Dated: April 28, 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") of financial condition and results of operations of Galane Gold Ltd. ("Galane" or the "Company") was prepared by management as at April 28, 2020. Throughout this MD&A, unless otherwise specified, "Galane", "the Company", "we", "us" or "our" refer to Galane Gold Ltd. and its subsidiaries and should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2019 (the "Financial Statements").

The Financial Statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS) issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in U.S. dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements.

The Company's certifying officers are responsible for ensuring that the Financial Statements and MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's certifying officers certify that the Financial Statements together with the other financial information included in the Financial Statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company as the date of and for the periods presented in the Financial Statements.

The Audit Committee and the Board of Directors provide an oversight role with respect to all public financial disclosures by the Company. The Board of Directors approves the Financial Statements and MD&A after the completion of its review and recommendation for approval by the Audit Committee, which meets periodically to review all financial reports, prior to filing.

FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the Company's future financial position and results of operations, strategy, proposed acquisitions, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to: the Company's dependence on two mineral projects; gold price volatility; risks associated with the conduct of the Company's mining activities in Botswana and South Africa; regulatory, consent or permitting delays; risks relating to the Company's exploration, development and mining activities being situated in Botswana and South Africa; risks relating to reliance on the Company's management team and outside contractors; the Company's inability to obtain insurance to cover all risks, on a commercially reasonable basis or at all; currency fluctuations; risks regarding the failure to generate sufficient cash flow from operations; risks arising from the Company's fair value estimates with respect to the carrying amount of mineral interests; mining tax regimes; risks regarding mineral resources and reserves; the Company's need to replace reserves depleted by production; risks and unknowns inherent in all mining projects, including the inaccuracy of reserves and resources, metallurgical recoveries and capital and operating costs of such projects; contests over title to properties, particularly title to undeveloped properties; risks and expenses related to reclamation costs and related liabilities; lack of infrastructure; employee relations, labour unrest or unavailability; health risks in

Africa; supply chain disruptions, major health issues, pandemics, and COVID-19; the Company's interactions with surrounding communities and artisanal miners; extensive laws and regulations governing the environment, health and safety; the Company's ability to successfully integrate acquired assets; risks related to ramping-up production; the speculative nature of exploration and development, including the risks of diminishing quantities or grades of reserves; development of the Company's exploration properties into commercially viable mines; risks related to climate change; risks related to information security; risk of using derivative instruments including credit risk, market liquidity risk and unrealized mark-to-market risk; stock market volatility; conflicts of interest among certain directors and officers; lack of dividends; lack of liquidity for shareholders of the Company; risks related to the market perception of junior gold companies; litigation risk; and difficulties in bringing actions and enforcing judgments for foreign investors. See "Risk Factors" in the Company's annual information form for the year ended December 31, 2019, a copy of which is available on the Company's SEDAR profile at www.sedar.com. Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, including assumptions regarding gold prices, business and operating strategies, and the Company's ability to operate on a profitable basis.

MINERAL RESERVES AND RESOURCES

Information of a technical and scientific nature that forms the basis of the disclosure in the MD&A has been approved by Kevin Crossling Pr. Sci. Nat., MAusIMM. and Business Development Consultant for Galane Gold, and a "qualified person" as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101").

All mineral reserves and mineral resources have been estimated in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and NI 43-101. All mineral resources are reported exclusive of mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no guarantee that any of the mineral resources disclosed in the MD&A 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 on data verification performed on the mineral properties mentioned in this MD&A that are considered to be material mineral properties to the Company are contained in the Company's most recent annual information form and the current technical report for each of those properties, all available on the Company's SEDAR profile at www.sedar.com.

CORPORATE OVERVIEW

The Company's principal business activities are the exploration for, development of, and operation of gold mining properties. The Company operates through its wholly-owned subsidiary, Galane Gold Mines Ltd. ("GGM"), which in turn operates two mines: (a) a producing mine which also has the rights to certain mineral exploration tenements (the producing mine and mineral exploration tenements collectively, the "Mupane Property") located in the Republic of Botswana ("Botswana") through subsidiaries located in Botswana; and (b) a mine in the process of restarting and which has the rights to certain mineral exploration tenements (the mine and mineral exploration tenements collectively, the "Galaxy Property") located in the Republic of South Africa ("South Africa") through subsidiaries located in South Africa. The common shares in the capital of the Company (the "Common Shares") have been listed for trading on the TSX Venture Exchange (the "Exchange") under the symbol "GG" since September 6, 2011 and trades on the OTCQB in the United States under the trading symbol "GGGOF".

OUTLOOK

The extent and duration of impacts that COVID-19 may have on the Company's ability to ship and sell gold dore and gold concentrate, on our suppliers and employees and on global financial markets over the remainder of the year and going forward is not known at this time but could be material. As a result, the Company has suspended all previously issued 2020 annual guidance.

Mupane

The Company has been notified by the Republic of Botswana Government that, as a mining operation, Mupane is deemed an essential operation and is allowed to keep operating during the country's 28 day lockdown which commenced on April 2, 2020. For Mupane to continue in operation it has been working closely with the Department of Mines to agree on protocols to manage the potential for spread of COVID-19 between its employees and in particular, in its underground operations. During this period Mupane production has been restricted, although approval was granted on April 28, 2020 to recommence operations.

Galaxy

The Galaxy project was placed on temporary care and maintenance in late March, as mandated by the government of South Africa. On April 23, 2020, the Company was notified that Galaxy had been designated as an essential service and can operate at 50% of its normal capacity. The Company is currently working on a plan that complies with the capacity and enhanced operating requirements and is expecting to see the recommencement of operations at Galaxy on or about May 4, 2020.

DISCUSSION OF OPERATIONS

For the three months and year ended December 31, 2019

The following is an analysis of the Company's operating results for the three months ended December 31, 2019 ("Q4 2019") and the year ended December 31, 2019 ("2019").

Operating activity

Commentary regarding the Company's operating activity during Q4 2019 and 2019 follows:

Mupane Mining

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

		2019					2018				
		Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1	Total
Mupane (Tau)	Ore (t)	82,316	77,054	92,762	87,461	**339,593**	98,397	114,773	97,913	88,995	**400,078**
	Grade (g/t)	2.67	2.90	3.25	2.11	**2.74**	2.87	2.66	3.46	3.19	**3.03**
	Waste (t)	18,258	15,472	20,520	10,520	**64,770**	27,576	17,165	18,720	14,757	**78,218**
Tekwane and Shashe Pencils	Ore (t)	-	-	-	-	**-**	-	-	3,935	9,707	**13,642**
	Grade (g/t)	-	-	-	-	**-**	-	-	1.50	1.89	**1.77**
	Waste (t)	-	-	-	-	**-**	-	-	9,671	36,513	**46,184**
Low Grade Stockpiles	Ore (t)	37,110	62,010	30,719	71,263	**201,102**	124,864	112,554	118,721	75,691	**431,830**
	Grade (g/t)	0.77	0.75	0.77	0.77	**0.77**	0.77	0.94	1.04	0.90	**0.88**
Monarch Slimes Dump	Ore (t)	86,299	68,222	57,191	1,736	**213,448**	-	-	-	-	**-**
	Grade (g/t)	1.00	0.94	0.94	1.00	**0.96**	-	-	-	-	**-**

The Company has mined from one deposit at the Mupane Property during 2019 and the Monarch slimes dump:

- Tau – In Q4 2019, the Company continued mining in the main reef of the ore body with 82,316 tonnes at 2.67 g/t being mined (three months ended December 31, 2018 ("Q4 2018') – 98,397 tonnes at 2.87 g/t). The tonnes and grade for Q4 2019 are reflective of the mine plan prepared by the Company. For 2019, 339,593 tonnes at 2.74 g/t were mined compared to 400,078 tonnes at 3.03 g/t for the twelve months ended December 31, 2018 ("2018"). The tonnes and grade for 2019 are reflective of the mine plan prepared by the Company.
- Tekwane – There was no mining at Tekwane during 2019. Mining at Tekwane was completed in Q2 2018 (Q4 2018 – nil tonnes and 2018 – 13,642 tonnes at 1.77 g/t).
- Monarch – Towards the end of Q1 2019 the Company commenced the hauling of material from the Monarch slimes dump located approximately 53 kilometres from the Mupane processing plant. There were 86,299 tonnes at an average grade of 1.00 g/t transported for Q4 2019 (Q4 2018 – nil), with 213,448 tonnes transported for 2019 at an average grade of 0.96 g/t (2018 – nil).

In addition, the Company is currently processing ore from its previously mined low grade stockpiles, which are located next to the processing plant at the Mupane Property, next to the Golden Eagle mine located approximately 26 kilometres from the Mupane Property, and on the Shashe mining lease located approximately 35 kilometres from the Mupane Property. In Q4 2019, it processed 37,110 tonnes at an average grade of 0.77 g/t (Q4 2018 – 124,864 tonnes at 0.77 g/t) and for 2019, it processed 201,102 tonnes at an average grade of 0.77 g/t (2018 – 431,830 tonnes at 0.88 g/t). The decrease in tonnes processed from low grade stockpiles is primarily due to those stockpiles being fully depleted and being offset by the commencement of processing of the Monarch slimes dump material referred to above.

Mupane Processing

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

	2019					2018				
	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1	Total
Ore milled (t)	187,548	205,000	178,918	161,323	**732,789**	216,539	221,156	214,378	179,085	**831,158**
Head grade (g/t)	1.71	1.76	2.12	1.69	**1.72**	1.77	1.87	2.19	2.09	**1.97**
Recovery (%)	82.8%	72.8%	71.4%	72.3%	**74.8%**	75.1%	64.2%	66.8%	63.5%	**67.4%**
Gold Production (oz)	6,839	8,435	8,694	6,326	**30,294**	9,245	8,545	10,088	7,649	**35,527**

Gold production in Q4 2019 was 6,839 ounces compared to 9,245 ounces in Q4 2018. The ore milled for Q4 2019 of 188kt (Q4 2018 – 217kt) was lower than the preceding quarters as a result of a mill drive fault limiting the feed rate to the semi-autogenous grinding ("SAG") mill during the quarter. The mill drive fault was ongoing throughout Q4 2019 as the Company waited for the arrival of long lead spares from overseas. The grade in Q4 2019 of 1.71 g/t was below the grade for Q4 2018 of 1.77 g/t and was reflective of the feedstock available. The recovery for Q4 2019 of 82.8% was above the recovery for Q4 2018 of 75.1%. The increased recovery was reflective of the favourable mineralogy within the ore processed for Q4 2019, and the lower feed rate caused by the mill drive fault increasing retention time and having a positive impact on recovery.

Gold production for 2019 was 30,294 ounces compared to 35,527 ounces for 2018. The ore milled for 2019 of 733kt (2018 – 831kt) was lower than the preceding year with the average feed rate impacted by ongoing issues with the SAG mill motor armature and windings. This was due to an inconsistent incoming power feed, which was resolved in May 2019. In addition, the SAG mill ran in closed circuit during the first quarter, while completing the repair of the ball mill starter transformer which was damaged by inconsistent incoming power feed. The average feed rate in Q4 2019 was also negatively impacted by an unresolved mill drive fault. The grade for 2019 of 1.72 g/t was below the grade for 2018 of 1.97 g/t and was reflective of the feedstock available. The recovery for 2019 of 74.8% was above the recovery for 2018 of 67.4%. The increased recovery was reflective of the favourable mineralogy within the ore processed for 2019, and the increased retention time with periods of lower feed rate throughout the year having a positive impact on recovery.

Revenue and earnings from mining operations

The table below outlines the revenue and earnings from mining operations on a total dollar basis, and on a per ounce of gold sold basis:

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019
Revenue (000)	$ 9,039	$ 12,462	$ 11,425	$ 8,476	$ 41,402
Gold sold (oz.)	6,199	8,538	8,750	6,565	30,052
Earnings (Loss) from mining operations (000)	$ (740)	$ 1,574	$ 821	$ (823)	$ 832
Operating cash cost excluding royalties ($/oz.)(1)	$ 1,219	$ 1,026	$ 966	$ 1,189	$ 1,090

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	2018
Revenue (000)	$ 11,017	$ 10,555	$ 13,170	$ 9,908	$ 44,650
Gold sold (oz.)	9,088	8,837	10,259	7,562	35,746
Earnings (Loss) from mining operations (000)	$ 1,311	$ (805)	$ 2,191	$ 274	$ 2,971
Operating cash cost excluding royalties ($/oz.)(1)	$ 836	$ 1,011	$ 905	$ 976	$ 928

Note:
(1) Operating cash cost excluding royalties per ounce is a non-GAAP measure. See "Supplemental Information to Management's Discussion and Analysis".

In Q4 2019, the Company generated $9.0 million in revenue from the sale of 6,199 ounces of gold plus incidental silver at an average combined price of $1,458 per ounce and a loss from mining operations of $0.7 million. This compares to $11.0 million in revenue from the sale of 9,088 ounces of gold plus incidental silver at an average combined price of $1,212 per ounce and earnings from mining operations of $1.3 million in Q4 2018.

The reason for the change in earnings from mining operations from Q4 2019 to Q4 2018 is a result of several factors:

- Gold sales for Q4 2019 were 2,889 ounces less than in Q4 2018. The impact of the reduced ounces sold was partially offset by an increase in the average gold price achieved of $246 per ounce, resulting in an overall revenue decrease of $2.0 million compared to Q4 2018.
- Mining costs in Q4 2019 were $3.2 million compared to $3.0 million in Q4 2018. The increase in cost is due increased hauling costs for Monarch slimes in Q4 2019 compared to the cost of low grade stockpile rehandle from Q4 2018.
- Processing costs in Q4 2019 of $4.1 million compared to $4.7 million in Q4 2018. The actual tonnes milled decreased from 216,539 tonnes in Q4 2018 to 187,548 tonnes in Q4 2019, with the costs reflective of the decrease in tonnes milled for the current quarter.
- General and administration costs in Q4 2019 were $1.0 million compared to $0.6 million in Q4 2018. The increase in costs is primarily due to an accrual of $0.2 million to settle legal claims.
- Depreciation and amortization expense was $1.5 million in Q4 2019 compared to $1.4 million in Q4 2018 despite lower production in 2019, as a result of $0.2 million of amortization in the current year for the amortization of the right of use assets which were added in 2019 upon the adoption of changes from IFRS16.

As a result of the factors described above the operating cash cost per ounce excluding royalties in Q4 2019 was $1,219 compared to $836 per ounce excluding royalties in Q4 2018.

For 2019 the Company generated $41.4 million in revenue from the sale of 30,052 ounces of gold plus incidental silver at an average combined price of $1,378 per ounce, generating earnings from mining operations of $0.8 million. For 2018, the Company generated $44.7 million in revenue from the sale of 35,746 ounces of gold plus incidental silver at an average combined price of $1,247 per ounce and earnings from mining operations of $2.7 million.

The reason for the change in earnings from mining operations from 2019 to 2018 is a result of several factors:

- Gold sales for 2019 were 5,694 ounces less than 2018. The impact of the reduced ounces sold was partially offset by an increase in the average gold price achieved of $131 per ounce, resulting in an overall revenue decrease of $3.2 million compared to 2018.
- Mining costs for 2019 were $12.5 million compared to $13.4 million for 2018. The decrease in cost is due mainly to lower tonnes mined for 2019, particularly at Tau where mined tonnes decreased by 60,485 tonnes and Tekwane where there was no mining during 2019. This was offset by increased costs to haul Monarch slimes in 2019 compared to the cost of low grade stockpile rehandle in 2018.
- Processing costs for 2019 of $18.8 million compared to $19.0 million for 2018. The actual tonnes milled decreased from 831,158 tonnes in 2018 to 732,789 tonnes for 2019; however, costs did not reflect the reduction in feed tonnes for 2019. The increase in costs reflected the processing of ore from sources with higher consumable consumption, particularly cyanide and steel mill balls and increased maintenance costs related to the SAG mill motor failure and armature windings.
- General and administration costs for 2019 were $3.5 million compared to $3.6 million for 2018.
- Depreciation and amortization expense of $5.7 million for 2019 was consistent with 2018 despite lower production for the year, as a result of $0.6 million of amortization in 2019 for the amortization of the right of use assets which were added in 2019 upon the adoption of changes from IFRS16.

As a result of the above factors the operating cash cost per ounce excluding royalties for 2019 was $1,090 compared to $928 per ounce for 2018.

Results

The Company's earnings (loss) comprised of:

	Q4 2019	2019	Q4 2018	2018
Earnings (Loss) from mining operations	$ (739,793)	$ 832,297	$ 1,311,771	$ 2,971,425
Exploration costs	-	(4,111)	(11,125)	(196,038)
Corporate general and administrative costs	(112,567)	(1,564,429)	(870,164)	(2,776,782)
Stock-based compensation	(15,049)	(140,138)	(36,201)	(203,312)
Foreign exchange gain (loss)	(252,792)	(28,524)	543,293	1,634,469
Interest on long term debt	(283,885)	(903,203)	(343,757)	(522,309)
Galaxy on-going costs	(407,140)	(1,275,919)	(451,563)	(805,576)
Other income (expenses)	558,520	536,635	(12,178)	(29,206)
Other financing (costs)	(969,623)	(1,275,972)	(119,563)	(394,616)
	$ (2,222,329)	$ (3,823,364)	$ 10,513	$ (321,945)

Galaxy's on-going costs for Q4 2019 and 2019 were impacted by the re-commencement of the project at the Galaxy Property. By comparison, Galaxy's ongoing costs for Q4 2018 and 2018 represent the net cost incurred to idle the plant while in care and maintenance.

Interest on long term debt for 2019 was impacted by $0.2 million for financing costs on establishment of the Barak loan facility, and $0.1 million for interest on the Right of Use liability related to the changes in IFRS 16. Neither amount was relevant to 2018.

Other financing costs were impacted by revaluation of warrants with an expense of $0.8 million for Q4 2019 and $0.9 million for 2019, compared to a revaluation of $0.0 million in Q4 2018.

Other income/(expenses) was impacted by a change in estimate for the Mupane restoration and rehabilitation provision resulting in income of $1.0 million following an updated rehabilitation and closure cost report issued in Q4 2019, while there was also an asset write-off of exploration expenditure of $0.4 million where it was determined no future economic benefit would be realized from the work undertaken. There was no rehabilitation provision revaluation, asset write-off or exploration expenditure in Q4 2018 or 2018.

Corporate general and administration costs are comprised of the following:

	Q4 2019	2019	Q4 2018	2018
Professional fees	$ (12,932)	$ 431,664	$ 361,666	$ 864,426
Management fees to officers	(67,056)	331,681	302,178	1,209,027
Investor relations	48,398	188,021	83,548	168,978
Corporate general and administration	144,157	613,063	122,771	534,351
	$ 112,567	$ 1,564,429	$ 870,163	$ 2,776,782

Professional fees in Q4 2019 and 2019 were lower than in Q4 2018 and 2018 by $0.4 million due to legal fees in Q4 2019 being $0.3 million lower than legal fees in Q4 2018 as a result of the costs for the closing the Barak financing facility in Q4 2018 and the reversal of the audit accrual re-allocated to the operating areas of the business for $0.1 million.

Management fees for Q4 2019 were impacted by the reduction of $0.3 million in the progressive bonus accrual reflecting the change in the economic environment. The management fees for 2019 were impacted by a $0.7 million adjustment to the bonus accrual as a result of the 2018 bonus awards being $0.4 million lower with a portion issued in DSUs.

SUMMARY OF FINANCIAL POSITION

Selected Consolidated Statement of Financial Position Data:

	December 31, 2019 $	September 30, 2019 $	June 30, 2019 $	March 31, 2019 $
Total current assets	9,345,569	9,304,363	9,510,559	7,606,437
Total current liabilities	23,663,805	15,789,107	17,338,010	14,125,556
Working capital (deficiency)	(14,318,236)	(6,484,744)	(7,827,451)	(6,519,119)
Non-current assets	38,912,824	39,784,421	39,855,606	38,705,198
Non-current liabilities	11,675,964	19,790,681	19,056,410	19,413,038
Total shareholders' equity	12,918,624	13,508,996	12,971,745	12,773,041

	December 31, 2018 $	September 30, 2018 $	June 30, 2018 $	March 31, 2018 $
Total current assets	10,433,238	8,635,671	10,032,561	8,530,210
Total current liabilities	13,268,658	10,347,024	11,052,174	11,885,613
Working capital (deficiency)	(2,835,420)	(1,711,353)	(1,019,613)	(3,355,403)
Mining assets	35,921,949	35,608,850	36,366,842	36,839,800
Non-current liabilities	18,101,585	19,971,442	20,205,601	20,800,825
Total shareholders' equity	14,984,944	13,926,055	15,141,628	12,683,572

In Q4 2019 there was a working capital deficiency (current assets less current liabilities) of $14.3 million, an increase of $3.7 million from Q3 2019. The movement in the key components of working capital during the quarter were as follows:

- A cash balance decrease of $1.0 million from Q3 2019.
- An increase of $0.2 million in trade and other receivables from Q3 2019, with a $0.3 million increase in trade receivables at Galaxy for accrued gold concentrate sales, offset by a decrease of $0.1 million in VAT receivable.
- Inventories increased by $1.0 million from Q3 2019 to $4.9 million, with an increase of $0.5 million in gold in process at year end and an increase of $0.5 million in stores inventory to ensure there was sufficient stock on hand over year end.
- An increase of $1.3 million from Q3 2019 in accounts payable and accruals, with accounts payable increasing $1.6 million, and being offset by a decrease of $0.3 million in accrued liabilities for Q4 2019. The amount owed to Mupane trade creditors increased by $1.0 million due to administration closing down over the year end period and payments carried over to January 2020, while creditors at Galaxy increased by $0.6 million due to increased activity compared to Q3 2019. Accrued liabilities decreased in Canada with reductions in both the audit and bonus accruals.

- An increase of $2.5 million in interest bearing loans and borrowings in Q4 2019, with current deferred royalties increasing $1.4 million consistent with the repayment schedule agreed to with the Government of Botswana in March 2018, an increase of $3.8 million for the Barak facility with a breach of the current ratio covenant resulting in the entire outstanding balance being classified as a current liability in accordance with IFRS 7, and a $0.2 million increase in capital lease liability with the purchase of a remote GHH loader during the quarter.
- An increase of $1.2 million in warrants outstanding, with the balance now allocated as current liability as the warrants due to expire in October 2020.

In Q4 2019, non-current liabilities decreased by $4.0 million, with a decrease of $0.9 million for the Galaxy Debentures (defined below), with repayment of $0.9 million during the quarter, a decrease of $3.8 million for the non-current portion of Barak facility with a breach of current ratio covenant resulting in the entire outstanding balance being classified as a current liability in accordance with IFRS 7, a decrease of $1.7 million in deferred royalties re-allocated to current, offset by an increase of $0.3 million in capital lease liability. Additionally, there was a decrease of $0.9 million in the rehabilitation provision, with an updated closure report for Mupane reducing the closure liability by $1.3 million, offset by the accretion and foreign exchange movements for the quarter.

Total shareholders' equity in Q4 2019 decreased by $0.6 million with a loss for the quarter of $2.2 million offset by an increase in share capital of $1.6 million with the exercise of 22,436,150 warrants during the quarter.

For 2019, there was a working capital deficiency of $10.2 million, an increase of $7.4 million from 2018. The movement in the key components of working capital during the year were as follows:

- A cash balance decrease of $2.0 million from 2018.
- Trade and other receivables increased by $0.4 million from 2018, with an increase of $0.8 million in trade receivables attributable to the restart of operations at Galaxy, offset by a decrease of $0.2 million in taxes recoverable and $0.2 million decrease in prepayments.
- An increase of $0.5 million from 2018 for inventories, with an increase of $0.2 million in stores inventory for 2019, and a $0.3 million increase in gold in process inventory at year end.
- Accounts payables and accruals remained consistent at $9.3 million year on year.
- An increase of $6.3 million in interest bearing loans and borrowings, with current deferred royalties increasing $5.7 million consistent with the repayment schedule agreed with the Government of Botswana in March 2018, the addition of $0.8 million for capital lease liability with a $0.5 million increase for the Right of Use liability recognized with the adoption of changes to IFRS 16 Leases (refer to "Changes in Accounting Standards") and a $0.3 million in capital lease liability following the purchase of a Komatsu excavator and remote GHH loader, an increase of $5.3 million for the Barak loan facility with a breach of the current ratio covenant resulting in the entire outstanding balance being classified as a current liability in accordance with IFRS 7, and $0.1 million on recognition of the royalty payable on initial drawdown of funding for the Galaxy project, offset by a decrease of $2.7 million with the current portion of the Galaxy Debentures allocated to non-current following the re-negotiation of the maturity date to November 2021 (refer to detailed explanation in "Debentures" section of this MD&A).
- An increase of $1.2 million in warrants outstanding, with the balance now allocated as current liability as the warrants are due to expire in October 2020.

For 2019, non-current liabilities decreased by $2.3 million, with an increase of $1.4 million for capital lease liability due to a $1.1 million increase for the Right of Use liability recognized with the adoption of changes to IFRS 16 Leases (refer to "Changes in Accounting Standards") and a $0.3 million increase in capital lease liability following the purchase of a Komatsu excavator and remote GHH loader, an increase of $0.9 million for the current portion outstanding of the Galaxy Debentures allocated to non-current following the re-negotiation of the maturity date to November 2021, (see "Debentures" below), and an increase of $0.1 million on recognition of the royalty payable on initial drawdown of funding for the Galaxy project, offset by a decrease of $7.0 million in deferred royalties re-allocated to current and a net decrease of $0.8 million in the rehabilitation provision, with an updated closure report for Mupane reducing the closure liability by $1.3 million, offset by the accretion and foreign exchange movements for the year.

Total shareholders' equity for 2019 decreased by $2.1 million, with a loss for 2019 of $3.8 million offset by an increase in share capital of $1.6 million due to the exercise of 22,436,150 warrants during the quarter and an increase of $0.1 million for stock based compensation.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

The Company defines capital as consisting of shareholders' equity, being comprised of issued capital stock, contributed surplus and deficit and long term debt. The Company's objectives when managing capital are primarily to support the creation of shareholder value, but also to ensure that the Company is able to meet its financial obligations as they become due. The Company has not declared or paid any dividends on its Common Shares.

In order to fund the business activities intended in its current business plan, management expects that the Company's mining operations will continue to provide positive cash flow from its operations that is more than sufficient to support its corporate expenses, capital expenditure requirements and exploration activities, subject to the Going Concern commentary below related to the current uncertain impact of COVID-19 on the operating environment. As described above under "Summary of Financial Position", at December 31, 2019, the Company had a working capital deficiency of $14.3 million with cashflow from operations of $2.9 million for 2019.

The revenue of the Company is dependent upon the spot price of gold. At the current level of operating costs, the Company will continue to generate positive cash flow on an annual basis from operations even if there was a 10% reduction in the spot price of gold as at the date of this MD&A.

The Company's officers and senior management take full responsibility for managing the Company's capital and do so through monthly meetings and regular review of financial information. The Company's Board of Directors is responsible for overseeing this process.

Going Concern

The financial statements were prepared using international financial reporting standards that are applicable to a going concern.

Subsequent to year-end several measures have been implemented in Botswana, South Africa and the rest of the world in response to the increased impact from COVID-19. While the Company has been notified by the Republic of Botswana Government that, as a mining operation, Mupane is deemed an essential operation and is allowed to keep operating during the country's 28 day lockdown which commenced on April 2, 2020. For Mupane to continue in operation it has been working closely with the Department of Mines to agree on protocols to manage the potential for spread of COVID-19 between its employees and in particular, in its underground operations. During this period Mupane production has been restricted, although approval was granted on April 28, 2020 to recommence operations. The Galaxy project was placed on temporary care and maintenance in late March, as mandated by the government of South Africa. On April 23, 2020, the Company was notified that Galaxy had been designated as an essential service and can operate at 50% of its normal capacity. The Company is currently working on a plan that complies with the capacity and enhanced operating requirements. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on our business operations, including the duration and impact on our future production, cannot be reasonably estimated at this time and we anticipate this could have an adverse impact on the Company's financial position, results of operation and cash flows. The Company's liquidity and ability to continue as a going concern may also be impacted.

As at December 31, 2019, the Company had a working capital deficiency (current assets less current liabilities) of $14.3 million compared to a deficiency of $2.8 million at December 31, 2018.

During 2019, the Company paid, on a timely basis, the 5% royalty to the government of Botswana on all gold sales in accordance with the terms of the royalty. The royalty expense for the year ended December 31, 2019, was $2.1 million, which was funded from cash flows from operations, in addition to $1.6 million repaid from deferred royalties in accordance with the agreement with the Government of Botswana for the repayment of deferred royalties. The increase in working capital deficiency is primarily due to an increase of $5.7 million in the current deferred royalties, with the total outstanding balance of $6.9 million now classified as a current liability. While management projects that the current gold price would allow the Company to repay the deferred royalties consistent with the payment schedule agreed with the Government of Botswana, the Company has entered into discussions with the Government of Botswana to reschedule the outstanding balance, however with the current focus on the COVID-19 shutdown of non-essential services in the country, these discussions have now been put on hold.

The impact of the COVID-19 pandemic results in material uncertainties which may give rise to significant doubt as to the ability of the Company to continue as a going concern. Because of these uncertainties, there can be no assurance that the measures that management are taking to mitigate the impact of the COVID-19 pandemic will be successful.

The ongoing strength in gold prices and positive operating performance at the Mupane mine have resulted in earnings from mining operations of $0.8 million in 2019 compared to $3.0 million in 2018. In addition, cash flow generated from operations in 2019 was $2.9 million, after royalty payments made in the normal course of business, compared to $4.2 million of cashflow from operations in 2018. The Company has no material commitments for capital expenditures at the Mupane mine as of December 31, 2019.

The current commodity price and exchange rate environment can be volatile, which may have an impact on the Company's cash flows. Despite the higher gold price currently being realized, the Company continues to review its near term operating plans and to take steps to reduce costs and maximize cash flow generated from operations.

The financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, that would be necessary if the company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

SELECTED ANNUAL INFORMATION

	December 31, 2019	December 31, 2018	December 31, 2017
Mining Revenue:	$ 41,402,404	$ 44,650,021	$ 37,295,656
Mining Costs:			
- Cash	(34,825,454)	(35,996,205)	(31,403,643)
- Non-Cash – Depreciation, Asset Retirement Obligation and Impairment	(5,744,653)	(5,682,391)	(4,161,119)
Earnings from mining operations	832,297	2,971,425	1,730,894
Corporate General and administration:			
- Cash	(1,564,429)	(2,776,782)	(1,608,450)
- Share-based compensation	(140,138)	(203,312)	(271,298)
	(1,704,567)	(2,980,094)	(1,879,748)
Loss from operations	$ (872,270)	$ (8,669)	$ (148,854)
Other expenses	(2,951,094)	(313,276)	(2,194,115)
Net loss	$ (3,823,364)	$ (321,945)	$ (2,342,969)
Per share			
- Basic	$ (0.02)	$ (0.00)	$ (0.02)
- Fully diluted	$ (0.02)	$ (0.00)	$ (0.02)
Total assets	$ 48,258,393	$ 46,355,187	$ 46,551,856
Non-current liabilities	11,675,964	18,101,585	12,676,388

The information in the above table is derived from the annual financial statements of the Company, which have been prepared in accordance with IFRS.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the Company's selected quarterly information for each of the eight most recently completed quarters:

	Three months ended			
	December 31, 2019 $	September 30, 2019 $	June 30, 2019 $	March 31, 2019 $
Revenue	9,038,969	12,462,310	11,424,704	8,476,421
Total mining costs	(9,778,762)	(10,888,260)	(10,603,441)	(9,299,644)
Non-mining expenses	(1,482,536)	(1,089,606)	(658,639)	(1,424,882)
(Loss) earnings	(2,222,329)	484,444	162,624	(2,248,105)
(Loss) earnings per share				
- Basic	(0.01)	0.00	0.00	(0.01)
- Fully diluted	(0.01)	0.00	0.00	(0.01)
Total assets at end of quarter	48,258,393	49,088,784	49,366,165	46,311,635
Total liabilities at end of quarter	35,339,769	35,579,788	36,394,420	33,538,594
Total equity at end of quarter	12,918,624	13,508,996	12,971,745	12,773,041

	Three months ended			
	December 31, 2018 $	September 30, 2018 $	June 30, 2018 $	March 31, 2018 $
Revenue	11,017,035	10,555,280	13,169,757	9,907,949
Total mining costs	(9,705,264)	(11,360,303)	(10,978,749)	(9,634,281)
Non-mining expenses	(1,301,258)	(453,744)	208,143	(1,746,510)
Earnings (loss)	10,513	(1,258,765)	2,399,151	(1,472,842)
Earnings (loss) per share				
- Basic	(0.00)	(0.01)	0.02	(0.01)
- Fully diluted	(0.00)	(0.01)	0.02	(0.01)
Total assets at end of quarter	46,355,187	44,244,521	46,399,403	45,370,010
Total liabilities at end of quarter	31,370,243	30,318,466	31,257,775	32,686,438
Total equity at end of quarter	14,984,944	13,926,055	15,141,628	12,683,572

Note: Information for all periods is presented in accordance with IFRS applicable to interim financial reporting and in U.S. dollars.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, trade and other receivables, accounts payable and accrued liabilities, interest bearing loans and borrowing, and warrants denominated in foreign currencies. The fair value of the Company's trade and other receivables, and accounts payable and accrued liabilities approximate their carrying value. The Company's other financial instruments, specifically interest bearing loans and borrowings are recorded at amortized cost using the effective interest rate method.

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks. The credit risk related to the trade receivable is considered minimal as gold and gold concentrate is sold to creditworthy major banks and offtake partners and settled promptly, usually within the following month, and the other receivable balance consists of amounts outstanding on tax credits from governmental authorities, each of which are expected to be paid in the near term at face value. The Company's exposure to credit risk is minimal.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2019, the Company had current assets of $9,345,569 (December 31, 2018 - $10,433,238) to settle current liabilities of $23,663,805 (December 31, 2018 - $13,268,658). See "Liquidity, Capital Resources and Going Concern" section for further commentary on the Company's liquidity risks.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's operations are in Botswana, South Africa and Canada and its functional currency is U.S. dollars. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in foreign currencies, including the Botswana Pula, the South African Rand and Canadian Dollars. The operating results and the financial position of the Company are reported in U.S. dollars. The fluctuations of the operating currencies in relation to the U.S. dollar will, consequently, have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities. The Company monitors the volatility of foreign exchange rates and will hedge its currency risk if it determines that the need arises.

Market risk is the risk that the fair values of financial instruments or that the Company's future cash flows will fluctuate because of changes in market commodity rates. The Company's efforts are currently focused on the production of gold. As such, the Company's future cash flows and valuation of its future mineral assets will be exposed to market risk on the price fluctuations of gold as a commodity. Gold concentrate is sold under pricing arrangements where final prices are set at a specified future date based on market gold prices.

ISSUED AND OUTSTANDING SHARE CAPITAL

The Company's authorized capital consists of an unlimited number of Common Shares, of which 223,400,910 Common Shares are issued and outstanding as of the date of this MD&A. In Q4 2019, the Company issued 160,000 Common Shares pursuant to the DSU Plan (defined below) and 22,436,150 Common Shares pursuant to the exercise of 2018 Warrants (defined below).

The Company adopted a stock option plan (the "Option Plan"). Under the terms of the Option Plan, officers, directors, employees and consultants are eligible to receive grants of stock options to purchase Common Shares for a period of up to ten years from the date of grant, provided that the number of Common Shares reserved for issuance may not exceed 10% of the total issued and outstanding Common Shares at the date of the grant. As of the date of this MD&A, subject to the terms of the Option Plan, options to purchase 13,700,000 Common Shares are outstanding and options to purchase 8,640,091 Common Shares are available for grant.

The Company adopted a share purchase plan ("SPP") on June 12, 2012. Under the terms of the SPP, each participating officer, director, or employee that has been employed with the Company or its subsidiaries for at least six months is entitled to receive the matching number of Common Shares acquired pursuant to the SPP at no cost to such officer, director or employee. Subject to certain conditions, such deferred matching shares will be issued to the participating officers, directors or employees over a three-year period following the date of the purchase of the qualifying shares. As of the date of this MD&A, no deferred matching shares are owed to the participating officers, directors and employees of the Company.

The Company adopted a deferred share unit plan (the "DSU Plan") on June 3, 2014. Subject to adjustment in certain circumstances, the maximum aggregate number of Common Shares that may be reserved for issuance pursuant to the DSU Plan is 13,262,888 Common Shares. As of the date of this MD&A, subject to the terms of the DSU Plan, participating officers, directors, employees and consultants of the Company may be issued an aggregate of up to 7,170,046 Common Shares pursuant to outstanding deferred share units awarded under the DSU Plan and 1,125,782 Common Shares have been issued under the DSU Plan.

On October 2, 2018 the Company issued 54,000,000 common share purchase warrants ("2018 Warrants"), with each 2018 Warrant entitling the holder thereof to acquire one Common Share at an exercise price of C$0.05 until October 1, 2020. The expiry date of the 2018 Warrants can be accelerated by the Company to the date that is 10 business days after the date where the closing price of the Common Shares on the Exchange is higher than C$0.20 for 10 consecutive trading days. As of the date hereof 22,436,150 Common Shares have been issued pursuant to the exercise of the 2018 Warrants and 31,563,850 2018 Warrants are outstanding.

DEBENTURES

As part of the acquisition of the Galaxy Property in 2015, the Company issued approximately $2.4 million aggregate principal amount of unsecured convertible debentures (the "Galaxy Debentures") to settle outstanding debt or contractual obligations owed by Galaxy Gold Mining (Pty) Limited (formerly Galaxy Gold Mining Limited, "Galaxy") and its subsidiary Galaxy Gold Reefs (Pty) Ltd. The original terms of the Galaxy Debentures were: (i) to mature on November 20, 2019, (ii) to bear 4% interest per annum, accrued and paid at maturity, (iii) to allow conversion of the principal at the option of the holder into Common Shares at a price of C$0.58(1) per Common Share, based on a pre-determined exchange rate of $1.00: C$1.30, and (iv) to allow conversion of the interest at the option of the holder into Common Shares, based on a pre-determined exchange rate of $1.00: C$1.30, at a price per Common Share equivalent to the greater of C$1.00 and the Discounted Market Price (as defined by the Exchange) at the time of conversion, subject to acceptance of the Exchange. On September 27, 2019, the Company prepaid $728,000 of principal amount of the Galaxy Debentures. On September 30, 2019, the Company entered into an agreement with a requisite percentage of Galaxy Debenture holders to amend certain terms of the Galaxy Debenture. Under the terms of the amended Galaxy Debentures: (i) the maturity date is extended to November 20, 2021, (ii) the principal is convertible at the option of the holder into Common Shares at a price of C$0.20 per Common Share, at a pre-determined exchange rate of $1.00:C$1.30, (iii) the interest is convertible at the option of the holder into Common Shares, based on a pre-determined exchange rate of $1.00: C$1.30, at a price per Common Share equivalent to the greater of C$0.20 and the Discounted Market Price (as defined by the Exchange) at the time of conversion, subject to acceptance of the Exchange, and (iv) the Company has the right of forced conversion with respect the principal if the trading price of the Common Shares exceeds C$0.20 for 10 consecutive trading days. On December 15, 2019, the Company prepaid an additional $838,486 of the principal and $12,517 of the interest on the Galaxy Debenture.

In addition, on March 29, 2016, the Company announced that it and its subsidiary, Galaxy, entered into a full and final settlement agreement with Traxys Europe SA, Mine2Market S. à r.l. and certain others (collectively the "Traxys parties") with respect to various outstanding claims arising from the time period when the Traxys parties operated Galaxy's mining operations. In connection with the settlement, the Traxys parties settled their claim for $4.3 million of indebtedness in exchange for the issuance by the Company of an unsecured convertible debenture of approximately $3.2 million in aggregate principal (the "Traxys Debenture"). On June 29, 2018, the Company entered into an agreement with applicable Traxys parties to replace the existing Traxys Debenture with an amended and restated debenture (the "A&R Debenture"). Under the terms of the A&R Debenture: (i) the principal is repayable on November 20, 2021 and is convertible at the option of the holder into Common Shares at a price of C$0.15 per share, based on a pre-determined exchange rate of $1.00:C$1.35; (ii) interest is convertible at the option of the holder into Common Shares, based on a pre-determined exchange rate of $1.00:C$1.35, at a price equivalent to the greater of C$0.15 and the Discounted Market Price (as defined in the policies of the Exchange) at the time of conversion; (iii) the Company has a right of forced conversion with respect to the principal where the trading price of the Common Shares exceeds C$0.15 for 10 consecutive trading days; (iv) commencing January 1, 2018, interest for a calendar year will be due and payable on March

31 of the subsequent year, with the first such payment being due on March 31, 2019. The first payment of interest under the rescheduled agreement was made in April, 2019.

(1) The initial conversion price of the Galaxy Debentures was C$1.00 per share. As a result of the completion of the rights offering of the Company in May 2016, the conversion price was adjusted downward to C$0.58 per share.

GALAXY SHARE DONATION

On March 19, 2019, the Company donated 17% of the issued and outstanding shares of Galaxy to Phakamani Foundation Trust (operating as Phakamani Foundation NPC). The donation was made in relation to the terms of the *Mineral and Petroleum Resources Development Act, 2004* of South Africa, together with the *Broad-Based Social-Economic Empowerment Charter for Mining and Mineral Industry, 2018* and the requirement for Galaxy, as holder of existing gold mining rights, to be comprised, directly or indirectly, of at least a 20% shareholding by historically disadvantaged persons (the "BEE Requirement").

On March 19, 2019, 10% of the issued and outstanding shares of Galaxy Gold Reefs (Pty) Ltd, was donated to a South African community based trust and a South African local employee share scheme. The donation was made in relation to the BEE Requirement.

TRANSACTIONS WITH RELATED PARTIES

During the three months and year ended December 31, 2019 and 2018, there were no related party transactions other than key management compensation as disclosed in the Financial Statements.

CHANGES IN ACCOUNTING STANDARDS

The following accounting standard was adopted for the current year:

(a) IFRS 16 Leases - The Company adopted IFRS 16 on a modified retrospective basis effective January 1, 2019. The adoption of this standard did not have any measurement impact on prior period financial results or financial position.

On adoption of IFRS 16, the group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 8.5%.

The change in accounting policy had the following effect on the balance sheet on January 1, 2019:

- Recognition of Right of Use liabilities of $1,896,294.
- Recognition of Right of Use assets of $1,896,294.

From January 1, 2019, leases are recognized as a right of use asset and corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use assets are depreciated over the shorter of their useful life and the lease term on a straight-line basis.

COMMITMENTS

As at the date of this MD&A, the Company had the following commitments:

Tax assessments

The Company is also subject to the possibility of revised tax assessments for some years. The Company does not believe that, should unfavourable decisions arise from any review of its tax filings, that any amount it might be required to pay will be material. No such amounts have been provided for in the Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

Other than the low value operating lease arrangements not recognized on adoption of IFRS 16 Leases, the Company currently has no off-balance sheet arrangements.

SUPPLEMENTAL INFORMATION TO MANAGEMENT'S DISCUSSION AND ANALYSIS

CASH COSTS

The Company's MD&A refers to operating cash cost per ounce, and operating cash cost excluding royalties per ounce, all non-GAAP performance measures, in order to provide investors with information about measures used by management to monitor performance. Management of the Company uses this information to assess how well the producing gold mines are performing compared to plan and prior periods, and also to assess the overall effectiveness and efficiency of gold mining operations. Cash cost figures are calculated in accordance with a standard developed by the Gold Institute, which was a worldwide association of suppliers of gold and gold products and included leading North American gold producers. The Gold Institute ceased operations in 2002, but the standard is still an accepted standard of reporting cash costs of gold production in North America. Adoption of the standard is voluntary, and the cost measures presented herein may not be comparable to other similarly titled measures of other companies. Cash cost includes mine site operating costs such as mining, processing, administration, but are exclusive of impairment, amortization, reclamation, and exploration and development costs. Operating cash cost is the total cash cost less those costs capitalized as attributable to the removal of excess waste in developing new resources. These costs are then divided by the Company's ounces of gold produced to arrive at the cash cost measures on a per ounce basis. These measures, along with sales, are considered to be key indicators of a company's ability to generate operating earnings and cash flow from its mining operations. These measures of cash costs do not have any standardized meaning prescribed by IFRS and differ from measures determined in accordance with IFRS. They 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. These measures are not necessarily indicative of net earnings or cash flow from operations as determined under IFRS.

The following tables provide a reconciliation of cash cost measures for the mine to the mining costs excluding impairment, depreciation and amortization reflected in the Financial Statements.

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019
Mining costs excluding impairment, depreciation and amortization	$ 8,243,831	$ 9,617,217	$ 8,934,073	$ 8,030,333	$ 34,825,454
Adjust for:					
Inventory movement	550,819	(222,748)	41,530	(82,961)	286,640
Total operating cash cost	$ 8,794,650	$ 9,394,469	$ 8,975,603	$ 7,947,372	$ 35,112,094
Royalties	(457,142)	(631,199)	(579,792)	(427,112)	(2,095,245)
Total operating cash cost excluding royalties	$ 8,337,508	$ 8,763,270	$ 8,395,811	$ 7,520,260	$ 33,016,849
Gold production (ounces)	6,839	8,435	8,694	6,326	30,294
Total operating cash cost excluding royalties per oz.	$ 1,214	$ 1,026	$ 966	$ 1,189	$ 1,090

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	2018
Mining costs excluding impairment, depreciation and amortization	$ 8,321,085	$ 9,963,751	$ 9,460,240	$ 8,251,129	$ 35,996,205
Adjust for:					
Inventory movement	(28,678)	(763,182)	354,647	(287,650)	(724,863)
Total operating cash cost	$ 8,292,407	$ 9,200,569	$ 9,814,887	$ 7,963,479	$ 35,271,342
Royalties	(562,172)	(557,603)	(686,653)	(499,998)	(2,306,426)
Total operating cash cost excluding royalties	$ 7,730,235	$ 8,642,966	$ 9,128,234	$ 7,463,481	$ 32,964,916
Gold production (ounces)	9,245	8,545	10,088	7,649	35,527
Total operating cash cost excluding royalties per oz.	$ 836	$ 1,011	$ 905	$ 976	$ 928

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company is responsible for designing internal controls over financial reporting or causing them to be designed under the supervision of the CEO and CFO in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's CEO and CFO are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX-V issuer to design and implement on a cost effective basis disclosure controls and procedures as well as internal controls over financial reporting as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISKS AND UNCERTAINTIES

There are a number of risk factors that could cause future results to differ materially from those described herein. A discussion of the principal risk factors relating to the Company's operations and business appear in the Company's annual information form for the year ended December 31, 2019, which may be viewed on the Company's SEDAR profile at www.sedar.com. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect the Company's business.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's annual information form for the year ended December 31, 2019, can be found on the Company's SEDAR profile at www.sedar.com.