

# Galane Gold Ltd. Announces an Update of the 2014 Preliminary Economic Assessment of the Summit Mine and Banner Mill

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TORONTO, June 27, 2022 - [Galane Gold Ltd.](#) ("Galane Gold" or the Company") (TSX-V: GG; OTCQB: GGGOF) announces it has completed an update of the 2014 preliminary economic assessment ("PEA") on the Summit Mine and Banner Mill (collectively, "Summit").

Galane has developed a more detailed mine plan for Summit (assisted by a new survey of the underground mine), changed the mining and trucking operations to owner operator, completed a detailed analysis of the plant restart requirements and updated all the operating costs relating to Summit. The key results of the updated PEA based on the current known resources are:1, 2

- A 7-year mine life;
- Average annual production of:
  - 9,500 ounces of gold
  - 444,000 ounces of silver
  - 14,700 ounces of gold equivalent production;3
- Capital cost of US\$13.4 million;
- Peak funding requirement of US\$8.2 million;
- Project payback in 26 months;
- Pre-tax NPV (5%) of US\$66.4 million; and
- All-in sustaining cash cost of US\$864 per ounce of gold.

Nick Brodie, CEO of Galane Gold, commented "Galane Gold's management team, as they did with our Galaxy property, has worked extensively with the information available to it including several site visits, a review of historical paper records, a re-survey of the Summit mine, and a detailed restart review of the Banner Mill, and has identified efficiency improvements to the previous operations. From this, the Company has built a comprehensive mine plan, robust financial model and a short-term path to production for Summit.

To maximize the return to stakeholders, we have moved to an owner operator model for the underground mining and trucking to the plant, and have increased the size of the plant so that it can produce 100% concentrate as the final product. These are steps we already carried out at Galaxy and therefore we have the right management team available to successfully implement this plan.

The PEA results represent a positive outcome with the all-in sustaining cost of US\$864 per ounce placing the operation firmly within our objective of building a gold mining company with low cost operations that can generate positive cash flows through commodity cycles.4 The current life of Summit is only constrained by the known resource and, as we have done repeatedly at both Mupane and Galaxy, we expect that as we progress, we will extend life at depth through exploration.4

We are now progressing conversations with debt providers and potential concentrate off-takers to put a financing package together to restart the operations at Summit as soon as possible and will update the market when appropriate on our progress.4"

## Notes

*1 The PEA is an update of the economic model provided by Waterton Precious Metals Fund II Cayman, the previous owner of Summit, to the Company with an effective date of September 17, 2014, which was included in the "Technical Report, Preliminary Economic Assessment, Summit Gold-Silver Project, Grant and Hidalgo Counties, New Mexico", prepared by Douglas F. Irving, P.E., Susan C. Bird, P.Eng., and Tracey D.*

*Meintjes, P. Eng. of Chapman, Wood and Griswold, Inc. in Albuquerque, New Mexico (the "Technical Report"). The PEA has been updated by the creation of a new mine plan, updated costings, revised off-take terms and updated metal prices. Please see Appendix 1 and 2 for further details.*

*2 The updated PEA is preliminary in nature, and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the updated PEA will be realized.*

*3 Based on US\$1,850 per ounce of gold and US\$22 per ounce of silver*

*4 This is forward-looking information and is based on a number of assumptions. See "Cautionary Notes".*

## **About Galane Gold**

Galane Gold is an un-hedged gold producer and explorer with mining operations and exploration tenements South Africa and New Mexico. Galane Gold is a public company and its shares are quoted on the TSX Venture Exchange ("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". All statements other than statements of historical fact contained in this press release, including, without limitation, those regarding the Company being able to implement its plans to bring Summit into production, maximizing shareholder returns, production at and life of Summit, financing available to restart operations at Summit, technical, financial and business prospects of the Company, 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 South Africa and New Mexico; regulatory, consent or permitting delays; risks relating to the Company's exploration, development and mining activities being situated in South Africa and New Mexico; 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; the ability of the communities in which the Company operates to manage and cope with the implications of COVID-19; the economic and financial implications of COVID-19 to the Company; 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 prepared and approved by Kevin Crossling Pr. Sci. Nat., MAusIMM. and Business Development Manager for Galane Gold, and a "qualified person" as defined by NI 43-101. Mr. Crossling has relied on information included in the Technical Report, which was prepared by an advisory company that offers a wide range of exploration, mining, management, valuation, financing and advisory services (the "Author"). The Technical Report relies on historical drilling and sampling. The Author used information relating to operational methods and expectations provided to it by various sources. The Technical Report provides that: (a) the historical mineral resource model is based on available sampling data collected over the history of the project area; (b) the grade models were verified using visual and statistical methods and deemed to be globally unbiased; (c) the blocks were classified into historical mineral resource categories based on the variogram parameters and restrictions on the number of composites and drill holes used in each pass of the interpolation; (d) only the historical mineral resources lying within the legal boundaries are reported; and (e) no modifying factors were applied to the historical in-situ mineral resources.*

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

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**Appendix 1: Detailed summary of annual production numbers**

<https://www.globenewswire.com/en/news-release/2022/06/27/2469467/0/en/Galane-Gold-Ltd-Announces-an-Update-o>

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