For immediate release

**GALANE GOLD LTD. REPORTS BOARD APPROVAL TO RE-COMMENCE PRODUCTION AT GALAXY**

TORONTO, ONTARIO – July 18, 2016: Galane Gold Ltd. ("Galane Gold“ or the "Company") (TSX-V: GG) is pleased to announce that the board of directors of the Company has approved a US$2.0 million capital expenditure program required for the first phase of the recommencement of production at the Company’s Galaxy Gold mine in South Africa, up to a target of 60,000 ounces per annum. The Company anticipates that the first phase will take six months to complete and it will be funded from internal cash flows primarily from the Company’s core operation in Botswana.

The first phase of the capital project will commence in July 2016 and is designed to refurbish existing infrastructure and upgrade the processing facility to take production to 18,000 ounces per annum. The first phase covers the following steps:

- The refurbishment of the existing 15,000 tonnes per month processing plant which will include the installation of a new crusher, remedial work to the float section, a new gravity separation section and re-establishment of the elution plant.
- The construction of a new 25,000 tonnes per month carbon in leach tailings retreatment plant within the current footprint of the existing processing plant.
- The recommencement of underground mining at Woodbine, Agnes and Ivy on seventeen level using conventional shrink stope mining.
- The commencement of tailings recovery by sluicing at the Woodbine and Hostel dumps.

The Company will be using positive cash flows from its other operations and as a result expects current cash reserves to remain as currently reported during this six month period. The Company is currently forecasting that it will produce gold at Galaxy at the end of the fourth quarter of 2016.

Galane Gold CEO, Nick Brodie commented: “The second major goal for Galane this year is to recommence production at Galaxy. Having achieved our first goal to commence mining in the main ore body at Tau management of the Company can now concentrate on the implementation of the first phase of this project at Galaxy. This first phase forms a core part of our long-term strategy to target production of over 60,000 ounces per year at Galaxy.

It is an exciting time for Galane as we start to see the fruition of all the hard work we have put in over the last five years to reshape the Company into a long-life and low-cost operation that can produce positive returns for investors across commodity cycles.”

**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 ore bodies:-

- Woodbine, Giles, Galaxy, Golden Hill, Agnes Top, Pioneer & Tiger Trap and Princeton ore 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 relating 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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