GALANE GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended March 31, 2015

Dated: May 13, 2015.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This management's discussion and analysis ("MD&A") of financial condition and results of operations of Galane Gold Ltd. ("Galane" or the "Company") was prepared by management as at May 13, 2015. Throughout this MD&A, unless otherwise specified, "Galane", "the Company", "we", "us" or "our" refer to Galane Gold Ltd. and its subsidiaries and should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes thereto for the three months ended March 31, 2015 (the "interim financial report"), as well as with the audited annual consolidated financial statements and notes thereto for the year ended December 31, 2014 (collectively the "Financial Statements").

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

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

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

FORWARD-LOOKING STATEMENTS

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

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to: the Company's dependence on a single mineral project; gold price volatility; risks associated with the conduct of the Company's mining activities in Botswana; regulatory, consent or permitting delays; risks relating to the Company's exploration, development and mining activities being situated in a single country; risks relating to reliance on the Company's management team and outside contractors; risks regarding mineral resources and reserves; the Company's inability to obtain insurance to cover all risks, on a commercially reasonable basis or at all; currency fluctuations; risks regarding the failure to generate sufficient cash flow from operations; risks relating to project financing and equity issuances; risks arising from the Company's fair value estimates with respect to the carrying amount of mineral interests; mining tax regimes; risks arising from holding

FORWARD-LOOKING STATEMENTS (continued…)

derivative instruments; the Company's need to replace reserves depleted by production; risks and unknowns inherent in all mining projects, including the inaccuracy of reserves and resources, metallurgical recoveries and capital and operating costs of such projects; contests over title to properties, particularly title to undeveloped properties; laws and regulations governing the environment, health and safety; operating or technical difficulties in connection with mining or development activities; lack of infrastructure; employee relations, labour unrest or unavailability; health risks in Africa; the Company's interactions with surrounding communities and artisanal miners; the Company's ability to successfully integrate acquired assets; the speculative nature of exploration and development, including the risks of diminishing quantities or grades of reserves; development of the Company's exploration properties into commercially viable mines; stock market volatility; conflicts of interest among certain directors and officers; lack of liquidity for shareholders of the Company; risks related to the market perception of junior gold companies; and litigation risk. See "Risks and Uncertainties" below. Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, including assumptions regarding gold prices, business and operating strategies, and the Company's ability to operate on a profitable basis.

CORPORATE OVERVIEW

The Company's principal business activities are the exploration for, development of, and operation of gold mining properties. The Company operates through its wholly-owned subsidiary, Galane Gold Mines Ltd. ("GGM"), which in turn operates a producing mine, and has the rights to certain mineral exploration tenements (the producing mine and mineral exploration tenements collectively, the "Mupane Property") located in the Republic of Botswana ("Botswana") through subsidiaries located in Botswana. The common shares in the capital of the Company (the "Common Shares") have been listed for trading on the TSX Venture Exchange under the symbol "GG" since September 6, 2011.

OUTLOOK

Certain information set out in this section is forward looking information and is based on a number of assumptions, including that gold price volatility, no delays in production, regulatory risk, currency fluctuations, integrating successfully new acquired assets and risks and uncertainties inherent with all mining operations. For more details please see above under "Forward-Looking Statements" and below under "Risks and Uncertainties".

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

The Company has completed its new five year mine plan which will form the guide for the Company's short term goals and long term strategy. The Company intends to utilize the following resources during 2015:

- Tau Underground – the Company has previously disclosed its intention to exploit the reported measured and indicated mineral resources of approximately 128,600 ounces of gold for Tau through underground mining. The Company currently expects to commence stoping in Q3 2015. Development will in some instances be through reef and Tau will provide material to the plant between now and the commencement of stoping. While developing underground the Company intends to commence exploration to attempt to confirm the extension of the Tau at depth.
- Golden Eagle – the Company commenced open pit mining again subsequent to the end of Q1 2015 and the mine is expected to provide production to the end of Q3 2015. The Company has also commenced a study on the economics of continuing to mine at Golden Eagle as an underground operation.
- Low Grade Stockpiles – the Company is screening the 702,259 tonnes of low grade stockpile at an average grade of 0.97 grams per tonne ("g/t"), which is located at the run-of-mine pad at the processing plant. The Company is also reviewing a further 1.4 million tonnes of low grade stockpiles which it hopes to use to supplement feed during 2015 and in future years.
- Tekwane – the Company has commenced bush clearance and trial mining subsequent to the end of Q1 2015. The Company plans to selectively mine the high grade areas in Q3 and Q4 2015.

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

The Company's processing plant continues to focus on on-going stabilisation and optimisation of the processing operations. The Company's major project for 2015 is implementing a gravity concentrating circuit into the plant to concentrate free gold before leaching is initiated. This is in response to positive results received on the recovery of free gold from the Company's existing resources and to process Tekwane. It is currently expected that the gravity concentrating circuit will be operating in Q2 2015. Work will also continue to re-automate plant controls to improve recovery and process efficiencies.

DISCUSSION OF OPERATIONS

For the three months ended March 31, 2015

The following is an analysis of the Company's operating results for the three months ended March 31, 2015 ("Q1 2015"). For mining operations, processing and financial information, comparisons with the three months ended March 31, 2014 ("Q1 2014") have been provided.

***Operating activity**:*

Commentary regarding the Company's operating activity during Q1 2014 follows:

Mining

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

		2015	2014				2014
		Q1	Q4	Q3	Q2	Q1	
Mupane(Tholo, Kwena & Tawana)	Ore (t)	88,488	47,137	104,597	117,959	102,071	371,764
	Grade (g/t)	1.45	1.75	1.68	1.92	2.19	1.91
	Waste (t)	207,051	163,120	488,305	436,016	816,759	1,904,200
Mupane (Tau)	Ore (t)	9,234	1,956	2,647	3,384	-	7,987
	Grade (g/t)	2.49	3.20	3.27	2.85	-	3.07
	Waste (t)	21,320	30,130	25,627	6,886	-	62,643
Golden Eagle	Ore (t)	-	71,988	64,860	15,100	1,106	153,054
	Grade (g/t)	-	1.43	1.64	1.66	1.58	1.54
	Waste (t)	-	376,375	649,249	525,005	369,729	1,920,358
Shashe Pencils	Ore (t)	-		-	671	993	1,664
	Grade (g/t)			-	2.92	4.04	3.59
	Waste (t)		-	-	9,019	5,187	14,206
Tailing Dump Material	Ore (t)	-		30,201	12,709	17,270	60,180
	Grade (g/t)	-		1.25	0.70	1.50	1.21
	Waste (t)		-	-	-	-	-

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

- Tholo and Kwena - in Q1 2015, the volume of ore mined at Tholo and Kwena decreased to 88,488 tonnes at 1.45 g/t (Q1 2014 – 102,071 tonnes at 2.19 g/t) and the stripping ratio decreased to 2.34 (Q1 2014 – 8.00). The grade decreased as the Company increased the tonnes mined from Kwena which has a lower grade than Tholo. The stripping ratio decreased as the Company completed mining in Tholo pit in Q1 2015.

- Tau – the Company commenced development of the Tau underground in Q1 2014. There was no development in reef in Q1 2014. However during Q1 2015, the Company had development in the reef as a result of the Company's development work for the stopes.

The reduction in the total amount mined is consistent with the current mine plan as the Company transitions between open pit mining and underground mining. Additional production in the next two quarters of 2015 is expected to be sourced from Golden Eagle and Tekwane until Tau is in commercial production.

DISCUSSION OF OPERATIONS (continued…)

Processing

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

	Q1 2015	**YTD 2015**	Q4 2014	Q3 2014	Q2 2014	Q1 2014	**2014**
Ore milled (000 t)	159	**159**	176	200	181	188	**745**
Head grade (g/t)	1.41	**1.41**	1.51	1.68	1.58	1.96	**1.69**
Recovery (%)	69.9%	**69.9%**	70.6%	76.0%	73.7%	78.8%	**76.0%**
Gold production (oz.)	5,030	**5,030**	6,044	8,206	7,195	9,346	**30,791**

Gold production in Q1 2015 was 5,030 ounces compared to 9,346 ounces in Q1 2014. The grade and recovery in Q1 2015 of 1.41 g/t and 69.9% was lower than the grade and recovery in Q1 2014. In Q1 2015, a higher proportion of the ore milled was from the low grade stockpiles. The reduction in production is consistent with the current mine plan as the Company transitions from open pit mining to underground mining.

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:

	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Revenue (000)	$ 5,765	$ 7,789	$ 9,461	$ 10,773
Gold sold (oz.)	5,140	6,370	7,479	8,308
Earnings (Loss) from mining operations (000)	$ (1,336)	$ 706	$ 977	$ 224
Earnings from mining operations ($/oz.)(1)	$ -	$ 110	$ 131	$ 27
Operating cash cost excluding royalties ($/oz.)(1)	$ 1,270	$ 1,101	$ 886	$ 1,201

	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Revenue (000)	$ 12,437	$ 13,761	$ 13,848	$ 14,044
Gold sold (oz.)	9,596	10,789	10,310	10,405
(Loss) Earnings from mining operations (000)	$ 2,578	$ 4,694	$ (1,096)	$ (23,767)
Earnings from mining operations ($/oz.)(1)	$ 269	$ 435	$ -	$ -
Operating cash cost excluding royalties ($/oz.)(1)	$ 764	$ 786	$ 1,180	$ 1,449

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

DISCUSSION OF OPERATIONS (continued…)

In the three months ended March 31, 2015, the Company generated $6.3 million in revenue from the sale of 5,140 ounces of gold plus incidental silver at an average combined price of $1,224 per ounce (before the capitalization of Tau underground revenue) and loss from mining operations of $(1.3) million. This compares to $12.4 million in revenue from the sale of 9,596 ounces of gold plus incidental silver at an average combined price of $1,296 per ounce and earnings from mining operations of $2.6 million in Q1 2014.

The change in earnings from mining operations from Q1 2015 to Q1 2014 is a result of several factors:

- Gold sales in Q1 2015 were 4,456 ounces less than in Q1 2014. This was coupled with a reduction in the average gold price achieved between the two quarters of $72 per ounce.
- In Q1 2015 revenue was decreased by $0.6m (524 ounces) that were offset against the capital costs of the Tau underground development costs as Tau is not yet in commercial production (Q1 2014 - $nil)
- As a result revenue was $6.7 million less in Q1 2015. The decrease is as a result of the lower volumes being mined as the Company transitions from open pit mining to underground mining. In Q1 2014, the Company benefited from high grade and volumes from the Tholo pit which has now finished.
- Mining costs in Q1 2015 were $1.8 million compared to $2.7 million in Q1 2014. The variance is mainly due to the reduction in tonnes mined, which is in line with the mine plans in operation during each quarter.
- Processing costs decreased to $3.4 million in Q1 2015 from $4.9 million in Q1 2014. The actual tonnes milled decreased from 188,182 tonnes in Q1 2014 to 158,765 tonnes in Q1 2015.
- General and administration costs in Q1 2015 were $1.2 million compared to $1.1 million in Q1 2014.
- Depreciation and amortization of $0.7 million were also recognized in Q1 2015, compared to $1.1 million in Q1 2014. The reduction in depreciation and amortization is due to the reduction in production.

As a result of the above factors the operating cash cost per ounce (excluding royalties) in Q1 2015 was $1,270 compared to $764 per ounce in Q1 2014.

DISCUSSION OF OPERATIONS (continued…)

Non-Cash Costs:

Earnings

The Company's earnings comprised of:

	Q1 2015	Q1 2014
(Loss) income from mining operations	$(1,335,876)	$ 2,577,500
Exploration costs	(36,665)	(33,013)
Corporate general and administrative costs	(472,125)	(441,091)
Stock-based compensation	(112,887)	(27,336)
Foreign exchange (loss) gain	132,520	163,795
Interest on long term debt	(63,059)	(36,259)
Other (expenses) income	(3,550)	(3,947)
Other financing income (costs)	(77,726)	(78,594)
	$ (1,969,368)	$ 2,121,055

Corporate general and administration costs totaled $0.5 million for Q1 2015 (Q1 2014 - $0.4 million), and includes the following:

	Q1 2015	Q1 2014
Professional Fees	(61,509)	101,227
Management fees to officers	419,405	239,585
Investor relations	47,854	277
Corporate general and administration	66,375	100.002
	$ 472,125	$ 441,091

SUMMARY OF FINANCIAL POSITION

Selected Consolidated Statement of Financial Position Data:

	March 31, 2015 $	December 31, 2014 $	September 30, 2014 $	June 30, 2014 $
Total current assets	13,294,047	17,828,377	17,803,595	16,329,277
Total current liabilities	11,500,247	11,303,250	9,398,810	8,931,132
Working capital	1,793,800	6,525,127	8,404,785	7,398,145
Mining assets	31,106,556	29,391,948	28,723,466	27,128,311
Non-current liabilities	5,943,231	7,103,469	9,082,789	6,390,290
Total shareholders' equity	26,957,125	28,813,606	28,045,462	28,136,166

	March 31, 2014 $	December 31, 2013 $	September 30, 2013 $	June 30, 2013 $
Total current assets	17,211,476	17,977,615	13,164,032	14,484,706
Total current liabilities	7,768,542	10,089,864	7,483,353	6,322,962
Working capital	9,442,934	7,887,751	5,680,679	8,161,744
Mining assets	25,115,168	23,252,363	24,856,263	25,410,700
Non-current liabilities	5,819,343	4,549,746	7,569,232	8,721,329
Total shareholders' equity	28,738,759	26,590,368	22,967,712	24,841,115

In Q1 2015, the Company decreased working capital by $4.7 million from Q4 2014. The decrease in working capital was mainly due to the following movements in total current liabilities and cash balance:

- an increase in current borrowings of $1.6 million as a result of a movement of $1.6 million from non-current to current liabilities; and
- a decrease in cash balance of $3.1 million:
    - operating loss after working capital of $0.9 million; and
    - acquisition of mining assets of $2.5 million which includes $1.4 million on Tau underground development and $0.7 million on a new dozer for mining at Tekwane.
- $0.3 million from financing activities as a result of $0.6 million of the dozer acquisition being financed through a lease obligation offset by the first installment on the Samsung loan of $0.3 million.

In Q1 2015, non-current liabilities decreased by $1.2 million from Q1 2014 with a movement of $1.6 million to current liabilities for borrowings offset by an increase of $0.3 million in deferred royalties. Total shareholders' equity in Q1 2015 decreased by $1.8 million as a result of the net earnings in the quarter of $2.0 million compared to Q4 2014.

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			
	March 31, 2015 $	December 31, 2014 $	September 30, 2014 $	June 30, 2014 $
Revenue	5,764,755	7,789,117	9,460,910	10,773,110
Mining costs - Cash - Non-cash (depreciation, amortization and impairment)	(6,412,343) (688,288)	(7,080,697) (2,238)	(6,724,357) (1,759,397)	(9,422,080) (1,127,055)
Total mining costs	(7,100,631)	(7,082,935)	(8,483,754)	(10,549,135)
Non Mining Expenses	(633,492)	(43,587)	(1,189,257)	(918,916)
(Loss) earnings	(1,969,368)	662,595	(212,101)	(694,941)
(Loss) earnings per share - Basic - Fully diluted	(0.04) (0.04)	0.01 0.01	(0.00) (0.00)	(0.01) (0.01)
Total assets at end of quarter	44,400,603	47,220,325	46,527,061	43,457,588
Total liabilities at end of quarter	17,443,478	18,406,721	18,481,599	15,321,422
Total equity at end of quarter	26,957,125	28,813,604	28,045,462	28,136,166

	Three months ended			
	March 31, 2014 $	December 31, 2013 $	September 30, 2013 $	June 30, 2013 $
Revenue	12,437,196	13,760,859	13,847,644	14,044,253
Mining costs - Cash - Non-cash (depreciation, amortization and impairment)	(8,704,905) (1,154,791)	(9,648,688) 581,593	(13,669,853) (1,274,212)	(15,723,290) (22,088,125)
Total mining costs	(9,859,696)	(9,067,095)	(14,944,065)	(37,811,415)
Non Mining (Expenses) Income	(456,445)	(1,328,143)	(779,048)	(507,436)
Earnings (loss)	2,121,055	3,365,621	(1,875,469)	(24,274,598)
Earnings (loss) per share - Basic - Fully diluted	0.04 0.04	0.07 0.07	(0.04) (0.04)	(0.48) (0.48)
Total assets at end of quarter	42,326,644	41,229,978	38,020,296	39,885,406
Total liabilities at end of quarter	13,587,885	14,639,610	15,052,585	15,044,291
Total equity at end of quarter	28,738,759	26,590,368	22,967,711	24,841,115

Note:

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

EXPLORATION

Exploration in Q1 2015 was devoted to preparations for the near mine exploration drilling programs anticipated to take place at Molomolo, Signal Hill, Mupane and Golden Eagle. The drilling programs are planned to outline possible underground ore body extensions to mined out open pits. The Company also intends to conduct more drilling at Jim's Luck in an attempt to extend the known surface resource at depth. Exploration has covered the following primary areas during Q1 2015:

- Molomolo - nineteen reverse circulation ("RC") holes were completed for 2,350 metres and a further twelve holes (approximately 1,450 metres) are still expected to be drilled. All three of the planned core diamond drill holes were also completed for 446 meters.
- Signal Hill - one of the planned three core diamond holes was completed for 198 metres. After the Molomolo RC holes have been completed the Company plans to complete nineteen RC for approximately 2,900 metres of drilling at Signal Hill.

LIQUIDITY AND CAPITAL RESOURCES

The Company defines capital as consisting of shareholder's equity, being comprised of issued capital stock, contributed surplus and deficit and long term debt. The Company's objectives when managing capital are primarily to support the creation of shareholder value, but also to ensure that the Company is able to meet its financial obligations as they become due. The Company has not declared or paid any dividends on its Common Shares.

In order to fund the business activities intended in its current business plan, management expects that the Company's mining operations will continue to provide positive cash flow from its operations that is more than sufficient to support its corporate expenses, capital expenditure requirements and exploration activities. As described above under "Summary of Financial Position", at March 31, 2015, the Company had approximately $1.8 million in working capital and had a cash outflow of approximately $0.9 million from operations for the period ended March 31, 2015. A continuation of these results is expected to provide sufficient capital to the Company to fund annual operating expenses, repayment of the Samsung facility, capital commitments budgeted and the exploration program contemplated until the end of 2015.

The revenue of the Company is dependent upon the spot price of gold. At the current level of operating costs, the Company will not generate positive cash flow in 2015 from operations.

The Company's officers and senior management take full responsibility for managing the Company's capital and do so through monthly meetings and regular review of financial information. The Company's Board of Directors is responsible for overseeing this process.

ENVIRONMENTAL DISCUSSION

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

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

Restoration and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value and determined according to the probability of alternative estimates of cash flows occurring for each operation. Discount rates used are the ones most appropriate for the location of the mine. Significant judgments and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements. As at March 31, 2015, the amount reflected in the Company's restoration and rehabilitation provision is $3.2 million (on an undiscounted basis, the total payments are estimated at $3.8 million) which was calculated by an independent contractor.

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

FINANCIAL INSTRUMENTS

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

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

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks. The Company currently has no trade receivables for the purchase of the gold it produces, and other receivable balance consists of amounts outstanding on tax credits from governmental authorities, each of which are expected to be paid in the near term at face value. The Company's exposure to credit risk is minimal.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2015, the Company had a cash, gold inventory and receivables balance of $13,294,047 (December 31, 2014 - $17,828,377) to settle current liabilities of $11,500,247 (December 31, 2014 - $11,303,250). The Company has sufficient working capital to meet its short-term business requirements. See "Liquidity and Capital Resources" section for further commentary on the Company's liquidity risks.

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

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's operations are in Botswana and Canada and its functional currency is U.S. dollars. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in foreign currencies, including the Botswana Pula, the South African Rand and Canadian Dollars. The operating results and the financial position of the Company are reported in U.S. dollars. The fluctuations of the operating currencies in relation to the U.S. dollar will, consequently, have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities. The Company monitors the volatility of foreign exchange rates and will hedge its currency risk if it determines that the need arises.

Market risk is the risk that the fair values or future cash flows of the Company will fluctuate because of changes in market commodity rates. The Company's efforts are currently focused on the production of gold. As such, the Company's future cash flows and valuation of its future mineral assets will be exposed to market risk on the price fluctuations of gold as a commodity.

ISSUED AND OUTSTANDING SHARE CAPITAL

The Company's authorized capital consists of an unlimited number of Common Shares, of which 52,820,290 Common Shares are issued and outstanding as of the date of this MD&A. On a diluted basis, the Company has 56,075,290 Common Shares outstanding as of the date of this MD&A, assuming the exercise of 3,255,000 outstanding stock options pursuant to the Company's stock option plan.

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

Subject to adjustment in certain circumstances, the aggregate number of Common Shares that may be reserved for issuance pursuant to the Company's deferred share unit plan (the "DSU Plan") is 5,266,062 Common Shares. As of the date of this MD&A, subject to the terms of the DSU Plan, an aggregate of 4,049,044 DSUs are outstanding under the DSU Plan and no Common Shares have been issued under the DSU Plan.

TRANSACTIONS WITH RELATED PARTIES

During the three months ended March 31, 2015, the following related party transactions occurred:

- Charles Byron, a director of the Company:
  - The Company paid rent of $4,425 for office premises to Great African Services (Pty) Ltd., a company owned by a consortium of individuals that includes Charles Byron (March 31, 2014 - $1,464);
- IAMGOLD, a shareholder with significant influence, by holding in excess of 20% of the common shares of the Company:
  - During the three months ended March 31, 2014, the Company paid $1,266,667 in cash representing the initial payment on the interest bearing note to IAMGOLD (March 31, 2015 - $nil);
  - During the three months ended March 31, 2014, the Company accrued $36,529 representing the interest payable on the interest bearing note to IAMGOLD (March 31, 2015 - accrued $nil).

FUTURE ACCOUNTING POLICIES

The following new standards and amendments to standards and interpretations which were issued but not yet effective for the quarter ended March 31, 2015, have not been applied in preparing these Financial Statements. They are summarized as follows:

IFRS 9 – Financial Instruments

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

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers (IFRS 15). The standard replaces IAS 11 "Construction Contracts", IAS 18 "Revenue", IFRIC 13 "Customer Loyalty Programmes", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfer of Assets From Customers" and SIC 31 "Revenue – Barter Transactions Involving Advertising Services". IFRS 15 is effective for periods beginning on or after January 1, 2017, permits early adoption, and is to be applied retrospectively. IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. The Company is in the process of evaluating the requirements of the new standard.

IAS 16 – Property, Plant and Equipment and IAS 38

In May 2014, the IASB issued amendments to IAS 16 Property, plant and equipment and IAS 38 Intangible assets. The amendments are effective for annual periods beginning on or after January 1, 2016 and are to be applied prospectively. The amendments clarify the factors in assessing the technical or commercial obsolescence and the resulting depreciation period of an asset and state that a depreciation method based on revenue is not appropriate. The Company is in the process of evaluating the requirements of the new standard.

IFRS 11 – Joint Arrangements

In May 2014, the IASB issued amendments to IFRS 11 Joint Arrangements (IFRS 11). The amendments in IFRS 11 are effective for annual periods beginning on or after January 1, 2016 and are to be applied prospectively. The amendments clarify the accounting for acquisition of interests in joint operations and require the acquirer to apply the principles on business combinations accounting in IFRS 3 Business combinations. The Company is in the process of evaluating the requirements of the new standard.

COMMITMENTS

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

(a) Royalty expenses

Production from the Company's Mupane operation is subject to third party royalties (included in mining costs) of 5% of revenues based on market prices at the date of shipment. For the three month period ended March 31, 2015, the Company accrued $319,367 in royalties (March 31, 2014 – accrued $623,514).

(b) Operating contractual obligations

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

- Incurred during the three month period ended March 31, 2015 $83,527
- To be incurred in the remainder of 2015 $215,851
- To be incurred 2016-2018 $1,161,671

(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 amounts have been provided for in the Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements.

RISKS AND UNCERTAINTIES

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

SUBSEQUENT EVENT

On April 29, 2015, the Company announced that it had entered into share purchase agreements to acquire approximately 78% of the issued and outstanding ordinary shares (the "**Galaxy Shares**") of Galaxy Gold Mining Limited ("**Galaxy**"), a gold mining company with operations in the Mpumalanga Province of South Africa. Following the acquisition of the Galaxy Shares pursuant to the share purchase agreements, the Company will make an offer to all other shareholders of Galaxy to acquire the remaining Galaxy Shares on economically equivalent terms. The acquisition of the Galaxy Shares is subject to the satisfaction or waiver of various closing conditions on or before June 30, 2015, including the completion of due diligence by the Company and the receipt of applicable regulatory approvals, including the approval of the TSX Venture Exchange. The share purchase agreements provide that the Company may, in its sole discretion, extend the closing date to August 31, 2015.

APPROVAL

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

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's annual information form for the year ended December 31, 2014, can be found on SEDAR at www.sedar.com.

SUPPLEMENTAL INFORMATION TO MANAGEMENT'S DISCUSSION AND ANALYSIS

Cash costs

The Company's MD&A often refers to operating cash cost per ounce, and operating cash cost excluding royalties per ounce, all non-GAAP performance measures, in order to provide investors with information about measures used by management to monitor performance. Management of the Company uses this information is used to assess how well the producing gold mines are performing compared to plan and prior periods, and also to assess the overall effectiveness and efficiency of gold mining operations. Cash cost figures are calculated in accordance with a standard developed by the Gold Institute, which was a worldwide association of suppliers of gold and gold products and included leading North American gold producers. The Gold Institute ceased operations in 2002, but the standard is still an accepted standard of reporting cash costs of gold production in North America. Adoption of the standard is voluntary, and the cost measures presented herein may not be comparable to other similarly titled measures of other companies. Cash cost includes mine site operating costs such as mining, processing, administration, and attributable realized derivative gain or loss, but are exclusive of impairment, amortization, reclamation, and exploration and development costs. Cash cost excluding royalties is cash cost less royalties. Operating cash cost is the total cash cost less those costs capitalized as attributable to the removal of excess waste in developing new resources. Operating cash cost excluding royalties is operating cash cost less royalties. These costs are then divided by the Company's ounces of gold produced to arrive at the cash cost measures on a per ounce basis. These measures, along with sales, are considered to be key indicators of a company's ability to generate operating earnings and cash flow from its mining operations.

These measures of cash costs do not have any standardized meaning prescribed by IFRS and differ from measures determined in accordance with IFRS. They are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures are not necessarily indicative of net earnings or cash flow from operations as determined under IFRS.

The following tables provides a reconciliation of cash cost measures for the mine to the mining costs excluding impairment, depreciation and amortization reflected in the Financial Statements.

	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Mining costs excluding impairment, depreciation and amortization	$ 6,412,343	$ 7,080,698	$ 6,724,357	$ 9,422,080
Adjust for:				
Stock movement	(371,706)	(43,505)	1,015,064	(239,462)
Total operating cash cost	$ 6,040,637	$ 7,037,193	$ 7,739,421	$ 9,182,618
Royalties	(319,367)	(383,590)	(471,041)	(538,250)
Total operating cash cost excluding royalties	$ 5,721,270	$ 6,653,603	$ 7,268,380	$ 8,644,368
Gold production (ounces)	4,506	6,044	8,206	7,195
Total operating cash cost excluding royalties per oz.	$ 1,270	$ 1,101	$ 886	$ 1,201

	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Mining costs excluding impairment, depreciation and amortization	$ 8,704,905	$ 9,648,688	$ 13,669,853	$ 15,723,290
Adjust for:				
Stock movement	(944,851)	359,154	(1,246,803)	(1,200,515)
Total operating cash cost	$ 7,760,054	$ 10,007,842	$ 12,423,050	$ 14,522,775
Royalties	(623,514)	(696,460)	(696,752)	(715,389)
Total operating cash cost excluding royalties	$ 7,136,540	$ 9,311,382	$ 11,726,298	$ 13,807,386
Gold production (ounces)	9,346	11,853	9,941	9,530
Total operating cash cost excluding royalties per oz.	$ 764	$ 786	$ 1,180	$ 1,449