁽²⁾ As at June 30, 2022, 1,662,500 options were exercisable (December 31, 2021 – 2,250,000).

(d) Earnings (loss) per share:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Earnings (loss) attributable to Galane Shareholders				
- Continuing operations	1,579,453	161,086	1,583,736	(1,501,826)
- Discontinuing operations	42,500	1,179,304	147,107	2,129,909
Weighted average number of common shares outstanding for purposes of basic earnings per share	356,366,541	285,799,969	356,366,541	270,467,544
Dilutive options and deferred share units	9,022,869	14,085,105	8,964,294	-
Weighted average number of common shares outstanding for the purpose of diluted earnings per share	365,389,410	299,885,074	365,330,835	270,467,544
Earnings (loss) per share				
- Continuing operations – Basic and Diluted	0.00	(0.01)	0.00	(0.01)
- Discontinuing operations – Basic and Diluted	0.00	0.00	0.00	0.01

Basic earnings (loss) per share is computed by dividing the earnings (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution of outstanding deferred share units, warrants and stock options in the weighted average number of common shares outstanding during the period, if dilutive.

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(e) Deferred Share Units

The Company may grant deferred share units (“DSUs”) to directors, officers, employees and consultants under the Company’s equity incentive plan. As at June 30, 2022, a maximum of 35,636,654 DSUs and other forms of share-based incentives (excluding stock options) were issuable under the Company’s equity incentive plan, of which 28,466,608 remained available for issuance.

During the three and six month period ended June 30, 2022, the Company did not issue any shares under the Company’s equity incentive plan.

(f) Warrants:

The following is a summary of warrants outstanding as at June 30, 2022 and December 31, 2021 and changes during the periods then ended:

	Number of Warrants	Weighted Average Exercise Price (CDN\$)
Balance, December 31, 2020	-	-
Issued	63,077,302	0.30
Balance, December 31, 2021	63,077,302	0.30
Balance, June 30, 2022	63,077,302	0.30

The outstanding warrants have expiry dates between May 19, 2023 and May 19, 2024.

The following is a summary of the value of the warrants outstanding as at June 30, 2022 and December 31, 2021 and changes during the periods then ended:

	Warrants denominated in a foreign currency (\$)
Balance, December 31, 2020	-
Exercised	5,643,823
Revaluation at exercise date	(4,504,561)
Balance, December 31, 2021	1,139,262
Revaluation at balance date	(705,715)
Balance, June 30, 2022	433,547

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16. Breakdown of costs

(a) Operating costs

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Mining and production	2,698,932	1,200,910	4,142,050	2,140,192
Administrative	244,643	88,933	955,244	376,967
Total	2,943,575	1,289,843	5,097,294	2,517,159
Depreciation and amortization	142,256	-	655,916	-
	3,085,831	1,289,843	5,753,210	2,517,159

(b) Corporate and General Administration

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Professional Fees	234,180	165,526	493,692	497,916
Share Based Compensation	12,369	12,529	24,841	25,058
Corporate Administration	341,755	536,982	675,727	972,034
	588,304	715,037	1,194,260	1,495,008

(c) Financing (income) costs

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Interest on long term debt	61,016	54,986	115,562	98,152
Increase / (decrease) in fair value of warrants denominated in foreign currency	(1,048,239)	(1,187,988)	(705,716)	(1,187,988)
Accretion	67,193	66,267	128,772	128,990
Other finance costs	-	694,277	-	694,277
	(920,030)	(372,458)	(461,382)	(266,569)

(d) Other expenses

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Other expenses	-	26,757	-	54,111
Galaxy pre-start costs	-	408,125	-	793,500
	-	434,882	-	847,611

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17. Related party transactions

The remuneration of directors and other members of key management personnel during the three and six months ended June 30, 2022 are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Salaries	231,627	380,989	497,535	760,214
Management fees ⁽¹⁾	47,593	46,375	91,790	91,964
Directors fees	30,310	30,454	59,188	58,971
Share-based compensation ⁽²⁾	12,369	12,499	24,841	25,028
	321,899	470,317	673,354	936,177

(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.

On August 13, 2020, the Company entered into loan agreements with its CEO, COO and former CFO (the “Executives”) as partial compensation for the services provided by the Executives in 2019. The loans are non-interest bearing, non-recourse loans with a term of three years. Pursuant to the terms of the loan agreements, the Executives used the proceeds of the loans to exercise 4,563,000 warrants held by the Executives. The shares issued to the Executives on exercise of the warrants are held by the Company as security for the outstanding loan balance. In February 2022, the Company settled C\$118,482 of the loans with certain Executives. The loan receivable balance at June 30, 2022 is C\$109,668.

18. Segmented information

The Company operates in one reportable segment, being the exploration, development and operation of gold mining properties. All the Company’s equipment and mining assets are located in North America and the Republic of South Africa. A breakdown of the total assets by geographic segment is as follows:

	North America	South Africa	Total
Cash	16,678	397,458	414,136
All other assets	11,637,688	31,235,229	42,872,917
Balance, June 30, 2022	11,654,366	31,632,687	43,287,053