

Galane Gold Ltd. Announces Agreement to Acquire Andy Well Project in Australia

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TORONTO, Oct. 04, 2018 - [Galane Gold Ltd.](#) ("Galane Gold" or the "Company") (TSX-V: GG; OTCQB: GGGOF) is pleased to announce that it has entered into a purchase agreement to acquire certain Western Australian mining tenements and related plant, equipment and assets (collectively, the "Andy Well Project") from Andy Well Mining Pty Ltd and [Doray Minerals Ltd.](#) (ASX: DRM) (together the "Vendor").

Transaction

Galane Gold has entered into a purchase agreement with the Vendor, pursuant to which a wholly-owned subsidiary of the Company has agreed to acquire the Andy Well Project in exchange for aggregate consideration of AUD\$10,000,000 comprised of (i) common shares in its capital having an aggregate value of AUD\$1,000,000 (the "Share Consideration") calculated by reference to the average volume weighted average on which common shares in the capital of Galane Gold are traded on the TSX Venture Exchange (the "TSXV") during the five trading days preceding September 29, 2018, and converted into Canadian dollars based upon the AUD\$:CDN\$ exchange rate as quoted by the Bank of Canada for the trading day immediately prior to such date; and (ii) aggregate cash consideration of AUD\$9,000,000 (the "Cash Consideration"). The Share Consideration would represent approximately 9% of the Company's issued and outstanding common shares based upon its current share capital, if the transaction is completed.

The Share Consideration and AUD\$3,000,000 of the Cash Consideration will become payable on the later of January 27, 2019 and 10 business days after the last of the conditions is satisfied or waived. AUD\$3,000,000 of the Cash Consideration will become payable on the earlier of the commencement of commercial operations on the Andy Well Project and September 29, 2019, with the remaining AUD\$3,000,000 of the Cash Consideration to become payable on the earlier of 12 months after the commencement of commercial operations on the Andy Well Project and September 29, 2020.

The acquisition of the Andy Well Project is subject to the satisfaction or waiver of numerous closing conditions on or before January 27, 2019, including the receipt of various Australian regulatory consents, including with respect to the mining tenements by the Department of Mines, Industry Regulation and Safety and Treasurer of the Commonwealth of Australia, if required; approval of the TSXV; the Vendor obtaining all shareholder approvals, if any, required by the Australian Securities Exchange; the receipt of a technical report in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101"); the execution of the Gnaweeda Farm-In Agreement (as defined below); and the preparation and filing of a revised mine closure plan by the Vendor; and other conditions customary to a transaction of this nature.

Chief Executive Officer Nick Brodie stated, "Galane Gold has a strong management team with the proven skills to bring brownfield projects back into production. Andy Well represents the perfect opportunity with an operation that has only recently been put into care and maintenance and, subject to the raising of necessary funds, could be put back into production within 6 months of the recommencement of underground development.

Our Galaxy project still remains our priority, with Andy Well representing the next project in the pipeline which we expect to commence once we have Galaxy in a steady state of production."

In connection with the acquisition of the Andy Well Project, a wholly-owned subsidiary of the Company will enter into a farm-in agreement with respect to certain exploration tenements in the Gnaweeda area (the "Gnaweeda Farm-In Agreement"). The Gnaweeda Farm-In Agreement is in the process of

being negotiated and finalized.

Andy Well Project Description

The Andy Well Project is located 43km north of Meekatharra in the northern Murchison Region of Western Australia. The tenements of Andy Well cover approximately 281km² and compromise one mining lease of 11.09km² and four exploration leases.

The Andy Well gold mine has produced over 300,000oz of gold since it commenced production in August 2013 until November 2017 when the operation was put into care and maintenance due to the capital costs associated with development required to extend the life of the underground mining.¹

The Andy Well processing facility is a 30,000 tonne per month plant and comprises a two-stage crushing circuit, single stage grinding circuit, gravity recovery circuit and conventional carbon-in-pulp circuit. Commissioned in July 2013, it consistently had above 98% availability and recoveries averaging more than 95% during the final year of operation. Mining at the later stages of the operations was all underground and used the cut and fill method.¹

Subject to the completion of a NI 43-101 report and other conditions to the transaction, Galane Gold envisages a six-month mining development program to recommence production following the acquisition.⁽²⁾

Historical Estimate

The historical estimate set out in the table below (the "Historical Estimate") was prepared by Doray Minerals and reported as at June 30, 2018 and disclosed as available in public sources, has not been independently verified by the Company.

Mineral Resource Category	Tonnes Gold Grade Content		
	(kt)	(g/t)	(oz)
Measured	139	13.7	56,000
Indicated	1,063	9.2	315,000
Total Measured and Indicated	1,189	9.7	371,000
Inferred	628	6.6	134,000

Historical Estimate as at June 30, 2018

¹ The information regarding the quantity of gold produced historically is based on information produced by Doray Minerals and available in Doray Minerals's public disclosure record, has not been independently verified by the Company.

² This is a forward looking statement and is based on a number of assumptions and risks, including the Company's ability to successfully complete and integrate the acquired assets; gold price volatility; risks associated with proposed activities in Australia; regulatory, consent or permitting delays; risks and unknowns inherent in all mining projects, including the inaccuracy of metallurgical recoveries and capital and operating costs of such projects; and operating or technical difficulties in connection with mining or development activities.

The resource is reported above a 0.1g/t lower cut off and was calculated by Doray Minerals in accordance with a 2012 Australian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code). The estimation is based on a compilation of 872 reverse circulation and 1,024 diamond drill holes completed by Doray Minerals.

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 issuer is not treating the Historical Estimate as a current mineral resource.

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 are not available. Galane Gold intends to verify the Historical Estimates based on a NI 43-101 technical report to be received by the Purchaser as a condition to closing of the acquisition of the Andy Well Project. Work required to upgrade or verify the Historical Estimates as current mineral resources will be based on recommendations in the NI 43-101 report.

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.

Cautionary Notes

Certain statements contained in this press release constitute "forward-looking statements", including statements regarding the proposed acquisition of the Andy Well Project and the Company's current plans for the property. All statements other than statements of historical fact contained in this press release, including, without limitation, those regarding the Company's 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 ability to successfully integrate acquired assets; gold price volatility; regulatory, consent or permitting delays; risks relating to the Company's exploration, development and mining activities; 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, including related to the contemplated acquisitions; 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 resources 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 speculative nature of exploration and development, including the risks of diminishing quantities or grades of resources; 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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