

TORONTO, ONTARIO--(Marketwired - Jan. 16, 2017) - [Galane Gold Ltd.](#) ("Galane Gold" or the "Company") (TSX VENTURE:GG) is pleased to provide an update on the commissioning of the Galaxy Project:

- Underground development on 17 level completed and stoping ready to commence.
- Slimes reclamation from the Hostel dump running as planned.
- Crushing circuit work not yet commenced, however the ROM bin has been refurbished and a new crusher sourced.
- Mill circuit refurbished and running.
- Leach / CIL circuit first phase complete with 5 tanks running and oxygen plant fully functional. Second phase to complete another 3 tanks is under construction.
- Elution, carbon regeneration and gold circuit to be completed.
- Tailings circuit running as designed.

Gold has been extracted from the loaded carbon from the CIL, using a neighbouring mines elution circuit, with the initial estimate for December 2016 production being 26 ounces.

At the current stage the Galaxy project does not generate positive cash flows and further capital expenditures are required to complete the full commissioning. The Company is committed to fund the commissioning and subsidize operations at the Galaxy project from cash flows generated from the Company's Mupane mine. Mupane continues to generate positive operating cash flows; however at the current gold price it is insufficient to fully fund the Galaxy project. With the decline in gold price in November 2016 and the continued uncertainty of the price of gold, management of the Company has decided to be prudent and delay full commissioning at the Galaxy project until the Company has sufficient funds available.

Galane Gold CEO, Nick Brodie commented: "Reducing the pace of commissioning at Galaxy is disappointing, but it is the correct decision in the current environment to avoid shareholder dilution. Galaxy forms a key part of our plan to reshape the Company into a long-life and low-cost operation that can produce positive returns for investors across commodity cycles. The decision to delay the full commissioning highlights why it is essential for us to deliver this plan and the management of the Company will review its position on a monthly basis. We do not believe that the current low gold price environment will be long term.⁽¹⁾"

Galaxy Description

The Galaxy Gold mine is located approximately 8 km west of the town of Barberton and 45 km west of the provincial capital of Nelspruit (Mbombela), in the Mpumalanga Province of South Africa and covers an area of 5,863 ha. The Galaxy Gold mine comprises 21 east-west trending gold bodies and four prospects at 600 - 2,000 meters depth.

The technical disclosure regarding the Galaxy Gold mine is reported in the technical report entitled "A Technical Report on the Galaxy Gold Mine, Mpumalanga Province, South Africa" which was issued January 4, 2016 with an effective date of September 1, 2015 (the "Galaxy Technical Report"), and was prepared by Minxcon (Pty) Ltd and approved by Daniel van Heerden, B Eng (Min.), MCom (Bus. Admin.), Pr. Eng., FSAIMM, AMMSA, a Qualified Person as defined by National Instrument 43-101 ("NI 43-101"). The Galaxy Technical Report satisfies the requirements to be a pre-feasibility study and was reviewed by the Directors of Minxcon (Pty) Ltd, specifically, Daniel van Heerden; Uwe Engelmann, BSc (Zoo. & Bot.), BSc Hons (Geol.), Pr.Sci.Nat., MGSSA; Dario Clemente, NHD (Ext. Met.), GCC, BLDP (WBS), MMMA, FSAIMM; and Johan Odendaal, BSc (Geol.), BSc (Min. Econ.), MSc (Min. Eng.), Pr.Sci.Nat., FSAIMM, MGSSA, all of whom are Qualified Persons as defined by NI 43-101 and independent of Galane Gold for the purposes of NI 43-101. The Galaxy Technical Report can be found under the Company's profile on SEDAR (www.sedar.com) and on the Company's website (www.galanegold.com).

The Galaxy Technical Report covers the following mineralised bodies:-

- Woodbine, Giles, Galaxy, Golden Hill, Agnes Top, Pioneer & Tiger Trap and Princeton mineralised bodies;
- Ivy and Ceska Shaft Pillars; and
- Woodbine (East, North and South), Alpine Pioneer, Hostel (East and West) and Biox North historical dumps.

Currently, over 75 historical adits exist within the mining area, as well as tailings storage facilities comprised of previously mined and processed material. Galaxy's existing processing plants are in need of refurbishment and consist of a south plant where crushing, milling, flotation, elution and smelting take place, and a north plant where biological oxidation and leaching of flotation concentrate takes place. The south plant is designed to have a total run of mine capacity of approximately 15,000 tonnes per month and can be expanded through refurbishment and the introduction of larger mills and flotation equipment.

About Galane Gold

Galane Gold is an un-hedged gold producer and explorer with mining operations and exploration tenements in Botswana and South Africa. Galane Gold is a public company and its shares are quoted on the TSX Venture Exchange and the Botswana Stock Exchange under the symbol "GG". Galane Gold's management team is comprised of senior mining professionals with extensive experience in managing mining and processing operations and large-scale exploration programmes. Galane Gold is committed to operating at world-class standards and is focused on the safety of its employees, respecting the environment, and contributing to the communities in which it operates.

Note:

(1) This is forward-looking information and is based on a number of assumptions. See "Cautionary Notes".

Cautionary Notes

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

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

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

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

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