

# GALANE GOLD Ltd.

Assessment: **OUTPERFORM** with an analytical valuation price of **0,50 CAD**

Closing price as of 21.09.2016	0,12 / 0,09 EUR	Highest stock price within the last 52 weeks	0,19 CAD / 0,14 EUR
Analytical valuation target within the next 12 months (*) EUR/CAD cross-rate of 1,45	0,50 CAD / 0,345 EUR (*)	Lowest stock price within the last 52 weeks	0,03 CAD / 0,01 EUR
Projected upside potential in %	316%	Stock-Ticker (Canada and Germany)	GG / 25G
Assessment	OUTPERFORM	Type of study	Initial coverage as of 22.09.2016
Outstanding shares as of August 2016	142.628.884	ISIN Number / WKN	CA36316B1085 / A1JR79
Market Capitalization	17,1 Mio. CAD	Metal focus: Gold	Sector: Mining
Website	<a href="http://www.galanegold.com">www.galanegold.com</a>	Analyst	Carsten Ringler

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## **Galane Gold – a very significantly undervalued African gold producer with strong share price potential!**

Galane Gold owns and develops two attractive gold projects in Africa: The „Mupane Gold Project“ in Botswana and the „Galaxy Gold Project“ in South Africa.

The Mupane properties are located in the north-east of Botswana, about 30 km southeast of the city Francistown. The gold project is well connected to local infrastructure: Water from Shashe Dam and power grid from Botswana. It is located in the Tati greenstone belt which comprises geologically from metavolcanic, metasedimentary and intrusive rocks up to 20 km in width and striking over 65 km in length. The concession areas of „Mupane“ contain about 90% of the entire Tati greenstone belt.

Galane Gold acquired "Mupane" in May 2011 for 33.5 Mio. USD from IAMGOLD. The purchase price included several running open-pit mines and a fully permitted operational processing plant. Since 2005 more than 650,000 ounces of gold have been produced. Galane produced in 2015 24,321 ounces of gold and in 2014 30,791 ounces gold. Galane made a decision in late 2014 to move to underground mining due to the higher grade and better economics and commenced development work at the previously mined open pit „Tau“. The plan involved the mining of a previously un-mined „Eastern Ore body“ to provide funds for the development to the main „Tau“ ore body.

Galane began underground mining of ore from the eastern part of the orebody in August 2015 - the main orebody "Tau" was reached in the second quarter 2016 by a new tunnel system. To ensure a stable utilization of the processing plant at "Mupane", also nearby ore from previously mined low grade stockpiles and ores from nearby „Tekwane“ open pit were processed. According to the current mine plan it is expected that „Mupane“ will produce on average 33,600 ounces of gold per annum over the next 5 years at around 980 USD AISC total cash costs.

**Let's move to the "Galaxy Project" in South Africa:** on 25.November 2015, Galane acquired 74% of the project near the low point of the 4.5 years long consolidation period in the gold sector for the equivalent of only about 2.4 Mio. CAD. The company is working towards acquisition of the remaining shares to achieve project ownership of 100% and the company has been able to increase the stake to currently 98.6% on the same terms as the initial acquisition.



It will now follow a normal legal process to mandatory acquire the remaining shares on the same terms. The purchase price included a total gold resource of 1,488,895 ounces, extensive underground infrastructure with access to 23 ore bodies and a processing plant.

The Galaxy properties are located in the South African province of Mpumalanga about 8 km west of town Barberton and 45 km from Nelspruit. Galane controls 5,863 hectares at their concession areas, that are geologically attributed the Barberton Greenstone Belt (BGB). In this mineralized belt is also the "Barberton" Gold Project from Pan African Mines which produces approximately 115,000 ounces of gold annually. The „Galaxy“ properties have a long history under different operators in the last 120 years with more than 1.3 Mio. ounces of gold having been mined already on the concessions. The management has also a drill ready plan to be able to extend the existing gold resources to 4 Mio. ounces in the future.

At the moment the main goal is the re-commencing of production towards the end of the fourth quarter 2016. In the press release dated 18.07.2016, the management announced that the rehabilitation of the existing infrastructure will take approximately 6 months. A investment budget of 2 Mio. USD has been made available for the re-furbishing of the existing processing plant and to buy new components, such as a crusher and a new carbon leaching plant (CIL). Galane Gold anticipates that an average annual production of 11,300 ounces at low AISC cash cost of less than 600 USD could be achieved in the first two years of full production. The annual production should then be gradually increased in further stages to 50-60,000 ounces of gold at „Galaxy“.

Here is an overview of the existing gold resources of the „Galaxy-Project“ in South Africa:

Mineral Resource Category	Tonnes	Grade Au	Content Au
	t	g/t	Oz
Measured	1,876,126	3.37	203,435
Indicated	4,350,781	2.85	399,261
<b>Measured and Indicated</b>	<b>6,226,907</b>	<b>3.01</b>	<b>602,696</b>
Inferred	8,095,521	3.40	886,199



## Merger and acquisitions (M&A) in the gold sector picked up in recent months

Many market participants assume, after the strong upward movement in the gold price of about 27% since mid-December 2015, the lows of the 4.5 year consolidation period were achieved. Therefore we have seen in the gold sector an increase in acquisition activity. Their valuations on average are 59 USD per ounce of gold. In our opinion Galane Gold is a special takeover target, because on both of their gold projects there is good infrastructure and processing facilities. Since management controls about 24% of the outstanding shares, we believe that if a merger or complete takeover by a mid-tier gold producer takes place, it will be at a fair value, which is a significantly higher share price! The current market cap is far too low at all valuation approaches. So for example, the net present value (NPV) of the two gold projects calculated at a discount rate of 10% and a gold price of 1,300 USD lies at 229 Mio. USD. In comparison, the current market capitalization is very low at 17,1 Mio. CAD, which is a discount of more than 90% to the calculated NPV.

We have summarized below an overview about some recent mergers and acquisitions in the precious metals sector:

<u>(M&amp;A) Target Company:</u> <u>(*Transaction not closed yet)</u>	<u>The acquiring company:</u>	<u>Transaction value:</u>	<u>Resources (all categories) of M&amp;A Target Company:</u>	<u>Market Cap/Unzen</u>
Amara Mining	Perseus Mining	68,3 Mio. GBP or 95,2 Mio. USD	ca. 9,6 Mio. ounces gold	approx. 10 USD
Gryphon Minerals (*)	Teranga Gold	86 Mio. AUD	ca. 3,6 Mio. ounces gold	approx. 24 AUD
Kaminak Gold	Goldcorp	520 Mio. CAD	ca. 5,2 Mio. ounces gold	approx. 100 CAD
Claude Resources	Silver Standard Resources	337 Mio. CAD	ca. 1,3 Mio. ounces gold	approx. 259 CAD
True Gold	Endeavour Mining	240 Mio. CAD	ca. 4,9 Mio. ounces gold	approx. 49 CAD
Goldrock Mines	Fortuna Silver	129 Mio. CAD	ca. 2,75 Mio. ounces gold	approx. 47 CAD
St. Andrew Goldfields	Kirkland Lake	178 Mio. CAD	ca. 4,8 Mio. ounces gold	approx. 37 CAD





## **Management:**

### **Ravi Sood (Chairman):**

Ravi Sood is a financier and venture capitalist. Mr. Sood is the founder and former CEO of Navina Asset Management, a Toronto-based investment firm that was acquired by a major financial institution. Mr. Sood serves as Executive Director of Feronia Inc. He was the founder and former Chairman of Feronia Inc., one of Africa's largest employers, and Transeastern Power Trust, an emerging-markets focused renewable energy producer. Mr. Sood has also served as a director for numerous other public and private organisations.

### **Nicholas Brodie (CEO and Director):**

Nick Brodie is a senior executive with extensive experience in Africa. Prior to joining Galane Gold Mr. Brodie was the CFO of Katanga Mining Limited and Copperbelt Energy Corporation Plc. Mr. Brodie is a Fellow of the Association of Certified Chartered Accountants and holds a BSc(Hons) Geography.

### **Wayne Hatton-Jones (COO):**

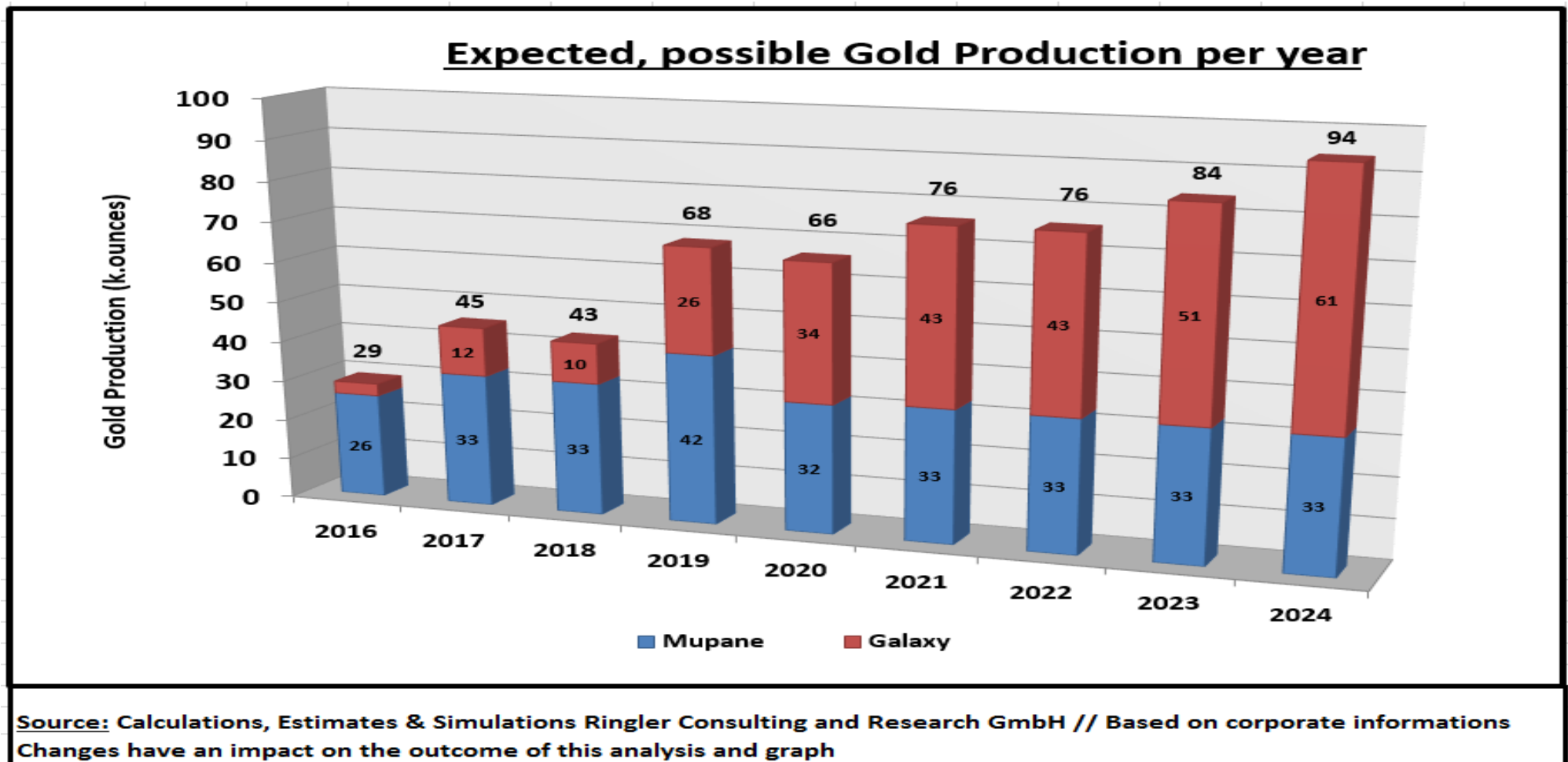
Wayne Hatton-Jones has 26 years experience working in South Africa, Mali West Africa, Tajikistan, Kazakstan, Romania and the Solomon Islands. Mr. Hatton-Jones served amongst other positions as the Chief Operating Officer (COO) of Galaxy Gold Mining Limited. He holds a Bachelor of Science (BSc) degree from the University of the Witwatersrand, South Africa and a Management Development Diploma (MDP) from the University of South Africa.

**Also Gavin Vandervegt (CFO) / Charles Byron (Chief Geologist) / Kevin Crossling (Business Development) / Geoff McLoughlin (Processing Manager) / Cedric Sam (Mining Manager) are part of the management team.**

Management of Galane Gold achieved many milestones since the acquisition of the "Mupane" project. Thus, the cash costs has been substantially reduced from 1,214 USD in 2013 to the current level at approximately 1,000 USD per ounce of gold. This is despite the fact, that the company transitions from an open pit producer to an underground mining operation. They had to manage with lower ore recovery rates at „Mupane“ and harder rock had to be processed. Also by their operational successes at "Mupane", we expect a successful restart of the "Galaxy" project. With integration of Wayne Hatton-Jones in the management team Galane has taken another clever move. He was the former COO at "Galaxy" and knows the project inside out.



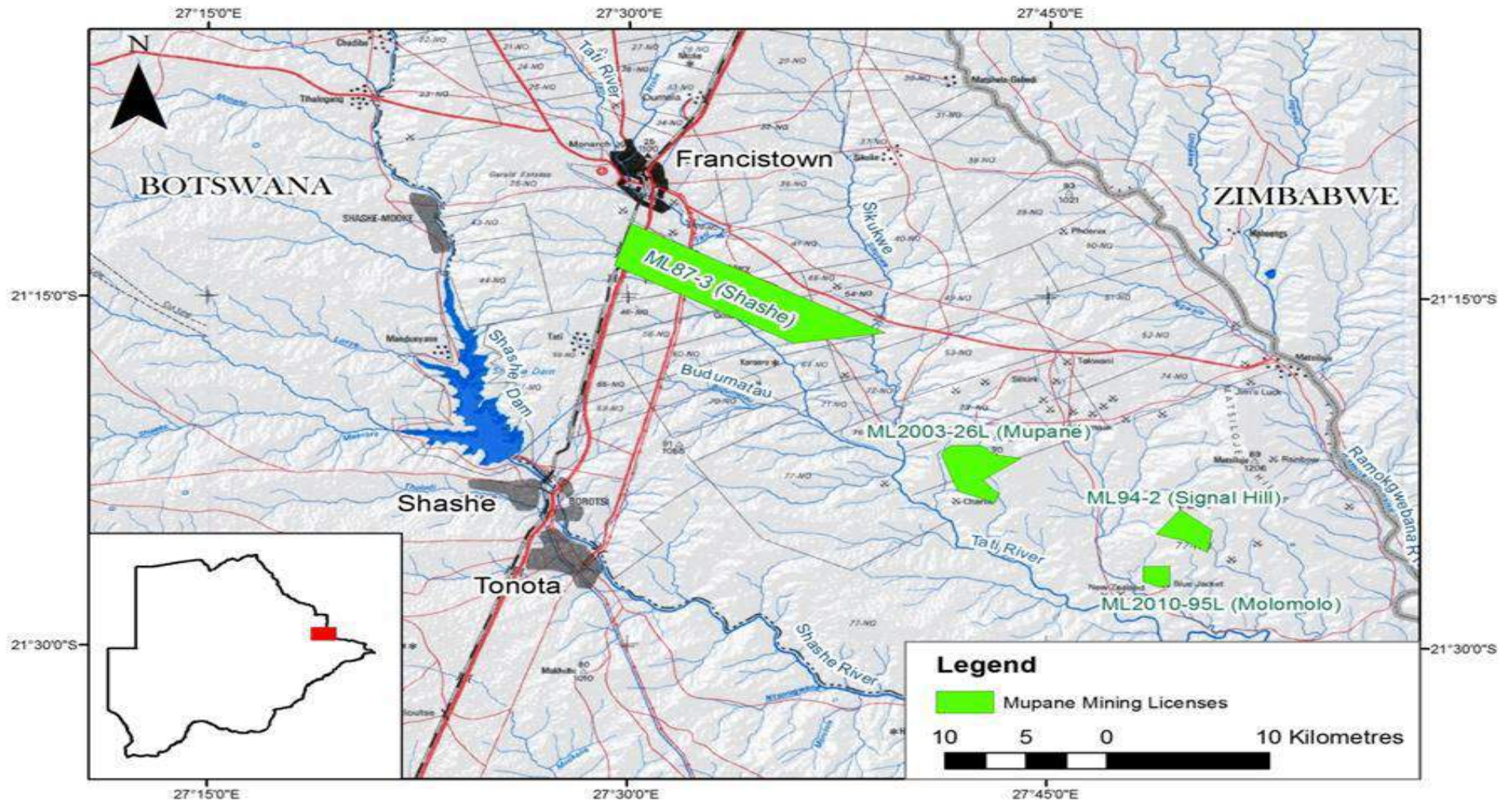
**The Galane Gold Management has big expansion plans for the coming years – the production is expected to double from 30,000 ounces to over 60,000 ounces within the next three years.**







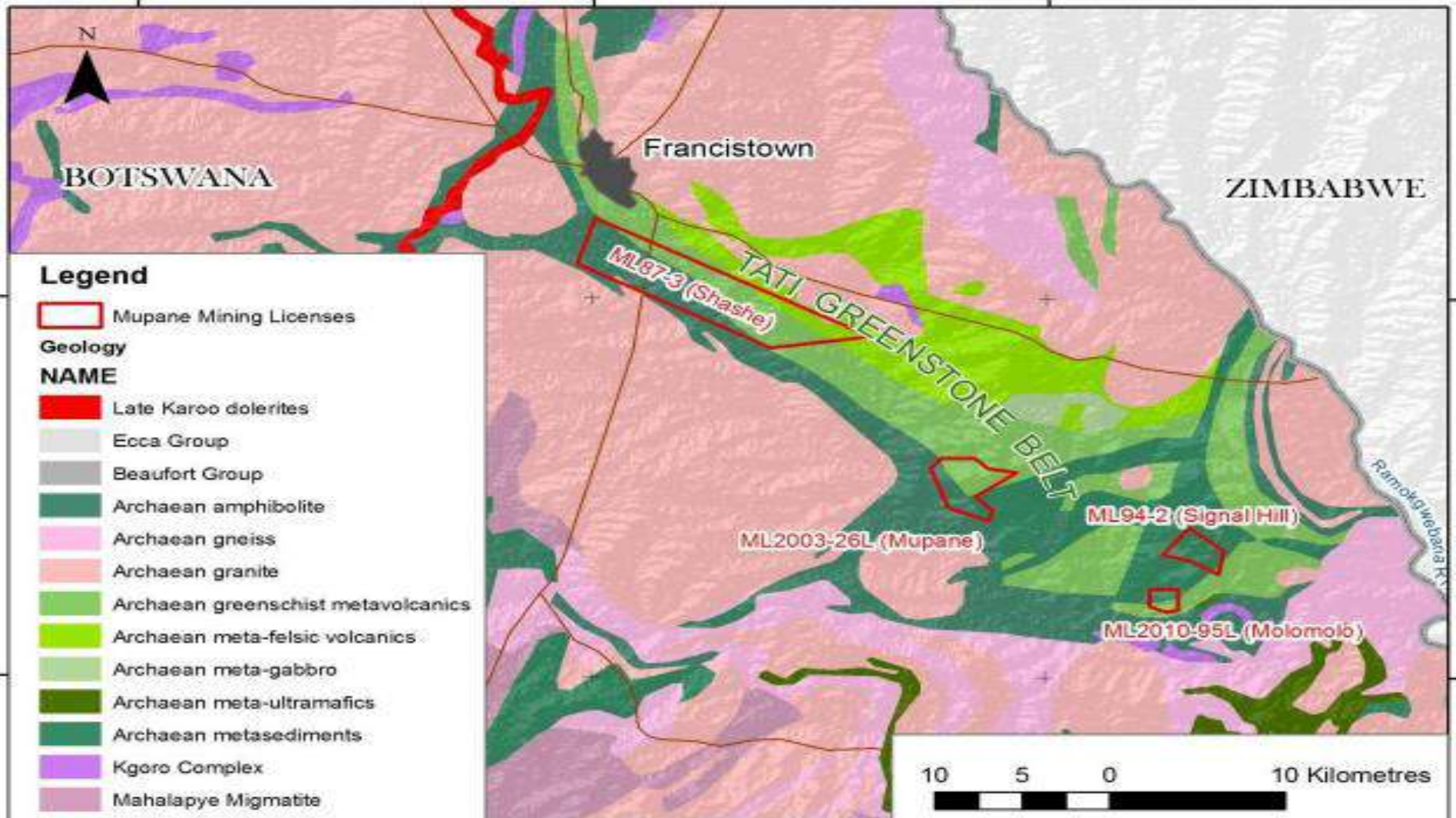
**The "Mupane Gold Mine" including the processing plant is located in Nord-East Botswana**





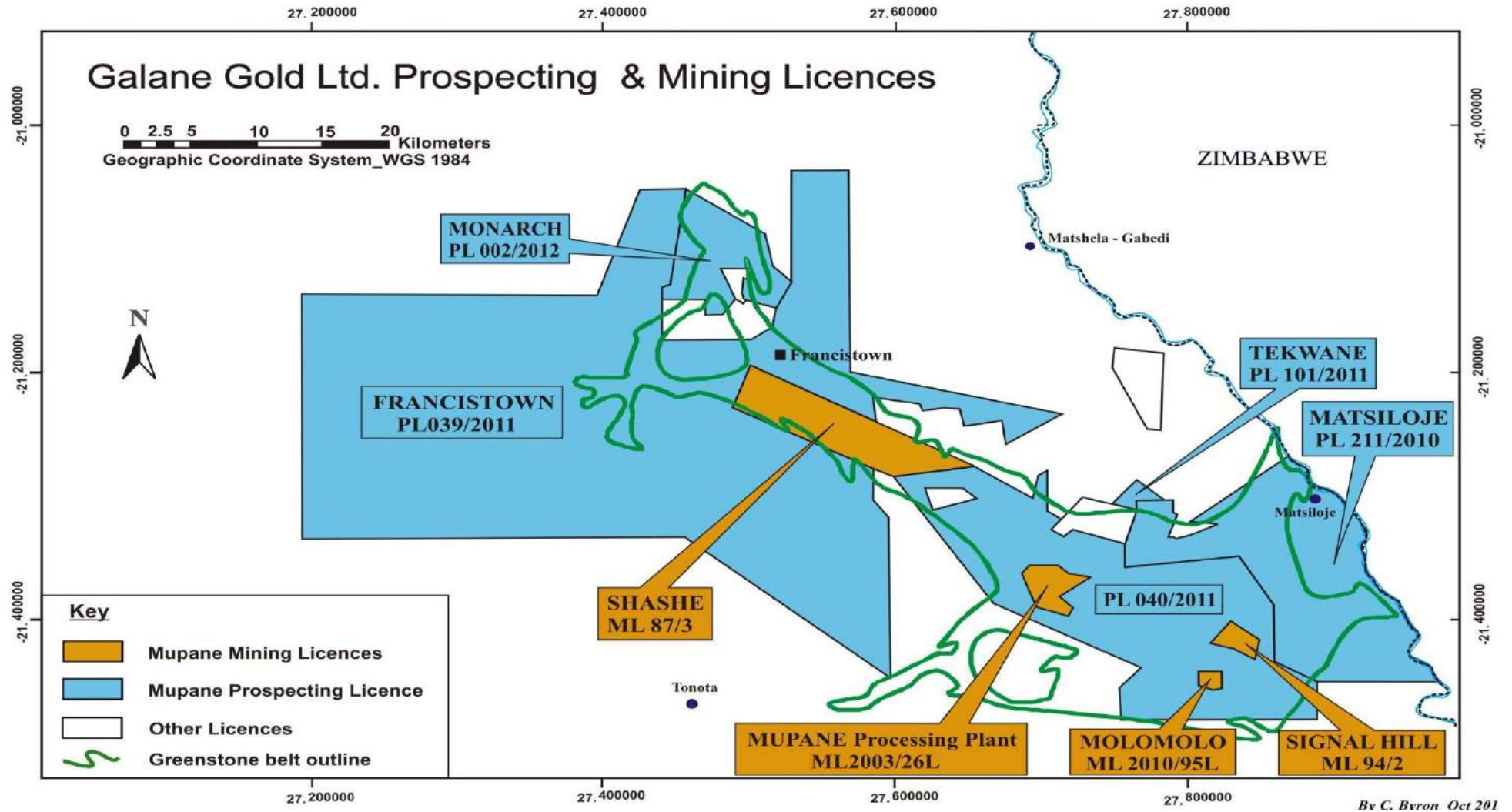


**The flagship project „Mupane Gold“ is located in the Tati Greenstone belt**



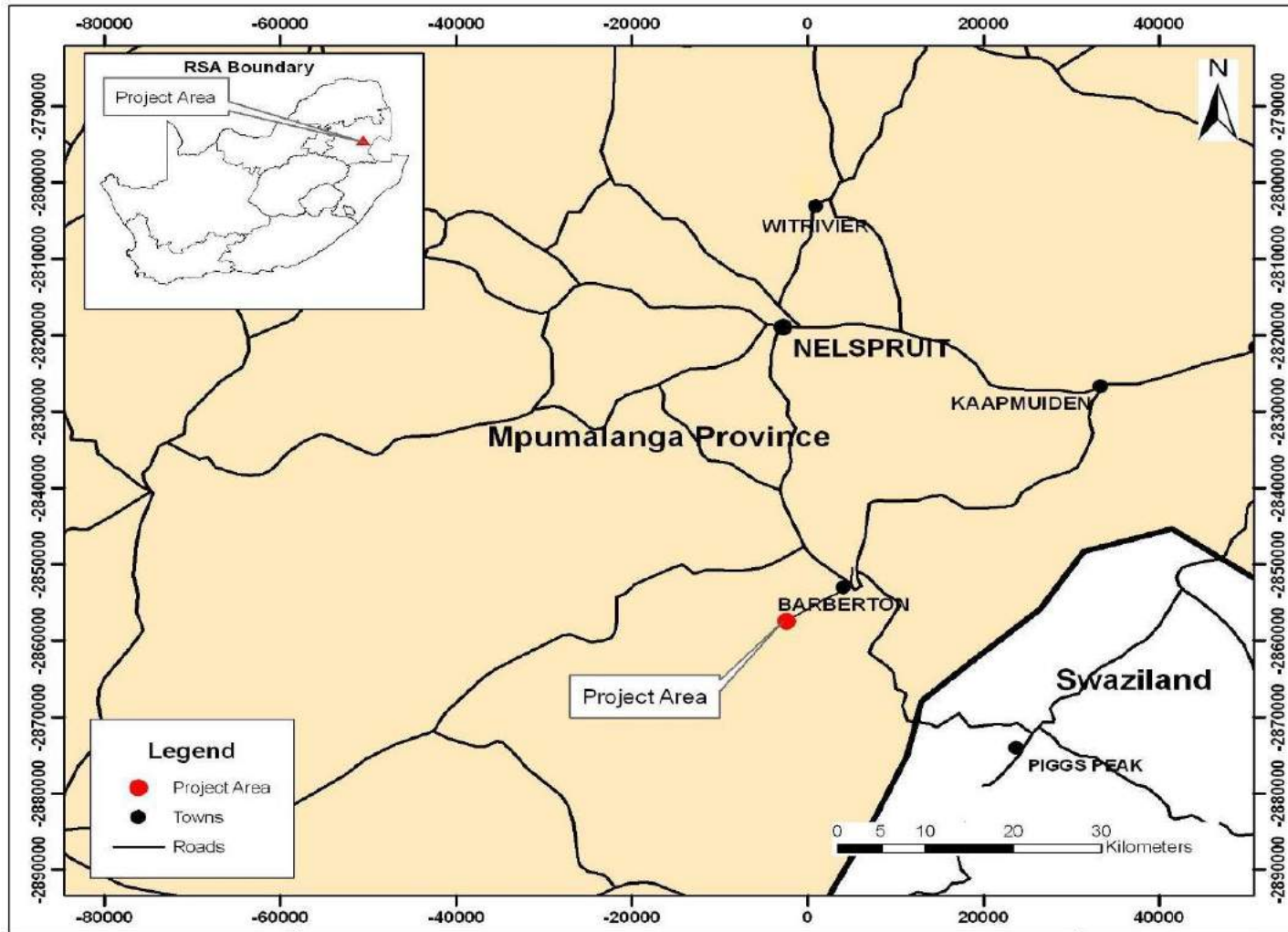


**Galane Gold controls a huge land package at „Mupane“ on their concession areas**





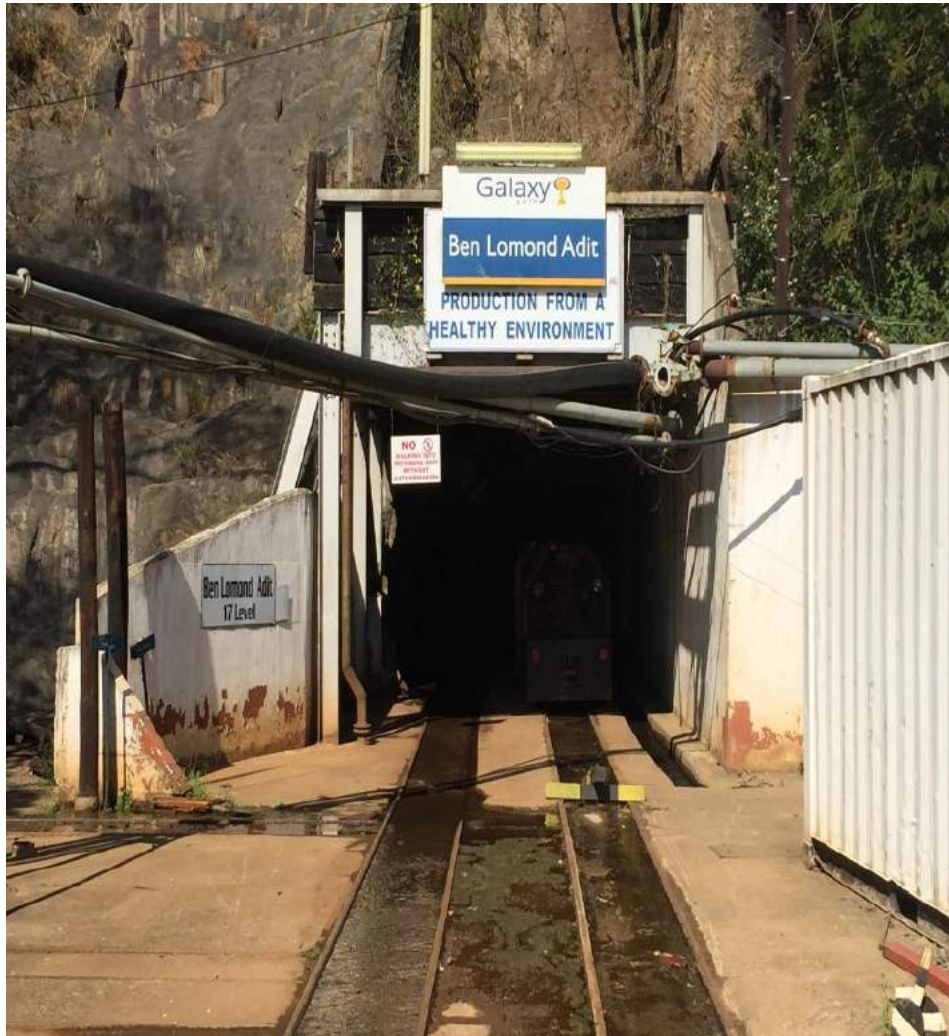
**The "Galaxy Gold Project" including the processing plant is located in the Nord-East of South Africa**







**Images of the entrance to the underground operations and the processing plant at "Galaxy"**







**The „Galaxy“ project is very leveraged to currency fluctuations – a weak South African Rand is highly beneficial to Galane Gold generated cashflows and related NPV’s**



**"Galaxy" Sensitivities at different assumptions**

Long-Term price of gold USDZAR:		NPV (10% discount rate) in Mio. USD
<b>1.100 USD</b>	10	90,3 Mio. USD
	15	117,3 Mio. USD
	20	130,8 Mio. USD
<b>1.200 USD</b>	10	107,9 Mio. USD
	15	134,9 Mio. USD
	20	148,4 Mio. USD
<b>1.300 USD</b>	10	125,5 Mio. USD
	15	152,5 Mio. USD
	20	166,0 Mio. USD
<b>1.400 USD</b>	10	143,1 Mio. USD
	15	170,1 Mio. USD
	20	183,6 Mio. USD
<b>1.500 USD</b>	10	160,7 Mio. USD
	15	187,7 Mio. USD
	20	201,3 Mio. USD

**Source:** Calculations, Estimates & Simulations Ringler Consulting and Research GmbH //based on actual internal mine plans of Galane Gold  
**All changes have an impact on the outcome of this analysis!**

Source: goldprice.org

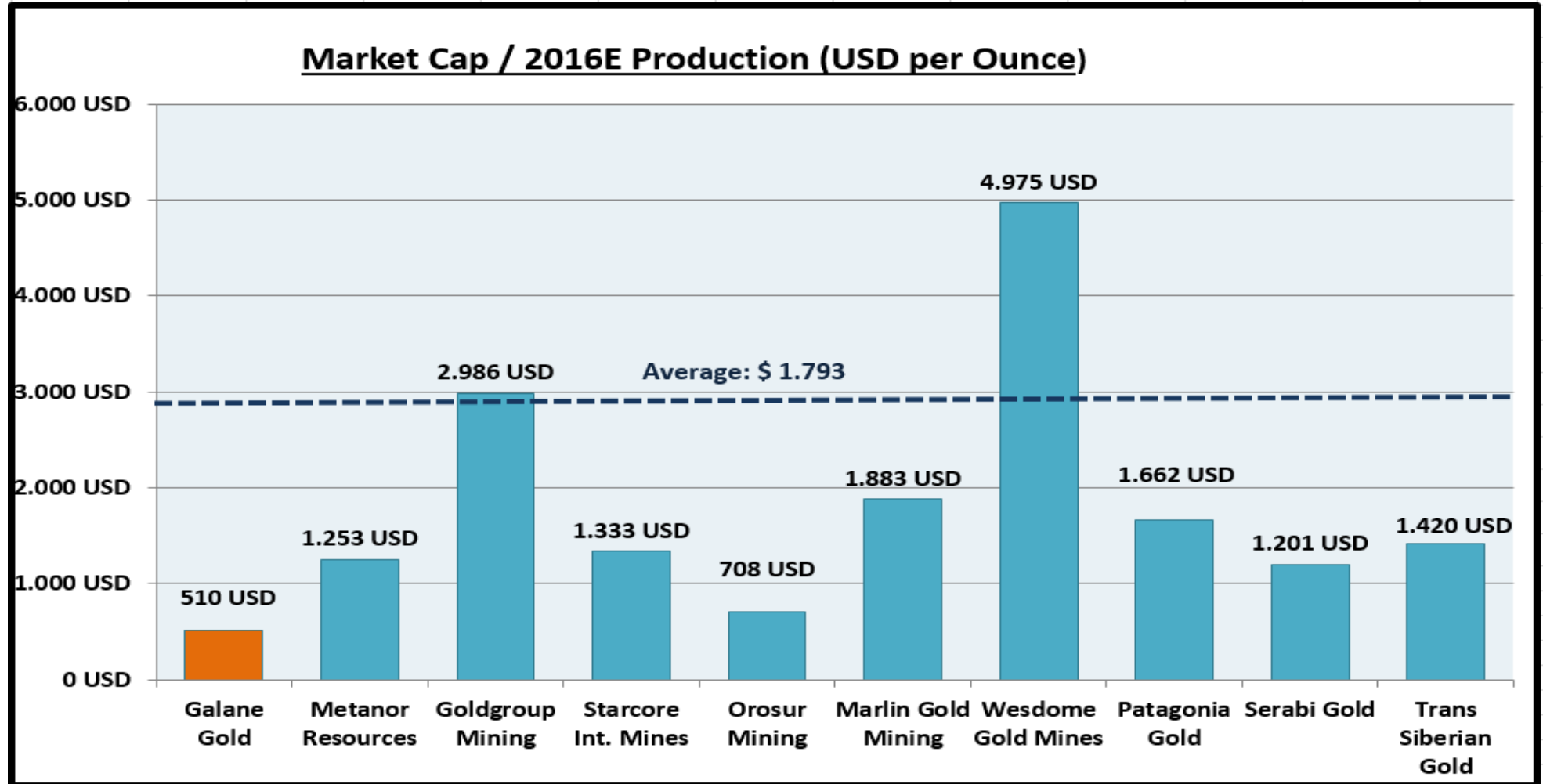


## SWOT - Analysis

(Strengths)	(Opportunities)
<p>At both mining projects “Galaxy” and “Mupane” is a good infrastructure with existing processing plants available. Therefore, the expected investment costs are low.</p> <p>The actual valuation of Galane Gold compared to the peer group is very low.</p>	<p>The company benefits strongly from rising gold prices.</p> <p>Both projects have a high geological exploration potential. Thus, the conditions are very good, that the mine life could be expanded substantially with further exploration drilling success in the future.</p> <p>Galane Gold is an attractive „takeover target“ at these low valuations.</p>
(Weaknesses)	(Threats)
<p>None estimated at present</p>	<p>A sustained decline in prices of gold would cause lower revenues and profits. A <u>substantially</u> lower gold price would also complicate the repayment of debt.</p> <p>Some official permits are missing at “Galaxy”. Setbacks in the granting of these permits would cause lower revenues and profits. There may be a delay in the restart or higher capital expenditures at „Galaxy“.</p> <p>There are typical risks inherent in mining such as e.g.:  lower grades, higher cash costs because of higher „dilution“, lower recoveries.  The Black Empowerment structure (BEE) at “Galaxy” is not implemented yet - Galane Gold needs to find a partner for their South African project in the future.</p>



**Galane Gold is attractively valued relative to the peer group:**

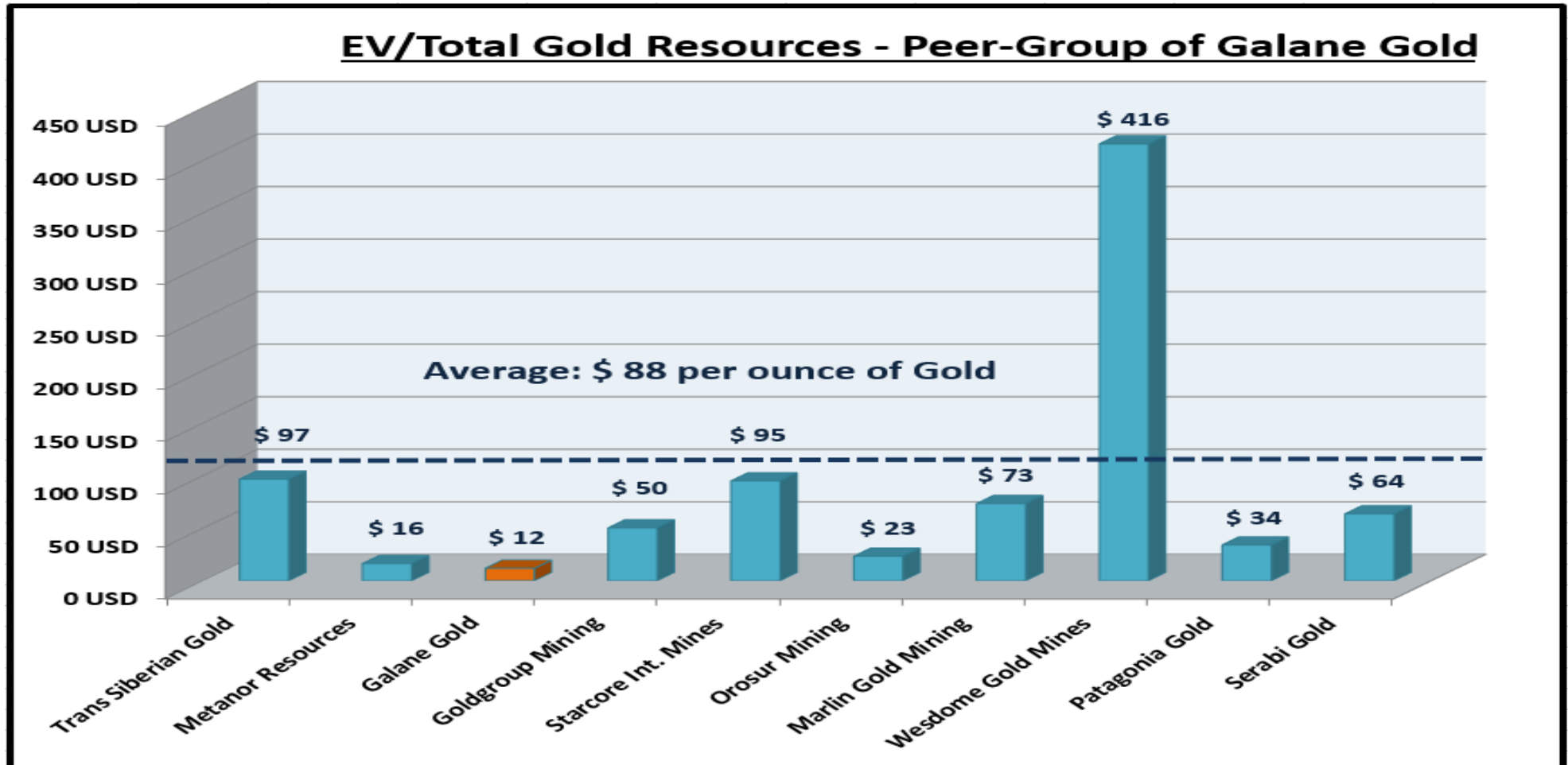


Source: Calculations, Estimates & Simulations Ringler Consulting and Research GmbH //  
Changes have an impact on the outcome of this analysis and graph





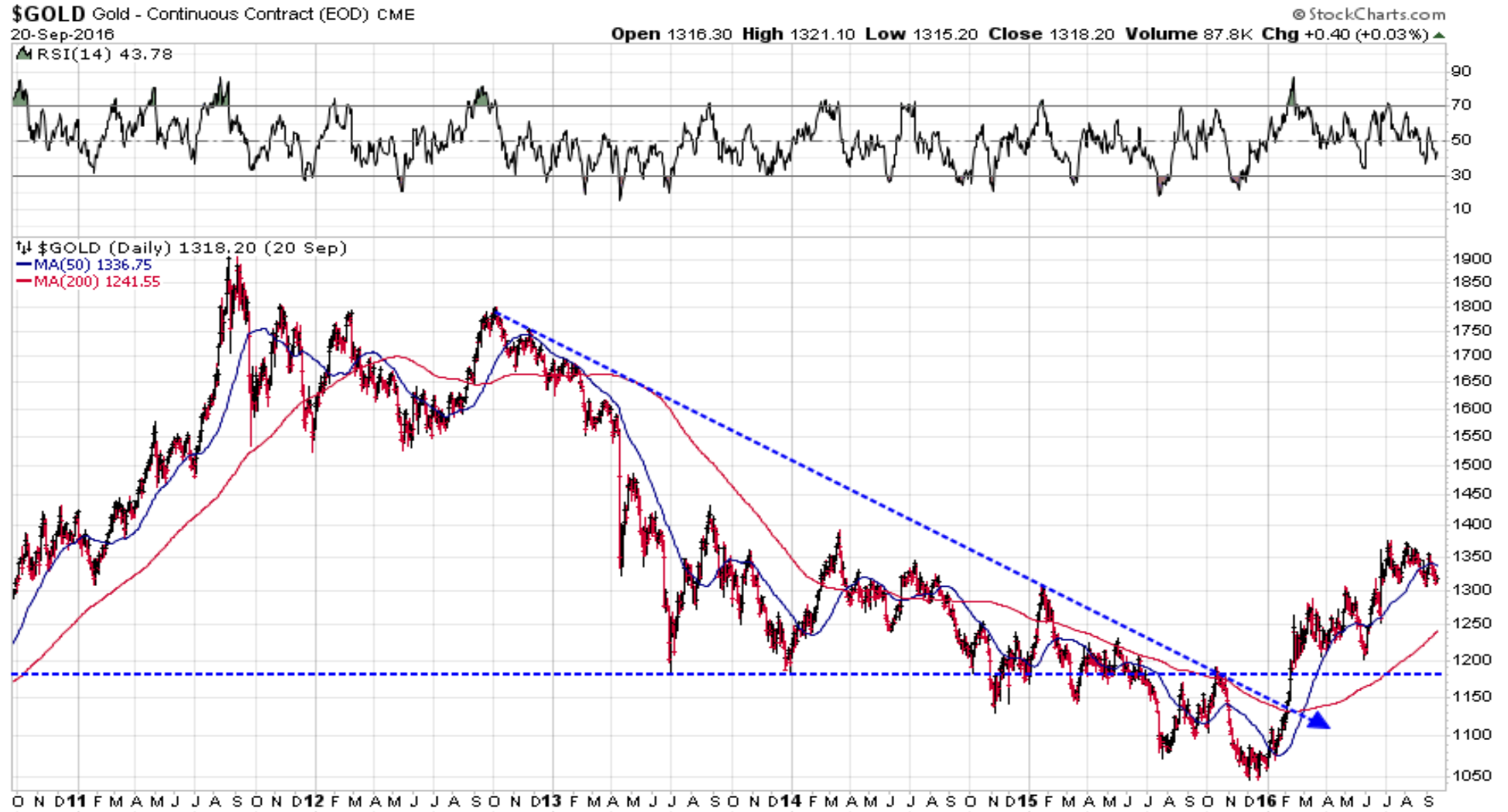
**The valuation per ounce of gold vs. Enterprise Value in the direct peer group is at 88 USD – Galane Gold is also significantly undervalued at this assessment approach with 12 USD per ounce**



**Source: Calculations, Estimates & Simulations Ringler Consulting and Research GmbH and public sources// Changes have an impact on the outcome of this analysis and graph**



## The price of Gold is again on a dynamic upward trend since January 2016



Source: Stockcharts.com



## Gold has an excellent track report since year 2000 against various paper currencies

Gold Prices and Performance in various currencies and annual changes in %												
Year	US Dollar	%	Euro	%	Canadian Dollar	%	Russian Ruble	%	Australian Dollar	%	Japanese Yen	%
2000	274,5	-5,4	292,3	1,0	412,2	-2,1	7.864,1	-1,7	493,9	11,4	31.342,2	5,5
2001	276,5	0,7	310,5	6,2	441,4	7,1	8.431,9	7,2	540,1	9,4	36.238,1	15,6
2002	347,2	25,6	330,9	6,5	548,5	24,3	11.093,0	31,6	616,6	14,2	41.202,2	13,7
2003	416,3	19,9	330,0	-0,3	537,9	-1,9	12.172,2	9,7	552,5	-10,4	44.609,5	8,3
2004	435,6	4,6	320,5	-2,9	521,9	-3,0	12.074,8	-0,8	555,7	0,6	44.635,9	0,1
2005	513,0	17,8	434,9	35,7	599,3	14,8	14.744,3	22,1	699,3	25,9	60.549,4	35,7
2006	632,0	23,2	479,3	10,2	735,5	22,7	16.637,7	12,8	801,8	14,7	75.306,0	24,4
2007	833,8	31,9	570,3	19,0	822,9	11,9	20.459,1	23,0	949,5	18,4	93.142,4	23,7
2008	869,8	4,3	625,7	9,7	1.073,7	30,5	26.557,8	29,8	1.247,5	31,4	78.842,8	-15,4
2009	1.087,5	25,0	758,0	21,1	1.140,1	6,2	32.965,9	24,1	1.209,2	-3,1	101.240,8	28,41
2010	1.405,5	29,2	1.047,7	38,2	1.396,6	22,5	42.905,7	30,2	1.371,2	13,4	113.993,1	12,60
2011	1.531,0	8,9	1.179,4	12,6	1.558,9	11,6	49.180,3	14,6	1.493,4	8,9	117.795,1	3,34
2012	1.657,5	8,3	1.257,2	6,6	1.650,4	5,9	50.633,3	3,0	1.596,5	6,9	143.315,7	21,67
2013	1.204,5	-27,3	874,1	-30,5	1.279,8	-22,5	39.579,9	-21,8	1.346,3	-15,7	126.599,0	-11,7
2014	1.206,0	0,1	996,7	14,0	1.396,8	9,1	72.360,0	82,8	1.473,7	9,5	144.593,4	14,21
2015	1.060,0	-12,1	975,8	-2,1	1.472,4	5,4	77.417,1	7,0	1.456,9	-1,1	127.512,7	-11,8
2016 (*)	1.342,0	26,6	1.200,1	23,0	1.750,0	18,9	88.845,4	14,8	1.765,7	21,2	137.534,9	7,86
<b>Average %</b>		<b>10,67</b>		<b>9,89</b>		<b>9,49</b>		<b>16,96</b>		<b>9,14</b>		<b>10,36</b>

Source: London Bullion Market Association (LBMA), World Gold Council, Ringler Research

Note: Price for one ounce of Gold in different currencies / Annual end of Period Prices / (\*) 2016: As of 29.07.2016

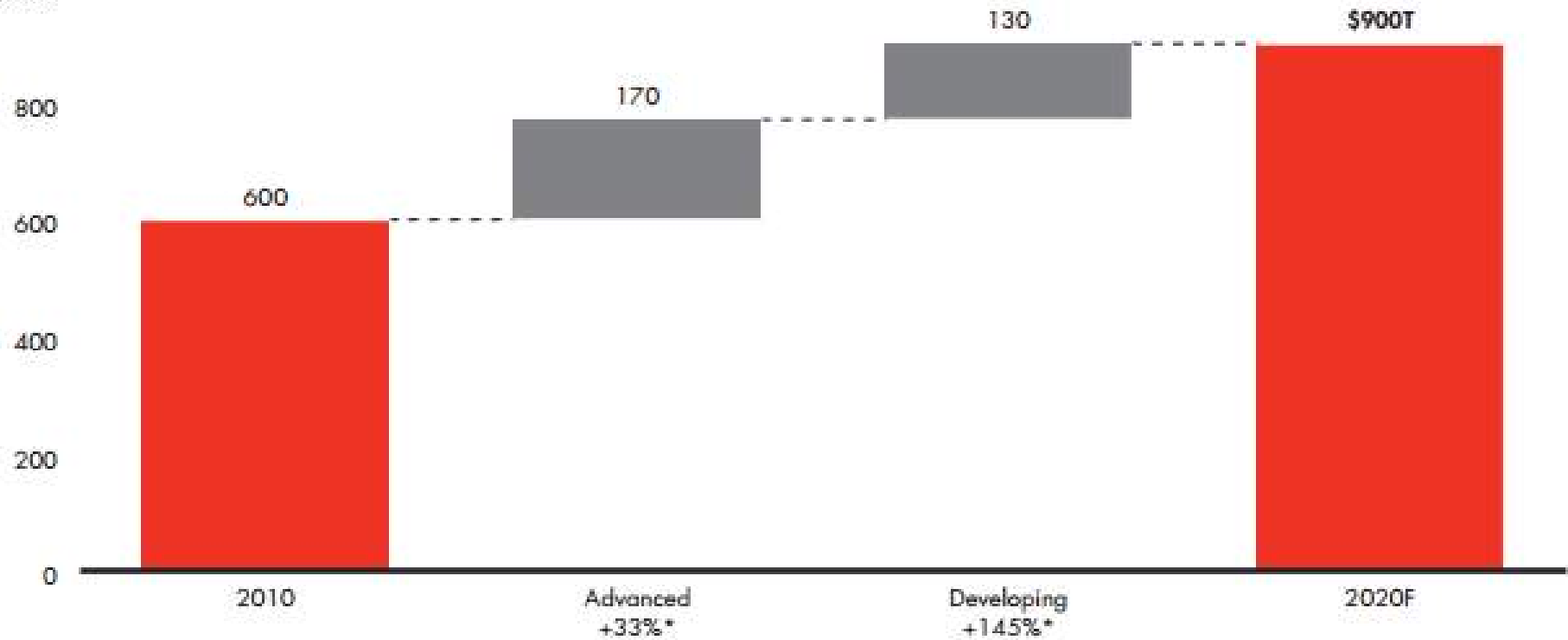




**We assume that the gold sector will benefit from the expected increase of total world financial assets from 600 Trillion USD (2009) to 900 Trillion USD (2020)**

Total world financial assets

\$1,000T



\*Advanced and developing figures are increases vs. 2010 base levels for each respective group

Note: All figures adjusted for inflation in 2010 US dollars at fixed 2010 exchange rates; numbers are rounded to total \$900 trillion

Sources: National statistics; International Monetary Fund; World Economic Outlook, September 2011; OECD; Bain Macro Trends Group analysis, 2012

Source: Bain & Company



**Since the beginning of the year, the share price of Galane Gold has outperformed significantly the ETF "Market Vector Junior Gold Miners (GDXJ), which contains a basket of junior gold producers**



Period 04.01.2016 to 21.09.2016, Source: Google Finance



**The production results for Q2.2016 were very well received by the market participants – the share price rose with high volume in three days from 0,05 to 0,18 CAD!**



The above chart refers to the period 21.03.2016 to 21.09.2016, Source: Stockcharts.com





Source: <b>Valuation Model 1 (Resources in the ground)</b>		
S1	Outstanding shares as of August 2016:	142.628.884
S3	Actual share price as of 21.09.2016 (closing Canada):	0,12 CAD
S2	Market Cap:	17,1 Mio. CAD
S1/S2	Resources (Ounces Gold) all deposits & categories:	2.147.250
S2	LT-Price of 1 Ounce Gold:	1.300 USD
S2/S4	In-Situ-Value all resources in the ground in CAD:	3.628.852.500
S4	USD/CAD exchange rate:	1,30
S2/S4	Total metal value per share:	25,44 CAD
S2	How many Ounces of Gold per share:	0,015
<p><b>S1 Source:</b> Galane Gold corporate brochure July 2016 and corporate informations / At "Galaxy" we adjusted the resources with 98,6% project ownership for Galane // Changes have an impact on the outcome of this analysis</p> <p><b>S2 Source:</b> Calculations, Estimates &amp; Simulations Ringler Consulting and Research GmbH // Changes have an impact on the outcome of this analysis</p> <p><b>S3 Source:</b> Google Finance</p> <p><b>S4 Source:</b> Simulations Ringler Consulting and Research GmbH // This calculation is based on an exchange rate USD/CAD of 1,30 // Changes have an impact on the outcome of this analysis</p>		

Source:	Valuation Model 2 (Simple Cash-Flow-Analysis) "Mupane"	Produced Ounces Gold:	Average selling price: 1.150,00 USD	Average selling price: 1.300,00 USD	Average selling price: 1.500,00 USD
	<b>Different simulations for 2016</b>				
S2	Expected Production ounces Gold (100% Project):	<b>26.000</b>			
S2	<b>Revenues (100% Project):</b>		29.900.000 USD	33.800.000 USD	39.000.000 USD
S2	"AISC" cash cost per ounce Gold:	1.000,00 USD	26.000.000 USD	26.000.000 USD	26.000.000 USD
S2	OCF Margin per ounce Gold:		150,00 USD	300,00 USD	500,00 USD
S2/S4	OCF in Mio USD p.a.:		3.900.000 USD	7.800.000 USD	13.000.000 USD
S2	OCF multiple of 6 = potential Market Cap:		23.400.000 USD	46.800.000 USD	78.000.000 USD
S2	Market Cap in CAD:		30.420.000 CAD	60.840.000 CAD	101.400.000 CAD
S3	Basic shares outstanding as of August 2016:	142.628.884			
S2	<b>Potential stock price valuation:</b>		<b>0,21 CAD</b>	<b>0,43 CAD</b>	<b>0,71 CAD</b>
S2	Rise in %, if Gold rises from 1.300 USD to 1.500 USD:				15,4
S2	If Gold rise from 1.300 USD to 1.500 USD, what is the % impact on OCF if all input cost (cash cost) remain unchanged:				66,7
S2	<b>Theoretical stock price leverage to the Gold price:</b>				<b>4,3</b>
<b>All changes of parameters and assumptions have an impact on the results and outcome of this analysis!</b>					
S2 Source: Calculations, Estimates & Simulations Ringler Consulting and Research GmbH // A foreign exchange rate/crossrate USD/CAD of 1,30 was used					
S3 Source: Company website					
S4 Source: Ringler Consulting and Research GmbH // Explanation of our Operating Cash Flow formula "OCF": Mine operating earnings, before exploration cost, financing activities, depreciation, share-based compensation, taxes and adjustments for changes in working capital) We used different average selling prices for the extracted metals and subtracted the most realistic "AISC" cash cost numbers.					



**Target price analysis and conclusion:**

Source	Different assessment approaches, in case Galane Gold will be taken over / bought:	Theoretical stock price valuation:	Possible Valuation price
S1	Actual shares out as of August 2016:	<b>142.628.884</b>	
S2	M&A: Merger or Buy-Out of Galane Gold at 4x OCF multiple (@1.300 USD Gold) = 31,2 Mio. USD or 40,5 Mio. CAD:		0,28 CAD
S2	M&A: Merger or Buy-Out of Galane Gold at 6x OCF multiple (@1.300 USD Gold) = 46,8 Mio. USD or 60,8 Mio. CAD:		<b>0,43 CAD</b>
S2	M&A: Merger or Buy-Out of Galane Gold at 8x OCF multiple (@1.300 USD Gold) = 62,4 Mio. USD or 81,1 Mio. CAD:		0,57 CAD
S3/S2	M&A Valuation Price of 20 USD X 2.147.250 ounces Gold = 42,9 Mio. USD or 55,8 Mio. CAD:		0,39 CAD
S3/S2	M&A Valuation Price of 30 USD X 2.147.250 ounces Gold = 64,4 Mio. USD or 83,7 Mio. CAD:		<b>0,59 CAD</b>
S3/S2	M&A Valuation Price of 50 USD X 2.147.250 ounces Gold = 107,4 Mio. USD or 139,6 Mio. CAD:		0,98 CAD
S2	<b>Average price of both assessments = potential valuation price, if Galane Gold will be bought out:</b>		<b>0,51 CAD</b>
<b><u>All changes of parameters and assumptions have an impact on the results and outcome of this analysis!</u></b>			
<b>S1 Source:</b> Company website			
<b>S2 Source:</b> Calculations, Estimates & Simulations Ringler Consulting and Research GmbH // A foreign exchange rate/crossrate USD/CAD of 1,30 was used			
<b>S3 Source:</b> Company presentation and company information			
The calculations based on a project share of 98,6% at the "Galaxy" Project			

**In this baseline scenario**, we assume that Galane Gold will generate positive cash flows from their operations at “Mupane” in the current year 2016 and beyond. Since reaching the high grade orebody “Tau” in the second quarter of this year, the ore grade of the processed rock will increase. This will lead to lower production cash cost in future quarters.



**The company has big plans for the future:** Minimal investment capital will be deployed into their two gold projects in Botswana and South Africa in order to gradually expand annual gold production on a Group level to 50-60,000 ounces of gold within the next 3 years. We are confident, that Galane Gold will be able to gradually reduce their existing debt figures in a stable gold price environment.

**The achievement of our analytical valuation price of 0,50 CAD** is particularly possible when the experienced management achieves further milestones. This includes the expected increase in ounces at a lower operation cost at “Mupane” and the successful re-commissioning on schedule and budget of the second gold project “Galaxy” in South Africa.

We like at "Galaxy" project in particular the following points:

- Low initial investment costs of approximately 2 Mio. USD
- A expected short ramp-up start-up period of 6 months for the refurbishment of the existing processing plant and installations of new components – Galane Gold expects to pour the first gold bars already within the fourth quarter 2016
- It is expected that the AISC total production cash costs will be in the first two years of full capacity (2017-2018) in stage 1 below 600 USD and may drop significantly in the next project stage beginning from 2019 onwards
- Diversification: With starting production at "Galaxy" Galane Gold has a broader production base
- Due to the expected low production cash costs at "Galaxy", the overall production costs are significantly reduced on a group level
- The project is leveraged to currency fluctuations. A weaker South African Rand is highly beneficial to generated cashflows and related net present value numbers, as most of their input costs (e.g. labor cost) incurred in local currency, but the product will be sold in USD.

Both gold projects have significant exploration potential. "Mupane" is located in the famous Tati greenstone belt, which is almost entirely controlled by Galane Gold. Already more than 100 promising exploration targets have been identified. We are convinced that Galane Gold will be able to expand significantly the existing resources in both projects after an successful exploration program. That would be very beneficial in favor of extending the mine lives and increasing the company's net present value (NPV's). We are confident, that the huge valuation discount of Galane Gold will be reduced greatly in the next quarters.





**We try to take a long-term look into the crystal ball: Where could be the stock price in 2019?**

The table below is based on various parameters and is intended to show the interested reader, where the share price could be at various gold price assumptions when both mining projects in Botswana and South Africa operate under current projections and mine plans and within the project budgets. It remains to be seen whether the production cash costs and number of produced ounces will be achieved as expected. All calculations are therefore at this stage purely hypothetical!

Actual stock price as of 21.09.2016:	0,12 CAD	Operating cash flow (OCF)	Different gold price assumptions:	1.100,00 USD	1.300,00 USD	1.500,00 USD	1.922,00 USD
USDCAD exchange rate:	1,30		Expected OCF p.a.	20.222.500 USD	33.749.700 USD	47.276.900 USD	75.819.292 USD
Produced ounces Gold p.a. at "Mupane":	42.000	multiple:	Possible analytical stock price valuation:	0,74 CAD	1,23 CAD	1,72 CAD	2,76 CAD
"AISC" cash costs before taxes "Mupane":	1.000 USD						
Produced ounces Gold p.a. at "Galaxy" (98,6% Galane):	26.000	4	Potential upside in %:	514,4	925,4	1.336,4	2.203,5
"AISC" cash costs before taxes "Galaxy":	475 USD						
<u>Expected number of shares out in year 2019:</u>	142.628.884						
Source: Calculations, Estimates & Simulations Ringler Consulting and Research GmbH // All changes have an impact on the outcome of this analysis //							
Various simulated input numbers were used from the company presentation (July 2016), from the company website and conversations with Galane Gold							



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Carsten Ringler, Managing Director of Ringler Consulting and Research GmbH

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