Dated: April 29, 2019.

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 29, 2019. 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, 2018 (the "Financial Statements").

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

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

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

FORWARD LOOKING STATEMENTS

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

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

Africa; the Company's interactions with surrounding communities and artisanal miners; extensive laws and regulations governing the environment, health and safety; the Company's ability to successfully integrate acquired assets; risks related to 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; risks related to climate change; risks related to information security; risk of using derivative instruments including credit risk, market liquidity risk and unrealized mark-to-market risk; stock market volatility; conflicts of interest among certain directors and officers; lack of dividends; lack of liquidity for shareholders of the Company; risks related to the market perception of junior gold companies; litigation risk; and difficulties in bringing actions and enforcing judgments for foreign investors. See "Risk Factors" in the Company's annual information form for the year ended December 31, 2018, 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 in the process of 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 three year mine plan for the Mupane Property in 2018 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 2019:

- Tau – It is estimated that the Company will process approximately 408,000 tonnes at an average grade of 2.27 grams per tonne ("g/t"). The Company intends to continue exploration to attempt to 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 231,000 tonnes of low grade stockpile at an average grade of 0.77 g/t, which is located at the run-of-mine pad at the processing plant.
- Monarch slimes dump – It is estimated that the Company will process approximately 243,000 tonnes of tailings and slimes at an average grade of 0.86 g/t, which is located at the Monarch mine, approximately 53 kilometres from the Mupane processing plant.

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 2019 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 (Pty) Limited (formerly 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). The last of the conditions precedent relating to the Barak Facility were satisfied in October 2018, with the first drawdown of funds under the Barak Facility occurring in February 2019.

With the re-commencement of the Galaxy project underway following the completion of the Barak Facility, production of its first concentrate will occur in April 2019. The Company has a 2019 budget to produce 12,500 tonnes of concentrate containing 12,000 ounces of gold. To achieve this outcome the Company will be processing approximately 170,000 tonnes of material from various sources including the Princeton underground and historic tailings facilities.

The Company is targeting for the Galaxy Property to increase the capacity of the processing plant to 30,000 tonnes per month(1) and annual production to over 25,000 ounces of gold at a cash cost per ounce of less than US$800(2). 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.

Notes:
(1) The Company is not basing its decision to expand the throughput capacity of the Galaxy mine's processing plant to 30,000 tonnes per month on a feasibility study of mineral reserves demonstrating economic and technical viability of production at such levels, and as a result there is increased uncertainty and there are multiple technical and economic risks of failure which are associated with producing at such plant's throughput capacity. These risks, among others, include areas that are analyzed in more detail in a feasibility study, such as applying economic analysis to resources and reserves, more detailed metallurgy and a number of specialized studies in areas such as mining and recovery methods, market analysis, and environmental and community impacts.
(2) 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, 2018

The following is an analysis of the Company's operating results for the three months ended December 31, 2018 ("Q4 2018") and the year ended December 31, 2018 ("2018").

Operating activity:

Commentary regarding the Company's operating activity during Q4 2018 and 2018 follows:

Mining

The following table sets forth certain key mining statistics for the Mupane Property for 2017 and 2018:

		2018				2018 Total	2017				2017 Total
		Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1	
Mupane (Tau)	Ore (t)	98,397	114,773	97,913	88,995	**400,078**	115,684	108,615	79,753	61,373	**365,425**
	Grade (g/t)	2.87	2.66	3.46	3.19	**3.03**	2.31	3.04	2.74	2.83	**2.71**
	Waste (t)	27,576	17,165	18,720	14,757	**78,218**	10,721	16,968	14,911	9,326	**51,926**
Tekwane and Shashe Pencils	Ore (t)	-	-	3,935	9,707	**13,642**	23,885	9,359	0	0	**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)	124,864	112,554	118,721	75,691	**431,830**	87,405	72,687	68,481	89,371	**317,944**
	Grade (g/t)	0.77	0.94	1.04	0.90	**0.88**	0.82	0.89	0.87	0.82	**0.85**

The Company has mined from two deposits at the Mupane Property during 2018. They are:

- Tau – In Q4 2018, the Company continued mining in the main reef of the ore body with 98,397 tonnes at 2.87 g/t being mined (Q4 2017 – 115,684 tonnes at 2.31 g/t). The decreased tonnes for Q4 2018 were consistent with the mine plan for the quarter. For 2018, 400,078 tonnes of ore at

3.03 g/t were mined compared to 365,425 tonnes of ore at 2.71 g/t in 2017. The improvement in tonnes was due to being in steady state stoping operations for the entire year and reflective of the mine plan, and the grade also reflective of the mine plan prepared by the Company.

- Tekwane – In Q4 2018, there was no mining from Tekwane following completion of mining in Q2 2018 (Q4 2017 – 23,885 tonnes at 2.1 g/t). For 2018, 13,642 tonnes at 1.77 g/t were mined compared to 33,244 tonnes at 2.14 g/t in 2017. The tonnes mined for Q4 2018 and 2018 was consistent with the Company's mine plan.

In addition, the Company is currently processing ore from its previously mined low grade stockpiles, which are located next to the processing plant at the Mupane Property, next to the Golden Eagle mine located approximately 26 kilometers from the Mupane Property, and on the Shashe mining lease located approximately 35 kilometers from the Mupane Property. In Q4 2018, it processed 124,864 tonnes at an average grade of 0.77 g/t (Q4 2017 – 87,405 tonnes at 0.82 g/t) and, for 2018, it processed 431,830 tonnes at 0.88 g/t (2017 – 317,944 tonnes at 0.85 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 for 2017 and 2018:

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	**2018 Total**	Q4 2017	Q3 2017	Q2 2017	Q1 2017	**2017 Total**
Ore milled (000 t)	217	221	214	179	**831**	228	202	151	159	**740**
Head grade (g/t)	1.77	1.87	2.19	2.09	**1.97**	1.69	2.04	1.81	1.36	**1.75**
Recovery (%)	75.1%	64.2%	66.8%	63.5%	**67.4%**	71.3%	72.0%	76.3%	61.6%	**70.3%**
Gold production (oz)	9,245	8,545	10,088	7,649	**35,527**	8,812	9,535	6,709	4,298	**29,354**

Gold production in Q4 2018 was 9,245 ounces compared to 8,812 ounces in Q4 2017. The grade and recovery in Q4 2018 of 1.77 g/t and 75.1% was above the grade and recovery in Q4 2017 of 1.69 g/t and 71.3%. In Q4 2018, the ore feed was from higher grade sections of the Tau underground resulting in a higher overall feed grade. The recovery of 75.1% for Q4 2018 was above the Q4 2017 recovery of 71.3%, with recoveries consistent with the variation in mineralogy between quarters. Ore milled for Q4 2018 of 217kt was below Q4 2017 of 228kt of ore milled, with lower availability of Tau ore during the quarter.

Gold production for 2018 was 35,527 ounces compared to 29,354 ounces in 2017. The grade for 2018 of 1.97 g/t (2017 – 1.75 g/t) was reflective of the additional stope ore available from Tau, while the recovery of 67.4% (2017 – 70.3%) was adversely impacted by the variable mineralogy within the ore body, and the ball mill being offline for the entirety of Q1 2018. The increased feed tonnes for 2018 of 831kt (2017 – 740kt) was a result of greater stope ore availability and increased mill efficiency, with 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:

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

	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

(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, 2018, the Company generated $11.0 million in revenue from the sale of 9,088 ounces of gold plus incidental silver at an average combined price of $1,212 per ounce and earnings from mining operations of $1.3 million. This compares to $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 in Q4 2017.

The reason for the change in earnings from mining operations from Q4 2018 to Q4 2017 is a result of several factors:

- Gold sales for Q4 2018 were 519 ounces more than in Q4 2017, however this was offset by a decrease in the average gold price between the two quarters of $20 per ounce, resulting in a net revenue increase of $0.5 million.
- Mining costs in Q4 2018 were $3.0 million compared to $4.2 million in Q4 2017. The decrease in cost is due mainly to lower tonnes mined from Tau and significantly lower development metres for the quarter which was in line with the mine plan.
- Processing costs in Q4 2018 were $4.7 million compared to $4.1 million in Q4 2017. The actual tonnes milled decreased from 228,001 tonnes in Q4 2017 to 216,539 tonnes in Q4 2018. The increase in costs reflects a general increase in consumable costs plus a higher grind index for the ore processed, which results in increased grinding media and energy costs amongst other things.
- General and administration costs in Q4 2018 were $0.6 million compared to $1.1 million in Q4 2017.
- Depreciation and amortization was $1.4 million in Q4 2018 compared to a credit of $1.1 million in Q4 2017. The credit in Q4 2017 was due to a year to date adjustment to the life of mine amortization of mineral property costs following the increase in mineral resources 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 2018 was $836 compared to $900 per ounce in Q4 2017.

For the year ended December 31, 2018, the Company generated $44.7 million in revenue from the sale of 35,746 ounces of gold plus incidental silver at an average combined price of $1,249 per ounce and earnings from mining operations of $2.7 million. 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.

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

- Gold sales for 2018 were 5,850 ounces more than in 2017, and the average gold price achieved between the two years was higher by $2 per ounce in 2018 at $1,249 per ounce. As a result, revenue was $7.4 million more in 2018. The reasons for the increase in ounces sold are discussed under "Mining" and "Processing" above.
- Mining costs for 2018 were $13.4 million compared to $12.1 million for 2017, with the main variance being explained by the increase in volume mined from Tau.
- Processing costs increased to $19.0 million for 2018 from $15.4 million for 2017. The actual tonnes milled increased from 740,417 tonnes in 2017 to 831,518 tonnes in 2018, representing $2.1 million of the increased costs for the year. The increase in costs reflected increases in unit costs for key consumables of cyanide, steel balls and power in 2018, compared to 2017, and an additional $0.4 million spend on maintenance costs.
- General and administration costs for 2018 were $3.6 million compared to $3.9 million for 2017.
- Depreciation and amortization of $5.7 million were recognized for 2018 compared to $4.2 million for 2017.

As a result of the above factors, the operating cash cost per ounce (excluding royalties) for 2018 was $928 compared to $933 per ounce in 2017.

Results

The Company's earnings (loss) is comprised of:

	Q4 2018	2018	Q4 2017	2017
Earnings from mining operations	$ 1,311,771	$ 2,971,425	$ 2,365,217	$ 1,730,894
Exploration costs	(11,125)	(196,038)	(78,623)	(220,869)
Corporate general and administrative costs	(870,164)	(2,776,782)	(286,669)	(1,608,450)
Stock-based compensation	(36,201)	(203,312)	(65,013)	(271,298)
Foreign exchange (loss) gain	543,293	1,634,469	(1,316,035)	(1,710,944)
Interest on long term debt	(343,757)	(522,309)	108,669	(799,857)
Galaxy on-going costs	(451,563)	(805,576)	882,079	916,327
Other (expenses) income	(12,178)	(29,206)	6,694	14,372
Other financing income (costs)	(119,563)	(394,616)	347,236	(393,144)
	$ 10,513	$ (321,945)	$ 1,963,555	$ (2,342,969)

Galaxy on-going costs for Q4 2017 represents the net cost incurred to idle Galaxy's plant while progress on the project was slowed, less $1.3 million in creditors and shareholder loans that were 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 were prescribed.

Corporate general and administration costs are comprised of the following:

	Q4 2018	2018	Q4 2017	2017
Professional fees	$ 361,666	$ 864,426	$ (48,111)	$ 423,429
Management fees to officers	302,178	1,209,027	229,537	746,052
Investor relations	83,548	168,978	13,292	31,438
Corporate general and administration	122,771	534,351	91,951	407,531
	$ 870,163	$ 2,776,782	$ 286,669	$ 1,608,450

SUMMARY OF FINANCIAL POSITION

Selected Consolidated Statement of Financial Position Data:

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

	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

At the end of Q4 2018 there was a working capital deficiency (current assets less current liabilities) of $2.8 million, an increase of $1.1 million from the end of Q3 2018. The increase in working capital deficiency was mainly due to the following movements in total current liabilities and cash balance:

- A cash balance increase of $1.1 million.
- An increase in stores inventory of $0.4 million to ensure sufficient stock on hand over year end, an decrease in ore stockpiles of $0.1 million and an increase in gold in process inventory of $0.1 million.
- An increase in prepayments of $0.3 million primarily related to prepaid insurance at Mupane.
- An increase in trade payables and accruals of $0.1 million.
- An increase of $2.8 million in interest bearing loans and borrowings in Q4 2018. The increase was due to the reclassification of $2.7 million worth of debentures from non-current to current during the quarter, an increase of $0.2 million in deferred royalties owing to the Government of Botswana transferred from non-current to current, offset by a $0.1 million reduction in capital lease obligations for the quarter.

In Q4 2018, non-current liabilities decreased by $1.9 million, with $2.6 million of debentures reclassified to current liabilities and $0.3 million for Government of Botswana deferred royalties reclassified to current liabilities, offset by a $1.1 million increase in warrants outstanding with the issuance of an additional 54,000,000 warrants of the Company (each, a "Private Placement Warrant") as part of a non-brokered private placement by the Company on October 1, 2018 (the "Private Placement) 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 Private Placement Warrant, with each Private Placement Warrant entitling the holder thereof to acquire one Common Share at an exercise price of C$0.05 until October 1, 2020.

Total shareholders' equity in Q4 2018 increased by $1.1 million, with net proceeds from the Private Placement of $2.1 million, offset by a reduction of $1.1 million for the issuance of the 54,000,000 Private Placement Warrants, and a net earnings for the quarter of $0.0 million.

For the 2018 year end, the Company's working capital deficiency decreased $8.0 million from the 2017 year end. The reduction in the working capital deficiency was mainly due to the following movements:

- An increase in the cash balance of $1.6 million as a result of: cash flow from operating activities of $4.2 million, net financing cash inflow of $1.1 million, offset by investing cash outflows of $3.7 million.
- A decrease in ore stockpiles of $0.6 million as the Company processed the low grade stockpiles at the Mupane Property, a decrease in gold in circuit of $0.2 million with a more positive December 2018 plant performance and an increase of $0.4 million in stores inventory with Mupane increasing inventory for critical items over the holiday season.
- An increase in taxes recoverable of $0.3 million and prepaid expenses of $0.2 million, primarily for prepaid insurance at Mupane, offset by a decrease in trade receivables of $0.2 million.
- A decrease in trade payables and accrued liabilities of $1.6 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 a decrease of $0.5 million in Mupane creditors.
- A decrease of $4.9 million in interest bearing loans and borrowings resulting from a net decrease in deferred royalties payable to the Government of Botswana of $7.2 million repaid and reclassified as non-current and capital lease obligations decreasing by $0.4 million, offset by the reclassification of $2.7 million of debentures to current liabilities.

In 2018, non-current liabilities increased by $5.4 million with a net $7.0 million for Government of Botswana deferred royalties re-allocated to non-current liabilities, and a $1.1 million increase in warrants outstanding with the issuance of 54,000,000 Private Placement Warrants, offset by a $2.7 million decrease in debentures payable reclassified as current liabilities, and a $0.1 million decrease in the rehabilitation provision primarily due to foreign exchange movements.

Total shareholders' equity in 2018 increased by $0.9 million with net proceeds from the Private Placement of $2.1 million, offset by a reduction of $1.1 million for the issuance of 54,000,000 Private Placement Warrants, and a net loss for the year 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 December 31, 2018, the Company had a working capital deficiency of $2.8 million and for the year ended December 31, 2018 generated $4.2 million in cash flow from operations.

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 last of the conditions precedent to the Barak Facility were satisfied in October 2018, with the first drawdown of funds under the Barak Facility occurring in February 2019. See "Outlook" above and "Subsequent Events" below.

Liquidity risk

As at December 31, 2018, the Company had a working capital deficiency of $2.8 million compared to a deficiency of $10.9 million at December 31, 2017.

During 2018, the Company paid, 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, 2018, was $2.3 million, which was funded from cash flows from operations, in addition to $0.5 million repaid from deferred royalties in accordance with the agreement with the Government of Botswana for the repayment of deferred royalties. The Company has unsecured convertible debt in the amount of $2.7 million that is due in November 2019, and the Company will look to renegotiate the maturity date of such debt.

The ongoing 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 $3.0 million in 2018 compared to $1.7 million in 2017. In addition, cash flow generated from operations in 2018 was $4.2 million, after royalty payments made in the normal course of business, compared to $6.9 million of cashflow from operations in 2017 when royalties were being deferred. The Company has no material commitments for capital expenditures at the Mupane mine as of December 31, 2018.

While the Company will incur capital expenditures to re-start the Galaxy mine, a $5 million debt financing has been arranged to provide funding for the re-start.

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, 2018		December 31, 2017		December 31, 2016
Mining Revenue:	$	44,650,021	$	37,295,656	$	32,664,379
Mining Costs:						
- Cash		(35,996,205)		(31,403,643)		(29,888,534)
- Non-Cash – Depreciation, Asset Retirement Obligation and Impairment		(5,682,391)		(4,161,119)		(4,080,964)
Earnings (loss) from mining operations		2,971,425		1,730,894		(1,305,119)
Corporate General and administration:						
- Cash		(2,776,782)		(1,608,450)		(1,823,857)
- Share-based compensation		(203,312)		(271,298)		(274,745)
		(2,980,094)		(1,879,748)		(2,098,602)
Earnings (Loss) from operations	$	(8,669)	$	(148,854)	$	(3,403,721)
Other (expenses) income		(313,276)		(2,194,115)		(3,259,094)
Net (loss) earnings	$	(321,945)	$	(2,342,969)	$	(6,662,815)
Attributable to:						
Non-controlling interest		-		-		(746,075)
Equity holders of Galane	$	(321,945)	$	(2,342,969)	$	(5,916,740)
Per share						
- Basic	$	(0.00)	$	(0.02)	$	(0.05)
- Fully diluted	$	(0.00)	$	(0.02)	$	(0.05)
Total assets	$	46,355,187	$	46,551,856	$	48,627,916
Non-current liabilities		18,101,585		12,676,388		14,944,366

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

SUMMARY OF QUARTERLY RESULTS

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

	Three months ended			
	December 31, 2018 $	September 30, 2018 $	June 30, 2018 $	March 31, 2018 $
Revenue	11,017,035	10,555,280	13,169,757	9,907,949
Total mining costs	(9,705,264)	(11,360,302)	(10,978,749)	(9,634,281)
Non-mining expenses	(1,301,258)	(453,744)	208,143	(1,746,510)
(Loss) earnings (1)	10,513	(1,258,766)	2,399,151	(1,472,842)
(Loss) earnings per share				
- Basic	(0.00)	(0.01)	0.02	(0.01)
- Fully diluted	(0.00)	(0.01)	0.02	(0.01)
Total assets at end of quarter	46,355,187	44,244,521	46,399,403	45,370,010
Total liabilities at end of quarter	31,370,243	30,318,466	31,257,775	32,686,438
Total equity at end of quarter	14,984,944	13,926,055	15,141,628	12,683,572

	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)
Earnings (loss) (1)	1,963,555	1,286,261	(1,329,435)	(4,263,351)
Earnings (loss) 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

Notes:
(1) All earnings and losses are attributable to equity holders of Galane
(2) Information for all periods is presented in accordance with IFRS applicable to interim financial reporting and in U.S. dollars.

FINANCIAL INSTRUMENTS

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

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks. The 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, 2018, the Company had current assets of $10,433,238 (December 31, 2017 - $8,906,012) to settle current liabilities of $13,268,658 (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. During the year ended December 31, 2018, the Company generated operating cash flows of $4.2 million, however should liquidity be insufficient to repay interest bearing loans in line with current maturities, the Company will look to renegotiate these borrowings. 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 the Private Placement on October 1, 2018, of 54,000,000 Units for aggregate gross proceeds of C$2,700,000. Each Unit was comprised of one Common Share and one Private Placement Warrant.

Each Private Placement Warrant entitles 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 Private Placement 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 Private Placement Warrants. Using the Black Scholes Model the Private Placement Warrants issued as part of the Private Placement were valued at $1,093,123.

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, no deferred matching shares are owed to the participating officers, directors and employees of the Company.

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

DEBENTURES

As part of the acquisition of the Galaxy Property in 2015, the Company issued approximately $2.4 million aggregate principal amount of unsecured convertible debentures (the "Galaxy Debentures") to settle outstanding debt or contractual obligations owed by Galaxy 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 "Subsequent Events" below); 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 of the Company in May 2016, the conversion price was adjusted downward to C$0.58 per share.

TRANSACTIONS WITH RELATED PARTIES

During the year ended December 31, 2018 and 2017, there were no related party transactions.

CHANGES IN ACCOUNTING STANDARDS

The Company adopted the following IFRS standards effective January 1, 2018.

(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, as appropriate, 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 standard is to be adopted in the future:

(a) 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 has not yet quantified the impact of this standard, however the Company anticipates it will record a material balance of lease assets and associated lease liabilities related to leases on its consolidated statement of financial position at January 1, 2019.

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, 2018, the Company expensed $2,306,426 in royalties (2017 - $1,915,633).

(b) Interest bearing loans and borrowings

The Company has contractual repayment obligations for interest bearing loans and borrowings as follows:

	2019	**2020**	**2021**	**Total**
	$	$	$	$
Mining Royalties	1,219,116	6,963,662	-	8,182,778
Capital lease obligation	37,202	-	-	37,202
Debentures	2,690,970	-	3,608,028	6,298,998
Total	3,947,288	6,963,662	3,608,028	14,518,978

(c) Operating contractual obligations

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

- To be incurred in 2019 $538,980
- To be incurred 2020-2023 $1,500,277
- To be incurred 2024 onwards $47,800

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

	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

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, 2018, 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, 2018, can be found on the Company's SEDAR profile at www.sedar.com.

SUBSEQUENT EVENTS

First drawdown under the Barak Facility

On February 11, 2019, the Company announced that it had received the funds from its first drawdown request on the Barak Facility. The funds from the Barak Facility are to be used to increase the processing plant capacity on the Galaxy project, as well as the development and first fit work required to recommence underground operations. The Company subsequently reported in April 2019 that it mined first ore, commenced commissioning of its 15,000 tonne per month plant, and produced its first concentrate at the Galaxy project.

Completion of share issues in relation to Empowerment requirements in South Africa

On March 19, 2019 the Company announced that it completed the donation of 17% of the total issued share capital of Galaxy to the Phakamani Foundation Trust ("Phakamani") as part of the requirement in South Africa for Galaxy, as holder of existing gold mining rights, to be comprised directly or indirectly of at least a 20% shareholding by historically disadvantaged persons (the "BEE Requirement").

In addition to the donation of the Galaxy shares to Phakamani, Galaxy's subsidiary Galaxy Gold Reefs (Pty) Ltd has donated 5% of its total issued share capital to a South African community based trust and 5% to a South African local employee share scheme. This donation was also made in relation to the BEE Requirement, and with these three donations, Galaxy has fulfilled its obligations with regards to the BEE Requirement.