Galiano Gold Consolidates Ownership of the Asanko Gold Mine

Galiano Gold (TSX: GAU)

Announced that it has entered into a binding share purchase agreement with subsidiaries of Gold Fields to acquire Gold Fields' 45% interest in the Asanko Gold Mine.

Upon completion of the Acquisition, Galiano will establish itself as a growing gold producer with robust financial strength, owning and operating one of the largest gold mines in West Africa.



Galiano Gold	TSX: GAU
Stage	Production, exploration
Metals	Gold
Market Cap	C$193 @ 86c
Location	Asante, Ghana, West Africa

GALIANO GOLD CONSOLIDATES OWNERSHIP OF THE ASANKO GOLD MINE IN TRANSFORMATIONAL TRANSACTION

December 21, 2023
(all dollar amounts in USD)

VANCOUVER, BC, Dec. 21, 2023 /PRNewswire/ – **Galiano Gold Inc. ("Galiano" or the "Company")** (TSX: GAU) (NYSE American: GAU) is pleased to announce that it has entered into a binding share purchase agreement (the "SPA") with subsidiaries of Gold Fields Limited. ("Gold Fields") to acquire Gold Fields' 45% interest in the Asanko Gold Mine (the "AGM") (the "Acquisition").

Upon completion of the Acquisition, Galiano will establish itself as a growing gold producer with robust financial strength, owning and operating one of the largest gold mines in West Africa.

Under the terms of the SPA, Gold Fields will receive $20 million satisfied by the issuance of common shares of Galiano ("Galiano Shares"), future cash consideration of up to $85 million and a capped 1% net smelter return royalty on 447,000 ounces of gold production from the Nkran deposit. Upon closing of the Acquisition, Gold Fields will also receive $65 million in cash, equivalent to its effective interest in the cash balance of the joint venture (the "JV").

Key Transaction Highlights

- **Creates a Unique High-Growth Gold Producer**: Fully funded organic growth at the AGM, with expected average annual gold production of approximately 240,000 ounces from 2024 through 2030.
- **Consolidation of the AGM creates relevant scale**: Immediately doubles Galiano's attributable gold production, cash flow and Mineral Reserves and Mineral Resources.
- **Attractive Transaction Structure**: Existing JV cash provides majority of upfront consideration, with limited equity dilution. More than 50% of total consideration is deferred and paid following an expected period of elevated cash flows.
- **Highly Accretive to Key Metrics**: Attractive acquisition multiples coupled with significant accretion to the Galiano shareholders on all financial and operating metrics.
- **Robust Financial Position**: Continued balance sheet strength with pro forma consolidated cash of approximately $130M (based on September 30, 2023, unaudited) and no debt.
- **Compelling Value Proposition**: Significant catalyst for potential re-rating and enhanced leverage to gold.
- **Focused Vision at the AGM**: Elimination of JV structure will streamline operational and financial decision making.

Matt Badylak, President and CEO, stated,

"This transaction marks a significant value adding event for the shareholders of Galiano, transforming the Company into a

relevant, emerging mid-tier gold producer by consolidating one of the largest gold producing mines in West Africa.

"Upon closing of the Acquisition, Galiano immediately doubles attributable gold production and will further increase this to an expected average of 240,000 ounces per year over the life of mine.

"The transaction structure results in a strongly accretive acquisition and galvanizes a significant rerate opportunity for our shareholders. This includes Gold Fields, who continue to be a supportive shareholder through an increased share ownership In Galiano."

Asanko Gold Mine Highlights

Pro forma Ownership	Galiano 90% / Government of Ghana 10%
LOM Average Annual Gold Production	Approximately 240,000 ounces
LOM Average AISC[2]	$1,063 per ounce
Proven and Probable Mineral Reserves	2.1 million ounces of gold
Measured and Indicated Mineral Resources	3.5 million ounces of gold (inclusive of reserves)
Inferred Resources	1.1 million ounces of gold
Post-tax NPV (5%) at US$1,700/oz	$343M
Post-tax NPV (5%) at US$2,000/oz	$630M

[1]Refer to Technical Report entitled "NI 43-101 Technical Report and Feasibility Study for Asanko Gold Mine, Ghana" with an effective date of December 31, 2022. Note: Life-of-mine average values based on 2024 to 2030 onwards

[2]See Non-IFRS Performance Measures

Transaction Details

Under the terms of the SPA, Gold Fields will receive $20 million satisfied by the issuance of Galiano Shares, resulting in Gold Fields owning 19.9% of Galiano's issued and outstanding shares, and retain $65 million in cash, equivalent to its effective interest in the cash balance at the JV.

Gold Fields will also receive total future consideration of up to $85 million, comprised of (i) $25 million on or before December 31, 2025 (the "**First Deferred Consideration**"), (ii) $30 million on or before December 31, 2026 (the "**Second Deferred Consideration**"), and (iii) $30 million upon the production of 100,000 ounces of gold from the Nkran deposit (the **"Contingent Consideration"**). Galiano has the right to satisfy up to 20% of each of the First Deferred Consideration and Second Deferred Consideration with Galiano common shares, subject to Gold Fields not owning more than 19.9% of Galiano's issued and outstanding shares.

Gold Fields will also receive a 1% net smelter returns royalty on production from the Nkran deposit beginning upon 100,000 ounces being produced (on a 100% basis) (the "Royalty"). The Royalty will be capped and subject to a maximum of 447,000 ounces of production (on a 100% basis). Galiano has a right of first refusal on any full or partial disposition of the Royalty by Gold Fields.

Upon closing of the Acquisition, Gold Fields will enter into an amended investor rights agreement with Galiano, which includes a 12-month standstill period and other customary rights, including a pre-emptive right for Gold Fields to maintain its ownership interest as at closing of the Acquisition.

The Acquisition is not subject to shareholder votes, but is subject to various conditions, including receipt of all required regulatory approvals, which includes the approval of

the TSX and NYSE American stock exchanges, and the receipt of a No Objection Letter from the Ministry of Lands & Natural Resources of Ghana.

The Acquisition is expected to close in Q1 2024.

Conference Call
Galiano will be holding a conference call and webcast on Thursday, December 21, 2023, at 7:00am PST (10:00am EST).

The conference call will be recorded and you can listen to an archive of the conference by calling:

Toll Free Canada & USA: 1-888-390-0541
Outside of Canada & USA: 00 1 416-764-8677
Access Code: 481064#

An archived webcast of the conference call will also be available at www.galianogold.com.

- **Total Cash Costs per Gold Ounce**
  Management of the Company uses total cash costs per gold ounce sold to monitor the operating performance of the JV. Total cash costs include the cost of production, adjusted for share-based compensation expense, by-product revenue and production royalties per ounce of gold sold.
- **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, sustaining capitalized stripping costs,

reclamation cost accretion and lease payments made to and interest expense on the AGM's mining and service lease agreements per ounce of gold sold.

To read the full news release please click HERE

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If you need clarification of any information contained in this note, or have any questions, I will be delighted to assist – Please email andrew@city-investors-circle.com

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Disclosure

At the time of writing the author holds shares in **Galiano Gold.**

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