

Galane Gold Ltd. Releases Financial and Operating Results for 2013

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TORONTO, ONTARIO--(Marketwired - Apr 8, 2014) - [Galane Gold Ltd.](#) ("Galane Gold" or the "Company") (TSX VENTURE:GG) is pleased to announce the release of its financial results for the year ended December 31, 2013. All amounts are in United States dollars unless otherwise indicated.

A copy of the audited consolidated financial statements for the year ended December 31, 2013 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.

Fourth Quarter 2013 Highlights

- Cash balance at December 31, 2013 of \$11.2 million representing an increase of \$4.0 million in Q4 2013.
- Operating cash cost of \$786 per ounce (excluding royalties)⁽¹⁾.
- Produced 11,853 ounces of gold representing our highest quarterly production since Q1 2012.

2013 Highlights

- Operating cash cost of \$1,214 per ounce (excluding royalties)⁽¹⁾. We have seen a marked improvement in the cash cost per ounce during the year from \$1,643 per ounce in Q1 2013 to \$786 per ounce in Q4 2013 in line with the mine plan.
- Produced 38,754 ounces of gold.
- Total ore mined of 770,449 tonnes at an average grade of 2.04 grams per tonne.
 - 575,096 tonnes of ore at a grade of 2.17 grams per tonne were mined at Tholo. As anticipated, the stripping ratio declined throughout the year to 4.66 in Q4 2013 from 20.34 in Q1 2013.
 - Mining at Golden Eagle was suspended in Q2 2013 as a response to the fall in gold price. In the year, 138,709 tonnes of ore at 1.47 grams per tonne were mined.
- Total ore milled of 885,848 tonnes at a head grade of 1.70 grams per tonne.
- Net loss before tax for 2013 of \$26,970,550 after charging:
 - an impairment of \$16,867,329 against mining and exploration properties;
 - a reduction of \$955,264 in the carrying value of inventory to its net realisable value; and
 - a reduction in the estimated asset retirement obligation of \$(2,390,011).

Outlook

The Company completed a comprehensive review of its five year mine plan in Q3 2013 which consolidates the resources identified in our mineral resource statement with an effective date of December 31, 2012, additional resources identified by our continuing exploration plan and historic resources that have been underutilized. We have reviewed our various resources by net present value and ranked them in the mine plan accordingly. The Company intends to utilize the following resources in 2014:

- Tholo Pit - this ore is of a higher grade than other high volume ore sources available to the Company at this time and thus has the effect of increasing the process plant head grade. Mining activity from the Tholo pit is anticipated to finish in the second quarter of 2014 as we look to change our mining method to access more ore at the bottom of the pit. Due to the high volumes of ore mined, at the end of the pit life, it is expected that some of the ore mined will be stockpiled for feed throughout 2014.
- Tailings - the Company has identified several high grade tailing dumps that are a result of historic mining activity. The deposits are within the Company's current licenses and we intend to utilize the deposits to supplement the feed to the plant to increase the volume processed. It is envisaged that we will continue to supplement feed throughout 2014 and 2015 with tailings material.

- **Tau Underground** - we have completed the mine design based on a gold price of \$1,400. Work has commenced on the infrastructure required to commence underground mining at Tau. The Company will minimize the capital requirement to ensure the project can be internally funded. It is expected that we will start processing ore from Tau during the second quarter of 2014. Once underground we are expecting to mine up to 1 million tonnes of ore at an average grade of 2.6 g/t by 2018. See "Cautionary Notes" below.
- **Tawana Pit** - as part of the venting required for Tau Underground we have designed an exit through the previously mined Tawana Pit that we expect will provide some additional ore.
- **High Grade Small Deposits** - the Company has identified several high grade small deposits around our existing operations and we will look to utilize when we have spare mining capacity available during 2014 to carry out small scale mining to increase the grade of the plant feed.
- **Golden Eagle** - we commenced mining again in 2014 after redesigning the pit to take into account a lower gold price. We are currently forecasting to mine up to 1 million tonnes of ore, at an average grade of 1.71 g/t and with a stripping ratio of 5.6 by the end of 2015. See "Cautionary Notes" below.
- **Low Grade Stockpiles** - we have completed test work on screening the low grade stockpiles by particle size. This work has shown that the majority of the high grade ore is in material sized at less than 40mm. We intend, currently, to commence screening the material in 2014 and supplement feed to the plant throughout 2014 and 2015 with the material less than 40mm.

This mine plan is subject to change according to the prevailing gold price whereby the Company will adopt the appropriate plan for that prevailing gold price environment.

The Company's processing plant continues to focus on on-going stabilisation and optimisation of the processing operations. Particular areas of focus include:

- Civil works have commenced on a new cyanide area which will enable the Company to use either liquid or solid cyanide. In addition, an automated dosing system has been introduced which will be integrated with the new cyanide plant with the effect of reducing costs through more efficient dosing.
- Work has commenced on re-commissioning the oxygen plant to full capacity coupled with investigation on the most effective method of introducing the oxygen into the process. The object of such work is to reduce costs through efficiency and direct cost.
- Planning work has commenced on introducing a gravity concentrating circuit into the plant to concentrate free gold before leaching is initiated. This is in response to positive results received on the recovery of free gold from our existing ore resources.

The Company's current exploration program which covered 2012 and 2013 is effectively complete. The program is now moving to focus on identifying new high grade small deposits on the Company's existing mining licenses. In addition work has commenced to produce a collated database of all new and historic exploration data. This will assist the Company in generating new targets and also identifying further work required to report additional resources with the ultimate objective of continuing to increase the operation's mine-life.

Galane Gold Chairman, Ravi Sood commented: "The Company continued to show improvement quarter on quarter during 2013 benefiting from both increased gold production and reduced operating costs. This has been achieved by the continuous push for operational improvements, tight controls on the Company's costs and increasing the skill base within our production team.

"The completion of a five year plan based on the current gold price has provided us with a sustainable path forward while retaining flexibility. The exploration completed to date has the potential to expand the mine life and alter our five year mine plan with additions such as the recently announced mineral resource at Tekwane.

"We remain confident that we will continue to progress along our two key objectives of maximising cash-flow and extending the operating life of our mine."

Note:

(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 year ended December 31, 2013 for reconciliation to measures reported in the Company's financial statements.

About Galane Gold

Galane Gold is an un-hedged gold producer and explorer with mining operations and exploration tenements in Botswana. 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.

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 a single mineral project; gold price volatility; risks associated with the conduct of the Company's mining activities in Botswana; regulatory, consent or permitting delays; risks relating to the Company's exploration, development and mining activities being situated in a single country; 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; 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.

Estimates set out above under "Outlook" in respect of Tau Underground and Golden Eagle are

preliminary in nature and include inferred mineral resources. There is no certainty that such estimates will be realized. Mineral resources are not mineral reserves and do not have demonstrated economic viability. Inferred mineral resources are estimated on limited information not sufficient to verify geological and grade continuity or to allow technical and economic parameters to be applied. Inferred mineral resources are too speculative geologically to have economic considerations applied to them to enable them to be categorized as mineral reserves. There is no certainty that mineral resources can be upgraded to mineral reserves through continued exploration.

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.

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