Dated: August 22, 2022.

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 August 22, 2022. 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 and six months ended June 30, 2022 (the "Interim Financial Report"), as well as the audited consolidated financial statements and notes thereto for the year ended December 31, 2021 (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 two mineral projects; gold price volatility; risks associated with the conduct of the Company's mining activities in South Africa and New Mexico; regulatory, consent or permitting delays; risks relating to the Company's exploration, development and mining activities being situated in 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 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 the acquisition of the Summit Assets (as such term is defined below); 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, 2021, 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.

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 owns two assets: (a) a producing mine which also 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"); and (b) a mine and processing infrastructure located in the United States of America (the "Summit Property") that is currently in care and maintenance while a restart plan is finalised. The Company completed the disposition of its interest in a producing mine and mineral exploration tenements (the "Mupane Property") located in the Republic of Botswana on May 3, 2022. 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

Following declaration of commercial production at the Galaxy Property in Q4 2021, the Company continues working on plans to execute phase 2 of the Galaxy Property development plan which is expected to result in an annualized production ramp up to between 24,000 and 27,000 payable ounces of gold through the addition of new mining equipment and additional face workings.

The Company achieved an important milestone in the development plan by signing a new offtake agreement in August 2022 that provides the Company with a $3 million revolving prepayment facility that will enable further investment in the Galaxy Property. Management has started a comprehensive review of options to increase production through the exploitation of the 21 other mineralised bodies at the Galaxy Property.

Work continues on the restart plan for the Summit Property. Management has completed a re-survey of the underground mine and has updated the mine plans accordingly resulting in an update to the 2014 preliminary economic assessment ("PEA"), supporting a 7-year mine life with average annual production of 14,700 gold equivalent ounces at an all-in sustaining cash cost of $864 per ounce of gold. The Company continues to work with financing providers and off-take partners to put in place a financing package to facilitate the re-start of operations at the Summit Property as soon as possible.

The Company completed the disposition of its interest in the Mupane Property in May 2022, significantly improving the Company's balance sheet and allowing management to focus its attention on the Galaxy and Summit properties moving forward.

DISCUSSION OF OPERATIONS

For the three and six months ended June 30, 2022

The following is an analysis of the Company's operating results for the three months ended June 30, 2022 ("Q2 2022") and the six months ended June 30, 2022 ("YTD 2022").

Continuing operations - Galaxy

Commentary regarding the Company's operating activity during Q2 2022 and YTD 2022:

Mining

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

Production Ore Source			Q1 2022	Q2 2022	YTD 2022	YTD 2021
Princeton UG	Ore Mined	(t)	9,904	8,190	18,094	13,024
	Ore Grade	(g/t)	4.44	4.31	4.38	5.48
	Waste	(t)	5,000	1,144	6,144	3,985
Galaxy UG	Ore Mined	(t)	13,646	11,300	24,946	6,500
	Ore Grade	(g/t)	3.38	2.83	3.13	3.43
	Waste	(t)	7,605	3,715	11,320	17,719
Total UG	Ore Mined	(t)	23,550	19,490	43,040	19,524
	Ore Grade	(g/t)	3.82	3.45	3.65	4.80
	Waste	(t)	12,605	4,859	17,464	21,704
Tailings	Ore Mined	(t)	17,019	8,424	25,443	50,532
	Ore Grade	(g/t)	0.70	0.86	0.75	0.86

The Company continued to mine from the Princeton and Galaxy deposits during Q2 2022. Further to the underground operations, the Company continued the reclamation operation of the remaining OMS slimes dump during Q2 2022.

- Princeton – In Q2 2022, the Company continued mining in the PS5 and PS19 ore bodies with 8,190 tonnes at 4.31 g/t being mined.
- Galaxy – In Q2 2022, the Company continued mining the Galaxy deposit with 11,300 tonnes at 2.83 g/t being mined.
- OMS – In Q2 2022, the Company continued the reclamation operation of the remaining OMS slimes dump with 8,424 tonnes at 0.86 g/t being mined.

Processing

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

Processing		Q1 2022	Q2 2022	YTD 2022	YTD 2021
Total ore feed	(dry t)	43,199	35,756	78,955	71,614
Ore head grade	(g/t)	2.51	2.67	2.58	2.22
Concentrate produced	(t)	2,286	2,179	4,465	3,126
Concentrate grade	(g/t)	42.75	33.49	38.23	32.20
Gold produced	(oz)	3,143	2,346	5,489	3,236

In Q2 2022, the Company processed ore from Princeton, Galaxy and the OMS, with 35,756 tonnes at 2.67 g/t being processed at a recovery of 77%, producing 2,179 tonnes of concentrate containing 2,346 ounces of gold. In YTD 2022, the Company processed 78,955 tonnes at an average grade of 2.58 g/t at a recovery of 80%, producing 4,465 tonnes of concentrate containing 5,489 ounces of gold.

Discontinued operations - Mupane

The following table sets forth certain key mining and processing statistics for the Mupane Property for Q2 2022 and for YTD 2022 until the date of its disposal, May 3, 2022:

	Q1 2022	Q2 2022	YTD 2022	YTD 2021
Total material mined (t)	169,267	52,615	221,882	569,518
Ore mined (t)	86,985	30,100	117,085	345,349
Ore milled (t)	104,891	36,453	141,344	336,941
Head grade (g/t)	1.54	1.55	1.54	1.38
Recovery (%)	75%	77%	75%	78%
Gold produced (oz)	3,919	1,403	5,323	11,590

Results

The Company's earnings comprised of:

	Q2 2022 ($)	YTD 2022 ($)	Q2 2021[1] ($)	YTD 2021[1] ($)
Revenue	3,558,309	8,044,067	2,297,277	3,181,178
Earnings from mining operations	472,478	2,290,857	1,007,434	664,019
Corporate general and administrative costs	(575,936)	(1,169,419)	(702,510)	(1,469,950)
Stock-based compensation	(12,368)	(24,841)	(12,529)	(25,058)
Foreign exchange gain (loss)	485,983	(221,009)	(68,886)	(89,796)
Interest on long term debt	(61,015)	(115,562)	(54,986)	(98,152)
Other financing income	981,045	576,944	427,444	364,721
Galaxy pre-start costs	-	-	(408,125)	(793,500)
Other income (expenses)	-	-	(26,756)	(54,110)
Discontinuing operations	42,500	147,107	1,179,304	2,129,908
Net earnings for the period	1,332,687	1,484,077	1,340,390	628,082

[1] The comparative period results have been restated due to the impact of amendments to IAS 16

Revenue for Q2 2022 was $3.6 million which is $1.3 million higher than Q1 2021 and was generated from the sale of 2,717 contained ounces of gold (2,038 payable ounces of gold). Revenue for YTD 2022 was $8.0 million which is $4.9 million higher than revenue for the six months ended June 30, 2021 ("YTD 2021") and was generated from the sale of 5,883 contained ounces of gold (4,412 payable ounces of gold).

Earnings from mining operations were $0.5 million for Q2 2022 compared to earnings of $1.0 million in Q2 2021 and earnings of $2.3 million for YTD 2022 compared to earnings of $0.7 million for YTD 2021. The improvement in YTD 2022 earnings is due to Galaxy ramping up production following declaration of commercial production at the beginning of Q4 2021.

Other financing income increased by $0.5 million for Q2 2022 to $1.0 million due to income of $1.0 million related to the revaluation of the warrants denominated in a foreign currency.

The foreign exchange gain for Q2 2022 was driven by a strengthening of currencies, specifically the US Dollar against the South African Rand during Q2 2022.

Corporate general and administration costs are comprised of the following:

	Q2 2022 ($)	YTD 2022 ($)	Q2 2021 ($)	YTD 2021 ($)
Professional Fees	234,180	493,692	165,526	497,916
Share Based Compensation	12,369	24,841	12,529	25,058
Corporate Administration	341,755	675,727	536,982	972,034
	588,304	1,194,260	715,037	1,495,008

Corporate general and administrative costs decreased by $0.1 million for Q2 2022 compared to Q2 2021, and by $0.3 million for YTD 2022 compared to YTD 2021 predominantly due to no bonus provision being recorded in either Q2 2022 or YTD 2022.

SUMMARY OF FINANCIAL POSITION

Selected Consolidated Statement of Financial Position Data:

	June 30, 2022 ($)	March 31, 2022 ($)	December 31, 2021 ($)	September 30, 2021 ($)
Total current assets	2,112,083	19,167,157	20,128,111	10,002,431
Total current liabilities	4,200,761	21,188,288	23,120,657	23,037,895
Working capital	(2,088,678)	(2,021,131)	(2,992,546)	(13,035,464)
Non-current assets[1]	41,174,970	41,066,901	41,198,985	58,854,077
Non-current liabilities	3,345,056	4,649,590	3,974,121	6,978,125
Total shareholders' equity[1]	35,741,236	34,396,180	34,232,318	38,840,488

	June 30, 2021 ($)	March 31, 2021 ($)	December 31, 2020 ($)	September 30, 2020 ($)
Total current assets	10,033,315	9,408,535	11,560,086	12,296,919
Total current liabilities	23,127,606	24,035,650	23,996,806	21,404,293
Working capital	(13,094,291)	(14,627,115)	(12,436,720)	(9,107,374)
Non-current assets[1]	56,955,836	43,957,783	42,586,905	39,535,357
Non-current liabilities	10,733,544	6,200,674	6,335,755	10,638,000
Total shareholders' equity[1]	33,128,001	23,129,994	23,814,430	19,789,983

[1] The comparative period balances have been restated due to the impact of amendments to IAS 16

As at the end of Q2 2022, there was a working capital deficiency of $2.1 million, a reduction of $0.9 million from the end of Q4 2021. The decrease in working capital deficiency was mainly due to a decrease in interest bearing loans and borrowings of $1.2 million, an increase of trade receivables of $0.8 million partly offset by an increase in accounts payable and accrued liabilities of $0.5 million and a reduction in cash of $0.5 million.

As at the end of Q2 2022, non-current liabilities had reduced by $0.6 million predominantly due to a $0.7 million decrease in the warrant liability due to the reduction in the Company's share price in during YTD 2022.

Total shareholders' equity as at the end of Q2 2022 increased by $1.5 million due to the income recorded for YTD 2022.

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 Galaxy mining operations, now that it is in commercial production, will begin to provide positive cash flow from its operations that is sufficient to support its corporate expenses and Galaxy capital expenditure requirements. As described above under "Summary of Financial Position", at June 30, 2022, the Company had a working capital deficiency of $2.1 million and generated cash flows from continuing operations of $1.3 million for the six month period ended June 30, 2022.

In April 2022, Durban, South Africa suffered severe flooding as a result of unseasonably high rain fall. The Port of Durban was impacted by these floods including the warehouse that the Company uses to store its gold concentrate before it is exported overseas for smelting. Subsequent to the floods, the Company has been able to physically verify over 99% of its concentrate that was in the warehouse at the time of the flood, meaning that there are no material losses anticipated, however, there has been a delay to the time it is taking to finalize, ship and receive any remaining payments for those concentrate lots that were not fully paid at the time of the flood. This has resulted in an increase in trade receivables of $0.8 million during the six months ended June 30, 2022. Subsequent to the end of Q2 2022, the Port of Durban and the warehouse facility that the Company uses became fully operational again and shipments of gold concentrate, and the associated final payments have recommenced.

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.

Going Concern

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

As at June 30, 2022, the Company had a working capital deficiency (current assets less current liabilities) of $2.1 million compared to a deficiency of $3.0 million at December 31, 2021. Earnings from continuing mining operations were $2.3 million (earnings from discontinuing mining operations were $1.2 million) for the six months ended June 30, 2022. Cashflow from continuing operating activities was $1.3 million (cashflow from discontinuing operating activities was $0.7 million) for the six months ended June 30, 2022. The Company has no material commitments for capital expenditures as of June 30, 2022.

The current commodity price and exchange rate environment can be volatile, which may have an impact on the Company's cash flows and 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 Company's financial position and the ability to generate sufficient positive cash flow from operating activities result in material uncertainties that 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 risks to the Company's liquidity position will be successful.

This 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.

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			
	June 30, 2022 ($)	**March 31, 2022 ($)**	**December 31, 2021 ($)**	**September 30, 2021 ($)**
Revenue[1]	3,558,309	4,485,758	2,938,697	3,125,988
Total operating costs[1]	(3,085,831)	(2,667,379)	(3,368,361)	(1,263,902)
Non-mining income (expenses) earnings	817,709	(1,771,596)	400,960	2,881,098
Earnings (loss) from discontinuing operations	42,500	104,607	(7,234,866)	465,200
Earnings (loss) [1]	1,332,687	151,390	(7,263,570)	5,208,384
Earnings (loss) per share[1] - Basic - Diluted	 0.00 0.00	 0.00 0.00	 (0.03) (0.03)	 0.02 0.02
Total assets at end of quarter[1]	43,287,053	60,234,058	61,327,096	68,856,508
Total liabilities at end of quarter	7,545,817	25,837,878	27,094,778	30,016,020
Total equity at end of quarter[1]	35,741,236	34,396,180	34,232,318	38,840,488

[1] The comparative period balances have been restated due to the impact of amendments to IAS 16

	Three months ended			
	June 30, 2021 $	**March 31, 2021 $**	**December 31, 2020 $**	**September 30, 2020 $**
Revenue[1]	2,297,277	883,901	1,315,453	1,786,904
Total operating costs[1]	(1,289,843)	(1,227,316)	(1,134,014)	(1,044,589)
Non-mining (expenses) earnings	(846,348)	(1,319,497)	(821,267)	(4,348,516)
Earnings (loss) from discontinuing operations	1,179,304	950,605	4,798,209	3,536,779
Earnings (loss) [1]	1,340,390	(712,307)	4,158,381	(69,421)
Earnings (loss) per share[1]				
- Basic	0.00	0.00	0.02	(0.00)
- Diluted	0.00	0.00	0.02	(0.00)
Total assets at end of quarter[1]	66,989,151	53,366,318	54,328,430	52,574,592
Total liabilities at end of quarter	33,861,150	30,236,324	30,332,561	32,042,293
Total equity at end of quarter[1]	33,128,001	23,129,994	23,995,869	20,532,299

[1] The comparative period balances have been restated due to the impact of amendments to IAS 16

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, subject to the recent delays due to the Durban flood as detailed in the Liquidity, Capital Resources and Going Concern section above, 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 June 30, 2022, the Company had current assets of $2.1 million (December 31, 2021 - $20.1 million) to settle current liabilities of $4.2 million (December 31, 2021 - $23.1 million). 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 South Africa, the U.S.A. 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 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 356,366,541 common shares are issued and outstanding as of the date of this MD&A.

The Company has adopted an omnibus equity incentive plan (the "Equity Incentive Plan"). Under the terms of the Equity Incentive Plan, officers, directors, employees and consultants are eligible to receive grants of stock options, deferred share units ("DSUs"), restricted share units, performance share units, and other share-based awards. The Equity Incentive Plan allows for (a) the grant of up to such number of stock options as is equal 10% of the total issued and outstanding common shares at the date of the grant and (b) the grant of other forms of equity incentive awards such that up to an aggregate maximum of 35,636,654 common shares may be issuable pursuant to those awards.

As of the date of this MD&A, subject to the terms of the Equity Incentive Plan, (a) options to purchase up to 4,750,000 common shares are outstanding and options to purchase up to 30,886,654 common shares are available for grant and (b) up to 7,170,046 common shares may be issued pursuant to outstanding DSUs and 28,466,608 common shares are available for grant pursuant to other non-option based forms of equity incentive awards.

The Company has also adopted a share purchase plan ("SPP"). 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.

As of the date of this MD&A, the Company has outstanding: (a) 60,028,700 common share purchase warrants, exercisable at C$0.30 per common share until May 19, 2024; and (b) 3,048,602 common share purchase warrants, exercisable at C$0.22 per common share until May 19, 2023.

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 was extended to November 20, 2021, (ii) the principal was 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 was 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 had 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 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 was repayable on November 20, 2021 and was convertible at the option of the holder into common shares at a price of C$0.15 per common share, based on a pre-determined exchange rate of $1.00:C$1.35; (ii) interest was 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 had 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 was 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.

On May 27, 2021, a debenture holder converted (i) $600,000 of principal amount of Traxys Debenture into 5,400,000 common shares at a price of C$0.15 per common share and at a pre-determined exchange rate of $1.00:C$1.35 and (ii) $29,195 of interest payable on such principal into 210,200 common shares at a price of C$0.1875 per common share, being the Discounted Market Price as of the date of the notice of conversion, and at a pre-determined exchange rate of $1.00:C$1.35.

On June 16, 2021, the Company exercised its right to force the conversion of (i) $834,350 of principal amount of Galaxy Debenture into 5,423,275 common shares at a price of C$0.20 per common share and at a pre-determined exchange rate of $1.00:C$1.30 and (ii) $199,186 of interest payable on such principal into 1,294,709 common shares at a price of C$0.20 per common share and at a pre-determined exchange rate of $1.00:C$1.30.

On November 11, 2021, the Company exercised its right to force conversion of $2,649,433 of principal amount of Traxys Debenture into 23,844,897 common shares at a price of C$0.15 per common share and at a pre-determined exchange rate of $1.00:C$1.35.

As of the date of this MD&A, no Galaxy or Traxys Debentures remain outstanding.

TRANSACTIONS WITH RELATED PARTIES

On August 13, 2020, the Company entered into loan agreements with its CEO, COO and former 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 common share purchase warrants, exercisable at C$0.05 per common share, held by the Executives. The shares issued to the Executives on exercise of the warrants are held by the Company as security for the outstanding loan balance. In February 2022, the Company settled C$118,482 of the loans with certain Executives. The loan receivable balance at June 30, 2022 is C$109,668.

COMMITMENTS

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

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 Interim Financial Report.

Mupane Property

	Q2 2022[1]	Q1 2022	Q4 2021	Q3 2021
Mining costs excluding impairment, depreciation and amortization	$ 2,178,224	$ 6,512,124	$ 6,764,939	$ 10,076,574
Adjust for:				
Inventory movement	-	(41,416)	665,561	(537,231)
Total operating cash cost	$ 2,178,224	$ 6,470,709	$ 7,430,500	$ 9,539,343
Royalties	(131,616)	(368,459)	(272,291))	(558,887)
Total operating cash cost excluding royalties	$ 2,046,608	$ 6,102,249	$ 7,158,209	$ 8,980,456
Gold production (ounces)	1,403	3,919	3,626	5,691
Total operating cash cost excluding royalties per oz.	$ 1,459	$ 1,557	$ 1,975	$ 1,578

[1] Q2 2022 includes the period up to May 3, 2022, the disposal date of the Mupane Property.

	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Mining costs excluding impairment, depreciation and amortization	$ 8,471,367	$ 8,242,418	$ 8,490,051	$ 9,770,640
Adjust for:				
Inventory movement	150,932	56,928	1,840	(640,376)
Total operating cash cost	$ 8,622,299	$ 8,299,346	$ 8,491,891	$ 9,130,264
Royalties	(529,905)	(507,591)	(717,397)	(756,174)
Total operating cash cost excluding royalties	$ 8,092,394	$ 7,791,755	$ 7,774,494	$ 8,374,090
Gold production (ounces)	5,990	5,600	7,122	7,738
Total operating cash cost excluding royalties per oz.	$ 1,351	$ 1,391	$ 1,092	$ 1,082

Galaxy Property

	Q2 2022	Q1 2022	YTD 2022	Q4 2021
Mining costs excluding impairment, depreciation and amortization	$ 2,943,547	$ 2,153,719	$ 5,097,293	$ 2,635,002
Adjust for:				
Inventory movement	(412,936)	382,263	(30,673)	163,994
Total operating cash cost	$ 2,530,638	$ 2,535,983	$ 5,066,620	$ 2,798,996
Royalties	(38,908)	(20,840)	(59,748)	(82,360)
Total operating cash cost excluding royalties	$ 2,491,730	$ 2,515,143	$ 5,006,872	$ 2,716,636
Gold production (ounces)	2,346	3,143	5,489	2,440
Gold production (ounces payable)	1,760	2,357	4,117	1,620
Total operating cash cost excluding royalties per payable oz.	$ 1,416	$ 1,067	$ 1,216	$ 1,677

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 an Exchange 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, 2021, 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, 2021, can be found on the Company's SEDAR profile at www.sedar.com.

SUBSEQUENT EVENTS

On August 3, 2022, the Company announced that it had signed a new gold concentrate offtake agreement ("Offtake Agreement") for its Galaxy project with Ocean Partners UK Limited ("Ocean Partners"). In addition, Ocean Partners has provided the Company with an unsecured $3.0 million revolving finance facility (the "Facility") to help it advance the Galaxy project.

Pursuant to the terms of the Offtake Agreement, the Company will sell a total of 125,000 wet metric tons of gold concentrate to Ocean Partners. The price for each shipment of gold concentrate will be calculated with reference to the daily US$ London Bullion Market Association morning and afternoon quotations for gold as published in the London "Metal Bulletin" (or such other mutually agreed information source which may replace it), averaged over a quotational period but subject to adjustment in accordance with the terms of the Offtake Agreement.

Interest and principal for the Facility will be repaid against deliveries of gold concentrate or cash by the Company to Ocean Partners under the Offtake Agreement. The Company can elect to repay the full principal amount outstanding under the Facility and any accrued interest without any penalty with two weeks of advanced notice. Once a drawdown under the Facility is repaid, such amount can subsequently be redrawn.