



GALANE GOLD LTD.

Annual Information Form

for the year ended

December 31, 2012

March 22, 2013

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FORWARD-LOOKING STATEMENTS

This Annual Information Form (“AIF”), and the documents incorporated herein by reference, contain forward-looking statements regarding the future growth, results of operations, performance, business prospects and opportunities of Galane Gold Ltd. (“Galane” or the “Corporation”). Words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, or similar expressions, are forward-looking statements. Forward-looking statements include, without limitation, the information concerning possible or assumed future results of operations of Galane set out under “Description of the Business”. These statements are not historical facts but instead represent only Galane’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.

Some of the risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include, but are not limited to: the Corporation’s dependence on a single mineral project; gold price volatility; risks associated with the conduct of the Corporation’s mining activities in Botswana; regulatory, consent or permitting delays; risks relating to the Corporation’s exploration, development and mining activities being situated in a single country; risks relating to reliance on the Corporation’s management team and outside contractors; risks regarding mineral resources and reserves; the Corporation’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 Corporation’s fair value estimates with respect to the carrying amount of mineral interests; mining tax regimes; risks arising from holding derivative instruments; the Corporation’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 Corporation’s interactions with surrounding communities and artisanal miners; the Corporation’s ability to successfully integrate acquired assets; the speculative nature of exploration and development, including the risks of diminishing quantities or grades of reserves; risks arising from the development of the Corporation’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 Corporation; risks relating to the market perception of junior gold companies; and litigation risk.

In addition to the factors set out above and those identified in this AIF under “Risk Factors”, other factors not currently viewed as material could cause actual results to differ materially from those described in the forward-looking statements. Although Galane has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be anticipated, estimated or intended. Accordingly, readers should not place any undue reliance on forward-looking statements.

The forward-looking statements in this AIF are based on numerous assumptions regarding Galane’s present and future business strategies and the environment in which Galane will operate in the future, including, without limitation, assumptions regarding expected gold production, gold prices, business and operating strategies, exploration results, and Galane’s ability to operate on a profitable basis. Galane does not undertake any obligation to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this report, except as may be required by law.

The mineral resource figures referred to in this AIF are estimates, and no assurances can be given that the indicated levels of gold will be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Corporation believes that the resource estimate included in this AIF is well established, by their nature, resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such estimates are inaccurate or are reduced in the future, this could have a material adverse impact on the Corporation.

Mineral resources are not mineral reserves and do not have demonstrated economic viability. Inferred mineral resources are estimated on limited information not sufficient to verify geological and grade continuity or to allow technical and economic parameters to be applied. Inferred mineral resources are too speculative geologically to have economic considerations applied to them to enable them to be categorized as mineral reserves. There is no certainty that mineral resources can be upgraded to mineral reserves through continued exploration.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

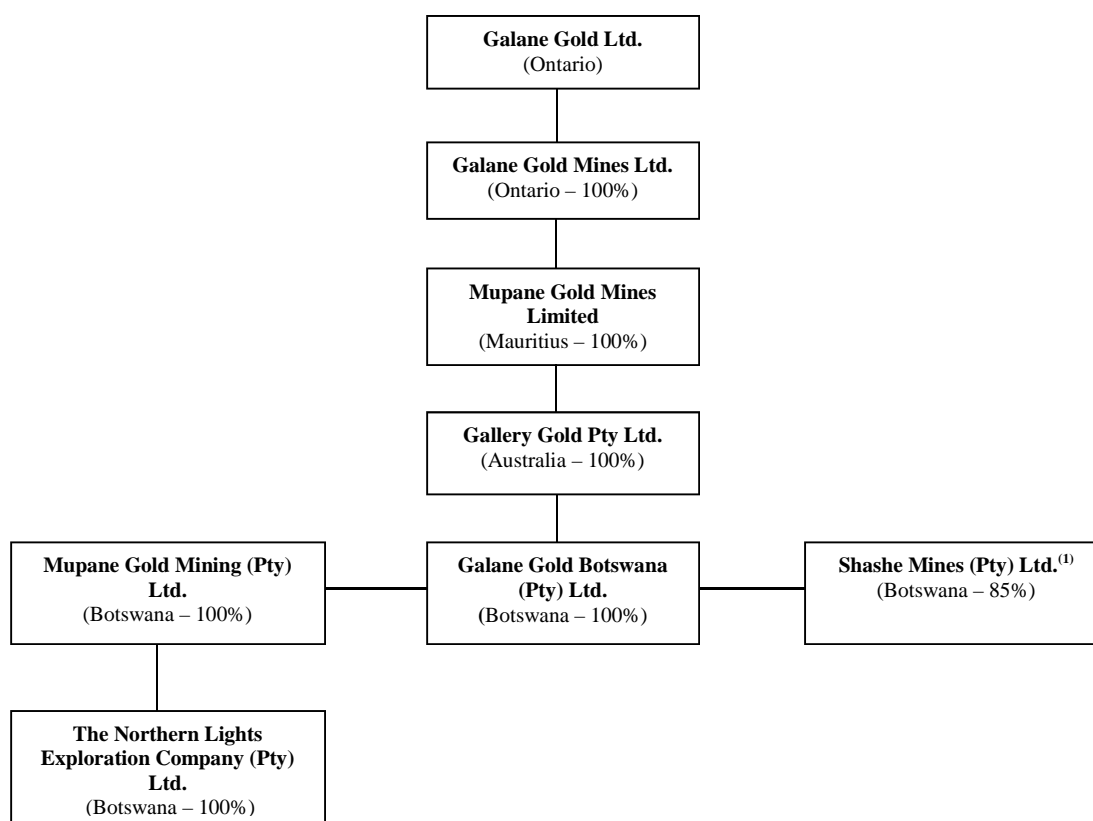
This AIF has been prepared using a number of conventions, which a reader should consider when reading the information contained herein. The term “Corporation” or “Galane”, is a reference to Galane Gold Ltd. itself, or to Galane Gold Ltd. and its consolidated subsidiaries, as the context requires.

Unless otherwise indicated, all dollar amounts in this AIF are expressed in Canadian dollars.

CORPORATE STRUCTURE

The Corporation was incorporated on October 24, 2007 as “Carlaw Capital III Corp.” pursuant to the filing of articles of incorporation under the *Business Corporations Act* (Ontario). The articles of incorporation of the Corporation were amended by the filing of articles of amendment dated May 28, 2008, to delete share transfer restrictions. On August 30, 2011, the Corporation’s articles were amended to consolidate its common shares (the “**Common Shares**”) at a ratio of 4:1 (the “**Share Consolidation**”) and to change its name to “Galane Gold Ltd.” (the “**Name Change**”). The registered office of the Corporation is located at 181 Bay Street, Suite 1800, Toronto, ON M5J 2T9 and the head office of the Corporation is located at Farm 75 NQ, North East District, Francistown, Botswana.

The following chart sets out all of the Corporation’s subsidiaries as at the date hereof, their jurisdictions of incorporation and the Corporation’s direct and indirect voting interest in each of these subsidiaries.



Note:

(1) The remaining 15% of the shares of Shashe Mines (Pty) Ltd. are held by the Government of Botswana.

GENERAL DEVELOPMENT OF THE BUSINESS

Inception to July 2011

The Corporation was created as a capital pool company pursuant to the policies of the TSX Venture Exchange (the “**Exchange**”). From its incorporation until the completion of the RTO (as defined below), the principal business of the Corporation was to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation subject to acceptance by the Exchange (a “**Qualifying Transaction**”).

The Corporation completed its initial public offering on July 10, 2008, and the Common Shares were listed on the Exchange and began trading on July 14, 2008. On July 19, 2010, the Exchange suspended trading of the Common Shares as a result of the Corporation’s failure to complete a Qualifying Transaction within 24 months of listing. On October 19, 2010, the Corporation’s listing transferred to the NEX board of the Exchange.

On May 9, 2011, the Corporation entered into an agreement with Galane Gold Mines Ltd. (“**GGM**”), as amended on July 15, 2011, for the acquisition of all the securities of GGM (the “**GGM Acquisition Agreement**”).

August 2011 to Present

Reverse Takeover

On August 30, 2011, pursuant to the terms of the GGM Acquisition Agreement, the Corporation completed a reverse takeover transaction (the “**RTO**”) with GGM, by way of an amalgamation of GGM with 2293748 Ontario Limited, a wholly-owned subsidiary of the Corporation. Immediately prior to the completion of the RTO, the Corporation filed articles of amendment to effect the Share Consolidation and the Name Change.

In accordance with the terms of the GGM Acquisition Agreement, the Corporation acquired all of the outstanding common shares of GGM (each, a “**GGM Common Share**”) at an exchange ratio of one Common Share for each GGM Common Share. The share purchase warrants of GGM (each, a “**GGM Warrant**”) were exchanged for share purchase warrants of the Corporation (each, a “**Warrant**”) on the same basis. All of the Warrants expired on March 1, 2013.

Immediately prior to the completion of the RTO, GGM completed the Gallery Acquisition (as defined below under “Acquisition of Gallery Gold”). As a result of the RTO, which constituted the Corporation’s Qualifying Transaction under the policies of the Exchange, the former shareholders of GGM acquired control of the Corporation. Following the completion of the RTO, an aggregate of 45,108,000 Common Shares were issued and outstanding, of which 44,420,500 Common Shares were issued to the then holders of GGM Common Shares.

Subscription Receipts Financing

On August 5, 2011, GGM completed a brokered private placement financing of an aggregate of 20,545,500 subscription receipts at a price of \$0.80 per subscription receipt, pursuant to which aggregate gross proceeds of \$16,436,400 were deposited into escrow (the “**Private Placement**”). Following the satisfaction or waiver of certain release conditions related to the Gallery Acquisition and the RTO, the escrowed funds were released to the Corporation on August 30, 2011, and the subscription receipts were automatically converted into an aggregate of 20,545,500 GGM Common Shares and 10,272,750 GGM

Warrants, with each such GGM Warrant entitling the holder thereof to purchase one GGM Common Share at a price of \$1.10 until March 1, 2013. As noted above under “Reverse Takeover”, the Warrants issued in exchange for the GGM Warrants expired on March 1, 2013.

Canaccord Genuity Corp. (the “**Agent**”) acted as agent in connection with the Private Placement. As consideration for its services, GGM paid to the Agent a cash commission of \$1,511,184, equal to 6% of the gross proceeds of the Private Placement and 3% of the deemed gross proceeds of the sale of GGM Common Shares to IAMGOLD Corporation (“**IAMGOLD**”) in connection with the Gallery Acquisition. GGM also granted 1,888,980 GGM Warrants to the Agent, with each such GGM Warrant exercisable to acquire one GGM Common Share at a price of \$0.80 per share until March 1, 2013. As noted above under “Reverse Takeover”, the Warrants issued in exchange for the GGM Warrants expired on March 1, 2013.

Acquisition of Gallery Gold

On August 30, 2011, GGM indirectly acquired, through its wholly-owned Mauritius subsidiary “Mupane Gold Mines Limited” (“**GGM Sub**”), all of the issued and outstanding shares of Gallery Gold Pty Ltd. (“**Gallery Gold**”), an Australian company, from IAMGOLD (the “**Gallery Acquisition**”) pursuant to a share purchase agreement dated May 6, 2011, as amended and restated on August 4, 2011 between GGM, IAMGOLD, GGM Sub and the Corporation (the “**Gallery Share Purchase Agreement**”).

Gallery Gold, through its subsidiaries, owns the rights to conduct activities prescribed under mining and prospecting licenses relating to the Mupane mining property (the “**Mupane Property**”) which is located near the town of Francistown in the Republic of Botswana (“**Botswana**”). For additional information regarding the Mupane Property, see below under “Description of the Business – Mupane Property”.

In connection with the Gallery Acquisition, IAMGOLD received total consideration of US\$34.2 million, consisting of US\$12.5 million in cash, 21,875,000 GGM Common Shares with a deemed aggregate value of US\$17.9 million, and a US\$3.8 million promissory note. The promissory note is payable over three years at an annual interest rate of 6%. In addition, IAMGOLD received 1,265,253 GGM Warrants, with each such GGM Warrant exercisable to purchase one GGM Common Share at a price of \$1.10 per share until March 1, 2013. As described above under “Reverse Takeover”, the GGM Warrants were subsequently exchanged for Warrants in connection with the RTO. In accordance with the terms of the Gallery Share Purchase Agreement, the total number of Warrants received by IAMGOLD as consideration for the Gallery Acquisition was increased from 1,265,253 to 4,377,778 upon completion of the NLE Acquisition (as defined below). As noted above under “Reverse Takeover”, the Warrants issued in exchange for the GGM Warrants expired on March 1, 2013.

Acquisition of NLE

On April 10, 2012, Galane completed the acquisition (the “**NLE Acquisition**”) of all of the issued and outstanding shares of Northern Lights Exploration Pty. (“**NLE**”), a Botswana company with the rights to several prospecting licenses in the Tati Greenstone Belt in Botswana located near to the Mupane Property (the “**NLE Properties**”). For additional information regarding the NLE Properties, see below under “Description of the Business – Exploration”.

Pursuant to a share purchase agreement dated July 27, 2011, as amended (the “**NLE Share Purchase Agreement**”), as consideration for the NLE Acquisition, Galane issued to the shareholders of NLE, on a *pro rata* basis, an aggregate of 3,125,000 Common Shares and promissory notes with an aggregate principal amount of \$400,000, bearing interest at a rate of 6% per annum.

The Corporation is also obligated to issue up to 8,750,000 additional Common Shares (the “**NLE Contingent Shares**”) to the shareholders of NLE, on a *pro rata* basis, if by July 27, 2018, exploration work within the NLE Properties confirms a National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”) compliant measured mineral resource containing the minimum ounces of gold set forth below, or the number of ounces of contained gold that is mined within the NLE Properties exceeds the ounces of gold set forth below (or any combination thereof without duplication) :

Aggregate Number of NLE Contingent Shares	Ounces of Gold (Resource or Contained Gold Mined)
1,375,000	100,000
3,125,000	250,000
6,250,000	500,000
8,750,000	1,000,000

Listing on Botswana Stock Exchange

On August 20, 2012, the Corporation listed the Common Shares on the Botswana Stock Exchange (the “**BSE**”) under the trading symbol “GG”. The listing will serve as a secondary listing for the Common Shares. The listing on the BSE did not involve the issuance of new Common Shares or any other securities or derivatives, such as depositary receipts, as it was structured solely to allow the Common Shares that are currently issued and outstanding to be tradeable by investors through the facilities of the BSE. The listing will not result in any changes to the rights and entitlements of holders of the Common Shares, irrespective of whether they purchase their shares through the Exchange or the BSE.

Significant Acquisitions or Dispositions

The Corporation has not completed any significant acquisitions or dispositions during the financial year ended December 31, 2012 for which disclosure is required under Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”).

DESCRIPTION OF THE BUSINESS

Summary

The Corporation’s principal business activities are the exploration for, development of, and operation of gold mining properties. The Corporation has one material property – the Mupane Property – and several other prospective mineral properties described below under “Exploration”. Galane is committed to operating at the highest standards and is focused on the safety of its employees, respecting the environment, and contributing to the communities in which it operates. For further information regarding the development of the Corporation from inception to the present date, see above under “General Development of the Business”.

Mupane Property

The Mupane Property is an operating gold mining venture situated in the Northeastern Province of Botswana, in southern Africa and comprises four mining leases and one prospecting license: (i) ML87/3 (valid until December 9, 2024); (ii) ML94/2L (valid until November 6, 2015); (iii) ML2003/26L

(valid until September 4, 2013); (iv) ML2010/95L (valid until December 28, 2014); and (iv) PL040/2011 (valid until March 31, 2014). In the fourth quarter of 2012, ML 87/3 was renewed until December 9, 2024 by the Ministry of Minerals, Energy and Water Resources. Details regarding the Corporation's acquisition of the Mupane Property are set out above under the heading "General Development of the Business".

The Corporation commenced active mining operations at the Mupane Property on the closing of the RTO and the Gallery Acquisition on August 30, 2011 (the "Acquisition Date").

Mining

The following table sets forth certain key mining statistics for the Mupane Property since the Acquisition Date:

		2012				2012	2011	Since Acquisition
		Q1	Q2	Q3	Q4			
Mupani (Tholo&Kwena)	Ore(t)	42,623	61,269	69,632	98,212	271,737	86,511	358,248
	Grade(g/t)	1.36	1.94	2.00	2.11	1.92	1.38	1.79
	Waste(t)	2,869,349	2,151,585	2,591,967	2,040,171	9,653,073	2,725,462	12,378,534
Signal Hill	Ore(t)	233,020	158,193	67,178	10,549	468,939	358,818	827,757
	Grade(g/t)	2.29	1.83	1.61	1.37	2.02	1.69	1.88
	Waste(t)	986,826	633,497	387,870	86,602	2,094,796	2,080,259	4,175,055
Golden Eagle	Ore(t)	6,870	44,043	64,551	50,029	165,493	-	165,493
	Grade(g/t)	0.65	1.38	1.33	1.64	1.41	-	1.41
	Waste(t)	99,642	622,810	1,153,194	748,176	2,623,822	-	2,623,822

The Corporation operated several mining operations at the Mupane Property during 2012. Highlights of such operations included:

- Tholo - in the first quarter of 2012, the Corporation reviewed the mine plan at its Tholo pit. As a result, the Corporation completed a revised mine plan that involved accelerated stripping of the Tholo pit cutback to make more ore available at a higher grade sooner. As the program has progressed, more ore of better grade has been mined with a resulting positive impact on the average grade of total ore mined.
- Signal Hill – in the first quarter of 2012, Signal Hill provided the majority of the ore to the processing plant as the stripping reduced and the Corporation reached the bottom of the pit. Although Signal Hill was planned to close in the first quarter of 2012, it continued to provide gold ore for a longer duration than anticipated, with some remaining ore still to be moved at the end of the rainy season when it can be accessed.
- Golden Eagle – the Corporation commenced mining at Golden Eagle in the second quarter of 2012 as planned. Production during the third quarter of 2012 increased to providing over 50% of the ore to the processing plant. In the fourth quarter of 2012, production was hampered by the poor safety and productivity performance of the mining contractor who was suspended twice for poor safety performance and then finally terminated in December. This impacted negatively on production and mining stopped in the latter part of December and continued again in late January.

As part of the Corporation's previously disclosed Operational Improvement Program (the "OI program"), the Corporation has implemented various reviews and implemented the following recommendations of such reviews in 2012:

- Mine plan/resource review was completed in the fourth quarter of 2012 and a new plan has been implemented for 2013 and 2014.
- Blasting designs have been revised, improving fragmentation and ore dilution levels.
- More frequent real-time mine geology updates of the mine plan have been implemented, allowing further refinement of the mine plan as mining activity progresses.
- Mining, drilling and blasting contracts have been reviewed with renewed contracts revised to include performance and efficiency requirements better aligned with the Corporation's objectives.
- The Corporation has commenced a review of its own mining fleet to improve efficiency in terms of costs on a dollar per tonne basis and operating availability.

Processing

The following table sets forth certain key processing statistics at the Mupane Property since the Acquisition Date:

	Q4 2012	Q3 2012	Q2 2012	Q1 2012	2012	FY 2011	Total since Acquisition Date
Ore milled (000 t)	246	245	308	285	1,084	385	1,469
Head grade (g/t)	1.49	1.60	1.46	2.18	1.70	1.86	1.75
Recovery (%)	78.2%	84.0%	80.0%	88.1%	82.6%	87.5%	83.7%
Gold production (oz.)	9,234	10,562	11,621	17,523	48,940	20,193	69,133

Highlights of the Corporation's processing operations during 2012 included:

- The processing plant maintenance program was established in the first quarter of 2012 and has progressed well during 2012. Meaningful condition monitoring programs have been introduced and have benefitted operations personnel in preparing planned maintenance programs.
- In the first quarter of 2012, the tailings deposition method has been revised to reduce risk and improve water recovery. This revision was implemented successfully and it resulted in the improvement of water recovery from about 5% to about 20%. This reduced the Corporation's water supply risk and operating costs due to lower water consumption and decreased environmental impact.
- Process water dam extension was commissioned during the third quarter of 2012, which has resulted in an increased process water storage capacity of approximately 200% as previously reported.
- A program of cleaning the original process water dam was commenced in the third quarter of 2012. Completion of the process water storage capacity is expected in the first quarter of 2013 and should at a maximum be providing capacity with the ability to store more than seven days of processing requirements.
- Process control (SCADA) system upgrade has been installed providing more reliable and refined dynamic control of the ore processing plant.
- A review of the metal accounting system as used by the operations previously has been completed and has resulted in the identification of procedures that required improvement to ensure consistent and accurate metal accounting and reconciliation.
- Tonnage throughput increase studies have progressed with the first stage being completed in the third quarter of 2012.

Exploration

The Corporation is conducting a comprehensive exploration program over a large number of prospects contained within its mining leases and exploration tenements which cover the bulk of the Tati greenstone belt in Botswana. In addition to the mining leases and prospecting license described above under “Mupane Property”, the Corporation acquired the rights to the NLE Properties during 2012, as described above under “General Development of the Business – Acquisition of NLE”. The NLE Properties are comprised of four prospecting licenses located near to the Mupane Property: (i) PL211/2010 (valid until September 30, 2013); (ii) PL039/2011 (valid until March 31, 2014); (iii) PL101/2011 (valid until June 30, 2014); and (iv) PL002/2012 (valid until December 31, 2015).

Exploration at the Mupane Property and the NLE Properties has covered the following areas during 2012:

- Tau Deeps
 - Diamond core drilling continued with five holes for 2,210m completed by the end of the fourth quarter of 2012. Complications caused by numerous younger, cross-cutting dykes continue to frustrate with only narrow ‘slivers’ of mineralised material being intersected between the dykes.

- Jim’s Luck
 - The infill reverse circulation drilling program was completed at the end of the fourth quarter of 2012, with 31 holes for 4,986m during the period. This makes a total for the 2012 program of 68 holes for 12,755m. Significant assay results have been realized and even more significant extensions/additions have been discovered – (i) the “Western Parallel” is a new zone of gold mineralization occurring in a sheared package comprising quartz sericite schist (not ironstone like the others), and (ii) a “Southern Extension” which adds some 200m of strike.
 - The geological continuity of the mineralised zone was confirmed by the drilling. Of the 68 holes drilled, seven were stopped in dyke, two returned assays below cut-off grade, while 59 returned assay grades over intervals of 1.0m and above. For more information regarding the Jim’s Luck prospect, please see the Corporation’s press release dated February 5, 2013 which is available under the Corporation’s profile on SEDAR at www.sedar.com.
 - The balance of results is expected during the first quarter of 2013 and the resource for Jim’s Luck is expected to be completed during the second quarter of 2013. Step out drilling in 2013 will continue on the project with the Southern Extension and the Western Parallel being targeted.

- Tekwane
 - The fourth and final phase of the preliminary, wide spaced pitting was completed by the end of 2012, resulting in 186 pits for 288 samples in the fourth quarter of 2012 and 518 pits for 804 samples for the entire 2012 program. During the first quarter of 2013, it is expected that work will commence on infill pitting in selective areas.

- The auriferous quartz rubble horizon, within the soil profile, continues to be exposed and sampled with encouraging results. For more information regarding the Tekwane prospect, please see the Corporation's press release dated December 3, 2012 which is available under the Corporation's profile on SEDAR at www.sedar.com.
- Tailings Dumps
 - Tailings dump auger drilling, sampling and surveying was completed during the fourth quarter of 2012 and all assay results received. In total, 681 holes were drilled for 3,448 samples collected for gold assay, of which 253 holes for 2,418 samples were from the Mupane tailings dump.
 - Excluding the Mupane tailings dump, there are 14 historic tailings dumps in the area suited to retreatment which are estimated to amount to approximately 780,000 tonnes.
 - Only selective metallurgical test work in respect of the tailings dumps remains to be done in 2013.
- Orapa Road
 - Results from all 9,500 soil samples were received during the fourth quarter of 2012 and significant gold in soil anomalism has been detected. This program on a 200m X 20m grid was a follow up to the previous regional soil program conducted by a predecessor to the Corporation in 1997, which was on a grid of 400m X 40m. Traverse lines from the previous program were at a different orientation, while the lines from this survey were oriented normal (90 degrees) to the structure and geology, which is much more desirable and effectual, resulting in the generation of anomalies that were missed by the old survey.
 - There is gold in soil anomalism along 10km of a 17km long structural aeromagnetic feature picked up on the reinterpretation of the old airborne magnetic data, the most significant of which measures 2.5km of strike and is outlined by the 100 – 150 ppb contours with maximum values >450ppb. There are no known old gold workings in this area.
 - The other elements assayed were arsenic, copper, lead, zinc, and nickel and none of these supports the gold. Arsenic especially is a common 'supporter' on the Tati belt so this is unusual. The only other similar situation is on the old Monarch mine structural trend, which is located 5.0km to the East and is parallel to this anomaly.
- Matopi
 - Preliminary drilling was completed on this project in June 2012 amounting to 847m of reverse circulation (five holes) and 300m of diamond core (one hole) drilling. The known low grade gold mineralisation was confirmed, but the targeted higher grade shear hosted material postulated by previous workers to be in the footwall was not encountered.

On August 30, 2011, the Corporation filed a NI 43-101 compliant technical report in respect of the Mupane Property entitled "Independent Technical Report on the Mupane Gold Mine" dated May 10, 2011 (the "**Mupane Technical Report**") authored by: Justin Glanvill, BSc. (Hons), GDE, MGSSA, Pr.Sci. Nat.; Joel Mungoshi, HND Met, BSc (Hons), MDP (Mining), MBL, MSAIMM; Markus Tilman Reichardt, M.A, PhD (candidate), John Francis Winchester Sexton, BSc, BCom, MBL and Robert

Charles Croll, BSc, MBA on behalf of MSA Geoservices (Pty) Ltd. The summary section from the Mupane Technical Report is reproduced in its entirety at Exhibit “B” of this AIF and the detailed disclosure in the Mupane Technical Report is incorporated by reference herein. The Mupane Technical Report is available on the Corporation’s SEDAR profile at www.sedar.com.

On March 18, 2013, the Corporation issued an update to the mineral resources in respect of the Mupane Property with an effective date of December 31, 2012 (the “Resource Update”). The following table summarises the results of the Resource Update:

Galane Gold Mineral Resource Statement
Effective Date: December 31, 2012

Category	Cutoff grade (g/t)	Measured			Indicated			Measured and Indicated			Inferred		
		Tons (000)	AU (g/t)	Au (000 oz)	Tons (000)	AU (g/t)	Au (000 oz)	Tons (000)	AU (g/t)	Au (000 oz)	Tons (000)	AU (g/t)	Au (000 oz)
Deposit													
Jims Luck	0.50	859	1.05	29.0	1,659	1.20	64.0	2,518	1.15	93.0	1,337	1.08	46.4
Tholo	0.50	20	1.14	0.7	926	2.28	67.8	945	2.26	68.6	61	1.53	3.0
Golden Eagle	0.50	516	1.45	24.1	1,087	1.48	51.7	1,603	1.47	75.8	1,637	1.56	82.1
Kwena	0.50	266	0.98	8.4	535	1.19	20.5	801	1.12	28.8	1,642	1.11	58.6
Tau	0.80	578	3.00	55.7	824	2.75	72.8	1,402	2.85	128.6	723	3.05	70.9
Mupane Stockpiles		702	0.97	21.9	-	-	-	702	0.97	21.9	-	-	-
Total		2,941	1.48	139.8	5,030	1.71	276.9	7,971	1.63	416.6	5,401	1.50	261.1

Category	Cutoff grade (g/t)	Measured			Indicated			Measured and Indicated			Inferred		
		Tons (000)	AU (g/t)	Au (000 oz)	Tons (000)	AU (g/t)	Au (000 oz)	Tons (000)	AU (g/t)	Au (000 oz)	Tons (000)	AU (g/t)	Au (000 oz)
Dump													
Mupane Slimes Dump	0.30	7,195	0.40	91.8	-	-	-	7,195	0.40	91.8	-	-	-
Total		7,195	0.40	91.8	-	-	-	7,195	0.40	91.8	-	-	-

Resource tonnages and gold grades were reported at a 0.5 g/t Au cut-off grade. Resources from contiguous portions of the mineralisation outside of the optimized pit shell, and potentially amenable to underground mining methods, were reported at a cut-off grade of 0.8 g/t Au. A cut-off grade of 0.3g/t Au was used for the slimes dump due to the possible need for a different processing method. All resources were modelled using a 0.5 g/t Au grade cut-off for each mineralised zone, except Tau where a 0.8 g/t Au grade shell was used. A gold price of US\$1,700 was used. The full text of the Resource Update is available on the Corporation’s SEDAR profile at www.sedar.com.

Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no guarantee that any of the mineral resources disclosed in this AIF will be converted to mineral reserves. There is also no guarantee that any of the inferred mineral resources will be upgraded to measured or indicated mineral resources. Information of a technical and scientific nature that forms the basis of the disclosure in this AIF has been approved by Charles Byron Pr. Sci. Nat., MAusIMM., MGSSA and Chief Geologist for Galane Gold, and a “qualified person” as defined by NI 43-101.

Special Skill and Knowledge

Operations in the gold exploration, development and production industry mean that the Corporation requires professionals with skills and knowledge in diverse fields of expertise. In the course of its exploration, development, and production activities, the Corporation requires the expertise of

engineers, exploration geophysicists and geologists, among others, and employs, directly and indirectly, such persons as required.

Competition

The mining industry in Botswana and Africa in general is intensely competitive in all of its phases. Galane competes with a number of other entities in the search for and the acquisition of productive mineral properties. As a result of this competition, the majority of which is with companies with greater financial resources than Galane, it may be unable to acquire attractive properties in the future on terms it considers acceptable. Galane competes for funding with other public resource companies, many of whom have greater financial resources and/or more advanced properties and whom are better able to attract equity investments and other capital.

Environmental Matters

Galane's exploration, development and production activities are subject to various laws and regulations regarding the protection of the environment. If needed, and to the extent that it can be done economically, Galane will make expenditures to ensure compliance with applicable laws and regulations. New environmental laws and regulations, amendments to existing laws and regulations, or more stringent implementation of existing laws and regulations could have a material adverse effect on the Corporation, both financially and operationally, by potentially increasing capital and/or operating costs and delaying or preventing the development of mineral properties.

Employees

As of December 31, 2012, the Corporation had approximately 300 full-time employees, all of which are located in Botswana. In addition, Galane engages contractors and consultants from time to time to work on specific properties and for administrative, legal and other services as required.

RISK FACTORS

Details of the risk factors relating to Galane and its business are discussed under the heading "Risks and Uncertainties" in Galane's annual management's discussion and analysis for the year ended December 31, 2012 ("MD&A"), a copy of which is available on the Corporation's SEDAR profile at www.sedar.com. The risk factors contained in the MD&A are incorporated by reference herein.

DIVIDEND RECORD AND POLICY

The Corporation has never declared nor paid dividends on the Common Shares. Currently, Galane intends to retain its future earnings, if any, to fund the development and growth of its business, and the Corporation does not anticipate declaring or paying any dividends on the Common Shares in the near future, although it reserves the right to pay dividends if and when it is determined to be advisable by Galane's board of directors. As a result, shareholders will have to rely on capital appreciation, if any, to earn a return on investment in the Common Shares in the foreseeable future.

DESCRIPTION OF CAPITAL STRUCTURE

Share Capital

The Corporation is authorized to issue an unlimited number of Common Shares of which 50,881,745 Common Shares are issued and outstanding as of the date hereof. The holders of Common Shares are entitled to dividends as and when declared by the board of directors of the Corporation, to receive notice of and one vote per Common Share at meetings of the shareholders of the Corporation and, upon liquidation, to share equally in such assets of the Corporation as are distributable to the holders of Common Shares. There are no pre-emptive, redemption, retraction, purchase or conversion rights attaching to the Common Shares.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed on the Exchange and trade under the stock symbol “GG”. The following table sets forth, for the periods indicated, the reported high and low prices and the trading volume of the Common Shares on the Exchange:

Calendar Period	High	Low	Trading Volume
January 2012	\$1.10	\$0.85	524,552
February 2012	\$1.00	\$0.84	259,105
March 2012	\$0.93	\$0.81	262,639
April 2012	\$1.05	\$0.83	46,790
May 2012	\$0.95	\$0.83	592,245
June 2012	\$1.06	\$0.89	409,775
July 2012	\$1.08	\$0.90	818,050
August 2012	\$1.05	\$0.82	881,319
September 2012	\$0.93	\$0.79	627,640
October 2012	\$0.90	\$0.81	642,240
November 2012	\$0.84	\$0.75	860,697
December 2012	\$0.96	\$0.71	481,127

The Warrants were listed on the Exchange and traded under the stock symbol “GG.WT” until their expiry date on March 1, 2013. The following table sets forth, for the periods indicated, the reported high and low prices and the trading volume of the Warrants on the Exchange:

Calendar Period	High	Low	Trading Volume
January 2012	\$0.15	\$0.11	194,250
February 2012	\$0.20	\$0.12	84,000
March 2012	\$0.175	\$0.105	82,500
April 2012	\$0.11	\$0.06	147,000

May 2012	\$0.09	\$0.09	50,000
June 2012	\$0.195	\$0.09	250,277
July 2012	\$0.125	\$0.10	450,250
August 2012	\$0.13	\$0.10	620,200
September 2012	\$0.11	\$0.10	60,000
October 2012	\$0.10	\$0.07	124,423
November 2012	\$0.06	\$0.03	242,250
December 2012	\$0.045	\$0.035	10,000

Prior Sales

The following table sets forth the securities of the Corporation that were issued during the most recently completed financial year but not listed or quoted on a market place:

Issue/Grant Date	Type of Security	Number of Securities	Exercise Price	Expiry Date
October 4, 2012	Options	450,000	\$0.88	October 4, 2017
November 26, 2012	Options	1,120,000	\$0.82	November 26, 2017

ESCROWED SECURITIES AND SECURITIES SUBJECT TO RESTRICTION ON TRANSFER

The following table sets forth the securities of the Corporation held in escrow or subject to restriction on transfer as of December 31, 2012. As of the date hereof, none of the securities of the Corporation are held in escrow or are subject to contractual restriction on transfer.

Designation of Class	Number	Percentage of Class
Common Shares ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	9,962,936	20.59%
Warrants ⁽²⁾⁽⁴⁾	1,687,644	11.52%
Options ⁽⁴⁾	1,652,500	44.88%

Notes:

- (1) In connection with the Corporation's initial public offering, an aggregate of 875,000 Common Shares (on a post-Share Consolidation basis) held by certain shareholders of the Corporation were deposited into escrow with Equity Financial Trust Company (the "**Escrow Agent**"), as escrow agent, pursuant to a CPC Escrow Agreement (the "**CPC Escrow Agreement**"). Under the rules of the Exchange, 437,500 of these Common Shares (on a post-Share Consolidation basis) held in escrow were cancelled on October 12, 2010. All of the Common Shares remaining in escrow under the CPC Escrow Agreement as of December 31, 2012 were released on March 2, 2013.
- (2) On completion of the RTO, an aggregate of 25,438,750 Common Shares and 2,247,128 Warrants held by principals of the Corporation and certain other shareholders were deposited into escrow with the Escrow Agent, as escrow agent, pursuant to a Tier 1 Value Security Escrow Agreement (the "**Value Security Escrow Agreement**"). All of the Common Shares and Warrants remaining in escrow under the Value Security Escrow Agreement as of December 31, 2012 were released on March 2, 2013.
- (3) On completion of the RTO, share certificates representing 300,000 Common Shares were issued with restrictive legends, prohibiting trading in such Common Shares, pursuant to the Seed Share Resale Restrictions ("**SSRRs**") under Policy 5.4 of the Exchange. All of the Common Shares subject to such restrictive legends as of December 31, 2012 became free trading on March 1, 2013.

- (4) In connection with the Private Placement, certain shareholders of the Corporation entered into lock-up agreements with the Agent, pursuant to which any securities of the Corporation owned by such shareholders (the “**Locked-Up Securities**”) were subject to an 18 month lock-up period, excluding Common Shares or Warrants received in exchange for GGM Common Shares and GGM Warrants, respectively, acquired in connection with the Private Placement. IAMGOLD also entered into a lock-up agreement with the Agent, pursuant to which any securities of the Corporation owned by IAMGOLD (the “**IAMGOLD Locked-Up Securities**”) were subject to a lock-up period. The remaining Locked-Up Securities and IAMGOLD Locked-Up Securities subject to such lock-up agreements were released on February 5, 2013.

DIRECTORS AND EXECUTIVE OFFICERS

The table presented below provides the names of Galane’s current directors and executive officers, the offices held by them and the date of their first appointment, as of the date hereof:

Name and Place of Residence	Position(s) Held	Principal Occupation During Previous Five Years	Director Since ⁽¹⁾
Philip Condon Cebu, Philippines	Chief Executive Officer and Director	Galane Gold Ltd., Chief Executive Officer – Aug/11 to present; Miniera Group Limited, Sole Director – June/09 to present; Feronia Inc., Director – Sept/10 to present; RMA Energy Limited, Director – April/10 to May/11; National Mining Company, Chief Executive Officer – June/07 to May/08; Philip Condon Pty Ltd., Director – Aug/03 to June/09.	August 30, 2011
Ravi Sood ⁽²⁾ Ontario, Canada	Chairman (Non-Executive)	Venture Capitalist – Oct/10 to present; Feronia Inc., Executive-Chairman, – April/12 to present; Feronia Inc., Chairman, – Sept/10 to April/12; Navina Asset Management Inc., Chief Executive Officer – Feb/10 to Oct/10; Navina Asset Management Inc., President – May/04 to Feb/10.	October 24, 2007
Nicholas Brodie United Kingdom	Chief Financial Officer	Metallon Gold, Chief Financial Officer – May/11 to Aug/12; Katanga Mining Limited, Chief Financial Officer – Nov/08 to April/11; Katanga Mining Limited, Finance Director – Nov/06 to Nov/08.	-
Charles Byron Francistown District, Botswana	Director and Chief Geologist	The Northern Lights Exploration Co. (Pty) Ltd., Consulting Geologist.	August 30, 2011
Amar Bhalla ⁽²⁾ Ontario, Canada	Director	President, Capit Investment Corp.	October 24, 2007
Ian Egan ⁽²⁾ Victoria, Australia	Director	Soria Moria Pty Limited, Managing Director.	August 30, 2011

Notes:

- (1) All of the Corporation's directors serve until the next annual meeting of shareholders or until such director's successor is duly elected or appointed.
- (2) Member of the Audit Committee, Corporate Governance and Nominating Committee and Compensation Committee.

Shareholdings

As of the date hereof, Galane's directors and executive officers as a group beneficially owned, or controlled or directed, directly or indirectly 7,732,746 Common Shares, representing approximately 15.19% of the issued and outstanding Common Shares.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Other than as set forth below, no director or executive officer of the Corporation is, as at the date of this AIF, or has been within the last ten years, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

- (a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an "**Order**"), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company.

Other than as set forth below, no director or executive officer of the Corporation or any shareholder holding a sufficient number of Common Shares to affect materially the control of the Corporation:

- (a) is, as at the date of this AIF, or has been within the last ten years, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (b) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets;
- (c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (d) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision regarding the Corporation.

Each of Amar Bhalla and Ravi Sood was a director of TriNorth Capital Inc., a reporting issuer that became subject to a cease trade order issued by the Ontario Securities Commission on May 19, 2010 as a result of the failure to file audited annual financial statements for the financial year ended December 31, 2009, the related management's discussion and analysis and the certification of the foregoing filings when due as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*. The order was revoked on July 6, 2010.

The foregoing information, not being within the knowledge of the Corporation, has been furnished by the respective directors and executive officers.

CONFLICTS OF INTEREST

To the best of the Corporation's knowledge, other than as disclosed herein, there are no known existing or potential material conflicts of interest between the Corporation and any directors or officers of the Corporation, except that certain of the directors and officers serve as directors, officers, promoters and members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director or officer of the Corporation and their duties as a director, officer, promoter or member of management of such other companies.

Charles Byron, a director and the Chief Geologist of Galane, was the managing director, consulting geologist and a principal shareholder of NLE at the time of the NLE Acquisition. Pursuant to the NLE Share Purchase Agreement, Mr. Byron may receive up to 4,200,000 NLE Contingent Shares upon the satisfaction of certain conditions described above under "General Development of the Business – Acquisition of NLE".

The directors and officers of the Corporation are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Corporation will rely upon such laws in respect of any directors and officers conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the *Business Corporations Act* (Ontario) and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of the directors and officers of Galane, there are no legal proceedings material to Galane to which Galane or its subsidiaries, are or were a party to, or of which any of their respective property is or was the subject matter of, during the financial year ended December 31, 2012, nor are any such proceedings known to be contemplated.

To the knowledge of the directors and officers of Galane, no penalties or sanctions have been imposed against Galane or its subsidiaries by a court or by a regulatory authority during the financial year ended December 31, 2012, no penalties or sanctions have been imposed against Galane by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision in respect of Galane, and no settlement agreements have been entered into by Galane

before a court relating to securities legislation or with a securities regulatory authority during Galane's financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed below, none of the directors or executive officers of the Corporation, or persons or companies that beneficially own, or control or direct, directly or indirectly, more than 10% of the outstanding Common Shares, or any associate or affiliate of any of the foregoing, has any material interest, direct or indirect, in any transactions in which the Corporation has participated since January 1, 2010, which has materially affected or is reasonably expected to materially affect the Corporation.

Charles Byron, a director and Chief Geologist of the Corporation, was a shareholder of NLE at the time of the NLE Acquisition. In connection with the NLE Acquisition, Mr. Byron received 1,500,000 Common Shares and a promissory note of the Corporation with a principal amount of \$192,000, bearing interest at a rate of 6% per annum. Upon the satisfaction of certain conditions described above under "General Development of the Business – Acquisition of NLE", Mr. Byron will also receive up to 4,200,000 NLE Contingent Shares.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares and Warrants is Equity Financial Trust Company at its principal offices in the city of Toronto, Ontario.

MATERIAL CONTRACTS

The following are the contracts that are material to the Corporation that were entered into either (i) during the year ended December 31, 2012; or (ii) prior to January 1, 2012 that are still in effect, other than contracts entered into in the ordinary course of business:

1. the Gallery Share Purchase Agreement; and
2. the NLE Share Purchase Agreement.

Particulars of the above-listed contracts are disclosed under the heading "General Development of the Business" above.

INTERESTS OF EXPERTS

The auditors of the Corporation are KPMG LLP. The Corporation's consolidated financial statements as of December 31, 2012, and for the year then ended have been filed under NI 51-102 in reliance on the report of KPMG LLP, given their authority as experts in auditing and accounting. The Corporation have been advised that KPMG LLP is independent in accordance with the rules of professional conduct which govern its professional activities in the Province of Ontario in connection with their audit of the consolidated financial statements of the Corporation for the year ended December 31, 2012.

The authors of the Mupane Technical Report are listed under "Description of the Business – Mupane Property" above. As a group, such authors beneficially own, directly or indirectly, less than 1% of any class of the Corporation's outstanding securities.

AUDIT COMMITTEE

Audit Committee's Charter

The charter (the “**Charter**”) of the Corporation’s Audit Committee is reproduced as Exhibit “A”.

Composition of Audit Committee

The Audit Committee is composed of Ravi Sood, Ian Egan and Amar Bhalla, each of whom is a director of the Corporation. In accordance with Exchange Policy 3.1, the majority of the Audit Committee are not employees, Control Persons (as defined by the rules and policies of the Exchange) or officers of the Corporation.

A majority of the members of the Audit Committee are “independent” as such term is defined in National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”). The Corporation is of the opinion that all three members of the Audit Committee are “financially literate” as such term is defined in NI 52-110.

Relevant Education and Experience

All the members of the Audit Committee have the education and/or practical experience required to understand and evaluate financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation’s financial statements.

Ravi Sood was educated at the University of Waterloo (B. Mathematics) where he was a Descartes Fellow and the recipient of numerous national awards. From 2001 to 2010, he led the investment activities of Navina Asset Management Inc. and its predecessor company, Lawrence Asset Management Inc. He currently serves as a director of several public and private companies operating in the agriculture, mining and oil & gas sectors.

Ian Egan has held senior management positions at BHP Limited, Mineral Deposits Limited, Utah Mining Australia Limited and NL Industries Inc. He has considerable experience in the areas of financial and operational controls, joint ventures and mergers and acquisitions. He is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and a Fellow of CPA Australia (FCPA). He holds a BEc in Accounting and Law from the University of Sydney and an MEc in Industry Economics from the University of Sydney.

Amar Bhalla is the President of Capit Investment Corp., an investment management firm focused on private equity and venture capital. He has also served as a member of the audit committee of a number of other reporting issuers. Mr. Bhalla received his C.F.A. designation in September 2004 and received his B.A. degree from McGill University in June 1999.

Audit Committee Oversight

At no time since the commencement of Galane’s most recently completed financial year have any recommendations by the Audit Committee respecting the nomination and/or compensation of Galane’s external auditors not been adopted by the board of directors.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on exemptions in relation to "*De Minimis Non-audit Services*" or any exemption provided by Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

Pursuant to the terms of the Audit Committee Charter, the Audit Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor.

External Auditor Service Fees (By Category)

Audit Fees – Galane's external auditors billed approximately \$250,000 and \$199,370 during the financial years ended December 31, 2011 and 2012, respectively, for audit fees.

Audit-Related Fees – Galane's external auditors billed approximately \$190,000 and \$12,564 during the financial years ended December 31, 2011 and 2012, respectively for audit-related fees. The amount for 2011 represents fees billed in connection with the Gallery Acquisition and the RTO.

Tax Fees – Galane's external auditors billed \$Nil and approximately \$47,500 during the financial years ended December 31, 2011 and 2012, respectively for tax fees.

All Other Fees – Galane did not pay any other fees during the financial years ended December 31, 2011 and 2012, respectively, for services other than those reported above.

Venture Issuer Exemption

The Corporation is relying upon the exemption in section 6.1 of NI 52-110.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com.

Additional information relating to the Corporation, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Corporation's management information circular for the most recent annual meeting of shareholders.

Additional financial information is provided in Galane's consolidated financial statements and MD&A for the most recently completed year ended December 31, 2012.

EXHIBIT "A"
AUDIT COMMITTEE CHARTER

(Implemented pursuant to National Instrument 52-110 – *Audit Committees*)

National Instrument 52-110 – *Audit Committees* (the “**Instrument**”) relating to the composition and function of audit committees was implemented for reporting issuers and, accordingly, applies to every TSX Venture Exchange listed company, including the Corporation. The Instrument requires all affected issuers to have a written audit committee charter which must be disclosed, as stipulated by Form 52-110F2, in the management information circular of the Corporation wherein management solicits proxies from the security holders of the Corporation for the purpose of electing directors to the board of directors. The Corporation, as a TSX Venture Exchange-listed company is, however, exempt from certain requirements of the Instrument.

This Charter has been adopted by the board of directors in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of the Corporation. Nothing in this Charter is intended to restrict the ability of the board of directors or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

PART 1

Purpose:

The purpose of the Committee is to:

- (a) improve the quality of the Corporation’s financial reporting;
- (b) assist the board of directors to properly and fully discharge its responsibilities;
- (c) provide an avenue of enhanced communication between the directors and external auditors;
- (d) enhance the external auditor’s independence;
- (e) increase the credibility and objectivity of financial reports; and
- (f) strengthen the role of the directors by facilitating in depth discussions between directors, management and external auditors.

1.1 Definitions

“**accounting principles**” has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

“**Affiliate**” means a Corporation that is a subsidiary of another Corporation or companies that are controlled by the same entity;

“**audit services**” means the professional services rendered by the Corporation’s external auditor for the audit and review of the Corporation’s financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

“**Charter**” means this audit committee charter;

“**Committee**” means the committee established by and among certain members of the board of directors for the purpose of overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation;

“**Control Person**” means any individual or company that holds or is one of a combination of individuals or companies that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation except where there is evidence showing that the holder of those securities does not materially affect the control of the Corporation;

“**financially literate**” has the meaning set forth in Section 1.2;

“**immediate family member**” means a person’s spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the person or the person’s immediate family member) who shares the individual’s home;

“**Instrument**” means National Instrument 52-110 – *Audit Committees*;

“**MD&A**” has the meaning ascribed to it in National Instrument 51-102;

“**Member**” means a member of the Committee;

“**National Instrument 51-102**” means National Instrument 51-102 - *Continuous Disclosure Obligations*; and

“**non-audit services**” means services other than audit services.

1.2 Meaning of Financially Literate

For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

PART 2

2.1 Audit Committee

The board of directors has hereby established the Committee for, among other purposes, compliance with the Instrument.

2.2 Relationship with External Auditors

The Corporation will require its external auditor to report directly to the Committee and the Members shall ensure that such is the case.

2.3 Committee Responsibilities

1. The Committee shall be responsible for making the following recommendations to the board of directors:

- (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and
 - (b) the compensation of the external auditor.
2. The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting. This responsibility shall include:
- (a) reviewing the audit plan with management and the external auditor;
 - (b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;
 - (c) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
 - (d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
 - (e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtaining an explanation from management of all significant variances between comparative reporting periods;
 - (f) reviewing the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;
 - (g) reviewing interim unaudited financial statements before release to the public;
 - (h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report and management's discussion and analysis;
 - (i) reviewing the evaluation of internal controls by the external auditor, together with management's response;
 - (j) reviewing the terms of reference of the internal auditor, if any;
 - (k) reviewing the reports issued by the internal auditor, if any, and management's response and subsequent follow up to any identified weaknesses; and
 - (l) reviewing the appointments of the chief financial officer and any key financial executives involved in the financial reporting process, as applicable.
3. The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the issuer's external auditor.

4. The Committee shall review the Corporation's financial statements, MD&A, and annual and interim earnings press releases before the Corporation publicly discloses this information.
5. The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and shall periodically assess the adequacy of those procedures.
6. When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51-102, and the planned steps for an orderly transition.
7. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Instrument 51-102, on a routine basis, whether or not there is to be a change of auditor.
8. The Committee shall, as applicable, establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
9. As applicable, the Committee shall establish, periodically review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer, as applicable.
10. The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

2.4 De Minimis Non-Audit Services

The Committee shall satisfy the pre-approval requirement in subsection 2.3(3) if:

- (a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the issuer and its subsidiary entities to the issuer's external auditor during the financial year in which the services are provided;
- (b) the Corporation or the subsidiary of the Corporation, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
- (c) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

2.5 Delegation of Pre-Approval Function

1. The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(3).

2. The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 2.5(1) must be presented to the Committee at its first scheduled meeting following such pre-approval.

PART 3

3.1 Composition

1. The Committee shall be composed of a minimum of three Members.
2. Every Member shall be a director of the issuer.
3. The majority of Members shall not be employees, Control Persons or officers of the Corporation.
4. If practicable, given the composition of the directors of the Corporation, each Member shall be financially literate.
5. The board of directors of the Corporation shall appoint or re-appoint the Members after each annual meeting of shareholders of the Corporation.

PART 4

4.1 Authority

Until the replacement of this Charter, the Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Committee;
- (c) communicate directly with the internal and external auditors; and
- (d) recommend the amendment or approval of audited and interim financial statements to the board of directors.

PART 5

5.1 Disclosure in Information Circular

If management of the Corporation solicits proxies from the security holders of the Corporation for the purpose of electing directors to the board of directors, the Corporation shall include in its management information circular the disclosure required by Form 52-110F2 (Disclosure by Venture Issuers).

PART 6

6.1 Meetings

1. Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.
2. Opportunities shall be afforded periodically to the external auditor, the internal auditor and to members of senior management to meet separately with the Members.
3. Minutes shall be kept of all meetings of the Committee.

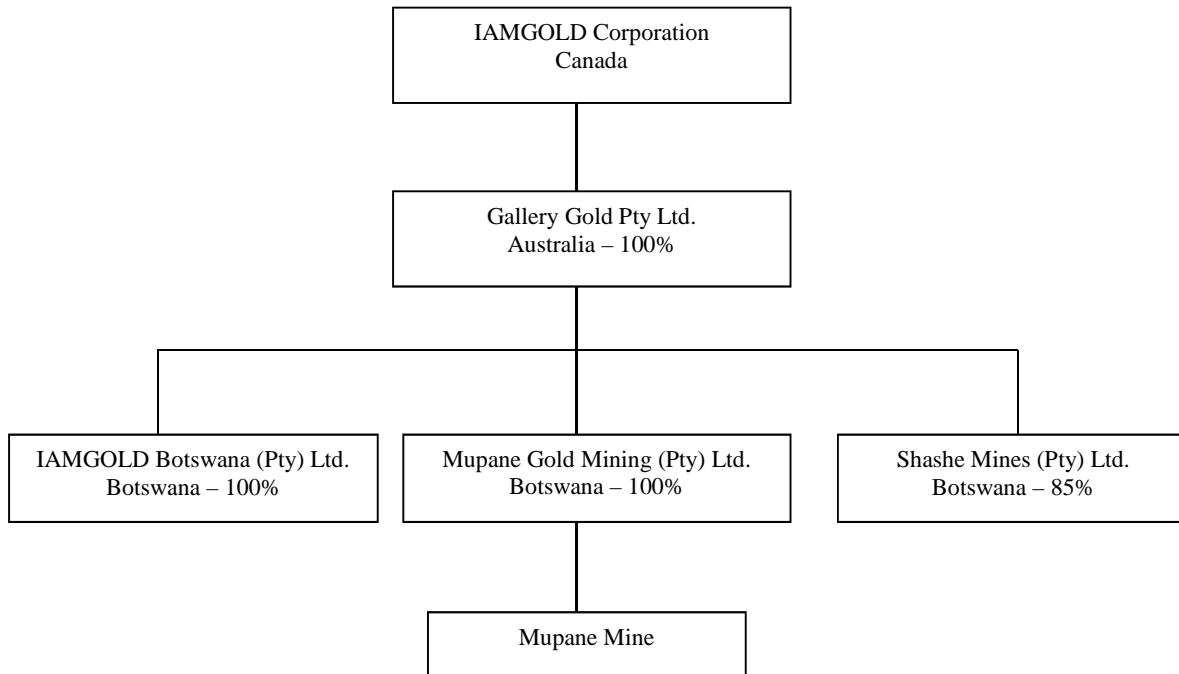
EXHIBIT "B"
SUMMARY FROM TECHNICAL REPORT

1. SUMMARY

The Mupane Gold Mine is an operating gold mining venture owned by IAMGOLD Corporation (IAMGOLD) and situated in the Northeastern Province of Botswana, in southern Africa. Botswana has among the highest economic growth and literacy rates in Africa, and has remained stable since independence from Britain in 1966.

The mine has been in operation since 2004 and produced over 468 000 oz of gold up to the end of 2010 at an average grade of 2.19 g/t Au. It currently has a mining plan to mid-2013 based on NI43-101 compliant mineral reserves.

The corporate ownership structure of the mine is as follows:



Carlaw Capital III Corp. (Carlaw) intends to acquire the mine from IAMGOLD through its subsidiary Galane Gold Mines Ltd, by acquiring 100% of Gallery Gold (Pty) Ltd (Gallery Gold) for a net price of USD 33.5 million. The share purchase agreement was signed on 6th May 2011. The main assets of Gallery Gold are as follows:

- 100% of Mupane Gold Mining (Pty) Ltd. (MGM). MGM is a Botswana registered company which owns three mining licenses (ML87/3, ML2003/26L and ML2010/95L) and a prospecting license (section 4.1). It also owns the treatment plant and associated infrastructure.
- 85% of Shashe Mines (Pty) Ltd. (SM). SM is a Botswana registered company. The other 15% of SM is owned by the Botswana Government.

- 100% of IAMGOLD Botswana (Pty) Ltd. This is a Botswana registered company which was previously used as a vehicle for IMG's exploration activities in Botswana. It holds the mining license ML94/2L.

The mine produced 57 000 oz of gold in 2010. The gold is exported as doré bars to Rand Refineries Ltd in South Africa, from where it is sold.

The mine is situated on the Tati Greenstone Belt, a NNW-striking belt of Archaean metavolcanic, metasedimentary and intrusive rocks up to 20km in width and striking over 65km.

Mining activity is conventional open pit mining exploiting the Tau, Kwena and Tholo deposits in the immediate vicinity of the processing plant, and the remote Signal Hill, Molomolo and Golden Eagle gold deposits.

The Mupane processing plant uses conventional carbon-in-leach ("CIL") processing to recover gold and produce gold bullion after grinding in a two stage circuit with one semi-autogenous grind ("SAG") mill and one ball mill. The plant has been designed at a nominal throughput of 1.2 million tonnes per annum for oxide ores. For primary (sulphide) ores, a combination of flotation and CIL processing is used at a designed nominal throughput of 1.0 million tonnes per annum.

Mineral Resources and Mineral Reserves

The mineral resources as at 31 December 2010 were as follows (100% basis):

MINERAL RESOURCES		Measured			Indicated			Measured + Indicated*			Inferred**		
Deposit	Cut-off grade Au g/t	Tonnes (000)	Au (g/t)	Au (000 oz)	Tonnes (000)	Au (g/t)	Au (000 oz)	Tonnes (000)	Au (g/t)	Au (000 oz)	Tonnes (000)	Au (g/t)	Au (000 oz)
Kwena	0.8	97	1.41	4	254	1.58	13	351	1.51	17	47	2.00	3
Golden Eagle	0.9				1 805	1.98	115	1 805	1.98	115	68	3.21	7
Molomolo	0.9	8	2.52	1	113	1.83	7	121	2.06	8	7	1.89	
Signal Hill	0.9	521	2.21	37	549	2.10	37	1 070	2.15	74	173	2.27	13
Tau	0.8	579	3.22	60	810	2.98	78	1 389	3.09	138	47	2.93	4
Tawana					122	1.80	7	122	1.78	7			
Tholo	0.8				161	2.03	11	161	2.13	11	584	2.72	51
Stockpiles		745	1.20	29				745	1.21	29			
Total		1 950	2.09	131	3 814	2.19	268	5 764	2.15	399	926	2.62	78

*UNCONSTRAINED

**CONSTRAINED WITHIN A USD 1000 PIT SHELL

Mineral reserves have been defined by Whittle analysis of the measured and indicated mineral resources, assuming a gold price of USD 1 200 per oz. However, the pit shells themselves were designed in 2008 with an assumed gold price of USD 850 per oz. Significant upside potential therefore exists to increase the pit shells based on the current elevated gold price. Exploration drilling is underway to define the mineral resources at depth.

The mineral reserves as at 31 December 2010 were as follows (100% basis):

MINERAL RESERVES		Proven			Probable			Total		
Deposit	Cut-off grade Au g/t	Tonnes (000)	Au (g/t)	Au (000 oz)	Tonnes (000)	Au (g/t)	Au (000 oz)	Tonnes (000)	Au (g/t)	Au (000 oz)
Kwena	0.8	9	1.55		80	1.61	4	89	1.61	4
Golden Eagle	0.9				677	1.87	41	677	1.87	41
Signal Hill	0.9	521	2.02	34	353	2.04	23	874	2.03	57
Molomolo	0.9	8	2.35	1	62	2.20	4	70	2.22	5
Stockpiles		745	1.20	29				745	1.20	29
Total		1 283	1.55	64	1 172	1.91	72	2 455	1.72	136

Financial Analysis

MSA has produced a cash flow model using cost parameters based on the current mine plan. The outputs of the cash flow model are as follows:

PROJECT (100%) from May 2011		
REAL	Disc Rate	US\$'000s
NPV's	0.0%	50 531
	5.0%	47 176
	8.0%	45 354
	10.0%	44 210
	12.0%	43 118
	15.0%	41 571
	20.0%	39 212
	IRR=	No IRR

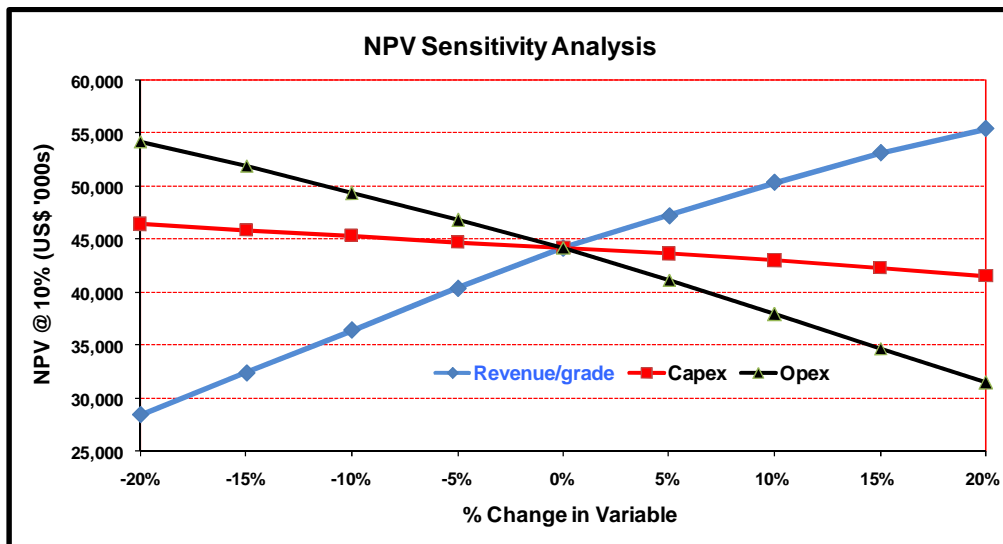
NPV's are at 1 January 2011

From an investor's perspective, and based on a net acquisition price of USD 33.5 million (as per the sales agreement), the outputs of the cash flow model are as follows:

PROJECT (100%) from May 2011		
INVESTOR RETURN		
REAL	Disc Rate	US\$'000s
NPV's	0.0%	23 146
	5.0%	20 063
	8.0%	18 406
	10.0%	17 372
	12.0%	16 390
	15.0%	15 009
	20.0%	12 923
	IRR=	76.7%

NPV's are at 1 January 2011

The project is profitable and is most sensitive to changes in the gold price or grade.



A number of risks and opportunities have been identified on the mine.

Risks

The current mineral reserve will be fully depleted in mid-2013. The addition of further mineral reserves in the short term is an urgent priority. Additional mineral reserves could potentially derive from an increase in depth of the existing pit shells. The current high gold price creates the opportunity to significantly deepen the current open pits. However, this will require that the mineral resources at depth are identified to the “indicated” confidence level (at least), before a revised Whittle shell can be produced based on a higher gold price. It would also involve a capital expenditure of pre-stripping prior to mining of the additional mineral reserve. MGM has budgeted USD 2.5 million for exploration work in 2011.

There also exists a potential risk related to recoveries. The current plant design for the recovery of gold from primary sulphide ore is based on sample test work conducted during feasibility. The parameters used in the plant design might not be optimal for the actual sulphide ores now being mined. There is currently ongoing test work being conducted at COREM (Canada) involving all present and future feed material to address this.

The project is exposed to the volatility of the Botswana Pula relative to the USD. However, the project will remain profitable even with a significant strengthening of the Pula against the USD.

The future gold price may be regarded as a risk or an opportunity, depending upon whether it decreases or increases over the life of mine. However, the gold price is currently at its highest ever level and all independent forecasts viewed by MSA expect the gold price to fall by between 12% and 40% over the next four years.

Mupane is unusual in that to calculate a net closure liability it is assumed that income from salvage and sale of redundant equipment will cover the cost. This is not standard industry practice and creates a risk that there may be an ultimate shortfall. The closure plan and its methodology are otherwise robust.

The project draws electrical power from the Botswana power grid, which in turn draws some of its supply from ESKOM, the parastatal electricity supplier in South Africa. The project is therefore potentially impacted by changes in the power supply provided by ESKOM. ESKOM has given notice of price increases of 25% per annum commencing in 2011. This will have an effect on the cost of power supply to the mine. The financial model suggests that the project can absorb these cost increases and remain profitable.

The project draws water from a pump station constructed on the Shashe Dam, approximately 30km from the process plant. Botswana is an arid country and water throughput has been restricted occasionally due to water shortage. There is a risk that production could be severely affected by drought. There is a project currently underway to tap into a nearby mines raw water supply to supplement Mupane’s needs by an additional 1 000 m³/day which combined with the current line supply capacity will be sufficient for operational needs plus provide partial supply redundancy.

Opportunities

The high current gold price remains a very good opportunity for the mine. The high revenues currently being generated can help fund ongoing exploration to expand the existing mineral resources. New mineral resources may potentially be defined beneath and adjacent to the existing resources, and within the new PL.

Plant availabilities have ranged from 3% to 5% below budget targets indicating an opportunity to increase throughput with improvement in availability. The below budget availability has been due largely

to the lack of electrical diagrams to assist with fault-finding, and periodic water shortages. All of the observed issues impacting on plant availability can be addressed relatively easily.

MSA recommends that focus is placed on exploration work to develop the mineral resources, and on completion of metallurgical testwork to optimise the plant for recovery of primary sulphide ores, as the mine transitions from processing mainly oxide ore, to a mix of oxide and sulphide ores.

Recommendations

MSA's review of the Mupane Gold Mine makes the following recommendations:

- The mine is profitable and it is recommended that mining should continue until reserves are depleted, particularly in view of the very high current gold price.
- The mineral reserves need to be complemented by new reserves urgently. This may be achieved either through a new Whittle analysis of current resources or by exploration for new resources. A total budget (funded out of Mupane operational cash flow) of USD1.8 million has been made available for exploration drilling during 2011 in the 400 x 50 m area immediately south of the Tholo pit to confirm the down-dip extension of the Tholo orebody.
- The ongoing metallurgical test work to optimise processing of sulphide ore is a necessary project and should be completed with urgency. The cost benefit of implementing any changes recommended by the test work should be examined prior to implementing any changes.
- Plant availability issues should be addressed.
- Mine closure funding should be revisited based on the validity of the current funding plan.