Dated: November 27, 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 November 27, 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 unaudited condensed interim consolidated financial statements and notes thereto for the three and nine months ended September 30, 2018 (the "interim financial report"), as well as 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 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"). The interim financial report has been prepared by management in accordance with IFRS applicable to interim financial reporting, including IAS 34, Interim Financial Reporting. 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 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, the interim financial reports 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 410,000 tonnes at an average grade of 2.85 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 releases of October 24, 2016, October 5, 2017, and May 1, 2018.
- Low Grade Stockpiles – It is estimated that the Company will process approximately 410,000 tonnes of low-grade stockpile at an average grade of 0.90 g/t, which is located at the run-of-mine pad at the processing plant, at Golden Eagle mine and Shashe mining lease.

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). With the completion of the Private Placement (as defined below), the Company satisfied the last condition precedent to the effectiveness of the loan agreement (see "Subsequent Events").

Assuming the first drawdown under the Barak Facility in December 2018, the Company anticipates the first production at the Galaxy Property in April 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 projected cash cost per ounce of less than $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".

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

DISCUSSION OF OPERATIONS

For the three and nine months ended September 30, 2018

The following is an analysis of the Company's operating results for the three months ended September 30, 2018 ("Q3 2018") and the nine months ended September 30, 2018 ("YTD 2018").

Operating activity:

Commentary regarding the Company's operating activity during Q3 2018 and YTD 2018 follows:

Mining

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

		2018			YTD 2018	2017				YTD 2017
		Q3	Q2	Q1		Q4	Q3	Q2	Q1	
Mupane (Tau)	Ore (t)	114,773	97,913	88,995	301,681	115,684	108,615	79,753	61,373	365,425
	Grade (g/t)	2.66	3.46	3.19	3.08	2.31	3.04	2.74	2.83	2.71
	Waste (t)	17,165	18,720	14,757	50,642	10,721	16,968	14,911	9,326	51,926
Tekwane	Ore (t)	-	3,935	9,707	13,642	23,885	9,359	-	-	33,244
	Grade (g/t)	-	1.50	1.89	1.77	2.10	2.25	-	-	2.14
	Waste (t)	-	9,671	36,513	46,184	36,909	20,701	-	-	57,610
Low Grade Stockpiles	Ore (t)	112,554	118,721	75,691	306,966	87,405	72,687	68,481	89,371	317,944
	Grade (g/t)	0.94	1.04	0.90	0.92	0.82	0.89	0.87	0.82	0.85

The Company mined from the following two deposits at the Mupane Property during 2018:

- Tau – In Q3 2018, the Company continued mining in the main reef of the ore body with 114,773 tonnes at 2.66 g/t being mined (Q3 2017 – 108,615 tonnes at 3.04 g/t). The tonnes for Q3 2018 are relatively consistent with the corresponding quarter in 2017, the result of being in steady state stoping operations since Q3 2017. For YTD 2018, 301,681 tonnes of ore at 3.08 g/t were mined compared to 249,741 tonnes of ore at 2.89 g/t for YTD 2017. The improvement in tonnes was due to being in steady state stoping operations for the entire period, while the grade was reflective of the mine plan prepared by the Company.
- Tekwane – In Q3 2018 there was no mining from Tekwane following completion of mining in Q2 2018 (Q3 2017 – 9,359 tonnes at 2.25 g/t). For YTD 2018, 13,642 tonnes at 1.77 g/t (YTD 2017 – 9,359 tonnes at 2.25 g/t). The tonnes mined for Q3 2018 and YTD 2018 was consistent with the Company's mine plan and reflective of the impact of the wet season on mining at Tekwane over both 2017 and 2018.

In addition, the Company is currently processing ore from its previously mined low-grade stockpiles and tailings, which are located next to the processing plant at the Mupane Property, Golden Eagle mine and Shashe mining lease. In Q3 2018, it processed 112,554 tonnes at an average grade of 0.94 g/t (Q3 2017 – 72,687 tonnes at 0.89 g/t) and, for YTD 2018, it processed 306,966 tonnes at 0.92 g/t (YTD 2017 – 230,539 at 0.86 g/t). The increase in tonnes processed reflects the increased throughput capacity with the inclusion of the Shashe tailings with a low grind index and increased grade.

Processing

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

	Q3 2018	Q2 2018	Q1 2018	**YTD 2018**	Q4 2017	Q3 2017	Q2 2017	Q1 2017	**YTD 2017**
Ore milled (000 t)	221	214	179	**615**	228	202	151	159	**740**
Head grade (g/t)	1.87	2.19	2.09	**2.04**	1.69	2.04	1.81	1.36	**1.75**
Recovery (%)	64.2%	66.8%	63.5%	**65.1%**	71.3%	72.0%	76.3%	61.6%	**70.3%**
Gold production (oz.)	8,545	10,088	7,649	**26,282**	8,812	9,535	6,709	4,298	**29,354**

Gold production in Q3 2018 was 8,545 ounces compared to 9,535 ounces in Q3 2017. The average grade of 1.87 g/t was below the average grade of 2.04 g/t for Q3 2017, with ore feed from lower grade sections of Tau underground, no feed from Tekwane during Q3 2018, offset by an increase in the feed grade from the low-grade stockpiles with the inclusion of the Shashe tailings. The recovery of 64.2% for Q3 2018 was below the Q3 2017 recovery of 72.0%, impacted by the variable mineralogy within the ore feed realizing lower overall recoveries for the quarter. Trials have commenced in Q4 2018 to investigate if there is an opportunity to increase overall recovery while feeding material with variable mineralogy. Ore milled for Q3 2018 of 221kt was an improvement on Q3 2017 of 202kt or ore milled, with greater stope ore availability and increased mill efficiency with the inclusion of Shashe tailings with a low grind index.

Gold production for YTD 2018 was 26,282 ounces compared to 20,542 ounces for YTD 2017. The grade for YTD 2018 of 2.04 g/t (YTD 2017 – 1.76 g/t) was reflective of the additional stope ore available from Tau, while the recovery of 65.1% (YTD 2017 – 70.0%) was adversely impacted by the variable mineralogy within the ore body, and the ball mill being offline for the entirety of Q1 2018, affecting the grind size, and overall recoveries for the year to date. The increase in feed tonnes for YTD 2018 of 615kt (YTD 2017 – 512kt) with greater stope ore availability and increased mill efficiency with the throughput issues from the prior year fully resolved.

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 2018	Q2 2018	Q1 2018	YTD 2018
Revenue (000)	$ 10,555	$ 13,170	$ 9,908	$ 33,633
Gold sold (oz.)	8,837	10,259	7,562	26,658
Earnings (Loss) from mining operations (000)	$ (805)	$ 2,191	$ 274	$ 1,660
Operating cash cost excluding royalties ($/oz.)(1)	$ 1,011	$ 905	$ 976	$ 960

	Q3 2017	Q2 2017	Q1 2017	YTD 2017
Revenue (000)	$ 11,801	$ 8,212	$ 6,728	$ 26,741
Gold sold (oz.)	9,251	6,545	5,531	21,327
Earnings (Loss) from mining operations (000)	$ 1,813	$ 86	$ (2,533)	$ (634)
Operating cash cost excluding royalties ($/oz.)(1)	$ 723	$ 943	$ 1,448	$ 947

Note:
(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 September 30, 2018, the Company generated $10.6 million in revenue from the sale of 8,837 ounces of gold plus incidental silver at an average combined price of $1,194 per ounce and a loss from mining operations of $0.8 million. This compares to $11.8 million in revenue from the sale of 9,251 ounces of gold plus incidental silver at an average combined price of $1,276 per ounce and earnings from mining operations of $1.8 million in Q3 2017.

The reason for the change in earnings from mining operations from Q3 2018 to Q3 2017 is a result of several factors:

- Gold sales for Q3 2018 were 414 ounces less than in Q3 2017, compounded by a decrease in the average combined price for gold and incidental silver achieved between the two quarters of $82 per ounce. As a result, revenue was lower by $1.2 million for Q3 2018. The reasons for the decrease in ounces sold are discussed under "Mining" and "Processing" above.
- Mining costs in Q3 2018 were $3.7 million compared to $3.1 million in Q3 2017. The increase in cost is due to the additional tonnes mined at Tau, an increase in operational reef development at Tau, with an additional 201 metres for the quarter and an increase in rehandle tonnes for low grade stockpiles.
- Processing costs were $5.3 million for Q3 2018, compared to $3.5 million for Q3 2017. The actual tonnes milled increased from 202,060 tonnes in Q3 2017 to 221,156 tonnes in Q3 2018, representing a $0.4 million increase in the costs for the current quarter. The remaining increase in costs were due to the increased cost and consumption of cyanide $0.5 million, grinding media $0.3 million, and mill liners $0.3 million, and increase in power consumption $0.2 million.
- General and administration costs in Q3 2018 were $0.9 million, consistent with the costs for Q3 2017.
- Depreciation and amortization of $1.4 million was recognized in Q3 2018 compared to $2.4 million for Q3 2017.

As a result of the above factors the operating cash cost per ounce excluding royalties in Q3 2018 was $1,011 compared to $723 per ounce in Q3 2017. Cash cost per ounce is a non-GAAP measure. See "Supplemental Information to Management's Discussion and Analysis".

YTD 2018, the Company generated $33.6 million in revenue from the sale of 26,658 ounces of gold plus incidental silver at an average combined price of $1,261 per ounce and earnings from mining operations of $1.7 million. YTD 2017, the Company generated $26.7 million in revenue from the sale of 21,327 ounces of gold plus incidental silver at an average combined price of $1,254 per ounce and a loss from mining operations of $0.6 million.

The reason for the change in earnings from mining operations from YTD 2018 to YTD 2017 is a result of several factors:

- Gold sales for YTD 2018 were 5,331 ounces more than YTD 2017, compounded by an increase in the average combined price for gold and incidental silver achieved between the two periods of $7 per ounce. As a result, revenue was an additional $6.9 million for YTD 2018. The reasons for the increase in ounces sold are discussed under "Mining" and "Processing" above.
- Mining costs for YTD 2018 were $10.4 million compared to $8.0 million for YTD 2017. The increase in cost is due to the additional tonnes mined at Tau underground, an increase in rehandle tonnes from low grade stockpiles and additional mining at Tekwane for YTD 2018.
- Processing costs increased to $14.3 million for YTD 2018 from $11.3 million for YTD 2017. The actual tonnes milled increased from 512,416 tonnes for YTD 2017 to 614,619 tonnes for YTD 2018, representing $2.5 million of increased costs for YTD 2018.
- General and administration costs for YTD 2018 were $2.9 million, consistent with YTD 2017 spend of $2.8 million.
- Depreciation and amortization of $4.3 million was recognized for YTD 2018, compared with YTD 2017 of $5.3 million.

As a result of the above factors, the operating cash cost per ounce (excluding royalties) for YTD 2018 was $960 per ounce compared to $947 per ounce YTD 2017. Cash cost per ounce is a non-GAAP measure. See "Supplemental Information to Management's Discussion and Analysis".

Results

The Company's earnings (loss) comprised of:

	Q3 2018	YTD 2018	Q3 2017	YTD 2017
Earnings (Loss) from mining operations	$ (805,023)	$ 1,659,653	$ 1,813,351	$ (634,323)
Exploration costs	(66,928)	(184,913)	(57,021)	(142,246)
Corporate general and administrative costs	(733,743)	(1,906,618)	(498,060)	(1,321,781)
Stock-based compensation	(43,192)	(167,111)	(74,338)	(206,285)
Foreign exchange gain (loss)	457,524	1,091,177	71,984	(394,910)
Interest on long term debt	(60,001)	(178,551)	(450,636)	(908,526)
Galaxy on-going costs	94,412	(354,013)	653,384	34,248
Other (expenses) income	(12,415)	(17,029)	2,132	7,678
Other financing costs	(89,399)	(275,052)	(174,535)	(740,380)
	$ (1,258,765)	$ (332,457)	$ 1,286,261	$ (4,306,525)

Galaxy ongoing costs for YTD 2018 represents the net cost incurred to idle Galaxy's plant while progress on the project has been slowed, net of $0.4 million in creditor 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 YTD 2017 there was no prescription of creditor or shareholder loans.

Corporate general and administration costs are comprised of the following:

	Q3 2018	YTD 2018	Q3 2017	YTD 2017
Professional fees	$ 230,560	$ 502,759	$ 231,968	$ 471,540
Management fees to officers	294,320	906,849	171,494	516,515
Investor relations	59,166	85,431	8,570	18,146
Corporate general and administration	149,697	411,579	86,028	315,580
	$ 733,743	$ 1,906,618	$ 498,060	$ 1,321,781

SUMMARY OF FINANCIAL POSITION

Selected Consolidated Statement of Financial Position Data:

	September 30, 2018 $	June 30, 2018 $	March 31, 2018 $	December 31, 2017 $
Total current assets	8,635,671	10,032,561	8,530,210	8,906,012
Total current liabilities	10,347,024	11,052,174	11,885,613	19,784,067
Working capital	(1,711,353)	(1,019,613)	(3,355,403)	(10,878,055)
Mining assets	35,608,850	36,366,842	36,839,800	37,645,844
Non-current liabilities	19,971,442	20,205,601	20,800,825	12,676,388
Total shareholders' equity	13,926,055	15,141,628	12,683,572	14,091,401

	September 30, 2017 $	June 30, 2017 $	March 31, 2017 $	December 31, 2016 $
Total current assets	8,310,348	7,408,107	7,473,036	9,119,240
Total current liabilities	19,968,563	22,294,894	20,600,653	17,661,577
Working capital	(11,658,215)	(14,886,787)	(13,127,617)	(8,542,337)
Mining assets	35,946,031	37,849,520	38,830,793	39,508,176
Non-current liabilities	12,338,333	12,373,848	13,882,341	14,944,366
Total shareholders' equity	11,949,483	10,588,885	11,820,835	16,021,973

In Q3 2018 there was a working capital deficiency of $1.7 million, an increase of $0.7 million from Q2 2018. The increase in working capital deficiency was mainly due to the following movements in total current liabilities and cash balance:

- A cash balance decrease of $0.6 million.
- A decrease in inventories of $0.6 million with gold in process decreasing $0.3 million, stores inventory decreasing $0.2 million and ore stockpiles decreasing $0.1 million.
- A decrease in accounts receivable of $0.1 million.
- A decrease in trade payables and accrued liabilities of $0.8 million comprised of a decrease of $0.4 million for the prescription of Galaxy creditors in accordance with South African law, and payment of some historic creditor balances, a decrease in Mupane creditors of $0.6 million, offset by an increase in Corporate creditors of $0.2 million including costs associated with financing and M&A activity.
- An increase of $0.1 million in interest bearing loans and borrowings in Q3 2018. The increase was due to a $0.2 million increase in deferred Government of Botswana royalties moving from non-current liabilities, offset by a decrease of $0.1 million for capital lease obligations repaid during the quarter.

In Q3 2018, non-current liabilities decreased by $0.2 million, with a $0.2 million decrease in deferred royalties transferred to current liabilities.

Total shareholders' equity in Q3 2018 decreased by $1.2 million primarily as a result of the net loss for the quarter of $1.3 million.

For YTD 2018, the Company's working capital deficiency decreased $9.2 million from the year ended December 31, 2017. The increase in working capital was mainly due to the following movements:

- An increase in the cash balance of $0.5 million.
- A decrease in inventories of $0.8 million, with a decrease in ore stockpiles of $0.4 million as the Company processed the low grade stockpiles at the Mupane Property, a decrease of $0.3 million in gold in process and a decrease of $0.1 million in stores inventory.
- A decrease in trade payables and accrued liabilities of $1.7 million comprised of a decrease of $0.9 million for the prescription of Galaxy creditors in accordance with South African law, payment of some historic creditor balances and the impact from the depreciation of the South African Rand for YTD 2018, and a decrease of $0.8 million in Mupane creditors.
- A decrease of $7.7 million in interest bearing loans and borrowings resulting from a decrease of $7.4 million for Government of Botswana royalties transferred to non-current, and a decrease of $0.3 million for capital lease obligations.

For YTD 2018, non-current liabilities increased by $7.4 million with the $7.3 million for Government of Botswana royalties re-allocated to non-current liabilities, an increase of $0.2 million in the debentures due to capitalised interest, and a decrease of $0.1 million in the rehabilitation provision.

Total shareholders' equity for YTD 2018 decreased by $0.2 million primarily due to the loss for the year to date of $0.3 million.

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 September 30, 2018, the Company had a working capital deficiency of $1.7 million and generated $3.5 million in cash flow from operations for the nine months ended September 30, 2018.

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. The conditions precedent under the Barak Facility have now been completed and the Company expects the first drawdown of funds in December 2018. See "Outlook" above.

Liquidity risk

As at September 30, 2018, the Company had a working capital deficiency of $1.7 million compared to a deficiency of $10.9 million at December 31, 2017. Included in working capital as at December 31, 2017 was $8.4 million due to the government of Botswana relating to outstanding royalty payments, the majority of which has been transferred to long term liabilities based on an agreement with the government of Botswana.

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 for the nine month period ended September 30, 2018, compared to a loss of $0.6 million for the same period in 2017. Cash flow generated from operations for the nine months ended September 30, 2018 was $3.5 million and the Company expects to be able to meet its obligations as they fall due for at least the next 12 months from cash generated from operations.

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.

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, 2018 $	June 30, 2018 $	March 31, 2018 $	December 31, 2017 $
Revenue	10,555,280	13,169,757	9,907,949	10,555,110
Total mining costs	(11,360,303)	(10,978,749)	(9,634,281)	(8,189,893)
Non-mining expenses	(453,742)	208,143	(1,746,510)	(401,662)
(Loss) earnings	(1,258,765)	2,399,151	(1,472,842)	1,963,555
(Loss) earnings per share				
- Basic	(0.01)	0.02	(0.01)	0.01
- Fully diluted	(0.01)	0.02	(0.01)	0.01
Total assets at end of quarter	44,244,521	46,399,403	45,370,010	46,551,856
Total liabilities at end of quarter	30,318,466	31,257,775	32,686,438	32,460,455
Total equity at end of quarter	13,926,055	15,141,628	12,683,572	14,091,401

	Three months ended			
	September 30, 2017 $	June 30, 2017 $	March 31, 2017 $	December 31, 2016 $
Revenue	11,800,622	8,212,225	6,727,699	7,576,243
Total mining costs	(9,987,271)	(8,126,615)	(9,260,983)	(9,296,791)
Non-mining expenses	(527,090)	(1,415,045)	(1,730,067)	(1,076,594)
Earnings (loss)	1,286,261	(1,329,435)	(4,263,351)	(2,797,142)
Earnings (loss) per share				
- Basic	0.01	(0.01)	(0.03)	(0.02)
- Fully diluted	0.01	(0.01)	(0.03)	(0.02)
Total assets at end of quarter	44,256,379	45,257,627	46,303,829	48,627,916
Total liabilities at end of quarter	32,306,896	34,668,742	34,482,994	32,605,943
Total equity at end of quarter	11,949,483	10,588,885	11,820,835	16,021,973

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

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, trade and other receivables, accounts payable and accrued liabilities, interest bearing loans and borrowing, and warrants denominated in foreign currencies. The fair value of the Company's trade and other receivables, and accounts payable and accrued liabilities approximate their carrying value. The Company's 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 September 30, 2018, the Company had current assets of $8,635,671 (December 31, 2017 - $8,906,012) to settle current liabilities of $10,347,024 (December 31, 2017 - $19,784,067). 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 200,804,760 Common Shares are issued and outstanding as of the date of this MD&A. The increase in Common Shares issued and outstanding was due to the closing of a non-brokered private placement (the "Private Placement") on October 1, 2018 of 54,000,000 units (the "Units") at a price of C$0.05 per Unit for aggregate gross proceeds of C$2,700,000. Each Unit was comprised of one Common Share and one Common Share purchase warrant (each, a "Warrant").

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 8,700,000 Common Shares are outstanding and options to purchase 11,380,476 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.

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 and on November 16, 2018 the remaining 520,016 warrants expired.

In connection with the Private Placement, the Company issued Warrants exercisable to acquire up to 54,000,000 Common Shares, with each Warrant entitling the holder thereof to acquire one Common Share at an exercise price of C$0.05 until October 1, 2020. The expiry date of the Warrants can be accelerated by the Company to the date that is 10 business days after the date where the closing price of the Common Shares on the TSX Venture Exchange is higher than C$0.20 for 10 consecutive trading days, provided such trading days occur four months and one day after the issuance of the Warrants.

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 C$0.58(1) per share, based on a pre-determined exchange rate of $1.00: C$1.30. The interest is convertible into Common Shares, based on a pre-determined exchange rate of $1.00: C$1.30, at a price per share equivalent to the greater of C$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"). On June 29, 2018, the Company entered into an agreement with applicable Traxys parties to replace the existing Traxys Debenture with an amended and restated debenture (the "A&R Debenture"). Under the terms of the A&R Debenture: (i) the principal is repayable on November 20, 2021 and is convertible at the option of the holder into Common Shares at a price of C$0.15 per share, based on a pre-determined exchange rate of $1.00:C$1.35; (ii) interest is convertible at the option of the holder into Common Shares, based on a pre-determined exchange rate of $1.00:C$1.35, at a price equivalent to the greater of C$0.15 and the Discounted Market Price (as defined in the policies of the TSX Venture Exchange) at the time of conversion; (iii) the Company has a right of forced conversion with respect to the principal where the trading price of the Common Shares exceeds C$0.15 for 10 consecutive trading days; (iv) the accrued interest to December 31, 2017 becomes payable 7 days after the Company first draws down on the proposed loan facility to be provided to the Company by Barak (see "Outlook" above); and (v) commencing January 1, 2018, interest for a calendar year will be due and payable on March 31 of the subsequent year, with the first such payment being due on March 31, 2019.

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

TRANSACTIONS WITH RELATED PARTIES

During the three and nine months ended September 30, 2018 and three and nine months ended September 30, 2017, there were no related party transactions.

CHANGES IN ACCOUNTING STANDARDS

The following accounting standards were adopted for the current year:

(a) IFRS 9 Financial Instruments - The Company adopted IFRS 9 on a retrospective basis effective January 1, 2018. The adoption of this standard did not have any measurement impact on prior period financial results or financial position.

Financial instruments are recognized on the date on which the Company becomes a party to the contractual provisions of the financial instrument. The Company classifies its financial instruments in the following categories:

Financial assets at amortized cost – Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. The Company's receivables, which are not provisionally priced, consist of fixed or determined cash flows related solely to principal and interest amounts. The Company's intent is to hold these receivables until cash flows are collected. Receivables are recognized initially at fair value, net of any transaction costs incurred and subsequently measured at amortized cost using the effective interest rate method. The Company recognizes a loss allowance for expected credit losses on a financial asset that is measured at amortized cost.

Financial liabilities at amortized cost – Financial liabilities are measured at amortized cost using the effective interest rate method, unless they are required to be measured at fair value through profit and loss. Interest bearing loans and borrowings, including mining royalties payable are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest rate method.

(b) IFRS 15 Revenue from contracts with customers - The Company adopted IFRS 15 on a retrospective basis effective January 1, 2018. The adoption of this standard did not have any measurement impact on prior period financial results or financial position and accordingly no restatement of prior periods was required.

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

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.

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 nine month period to September 30, 2018, the Company expensed $1,744,254 in royalties (2017 deferred - $1,512,373).

(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 2018	$154,755
• To be incurred 2019-2022	$1,864,355
• To be incurred 2023 onwards	$289,745

(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.

	Q3 2018	Q2 2018	Q1 2018	YTD 2018	Q4 2017
Mining costs excluding impairment, depreciation and amortization	$ 9,963,751	$ 9,460,240	$ 8,251,129	$ 27,675,120	$ 9,304,692
Adjust for:					
Inventory movement	(763,182)	354,647	(287,650)	(696,185)	(800,041)
Total operating cash cost	$ 9,200,569	$ 9,814,887	$ 7,963,479	$ 26,978,935	$ 8,504,651
Royalties	(557,603)	(686,653)	(499,998)	(1,744,254)	(569,779)
Total operating cash cost excluding royalties	$ 8,642,966	$ 9,128,234	$ 7,463,481	$ 25,234,681	$ 7,934,872
Gold production (ounces)	8,545	10,088	7,649	26,282	8,812
Total operating cash cost excluding royalties per oz.	$ 1,011	$ 905	$ 976	$ 960	$ 900

	Q3 2017	Q2 2017	Q1 2017	YTD 2017	Q4 2016
Mining costs excluding impairment, depreciation and amortization	$ 7,567,512	$ 6,587,970	$ 7,943,469	$ 22,098,951	$ 7,986,517
Adjust for:					
Inventory movement	(73,830)	149,661	(1,380,523)	(1,304,692)	(1,303,179)
Total operating cash cost	$ 7,493,682	$ 6,737,631	$ 6,562,946	$ 20,794,259	$ 6,683,338
Royalties	(595,351)	(410,272)	(340,231)	(1,345,854)	(386,052)
Total operating cash cost excluding royalties	$ 6,898,331	$ 6,327,359	$ 6,222,715	$ 19,448,405	$ 6,297,286
Gold production (ounces)	9,535	6,709	4,298	20,542	6,858
Total operating cash cost excluding royalties per oz.	$ 723	$ 943	$ 1,448	$ 947	$ 918

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

RISKS AND UNCERTAINTIES

There are a number of risk factors that could cause future results to differ materially from those described herein. A discussion of the principal risk factors relating to the Company's operations and business appear in the Company's annual information form for the year ended December 31, 2017, which may be viewed on the Company's SEDAR profile at www.sedar.com. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect the Company's business.

APPROVAL

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

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's annual information form for the year ended December 31, 2017, can be found on the Company's SEDAR profile at www.sedar.com.

SUBSEQUENT EVENTS

Satisfaction of conditions precedent to earn-in option agreement for Botswana prospecting sites

On October 1, 2018, the Company announced that all of the conditions precedent set forth in the previously announced earn-in option agreement (the "Earn-in Agreement") with B2Gold Corp. ("B2Gold") were satisfied which will enable the parties to move forward with their obligations under the Earn-in Agreement.

Under the Earn-in Agreement, B2Gold has the option to indirectly acquire, in tranches, up to 70% of the shares of Southern Cross Exploration and Development (Pty) Ltd., a newly incorporated subsidiary of Galane Gold, which received two gold prospecting licences over an aggregate of approximately 520 km2 located around the Company's Mupane property, excluding its current operations and mining licences, in Botswana. B2Gold has agreed to and will carry out exploration on the properties with guidance received from a jointly formed technical committee.

Closing of C$2.7 million private placement and satisfaction of last condition precedent to loan agreement

On October 2, 2018, the Company announced that it closed the Private Placement for aggregate gross proceeds of C$2,700,000.

The closing of the Private Placement constituted the satisfaction of the last condition precedent to the effectiveness of the loan agreement for the Company's previously announced $5,000,000 secured loan Barak Facility.

Agreement to acquire Andy Well project in Australia

On October 4, 2018, the Company announced that it entered into a purchase agreement (the "Purchase Agreement") to acquire certain Western Australian mining tenements and related plant, equipment and assets (collectively, the "Andy Well Project") from Andy Well Mining Pty Ltd and Doray Minerals Limited (ASX: DRM) (together the "Vendor"). The parties entered into a Deed of Variation on October 30, 2018 to make certain non-material amendments to the Purchase Agreement.

Under the Purchase Agreement, as amended, a wholly-owned subsidiary of the Company has agreed to acquire the Andy Well Project in exchange for aggregate consideration of AUD$10,000,000 comprised of (i) Common Shares having an aggregate value of AUD$1,000,000 (the "Share Consideration") calculated by reference to the average volume weighted trading price of the Common Shares on the TSX Venture Exchange during the five trading days preceding September 29, 2018, and converted into Canadian dollars based upon the AUD$:C$ exchange rate as quoted by the Bank of Canada for the trading day immediately prior to such date; and (ii) aggregate cash consideration of AUD$9,000,000 (the "Cash Consideration"). The Share Consideration would represent approximately 9% of the Company's issued and outstanding common shares based upon its current share capital, if the transaction is completed. The Company has the option to pay all or a part of the Share Consideration in cash.

The Share Consideration and AUD$3,000,000 of the Cash Consideration will become payable on the closing date of the acquisition. AUD$3,000,000 of the Cash Consideration will become payable on the earlier of the commencement of commercial operations on the Andy Well Project and September 29, 2019, with the remaining AUD$3,000,000 of the Cash Consideration to become payable on the earlier of 12 months after the commencement of commercial operations on the Andy Well Project and September 29, 2020.

The acquisition of the Andy Well Project is subject to the satisfaction or waiver of numerous closing conditions on or before January 27, 2019, including the receipt of various Australian regulatory consents, including with respect to the mining tenements by the Department of Mines, Industry Regulation and Safety and Treasurer of the Commonwealth of Australia, if required; approval of the TSX Venture Exchange; the Vendor obtaining all shareholder approvals, if any, required by the Australian Securities Exchange; the receipt of a technical report in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101"); the execution of the Gnaweeda Farm-In Agreement (as defined below); and the preparation and filing of a revised mine closure plan by the Vendor; and other conditions customary to a transaction of this nature.

In connection with the acquisition of the Andy Well Project, it is contemplated that a wholly-owned subsidiary of the Company will enter into a farm-in agreement with respect to certain exploration tenements in the Gnaweeda area. Such farm-in agreement is in the process of being negotiated and finalized.