

GALANE GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended March 31, 2021

Dated: May 26, 2021.

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 May 26, 2021. 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, 2021 (the "Interim Financial Report"), as well as the audited consolidated financial statements and notes thereto for the year ended December 31, 2020 (the "Annual Financial Statements").

The Annual 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"). The Interim Financial Report has been prepared by management in accordance with IFRS applicable to interim financial reporting, including IAS 34, Interim Financial Reporting. All amounts are expressed in U.S. dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Annual Financial Statements.

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

The Audit Committee and the Board of Directors provide an oversight role with respect to all public financial disclosures by the Company. The Board of Directors approves the Interim Financial Report, the Annual 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 three mineral projects; gold price volatility; risks associated with the conduct of the Company's mining activities in Botswana, South Africa and New Mexico; regulatory, consent or permitting delays; risks relating to the Company's exploration, development and mining activities being situated in Botswana, South Africa and New Mexico; 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

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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; supply chain disruptions, major health issues, pandemics, and COVID-19; 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 ramping-up 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, 2020, 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 Kevin Crossling Pr. Sci. Nat., MAusIMM., Business Development Consultant for Galane Gold, and a "qualified person" as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("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.

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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 restarting 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 (the "Exchange") under the symbol "GG" since September 6, 2011 and trade on the OTCQB in the United States under the trading symbol "GGGOF".

OUTLOOK

The extent and duration of impacts that COVID-19 may have on the Company's ability to ship and sell gold dore and gold concentrate, on our suppliers and employees and on global financial markets going forward is not known at this time but could be material. As a result, the Company has not issued annual guidance for 2021.

Mupane

The Company continues to operate while observing compliance with capacity and enhanced operating requirements mandated by the Republic of Botswana Government, including but not limited to social distancing, wearing of face masks, provision of hand sanitizer for employees and visitors, registration upon entry to site and temperature checks. The Company will continue to assess the viability of operating at the government mandated levels and look to manage production in line with any further easing or tightening of operating restrictions.

Galaxy

The Company continues to operate while observing compliance with capacity and enhanced operating requirements mandated by the Republic of South Africa Government, including but not limited to social distancing, wearing of face masks, provision of hand sanitizer for employees and visitors, registration upon entry to site and temperature checks. The Company will continue to assess the viability of operating at the government mandated levels and look to manage production in line with any further easing or tightening of operating restrictions.

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DISCUSSION OF OPERATIONS

For the three months ended March 31, 2021

The following is an analysis of the Company's operating results for the three months ended March 31, 2021 ("Q1 2021").

Operating activity:

Commentary regarding the Company's operating activity during Q1 2021:

Mining

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

		2021		2020				
		Q1	Total	Q4	Q3	Q2	Q1	Total
Mupane (Tau)	Ore (t)	48,207	48,207	64,309	70,837	59,532	67,368	262,046
	Grade (g/t)	1.89	1.89	2.05	2.31	2.58	2.64	2.39
	Waste (t)	9,578	9,578	5,822	10,016	6,464	16,482	38,784
Dinokwe	Ore (t)	40,043	40,043	15,365	21,485	4,283	4,012	45,145
	Grade (g/t)	1.78	1.78	1.79	1.88	1.67	1.37	1.78
	Waste (t)	251,743	251,743	230,174	509,357	241,524	106,870	1,087,925
Golden Eagle	Ore (t)	3,652	3,652	32,182	20,210	-	-	52,392
	Grade (g/t)	1.93	1.93	2.36	2.64	-	-	2.46
	Waste (t)	10,979	10,979	8,162	4,852	-	-	13,014
Low Grade Stockpiles	Ore (t)	46,174	46,174	-	-	12,105	1,527	13,632
	Grade (g/t)	0.65	0.65	-	-	1.44	1.28	1.42
Monarch Slimes Dump / Historic Tailings Dumps	Ore (t)	34,917	34,917	39,687	85,512	83,605	69,465	278,269
	Grade (g/t)	0.89	0.89	0.66	0.73	0.78	1.26	0.87

The Company continued to mine from the Tau deposit at the Mupane Property and the Dinokwe open cut during Q1 2021, and continued reclamation of sands from historic tailings dumps and low grade ore from stockpiles located in close proximity to the Mupane property:

- Tau – In Q1 2021, the Company continued mining in the main reef of the ore body with 48,207 tonnes at 1.89 g/t being mined (three months ended March 31, 2020 ("Q1 2020") – 67,368 tonnes at 2.64 g/t). The tonnes and grade for Q1 2021 were lower than Q1 2020 with mining activity during the quarter impacted by flooding of lower levels of the mine following substantial rainfall during Q1 2021 and the increasing mine depth at Tau.
- Dinokwe – For Q1 2021 the Company mined 251,743 tonnes of waste, and 40,043 tonnes of ore at a grade of 1.78 g/t (Q1 2020 – 106,870 tonnes of waste and 4,012 tonnes of ore at a grade of 1.37 g/t). The increase in ore mined for Q1 2021 is due to mining in the main ore body during the quarter compared to Q1 2020 when the Dinokwe mine was only commencing development as an open cut ore body.
- Golden Eagle – During Q1 2021 the Company mined 3,652 tonnes of ore at an average grade of 1.93 g/t., with mining activities restricted by flooding due to the substantial rainfall experienced during Q1 2021. There was no mining activity at Golden Eagle underground during Q1 2020.
- Monarch/Historic Tailings – In Q1 2021, the Company transported 34,917 tonnes of historic tailings at an average grade of 0.89 g/t, (Q1 2020- 69,465 tonnes of Monarch slimes at 1.26 g/t) with the hauling of historic tailings for Q1 2021 lower due to restricted access as compared to the Monarch sands.

In addition, the Company is currently processing ore from its previously mined low-grade stockpiles, which are located next to the Golden Eagle mine, Signal Hill and Molomolo. In Q1 2021, the Company reclaimed 46,174 tonnes of low-grade ore stockpiles at an average grade of 0.65 g/t (Q1 2020 – 1,527 tonnes at 1.28 g/t) with trucks previously used to haul Monarch slimes having been reassigned to low-grade stockpile reclamation.

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Processing

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

		2021		2020				
		Q1	Total	Q4	Q3	Q2	Q1	Total
Ore milled	t	170,780	170,780	166,087	194,906	157,644	144,853	663,490
Head grade	g/t	1.31	1.31	1.77	1.63	1.52	2.08	1.74
Recovery	%	77.6%	77.6%	75.4%	75.6%	74.0%	70.4%	73.8%
Gold production	oz	5,600	5,600	7,122	7,738	5,691	6,818	27,369

Gold production in Q1 2021 was 5,600 ounces compared to 6,818 ounces in Q1 2020. The ore milled for Q1 2021 was 171kt (Q1 2020 – 145kt). The grade in Q1 2021 of 1.31 g/t was below the grade for Q1 2020 of 2.08 g/t and was reflective of the feedstock available, with the feed impacted by the reclamation of low-grade stockpiles with a grade lower than the previously recovered Monarch sands. The recovery for Q1 2021 of 77.6% was above the recovery for Q1 2020 of 70.4%. The increased recovery was reflective of the increased hard rock feed of the ore processed for Q1 2021.

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 2021	Q1 2020
Revenue (000)	\$ 10,070	\$ 9,474
Gold sold (oz.)	5,685	6,105
Earnings from mining operations (000)	\$ 891	\$ 871
Operating cash cost excluding royalties (\$/oz.) ⁽¹⁾	\$ 1,391	\$ 1,037

Note:

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

In the Q1 2021, the Company generated \$10.1 million in revenue from the sale of 5,685 ounces of gold plus incidental silver at an average combined price of \$1,771 per ounce and earnings from mining operations of \$0.9 million. This compares to \$9.5 million in revenue from the sale of 6,105 ounces of gold plus incidental silver at an average combined price of \$1,552 per ounce and earnings from mining operations of \$0.9 million in Q1 2020.

The reason for the change in earnings from mining operations from Q1 2021 to Q1 2020 is a result of several factors:

- Gold sales for Q1 2021 were 420 ounces less than in Q1 2020. The impact of the decreased ounces sold was offset by an increase in the average gold price achieved of \$219 per ounce, resulting in an overall revenue increase of \$0.6 million compared to Q1 2020.
- Mining costs in Q1 2021 were \$3.4 million compared to \$3.0 million in Q1 2020. The increase in mining costs is due to an increase in tonnes mined for the quarter with 173kt mined in Q1 2021, compared to 142kt for Q1 2020.

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- Processing costs in Q1 2021 were \$4.0 million compared with \$3.4 million in Q1 2020. The actual tonnes milled increased from 144,853 tonnes in Q1 2020 to 170,780 tonnes in Q1 2021 with costs increasing proportionately to the increase in feed tonnes.
- General and administration costs in Q1 2021 were \$0.8 million compared to \$0.9 million in Q1 2020.
- Depreciation and amortization expense was \$0.9 million in Q1 2021 compared to \$1.4 million in Q1 2020. The amortization for Q1 2021 was impacted by a \$0.8 million decrease in Tau amortization, offset by an increase in Dinokwe pre-stripping amortization of \$0.5 million. Depreciation on property, plant and equipment decreased by \$0.1 million for the Q1 2021.

As a result of the above factors the operating cash cost per ounce excluding royalties in Q1 2021 was \$1,391 compared to \$1,037 per ounce in Q1 2020.

Results

The Company's earnings (loss) comprised of:

	Q1 2021	Q1 2020
Earnings from mining operations	\$ 890,559	\$ 870,700
Corporate general and administrative costs	(773,058)	(496,502)
Stock-based compensation	(12,529)	(58,888)
Foreign exchange gain (loss)	127,932	1,227,339
Interest on long term debt	(105,544)	(160,004)
Other financing costs	(86,290)	606,320
Galaxy on-going costs	(385,374)	(293,611)
Other income (expenses)	(24,587)	(35,778)
Net earnings (loss) for the period	\$ (368,891)	\$ 1,659,576

Other financing costs increased by \$0.7 million for Q1 2021 with Q1 2020 impacted by income of \$0.7 million related to the revaluation of the warrants denominated in foreign currency while there were no outstanding warrants during Q1 2021.

Corporate general and administrative costs increased by \$0.3 million for Q1 2021, with professional fees increasing \$0.2 million relating to business development undertaken during the quarter, and management fees increasing by \$0.1 million with the resumption of a bonus accrual for the current year.

The foreign exchange gain for Q1 2020 was impacted by significant devaluation of currencies against the US dollar during the quarter as the COVID-19 pandemic was unfolding, while exchange rates for Q1 2021 have remained more stable during this period.

Corporate general and administration costs are comprised of the following:

	Q1 2021	Q1 2020
Professional fees	\$ 332,390	\$ 110,280
Management fees to officers	298,225	169,865
Investor relations	47,630	46,552
Corporate general and administration	94,813	169,805
	\$ 773,058	\$ 496,502

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SUMMARY OF FINANCIAL POSITION

Selected Consolidated Statement of Financial Position Data:

	March 31, 2021 \$	December 31, 2020 \$	September 30, 2020 \$	June 30, 2020 \$
Total current assets	9,408,535	11,560,086	12,296,919	10,107,858
Total current liabilities	24,035,650	23,996,806	21,404,293	23,274,143
Working capital deficit	(14,627,115)	(12,436,720)	(9,107,374)	(13,166,285)
Non-current assets	44,285,857	42,586,905	39,535,357	38,355,067
Non-current liabilities	6,200,674	6,335,755	10,638,000	10,864,398
Total shareholders' equity	23,458,068	23,814,430	19,789,983	14,324,384

	March 31, 2020 \$	December 31, 2019 \$	September 30, 2019 \$	June 30, 2019 \$
Total current assets	7,766,249	9,345,569	9,304,363	9,510,559
Total current liabilities	21,098,020	23,663,805	15,789,107	17,338,010
Working capital deficit	(13,331,771)	(14,318,236)	(6,484,744)	(7,827,451)
Mining assets	38,867,449	38,912,824	39,784,421	39,855,606
Non-current liabilities	10,898,590	11,675,964	19,790,681	19,056,410
Total shareholders' equity	14,637,088	12,918,624	13,508,996	12,971,745

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As at the end of Q1 2021, there was a working capital deficiency of \$14.6 million, an increase of \$2.2 million from the end of Q4 2020. The increase in working capital deficiency was mainly due to the following movements in total current liabilities and cash balance:

- A cash balance decrease of \$2.1 million.
- Trade and other receivables remained consistent at \$2.0 million, however an increase of \$0.2 million in prepaid expenses was offset by a decrease of \$0.1 million in trade receivables and \$0.1 million in taxes recoverable.
- An increase of \$0.1 million for inventories, with an increase of \$0.1 million in gold in process offset by a decrease of \$0.1 million in stores inventory.
- Accounts payable and accrued liabilities increased by \$1.2 million with trade payables increasing \$1.0 million, with a \$0.5 million increase at Mupane, \$0.4 million increase at Galaxy and \$0.1 million increase at Galane. Accrued liabilities increased by \$0.2 million with the resumption of a bonus accrual in the current year.
- A decrease of \$1.1 million in interest bearing loans and borrowings in Q1 2021, with a decrease of \$0.6 million in deferred royalties, a decrease of \$0.6 million for the Barak loan facility and a \$0.1 million decrease in lease liabilities, offset by an increase of \$0.1 million due to the reallocation of Barak royalty payable to current.

As at the end of Q1 2021, non-current liabilities decreased \$0.1 million with a \$0.1 million decrease in lease liabilities, and a \$0.1 million decrease in Barak royalty payable with a reallocation to current, offset by an increase in rehabilitation provision of \$0.1 million.

Total shareholders' equity in Q1 2021 decreased by \$0.4 million primarily due to the loss for the quarter of \$0.4 million.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

The Company defines capital as consisting of shareholders' equity, being made up 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 Mupane 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, subject to the Going Concern commentary below related to the current uncertain impact of COVID-19 on the operating environment. As described above under "Summary of Financial Position", at March 31, 2021, the Company had a working capital deficiency of \$14.6 million and generated cash flows from operations of \$2.0 million for the period ended March 31, 2021.

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.

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Going Concern

The Interim Financial Report was prepared using international financial reporting standards that are applicable to a going concern.

During the three months ended March 31, 2021, several measures continue to be in place in Botswana, South Africa and the rest of the world in response to the increased impact from COVID-19. The Company continues to operate while observing compliance with capacity and enhanced operating requirements as mandated by the Republic of Botswana Government and Republic of South Africa Government, including but not limited to social distancing, wearing of face masks, provision of hand sanitizer for employees and visitors, registration upon entry to site and temperature checks. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts on our business operations, including the duration and impact on our future production, cannot be reasonably estimated at this time and we anticipate this could have an adverse impact on the Company's financial position, results of operation and cash flows. The Company's liquidity and ability to continue as a going concern may also be impacted.

As at March 31, 2021, the Company had a working capital deficiency (current assets less current liabilities) of \$14.6 million compared to a deficiency of \$12.4 million at December 31, 2020.

The working capital deficiency includes deferred royalties of \$4.8 million now classified as a current liability. During 2020, the Company entered into discussions with the Government of Botswana to reschedule the repayment of the outstanding balance, however, with the current focus on the COVID-19 shutdown of non-essential services in the country, these discussions have not yet concluded.

The impact of the COVID-19 pandemic, and the Company's financial position, result in material uncertainties which may give rise to significant doubt as to the ability of the Company to continue as a going concern. Because of these uncertainties, there can be no assurance that the measures that management is taking to mitigate the Company's liquidity position and the impact of the COVID-19 pandemic will be successful.

The ongoing strength in gold prices and positive operating performance at the Mupane mine have resulted in earnings from mining operations of \$0.9 million for the three months ended March 31, 2021, compared to \$0.9 million for the same period in 2020, with cashflow from operations of \$2.0 million for the three months ended March 31, 2021, compared to \$0.8 million for the same period in 2020. The Company has no material commitments for capital expenditures at the Mupane or Galaxy mine as of March 31, 2021.

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.

The Interim Financial Report does not reflect adjustments to the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

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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, 2021	December 31, 2020	September 30, 2020	June 30, 2020
	\$	\$	\$	\$
Revenue	10,069,739	14,292,821	14,927,120	10,375,274
Total mining costs	(9,179,180)	(9,494,611)	(11,390,341)	(8,395,220)
Non-mining expenses	(1,259,450)	(821,267)	(4,348,516)	(2,370,808)
(Loss) earnings	(368,891)	3,976,943	(811,737)	(390,754)
(Loss) earnings per share				
- Basic	(0.00)	0.02	(0.00)	(0.00)
- Diluted	(0.00)	0.02	(0.00)	(0.00)
Total assets at end of quarter	53,694,392	54,146,991	51,832,276	48,462,925
Total liabilities at end of quarter	30,236,324	30,332,561	32,042,293	34,138,541
Total equity at end of quarter	23,458,068	23,814,430	19,789,983	14,324,384

	Three months ended			
	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
	\$	\$	\$	\$
Revenue	9,473,565	9,038,969	12,462,310	11,424,704
Total mining costs	(8,602,865)	(9,778,762)	(10,888,260)	(10,603,441)
Non-mining expenses	788,876	(1,482,536)	(1,089,606)	(658,639)
Earnings (loss)	1,659,576	(2,222,329)	484,444	162,624
Earnings (loss) per share				
- Basic	0.01	(0.01)	0.00	0.00
- Diluted	0.01	(0.01)	0.00	0.00
Total assets at end of quarter	46,633,698	48,258,393	49,088,784	49,366,165
Total liabilities at end of quarter	31,996,610	35,339,769	35,579,788	36,394,420
Total equity at end of quarter	14,637,088	12,918,624	13,508,996	12,971,745

Note:

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

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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 credit risk related to the trade receivable is considered minimal as gold and gold concentrate is sold to creditworthy major banks and offtake partners and settled promptly, usually within the following month, 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. Management believes that 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 try to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2021, the Company had current assets of \$9,408,535 (December 31, 2020 - \$11,560,086) to settle current liabilities of \$24,035,650 (December 31, 2020 - \$23,996,806). 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 presentation 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 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 314,993,460 Common Shares are issued and outstanding as of the date of this MD&A.

The Company adopted a stock option plan (the "Option Plan"). Under the terms of the Option Plan, officers, directors, employees and consultants are eligible to receive grants of stock options to purchase Common Shares for a period of up to ten years from the date of grant, provided that the number of Common Shares reserved for issuance may not exceed 10% of the total issued and outstanding Common Shares at the date of the grant. As of the date of this MD&A, subject to the terms of the Option Plan, options to purchase 12,700,000 Common Shares are outstanding and options to purchase 18,799,346 Common Shares are available for grant.

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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 has adopted a deferred share unit plan (the "DSU Plan"). 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 7,170,046 Common Shares pursuant to outstanding deferred share units awarded under the DSU Plan and 1,125,782 Common Shares have been issued under the DSU Plan.

On May 19, 2021, in connection with the Summit Acquisition and 2021 Private Placement (as both terms are defined below) (see "Subsequent Events" section), the Company issued 44,028,700 2021 Warrants (as defined below), and 16,000,000 Summit Acquisition Warrants (as defined below), with each such warrant entitling the holder thereof to acquire one Common Share at an exercise price of C\$0.30 until May 19, 2024. As of the date hereof, all 44,028,700 2021 Warrants and all 16,000,000 Summit Acquisition Warrants remain outstanding.

On May 19, 2021, in connection with the 2021 Private Placement (see "Subsequent Events" section), the Company issued 3,048,602 broker warrants ("2021 Broker Warrants"), with each 2021 Broker Warrant entitling the holder thereof to acquire one Common Share at an exercise price of C\$0.22 until May 19, 2023. As of the date hereof, all 3,048,602 2021 Broker Warrants remain outstanding.

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 Gold Mining (Pty) Limited (formerly Galaxy Gold Mining Limited, "Galaxy") and its subsidiary Galaxy Gold Reefs (Pty) Ltd. The original terms of the Galaxy Debentures were: (i) to mature on November 20, 2019, (ii) to bear 4% interest per annum, accrued and paid at maturity, (iii) to allow conversion of the principal at the option of the holder into Common Shares at a price of C\$0.58⁽¹⁾ per Common Share, based on a pre-determined exchange rate of \$1.00: C\$1.30, and (iv) to allow conversion of the interest at the option of the holder into Common Shares, based on a pre-determined exchange rate of \$1.00: C\$1.30, at a price per Common Share equivalent to the greater of C\$1.00 and the Discounted Market Price (as defined by the Exchange) at the time of conversion, subject to acceptance of the Exchange. On September 27, 2019, the Company prepaid \$728,000 of principal amount of the Galaxy Debentures. On September 30, 2019, the Company entered into an agreement with a requisite percentage of Galaxy Debenture holders to amend certain terms of the Galaxy Debenture. Under the terms of the amended Galaxy Debentures: (i) the maturity date is extended to November 20, 2021, (ii) the principal is convertible at the option of the holder into Common Shares at a price of C\$0.20 per Common Share, at a pre-determined exchange rate of \$1.00:C\$1.30, (iii) the interest is convertible at the option of the holder into Common Shares, based on a pre-determined exchange rate of \$1.00: C\$1.30, at a price per Common Share equivalent to the greater of C\$0.20 and the Discounted Market Price (as defined by the Exchange) at the time of conversion, subject to acceptance of the Exchange, and (iv) the Company has the right of forced conversion with respect the principal if the trading price of the Common Shares exceeds C\$0.20 for 10 consecutive trading days. On December 15, 2019, the Company prepaid an additional \$838,486 of the principal and \$12,517 of the interest on the Galaxy Debenture.

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

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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 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) 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. The first payment of interest under the rescheduled agreement was made in April 2019.

Prior to the date hereof, the trading price of the Common Shares exceeded both the C\$0.15 and C\$0.20 thresholds for 10 consecutive trading days and, as a result, the Company has a right to force conversion of the principal amount of the outstanding debentures at any time prior to maturity.

⁽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.

GALAXY SHARE DONATION

On March 19, 2019, the Company donated 17% of the issued and outstanding shares of Galaxy to Phakamani Foundation Trust (operating as Phakamani Foundation NPC). The donation was made in relation to the terms of the *Mineral and Petroleum Resources Development Act, 2004* of South Africa, together with the *Broad-Based Social-Economic Empowerment Charter for Mining and Mineral Industry, 2018* and the requirement 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").

On March 19, 2019, 10% of the issued and outstanding shares of Galaxy Gold Reefs (Pty) Ltd, was donated to a South African community-based trust and a South African local employee share scheme. The donation was made in relation to the BEE Requirement.

TRANSACTIONS WITH RELATED PARTIES

During the period ended March 31, 2021, there were no related party transactions entered into.

On August 13, 2020, the Company entered into loan agreements with its CEO, COO and CFO (the "Executives") as partial compensation for the services provided by the Executives in 2019. The loans are non-interest bearing, non-recourse loans with a term of three years. Pursuant to the terms of the loan agreements, the Executives used the proceeds of the loans to exercise 4,563,000 2018 Warrants held by the Executives. The shares issued to the Executives on exercise of the 2018 Warrants are held by the Company as security for the outstanding loan balance. The loan receivable balance at March 31, 2021 is \$172,481.

COMMITMENTS

As at the date of this MD&A, the Company did not have any commitments.

OFF-BALANCE SHEET ARRANGEMENTS

Other than the low value operating lease arrangements not recognized on the initial adoption of the revised IFRS 16 Leases, the Company currently has no off-balance sheet arrangements.

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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, both 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 Annual Financial Statements.

	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Mining costs excluding impairment, depreciation and amortization	\$ 8,242,418	\$ 8,490,051	\$ 9,770,640	\$ 6,889,365
Adjust for:				
Inventory movement	56,928	1,840	(640,376)	(304,234)
Total operating cash cost	\$ 8,299,346	\$ 8,491,891	\$ 9,130,264	\$ 6,585,131
Royalties	(507,591)	(717,397)	(756,174)	(523,194)
Total operating cash cost excluding royalties	\$ 7,791,555	\$ 7,774,494	\$ 8,374,090	\$ 6,061,937
Gold production (ounces)	5,600	7,122	7,738	5,691
Total operating cash cost excluding royalties per oz.	\$ 1,391	\$ 1,092	\$ 1,082	\$ 1,065

	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Mining costs excluding impairment, depreciation and amortization	\$ 7,215,634	\$ 8,243,831	\$ 9,617,217	\$ 8,934,073
Adjust for:				
Inventory movement	339,922	550,819	(222,748)	41,530
Total operating cash cost	\$ 7,555,556	\$ 8,794,650	\$ 9,394,469	\$ 8,975,603
Royalties	(484,419)	(457,142)	(631,199)	(579,792)
Total operating cash cost excluding royalties	\$ 7,071,137	\$ 8,337,508	\$ 8,763,270	\$ 8,395,811
Gold production (ounces)	6,818	6,839	8,435	8,694
Total operating cash cost excluding royalties per oz.	\$ 1,037	\$ 1,214	\$ 1,026	\$ 966

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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, 2020, 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, 2020, can be found on the Company's SEDAR profile at www.sedar.com.

SUBSEQUENT EVENTS

Summit Mine Acquisition

On May 19, 2021, the Company announced that it had completed the acquisition (the "Summit Acquisition"), through a wholly-owned subsidiary, of the Summit Mine (the "Summit Mine") and the infrastructure constituting the Banner crush, mill and flotation plant in New Mexico, located 57 miles from the Summit Mine (together with the Summit Mine, the "Summit Assets") from Pyramid Peak Mining, LLC, a wholly-owned subsidiary of Waterton Precious Metals Fund II Cayman, LP (the "Seller").

The aggregate consideration to be paid for the Summit Assets is \$17.0 million, of which \$8.8 million has been paid, consisting of (i) cash consideration of \$6.0 million paid on closing of the Summit Acquisition; (ii) issuance to the Seller on closing of the Summit Acquisition of 16 million Common Shares at a deemed issuance price of C\$0.22 per common share and warrants to purchase up to 16 million Common Shares, exercisable at an exercise price of C\$0.30 per common share for a period of three years from closing of the Summit Acquisition (the "Summit Acquisition Warrants"); and (iii) cash consideration of \$8.2 million to be paid upon commencement of production at the Summit Mine.

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In connection with the Summit Acquisition, the Company also completed a private placement (the "2021 Private Placement") of 44,028,700 subscription receipts of the Company ("Subscription Receipts") at a price of C\$0.22 per Subscription Receipt for aggregate proceeds of C\$9,686,314. Canaccord Genuity Corp. acted as lead agent in connection with the 2021 Private Placement, on behalf of a syndicate of agents, including Research Capital Corporation (collectively, the "Agents").

On closing of the Summit Acquisition, each Subscription Receipt holder received one Common Share and one common share purchase warrant of the Company (the "2021 Warrant"). Each 2021 Warrant entitles the holder thereof to purchase one Common Share at a price of C\$0.30, for a period of three years following the closing of the Summit Acquisition.

In connection with the 2021 Private Placement, the Agents received a cash commission of 7.0% or, in the case of the president's list purchasers, 3.5% of the aggregate proceeds raised pursuant to the 2021 Private Placement (the "Agents' Commission") and 2021 Broker Warrants in the amount of 7.0% or, in the case of the president's list purchasers, 3.5% of the number of Subscription Receipts sold pursuant to the 2021 Private Placement. Each 2021 Broker Warrant entitles the holder thereof to purchase one Common Share at a price of C\$0.22, for a period of two years following the closing of the Summit Acquisition.

Following the closing of the Summit Acquisition, the Company expects to proceed with developing a detailed plan for the re-commencement of mining at the Summit Mine and processing at the Banner crush, mill and flotation plant. In the near term, the Company expects to incur the holding cost of the assets, currently estimated at \$0.1 million per annum, with this cost impacting both the Statement of Earnings and cashflows of the Company.

Debenture Conversion

As of the date hereof, the Company has received notice from a debenture holder of its intention to convert \$600,000 of principal amount of debentures into Common Shares of the Company at a price of C\$0.15 per common share and based on a pre-determined exchange rate of C\$1.35 to \$1.00. Upon completion of the conversion of the principal amount and the accrued and outstanding interest, the Company expects to issue 5,610,200 Common Shares to the debenture holder.