



News Release

Galiano Gold Reports Q3 2021 Results

11/10/2021

(All dollar amounts are United States dollars unless otherwise stated)

VANCOUVER, BC, Nov. 10, 2021 /PRNewswire/ - Galiano Gold Inc. ("Galiano" or the "Company") (TSX: GAU) (NYSE American: GAU) reports third quarter ("Q3") operating and financial results including results from the Asanko Gold Mine ("AGM"), located in Ghana, West Africa. The AGM is a 50:50 joint venture ("JV") with Gold Fields Ltd (JSE, NYSE: GFI) which is managed and operated by Galiano. All financial information contained in this release is unaudited and reported in US\$.

Q3 2021 Asanko Gold Mine Key Metrics (100% basis):

- **Production performance:** Gold production of 49,543 ounces during the quarter. Year-to-date production of 159,963 ounces. Full year gold production has been revised from 225,000-245,000 ounces to 215,000-220,000 ounces due to lower mined grades at Esaase and the resulting impact on plant recovery.
- **Financial performance:** Reported gold revenue of \$85.2 million generated from 48,435 gold ounces sold at an average realized price of \$1,758/oz, net income after tax of \$7.7 million and Adjusted EBITDA¹ of \$16.6 million during the quarter.
- **Cost performance:** Total cash costs per ounce¹ of \$1,273 and all-in sustaining costs¹ ("AISC") of \$1,598/oz during the quarter. Year-to-date AISC¹ of \$1,397/oz, in line with revised cost guidance (as of Q2 2021) of \$1,350-\$1,450/oz.
- **Milling performance:** The processing plant achieved a quarterly milling performance of 1.5 million tonnes ("Mt") at an average plant feed grade of 1.1g/t with metallurgical recovery of 90%.
- **Akwasiso development:** Stripping activities at Akwasiso, impacted by inclement weather, advanced during the quarter and are expected to be completed Q4 2021.
- **Culture of safety:** There was one lost-time injury ("LTI") and one total recordable injury ("TRI") reported during the quarter, resulting in 12-month rolling LTI and TRI frequency rates of 0.20 and 0.41 per million employee hours worked, respectively.

- **Stable liquidity:** \$53.0 million in cash, \$5.6 million in gold sales receivables and \$4.7 million in gold on hand as of September 30, 2021, and no debt.

Q3 2021 Galiano Gold Highlights:

- **Stable balance sheet:** Cash on hand of \$55.8 million and \$6.1 million in receivables as at September 30, 2021, while remaining debt-free.
- **Earnings delivery:** Generated net income after tax of \$4.1 million or \$0.02 per share during the quarter and Adjusted EBITDA¹ of \$6.2 million.
- **Addition to Board of Directors:** Appointed Ms. Dawn Moss to the Board of Directors as a Non-Executive Director effective September 15, 2021.

¹ See "Non-IFRS Performance Measures"

"Although an increased proportion of Akwasiso contributed to mill feed for the quarter relative to Q2, grades at Esaase remained below expectations resulting in lower production in Q3. We expect these lower grades to persist through Q4 and as a result we have revised production guidance for the year to 215,000-220,000 ounces," said Matt Badylak, President and Chief Executive Officer. "Despite lower than plan production, the AGM continues to generate cash. Free cash flow for the quarter and year to date was \$11.9 million and \$29.5 million, respectively. We are progressing the work on our updated Reserves, Resources and associated life of mine plan in collaboration with our JV partner which we expect to publish in Q1 2022 with an effective date of December 31, 2021"

Asanko Gold Mine - Summary of Q3 2021 Operational and Financial Results (100% basis)

Asanko Gold Mine (100% basis)	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Ore mined ('000t)	1,464	1,333	1,841	1,964	958
Waste mined ('000t)	10,017	9,073	9,552	11,773	11,321
Total mined ('000t)	11,481	10,406	11,393	13,737	12,279

Strip ratio (W:O)	6.8	6.8	5.2	6.0	11.8
Average gold grade mined (g/t)	1.3	1.2	1.3	1.4	1.4
Mining cost (\$/t mined)	3.28	3.03	3.31	3.20	3.13
Ore transportation from Esaase ('000 t)	1,272	1,261	870	622	581
Ore transportation cost (\$/t trucked)	5.88	6.20	6.48	7.15	7.59
Ore milled ('000t)	1,542	1,475	1,444	1,438	1,467
Average mill head grade (g/t)	1.1	1.1	1.4	1.5	1.1
Average recovery rate (%)	90	94	95	95	93
Processing cost (\$/t treated)	9.68	9.87	10.31	10.46	10.80
Gold production (oz)	49,543	50,421	59,999	65,571	48,974
Gold sales (oz)	48,435	53,348	62,925	60,655	53,975
Average realized gold price (\$/oz)	1,758	1,782	1,757	1,828	1,861
Operating cash costs ¹ (\$/oz)	1,185	1,147	901	801	1,150
Total cash costs ¹ (\$/oz)	1,273	1,236	989	892	1,244
All-in sustaining costs ¹ (\$/oz)	1,598	1,497	1,158	1,179	1,488
All-in sustaining margin ¹ (\$/oz)	160	285	599	649	373
All-in sustaining margin ¹ (\$m)	7.8	15.2	37.7	39.4	20.1
Revenue (\$m)	85.3	95.2	110.8	111.1	100.7
Income from mine operations (\$m)	13.0	18.1	35.9	46.3	17.4
Cash provided by operating activities (\$m)	26.5	10.8	35.4	48.0	18.5
Free cash flow ¹ (\$m)	11.9	(2.9)	20.5	21.5	(4.2)

- There was one LTI and one TRI reported during the quarter at the AGM. The AGM's LTI and TRI frequency rates for the nine months ended September 30, 2021 were both 0.14 per million employee hours worked, while the 12-month rolling LTI and TRI frequency rates are 0.20 and 0.41 per million employee hours worked, respectively.
- The AGM produced 49,543 ounces of gold during the quarter, as the processing plant achieved milling

throughput of 1.5Mt of ore processed at a grade of 1.1g/t and metallurgical recovery averaging 90%.

- Sold 48,435 ounces of gold in Q3 2021 at an average realized gold price of \$1,758/oz for total revenue of \$85.3 million (including \$0.1 million of by-product silver revenue), a decrease of \$15.4 million from Q3 2020. The decrease in revenue quarter-on-quarter was a function of a 10% reduction in sales volumes and a 6% decrease in realized gold prices in Q3 2021.
- Total cost of sales (including depreciation and depletion and royalties) amounted to \$72.3 million in Q3 2021, a decrease of \$11.0 million from Q3 2020. The decrease in cost of sales was primarily due to fewer gold ounces sold and a reduction in net realizable value ("NRV") adjustments on stockpile inventory.
- The AGM incurred operating cash costs per ounce¹ of \$1,185, total cash costs per ounce¹ of \$1,273 and AISC¹ of \$1,598 per ounce in Q3 2021. Total cash costs were higher relative to Q3 2020 primarily due to lower gold sales volumes in Q3 2021 which had the effect of increasing fixed production costs on a per unit basis and higher ore transportation costs which was muted by the fact that during the comparative period an NRV adjustment of \$5.9 million was recognized against production costs.
- Income from mine operations for Q3 2021 totaled \$13.0 million compared to \$17.4 million in Q3 2020. The reduction in income from mine operations was due to a \$15.4 million decrease in revenues, partly offset by an \$11.0 million decrease in cost of sales (as described above).
- The AGM generated \$26.5 million of cash flows from operating activities (after considering favorable working capital changes of \$7.6 million) and free cash flow¹ of \$11.9 million during Q3 2021. This compares to \$18.5 million of cash flows from operating activities (after considering unfavorable working capital changes of \$9.9 million) and negative \$4.2 million of free cash flow¹ during Q3 2020. The increase in free cash flow¹ was primarily due to favourable movements in working capital in Q3 2021.
- Reported Adjusted EBITDA¹ of \$16.6 million in Q3 2021 compared to \$24.3 million in Q3 2020. The decrease in Adjusted EBITDA¹ was primarily due to lower mine operating income in Q3 2021.
- As at September 30, 2021, the JV held cash and cash equivalents of \$53.0 million, \$5.6 million in receivables from gold sales and \$4.7 million in gold on hand. The AGM remains debt free with \$30.0 million available on its revolving credit facility.

Revised 2021 Outlook

For 2021, the AGM's full year gold production has been revised from 225,000 to 245,000 ounces to 215,000 to 220,000 ounces due to lower mined grades at Esaase and the resulting impact on plant recovery. Full year cost guidance remains unchanged with AISC¹ guidance of \$1,350 to \$1,450/oz (as revised in Q2 2021).

Galiano Gold Inc. – Summary Q3 2021 Financial Results

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Galiano Gold Inc. (consolidated)	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Net income after tax (\$m)	4.1	5.0	13.0	17.7	3.2
Net income after tax per share	0.02	0.02	0.06	0.08	0.01
Adjusted EBITDA ¹ (\$m)	6.2	6.1	15.8	20.4	6.5

- The Company reported net income after tax of \$4.1 million in Q3 2021 compared to net income after tax of \$3.2 million in Q3 2020. The increase in earnings during Q3 2021 was predominantly due to lower general and administrative ("G&A") expenses partially offset by a lower share of net earnings related to the JV.
- Adjusted EBITDA¹ for Q3 2021 amounted to \$6.2 million, compared to \$6.5 million in Q3 2020. The decrease in Adjusted EBITDA¹ was primarily a result of an increase in the AGM's total cash costs¹.
- Cash used in operating activities in Q3 2021 was \$2.8 million, compared to \$3.0 million in Q3 2020. The decrease in cash used in operations was primarily due to lower corporate G&A costs in Q3 2021, partly offset by an increase in receivables related to the Company's JV service fee.
- As at September 30, 2021, the Company had cash on hand of \$55.8 million and \$6.1 million in receivables for a gross liquidity position of \$61.9 million and no debt.

This news release should be read in conjunction with Galiano's Management's Discussion and Analysis and the Unaudited Condensed Consolidated Interim Financial Statements for the three and nine months ended September 30, 2021 and 2020, which are available at www.galianogold.com and filed on SEDAR.

¹ Non-IFRS Performance Measures

The Company has included certain non-IFRS performance measures in this press release. These non-IFRS performance measures do not have any standardized meaning. Accordingly, these performance measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Refer to the Non-IFRS Measures section of Galiano's Management Discussion and Analysis for an explanation of these measures and reconciliations to the Company's and the JV's reported financial results in accordance with IFRS.

- **Operating Cash Costs per ounce and Total Cash Costs per ounce**
Operating cash costs are reflective of the cost of production, adjusted for share-based payments and by-product revenue per ounce of gold sold. Total cash costs include production royalties of 5%. Excluded from

operating cash costs are one-time severance charges.

- All-in Sustaining Costs Per Gold Ounce

The Company has adopted the reporting of "all-in sustaining costs per gold ounce" ("AISC") as per the World Gold Council's guidance. AISC include total cash costs, corporate overhead expenses, sustaining capital expenditure, capitalized stripping costs and reclamation cost accretion per ounce of gold sold.

- Adjusted EBITDA

EBITDA provides an indication of the Company's continuing capacity to generate income from operations before taking into account the Company's financing decisions and costs of amortizing capital assets. Accordingly, EBITDA comprises net income (loss) excluding interest expense, interest income, amortization and depletion, and income taxes. Adjusted EBITDA adjusts EBITDA to exclude non-recurring items and to include the Company's interest in the adjusted EBITDA of the JV. Other companies and JV partners may calculate EBITDA and Adjusted EBITDA differently.

- Free cash flow

The Company believes that in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use free cash flow to evaluate the JV's performance with respect to its operating cash flow capacity to meet non-discretionary outflows of cash. The presentation of free cash flow is not meant to be a substitute for the cash flow information presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures. Free cash flow is calculated as cash flows from operating activities of the JV adjusted for cash flows associated with sustaining and non-sustaining capital expenditures and payments made to mining contractors for leases capitalized under IFRS 16.

About Galiano Gold Inc.

Galiano is focused on creating a sustainable business capable of long-term value creation for its stakeholders through exploration and disciplined deployment of its financial resources. The Company currently operates and manages the Asanko Gold Mine, located in Ghana, West Africa which is jointly owned with Gold Fields Ltd. The Company is strongly committed to the highest standards for environmental management, social responsibility, and health and safety for its employees and neighbouring communities. For more information, please visit www.galianogold.com.

Cautionary Note Regarding Forward-Looking Statements

Certain statements and information contained in this news release constitute "forward-looking statements" within the meaning of applicable U.S. securities laws and "forward-looking information" within the meaning of applicable Canadian securities laws, which we refer to collectively as "forward-looking statements". Forward-looking statements are statements and information regarding possible events, conditions or results of operations that are based upon assumptions about future conditions and courses of action. All statements and information other than

statements of historical fact may be forward looking statements. In some cases, forward-looking statements can be identified by the use of words such as "seek", "expect", "anticipate", "budget", "plan", "estimate", "continue", "forecast", "intend", "believe", "predict", "potential", "target", "may", "could", "would", "might", "will" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook.

Forward-looking statements in this news release include, but are not limited to: projected gold production and cost estimates for calendar 2021, the target date for ore delivery at Akwasiso Cut 3, and the estimation of Mineral Reserves and Mineral Resources and the timing for the release of such estimations. Such forward-looking statements are based on a number of material factors and assumptions, including, but not limited to: that projected gold production and cost estimates for calendar 2021 will be representative of actual production and cost results for calendar 2021, the ability of the AGM to continue to operate during the COVID-19 pandemic; that gold production and other activities will not be curtailed as a result of the COVID-19 pandemic; that the AGM will be able to continue to ship dor é from the AGM site to be refined; that the dor é produced by the AGM will continue to be able to be refined at similar rates and costs to the AGM, or at all; that the Company's and the AGM's responses to the COVID-19 pandemic will be effective in continuing its operations in the ordinary course; the accuracy of the estimates and assumptions underlying Mineral Resource and Mineral Reserve estimates, including future gold prices, cut-off grades and production and processing estimates; the successful completion of development and exploration projects, planned expansions or other projects within the timelines anticipated and at anticipated production levels; that mineral resources can be developed as planned; that the Company's relationship with joint venture partners will continue to be positive and beneficial to the Company; interest and exchange rates; that required financing and permits will be obtained; general economic conditions; that labour disputes or disruptions, flooding, ground instability, geotechnical failure, fire, failure of plant, equipment or processes to operate are as anticipated and other risks of the mining industry will not be encountered; that contracted parties provide goods or services in a timely manner; that there is no material adverse change in the price of gold or other metals; competitive conditions in the mining industry; title to mineral properties; costs; taxes; the retention of the Company's key personnel; and changes in laws, rules and regulations applicable to Galiano.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in such forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and you are cautioned not to place undue reliance on forward-looking statements contained herein. Some of the risks and other factors which could cause actual results to differ materially from those expressed in the forward-looking statements contained in this news release, include, but are not limited to: the projected gold production and cost estimates for calendar 2021 referred to in this news release may not be representative of actual production and cost results for calendar 2021; the Company may not begin ore delivery at Akwasiso Cut 3 by the target date for such delivery, or at all; the

Company's and/or the AGM's operations may be curtailed or halted entirely as a result of the COVID-19 pandemic, whether as a result of governmental or regulatory law or pronouncement, or otherwise; that the dor é produced at the AGM may not be able to be refined at expected levels, on expected terms or at all; that the Company and/or the AGM will experience increased operating costs as a result of the COVID-19 pandemic; that the AGM may not be able to source necessary inputs on commercially reasonable terms, or at all; the Company's and the AGM's responses to the COVID-19 pandemic may not be successful in continuing its operations in the ordinary course; mineral reserve and resource estimates may change and may prove to be inaccurate; life of mine estimates are based on a number of factors and assumptions and may prove to be incorrect; AGM has a limited operating history and is subject to risks associated with establishing new mining operations; sustained increases in costs, or decreases in the availability, of commodities consumed or otherwise used by the Company may adversely affect the Company; actual production, costs, returns and other economic and financial performance may vary from the Company's estimates in response to a variety of factors, many of which are not within the Company's control; adverse geotechnical and geological conditions (including geotechnical failures) may result in operating delays and lower throughput or recovery, closures or damage to mine infrastructure; the ability of the Company to treat the number of tonnes planned, recover valuable materials, remove deleterious materials and process ore, concentrate and tailings as planned is dependent on a number of factors and assumptions which may not be present or occur as expected; the Company's operations may encounter delays in or losses of production due to equipment delays or the availability of equipment; the Company's operations are subject to continuously evolving legislation, compliance with which may be difficult, uneconomic or require significant expenditures; the Company may be unsuccessful in attracting and retaining key personnel; labour disruptions could adversely affect the Company's operations; the Company's business is subject to risks associated with operating in a foreign country; risks related to the Company's use of contractors; the hazards and risks normally encountered in the exploration, development and production of gold; the Company's operations are subject to environmental hazards and compliance with applicable environmental laws and regulations; the Company's operations and workforce are exposed to health and safety risks; unexpected costs and delays related to, or the failure of the Company to obtain, necessary permits could impede the Company's operations; the Company's title to exploration, development and mining interests can be uncertain and may be contested; the Company's properties may be subject to claims by various community stakeholders; risks related to limited access to infrastructure and water; the Company's exploration programs may not successfully expand its current mineral reserves or replace them with new reserves; the Company's common shares may experience price and trading volume volatility; the Company's revenues are dependent on the market prices for gold, which have experienced significant recent fluctuations; the Company may not be able to secure additional financing when needed or on acceptable terms; Company shareholders may be subject to future dilution; risks related to changes in interest rates and foreign currency exchange rates; changes to taxation laws applicable to the Company may affect the Company's profitability and ability to repatriate funds; the Company's primary asset is held through a joint venture, which exposes the Company to risks inherent to joint ventures, including disagreements with joint venture partners and similar risks; risks related to the Company's internal

controls over financial reporting and compliance with applicable accounting regulations and securities laws; the carrying value of the Company's assets may change and these assets may be subject to impairment charges; the Company may be liable for uninsured or partially insured losses; the Company may be subject to litigation; the Company may be unsuccessful in identifying targets for acquisition or completing suitable corporate transactions, and any such transactions may not be beneficial to the Company or its shareholders; the Company must compete with other mining companies and individuals for mining interests; and risks related to information systems security threats.

Although the Company has attempted to identify important factors that could cause actual results or events to differ materially from those described in the forward-looking statements, you are cautioned that this list is not exhaustive and there may be other factors that the Company has not identified. Furthermore, the Company undertakes no obligation to update or revise any forward-looking statements included in, or incorporated by reference in, this news release if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law.

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