Dated: April 16, 2018.

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 16, 2018. 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, 2017 (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") 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 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; 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 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; risks related to restarting 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; 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 "Risk Factors" in the Company's annual information form for the year ended December 31, 2017, 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 Charles Byron Pr. Sci. Nat., MAusIMM., MGSSA and Chief Geologist of Galane, and a "qualified person" as defined by National Instrument 43-101 ("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 requiring refurbishment 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 under the symbol "GG" since September 6, 2011.

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”.

Mupane Property

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 completed an updated four year mine plan for the Mupane Property in 2017 which will form the guide for the Company’s short term goals and long term strategy. The updated mine plan is based on internal reporting by the Company following underground mining and not based on an independent feasibility study or pre-feasibility study of mineral reserves demonstrating economic and technical viability. There has yet to be sufficient exploration on any potential expansion at the Mupane Property to extrapolate that it extends beyond the current mined area.

The Company intends to utilize the following resources during 2018:

- Tau – It is estimated that the Company will process approximately 415,000 tonnes at an average grade of 2.5 grams per tonne (“g/t”). The Company intends to continue exploration to attempt to further confirm the potential extension of the Tau mineralised body at depth as reported in the press release of October 24, 2016 and further expand the potential resource as reported in the press release of October 5, 2017.
- Low Grade Stockpiles – It is estimated that the Company will process approximately 440,000 tonnes of low grade stockpile at an average grade of 0.76 g/t, which is located at the run-of-mine pad at the processing plant and at Golden Eagle.

The Mupane Property mine plan is subject to change according to the prevailing gold price. The Company will adopt the appropriate plan for the prevailing gold price environment.

The Mupane Property processing plant continues to focus on on-going stabilisation and optimisation of the processing operations. There are no major plant capital projects scheduled at the Mupane Property for 2018 as the Company currently believes it has implemented all material optimisation projects.

Galaxy Property

In 2017, the Company announced that it had updated its mine plan for the Galaxy Property. The updated mine plan is based on internal reporting by the Company following underground mining and not based on an independent feasibility study or pre-feasibility study of mineral reserves demonstrating economic and technical viability. There has yet to be sufficient exploration on any potential expansion at the Galaxy Property to extrapolate that it extends beyond the current mined area.

On March 5, 2018, the Company announced that it had entered into a loan agreement with Barak Fund SPC Limited (“Barak”) with respect to a $5,000,000 secured loan facility (the “Barak Facility”), for a term ending three years from the date of the first drawdown and bearing interest at a rate of 14% per annum. The funds are to be used towards the refurbishment and expansion of the processing facilities and restarting underground mining operations at the Galaxy Property. The Company will pay to Barak, or its nominee, 0.75% of the net proceeds accruing to Galaxy Gold Mining Limited (“Galaxy”) under an off-take agreement covering the annual gold concentrate production of the Agnes gold mine in Barberton owned and operated by Galaxy, after taking into account all attributable logistics and freight costs, State Royalties (as defined in the Barak Facility) and value-added tax (if applicable). Drawdowns on the facility remain subject to certain conditions precedent, which the Company expects to complete by July 2018.

Assuming the drawdown under the Barak facility, the Company anticipates the first production at the Galaxy Property in the first quarter of 2019 and the first phase of the restart of the Galaxy Property to increase the capacity of the processing plant to 30,000 tonnes per month and annual production to over 25,000 ounces of gold at a cash cost per ounce of less than US$800[(1)]. During the implementation of the first phase, the Company expects to complete a study on the second expansion phase with the objective of increasing the capacity at the Galaxy processing plant to 60,000 tonnes per month and decreasing the cash cost per ounce with increased economies of scale.

Note:

(1) Based on a technical report entitled "A Technical Report on the Galaxy Gold Mine, Mpumalanga Province, South Africa" which was issued January 4, 2016 with an effective date of September 1, 2015 (the "Galaxy Technical Report"), and was prepared by Minxcon (Pty) Ltd and approved by Daniel van Heerden, B Eng (Min.), MCom (Bus. Admin.), Pr. Eng., FSAIMM, AMMSA, a Qualified Person as defined by NI 43-101. The Galaxy Technical Report satisfies the requirements to be a pre-feasibility study. Cash cost per ounce is a non-GAAP measure. See "Supplemental Information to Management's Discussion and Analysis".

DISCUSSION OF OPERATIONS

For the three months and the year ended December 31, 2017

The following is an analysis of the Company's operating results for the three months ended December 31, 2017 ("Q4 2017") and the year ended December 31, 2017 ("2017").

Operating activity:

Commentary regarding the Company's operating activity during Q4 2017 and 2017 follows:

Mining

The following table sets forth certain key mining statistics for the Mupane Property for 2016 and 2017:

		2017				2017	2016				2016
		Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1	Total
Mupane (Tau)	Ore (t)	115,684	108,615	79,753	61,373	365,425	62,208	48,070	46,656	49,657	206,591
	Grade (g/t)	2.31	3.04	2.74	2.83	2.71	3.12	2.68	3.46	2.96	3.05
	Waste (t)	10,721	16,968	14,911	9,326	51,926	8,943	15,543	13,645	7,261	45,392
Tekwane	Ore (t)	23,885	9,359	-	-	33,244	6,963	3,465	37,697	4,103	52,228
	Grade (g/t)	2.10	2.25	-	-	2.14	0.48	0.48	0.48	0.44	0.48
	Waste (t)	36,909	20,701	-	-	57,610		-	33,695	8,916	42,611
Low Grade Stockpiles		87,405	72,687	68,481	89,371	317,944	166,886	177,207	187,275	120,469	651,837
		0.82	0.89	0.87	0.82	0.85	0.80	0.80	0.79	0.77	0.79

The Company has mined from two deposits at the Mupane Property during 2017. They are:

- Tau – In Q4 2017, the Company continued mining in the main reef of the ore body with 115,684 tonnes at 2.31 g/t being mined (Q4 2016 – 62,208 tonnes at 3.12 g/t). The increased tonnes for Q4 2017 was the result of being in steady state stoping operations for the entire quarter. For 2017, 365,425 tonnes of ore at 2.71 g/t were mined compared to 206,591 tonnes of ore at 3.05 g/t in 2016. The improvement in tonnes was due to being in steady state stoping operations for the entire year, while the grade was reflective of the mine plan prepared by the Company.
- Tekwane – In Q4 2017, the Company mined 23,885 tonnes at 2.10 g/t (Q4 2016 – 6,963 tonnes at 0.48 g/t). For 2017, 33,244 tonnes at 2.14 g/t were mined compared to 52,228 tonnes at 0.48 g/t in 2016. The increase in tonnes mined in Q4 2017 is the result of focus on completing seasonal operations at the Tekwane mine prior to the wet season commencing, while Q4 2016 was impacted by the early commencement of the wet season. The reduction in tonnage for the 2017 year was reflective of the remaining ore available to be mined at Tekwane.

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. In Q4 2017, it processed 87,405 tonnes at an average grade of 0.82 g/t (Q4 2016 – 166,886 tonnes at 0.80 g/t) and, for 2017, it processed 317,944 tonnes at 0.85 g/t (2016 – 651,837 at 0.79 g/t). The decrease in tonnes processed reflects the additional tonnes coming from Tau underground with the mine now in steady state stoping production.

Processing

The following table sets forth certain key processing statistics at the Mupane Property for 2016 and 2017:

	Q4 2017	Q3 2017	Q2 2017	Q1 2017	**2017 Total**	Q4 2016	Q3 2016	Q2 2016	Q1 2016	**2016 Total**
Ore milled (000 t)	228	202	151	159	**740**	248	237	250	172	**908**
Head grade (g/t)	1.69	2.04	1.81	1.36	**1.75**	1.27	1.18	1.33	1.40	**1.29**
Recovery (%)	71.3%	72.0%	76.3%	61.6%	**70.3%**	67.4%	69.5%	73.5%	74.9%	**71.3%**
Gold production (oz.)	8,812	9,535	6,709	4,298	**29,354**	6,857	6,243	7,855	5,828	**26,783**

Gold production in Q4 2017 was 8,812 ounces compared to 6,857 ounces in Q4 2016. The grade and recovery in Q4 2017 of 1.69 g/t and 71.3% was above the grade and recovery in Q4 2016. In Q4 2017, a higher proportion of the ore milled came from Tau and Tekwane which resulted in a higher recovery and higher feed grade compared to Q4 2016. Although ore milled for Q4 2017 of 228kt was below the 248kt in Q4 2016, this was offset by the increase in grade and recovery to produce significantly more ounces for the quarter.

Gold production for 2017 was 29,354 ounces compared to 26,783 ounces in 2016. The grade for 2017 of 1.75 g/t (2016 – 1.29 g/t) was reflective of the additional stope ore available from Tau, while the recovery of 70.3% (2016 – 71.3%) was adversely impacted by the significantly lower Q1 2017 recoveries due to mill motor issues effecting grind. The reduction in feed tonnes for 2017 of 740kt (2016 – 908kt) was a result of the higher grinding index associated with more feed from Tau. The additional Tau tonnes offset the lower tonnes processed by the increase in the feed grade to 1.75 g/t.

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 2017	Q3 2017	Q2 2017	Q1 2017	2017
Revenue (000)	$ 10,555	$ 11,801	$ 8,212	$ 6,728	$ 37,296
Gold sold (oz.)	8,569	9,251	6,545	5,531	29,896
Earnings (Loss) from mining operations (000)	$ 2,365	$ 1,813	$ 86	$ (2,533)	$ 1,731
Operating cash cost excluding royalties ($/oz.)(1)	$ 900	$ 723	$ 943	$ 1,448	$ 933

	Q4 2016	Q3 2016	Q2 2016	Q1 2016	2016
Revenue (000)	$ 7,576	$ 8,399	$ 9,339	$ 7,350	$ 32,664
Gold sold (oz.)	6,293	6,326	7,378	6,191	26,188
Earnings (Loss) from mining operations (000)	$ (1,721)	$ 8	$ 1,221	$ (814)	$ (1,305)
Operating cash cost excluding royalties ($/oz.)(1)	$ 918	$ 1,055	$ 849	$ 1,079	$ 965

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

In the three months ended December 31, 2017, the Company generated $10.6 million in revenue from the sale of 8,569 ounces of gold plus incidental silver at an average combined price of $1,232 per ounce and earnings from mining operations of $2.4 million. This compares to $7.6 million in revenue from the sale of 6,293 ounces of gold plus incidental silver at an average combined price of $1,204 per ounce and loss from mining operations of $1.7 million in Q4 2016.

The reason for the change in earnings from mining operations from Q4 2017 to Q4 2016 is a result of several factors:

- Gold sales for Q4 2017 were 2,276 ounces more than in Q4 2016. This combined with an increase in the average gold price achieved between the two quarters of $28 per ounce resulted in a revenue increase of $3.0 million compared to Q4 2016.
- Mining costs in Q4 2017 were $4.2 million compared to $3.6 million in Q4 2016. The increase in cost is due mainly to the mining costs for the additional tonnes mined from Tau.
- Processing costs in Q4 2017 were $4.1 million compared to $3.4 million in Q4 2016. The actual tonnes milled decreased from 248,446 tonnes in Q4 2016 to 228,001 tonnes in Q4 2017, but this was not reflected in the costs. The increase in costs reflected the additional hard rock from Tau processed in Q4 2017 increasing consumables, power consumption and increased maintenance costs.
- General and administration costs in Q4 2017 were $1.1 million compared to $1.0 million in Q4 2016.
- Depreciation and amortization was a credit of $1.1 million in Q4 2017 compared to an expense of $1.3 million in Q4 2016. The credit in Q4 2017 was due to a year to date adjustment to the LOM amortization of mineral property costs following the increase in mineral resource by 44,300 ounces at Tau, that should have reduced amortization in the earlier quarters of the year.

As a result of the above factors the operating cash cost per ounce excluding royalties in Q4 2017 was $900 compared to $918 per ounce in Q4 2016.

For the year ended December 31, 2017, the Company generated $37.3 million in revenue from the sale of 29,896 ounces of gold plus incidental silver at an average combined price of $1,247 per ounce and earnings from mining operations of $1.7 million. For the year ended December 31, 2016, the Company generated $32.7 million in revenue from the sale of 26,188 ounces of gold plus incidental silver at an average combined price of $1,247 per ounce and a loss from mining operations of $1.3 million.

The reason for the change in earnings from mining operations from 2017 to 2016 is a result of several factors:

- Gold sales for 2017 were 3,708 ounces more than in 2016, while the average gold price achieved between the two years remained consistent at $1,247 per ounce. As a result, revenue was $4.6 million more in 2017. The reasons for the increase in ounces sold are discussed under "Mining" and "Processing" above.
- Mining costs for 2016 were $12.1 million compared to $11.1 million for 2016, with the main variance being explained by the increase in volume mined from Tau.
- Processing costs increased to $15.4 million for 2017 from $14.8 million for 2016. The actual tonnes milled decreased from 907,790 tonnes in 2016 to 740,417 tonnes in 2017. The increase in costs reflected the additional hard rock from Tau processed in 2017, increasing consumables, power consumption and increased maintenance costs.
- General and administration costs for 2017 were $3.9 million compared to $4.0 million for 2016.
- Depreciation and amortization of $4.2 million were recognized for 2017 compared to $4.0 million for 2016.

As a result of the above factors, the operating cash cost per ounce (excluding royalties) for 2017 was $933 compared to $965 per ounce in 2016.

Results

The Company's earnings (loss) comprised of:

	Q4 2017	2017	Q4 2016	2016
Earnings (Loss) from mining operations	$ 2,365,217	$ 1,730,894	$(1,720,548)	$ (1,305,119)
Exploration costs	(78,623)	(220,869)	(4,238)	(26,527)
Corporate general and administrative costs	(286,669)	(1,608,450)	(409,516)	(1,823,857)
Stock-based compensation	(65,013)	(271,298)	(65,045)	(274,745)
Foreign exchange (loss) gain	(1,316,035)	(1,710,944)	(325,436)	(1,710,398)
Interest on long term debt	108,669	(799,857)	(227,709)	(625,011)
Galaxy on-going costs	882,079	916,327	3,496	(678,395)
Other (expenses) income	6,694	14,372	9,420	14,537
Other financing income (costs)	347,236	(393,144)	(57,565)	(233,300)
	$ 1,963,555	$(2,342,969)	$(2,797,142)	$ (6,662,815)

Galaxy on-going costs for Q4 2017 represents the net cost incurred to idle Galaxy's plant while progress on the project has been slowed, less $1.3 million in creditors and shareholder loans that have prescribed under South African law, allowing for long outstanding debts to be written off if they meet certain criteria. For 2017 there was a total of $2.2 million in creditors and shareholder loans that have prescribed.

In Q3 2016, the Company commenced capitalizing costs at Galaxy as it started the process of rehabilitating the Galaxy Property to recommence production, reflecting the significantly lower expenditure in Q4 2016.

Corporate general and administration costs are comprised of the following:

	Q4 2017	2017	Q4 2016	2016
Professional fees	$ (48,111)	$ 423,429	$ 98,326	$ 736,877
Management fees to officers	229,537	746,052	171,121	580,134
Investor relations	13,292	31,438	18,495	88,926
Corporate general and administration	91,951	407,531	121,574	417,920
	$ 286,669	$ 1,608,450	$ 409,516	$ 1,823,857

SUMMARY OF FINANCIAL POSITION

Selected Consolidated Statement of Financial Position Data:

	December 31, 2017 $	September 30, 2017 $	June 30, 2017 $	March 31, 2017 $
Total current assets	8,906,012	8,310,348	7,408,107	7,473,036
Total current liabilities	19,784,067	19,968,563	22,294,894	20,600,653
Working capital	(10,878,055)	(11,658,215)	(14,886,787)	(13,127,617)
Mining assets	37,645,844	35,946,031	37,849,520	38,830,793
Non-current liabilities	12,676,388	12,338,333	12,373,848	13,882,341
Total shareholders' equity	14,091,401	11,949,483	10,588,885	11,820,835

	December 31, 2016 $	September 30, 2016 $	June 30, 2016 $	March 31, 2016 $
Total current assets	9,119,240	11,272,386	11,763,455	10,755,471
Total current liabilities	17,661,577	14,835,386	11,369,119	11,560,394
Working capital	(8,542,337)	(3,563,000)	394,336	(804,923)
Mining assets	39,508,176	36,869,795	35,540,116	36,116,425
Non-current liabilities	14,944,366	14,340,632	15,481,289	15,576,737
Total shareholders' equity	16,021,973	18,966,163	20,453,163	19,734,765

In Q4 2017 there was a working capital deficiency of $10.9 million, a decrease of $0.8 million from Q3 2017. The decrease in working capital deficiency was mainly due to the following movements in total current liabilities and cash balance:

- A cash balance increase of $0.8 million.
- A decrease in ore stockpiles of $0.8 million as the Company processed the low grade stockpiles, offset by an increase in stores inventory of $0.4 million.
- An increase in prepayments of $0.3 million primarily related to insurance at Mupane.
- An increase in trade payables of $1.2 primarily due to the appreciation of the Botswana Pula in Q4 2017.
- A decrease of $1.3 million in interest bearing loans and borrowings in Q4 2017. The decrease was due to the final repayment under the secured Samsung secured facility of $0.3 million, $0.8 million to repay the outstanding short term note, the prescription of $0.9 million of Galaxy shareholder loans, offset by an increase of $0.8 million for Government of Botswana royalties.

In Q4 2017, non-current liabilities increased by $0.3 million, with a $0.5 million increase in rehabilitation provisions.

Total shareholders' equity in Q4 2017 increased by $2.1 million primarily as a result of the net earnings for the quarter of $2.0 million.

For 2017, the Company's working capital deficiency increased $2.3 million from 2016. The increase in working capital was mainly due to the following movements:

- An increase in the cash balance of $1.7 million as a result of: cash flow from operating activities of $6.9 million, capital costs of $2.3 million and short term note proceeds of $0.5 million, all of which were partially offset by repayment of financing facilities of $3.4 million.
- A decrease in ore stockpiles of $1.6 million as the Company processed the low grade stockpiles at the Mupane Property, a decrease in gold in circuit of $0.5 million with a more positive December 2017 plant performance and a decrease of $0.1 million in stores inventory as stores at the Galaxy Property were depleted during the year.
- An increase in trade receivables of $0.1 million.
- A decrease in trade payables and accrued liabilities of $0.5 million comprised of a decrease of $1.1 million for the prescription of Galaxy creditors in accordance with South African law, partially offset by the increase in value of the Botswana Pula.
- An increase of $2.6 million in interest bearing loans and borrowings resulting from the final repayment under the secured Samsung facility of $2.0 million and the prescription of $0.9 million of Galaxy shareholder loans, offset by an increase of $5.5 million for Government of Botswana royalties, $2.9 million of which were re-allocated from non-current liabilities.

In 2017, non-current liabilities decreased by $2.3 million with $2.9 million for Government of Botswana royalties re-allocated to current liabilities, a decrease in lease liabilities of $0.4 million now classified as current under the terms of the lease agreements and a decrease in warrants of $0.1 million with 4,076,578 warrants expiring during the year, offset by a $0.9 million increase of the rehabilitation provisions and an increase in non-current debentures of $0.2 million.

Total shareholders' equity in 2017 decreased by $1.9 million as a result of the net loss for the year of $2.3 million, partially offset by share capital issuances.

LIQUIDITY AND CAPITAL RESOURCES

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. As described above under "Summary of Financial Position", at December 31, 2017, the Company had a working capital deficiency of $10.9 million and generated $6.9 million in cash flow from operations for the year ended December 31, 2017.

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.

On March 5, 2018, the Company announced that it had entered into the Barak Facility. The funds are to be used towards the refurbishment and expansion of the processing facilities and restarting underground mining operations at the Galaxy Property. Drawdowns on the facility remain subject to certain conditions precedent, which the Company expects to complete by July 2018. See "Outlook" above.

Liquidity risk

As at December 31, 2017, the Company had a working capital deficiency of $10.9 million compared to a deficiency of $8.5 million at December 31, 2016. Included in working capital as at December 31, 2017 is $8.4 million due to the government of Botswana relating to outstanding royalty payments. Subsequent to year end, $8.2 million of this balance has been deferred until after 2018.

Commencing from January 1, 2018, the Company will be required to pay, on a timely basis, the 5% royalty to the government of Botswana on all future gold sales in accordance with the terms of the royalty. The royalty expense for the year ended December 31, 2017 was $1.9 million. As a result, for the year ending December 31, 2018 the Company has a debt repayment obligation, after adjusting for the deferred royalties referred to above, of $1.0 million, which the Company expects to be able to fund from cash flows from operations. During the year ended December 31, 2017, a net of $2.9 million in interest bearing debt was repaid.

The strength in gold prices and improved operating performance at the Mupane mine have had a positive impact on the Company's operating results, resulting in earnings from mining operations of $1.7 million in 2017 compared to a loss of $1.3 million in 2016. In addition, cash flow generated from operations in 2017 was $6.9 million compared to $4.7 million in 2016. The Company has no material commitments for capital expenditures at the Mupane mine as of December 31, 2017.

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.

SELECTED ANNUAL INFORMATION

	December 31, 2017	December 31, 2016	December 31, 2015
Mining Revenue:	$ 37,295,656	$ 32,664,379	$ 26,229,491
Mining Costs:			
- Cash	(31,403,643)	(29,888,534)	(27,697,446)
- Non-Cash – Depreciation, Asset Retirement Obligation and Impairment	(4,161,119)	(4,080,964)	(6,750,676)
Earnings (loss) from mining operations	1,730,894	(1,305,119)	(8,218,651)
Corporate General and administration:			
- Cash	(1,608,450)	(1,823,857)	(1,892,352)
- Share-based compensation	(271,298)	(274,745)	(370,890)
	(1,879,748)	(2,098,602)	(2,263,242)
Earnings (Loss) from operations	$ (148,854)	$ (3,403,721)	$ (10,481,893)
Other (expenses) income	(2,194,115)	(3,259,094)	1,968,394
Net (loss) earnings	$ (2,342,969)	$ (6,662,815)	$ (8,513,499)
Attributable to:			
Non-controlling interest	-	(746,075)	179,469
Equity holders of Galane	$ (2,342,969)	$ (5,916,740)	$ (8,692,968)
Per share			
- Basic	$ (0.02)	$ (0.05)	$ (0.16)
- Fully diluted	$ (0.02)	$ (0.05)	$ (0.16)
Total assets	$ 46,551,856	$ 48,627,916	$ 48,280,837
Non-current liabilities	12,676,388	14,944,366	11,965,643

The information in the above table is derived from the annual financial statements of the Company, which have been prepared in accordance with IFRS. All amounts are expressed in U.S. dollars.

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, 2017 $	September 30, 2017 $	June 30, 2017 $	March 31, 2017 $
Revenue	10,555,110	11,800,622	8,212,225	6,727,699
Total mining costs	(8,189,893)	(9,987,271)	(8,126,615)	(9,260,983)
Non-mining expenses	(401,662)	(527,090)	(1,415,045)	(1,730,067)
(Loss) earnings	1,963,555	1,286,261	(1,329,435)	(4,263,351)
(Loss) earnings per share				
- Basic	0.01	0.01	(0.01)	(0.03)
- Fully diluted	0.01	0.01	(0.01)	(0.03)
Total assets at end of quarter	46,551,856	44,256,379	45,257,627	46,303,829
Total liabilities at end of quarter	32,460,455	32,306,896	34,668,742	34,482,994
Total equity at end of quarter	14,091,401	11,949,483	10,588,885	11,820,835

	Three months ended			
	December 31, 2016 $	September 30, 2016 $	June 30, 2016 $	March 31, 2016 $
Revenue	7,576,243	8,398,808	9,339,617	7,349,711
Total mining costs	(9,296,791)	(8,390,587)	(8,117,516)	(8,164,604)
Non-mining expenses	(1,076,594)	(1,593,573)	(1,122,928)	(1,564,601)
Earnings (loss)	(2,797,142)	(1,585,352)	99,173	(2,379,494)
Earnings (loss) per share				
- Basic	(0.02)	(0.01)	0.00	(0.03)
- Fully diluted	(0.02)	(0.01)	0.00	(0.03)
Total assets at end of quarter	48,627,916	48,142,181	47,303,571	46,871,896
Total liabilities at end of quarter	32,605,943	29,176,018	26,850,408	27,137,131
Total equity at end of quarter	16,021,973	18,966,163	20,453,163	19,734,765

Note:

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

GALAXY ACQUISITION

On November 16, 2016, the Company completed the compulsory acquisition of the ordinary shares of Galaxy Gold Mining Limited (each such share being a "Galaxy Share") that it did not already own by the payment of approximately Cdn.$235,000 cash to holders of Galaxy Shares who elected to receive cash consideration and the issuance of 2,340,094 common shares and common share purchase warrants exercisable to acquire an aggregate of up to 520,016 common shares until November 16, 2018 at Cdn.$0.175 per common share to holders of Galaxy Shares who elected to subscribe for securities of the Company in lieu of cash consideration. As a result, the Company became the beneficial owner of 100% of the Galaxy Shares.

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 December 31, 2017, the amount reflected in the Company's restoration and rehabilitation provision is $6.5 million (on an undiscounted basis, the total payments are estimated at $9.4 million) which was calculated by an independent contractor and approved by management.

The carrying 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, 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 Company currently has no trade receivables for the purchase of the gold it produces, 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, 2017, the Company had current assets of $8,906,012 (December 31, 2016 - $9,119,240) to settle current liabilities of $19,784,067 (December 31, 2016 - $17,661,577). Included in working capital as at December 31, 2017 is $8.4 million due to the government of Botswana relating to outstanding royalty payments. Subsequent to year end, $8.2 million of this balance has been deferred until after 2019.All of the Company's financial liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. 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.

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.

ISSUED AND OUTSTANDING SHARE CAPITAL

The Company's authorized capital consists of an unlimited number of Common Shares, of which 146,804,760 Common Shares are issued and outstanding as of the date of this MD&A.

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 9,700,000 Common Shares are outstanding and options to purchase 4,980,476 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, the participating officers, directors and employees of the Company are entitled to be issued, subject to the terms of the SPP, no additional deferred matching shares.

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 4,970,046 Common Shares pursuant to outstanding deferred share units awarded under the DSU Plan and 965,782 Common Shares have been issued under the DSU Plan.

The Company is obligated to issue up to 7,375,000 additional Common Shares to the shareholders of Northern Lights Exploration Pty. ("NLE"), on a pro rata basis, if by July 27, 2018 certain exploration milestones are met within the NLE properties in the Tati Greenstone Belt in Botswana (the "NLE Properties").

In connection with the Galaxy Acquisition, the Company issued warrants exercisable to acquire up to 4,596,614 Common Shares. On November 20, 2017, 4,076,598 warrants expired unexercised leaving 520,016 warrants outstanding.

On May 9, 2016, the Company closed a rights offering (the "Rights Offering") with eligible shareholders of Common Shares of record at close of business on April 8, 2016. A total of 71,314,442 Common Shares were issued pursuant to the Rights Offering at an issuance price of Cdn.$0.01 per share for aggregate gross proceeds of approximately Cdn.$713,000.

DEBENTURES

As part of the Galaxy acquisition 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 and its subsidiary Galaxy Gold Reefs (Pty) Ltd. The Galaxy Debentures mature on November 20, 2019 and bear 4% interest per annum, accrued and paid at maturity. The principal is convertible at the option of the holder into Common Shares at a price of Cdn.$0.58[(1)] per share, based on a pre-determined exchange rate of $1.00: Cdn.$1.30. The interest is convertible into Common Shares, based on a pre-determined exchange rate of $1.00: Cdn.$1.30, at a price per share 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.

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"). The Traxys Debenture matures on November 20, 2019 and bears interest at 4% per annum, accrued and paid at maturity. The principal is convertible at the option of the holder into Common Shares at a price of Cdn.$0.58[(2)] per share, based on a pre-determined exchange rate of $1.00:Cdn.$1.35. The interest is convertible into Common Shares, based on a pre-determined exchange rate of $1.00:Cdn.$1.35, at a price equivalent to the greater of Cdn.$0.58[(2)] 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.

[(1)] The initial conversion price of the Galaxy Debentures was Cdn.$1.00 per share. As a result of the completion of the Rights Offering, the conversion price was adjusted downward to Cdn.$0.58 per share.
[(2)] The initial conversion price of the Traxys Debenture was Cdn.$1.00 per share. As a result of the completion of the Rights Offering, the conversion price was adjusted downward to Cdn.$0.58 per share.

TRANSACTIONS WITH RELATED PARTIES

During the year ended December 31, 2017 and 2016, the following related party transactions occurred:

- Charles Byron, the chief geologist and a former director of the Company:
  - In 2016 the Company paid rent of $8,586 for office premises to Great African Services (Pty) Ltd., a company owned by a consortium of individuals that includes Charles Byron.

CHANGES IN ACCOUNTING STANDARDS

The following accounting standards are to be adopted in the future:

(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 has evaluated the impact of this standard on its financial statements and it does not expect any significant measurement or presentation differences to arise.

(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 has evaluated the impact of this standard on its financial statements and it does not expect any measurement or presentation differences to arise.

(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 annual period beginning on January 1, 2018. The Company expects adoption of the standard to have a minimal impact on its financial statements.

COMMITMENTS

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

(a) Royalty expenses

Production from the Mupane operation is subject to Government royalties (included in mining costs) of 5% of revenues based on market prices at the date of shipment. For the year to December 31, 2017, the Company expensed $1,915,633 in royalties (2016 - $1,665,519).

(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 2018 $394,411
- To be incurred 2019-2022 $1,303,816

(c) Claims

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 operating lease arrangements referred to above, 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 2017	Q3 2017	Q2 2017	Q1 2017	2017
Mining costs excluding impairment, depreciation and amortization	$ 9,304,692	$ 7,567,512	$ 6,587,970	$ 7,943,469	$ 31,403,643
Adjust for:					
Inventory movement	(800,041)	(73,830)	149,661	(1,380,523)	(2,104,733)
Total operating cash cost	$ 8,504,651	$ 7,493,682	$ 6,737,631	$ 6,562,946	$ 29,298,910
Royalties	(569,779)	(595,351)	(410,272)	(340,231)	(1,915,633)
Total operating cash cost excluding royalties	$ 7,934,872	$ 6,898,331	$ 6,327,359	$ 6,222,715	$ 27,383,277
Gold production (ounces)	8,812	9,535	6,709	4,298	29,354
Total operating cash cost excluding royalties per oz.	$ 900	$ 723	$ 943	$ 1,448	$ 933

	Q4 2016	Q3 2016	Q2 2016	Q1 2016	2016
Mining costs excluding impairment, depreciation and amortization	$ 7,986,517	$ 7,575,603	$ 7,079,647	$ 7,246,768	$ 29,888,534
Adjust for:					
Inventory movement	(1,303,179)	(564,405)	63,054	(579,179)	(2,383,709)
Total operating cash cost	$ 6,683,338	$ 7,011,198	$ 7,142,701	$ 6,667,589	$ 27,504,825
Royalties	(386,052)	(424,710)	(475,348)	(379,509)	(1,665,619)
Total operating cash cost excluding royalties	$ 6,297,286	$ 6.586.488	$ 6,667,353	$ 6,288,080	$ 25,839,206
Gold production (ounces)	6,858	6,243	7,854	5,828	26,783
Total operating cash cost excluding royalties per oz.	$ 918	$ 1,055	$ 849	$ 1,079	$ 965

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, 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, can be found on the Company's SEDAR profile at www.sedar.com.