

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

GALANE GOLD LTD.

For the three and six month periods ended June 30, 2015

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 June 30, 2015 and December 31, 2014

	Notes	June 30, 2015	December 31, 2014
Assets			
Current assets:			
Cash		\$ 4,308,145	\$ 9,653,807
Trade and other receivables	6	1,414,028	1,837,530
Inventories	7	9,613,920	6,337,040
		15,336,093	17,828,377
Non-current assets:			
Mining and exploration properties	8	24,300,276	21,594,417
Plant and equipment	8	2,924,559	1,885,585
Ore stockpiles	7	-	5,911,946
		27,224,835	29,391,948
		\$ 42,560,928	\$ 47,220,325

Liabilities and Shareholders' Equity

Current liabilities:			
Accounts payable and accrued liabilities	10	\$ 7,117,630	\$ 6,635,834
Current portion of interest bearing loans	11	5,954,545	4,667,416
		13,072,175	11,303,250
Non-current liabilities:			
Interest-bearing loans and borrowings	11	2,497,546	4,020,218
Restoration and rehabilitation provision	9	3,240,661	3,083,251
		5,738,207	7,103,469
Shareholders' equity:			
Share capital	13	\$ 35,392,969	\$ 35,392,969
Reserves	13	1,701,427	1,487,961
Retained earnings		(13,343,850)	(8,067,324)
		23,750,546	28,813,606
		\$ 42,560,928	\$ 47,220,325

Commitments and contingencies (note 15)

Approved and authorized by the Board for issue on August 31, 2015:

“Ravi Sood ” Director “Ian Egan ” Director

The notes on pages 5 to 15 are an integral part of these consolidated financial statements.

GALANE GOLD LTD.

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

Three and six month periods ended June 30,

	Note	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Mining Revenue		\$ 5,173,304	\$ 10,773,110	\$ 10,938,059	\$ 23,210,307
Mining Costs	14	7,744,587	10,549,135	14,845,218	20,408,831
Earnings from mining operations		\$ (2,571,283)	\$ 223,975	\$ (3,907,159)	\$ 2,801,476
Expenses:					
Exploration costs		45,645	31,807	82,310	64,821
Foreign exchange loss (gain)		7,722	159,093	(124,798)	(4,701)
Corporate general and administration	14	547,318	606,021	1,132,329	1,074,448
Financing costs (income)	14	140,232	117,049	281,017	231,902
Other expenses	14	(5,041)	4,946	(1,491)	8,892
		\$ 735,876	\$ 918,916	\$ 1,369,367	\$ 1,375,362
(Loss) earnings from comprehensive (loss) earnings for the period before taxation		\$ (3,307,159)	\$ (694,941)	\$ (5,276,526)	\$ 1,426,114
Taxation	12	\$ -	\$ -	\$ -	\$ -
Net (loss) earnings and comprehensive (loss) earnings for the period		\$ (3,307,159)	\$ (694,941)	\$ (5,276,526)	\$ 1,426,114
Basic (loss) earnings per common share	13	\$ (0.06)	\$ (0.01)	\$ (0.10)	\$ 0.03
Fully diluted (loss) earnings per common share	13	\$ (0.06)	\$ (0.01)	\$ (0.10)	\$ 0.03
Weighted average number of common shares- basic	13	52,823,065	52,542,518	52,821,685	51,917,542
Weighted average number of common shares- fully diluted	13	52,823,065	52,542,518	52,821,685	52,375,466

The notes on pages 5 to 15 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)

Six month periods ended June 30, 2015 and 2014

	Notes	Capital Stock		Reserves		Total
		Number	Amount	Stock based payments	Retained Earnings	
Balance as at December 31, 2013		51,285,622	\$ 35,189,146	\$ 1,345,154	\$ (9,943,932)	\$ 26,590,368
Stock-based compensation for the period		-	-	119,684	-	119,684
NLE acquisition		1,375,000	157,986	(157,986)	-	-
Participation in share purchase plan		16,836	18,238	(18,238)	-	-
Net earnings for the six months ended June 30, 2013		-	-	-	1,426,114	1,426,114
Balance as at June 30, 2014		52,677,458	\$ 35,365,370	\$ 1,288,614	\$ (8,517,818)	\$ 28,136,166
Balance as at December 31, 2014		52,820,290	35,392,969	1,487,961	(8,067,324)	28,813,606
Stock-based compensation for the period	13	-	-	213,466	-	213,466
Net earnings for the six months ended June 30, 2015		-	-	-	(5,276,526)	(5,276,526)
Balance as at June 30, 2015		52,820,290	\$ 35,392,969	\$ 1,701,427	\$ (13,343,850)	\$ 23,750,546

The notes on pages 5 to 15 are an integral part of these consolidated financial statements.

GALANE GOLD LTD.

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

Six month period ended June 30,

	Notes	2015	2014
Cash flows from operating activities:			
Net (loss) earnings for the period		\$ (5,276,526)	\$ 1,426,114
Items not involving cash:			
Loss on disposal of equipment		-	27,615
Deferral of royalties	11	494,806	-
Depreciation and amortization	8	1,771,318	2,281,846
Share based compensation	14	213,466	119,684
Accretion	9	157,410	159,170
Interest expense	14	123,607	72,733
Foreign exchange gain (loss)		(381,884)	20,935
Working capital adjustments:			
Change in trade and other receivables		381,209	(208,358)
Change in inventories		2,635,066	1,439,472
Change in trade and other payables relating to operating activities		877,087	341,903
Cash flows from operating activities		955,559	5,681,114
Cash flows from investing activities:			
Mining assets acquired	8	(4,981,151)	(5,777,178)
Cash flows used in investing activities		(4,981,151)	(5,777,178)
Cash flow from financing activities:			
Interest paid		(123,607)	-
Repayment of interest bearing loans		(1,108,000)	-
Capital lease obligations		(71,827)	79,621
Cash flows from financing activities		(1,303,434)	79,621
(Decrease) Increase in cash		(5,329,026)	(16,443)
Effect of unrealized foreign exchange gain on cash		(16,636)	1,988
Cash, at January 1		9,653,807	11,239,537
Cash, at June 30		\$ 4,308,145	\$ 11,225,082

The notes on pages 5 to 15 are an integral part of these consolidated financial statements.

GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015 and 2014

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. Basis of preparation:

(a) Statement of compliance

The unaudited condensed consolidated interim financial statements (the “Financial Statements”) of the Company and all of its subsidiaries as at and for the three and six months ended June 30, 2015 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 continuously 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, 2014 (the “Annual Financial Statements”).

(c) Basis of consolidation

The significant subsidiaries of the Company are accounted for as follows:

	Country of Incorporation	% equity interest	Accounting Method
Galane Gold Mines Ltd.	Canada	100%	Consolidation
Mupane Gold Mines Limited	Mauritius	100%	Consolidation
Gallery Gold Pty Ltd.	Australia	100%	Consolidation
Mupane Gold Mining (Pty) Ltd.	Botswana	100%	Consolidation
The Northern Lights Exploration Company (Pty) Ltd.	Botswana	100%	Consolidation

The Company’s other subsidiaries are Galane Gold Botswana (Pty) Ltd. (Botswana) (100% owned) and Shashe Mines (Pty) Ltd. (Botswana) (85% owned).

(d) 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.

GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015 and 2014

3. Significant Accounting Policies:

These Financial Statements have been prepared following the same accounting policies and methods of computation as the Annual Financial Statements.

4. Future Accounting Policies:

The following new standards and amendments to standards and interpretations which were issued but not yet effective for the quarter ended June 30, 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.

GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015 and 2014

5. Financial instruments:

The following table presents the carrying and estimated fair values of the Company's financial instruments.

Financial Assets	Carrying and Fair value	
	June 30, 2015	December 31, 2014
Cash (level 1 of fair value hierarchy ⁽⁴⁾)	\$ 4,308,145	\$ 9,653,807
Trade and other receivables ⁽¹⁾	1,414,028	1,837,530
	\$ 5,722,173	11,491,337
Financial Liabilities		
Accounts payable and accrued liabilities ⁽²⁾	\$ 7,117,630	\$ 6,635,834
Loans and borrowings ⁽³⁾	8,452,091	8,687,634
	\$ 15,569,721	15,323,468

(1) The fair value of trade and other receivables approximates the carrying amount given the short maturity period.

(2) The fair value of accounts payable and accrued liabilities approximates the carrying amount given the short maturity period.

(3) The fair value of loans and borrowings approximates the carrying amount given the short maturity period, and the fair market value rate of interest that it carries.

(4) The levels of the fair value hierarchy are defined as follows:

1. Level 1- there are quoted prices in active markets for identical assets or liabilities.
2. Level 2- there are inputs other than quoted prices that are either directly or indirectly observable for the asset or liability.
3. Level 3- these are inputs that are not based on observable market data.

6. Trade and other receivables

	June 30, 2015	December 31, 2014
Trade receivables	\$ 75,851	\$ 90,020
Other receivables	34,401	995,472
Taxes recoverable	225,938	286,801
Prepaid expenses	1,077,838	465,237
	\$ 1,414,028	\$1,837,530

GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015 and 2014

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:

		June 30, 2015	December 31, 2014
Gold in process	\$	852,059	\$ 871,747
Ore stockpiles		6,633,933	1,600,000
Supplies		2,127,928	3,865,293
	\$	9,613,920	\$ 6,337,040

8. Mining assets

The continuity of mining assets for the six months ended June 30, 2015 is as follows:

	Construction in Progress	Mining and Exploration Properties	Plant and Equipment	Total
Cost at December 31, 2014	\$ 150,235	\$ 59,579,355	\$ 5,229,681	\$ 64,959,271
Additions:				
Additions in the period	439,589	4,253,096	823,466	5,516,151
Transfers in the period	(199,560)	40,055	159,505	-
Disposals in the period	-	-	(112,872)	(112,872)
Cost at June 30, 2015	\$ 390,264	\$ 63,872,506	\$ 6,099,780	\$ 70,362,550
Accumulated depreciation and amortization at December 31, 2014	\$ -	\$ (37,984,938)	\$ (3,494,331)	\$ (41,479,269)
Amortization charge for the period	-	(1,587,292)	(184,026)	(1,771,318)
Disposals in the period	-	-	112,872	112,872
Accumulated depreciation and amortization at June 30, 2015	\$ -	\$ (39,572,230)	\$ (3,565,485)	\$ (43,137,715)
Net book value, June 30, 2015	\$ 390,264	\$ 24,300,276	\$ 2,534,295	\$ 27,224,835

9. Restoration and rehabilitation provision

	Restoration and rehabilitation provision
At December 31, 2014	\$ 3,083,251
Accretion during the six month period ended June 30, 2015	157,410
At June 30, 2015	\$ 3,240,661

GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015 and 2014

10. Trade accounts payable and accrued liabilities:

	June 30, 2015	December 31, 2014
Trade accounts payable	\$ 5,606,590	\$ 5,099,177
Accrued liabilities	1,511,040	1,536,657
	\$ 7,117,630	\$ 6,635,834

Trade accounts payable and accrued liabilities are non-interest bearing and are normally settled on 60 day terms after date of receipt of invoice.

11. Interest-bearing loans and borrowings:

	June 30, 2015	December 31, 2014
Current		
Mining Royalties ⁽¹⁾	\$ 2,436,000	\$ 1,773,360
Secured facility ⁽²⁾	3,324,000	2,770,000
Capital lease obligation ⁽³⁾	194,545	124,056
	\$ 5,954,545	\$ 4,667,416
Non-Current		
Mining Royalties ⁽¹⁾	\$ 1,520,006	\$ 1,773,361
Secured facility ⁽²⁾	568,000	2,230,000
Capital lease obligation ⁽³⁾	409,540	16,857
	\$ 2,497,546	\$ 4,020,218

⁽¹⁾ The Government of Botswana has agreed to the deferral of royalties payable on the sale of gold under the following terms:

- Royalties due to November 2015 have been deferred
- Repayment of royalties due to November 2015 to commence in December 2015 over 12 months
- Interest to be charged from December 1, 2015 at Bank of Botswana commercial bank prime lending rate plus 5%

The deferral amount is unsecured.

⁽²⁾ The Company entered into a loan facility and gold prepayment agreement with Samsung C&T UK Ltd dated as of August 22, 2014. Details are as follows:

- Initial principal amount - \$5,000,000
- Interest rate - a variable rate dependent upon the price of the gold sold to Samsung with a minimum rate of LIBOR plus 4.5% and a maximum rate of LIBOR plus 14.7%. It will be calculated using a fixed discount rate to the then prevailing spot price upon delivery of up to 1,607 ounces of gold per month at 1.5% for the first 12 months and 0.5% for the remaining 12 months. Any amount of gold delivered in excess of 1,607 ounces in a month is sold at the prevailing spot price without discount.
- Principal repayment - 17 instalments of \$277,000 and a final instalment of \$291,000 with the first instalment paid in March 2015.
- Gold - delivery of a minimum of 1,607 ounces of gold per month for a period of two years (38,568 ounces in aggregate) payable by Samsung at the prevailing spot price upon delivery subject to discount as noted above.
- Security - The facility is currently secured by a pledge of the shares of the Company's wholly owned indirect subsidiary Mupane Gold Mining (Pty) Ltd. The pledge is to be replaced with a first charge against the assets of Mupane once the security has been perfected.

⁽³⁾ The Company acquired seven light vehicles for use at the mine for total cost of \$405,448 and financed the purchase through capital lease obligations. The capital leases are for a term of 36 months, with average monthly payments per vehicle of \$1,070 per month principal and interest and a final payment of \$11,889, with the final payment in 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.

GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015 and 2014

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 and six months ended June 30, 2015 (three and six months ended June 30, 2014 - \$nil). The effective income tax rates vary from the combined Canadian federal and provincial statutory income tax rate of 26.50% for the six months ended June 30, 2015 (six months ended June 30, 2014 – 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 June 30, 2015, 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:

During the six month period ended June 30, 2015 the Company had no share transactions:

During the six month period ended June 30, 2014 the Company had the following share transactions:

On April 8, 2014, the Company issued an aggregate of 1,375,000 common shares to the former shareholders of The Northern Lights Exploration Company (Pty) Ltd. (“NLE”). The Company entered into an agreement (the “NLE Agreement”) dated July 27, 2011 with the shareholders of NLE (refer to note 17 on related party transactions for Charles Byron) to acquire all of its issued and outstanding shares. NLE owns the rights to a number of exploration licenses near the Company’s Mupane Property. On April 7, 2014, the independent members of the Board determined that the resource target for the first milestone in the NLE Agreement was met, waived the requirement to confirm the mineral resource by way of a NI 43-101 technical report and approved the issuance of 1,375,000 common shares by the Company.

On June 15, 2014, in accordance with the Company’s share SPP 16,836 common shares were issued as Deferred Matching Shares.

(c) Stock Options:

The Company has a stock option plan whereby options may be granted to directors, officers, employees and consultants. As at June 30, 2015, a maximum of 5,283,712 options to purchase common shares were issuable under the Company’s stock option plan, of which 2,028,712 remained available for issuance.

GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015 and 2014

13. Share Capital (continued):

(d) Earnings (loss) per share:

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

	Three months ended June 30, 2015	Six months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2014
Earnings (loss)	\$ (3,307,159)	\$ (5,276,526)	\$ (694,941)	\$ 1,426,114
Weighted average number of common shares outstanding for purposes of basic earnings per share	52,823,065	52,821,685	52,542,518	51,917,542
Dilutive deferred share units	-	-	-	304,924
Dilutive options	-	-	-	153,000
Weighted average number of common shares outstanding for the purpose of diluted earnings per share	52,823,065	52,821,685	52,542,518	52,375,466
Earnings (loss) per share				
Basic	\$ (0.06)	\$ (0.10)	\$ (0.01)	\$ 0.03
Diluted	\$ (0.06)	\$ (0.10)	\$ (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 warrants and stock options in the weighted average number of common shares outstanding during the period, if dilutive. For the three and six months ended June 30, 2015, all instruments were considered anti-dilutive due to the net loss in the periods.

GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015 and 2014

14. Breakdown of earnings and comprehensive earnings items:

The following is a breakdown of certain items in the Condensed Consolidated Interim Statement of Earnings and Comprehensive Earnings:

(a) Mining costs

	Three months ended June 30, 2015	Six months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2014
Mining and production	\$ 5,487,822	\$ 10,717,689	\$ 7,998,004	\$ 15,560,360
Administrative	1,173,735	2,356,211	1,424,076	2,566,625
Total	\$ 6,661,557	\$ 13,073,900	\$ 9,422,080	\$ 18,126,985
Depreciation and amortization	1,083,030	1,771,318	1,127,055	2,281,846
	\$ 7,744,587	\$ 14,845,218	\$ 10,549,135	\$ 20,408,831

(b) Corporate general and administration

	Three months ended June 30, 2015	Six months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2014
Ongoing Professional fees	\$ 35,795	\$ 69,055	\$ 137,388	\$ 238,615
Stock based compensation	100,579	213,466	92,348	119,684
Corporate administration	410,944	849,808	376,285	716,149
	\$ 547,318	\$ 1,132,329	\$ 606,021	\$ 1,074,448

(c) Financing costs

	Three months ended June 30, 2015	Six months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2014
Interest on long term debt	\$ 60,548	\$ 123,607	\$ 36,474	\$ 72,733
Accretion on restoration and rehabilitation provision	79,684	157,410	80,575	159,169
	\$ 140,232	\$ 281,017	\$ 117,049	\$ 231,902

(d) Other expenses

	Three months ended June 30, 2015	Six months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2014
Other expenses (income)	\$ (5,041)	\$ (1,491)	\$ 4,946	\$ (18,723)
Loss (Gain) on disposal of equipment	-	-	-	27,615
	\$ (5,041)	\$ (1,491)	\$ 4,946	\$ 8,892

GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015 and 2014

15. Commitments and Contingencies

(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 six month period ended June 30, 2015, the Company accrued for \$609,117 in royalties (2014 - \$1,161,764).

(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 six month period ended June 30, 2015	<u>\$170,476</u>
• To be incurred in the remainder of 2015	<u>\$138,613</u>
• To be incurred 2016-2019	<u>\$1,101,420</u>

(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.

GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015 and 2014

16. Related party transactions

During the six months ended June 30, 2015, the following related party transactions occurred:

- Charles Byron, a director of the Company:
 - During the six months ended June 30, 2014 Mr Byron was issued 660,000 common shares that were payable pursuant to the NLE acquisition (Note 13 (b));
 - The Company paid rent of \$6,568 for office premises to Great African Services (Pty) Ltd., a company owned by a consortium of individuals that includes Charles Byron (2014 - \$5,105);
- IAMGOLD, a shareholder with significant influence, by holding in excess of 20% of the common shares of the Company:
 - During the six months ended June 30, 2014 the Company accrued \$72,733 representing the interest payable on the interest bearing note to IAMGOLD (2015 - \$nil).

The remuneration of directors and other members of key management personnel during the six months ended June 30, 2015 are as follows:

	Six months ended June 30, 2015	Six months ended June 30, 2014
Salaries	\$ 862,950	733,990
Management fees ⁽¹⁾	-	60,000
Directors fees	70,961	47,803
Share-based compensation ⁽²⁾	131,027	89,684
	\$ 1,064,938	931,477

(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 and deferred share units granted and vested with key management personnel.

17. 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 Republic of Botswana and all revenues of the Company are earned in the Republic of Botswana. A breakdown of the total assets by geographic segment is as follows:

	Canada	Botswana	Total
Cash	\$ 132,476	\$ 4,175,669	\$ 4,308,145
All other assets	24,573	38,228,210	38,252,783
Balance, June 30, 2015	\$ 157,049	\$ 42,403,879	\$ 42,560,928

GALANE GOLD LTD.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2015 and 2014

18. 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 September 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.