

**GALANE GOLD LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the three and nine months ended September 30, 2015**

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Dated: November 30, 2015.

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

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 November 30, 2015. 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 unaudited condensed interim consolidated financial statements and notes thereto for the three and nine months ended September 30, 2015 (the "interim financial report"), as well as with the audited annual consolidated financial statements and notes thereto for the year ended December 31, 2014 (collectively the "Financial Statements").

The Financial Statements have been prepared by management and have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). 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 interim financial report 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 interim financial report together with the other financial information included in the interim financial report 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 interim financial report. 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 a single mineral project; gold price volatility; risks associated with the conduct of the Company's mining activities in Botswana; regulatory, consent or permitting delays; risks relating to the Company's exploration, development and mining activities being situated in a single country; risks relating to reliance on the Company's management team and outside contractors; risks regarding mineral resources and reserves; the Company's inability to obtain insurance to cover all risks, on a commercially reasonable basis or at all; currency fluctuations; risks regarding the failure to generate sufficient cash flow from operations; risks relating to project financing and equity issuances; risks arising from the Company's fair value estimates with respect to the carrying amount of mineral interests; mining tax regimes; risks arising from holding

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**FORWARD-LOOKING STATEMENTS (continued...)**

derivative instruments; the Company's need to replace reserves depleted by production; risks and unknowns inherent in all mining projects, including the inaccuracy of reserves and resources, metallurgical recoveries and capital and operating costs of such projects; contests over title to properties, particularly title to undeveloped properties; laws and regulations governing the environment, health and safety; operating or technical difficulties in connection with mining or development activities; lack of infrastructure; employee relations, labour unrest or unavailability; health risks in Africa; the Company's interactions with surrounding communities and artisanal miners; the Company's ability to successfully integrate acquired assets; the speculative nature of exploration and development, including the risks of diminishing quantities or grades of reserves; development of the Company's exploration properties into commercially viable mines; stock market volatility; conflicts of interest among certain directors and officers; lack of liquidity for shareholders of the Company; risks related to the market perception of junior gold companies; and litigation risk. See "Risks and Uncertainties" below. 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.

**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 a producing mine, and 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. The common shares in the capital of the Company (the "Common Shares") have been listed for trading on the TSX Venture Exchange under the symbol "GG" since September 6, 2011.

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**OUTLOOK**

*Certain information set out in this section is forward looking information and is based on a number of risks and assumptions, including those related to gold price volatility, delays in production, regulatory risk, currency fluctuations, integrating successfully new acquired assets and risks and uncertainties inherent with all mining operations. For more details please see above under "Forward-Looking Statements" and below under "Risks and Uncertainties".*

The Company continues to carry out its improvement and exploration plan in Botswana, with a focus on the optimisation of the mining operations and the expansion of the resource base.

The Company continues to follow its current five year mine plan which forms the guide for the Company's short term goals and long term strategy. The Company intends to utilize the following resources during the remainder of 2015:

- Tau Underground – the Company has previously disclosed its intention to exploit the reported measured and indicated mineral resources of approximately 128,600 ounces of gold for Tau through underground mining. The Company commenced stoping in August 2015 in the Eastern mineralised body which will continue for approximately six months. Development will continue in some instances through reef to reach the main mineralised body which lies under the current open pit. It is currently anticipated that the Company will commence stoping on the main mineralised body in Q3 2016. While developing underground the Company intends to commence exploration to attempt to confirm the extension of the Tau mineralised body at depth.
- Low Grade Stockpiles – the Company is screening the 702,259 tonnes of low grade stockpile at an average grade of 0.97 grams per tonne ("g/t"), which is located at the run-of-mine pad at the processing plant. The Company is also reviewing a further 1.4 million tonnes of low grade stockpiles which it hopes to use to supplement feed for the remainder of 2015 and in future years.
- Tekwane – the Company has commenced selectively strip mining the high grade areas and will continue for the remainder of 2015. It has also installed a screening plant at the mine site to reduce the tonnage and increase the potential grade to be delivered to the plant.

The Company's mine plan is subject to change according to the prevailing gold price. The Company will adopt the appropriate plan for that prevailing gold price environment.

The Company's processing plant continues to focus on on-going stabilisation and optimisation of the processing operations. In Q3 2015, the Company completed its major project for 2015, of implementing a gravity concentrating circuit into the plant to concentrate free gold before leaching. Work also continues to re-automate plant controls to improve recovery and process efficiencies.

**DISCUSSION OF OPERATIONS**

***For the three and nine months ended September 30, 2015***

The following is an analysis of the Company's operating results for the three months ended September 30, 2015 ("Q3 2015") and nine months ended September 30, 2015 ("YTD 2015"). For mining operations, processing and financial information, comparisons with the three and nine months ended September 30, 2014 ("Q3 2014" and "YTD 2014", respectively) have been provided.

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**DISCUSSION OF OPERATIONS (continued...)**

**Operating activity:**

Commentary regarding the Company's operating activity during Q3 2015 and YTD 2015 follows:

**Mining**

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

		2015			YTD 2015	2014			YTD 2014
		Q3	Q2	Q1		Q3	Q2	Q1	
Mupane (Tholo, Kwena, & Tawana)	Ore (t)	702	5,211	88,488	94,401	104,597	117,959	102,071	324,627
	Grade (g/t)	1.27	1.20	1.45	1.43	1.68	1.92	2.19	1.93
	Waste (t)	1,680	6,838	207,051	215,569	488,305	436,016	816,759	1,741,080
Mupane ( Tau)	Ore (t)	25,580	21,487	9,234	56,301	2,647	3,384	-	6,031
	Grade (g/t)	3.18	1.84	2.49	2.56	3.27	2.85	-	3.03
	Waste (t)	29,419	21,878	21,320	72,617	25,627	6,886	-	32,513
Golden Eagle	Ore (t)	-	48,605	-	48,605	64,860	15,100	1,106	81,066
	Grade (g/t)	-	1.36	-	1.36	1.64	1.66	1.58	1.64
	Waste (t)	-	234,463	-	234,463	649,249	525,005	369,729	1,543,983
Tekwane and Shashe Pencils	Ore (t)	21,164	13,634	-	34,798	-	671	993	1,664
	Grade (g/t)	0.52	0.50	-	0.51	-	2.92	4.04	3.59
	Waste (t)	33,909	25,996	-	59,905	-	9,019	5,187	14,206
Tailing Dump Material	Ore (t)	-	-	-	-	30,201	12,709	17,270	60,180
	Grade (g/t)	-	-	-	-	1.25	0.70	1.50	1.21
	Waste (t)	-	-	-	-	-	-	-	-

The Company has operated four mining operations at the Mupane Property during 2015. They are:

- Tholo and Kwena - in Q3 2015, the volume of ore mined at Tholo and Kwena decreased to 702 tonnes at 1.27 g/t (Q3 2014 – 104,597 tonnes at 1.68 g/t). The grade decreased as the Company only mined from Kwena in Q3 2015 which has a lower grade than Tholo. The Company completed mining in Tholo pit in Q1 2015 and in Kwena in Q3 2015. YTD 2015 94,401 tonnes of ore at 1.43 g/t were mined, which is a reduction compared to YTD 2014 due to the closure of the Tholo open pit.
- Tau – the Company continued development of the Tau underground in Q3 2015 with 25,580 tonnes at 3.18 g/t being mined (Q3 2014 – 2,647 tonnes at 3.27 g/t). The increase during Q3 2015 is a result of the Company commencing stoping in Q3 2015. YTD 2015 56,301 tonnes of ore at 2.56 g/t were mined compared to YTD 2014 6,031 tonnes of ore at 3.03 g/t with the increase due to the same reason.
- Golden Eagle – the Company ceased mining at Golden Eagle in Q3 2015 (Q3 2014 – 64,860 tonnes of ore at 1.64 g/t). In Q3 2015, the cancellation of mining was a result of the poor gold price making the current pit un-economic. YTD 2015 48,605 tonnes of ore were mined at 1.36 g/t and YTD 2014 81,066 tonnes of ore at 1.64 g/t.
- Tekwane and Shashe Pencils - in Q3 2015, the Company continued strip mining at Tekwane and mined 21,164 tonnes of ore at 0.52 g/t. The Company screens at the site to increase the grade and reduce the tonnage to be transported to site. YTD 2015 34,798 tonnes of ore at 0.51 g/t were mined. YTD 2014 1,664 tonnes of ore at 3.59 g/t were mined from the Shashe Pencils which are no longer mined.

The reduction in the total amount mined is consistent with the current mine plan as the Company transitions from open pit mining to underground mining.

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**DISCUSSION OF OPERATIONS (continued...)**

*Processing*

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

	Q3 2015	Q2 2015	Q1 2015	YTD 2015	Q3 2014	Q2 2014	Q1 2014	YTD 2014
Ore milled (000 t)	228	206	159	<b>594</b>	200	181	188	<b>569</b>
Head grade (g/t)	1.37	1.08	1.41	<b>1.28</b>	1.68	1.58	1.96	<b>1.74</b>
Recovery (%)	76.0%	67.2%	69.9%	<b>73.0%</b>	76.0%	73.7%	78.8%	<b>76.2%</b>
Gold production (oz.)	7,637	4,829	5,030	<b>17,496</b>	8,206	7,195	9,346	<b>24,747</b>

Gold production in Q3 2015 was 7,637 ounces compared to 8,206 ounces in Q3 2014. The grade and recovery in Q3 2015 of 1.37 g/t and 76.0% was lower than the grade and equal to the recovery in Q3 2014. In Q3 2015, a higher proportion of the ore milled was from the low grade stockpiles.

Gold production YTD 2015 was 17,496 ounces compared to 24,747 ounces YTD 2014. The grade and recovery YTD 2015 of 1.28 g/t and 73.0% was lower than the grade and recovery YTD 2014. During YTD 2015, a higher proportion of the ore milled was from the low grade stockpiles.

For both the quarter and the year to date the reduction in production is consistent with the current mine plan as the Company transitions from open pit mining to underground mining.

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**DISCUSSION OF OPERATIONS (continued...)**

*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:

	Q3 2015	Q2 2015	Q1 2015	YTD 2015	Q4 2014
Revenue (000)	\$ 8,533	\$ 5,173	\$ 5,765	\$ 19,471	\$ 7,789
Gold sold (oz.)	7,483	5,098	5,140	17,721	6,370
Earnings (Loss) from mining operations (000)	\$ (32)	\$ (2,571)	\$ (1,336)	\$ (3,939)	\$ 706
Earnings from mining operations (\$/oz.) <sup>(1)</sup>	\$ -	\$ -	\$ -	\$ -	\$ 110
Operating cash cost excluding royalties (\$/oz.) <sup>(1)</sup>	\$ 875	\$ 1,457	\$ 1,270	\$ 1,130	\$ 1,101

	Q3 2014	Q2 2014	Q1 2014	YTD 2014	Q4 2013
Revenue (000)	\$ 9,461	\$ 10,773	\$ 12,437	\$ 32,671	\$ 13,761
Gold sold (oz.)	7,479	8,308	9,596	25,383	10,789
(Loss) Earnings from mining operations (000)	\$ 977	\$ 224	\$ 2,578	\$ 3,779	\$ 4,694
Earnings from mining operations (\$/oz.) <sup>(1)</sup>	\$ 131	\$ 27	\$ 269	\$ 149	\$ 435
Operating cash cost excluding royalties (\$/oz.) <sup>(1)</sup>	\$ 886	\$ 1,201	\$ 764	\$ 931	\$ 786

**Note:**

(1) Earnings from mining operations per ounce and operating cash cost excluding royalties per ounce are non-GAAP measures.

In the three months ended September 30, 2015, the Company generated \$8.5 million, in revenue from the sale of 7,483 ounces of gold plus incidental silver at an average combined price of \$1,140 per ounce. There was a loss from mining operations of \$(0.0) million. This compares to \$9.5 million in revenue from the sale of 7,479 ounces of gold plus incidental silver at an average combined price of \$1,265 per ounce and a profit from mining operations of \$1.0 million in Q3 2014.

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**DISCUSSION OF OPERATIONS (continued...)**

The reason for the change in earnings from mining operations from Q3 2014 to Q3 2015 is a result of several factors:

- Gold sales for Q3 2015 were almost identical to Q3 2014.
- There was a reduction in the average gold price achieved between the two quarters of \$125 per ounce. As a result, gross revenue was \$0.9 million less in Q3 2015.
- Mining costs in Q3 2015 were \$2.9 million compared to \$2.3 million in Q3 2014. The increase in costs is a result of the use in Q3 2015 of a high proportion of historic stockpiles (\$1.2 million) which carry a high average cost per tonne and are charged to mining.
- Processing costs increased to \$4.2 million in Q3 2015 from \$3.4 million in Q2 2014. This is as result of the actual tonnes milled and processed increasing from 200,042 tonnes in Q3 2014 to 228,450 tonnes in Q3 2015.
- General and administration costs in Q3 2015 were \$1.1 million compared to \$1.0 million in Q3 2014.
- Depreciation and amortization of \$0.3 million were also recognized in Q3 2015, compared to \$1.8 million in Q3 2014. The reduction was due to mining being predominately from open pits in Q3 2014 which resulted in a high depreciation because of deferred stripping.

As a result of the above factors the operating cash cost per ounce (excluding royalties) in Q3 2015 was \$875 compared to \$886 per ounce in Q3 2014.

In the nine months ended September 30, 2015, the Company generated \$19.5 million in revenue from the sale of 16,379 ounces of gold plus incidental silver at an average combined price of \$1,189 per ounce (the table above shows the revenue and ounces sold after the offset of \$1.6 million (1,342 ounces) against capital expenditure for Tau underground) and a loss from mining operations of \$3.9 million. This compares to \$32.7 million in revenue from the sale of 25,383 ounces of gold plus incidental silver at an average combined price of \$1,287 per ounce and a profit from mining operations of \$3.8 million in YTD 2014.

The reason for the change in earnings from mining operations from YTD 2015 to YTD 2014 is a result of several factors:

- Gold sales for YTD 2015 were 9,004 ounces less than in YTD 2014. This was coupled with a reduction in the average gold price achieved between the two periods of \$98 per ounce. As a result, gross revenue was \$13.2 million less in YTD 2015. The decrease is as a result of the lower volumes being mined by the Company as it transitions from open pit mining to underground mining. In YTD 2014, the Company benefited from high grade and volumes from the Tholo pit which has now finished.
- YTD 2015 revenue was decreased by \$1.6 million (1,342 ounces) that were offset against the capital costs of the Tau underground development costs as Tau is not yet in commercial production (YTD 2014 - \$nil)
- Mining costs in YTD 2015 were \$6.4 million compared to \$8.2 million in YTD 2014. The variance is mainly due to the reduction in tonnes mined, which is in line with the mine plan in operation during the period.
- Processing costs decreased to \$11.5 million in YTD 2015 from \$13.1 million in YTD 2014. The actual tonnes milled increased slightly from 569,235 tonnes in YTD 2014 to 593,655 tonnes in YTD 2015, but a reduction in consumable costs and fixed costs reduced the overall cost.
- General and administration costs in YTD 2015 were \$3.4 million compared to \$3.6 million in YTD 2014.
- Depreciation and amortization of \$2.1 million were also recognized in YTD 2015, compared to \$4.0 million in YTD 2014.

As a result of the above factors the operating cash cost per ounce (excluding royalties) in YTD 2015 was \$1,130 compared to \$931 per ounce in YTD 2014.

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**DISCUSSION OF OPERATIONS (continued...)**

*Non-Cash Costs:*

*Earnings*

The earnings comprised of:

	Q3 2015	YTD 2015	Q3 2014	YTD 2014
Income from mining operations	\$ (32,227)	\$ (3,939,387)	\$ 977,156	\$ 3,778,632
Exploration costs	(29,106)	(111,416)	(20,542)	(85,363)
Corporate general and administrative costs	(466,521)	(1,385,384)	(517,754)	(1,472,519)
Stock-based compensation	(50,148)	(263,614)	(121,398)	(241,082)
Foreign exchange (loss) gain	375,175	499,973	206,040	210,742
Interest on long term debt	(84,070)	(207,677)	(44,128)	(116,861)
Other (expenses) income <sup>(1)</sup>	(271,377)	(269,886)	(608,869)	(617,761)
Other financing income (costs )	(81,694)	(239,104)	(82,606)	(241,776)
	<b>\$ (639,968)</b>	<b>\$ (5,916,495)</b>	<b>\$ (212,101)</b>	<b>\$ 1,214,012</b>

Included in Q3 2015 and YTD 2015 "other expenses" is a cost of \$0.3 million for staff retrenchment costs in relation to the reorganization of administration staff (Q3 2014 and YTD 2014 - \$0.2m). Also included in Q3 2014 "other expenses" is a loss on disposal of \$0.4 million which relates to the disposal of redundant mining equipment no longer utilized by the Company.

Corporate general and administration costs totaled \$0.5 million for Q3 2015 (Q2 2015 - \$0.5 million), and includes the following:

	Q3 2015	YTD 2015	Q3 2014	YTD 2014
Professional Fees	103,323	172,379	152,791	391,046
Management fees to officers	271,696	887,779	227,345	709,835
Investor relations	4,762	93,912	42,120	59,321
Corporate general and administration	86,740	231,314	95,498	312,317
	<b>\$ 466,521</b>	<b>\$ 1,385,384</b>	<b>\$ 517,754</b>	<b>\$ 1,472,519</b>

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**SUMMARY OF FINANCIAL POSITION**

Selected Consolidated Statement of Financial Position Data:

	September 30, 2015 \$	June 30, 2015 \$	March 31, 2015 \$	December 31, 2014 \$
Total current assets	12,595,640	15,336,093	13,294,047	17,828,377
Total current liabilities	9,737,844	13,072,175	11,500,247	11,303,250
Working capital	2,857,796	2,263,918	1,793,800	6,525,127
Mining assets	28,224,050	27,224,835	31,106,556	29,391,948
Non-current liabilities	7,921,121	5,738,207	5,943,231	7,103,469
Total shareholders' equity	23,160,725	23,750,546	26,957,125	28,813,606

	September 30, 2014 \$	June 30, 2014 \$	March 31, 2014 \$	December 31, 2013 \$
Total current assets	17,803,595	16,329,277	17,211,476	17,977,615
Total current liabilities	9,398,810	8,931,132	7,768,542	10,089,864
Working capital	8,404,785	7,398,145	9,442,934	7,887,751
Mining assets	28,723,466	27,128,311	25,115,168	23,252,363
Non-current liabilities	9,082,789	6,390,290	5,819,343	4,549,746
Total shareholders' equity	28,045,462	28,136,166	28,738,759	26,590,368

In Q3 2015, the Company increased working capital by \$0.6 million from Q2 2015. The increase in working capital was mainly due to the following movements:

- a decrease in accounts payable of \$0.5 million;
- a decrease in accounts receivable of \$0.5 million;
- a decrease in current inventories of \$0.7 million mainly due to the processing of ore stockpiles;
- a decrease in cash balance of \$1.5 million:
  - operating cash inflow after working capital of \$0.8 million;
  - acquisition of mining assets of \$1.3 million which includes \$1.1 million on Tau underground development; and
  - \$1.0 million used in financing activities of which repayment of the Samsung loan totals \$0.8 million.
- a reclassification of interest bearing loans and borrowings from current to non-current liability of \$2.0 million. This was as a result of the deferment of Government of Botswana royalties due until July 2017.

In Q3 2015, non-current liabilities increased by \$2.2 million from Q2 2015 as a result of the reclassification of the deferment of Government of Botswana royalties. Total shareholders' equity in Q3 2015 decreased by \$0.1 million as a result of the net loss in the quarter of \$0.1 million.

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**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			
	September 30, 2015 \$	June 30, 2015 \$	March 31, 2015 \$	December 31, 2014 \$
Revenue	8,533,141	5,173,304	5,764,755	7,789,117
Mining costs				
- Cash	(8,247,598)	(6,661,557)	(6,412,343)	(7,080,697)
- Non-cash (depreciation, amortization and impairment)	(317,779)	(1,083,030)	(688,288)	(2,238)
Total mining costs	(8,565,368)	(7,744,587)	(7,100,631)	(7,082,935)
Non Mining Expenses	(607,741)	(735,876)	(633,492)	(43,587)
(Loss) earnings	(639,968)	(3,307,159)	(1,969,368)	662,595
(Loss) earnings per share				
- Basic	(0.01)	(0.06)	(0.04)	0.01
- Fully diluted	(0.01)	(0.06)	(0.04)	0.01
Total assets at end of quarter	40,819,690	42,560,928	44,400,603	47,220,325
Total liabilities at end of quarter	17,658,965	18,810,382	17,443,478	18,406,719
Total equity at end of quarter	23,160,725	23,750,546	26,957,125	28,813,606

	Three months ended			
	September 30, 2014 \$	June 30, 2014 \$	March 31, 2014 \$	December 31, 2013 \$
Revenue	9,460,910	10,773,110	12,437,196	13,760,859
Mining costs				
- Cash	(6,724,357)	(9,422,080)	(8,704,905)	(9,648,688)
- Non-cash (depreciation, amortization and impairment)	(1,759,397)	(1,127,055)	(1,154,791)	581,593
Total mining costs	(8,483,754)	(10,549,135)	(9,859,696)	(9,067,095)
Non Mining (Expenses) Income	(1,189,257)	(918,916)	(456,445)	(1,328,143)
Earnings (loss)	(212,101)	(694,941)	2,121,055	3,365,621
Earnings (loss) per share				
- Basic	(0.00)	(0.01)	0.04	0.07
- Fully diluted	(0.00)	(0.01)	0.04	0.07
Total assets at end of quarter	46,527,061	43,457,588	42,326,644	41,229,978
Total liabilities at end of quarter	18,481,599	15,321,422	13,587,885	14,639,610
Total equity at end of quarter	28,045,462	28,136,166	28,738,759	26,590,368

**Note:**

(1) Information for all periods is presented in accordance with IFRS and in U.S. dollars.

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**EXPLORATION**

On the Tenements covering the Tati greenstone belt, Jim's Luck was granted its Mining Licence on 22 June 2015 which is valid for 5 years, and all Prospecting Licences are in good standing.

**LIQUIDITY AND CAPITAL RESOURCES**

The Company defines capital as consisting of shareholder's 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. As described above under "Summary of Financial Position", at September 30, 2015, the Company had approximately \$2.9 million in working capital and had a cash inflow of approximately \$1.8 million from operations for the nine months ended September 30, 2015. A continuation of these results is expected to provide sufficient capital to the Company to fund annual operating expenses, repayment of the Samsung facility, capital commitments budgeted and the exploration program contemplated until the end of 2015.

The revenue of the Company is dependent upon the spot price of gold. At the current level of operating costs, underground development costs and debt repayment, the Company will not generate net positive cash flow in 2015.

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.

**ENVIRONMENTAL DISCUSSION**

The mining activities of the Company can give rise to obligations for site restoration and rehabilitation. Restoration and rehabilitation work can include land rehabilitation and site restoration. The extent of work required and the associated costs are dependent on the requirements in the local jurisdiction and the interpretations of the requirements by relevant authorities.

Provision for the cost of the Company's restoration and rehabilitation program is recognized at the time that environmental disturbance occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. Costs included in the provision encompass obligated and reasonably estimable restoration and rehabilitation activity expected to occur progressively over the life of the operation and at the time of closure in connection with disturbances at the reporting date. Routine operating costs that may impact the ultimate restoration and rehabilitation activities such as waste material handling conducted as an integral part of a mining or production process are not included in the provision. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognized as an expense and liability when the event gives rise to an obligation that is probable and capable of reliable estimation.

Restoration and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value and determined according to the probability of alternative estimates of cash flows occurring for each operation. Discount rates used are the ones most appropriate for the location of the mine. Significant judgments and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements. As at September 30, 2015, the amount reflected in the

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Company's restoration and rehabilitation provision is \$3.3 million (on an undiscounted basis, the total payments are estimated at \$3.8 million) which was calculated by an independent contractor.

The value of the provision is progressively increased over time as the effect of discounting unwinds, creating an expense recognized as part of finance costs. Potential changes in the laws and regulations could have an adverse risk on the actual restoration costs that the Company could incur in the future.

**FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, trade and other receivables, accounts payable and accrued liabilities, interest bearing loans and borrowing. The fair value of the Company's trade and other receivables, and accounts payable and accrued liabilities approximate their carrying value, which is the amount disclosed on the balance sheet dates due to their short-term maturities or ability of prompt liquidation. Cash, under the fair value hierarchy, is based on level-one quoted prices in active markets for identical assets or liabilities. The Company's other financial instruments, specifically interest bearing loans and borrowings are recorded at amortized cost using the effective interest rate method.

Strategic and operational risks are risks that arise if the Company fails to identify opportunities and/or threats arising from changes in the markets in which the Company operates. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory developments and competitor actions. These risk factors are more fully addressed under the "Risks and Uncertainties" section of this MD&A.

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 Company currently has no trade receivables for the purchase of the gold it produces, and 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 September 30, 2015, the Company had a cash, gold inventory and receivables balance of \$12,595,640 (December 31, 2014 - \$17,828,377) to settle current liabilities of \$9,737,844 (December 31, 2014 - \$11,303,250). The Company has sufficient working capital to meet its short-term business requirements. See "Liquidity and Capital Resources" section for further commentary on the Company's liquidity risks.

Interest risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

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 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 or future cash flows of the Company 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.

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**ISSUED AND OUTSTANDING SHARE CAPITAL**

The Company's authorized capital consists of an unlimited number of Common Shares, of which 69,085,286 Common Shares are issued and outstanding as of the date of this MD&A. On a diluted basis, the Company has 72,340,286 Common Shares outstanding as of the date of this MD&A, assuming the exercise of 3,255,000 outstanding stock options pursuant to the Company's stock option plan.

The aggregate number of Common Shares reserved for issuance under the Company's share purchase plan (the "Share Purchase Plan") is 1,000,000 Common Shares. As at the date of this MD&A, an aggregate of 508,745 Common Shares have been purchased and 483,205 deferred matching shares have been issued or are issuable under the Share Purchase Plan.

Subject to adjustment in certain circumstances, the aggregate number of Common Shares that may be reserved for issuance pursuant to the Company's deferred share unit plan (the "DSU Plan") is 5,266,062 Common Shares. As of the date of this MD&A, subject to the terms of the DSU Plan, an aggregate of 3,839,044 DSUs are outstanding under the DSU Plan and no Common Shares have been issued under the DSU Plan.

**TRANSACTIONS WITH RELATED PARTIES**

During the nine months ended September 30, 2015, the following related party transactions occurred:

- Charles Byron, a director of the Company:
  - during the nine months ended September 30, 2014 Mr Byron was issued 660,000 common shares that were payable pursuant to the NLE acquisition (see Note 13 (b) to the financial statements); and
  - the Company paid rent of \$9,693 for office premises to Great African Services (Pty) Ltd., a company owned by a consortium of individuals that includes Charles Byron (2014 - \$7,505).
- IAMGOLD, a shareholder with significant influence, by holding in excess of 20% of the common shares of the Company:
  - during the nine months ended September 30, 2014 the Company paid to IAMGOLD \$2,533,333 in cash representing the final payment on its interest bearing note; and
  - the Company paid to IAMGOLD \$191,978 representing the final interest payable on its interest bearing note in the nine months ended September 30, 2014.

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**FUTURE ACCOUNTING POLICIES**

The following new standards and amendments to standards and interpretations which were issued but not yet effective for the quarter ended September, 2015, have not been applied in preparing these Financial Statements. They are summarized as follows:

**IFRS 9 – Financial Instruments**

The IASB has issued IFRS 9, Financial Instruments, which is a four-part project proposing to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 is effective for annual periods beginning or after January 1, 2018, with early adoption permitted. The Company will evaluate the impact of the change to its financial statements based on the characteristics on its financial instruments at the time of adoption.

**IFRS 15 – Revenue from Contracts with Customers**

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers (IFRS 15). The standard replaces IAS 11 “Construction Contracts”, IAS 18 “Revenue”, IFRIC 13 “Customer Loyalty Programmes”, IFRIC 15 “Agreements for the Construction of Real Estate”, IFRIC 18 “Transfer of Assets From Customers” and SIC 31 “Revenue – Barter Transactions Involving Advertising Services”. IFRS 15 is effective for periods beginning on or after January 1, 2018, permits early adoption, and is to be applied retrospectively. IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. The Company is in the process of evaluating the requirements of the new standard.

**COMMITMENTS**

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

**(a) Royalty expenses**

Production from the Company’s Mupane operation is subject to third party royalties (included in mining costs) of 5% of revenues based on market prices at the date of shipment. For the nine month period ended September 30, 2015, the Company accrued \$1,017,415 in royalties (2014 - \$1,632,805).

**(b) Operating contractual obligations**

The Company has operating lease obligations which relate to obligations in 2015 for land operating lease agreements as follows:

• Incurred during the nine month period ended September 30,2015	<u>\$258,746</u>
• To be incurred in the remainder of 2015	<u>\$69,041</u>
• To be incurred 2016-2019	<u>\$1,168,486</u>

**(c) Claims**

The Company is 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 amounts have been provided for in the Financial Statements.

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**OFF-BALANCE SHEET ARRANGEMENTS**

The Company currently has no off-balance sheet arrangements.

**RISKS AND UNCERTAINTIES**

The Company is subject to various business, financial and operational risks that could materially adversely affect the Company's future business, operations and financial condition and could cause such future business, operations and financial condition to differ materially from the forward-looking statements and information contained in this MD&A. For a more comprehensive discussion of the risks faced by the Company, please refer to the Company's annual MD&A for the year ended December 31, 2014, available at [www.sedar.com](http://www.sedar.com).

**GALAXY ACQUISITION**

**(a) Transaction details**

On November 20, 2015, the Company closed the acquisition of a majority of the issued and outstanding ordinary shares (each, a "Galaxy Share") of Galaxy Gold Mining Limited ("Galaxy"), a gold mining company with operations in the Mpumalanga Province of South Africa. The Company has also made an offer to all other shareholders of Galaxy to acquire the remaining Galaxy Shares on economically equivalent terms (the "Mandatory Offer").

The Company entered into share purchase agreements (the "Galaxy Share Purchase Agreements") with certain majority shareholders of Galaxy pursuant to which a wholly-owned subsidiary of the Company agreed to acquire approximately 74% of the issued and outstanding Galaxy Shares in exchange for 18,334,492 Common Shares with an aggregate value of approximately Cdn.\$2.3 million, based on a deemed price of Cdn.\$0.125 per Common Share, and common share purchase warrants ("Warrants") exercisable to acquire an aggregate of up to 4,076,599 Common Shares for a period of two years at Cdn.\$0.175 per Common Share. On November 20, 2015, the Company acquired 66% of the outstanding Galaxy shares with the remaining 8% of the Galaxy Shares held by the majority shareholders of Galaxy expected to close by mid December 2015.

Upon full completion of the acquisition of Galaxy Shares from the above-noted majority vendors of Galaxy Shares, such vendors of Galaxy Shares will hold an aggregate of approximately 26% of the issued and outstanding number of Common Shares on an undiluted basis, based on the outstanding number of Common Shares as of the date of this MD&A, or 30% assuming the exercise of the Warrants and no other convertible securities of the Company. If all of the remaining shareholders of Galaxy tender their Galaxy Shares pursuant to the Mandatory Offer in exchange for Common Shares and Warrants, the shareholders of Galaxy, including the majority vendors, will hold approximately 31.8% of the Common Shares on an undiluted basis, based on the outstanding number of Common Shares as of the date of this MD&A, or 36.3% assuming the exercise of the Warrants and no other convertible securities of the Company.

In connection with the transaction, Galaxy has also issued or has agreed to issue approximately US\$2.4 million aggregate principal amount of unsecured convertible debentures (the "Debentures") to settle outstanding debt obligations owed by Galaxy and its subsidiary Galaxy Gold Reefs (Pty) Ltd. The Debentures have a four year maturity and bear 4% interest per annum, accrued and paid at maturity. The principal is convertible at maturity into Common Shares, based on a pre-determined exchange rate of US\$1.00:Cdn\$1.30, at a price of Cdn\$1.00. The interest payable on maturity is convertible into Common Shares, based on a pre-determined exchange rate of US\$1.00:Cdn\$1.30, at a price equivalent to the greater of Cdn\$1.00 and the Discounted Market Price (as defined by the TSX Venture Exchange), subject to acceptance of the TSX Venture Exchange.

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**(b) Accounting**

The acquisition of Galaxy will be accounted for as a business combination but at the time of reporting the calculation of the purchase equation for the business combination is incomplete. Galaxy's last completed audited financial statements are for the year ended March 31, 2011 and work has started to bring the accounting up to date. As a result accounting for all classes of assets, liability and equity is incomplete.

The Company has principally acquired mineral properties and a processing plant. However during the process of due diligence a set of draft numbers as of March 31, 2015 were completed which showed total liabilities of approximately \$10,000,000 which were offset by current assets of approximately \$1,500,000.

**SUBSEQUENT EVENTS**

**Samsung Facility**

On November 5, 2015 the Company and Samsung agreed to new terms with regards to the loan facility and gold prepayment agreement. The Samsung facility has been amended on the following terms as of October 1, 2015:

- the current schedule of 10 remaining monthly instalments of \$277,000 and one monthly instalment of \$291,000 has been amended to a repayment of 12 instalments of \$20,000 per month effective from October 2015, followed by 9 instalments of \$277,000 and a final instalment of \$328,000 in July 2017;
- in each month during the repayment period, Mupane must deliver at least 1,607 ounces of gold at a price for the gold selected by Samsung from any one of the four London Bulletin AM or PM dollar gold fixing prices falling either on the delivery date or on the day immediately following the Delivery Date, less a discount of 1.25%;
- in each month following the repayment period and for such period as gold dore is produced Samsung will have the right to request delivery of all gold dore produced from the Tau ore body and the low grade stockpiles. In each case the price for the gold produced can be selected by Samsung from any one of the four London Bulletin AM or PM dollar gold fixing prices falling either on the delivery date or on the day immediately following the delivery date, less a discount of 2%;
- in each month following the repayment period Samsung has been provided with the right of first refusal to purchase all gold produced from the Company's operations in Botswana on terms that are no more favourable than offered by a third party; and
- the rate of interest on the outstanding balance is 3% per annum, compounded annually.

**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, 2014, can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

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**SUPPLEMENTAL INFORMATION TO MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Cash costs**

The Company's MD&A often 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 is used 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, and attributable realized derivative gain or loss, but are exclusive of impairment, amortization, reclamation, and exploration and development costs. Cash cost excluding royalties is cash cost less royalties. Operating cash cost is the total cash cost less those costs capitalized as attributable to the removal of excess waste in developing new resources. Operating cash cost excluding royalties is operating cash cost less royalties. 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.

	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Mining costs excluding impairment, depreciation and amortization	\$ 8,247,589	\$ 6,661,557	\$ 6,412,343	\$ 7,080,698
Adjust for:				
Stock movement	(1,131,236)	(525,995)	(371,706)	(43,505)
Total operating cash cost	\$ 7,116,353	\$ 6,135,562	\$ 6,040,637	\$ 7,037,193
Royalties	(453,713)	(289,750)	(319,367)	(383,590)
Total operating cash cost excluding royalties	\$ 6,680,640	\$ 5,845,812	\$ 5,721,270	\$ 6,653,603
Gold production (ounces)	7,637	4,011	4,506	6,044
Total operating cash cost excluding royalties per oz.	\$ 875	\$ 1,457	\$ 1,270	\$ 1,101

	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Mining costs excluding impairment, depreciation and amortization	\$ 6,724,357	\$ 9,422,080	\$ 8,704,905	\$ 9,648,688
Adjust for:				
Stock movement	1,015,064	(239,462)	(944,851)	359,154
Total operating cash cost	\$ 7,739,421	\$ 9,182,618	\$ 7,760,054	\$ 10,007,842
Royalties	(471,041)	(538,250)	(623,514)	(696,460)
Total operating cash cost excluding royalties	\$ 7,268,380	\$ 8,644,368	\$ 7,136,540	\$ 9,311,382
Gold production (ounces)	8,206	7,195	9,346	11,853
Total operating cash cost excluding royalties per oz.	\$ 886	\$ 1,201	\$ 764	\$ 786