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

GALANE GOLD LTD.

For the three month period ended March 31, 2018

Note to Reader:

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

GALANE GOLD LTD.

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

As at March 31, 2018 and December 31, 2017

	Notes	March 31, 2018	December 31, 2017
Assets			
Current assets:			
Cash		$ 2,434,871	$ 2,550,701
Trade and other receivables	6	1,583,480	1,582,958
Inventories	7	4,511,859	4,772,353
		8,530,210	8,906,012
Non-current assets			
Mining and exploration properties	8	34,685,722	35,231,615
Plant and equipment	8	2,154,078	2,414,229
		36,839,800	37,645,844
		$ 45,370,010	$ 46,551,856
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	10	$ 10,945,174	$ 10,921,451
Current portion of interest bearing loans and borrowings	11	940,439	8,862,616
		11,885,613	19,784,067
Non-current liabilities:			
Interest-bearing loans and borrowings	11	14,006,716	6,114,155
Warrants denominated in a foreign currency	13	31,882	31,402
Restoration and rehabilitation provision	9	6,762,227	6,530,831
		20,800,825	12,676,388
Shareholders' equity:			
Share capital	13	$ 37,348,880	$ 37,348,880
Reserves		2,345,681	2,280,668
Retained deficit		(27,010,989)	(25,538,147)
Equity attributable to Galane Gold Ltd. Shareholders		12,683,572	14,091,401
		$ 45,370,010	$ 46,551,856

Commitments and contingencies (Note 15);

Approved and authorized by the Board on May 9, 2018:

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

The notes on pages 5 to 14 are an integral part of these consolidated financial statements.

GALANE GOLD LTD.

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

Three month periods ended March 31, 2018 and March 31, 2017

	Note		2018		2017
Mining Revenue		$	9,907,949	$	6,727,699
Mining Costs:	14		9,634,281		9,260,983
Earnings (loss) from mining operations			273,668		(2,533,284)
Expenses:					
Exploration costs			60,176		34,783
Foreign exchange loss			595,218		413,853
Corporate general and administration	14		650,234		486,633
Financing costs	14		151,608		489,326
Other expenses	14		289,274		305,472
			1,746,510		1,730,067
Loss for the period before taxation		$	(1,472,842)	$	(4,263,351)
Taxation	12	$	-	$	-
Net loss and comprehensive loss for the period		$	(1,472,842)	$	(4,263,351)
Basic loss per common share	13	$	(0.01)	$	(0.03)
Diluted loss per common share	13	$	(0.01)	$	(0.03)
Weighted average number of common shares – basic	13		146,804,760		145,732,833
Weighted average number of common shares – fully diluted	13		146,804,760		145,732,833

The notes on pages 5 to 14 are an integral part of these consolidated financial statements.

GALANE GOLD LTD.

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

Three month periods ended March 31, 2018 and March 31, 2017

		Capital Stock		Reserves		
	Notes	Number	Amount	Stock based payments	Retained Deficit	Total
Balance as at December 31, 2016		145,088,978	37,139,370	2,077,781	(23,195,178)	16,021,973
Stock-based compensation for the period		-	-	62,213	-	62,213
Deferred Stock Units Issued		965,782	164,431	(164,431)	-	-
Net loss for the three months ended March 31, 2017		-	-	-	(4,263,351)	(4,263,351)
Balance as at March 31, 2017		146,054,760	37,303,801	1,975,563	(27,458,529)	11,820,835
Balance as at December 31, 2017		146,804,760	37,348,880	2,280,668	(25,538,147)	14,091,401
Stock-based compensation for the period	14	-	-	65,013	-	65,013
Net loss for the three months ended March 31, 2018		-	-	-	(1,472,842)	(1,472,842)
Balance as at March 31, 2018		146,804,760	37,348,880	2,345,681	(27,010,989)	12,683,572

The notes on pages 5 to 14 are an integral part of these consolidated financial statements.

GALANE GOLD LTD.

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

Three month periods ended March 31, 2018 and March 31, 2017

	Notes	2018	2017
Cash flows from operating activities:			
Net (loss) earnings for the period		$ (1,472,842)	$ (4,263,351)
Items not involving cash:			
Depreciation and amortization	8	1,383,152	1,288,484
Share based compensation		65,013	62,213
Accretion – ARO	9	103,456	63,108
Interest expense	14	47,672	424,689
Foreign exchange loss		273,118	306,771
Change in fair value of warrants		480	1,529
Deferral of royalties payable	11	-	340,793
Working capital adjustments:			
Change in trade and other receivables		32,452	15,819
Change in inventories		260,494	2,070,098
Change in trade and other payables relating to operating activities		(143,283)	511,100
Cash flows from operating activities		549,712	821,253
Cash flows from investing activities:			
Mining assets acquired	8	(577,108)	(610,600)
Cash flows used in investing activities		(577,108)	(610,600)
Cash flow from financing activities:			
Short term note		-	499,888
Interest paid		-	(11,140)
Repayment of interest bearing loans		-	(265,860)
Capital lease obligations		(85,344)	(17,013)
Cash flows from financing activities		(85,344)	205,875
Increase (decrease) in cash		(112,740)	416,528
Effect of unrealized foreign exchange gain on cash		(3,090)	820
Cash, at January 1		2,550,701	823,741
Cash, at March 31		$ 2,434,871	$ 1,241,089

The notes on pages 5 to 14 are an integral part of these consolidated financial statements.

1. Corporate Information

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

2. Liquidity Risk

As at March 31, 2018, the Company had a working capital deficiency of $3.4 million compared to a deficiency of $10.9 million at December 31, 2017. Included in working capital as at December 31, 2017 was $8.4 million due to the government of Botswana relating to outstanding royalty payments.

The 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 $0.3 million for the period ended March 31, 2018, compared to a loss of $2.5 million for the same period in 2017. Cash flow generated from operations for the three months ended March 31, 2018 was $0.5 million and the Company expects to be able to meet its obligations as they fall due for at least the next 12 months from cash generated from operations.

The current commodity price and exchange rate environment can be volatile which may have an impact on the Company's cash flows. Despite the higher gold price currently being realized, the Company continues to review its near term operating plans and to take steps to reduce costs and maximize cash flow generated from operations.

3. Basis of preparation:

(a) Statement of compliance

The unaudited condensed consolidated interim financial statements (the "Financial Statements") of the Company as at and for the three months ended March 31, 2018 have been prepared in accordance with IAS 34, Interim Financial Reporting, and do not include all of the information required for full annual consolidated financial statements. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed.

(b) Significant accounting judgments, estimates and assumptions

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are regularly evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The particular areas of estimation uncertainty and critical judgments are outlined in detail in the annual audited consolidated financial statements for the year ended December 31, 2017 (the "Annual Financial Statements").

(c) Functional and presentation currency

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

4. Significant Accounting Policies:

These Financial Statements have been prepared following the same accounting policies and methods of computation as the Annual Financial Statements, except as set out below.

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

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

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

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

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

5. Future Accounting Standards:

The following new standard which has been issued but is not yet effective for the quarter ended March 31, 2018, has not been applied in preparing these Financial Statements:

(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 is in the process of determining the impact of IFRS 16 on its consolidated financial statements.

6. Trade and other receivables

	March 31, 2018	December 31, 2017
Trade receivables	$ 485,670	$ 501,890
Taxes recoverable	471,078	380,431
Prepaid expenses	535,512	616,807
Other receivables	91,220	83,830
	$ 1,583,480	$ 1,582,958

7. Inventories

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

	March 31, 2018	December 31, 2017
Gold in process	$ 880,735	$ 855,376
Supplies	3,089,632	3,062,476
Ore Stockpiles	541,492	854,501
	$ 4,511,859	$ 4,772,353

8. Mining assets

The continuity of mining assets for the three months ended March 31, 2018 is as follows:

	Construction in Progress	Mining and Exploration Properties	Plant and Equipment	Total
Cost at December 31, 2017	$ 2,503,251	$ 84,282,797	$ 7,034,231	$ 93,820,279
Additions:				
Additions	168,993	402,133	5,982	577,108
Cost at March 31, 2018	$ 2,672,244	$ 84,684,930	$ 7,040,213	$ 94,397,387
Accumulated depreciation and amortization at December 31, 2017	$ -	$ (51,554,433)	$ (4,620,002)	$(56,174,435)
Amortization	-	(1,117,019)	(266,133)	(1,383,152)
Accumulated depreciation and amortization at March 31, 2018	$ -	$ (52,671,452)	$ (4,886,135)	$(57,557,587)
Net book value, March 31, 2018	$ 2,672,244	$ 32,013,478	$ 2,154,078	$ 36,839,800

9. Restoration and rehabilitation provision

		Restoration and rehabilitation provision
At December 31, 2017	$	6,530,831
Revaluation		127,940
Accretion		103,456
At March 31, 2018	$	6,762,227

10. Trade accounts payable and accrued liabilities:

		March 31, 2018		December 31, 2017
Trade accounts payable	$	8,948,671	$	8,761,3011
Accrued liabilities		1,996,503		2,160,150
	$	10,945,174	$	10,921,451

11. Interest-bearing loans and borrowings:

		March 31, 2018		December 31, 2017
Current				
Mining Royalties [(2)]	$	520,709	$	8,398,709
Capital lease obligation [(3)]		419,730		463,907
	$	940,439	$	8,862,616
Non-Current				
Debentures [(1)]	$	6,128,716	$	6,072,987
Mining Royalties [(2)]		7,878,000		-
Capital lease obligation [(3)]		-		41,168
	$	14,006,716	$	6,114,155

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

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

(2) The Government of Botswana royalties were all recorded as current liabilities at December 31, 2017, however on March 19, 2018 an agreement was reached with the government regarding royalties payable on the sale of gold and subsequent repayment thereof under the following terms (see Note 15):

- $8,398,709 of royalties deferred to December 2017 will commence repayment in March 2018 over 34 months as follows:
  - principal repayments of $21,593 per month for ten months commencing March 2018,
  - principal repayments of $101,593 per month for 12 months commencing January 2019, and
  - the remaining balance to be repaid in 12 equal monthly payments commencing January 2020;
- interest to be charged at Bank of Botswana commercial bank prime lending rate plus 5%, applied on a simple interest basis, equating to $28,407 per month over the 34 month repayment period; and
- the deferral amount is unsecured.

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

12. Income and Mining Taxes:

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

As a result of the effect of utilization of loss carry forwards available to the Company, the Company reported no income tax expense for the three months ended March 31, 2018 (three months ended March 31, 2017 - $nil). The effective income tax rates vary from the combined Canadian federal and provincial statutory income tax rate of 26.50% for the three months ended March 31, 2018 (three months ended March 31, 2017 – 26.50%) due to the geographical distribution of earnings, which are subject to different tax rates, fluctuations in exchange rates and other non deductible expenses.

13. Share Capital

(a) Authorized share capital:

As at March 31, 2018, the authorized share capital of the Company consisted of an unlimited number of common shares. All issued shares are fully paid.

(b) Issued share capital:

As at March 31, 2018, 146,804,760 common shares are issued and outstanding.

The Company did not issue any common shares during the three month period ended March 31, 2018.

The Company issued 965,782 common shares during the three month period ended March 31, 2017. The shares were issued pursuant to the Company's deferred share unit plan at a weighted average price of C$0.17.

(c) Stock Options:

The Company has a stock option plan whereby options may be granted to directors, officers, employees and consultants. As at March 31, 2018, a maximum of 14,680,476 options to purchase common shares were issuable under the Company's stock option plan, of which 4,980,476 remained available for issuance.

The following is a summary of stock options outstanding as at March 31, 2018 and December 31, 2017 along with changes during the periods then ended:

	Number of Options		Weighted Average Exercise Price (CDN$)
Balance December 31, 2016	11,290,000	$	0.18
Options expired	(1,090,000)		0.84
Options cancelled	(250,000)		0.05
Options exercised [3]	(750,000)		0.05
Options granted May 29, 2017, expiring May 29, 2022	500,000		0.10
Balance December 31, 2017 and March 31, 2018 [1] [2]	9,700,000	$	0.11

(1) The weighted average time to expiration for outstanding options is 2.8 years.

a. The range of exercise price are Cdn.$0.095 to Cdn.$0.12.

(2) As at March 31, 2018, 2,690,000 options were exercisable (December 31, 2017 – 2,690,000).

(3) The weighted average share price on the exercise dates for the 2017 stock option exercises was CA$0.09.

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

	Three months ended March 31, 2018	Three months ended March 31, 2017
Loss attributable to Galane shareholders	$ (1,472,842)	$ (4,263,351)
Weighted average number of common shares outstanding for purposes of basic earnings per share	146,804,760	145,732,833
Dilutive options	-	-
Weighted average number of common shares outstanding for the purpose of diluted earnings per share	146,804,760	145,732,833
Earnings per share		
Basic	$ (0.01)	$ (0.03)
Diluted	$ (0.01)	$ (0.03)

Basic earnings (loss) per share is computed by dividing the earnings (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution of outstanding deferred share units and stock options in the weighted average number of common shares outstanding during the period, if dilutive. For Q1 2018 and Q1 2017, all instruments were considered anti-dilutive due to the net loss in the respective periods.

(e) NLE Shares:
The Company entered into an agreement (the "NLE Agreement") on July 27, 2011 to acquire all of the issued and outstanding shares of NLE.

The NLE Agreement provides for the issuance of up to an additional 8,750,000 common shares upon the achievement of exploration milestones on the NLE mineral properties within seven years from the date of the closing of the NLE Acquisition. On April 8, 2014, the Company issued an aggregate of 1,375,000 common shares as a result of the achievement of the first milestone. As a result, the Company provided for a share based compensation amount of $157,986 (1,375,000 common shares at a price of CDN$0.12 per share) which was recognized as an addition to fixed assets.

(f) Deferred Share Units
The Company has established a deferred share unit plan whereby deferred share units ("DSUs") may be granted to directors, officers, employees and consultants. As at March 31, 2018, a maximum of 13,262,888 DSUs were issuable under the Company's deferred share unit plan, of which 7,327,060 remained available for issuance.

During the period ended March 31, 2017, the Company issued a total of 965,782 shares under the Company's deferred share unit plan at a weighted average price of C$0.17.

(g) Warrants:
The following is a summary of warrants outstanding as at March 31, 2018 and changes during the periods then ended:

	Number of Warrants	Weighted Average Exercise Price (CDN$)
Balance, December 31, 2016	4,596,614	0.11
Warrants expired November 20,2017	(4,076,598)	0.10
Balance, December 31, 2017 and March 31, 2018	520,016	0.18

14. Breakdown of loss and comprehensive loss items:

(a) Mining costs

	Three month period ended March 31, 2018	Three month period ended March 31, 2017
Mining and production	$ 7,263,144	$ 7,024,729
Administrative	987,985	918,740
Total costs	8,251,129	7,943,469
Depreciation and amortization	1,383,152	1,317,514
	$ 9,634,281	$ 9,260,983

(b) Corporate general and administration

	Three month period ended March 31, 2018	Three month period ended March 31, 2017
Professional fees	$ 129,978	$ 85,310
Corporate administration	455,243	339,110
Share-based compensation	65,013	62,213
	$ 650,234	$ 486,633

(c) Financing costs

	Three month period ended March 31, 2018	Three month period ended March 31, 2017
Interest on long term debt	$ 47,672	$ 424,689
(Decrease)/Increase in fair value of warrants denominated in foreign currency	480	1,529
Accretion	103,456	63,108
	$ 151,608	$ 489,326

(d) Other expenses

	Three month period ended March 31, 2018	Three month period ended March 31, 2017
Other income	$ (2,932)	$ (1,478)
Galaxy on-going costs	292,206	306,950
	$ 289,274	$ 305,472

15. Commitments and Contingencies

(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 three month period ended March 31, 2018, the Company paid $499,998 in royalties (2017 – expensed $340,793).

(b) Operating contractual obligations

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

- To be incurred in the remainder of 2018 $305,382
- To be incurred 2019-2021 $1,344,234

(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.

16. Segmented information

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

	Canada	South Africa	Botswana	Total
Cash	$ 86,614	$ 69,101	$ 2,279,156	$ 2,434,871
All other assets	5,693	12,859,200	30,070,246	42,935,139
Balance, March 31, 2018	$ 92,307	$ 12,928,301	$ 32,349,402	$ 45,370,010

17. Related party transactions

During the three months ended March 31, 2018, no related party transactions occurred:

The remuneration of directors and other members of key management personnel during the three months ended March 31, 2018 are as follows:

		Three months ended March 31, 2018		Three months ended March 31, 2017
Salaries	$	383,458	$	286,824
Management fees[1]		42,332		44,468
Directors' fees		20,022		20,654
Share-based compensation[2]		65,013		62,213
	$	510,825	$	414,159

(1) Management fees represent compensation paid to officers of the Company pursuant to contracts for services.

(2) Share-based compensation is the fair value of options, deferred matching shares and DSUs granted to key management personnel.