Condensed Consolidated Interim Financial Statements
(In U.S. dollars) (Unaudited)

GALANE GOLD LTD.

For the three and six month periods ended June 30, 2017

Note to Reader:

The accompanying unaudited condensed consolidated interim financial statements of Galane Gold Ltd. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements.

GALANE GOLD LTD.

Condensed Consolidated Interim Statement of Financial Position
(In U.S. dollars) (Unaudited)

As at June 30, 2017 and December 31, 2016

	Notes		June 30, 2017		December 31, 2016
Assets					
Current assets:					
Cash	5	$	1,199,555	$	823,740
Trade and other receivables	6		1,150,982		1,369,988
Inventories	7		5,057,570		6,925,512
			7,408,107		9,119,240
Non-current assets:					
Mining and exploration properties	8		35,096,654		37,133,946
Plant and equipment	8		2,752,866		2,374,730
			37,849,520		39,508,676
		$	45,257,627	$	48,627,916
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities	10	$	12,013,185	$	11,384,627
Loans and borrowings	11		10,281,709		6,276,950
			22,294,894		17,661,577
Non-current liabilities:					
Loans and borrowings	11		6,191,250		9,181,548
Warrants denominated in a foreign currency	13		147,380		142,523
Restoration and rehabilitation provision	9		6,035,218		5,620,295
			12,373,848		14,944,366
Shareholders' equity:					
Share capital	13	$	37,348,880	$	37,139,370
Reserves	13		2,027,969		2,077,781
Deficit			(28,787,964)		(23,195,178)
			10,588,885		16,021,973
		$	45,257,627	$	48,627,916

Going Concern (Note 1)
Commitments and contingencies (Note 15)

Approved and authorized by the Board for issue on August 29, 2017:

"Ravi Sood " Director   *"Ian Egan "* Director

The notes on pages 5 to 15 are an integral part of these consolidated financial statements

GALANE GOLD LTD.

Condensed Consolidated Interim Statement of Earnings (Loss) and Comprehensive Earnings (Loss)
(In U.S. dollars) (Unaudited)

Three and six month periods ended June 30, 2017 and 2016.

	Note	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Mining Revenue		$ 8,212,225	$ 9,339,617	$ 14,939,924	$ 16,689,328
Mining Costs	14	8,126,615	8,117,516	17,387,597	16,282,119
Earnings (Loss) from mining operations		$ 85,610	$ 1,222,101	$ (2,447,673)	$ 407,209
Expenses:					
Exploration costs		50,442	7,990	85,226	15,361
Foreign exchange (gain) loss		53,041	2,715	466,894	472,379
Corporate general and administration	14	469,035	472,401	955,668	986,590
Financing costs (income)	14	534,409	217,880	1,023,735	338,867
Other expenses (income)	14	308,118	421,942	613,590	874,333
		$ 1,415,045	$ 1,122,928	$ 3,145,113	$ 2,687,530
(Loss) earnings and comprehensive (loss) earnings for the period before taxation		$ (1,329,435)	$ 99,173	$ (5,592,786)	$ (2,280,321)
Taxation	12	$ -	$ -	$ -	$ -
Net (loss) earnings and comprehensive (loss) earnings for the period		$ (1,329,435)	$ 99,173	$ (5,592,786)	$ (2,280,321)
Attributable to:					
Equity holders of Galane Gold Ltd.		$ (1,329,435)	$ 190,705	$ (5,592,786)	$ (1,833,972)
Non-controlling interest		$ -	$ (91,532)	$ -	$ (446,349)
Net (loss) earnings and comprehensive (loss) earnings for the period		$ (1,329,435)	$ 99,173	$ (5,592,786)	$ (2,280,321)
Basic (loss) earnings per common share	13	$ (0.01)	$ 0.00	$ (0.04)	$ (0.02)
Diluted (loss) earnings per common share	13	$ (0.01)	$ 0.00	$ (0.04)	$ (0.02)
Weighted average number of common shares- basic	13	146,285,529	112,065,552	146,010,708	91,689,997
Weighted average number of common shares - diluted	13	146,285,529	115,952,444	146,010,708	91,689,997

The notes on pages 5 to 15 are an integral part of these consolidated financial statements

GALANE GOLD LTD.

Condensed Consolidated Interim Statement of Changes in Equity
(In U.S. Dollars) (Unaudited)

Six month periods ended June 30, 2017 and 2016

		Capital Stock		Reserves				
	Notes	Number	Amount	Stock based payments	Deficit	Attributable to Galane Shareholders	Non-Controlling Interest	Total
Balance as at December 31, 2015		71,314,442	36,401,916	1,814,369	(16,760,292)	21,455,993	610,811	22,066,804
Rights Offering	13	71,314,442	555,331	-	-	555,331	-	555,331
Stock-based compensation		-	-	111,349	-	111,349	-	111,349
Net loss and comprehensive loss for the period		-	-	-	(1,833,972)	(1,833,972)	(446,349)	(2,280,321)
Balance as at June 30, 2016		142,628,884	36,957,247	1,925,718	(18,594,264)	20,288,701	164,462	20,453,163
Balance as at December 31, 2016		145,088,978	37,139,370	2,077,781	(23,195,178)	16,021,973	-	16,021,973
Stock-based compensation	13	-	-	131,948	-	131,948	-	131,948
Deferred Share Units issued	13	965,782	164,431	(164,431)	-	-	-	-
Options exercised	13	750,000	45,079	(17,329)	-	27,750	-	27,750
Net loss and comprehensive loss for the period		-	-	-	(5,592,786)	(5,592,786)	-	(5,592,786)
Balance as at June 30, 2017		146,804,760	37,348,880	2,027,969	(28,787,964)	10,588,885	-	10,588,885

The notes on pages 5 to 15 are an integral part of these consolidated financial statements

GALANE GOLD LTD.

Condensed Consolidated Interim Statement of Cash Flows
(In U.S. Dollars) (Unaudited)

Six month periods ended June 30, 2017 and 2016

	Notes		2017		2016
Cash flows from operating activities:					
Net (loss) earnings for the period		$	(5,592,786)	$	(2,280,321)
Items not involving cash:					
Change in fair value of warrants	14		4,857		2,473
Deferral of royalties	11		1,110,535		866,410
Depreciation and amortization	8		2,856,158		1,955,704
Share based compensation	14		131,948		111,349
Accretion	14		560,988		115,693
Interest expense	14		457,890		223,175
Foreign exchange (gain) loss			81,010		268,929
Working capital adjustments:					
Change in trade and other receivables			250,349		(51,016)
Change in inventories			1,867,942		315,031
Change in trade and other payables			363,635		(691,983)
Cash flows from operating activities			2,092,526		835,444
Cash flows from investing activities:					
Mining assets acquired	8		(1,197,002)		(691,321)
Cash flows used in investing activities			(1,197,002)		(691,321)
Cash flow from financing activities:					
Short term note			499,888		-
Interest paid			-		-
Rights Offering	13		-		555,331
Options exercised	13		27,750		-
Repayment of loans			(831,000)		(120,000)
Capital lease obligations			(217,729)		(47,702)
Cash flows from financing activities			(521,091)		387,629
(Decrease) Increase in cash			374,433		531,752
Effect of unrealized foreign exchange gain on cash			1,381		11,624
Cash, at January 1			823,741		1,887,179
Cash, at June 30		$	1,199,555	$	2,430,555

The notes on pages 5 to 15 are an integral part of these consolidated financial statements

1. Corporate Information and Going Concern

Galane Gold Ltd. (the “Company”) operates through its wholly owned subsidiary, Galane Gold Mines Ltd., which was incorporated under the *Business Corporations Act* (Ontario) on November 15, 2010 and whose principal business activities are the exploration for, development of, and operation of gold mining properties. The Company’s registered and head office is located at Suite 1800, 181 Bay St., Toronto, Ontario, Canada.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they come due into the foreseeable future.

For the six months ended June 30, 2017, the Company incurred a net loss of $5.6 million, with operating activities generating a $2.1 million cash inflow. However, as at June 30, 2017, the Company had a working capital deficiency of $14.9 million (December 31, 2016 - $8.5 million). At June 30, 2017, the Company had unrestricted cash of $1.2 million and other current assets of $6.2 million.

The Company’s liquidity position was adversely impacted by the decline in gold price in late 2016, in conjunction with free cash flow being diverted to capital projects, primarily the restart of its mining properties indirectly held through the Company’s wholly-owned subsidiary Galaxy Gold Mining Limited (‘Galaxy’), acquired in 2015, which given the current cash constraints has been placed into idle mode. The Company is due to repay the remaining balance of the Samsung financing facility of $1.2 million, and to commence the repayment of deferred royalties of $3.4 million and of a short term note of $1.0 million during the year ended December 31, 2017.

The Company`s ability to continue as a going concern is dependent upon its ability to generate cash flow from operations, renegotiate existing payment terms and, to the extent that this is not sufficient, to obtain additional funding from loans, equity financings or through other arrangements. While the Company has been successful in arranging financing in the past, the success of such initiatives cannot be assured. These conditions may cast significant doubt on the validity of the going concern assumption.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

2. Basis of preparation

(a) Statement of compliance

The unaudited condensed consolidated interim financial statements (the “Financial Statements”) of the Company as at and for the six months ended June 30, 2017 have been prepared in accordance with IAS 34, Interim Financial Reporting, and do not include all of the information required for full annual consolidated financial statements. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed.

(b) Significant accounting judgments, estimates and assumptions

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The particular areas of estimation uncertainty and critical judgments are outlined in detail in the annual audited consolidated financial statements for the year ended December 31, 2016 (the "Annual Financial Statements").

(c) Basis of consolidation

The significant subsidiaries of the Company are accounted for as follows:

	Country of Incorporation	% equity interest June 30, 2017	Accounting Method
Galane Gold Mines Ltd.	Canada	100%	Consolidation
Mupane Gold Mines Limited	Mauritius	100%	Consolidation
Gallery Gold Pty Ltd.	Australia	100%	Consolidation
Mupane Gold Mining (Pty) Ltd.	Botswana	100%	Consolidation
The Northern Lights Exploration Company (Pty) Ltd.	Botswana	100%	Consolidation
Galaxy Gold Mining Limited	South Africa	100%	Consolidation

The Company's other subsidiaries are Galane Gold Botswana (Pty) Ltd. (Botswana) (100% owned), Galaxy Gold Reefs (PTY) Ltd. (100% owned) and Shashe Mines (Pty) Ltd. (Botswana) (85% owned).

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial information of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

All balances, income and expenses and unrealized gains and losses resulting from transactions amongst subsidiaries of the Company are eliminated on consolidation.

(d) Functional and presentation currency

The consolidated financial statements are presented in U.S. dollars, which is the functional currency of the Company and each of its subsidiaries. All amounts are in U.S. dollars, except where otherwise indicated.

3. Significant Accounting Policies

These Financial Statements have been prepared following the same accounting policies and methods of computation as the Annual Financial Statements.

4. Future Accounting Policies

The following new standards and amendments to standards and interpretations which were issued but not yet effective for the quarter ended June 30, 2017, have not been applied in preparing these Financial Statements. They are summarized as follows:

(a) 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. 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.

(b) IFRS 15 – Revenue from Contracts with Customers
In May 2015, 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, 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.

(c) IFRS 16 – Leases
In January 2016, the IASB issued IFRS 16 "Leases" ("IFRS 16"). This standard is effective for annual periods beginning on or after January 1, 2019, and permits early adoption, provided IFRS 15, has been applied, or is applied at the same date as IFRS 16. IFRS 16 requires lessees to recognize assets and liabilities for most leases. The Company is in the process of determining the impact of IFRS 16 on its consolidated financial statements.

(d) Amendment to IFRS 2 – Classification and measurement of share based payment transactions
On June 20, 2016, the IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments apply for annual periods beginning on or after January 1, 2018. As a practical simplification, the amendments can be applied prospectively. Retrospective, or early, application is permitted if information is available without the use of hindsight.

The amendments provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Company intends to adopt the amendments to IFRS 2 in its financial statements for the year beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

(In U.S. Dollars)

5. Financial instruments:

The following table presents the carrying and estimated fair values of the Company's financial instruments.

Financial Assets		Carrying and Fair value June 30, 2017		December 31, 2016
Cash (level 1 of fair value hierarchy [4])	$	1,199,555	$	823,740
Trade and other receivables [1]		1,150,982		1,369,988
	$	2,350,537	$	2,193,728

Financial Liabilities		June 30, 2017		December 31, 2016
Accounts payable and accrued liabilities [2]	$	12,013,185	$	11,384,627
Warrants denominated in a foreign currency (level 2 of fair value hierarchy[4])		147,380		142,523
Loans and borrowings [3]		16,472,959		15,458,498
	$	28,633,524	$	26,985,648

(1) The fair value of trade and other receivables approximates the carrying amount given the short maturity period.
(2) The fair value of accounts payable and accrued liabilities approximates the carrying amount given the short maturity period.
(3) The fair value of loans and borrowings approximates the carrying amount given the short maturity period, and the fair market value rate of interest that it carries.
(4) The levels of the fair value hierarchy are defined as follows:
1. Level 1- there are quoted prices in active markets for identical assets or liabilities.
2. Level 2- there are inputs other than quoted prices that are either directly or indirectly observable for the asset or liability.
3. Level 3- these are inputs that are not based on observable market data.

6. Trade and other receivables

		June 30, 2017		December 31, 2016
Trade receivables	$	478,260	$	394,543
Other receivables		68,599		102,850
Taxes recoverable		418,361		297,525
Prepaid expenses		185,762		575,070
	$	1,150,982	$	1,369,988

7. Inventories

The amount of inventories recognized as an expense during the period is included in mining costs in the condensed consolidated interim statement of earnings and comprehensive earnings. The carrying values at the end of the respective periods are:

		June 30, 2017		December 31, 2016
Gold in process	$	683,449	$	1,379,742
Supplies		2,473,823		3,110,903
Ore Stockpiles		1,900,298		2,434,867
	$	5,057,570	$	6,925,512

(In U.S. Dollars)

8. Mining assets

The continuity of mining assets for the six months ended June 30, 2017 is as follows:

	Construction in Progress	Mining and Exploration Properties	Plant and Equipment	Total
Cost at December 31, 2016	$ 2,654,539	$ 82,806,525	$ 6,203,247	$ 91,664,311
Additions:				
Additions	(15,989)	1,212,991	-	1,197,002
Transfers	(586,386)	-	586,386	-
Disposals	-	-	(54,555)	(54,555)
Cost at June 30, 2017	$ 2,052,164	$ 84,019,516	$ 6,735,078	$ 92,806,758
Accumulated depreciation and amortization at December 31, 2016	$ -	$ (48,327,118)	$ (3,828,517)	$(52,155,635)
Depreciation and amortization	-	(2,647,908)	(208,250)	(2,856,158)
Disposals	-	-	54,555	54,555
Accumulated depreciation and amortization at June 30, 2017	$ -	$ (50,975,026)	$ (3,982,212)	$ (54,957,238)
Net book value, June 30, 2017	$ 2,052,164	$ 33,044,490	$ 2,752,866	$ 37,849,520

9. Restoration and rehabilitation provision

	Restoration and rehabilitation provision
At December 31, 2016	$ 5,620,295
Revaluation	270,695
Accretion	144,228
At June 30, 2017	$ 6,035,218

10. Trade accounts payable and accrued liabilities

	June 30, 2017	December 31, 2016
Trade accounts payable	$ 9,982,962	$ 9,566,761
Accrued liabilities	2,030,223	1,817,866
	$ 12,013,185	$ 11,384,627

11. Loans and borrowings

		June 30, 2017		December 31, 2016
Current				
Mining Royalties [(2)]	$	6,796,570	$	2,932,110
Secured Facility Mupane [(3)]		1,159,000		1,990,000
Short Term Note [(4)]		916,760		-
Shareholder Loans Galaxy [(5)]		927,868		825,863
Capital lease obligation [(6)]		481,511		528,977
	$	10,281,709	$	6,276,950
Non-Current				
Debentures [(1)]	$	5,959,053	$	5,846,976
Mining Royalties [(2)]		-		2,932,110
Capital lease obligation [(6)]		232,197		402,462
	$	6,191,250	$	9,181,548

(1) The Company issued unsecured debentures to certain Galaxy loan holders and other parties as settlement of amounts previously due on the acquisition of Galaxy in 2015. The terms of the debentures are as follows:

- Initial principal amount - $5,650,269.
- Principal repayment - on November 20, 2019.
- Interest rate - fixed rate of 4% per annum, compounded annually and payable on the principal repayment date.
- $2,400,836 of such principal is convertible into common shares at a price of Cdn.$0.58 per share, based on a pre-determined exchange rate, with interest convertible into common shares, based on a pre-determined exchange rate, at a price equivalent to the greater of Cdn.$1.00 and the Discounted Market Price (as defined by the TSX Venture Exchange) at the time of conversion, subject to acceptance of the TSX Venture Exchange.
- $3,249,433 of such principal is convertible into common shares at a price of Cdn.$0.58 per share, based on a pre-determined exchange rate, with interest convertible into common shares, based on a pre-determined exchange rate, at a price equivalent to the greater of Cdn.$0.58 and the Discounted Market Price (as defined by the TSX Venture Exchange) at the time of conversion, subject to acceptance of the TSX Venture Exchange.

(2) The Government of Botswana has agreed to the deferral of royalties payable on the sale of gold under the following terms:

- Royalties due to June 2016 have been deferred until July 2017
- Repayment of royalties due to June 2016 to commence in July 2017 over 12 months
- Interest to be charged from July 1, 2017 at Bank of Botswana commercial bank prime lending rate plus 5%

The deferral amount is unsecured.

(3) The Company entered into a loan facility and gold prepayment agreement with Samsung C&T UK Ltd dated as of August 22, 2014, as amended in November 2015, February 2017, March 2017 and April 2017. The current terms of the loan facility and the gold prepayment agreement are as follows:

- the remaining schedule of monthly payments is three monthly installments of $277,000 and one monthly installment of $328,000 in October 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;
- the rate of interest on the outstanding balance is 3% per annum, compounded annually; and
- the facility is secured by a first charge against the assets of the Company’s Mupane property.

(4) In January 2017, the Company issued an unsecured short term promissory note in the aggregate principal amount of $1,000,000, due July 17, 2017 and bearing interest at a rate of 4% per annum.

(5) There are numerous shareholder loan agreements entered into in connection with the acquisition of Galaxy denominated in South African Rand. The terms of the agreements are:

- the rate of interest is between 15% per annum and South African prime rate plus 6% calculated and compounded monthly; and
- the amounts outstanding are repayable on demand.

(6) The Company acquired one light vehicle in 2014 for use at the mine for total cost of $27,000 and financed the purchase through capital lease obligations. The capital leases are for a term of 36 months, with average monthly payments of $870 per month principal and interest and a final payment of $11,889, with the final payment paid in June 2017. In addition, the Company acquired a Komatsu Dozer in March 2015 and financed $535,000 of the acquisition costs. The lease term is 48 months with monthly payments of approximately $13,500 per month principal and interest. In December 2016, the Company acquired an Atlas Copco Simba drilling machine and financed $617,000 of the acquisition cost. The lease term is 24 months with monthly payments of approximately $28,616 in principal and interest.

12. Income and Mining Taxes

The Company estimates the effective tax rate expected to be applicable for the full fiscal year and uses that rate to provide for income taxes in interim reporting periods. The Company also recognizes the tax impact on certain discrete (unusual or infrequently occurring) items, including changes in judgment concerning the probable realization of losses and effects of changes in tax laws or rates, in the interim period in which they occur.

As a result of the effect of utilization of loss carry forwards available to the Company, the Company reported no income tax expense for the three and six months ended June 30, 2017 (three and six months ended June 30, 2016 - $nil). The effective income tax rates vary from the combined Canadian federal and provincial statutory income tax rate of 26.50% for the three and six months ended June 30, 2017 (three and six months ended June 30, 2016 – 26.50%) due to the geographical distribution of earnings, which are subject to different tax rates, fluctuations in exchange rates and other non-deductible expenses.

13. Share Capital

(a) Authorized share capital:

As at June 30, 2017, the authorized share capital of the Company consisted of an unlimited number of common shares. All issued shares are fully paid.

(b) Issued share capital:

As at June 30, 2017, 146,804,760 common shares are issued and outstanding.

The Company issued a total of 1,715,782 common shares during the six month period ended June 30, 2017. The Company issued 965,782 common shares pursuant to the Company's deferred share unit plan at a weighted average price of C$0.17. There were 750,000 common shares issued following the exercise of options at an exercise price of C$0.05 per share.

During the six month period ended June 30, 2016, the Company closed an offering (the "Rights Offering") with a total of 71,314,442 common shares issued pursuant to the Rights Offering at an issuance price of C$0.01 per share.

(c) Stock Options:

The Company has a stock option plan whereby options may be granted to directors, officers, employees and consultants. As at June 30, 2017, a maximum of 14,680,476 options to purchase common shares were issuable under the Company's stock option plan, of which 3,890,476 remained available for issuance.

(In U.S. Dollars)

(d) Earnings (loss) per share:

The calculation of earnings (loss) per share is based on the following data:

	Three months ended June 30, 2017	Six months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2016
Earnings (loss)	$ (1,329,435)	$ (5,592,786)	$ 190,705	$ (1,833,972)
Weighted average number of common shares outstanding for purposes of basic earnings per share	146,285,529	146,010,708	112,113,400	91,689,997
Dilutive deferred share units	-	-	3,839,044	-
Dilutive options	-	-	47,850	-
Weighted average number of common shares outstanding for the purpose of diluted earnings per share	146,285,529	146,010,708	115,952,444	91,689,997
Earnings (loss) per share				
Basic	$ (0.01)	$ (0.04)	$ 0.00	$ (0.02)
Diluted	$ (0.01)	$ (0.04)	$ 0.00	$ (0.02)

Basic earnings (loss) per share is computed by dividing the earnings (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution of outstanding warrants, stock options deferred share units or convertible debentures in the weighted average number of common shares outstanding during the period, if dilutive. For the three and six months ended June 30, 2017, and the six months ended June 30, 2016, all instruments were anti-dilutive due to the net loss in the period.

(e) Deferred Share Units

The Company has established a deferred share unit plan whereby deferred share units ("DSUs") may be granted to directors, officers, employees and consultants. As at June 30, 2017, a maximum of 13,262,888 DSUs were issuable under the Company's deferred share unit plan, of which 7,327,060 remained available for issuance.

(f) Warrants:

The following is a summary of warrants outstanding as at June 30, 2017 and June 30, 2016 and changes during the periods then ended:

	Number of Warrants	Weighted Avg Exercise Price (Cdn.$)
Balance, June 30, 2016	4,076,598	0.10
Warrants issued November 16, 2016, expiring November 16, 2018	520,016	0.18
Balance June 30, 2017 and December 31, 2016	4,596,614	0.11

(In U.S. Dollars)

14. Breakdown of costs

(a) Mining costs

	Three months ended June 30, 2017	Six months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2016
Mining and production	$ 5,611,165	$ 12,635,895	$ 6,066,188	$ 12,437,715
Administrative	976,805	1,895,543	1,013,459	1,888,699
Total	$ 6,587,970	$ 14,531,438	$ 7,079,647	$ 14,326,414
Depreciation and amortization	1,538,645	2,856,159	1,037,869	1,955,705
	$ 8,126,615	$ 17,387,597	$ 8,117,516	$ 16,282,119

(b) Corporate and General Administration

	Three months ended June 30, 2017	Six months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2016
Professional Fees	$ 159,879	$ 239,572	$ 261,508	$ 479,345
Share Based Compensation	69,736	131,948	63,893	111,349
Corporate Administration	239,420	584,148	147,000	395,896
	$ 469,035	$ 955,668	$ 472,401	$ 986,590

(c) Financing costs

	Three months ended June 30, 2017	Six months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2016
Interest on long term debt	$ 199,905	$ 457,890	$ 159,710	$ 223,174
(Decrease)/increase in fair value of warrants denominated in foreign currency	3,328	4,857	-	-
Accretion	331,176	560,988	58,170	115,693
	$ 534,409	$ 1,023,735	$ 217,880	$ 338,867

(d) Other expenses

	Three months ended June 30, 2017	Six months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2016
Other expenses (income)	$ (4,068)	$ (5,545)	$ (1,827)	$ (3,362)
Galaxy on-going costs	312,186	619,135	423,769	877,695
	$ 308,118	$ 613,590	$ 421,942	$ 874,333

(In U.S. Dollars)

15. Commitments and Contingencies

(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 six month period ended June 30, 2017, the Company accrued $754,163 in royalties (2016 - $854,857).

(b) Operating contractual obligations

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

- To be incurred in the remainder of 2017 $173,655
- To be incurred 2018-2021 $1,317,448

(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.

16. Related party transactions

During the six months ended June 30, 2017, no related party transactions occurred.

The remuneration of directors and other members of key management personnel during the six months ended June 30, 2017 are as follows:

	Six months ended June 30, 2017	Six months ended June 30, 2016
Salaries	$ 475,865	$ 416,988
Management fees[(1)]	88,765	60,510
Directors fees	38,470	42,791
Share-based compensation[(2)]	131,948	74,943
	$ 735,048	$ 595,232

(1) Management fees represent compensation paid to officers of the Company pursuant to contracts for services.
(2) Share-based compensation is the fair value of options and deferred share units granted and vested with key management personnel.

(In U.S. Dollars)

17. Segmented information

The Company operates in one reportable segment, being the exploration, development and operation of gold mining properties. All of the Company's equipment and mining assets are located in the Republic of Botswana South Africa and all revenues of the Company are earned in the Republic of Botswana. A breakdown of the total assets by geographic segment is as follows:

	Canada	South Africa	Botswana	Total
Cash	$ 102,267	$ 10,023	$ 1,087,265	$ 1,199,555
All other assets	5,658	12,740,737	31,311,677	44,058,072
Balance, June 30, 2017	$ 107,925	$ 12,750,760	$ 32,398,942	$ 45,257,627

18. Subsequent event

The Company previously announced on May 23, 2017 that it had entered into a letter of intent (the "LOI") for the acquisition of all of the outstanding shares of Vantage Goldfields Limited ("Vantage"), a gold mining company with operations in the Mpumalanga Province of South Africa (the "Acquisition"). Galane and Vantage have been unable to conclude on the execution of a binding acquisition agreement (the "Acquisition Agreement") and therefore the LOI has been terminated. Vantage was unable to meet the conditions set out in the LOI, and therefore was not in a position to sign the Acquisition Agreement. Galane provided five extensions to the original LOI and decided not to extend further.