Dated: November 26, 2012

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This management's discussion and analysis ("MD&A") of financial condition and results of operations of Galane Gold Ltd. ("Galane" or the "Company") was prepared by management as at November 26, 2012. 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 nine months ended September 30, 2012 (the "interim financial report"), as well as the audited annual consolidated financial statements and notes thereto for the year ended December 31, 2011 (collectively, the "Financial Statements").

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

The Company's certifying officers are responsible for ensuring that the interim financial report and MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's certifying officers certify that the interim financial report together with the other financial information included in the interim filings 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 filings.

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

FORWARD-LOOKING STATEMENTS

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

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to: the Company's dependence on a single mineral project; gold price volatility; risks associated with the conduct of the Company's mining activities in Botswana; regulatory, consent or permitting delays; risks relating to the Company's exploration, development and mining activities being situated in a single country; risks relating to reliance on the Company's management team and outside contractors; risks regarding mineral resources and reserves; the Company's inability to obtain insurance to cover all risks, on a commercially reasonable basis or at all; currency fluctuations; risks regarding the failure to generate sufficient cash flow from operations; risks relating to project financing and equity issuances; mining tax regimes; risks arising from holding derivative instruments; the Company's need to replace reserves depleted by production; risks and unknowns inherent in all mining projects, including the inaccuracy of reserves and resources, metallurgical recoveries and capital and operating costs of such projects; contests over title to properties, particularly title to undeveloped properties; laws and regulations governing the environment, health and safety; operating or technical difficulties in connection with mining or development activities; lack of infrastructure; employee relations, labour unrest or unavailability; health risks in Africa; the Company's interactions with surrounding communities and artisanal miners; the Company's ability to successfully integrate acquired assets; the speculative nature of exploration and development, including the risks of diminishing quantities or grades of reserves; development of the Company's exploration properties into commercially viable mines; stock market volatility; conflicts of interest among certain directors and officers; lack of liquidity for shareholders of the Company; and litigation risk. See "Risks and Uncertainties" below. Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

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

CORPORATE OVERVIEW

The Company's principal business activities are the exploration for, development of, and operation of gold mining properties. Since August 30, 2011, the Company operates through its wholly-owned subsidiary, Galane Gold Mines Ltd. ("GGM"), which in turn operates a producing mine, and has the rights to certain mineral exploration tenements located in the Republic of Botswana ("Botswana") through subsidiaries located in Botswana. GGM was incorporated under the laws of Ontario on November 15, 2010.

Effective August 30, 2011, GGM, concurrent with the closing of the Carlaw Acquisition referred to below, through its wholly-owned subsidiary, Mupane Gold Mines Limited, a Mauritius company, acquired all of the issued and outstanding shares of an Australian company, Gallery Gold Pty Ltd. from IAMGOLD Corporation ("IAMGOLD") (the "Gallery Acquisition"). The purchase price for such acquisition was paid by a combination of cash, shares, and the issuance of interest bearing debt.

Effective August 30, 2011, GGM closed a transaction with a capital pool company then named Carlaw Capital III Corp. ("Carlaw"), whereby Carlaw acquired (the "Carlaw Acquisition") all of the issued and outstanding shares of GGM by issuing an aggregate of 44,420,500 common shares from treasury in exchange for all of the issued and outstanding common shares of GGM. As a result of this share exchange, the former shareholders of GGM acquired control of Carlaw, and the Financial Statements reflect the results as a continuation of the business of GGM. Carlaw was incorporated under the *Business Corporations Act* (Ontario) on October 24, 2007, and on August 30, 2011 filed articles of amendment to change its name to Galane Gold Ltd. Since September 6, 2011, 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".

The Carlaw Acquisition was completed by way of a "three-cornered" amalgamation, whereby a wholly-owned subsidiary of Carlaw amalgamated with GGM. Through the amalgamation, shareholders of GGM received the 44,420,500 Common Shares. The resulting amalgamated entity, possessing the rights to the assets and business of GGM, is now the Company's wholly-owned subsidiary.

FINANCINGS AND ACQUISITIONS

On August 5, 2011, GGM completed a brokered private placement (the "GGM Private Placement") of an aggregate of 20,545,500 subscription receipts (the "GGM Subscription Receipts") at a subscription price of CDN$0.80 per receipt for aggregate gross proceeds of $16,806,220 (CDN$16,436,400). Each GGM Subscription Receipt entitled the holder to receive one common share in the capital of GGM (a "GGM Share") and one-half of one common share purchase warrant of GGM (a "GGM Warrant"). Each whole GGM Warrant was exercisable for one GGM Share for a period of 18 months from the date of closing of the Carlaw Acquisition at a price of CDN$1.10 per share. The gross proceeds from the GGM Private Placement were held in escrow until immediately prior to the closing of the Gallery Acquisition on August 30, 2011.

The agent (the "Agent") retained by GGM pursuant to the GGM Private Placement received a cash commission of $1,545,186 (CDN$1,511,184) and was issued warrants ("GGM Agent Warrants") to purchase up to an aggregate of 1,888,980 GGM Shares with each GGM Agent Warrant being exercisable for one GGM Share for a period of 18 months from closing of the Acquisitions at a price of CDN$0.80 per share. Additional costs of $352,002 were incurred in connection with the financing.

Immediately prior to the closing of the Gallery Acquisition, the GGM Subscription Receipts converted into an aggregate of 20,545,500 GGM Common Shares and 10,272,750 GGM Warrants. At the effective time of the closing of the Carlaw Acquisition, the GGM Common Shares, GGM Warrants and GGM Agent Warrants were then exchanged for an equivalent number of Common Shares, warrants and agent warrants of the Company without payment of any additional consideration. Accordingly, at the closing of the Acquisitions, the Company issued an aggregate of 20,545,500 Common Shares, 10,272,750 warrants and 1,888,980 agent warrants in connection with the GGM Private Placement.

On the closing of the Carlaw Acquisition, the Company received working capital of $88,299 for consideration of the issuance of 687,500 Common Shares. On the closing of the Gallery Acquisition, the Company received working capital of $12.8 million plus producing mine assets valued at $21.7 million for total consideration of $34.5 million. Consideration included 21,875,000 Common Shares, a note payable of US$3.8 million, repayable every six months in three equal principal installments of $1,266,667 commencing February 28, 2013, and 1,265,253 warrants to purchase Common Shares exercisable until March 1, 2013 at CDN $1.10 per share.

In addition the Company entered into an agreement dated July 27, 2011 with the shareholders of The Northern Lights Exploration Company (Pty) Ltd. ("NLE") to acquire all of its issued and outstanding shares of NLE (the "NLE Acquisition"). NLE owns the rights to a number of exploration licenses near the Mupane Property.

The NLE Acquisition was completed on April 10, 2012. As consideration for all of the issued and outstanding shares of NLE, the Company issued 3,125,000 Common Shares to the shareholders of NLE and promissory notes in the aggregate principal amount of CDN$400,000. The notes bear interest from the date of closing at 6% per annum with principal payments as follows:

- On closing CDN$100,000
- On the 2nd, 4th, and 6th month anniversary after closing CDN$100,000

If, in the reasonable opinion of the Board of Directors of the Company, any principal payment would cause undue stress to the Company, the principal payment can be extended to a mutually agreed upon schedule. The agreement also provides for the issuance of up to an additional 8,750,000 Common Shares upon the achievement of exploration milestones on the NLE mineral properties within seven years from the date of the closing of the NLE Acquisition.

In June 2012 the Company issued 63,130 Common Shares pursuant to the Employee Share Purchase Plan that was approved on June 12, 2012 for gross and net proceeds of $61,953 (CDN$62,500).

Further details regarding the Carlaw Acquisition, the Gallery Acquisition and the NLE Acquisition are discussed in the "Acquisitions activity" section of the Company's annual management's discussion and analysis for the year ended December 31, 2011, available at www.sedar.com.

OUTLOOK

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

As previously disclosed, mining operations at Signal Hill were scheduled to be completed in Q3 2012. However, the Signal Hill pit has ended up providing slightly more gold ore than anticipated which has extended the pit life into Q4 2012 but at a lower tonnage rate due to increasingly diminished working space in the bottom of the pit. It is now anticipated that mining activities on the current mine plan for Signal Hill will be completed in Q4 2012.

The Tholo accelerated stripping program will continue at the current rate of mining and is on course to achieve a higher proportion of ore feed requirements for the mill to around 50% in Q1 2013. This ore is at higher grade than Golden Eagle or other ore sources available at this time and thus will have the anticipated effect or averaging up the process plant head grade progressively as more ore volume is produced from Tholo. Mining activity at Golden Eagle pit is progressing as planned

As part of the Operational Improvement Program ("OI Program") the Company is reviewing all the sources of ore that are available to it to optimise the feed to the processing plant. It is anticipated that this review will be completed by the end of Q4 2012.

The Company's processing plant will focus on on-going stabilisation and optimisation of the processing operations consistent with the Operational Improvement (OI) program. Particular areas of focus include: -

- Stabile and improved gold recoveries as the ore feed oxide/sulphide ratio decreases resulting from the progression of the mine plan at Golden Eagle into more sulphide ore content
- Plant reliability through the entire processing plant to target improved equipment availability levels and utilisation for gold production
- Installation of a water tapping point on an additional water supply pipeline available for use in anticipation of higher tonnage throughput rates and associated higher water consumption volumes that may be required in the future as well as risk reduction for water supply on the current production rate requirements.
- The capacity throughput increase program is to examine on a plant wide basis the potential for capacity expansion. It is anticipated that the initial results of this will be available for review during Q4 2012 and the study progressed in Q1 2013.

As the first phase of the Company's exploration plan progresses, exploration activity for Q4 2012 is expected to focus on completing of field activities before the onset of the wet season in November, receiving assay results and analysing assay data with a view to developing the resource base of the Company's mining assets towards an initial target five year mine plan. In addition, the Company intends to finalise the second phase of the exploration for implementation at the end of the wet season in Q1 2013.This second phase of the program will be planned in consideration of the mining operations long term resource plan requirements.

Exploration is also making good progress in the first phase of the program throughout the Company's portfolio of high priority exploration targets. The expected completion of field exploration during Q4 2012, receipt of associated assay results and analysis of this data will conclude the first phase of the plan. The Company anticipates that the focus of the exploration program will continue to be both near mine and mostly brown fields targets, being associated with previous mining activity dating back in some cases to the mid 1800's, with the ultimate aim of building on the Company's resource base and therefore mine life.

DISCUSSION OF OPERATIONS

For the three and nine months ended September 30, 2012

The following is an analysis of the Company's operating results for the three months ended September 30, 2012 ("Q3 2012") and nine months ended September 30, 2012 ("YTD 2012"). As the financial results are reflected as a continuation of GGM, and GGM was incorporated on November 15, 2010 and its only operating activity in the second quarter and half of 2011 involved the raising of capital required to complete the Acquisitions, comparisons to the corresponding period in the previous year will be limited only to costs incurred in that capacity. For mining operations, comparisons with the immediately preceding quarters have been provided.

***Operating activity*:**

The Company commenced active mining operations on the closing of the Acquisitions on August 30, 2011.

Commentary regarding the Company's operating activity during Q3 2012 and YTD 2012 follows:

Mining:

- The accelerated stripping program on Tholo has progressed well and remains on schedule. A water aquifer was encountered earlier than anticipated, causing a temporary delay in mining. As the program has progressed, more ore of better grade has been mined with a resulting positive impact on the average grade of total ore mined.
- Signal Hill continued to provide gold ore for a longer duration than anticipated and mining will be completed there in Q4 2012 based on the current mine plan.
- Mine plan/resource review is progressing well with a revised mine plan scheduled to be completed in Q4 2012.
- Focus still remains on productivity improvement across all of the Company's mining activity. Good progress has been made on dilution management and blasting fragmentation.
- Mining contractors and the Company's own mining fleet continue to be under close scrutiny for improved efficiency opportunity in terms of costs on a $/t basis and operating availability.

Processing:

- Process water dam extension was commissioned during Q3 2012, which has resulted in an increased process water storage capacity of approximately 200% as previously reported. A program of cleaning the original water dam has commenced and is scheduled to be completed by the end of Q4 2012. Once completed, the process water storage capacity is expected to be at a maximum providing capacity with the ability to store more than seven days' of processing requirements.
- Process control (SCADA) system upgrade has been installed providing more reliable and refined dynamic control of the ore processing plant. The review of the process instrumentation has been carried out and installation of some upgraded instrumentation has commenced and will progress through Q4 2012. A further extension of this program is anticipated to be carried out in Q1 2013.
- A review of the metal accounting system as used by the operations previously has been completed and has resulted in the identification of procedures that required improvement to ensure consistent and accurate metal accounting and reconciliation.
- Tonnage throughput increase studies have progressed with the first stage now completed. The first stage is a de-bottlenecking exercise that identified opportunities for increased tonnage throughput. The most significant of these opportunities is the addition of a secondary crushing circuit. The engineering design and specification of this circuit has been completed and it is anticipated that the total cost of the installation will be approximately three million dollars for a tonnage throughput increase in capacity from 140t/hr to 160t/hr or approximately 14.2% on an hourly processing capacity basis.

DISCUSSION OF OPERATIONS

For the three and nine months ended September 30, 2012

Operating activity (continued…):

- The processing plant maintenance program has been established and is progressing well. Meaningful condition monitoring programs have been introduced and have benefitted operations personnel in preparing planned maintenance programs. As a result a major shutdown was completed on the SAG mill in September 2012 that required significant downtime to complete. The scope of work was mainly on the mill power train and included changing the drive pinion, reversing the mill girth gear, replacing drive couplings and reinstating the drive speed reduction gearbox mounting. Further significant work is scheduled to be carried out on the processing plant during Q4 2012 and the first half of 2013. It is anticipated that this work will be carried out during planned shutdowns to minimise production disruption.
- As a result of the ore sulphide/oxide ratio increasing as expected, the flotation circuit in the processing plant was invoked during Q3 2012. This is expected to result in improved and stabilised recoveries however significant variations in the sulphide/oxide ratio will continue into Q4 2012 and Q1 2013, causing recoveries and tonnage throughput fluctuations.
- The tonnage throughput capacity has been reduced as a result of a higher ratio of harder sulphide ore. A total of 244,688t was processed during Q3 2012 as anticipated and various measures have been implemented to minimise this impact as previously discussed.

Early benefits of some of these programs have resulted in improved performance as planned for Q3 2012 such as improved recovery rates through the processing plant from 80.0% in Q2 2012 to 84.0% for Q3 2012. The combination of average gold ore grade of 1.6 g/t and 84.0% recovery for Q3 2012, and an average ore grade of 1.63 g/t and 83.8% recovery for the nine months ended September 30, 2012, was anticipated and resulted in the total gold production, sales and cash costs outlined in the table at the beginning of this section.

Management's review of the Company's systems and procedures continues as well as ongoing scrutiny of previously reviewed procedures and systems such as the metal accounting in contained gold in process and low grade stock piles. No further areas requiring correction have been identified to date.

A discussion of the financial results for Q3 2012 and YTD 2012, with comparisons to the three months ended June 30, 2012 ("Q2 2012"), the four months ended December 31, 2011 ("FY 2011") and, in certain circumstances, since the Acquisitions were completed, follows.

DISCUSSION OF OPERATIONS

For the three and nine months ended September 30, 2012

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:

	Q3 2012	Q2 2012	Q1 2012	YTD 2012	FY 2011[(1)]	Total since Acquisitions
Revenue (000)	$ 19,342	$ 22,451	$ 25,936	$ 67,729	$ 28,607	$ 76,994
Gold sold (oz.)	11,473	14,024	15,155	40,652	16,853	57,505
Earnings from mining operations (000)	$ 6,320	$ 1,773	$ 10,842	$ 18,935	$ 4,997	$ 23,931
Earnings from mining operations ($/oz.)	$ 551	$ 126	$ 715	$ 466	$ 297	$ 416

Notes:
(1) FY 2011 results are for the four months from the date of acquisition of the Mupane mine (August 30, 2011 to December 31, 2011).

In the three months ended September 30, 2012, the Company generated $19.3 million in revenue from the sale of 11,473 ounces of gold plus incidental silver at an average combined price of $1,686 per ounce and earnings from mining operations of $6.3 million or $551 per ounce. This compares to $22.5 million in revenue from the sale of 14,024 ounces of gold plus incidental silver at an average combined price of $1,601 per ounce and earnings from mining operations of $1.8 million or $126 per ounce in Q2 2012. The difference in Q2 2012 is as a result of a one-time net downward adjustments to inventory quantities and cost generated as part of the OI Program. Without the adjustment earnings from mining operations were $3.8 million or $274 per ounce in Q2 2012. Since the date of the Acquisitions, the Company has generated $96.3 million in revenue on the sale of 57,505 ounces of gold, for an average combined price of $1,675 per ounce, and earnings from mining operations of $23.9 million or $416 per ounce.

In the nine months ended September 30, 2012, the Company generated $67.7 million in revenue from the sale of 40,652 ounces of gold plus incidental silver at an average combined price of $1,666 per ounce and earnings from mining operations of $18.9 million or $466 per ounce. This compares to $28.6 million in revenue from the sale of 16,853 ounces of gold plus incidental silver at an average combined price of $1,697 per ounce and earnings from mining operations of $5.0 million or $297 per ounce in FY 2011, which comprised four months of operating mining operations.

Cash costs and key operating data:

Although cash costs are non-GAAP measures, they provide investors with information about measures used by management to monitor performance. This information is used to assess how well the producing gold mines are performing compared to plan and prior periods, and also to assess the overall effectiveness and efficiency of gold mining operations. Further discussion of cash costs is contained in the Supplemental Information section of this MD&A.

DISCUSSION OF OPERATIONS (continued…)

For the three and nine months ended September 30, 2012 (continued…)

Key operating data:

	Q3 2012	Q2 2012	Q1 2012	YTD 2012	FY 2011[(2)]	Total since Acquisitions
Total material mined (000 t)	4,334	3,641	4,329	12,304	5,500	17,804
Strip ratio	20.53	11.45	12.09	13.92	13.70	13.85
Operating strip ratio	13.40	6.26	4.75	7.77	8.37	7.96
Ore milled (000 t)	245	308	285	838	385	1,223
Ore mined (000 t)	201	292	331	825	374	1,199
Head grade (g/t)	1.60	1.46	2.18	1.80	1.86	1.80
Recovery (%)	84.0%	80.0%	88.1%	83.8%	87.5%	84.9%
Gold production (oz.) [(2)]	10,562	11,621	17,523	39,706	20,193	59,900
Total cash cost excluding royalties ($/oz.)[(1) (2)]	1,597	1,494	929	1271	1,039	1,193
Total operating cash cost excluding royalties ($/oz.)[(1) (2)]	980	1,172	690	907	951	979

Notes:

(1) Total cash cost excluding royalties and total operating cash cost excluding royalties are non-GAAP measures. Refer to the Supplemental Information section below for a reconciliation to measures reflected in the Financial Statements.

(2) FY 2011 results are for the four months from the date of acquisition of the Mupane mine (August 30, 2011 to December 31, 2011).

The increase in total cash costs in Q3 2012 reflects the effect of three factors:

1. Higher stripping costs as the Company has moved to mining at Golden Eagle. The stripping ratio in Q3 2012 was 20.53, which is in line with the current mine plans, compared to 7.77 for the year to date and 11.45 in Q2 2012; and
2. the head grade of 1.60 g/t is low compared to 1.82 g/t since acquisition, but an improvement on Q2 which was 1.46 g/t which was a result of the mined grade increasing as the Company progressed with Golden Eagle; and
3. extended maintenance of the SAG mill in September, as contemplated in our maintenance plan, resulting in lower production of gold ounces in the quarter.

The total operating cash costs excluding royalties in Q3 2012 of $980 per ounce compares favourably to the cost since acquisition of $979 per ounce.

In future quarters, the Company anticipates fluctuating grades and stripping ratios causing cash costs to fluctuate as well.

As the mine was purchased on August 30, 2011, there are no comparable results for the corresponding periods in 2011.

DISCUSSION OF OPERATIONS (continued…)

For the three and nine months ended September 30, 2012 (continued…)

Non-Cash Costs:

- Non-cash costs (depreciation and amortization) of $1.5 million ($141 per ounce produced) were also recognized in Q3 2012 (Q2 2012 - $2.92 million; $251 per ounce produced), with the increase consistent with the effect of increased amortization due to capitalized stripping costs.
- Non-cash costs (depreciation and amortization) of $6.2 million ($157 per ounce produced) were also recognized in the nine months ended September 30, 2012 (four months ended December 31, 2011 - $2.49 million; $123 per ounce produced), with the increase consistent with the combined effect of increased amortization due to capitalized stripping costs and the effect of the inventory adjustment described previously.

Non-mining related expenses and income:

Corporate general and administration costs totaling $437,648 for Q3 2012 (Q3 2011- $356,778), and $1,307,466 for YTD 2012 (nine months ended September 30, 2011 - $714,466) include the following:

	Q3 2012	Q2 2012	Q1 2012	YTD 2012	FY 2011
Acquisition related costs	$-	$ -	$ -	$ -	$ -
Professional Fees	178,671	307,502	96,373	582,546	1,148,041
Management fees to officers	190,813	170,756	115,849	477,418	213,664
Investor relations	34,931	37,530	16,132	88,593	7,384
Corporate general and administration	33,233	96,782	28,894	158,909	135,416
Share based compensation	-	-	-	-	587,651
	$ 437,648	$ 612,570	$ 257,248	$ 1,307,466	$ 2,092,156

Other notable non-mining related expenses (income) for Q3 2012 and YTD 2012, and the totals for 2011 are as follows:

	Q3 2012	Q2 2012	Q1 2012	YTD 2012	FY 2011
(Gain) loss in foreign exchange	$ 35,643	$ (317,874)	$ 103,639	$ (178,591)	$(583,720)
Movement in fair value of warrants	(2,114,438)	626,765	(1,236,201)	(2,723,874)	1,443,904
Interest on long term debt	54,060	57,467	58,018	172,461	79,241
Accretion on the Company's rehabilitation and restoration provision	133,860	130,568	127,357	391,785	174,425
Other expenses (income)	(19,685)	(6,145)	11,534	(17,214)	331,457
Total non-mining expenses (income)	$ (1,910,560)	$ 490,781	$ (935,653)	$ (2,355,433)	$1,445,307

DISCUSSION OF OPERATIONS (continued…)

For the three and nine months ended September 30, 2012 (continued…)

Non-mining related expenses and income (continued…)

As a result of the movement of fair value of warrants, the Company recorded financing expense in Q3 2012 of $2.1 million, and income of $2.7 million for the nine months then ended.

Earnings

The earnings for Q3 2012 and YTD 2012 were therefore comprised of:

	Q3 2012	Q2 2012	Q1 2012	YTD 2012	Q3 2011	Q2 2011	Q1 2011	YTD 2011
Income from mining operations	$ 6,320,372	$ 1,773,387	$ 10,842,004	$ 18,935,762	$(2,190,656)	$ -	$ -	$(2,190,656)
Exploration costs	(34,274)	(310,256)	(73,061)	(1,693,310)	-	-	-	-
Corporate general and administrative costs	(437,648)	(612,570)	(257,248)	(1,307,466)	(356,778)	(131,345)	(226,343)	(714,466)
Stock-based compensation	-	-	-	-	(858,600)	-	-	(858.600)
Foreign exchange (loss) gain	(35,643)	317,874	(103,639)	178,591	(136,306)	-	-	(136,306)
Interest on long term debt	(56,976)	(57,467)	(58,018)	(172,461)	(19,632)	-	-	(19,632)
Other (expenses) income	19,685	6,145	(11,534)	(17,214)	(332,344)	-	-	(332,344)
Other financing income (costs)	2,980,578	(757,333)	1,108,844	3,332,089	-	-	-	-
	$ 7,759,010	$ 359,780	$ 11,447,348	$ 18,290,419	$(3,894,316)	$ (131,345)	$ (226,343)	$(4,252,004)

Overall performance:

The operations of Q3 2012 resulted in the reduction of $3.5 million in working capital as compared to a reduction of $1.9 million in Q2 2012.

The operations of the nine months ended September 30, 2012 resulted in the generation of $2.8 million in working capital as compared to $6.3 million generated in the four months ended December 31, 2011.

Events and conditions in the global financial markets impact gold prices, commodity prices, interest rates and currency rates. These conditions and market volatilities may have a positive or negative impact on the Company's revenues, operating costs, project development expenditures and project planning.

In the three months ended September 30, 2012, the gold price continued to display considerable volatility with spot daily closings between $1,556 and $1,785 per ounce from London Bullion Market Association. The range of gold prices in the nine months ended September 30, 2012 was from a high of $1,785 to a low of $1,540 per ounce. The closing price of gold at September 30, 2012 was $1,776 per ounce.

EXPLORATION

The exploration program during Q3 2012 was at full capacity with drilling, pitting, soil sampling and tails sampling activity occurring across multiple sites. In Q3 2012, approximately $1.3 million was incurred in exploration costs compared to $1.7 million spent in the nine months ended September 30, 2012. The Company intends to complete the first phase of field activity before the onset of the wet season in November which can have a detrimental impact on the ability to conduct the various programs in the field. Delays in laboratory assays being completed have delayed the receipt of exploration results during Q3 2012; however it is anticipated that all assays will have been completed by the end of Q4 2012.

- **Tau Deeps**: Drilling in Q3 2012 has been all diamond core and amounts to approximately 2,705m in seven holes. The deep hole (as described in the Company's management's discussion and analysis for the period ended June 30, 2012) intersected younger cross cutting dolerite dyke rather than the anticipated mineralised zone and was stopped at 990 metres vertical (mv). A further two deep holes are planned to intersect at around 700m and are in progress at 289mv and 157mv. Assay results have been received for three holes to date and all of such results indicate that the holes have been either off-shoot, or have been interfered with by the dykes in the area.

- **Jim's Luck**: The drill program continues with good progress being made during Q3 2012. Two diamond core holes were completed for 552m and 36 RC holes for 7,108m. This program is due for completion in Q4 2012 at 69 holes for approximately 12,000m. Data from this drill program, together with that of the historic holes (an estimated 136) is expected to form the basis of a NI 43-101 compliant resource estimate for Jim's Luck. Assay results are coming in progressively and will be reported upon completion of the first phase of the program, once they have been evaluated and analysed, in Q1 2013.

- **Tekwane**: Three phases of pitting exercise have been for a total of 258 pits excavated, logged, and sampled. The pits are mechanically excavated by backhoe to the depth of 'refusal' (usually about 1.5 metres), thus exposing the bedrock and the full soil profile. Both the bedrock and a quartz rubble horizon, where present within the soil profile, are sampled. To date only the quartz rubbles are yielding anomalous gold values while the bedrock remains barren. It is apparent that the auriferous rubbles gave rise to the 4 km^2 sized surface gold in soil geochemical anomaly that covers the area, because this geochemistry is being used to good effect in guiding the pitting exercises. The fourth and final phase of pitting is being planned, which comprises another 186 pits and covers the last extension of the geochemical gold in soil anomaly. This is expected to be completed by the end of Q4 2012 and it is anticipated that full modelling and evaluation of the rubbles will be completed during Q1 2013.

- **Tailings Dumps**: There are 14 old small tailings dumps in the district in addition to the large active approximately 8.0 million tonne Mupane mine tailings dump. Auger drilling and sampling of these tailings dumps commenced during Q3 2012 with 289 holes being drilled for 1,749 samples (at 1.5m intervals). This includes 114 holes for 1,222 samples from the Mupane dump, with the balance from four smaller dumps in the area. The objective is to determine the potential for economic retreatment of all of these dumps.

- **Orapa Road**: Work commenced during Q3 2012 and was completed by the end of Q3 2012 with just under 9,500 soil samples collected. The soil samples are being analysed for gold , arsenic, copper, lead, zinc and nickel. This program is an infill follow up to gold in soil geochemical anomalism previously detected, together with a new interpretation of existing aero-magnetic data. Assay results are expected to be received and evaluated during Q4 2012.

UPDATE ON USE OF AVAILABLE FUNDS

The following table sets out a comparison of the disclosure regarding the Company's intended use of available funds as set out in in the filing statement of the Company dated August 25, 2011 (the "Filing Statement") and filed on SEDAR at www.sedar.com and the actual use of available funds as at September 30, 2012:

Anticipated Use of Funds	Estimated Use of Funds Over Next 18 Months (as of the date of the Filing Statement)	Actual Use of Funds (as at September 30, 2012)
To finance production at the Mupane Property	-	-
To finance operations for 18 months	-	-
Initial principal and interest payment on the promissory note issued in connection with the Gallery Acquisition (payable 18 months after the closing of the Gallery Acquisition)	$ 1,480,000	$ 251,522
Total	$ 1,480,000	$ 251,522

There are no variances on uses of funds that have impacted the Company's ability to achieve its business objectives and milestones as outlined in the Filing Statement.

UPDATE ON OBJECTIVES

The following table sets forth the business objectives of the Company for the 2011 and 2012 calendar years as set forth in the Filing Statement and the current status of such objectives:

Objectives	Status
At the Mupane Property:	
• to continue gold production according to the mine plan out to 2016.	No change, in progress
At the NLE projects:	
• to complete the NLE Acquisition by the end of 2011 for consideration of 3,125,000 Common Shares (based on a share price of $0.80 per share); and	Completed on April 10, 2012
• to commence an 18 month exploration plan for the Jim's Luck project for a budgeted cost of a total of $1.52 million.	A new exploration plan and budget for 2012 and 2013 have been completed (which includes Jim's Luck) and approved by the Company's Board of Directors, totaling $7.8 million until the end of 2013.

Certain information set out in the table above under "Status" is forward-looking information. Such forward-looking information is based on the assumptions and is subject to the material risks discussed above under "Forward-Looking Statements". Actual results may vary significantly from the forward-looking information in this MD&A.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the Company's selected quarterly information for each of the quarters ended September 30, 2012 since the date of incorporation of November 15, 2010:

	Three months ended(1)(2)			
	September 30, 2012 $	June 30, 2012 $	March 31, 2012 $	December 31, 2011 $
Total Revenue	19,342,231	22,450,684	25,936,297	27,125,460
Mining cost of sales - Cash - Non-cash (depreciation and amortization)	 (11,536,132) (1,485,727)	 (17,755,928) (2,921,369)	 (13,264,651) (1,829,642)	 (18,394,312) (1,543,231)
Total mining cost of sales	(13,021,859)	(20,677,297)	(15,094,293)	(19,937,543)
Exploration costs	(34,274)	(310,256)	(73,061)	(35,251)
Non mining income (expenses)	162,920	(1,103,351)	678,405	(1,476,115)
Profit (loss) from continuing operations attributable to owners of the parent(3)	7,759,010	359,780	11,447,348	5,676,551
Profit (loss) per share from continuing operations attributable to owners of the parent(3) - Basic - Fully diluted	 0.16 0.15	 0.08 0.08	 0.25 0.25	 0.13 0.13
Total assets at end of quarter	72,455,700	66,242,588	61,561,936	53,033,974
Total liabilities at end of quarter	17,852,160	19,398,057	17,753,398	20,672,784
Total equity at end of quarter	54,603,540	46,844,531	43,808,538	32,361,190

	Three months ended			
	September 30, 2011 $	June 30, 2011 $	March 31, 2011 $	December 31, 2010 $
Revenue	1,481,325	-	-	-
Mining costs - Cash - - Non-cash (depreciation)	 (2,729,954) (942,027)	-	-	-
Total mining costs	(3,671,981)	-	-	-
Exploration costs		-	-	-
Non mining income (expenses)	(1,703,660)	(131,345)	(226,343)	-
Profit (loss) from continuing operations attributable to owners of the parent(3)	(3,894,316)	(131,345)	(226,343)	-
Profit (loss) per share from continuing operations attributable to owners of the parent(3) - Basic - Fully diluted	 (0.23) (0.23)	 n/a n/a	 (0.09) (0.09)	 n/a n/a
Total assets	49,654,410	254,498	256	320
Total liabilities	22,985,280	611,930	226,343	-
Total equity	26,669,130	(357,432)	(226,087)	320

Notes:

(1) GGM was incorporated on November 15, 2010 and inactive until the first quarter of 2011, therefore there are no results prior to that time.

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

(3) The Company does not have any discontinued operations.

SUMMARY OF QUARTERLY RESULTS (continued…)

The comparison on the Company's results for the three and nine months ended September 30, 2012 with the immediately preceding quarters has been provided in the "Discussion of Operations" section of this MD&A.

SUMMARY OF FINANCIAL POSITION

Selected Consolidated Statement of Financial Position Data:

	September 30, 2012 $	June 30, 2012 $	March 31, 2012 $	December 31, 2011 $
Total current assets	30,442,487	31,124,524	32,733,758	26,431,189
Total current liabilities	8,437,299	5,675,372	5,402,316	7,196,711
Working capital	22,005,188	25,449,152	27,331,442	19,234,478
Mining assets	42,013,213	35,118,064	28,828,178	26,602,785
Non-current liabilities	9,414,861	13,722,685	12,351,082	13,476,073
Total shareholders' equity	54,603,540	46,844,531	43,808,538	32,361,190

As noted in the "Corporate Overview" section, the Company completed the Gallery Acquisition and the Carlaw Acquisition and operated the Mupane mine for the last four months of the year ended December 31, 2011, resulting in the acquisition and generation of working capital totaling $19,234,478.

In Q3 2012, the Company decreased working capital by $3.5 million due to capital additions of $6.5 million, capitalised exploration costs of $1.3 million and the movement of $2.7 million of long term debt to current liabilities offset by operating cash flows of $7.0 million.

In the nine months ended September 30, 2012, the Company generated $2.8 million in working capital from its mining operations, made capital expenditures totaling $19.4 million, the movement of $2.7 million long term debt to current liabilities offset by a reduction in consumable inventory of $4.4 million and operating cash flows of $20.5 million.

As a result, the Company had working capital at September 30, 2012 of $22.0 million to meet its ongoing obligations.

LIQUIDITY AND CAPITAL RESOURCES

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

In order to fund the business activities intended in its current business plan, management expects that the Company's mining operations will continue to provide positive cash flow from its operations that is more than sufficient to support its corporate expenses, capital expenditure requirements and exploration activities. As described above under "Summary of Financial Position", at September 30, 2012, the Company had $22.0 million in working capital and generated $25.0 million in cash flow from operations for the nine months ended September 30, 2012. A continuation of these results is expected to provide sufficient capital to the Company to fund annual operating expenses, capital commitments budgeted and the exploration program contemplated from the NLE Acquisition of $7.8 million until the end of 2013.

The revenue of the Company is dependent upon the spot price of gold. At the current level of operating costs, the Company would continue to generate positive cash flow from operations even if there was a 20% reduction in the spot price of gold.

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

ENVIRONMENTAL DISCUSSION

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

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

Restoration and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value and determined according to the probability of alternative estimates of cash flows occurring for each operation. Discount rates used are the ones most appropriate for the location of the mine. Significant judgments and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements. As at September 30, 2012, the amount reflected in the Company's restoration and rehabilitation provision is $5.4 million (on an undiscounted basis, the total payments are estimated at $6.9 million).

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

FINANCIAL INSTRUMENTS

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

Strategic and operational risks are risks that arise if the Company fails to identify opportunities and/or threats arising from changes in the markets in which the Company operates. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory developments and competitor actions. These risk factors are more fully addressed in the "Risks and Uncertainties" section of the annual MD&A for the year ended December 31, 2011, available at www.sedar.com.

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks. The Company's current trade receivables are from a reputable customer for the purchase of the gold it produces, and other receivable balance consists of amounts outstanding on tax credits from governmental authorities, each of which are expected to be paid in the near term at face value. The Company's exposure to credit risk is minimal.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2012, the Company had a cash, gold inventory and receivables balance of $30,442,487 (December 31, 2011 - $26,431,189) to settle current liabilities of $8,437,299 (December 31, 2011 - $7,196,711). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company has sufficient working capital to meet its short-term business requirements. See "Liquidity and Capital Resources" section for further commentary on the Company's liquidity risks.

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

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

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

ISSUED AND OUTSTANDING SHARE CAPITAL

The Company's authorized capital consists of an unlimited number of Common Shares, of which 48,296,130 Common Shares are issued and outstanding as of the date of this MD&A. On a diluted basis, the Company has 68,528,138 Common Shares outstanding as of the date of this MD&A, assuming the exercise of 14,650,528 outstanding warrants, 1,888,980 outstanding agent's warrants, 3,681,250 outstanding stock options pursuant to the Company's stock option plan and 11,250 outstanding stock options issued to an eligible charitable organization.

The Company adopted an Employee Share Purchase Plan ("ESPP"), which was approved by shareholders at the annual and special meeting of the Company on June 12, 2012. Under the terms of the ESPP, 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 ESPP 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, the participating officers, directors and employees of the Company may be issued an aggregate of 63,130 deferred matching shares in three equal tranches over a three-year period.

TRANSACTIONS WITH RELATED PARTIES

During the nine months ended September 30, 2012, the following related party transactions occurred:

- Philip Condon, the Company's CEO, and director of the Company, and Miniera Group Limited (a consulting company owned by Philip Condon):
    - Management fees of $270,000 were paid in cash to Miniera Group Limited under its contract for the provision of the CEO services of Philip Condon;
    - Philip Condon subscribed for 12,626 Common Shares under the Company's ESPP at CDN$0.99 per share for a total subscription price of CDN$12,500;
- Donald Cameron, the Company's CFO and InHouseCFO Inc. (a consulting company controlled by Donald Cameron):
    - Management fees of CDN$152,000 and accounting fees of CDN$18,000 were paid in cash in the period to InHouseCFO Inc. for the provision of the CFO services of Donald Cameron;
- Charles Byron, a director of the Company:
    - The Company paid salary in cash to Mr. Byron totaling $195,000 under his contract as Chief Geologist of the Company;
    - The Company paid rent of $16,266 for office premises to Great African Services (Pty) Ltd., a company owned by a consortium of individuals that includes Charles Byron;
    - The Company paid CDN$12,000 in cash and issued 1,500,000 Common Shares to Mr. Byron on the closing of the NLE Acquisition, as he was a shareholder of NLE;
    - Mr. Byron is entitled to receive CDN$192,000 in principal plus interest at 6% for his proportionate share of the note payable issued as part of the NLE Acquisition. Of this he had received CDN$132,000 plus interest of CDN$3,008 as at September 30, 2012;
    - Mr. Byron may be entitled to 4,200,000 of the 8,750,000 Common Shares that are potentially issuable pursuant to the NLE Acquisition;
- Ravi Sood, a director of the Company subscribed for 12,626 Common Shares under the Company's ESPP at CDN$0.99 per share for a total subscription price of CDN$12,500;
- Amar Bhalla, a director of the Company subscribed for 12,626 Common Shares under the Company's ESPP at CDN$0.99 per share for a total subscription price of CDN$12,500;
- Ian Egan, a director of the Company subscribed for 12,626 Common Shares under the Company's ESPP at CDN$0.99 per share for a total subscription price of CDN$12,500;
- Richard Kimel, the corporate secretary of the Company subscribed for 12,626 Common Shares under the Company's ESPP at CDN$0.99 per share for a total subscription price of CDN$12,500;

TRANSACTIONS WITH RELATED PARTIES (continued…)

- IAMGOLD, a shareholder with significant influence, by holding in excess of 20% of the Common Shares of the Company:
  - The Company accrued and paid $172,461 in cash representing interest on the interest bearing note to IAMGOLD;
  - The number of warrants held by IAMGOLD increased by 3,112,525 as a result of the closing of the NLE Acquisition.

The remuneration of directors and other members of key management personnel during the nine months ended September 30, 2012 is as follows:

	Nine months ended September 30, 2012		Nine months ended September 30, 2011
Salaries	$	195,000	-
Management fees[2]		487,731	99,950
Share-based compensation[1]		-	858,600
	$	682,731	958,550

(1) Share-based compensation is the fair value of options granted and vested with key management personnel.
(2) Management fees represent compensation paid to officers of the Company pursuant to contracts for services.

CHANGES IN ACCOUNTING POLICIES

Current accounting changes

Consolidated financial statements (Section 1601) and non-controlling interests (Section 1602)

There have been no changes in accounting policies during the nine months ended September 30, 2012.

New Standards and Interpretations not yet adopted

There are a number of new standards and interpretations that the Company will be required to adopt. Details are as follows:

(a) IFRS 9 – Financial instruments

The IASB has issued IFRS 9, Financial Instruments, which is a four-part project proposed to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The first part of this project provides new guidance for the classification and measurement of financial assets and liabilities. The Company is in the process of evaluating the impact of the change to its consolidated financial statements based on the characteristics of its financial instruments.

CHANGES IN ACCOUNTING POLICIES (continued…)

New Standards and Interpretations not yet adopted (continued…)

(b) IFRS 10 – Consolidated Financial Statements

In May 2011, the IASB issued IFRS 10 *Consolidated Financial Statements*, which is effective for annual periods beginning on or after January 1, 2013. IFRS 10 replaces the guidance in IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 (2008). The Company intends to adopt IFRS 10 in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect IFRS 10 to have a material impact on the financial statements

(c) IFRIC 20 – Stripping costs in the production phase of a surface mine

IFRIC 20 provides guidance on the accounting for the costs of stripping activity in the production phase of surface mining when two benefits accrue to the entity from the stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. IFRIC 20 is applicable for annual periods beginning on or after January 1, 2013 and early application is permitted. The Company is in the process of evaluating the requirements of the new standard.

(d) IFRS 12 – Disclosure of Interests in Other Entities

The IASB issued IFRS 12 *Disclosure of Interests in Other Entities*, which is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. The Company intends to adopt IFRS 12 in its financial statements for the annual period beginning on January 1, 2013. When applied, it is expected that the amendment to IFRS 12 will increase the current level of disclosure of interests in other entities.

(e) IFRS 13 – Fair Value Measurement

The IASB published IFRS 13 *Fair Value Measurement*, which is effective prospectively for annual periods beginning on or after January 1, 2013. IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. The Company intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of IFRS 13 has not yet been determined.

International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board confirmed that Canadian publicly accountable enterprises would be required to adopt IFRS for financial periods beginning on and after January 1, 2011. The Financial Statements include full disclosure of the Company's accounting policies in accordance with IFRS policies in Note 3 therein.

COMMITMENTS

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

Royalty expenses

Production from the 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 nine month period ended September 30, 2012, the Company paid $3,387,395 in royalties (2011 - $1,442,264).

Operating contractual obligations

The Company has operating lease obligations which relate to obligations in 2011 for land operating lease agreements as follows:

- Incurred during the three and nine month period ended September 30, 2012 $285,190
- To be incurred in the remainder of 2012 $107,458
- To be incurred 2013-2016 $537,957

Claims

The Company is subject to one known employment-related litigation action, and outside legal advisors have assessed the potential outcome of the litigation. At this time it has been determined that any potential payment will not be material. The Company is also subject to the possibility of revised tax assessments for some years. The Company does not believe that, should unfavourable decisions arise from any review of its tax filings, that any amount it might be required to pay will be material. No amounts have been provided for in the financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements.

SUBSEQUENT EVENTS

On October 4 2012, the Company appointed Mr Nicholas Brodie as the new Chief Financial Officer. In connection with his appointment Mr Brodie was granted options to purchase up to 450,000 Common Shares, which shall vest in three equal tranches commencing on the first anniversary of the grant date and are exercisable for a period of five years at an exercise price of $0.88 per share.

On November 26, 2012, options to purchase up to an aggregate of 1,120,000 Common Shares were granted to certain officers and directors of the Company. The options are exercisable for a period of five years at an exercise price equal to the greater of $0.75 and the first closing price of the Common Shares following the release of the Company's financial results for the three and nine month period ended September 30, 2012. The stock option grants are subject to necessary regulatory approvals.

As part of its continuous review of the Company's compensation policies, the Board of Directors has approved a compensation plan for the non-executive directors of the Company. The anticipated annual fees are expected to total approximately $205,000, which are in line with relative comparator groups.

RISKS AND UNCERTAINTIES

The Company is subject to various business, financial and operational risks that could materially adversely affect the Company's future business, operations and financial condition and could cause such future business, operations and financial condition to differ materially from the forward-looking statements and information contained in this MD&A. For a more comprehensive discussion of the risks faced by the Company, please refer to the Company's annual MD&A for the year ended December 31, 2011, available at www.sedar.com.

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 can be found on SEDAR at www.sedar.com.

SUPPLEMENTAL INFORMATION TO MANAGEMENT'S DISCUSSION AND ANALYSIS

Cash costs

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

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

SUPPLEMENTAL INFORMATION TO MANAGEMENT'S DISCUSSION AND ANALYSIS (continued…)

Cash costs (continued…)

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

	Q3 2012	Q2 2012	Q1 2012	YTD 2012	FY 2011[(1)]	Total since acquisition
Mining costs excluding depreciation and amortization	$ 11,536,132	$ 17,755,929	$ 13,264,651	$ 42,556,712	$ 21,124,266	$ 63,680,978
Adjust for:						
Stock movement	(269,690)	(2,972,526)	100,920	(3,141,296)	(480,515)	(3,621,810)
Capitalized mining costs	6,519,763	3,747,977	4,184,789	14,452,529	1,783,766	16,236,295
Total cash cost	$ 17,813,205	$ 18,531,380	$ 17,550,360	$ 53,867,945	$ 22,427,517	$ 76,295,463
Royalties	(945,261)	(1,164,703)	(1,277,431)	(3,387,395)	(1,442,264)	(4,829,659)
Total cash cost excluding royalties	$ 16,867,944	$ 17,366,677	$ 16,272,929	$ 50,480,550	$ 20,985,253	$ 71,465,804
Capitalized cash costs	(6,519,763)	(3,747,977)	(4,184,789)	(14,452,529)	(1,783,766)	(16,236,295)
Total operating cash cost excluding royalties	$ 10,348,181	$ 13,618,700	$ 12,088,140	$ 36,028,021	$ 19,201,487	$ 55,229,509
Gold production (ounces)	10,563	11,621	17,523	39,707	20,193	59,900
Total cash cost per oz.	$ 1,686.38	$ 1,594.65	$ 1,001.56	$ 1,356.63	$ 1,110.65	$ 1,273.71
Total cash cost excluding royalties per oz.	$ 1,596.89	$ 1,494.42	$ 928.66	$ 1,271.32	$ 1,039.23	$ 1,193.08
Total operating cash cost excluding royalties per oz.	$ 979.66	$ 1,171.90	$ 689.84	$ 907.35	$ 950.89	$ 922.03

(1) FY 2011 results are for the four months from the date of acquisition of the Mupane mine (August 30, 2011 to December 31, 2011).
(2) The amounts and calculations since the date of the Acquisitions include the effects of a one-time downward adjustment to inventory quantities discussed in the "OI Program Results" section of this MD&A.