GALANE GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three and nine months ended September 30, 2016

Dated: November 29, 2016.

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 29, 2016. 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, 2016 (the "interim financial report"), as well as with the audited annual consolidated financial statements and notes thereto for the year ended December 31, 2015 (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"). "). 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 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 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 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 Botswana and South Africa; regulatory, consent or permitting delays; risks relating to the Company's exploration, development and mining activities being situated in Botswana and South Africa; 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; risks arising from the Company's fair value estimates with respect to the carrying amount of mineral interests; mining tax regimes; risks arising from holding

FORWARD-LOOKING STATEMENTS (continued…)

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; risks related to restarting 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; stock market volatility; conflicts of interest among certain directors and officers; lack of liquidity for shareholders of the Company; risks related to the market perception of junior gold companies; 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. The Company operates through its wholly-owned subsidiary, Galane Gold Mines Ltd. ("GGM"), which in turn operates two mines: (a) a producing mine which also has the rights to certain mineral exploration tenements (the producing mine and mineral exploration tenements collectively, the "Mupane Property") located in the Republic of Botswana ("Botswana") through subsidiaries located in Botswana; and (b) a mine which is being refurbished and which has the rights to certain mineral exploration tenements (the mine and mineral exploration tenements collectively, the "Galaxy Property") located in the Republic of South Africa ("South Africa") through subsidiaries located in South Africa. The common shares in the capital of the Company (the "Common Shares") have been listed for trading on the TSX Venture Exchange under the symbol "GG" since September 6, 2011.

OUTLOOK

Certain information set out in this section is forward looking information and is based on a number of risks and assumptions, including those related to gold price volatility, no delays in production, regulatory risk, currency fluctuations, integrating successfully new acquired assets and risks and uncertainties inherent with all mining operations. For more details please see above under "Forward-Looking Statements" and below under "Risks and Uncertainties".

Mupane Property

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 resource base.

The Company completed a new five year mine plan for the Mupane Property in 2016 which forms the guide for the Company's short term goals and long term strategy. The Company intends to utilize the following resources during the remainder of 2016:

- Tau Underground – development will continue in some instances through reef to reach the main mineralised body which lies under the current open pit. Stoping has commenced in the main mineralised body. While developing underground the Company intends to commence exploration to attempt to confirm the extension of the Tau mineralised body at depth.
- Low Grade Stockpiles – the Company will process approximately 700,000 tonnes of low grade stockpile at an average grade of 0.80 g/t, which is located at the run-of-mine pad at the processing plant. The stockpiles being used form part of the 1.4 million tonnes of low grade stockpiles which the Company reviewed during 2015.
- Tekwane – the Company will continue to selectively strip mine the high grade areas and will use a screening plant at the mine site to reduce the tonnage and increase the potential grade to be delivered to the plant. The Company is planning to process approximately 23,000 tonnes at an average grade of 2.3 g/t.

The Mupane Property mine plan is subject to change according to the prevailing gold price. The Company will adopt the appropriate plan for that prevailing gold price environment.

The Mupane Property processing plant continues to focus on on-going stabilisation and optimisation of the processing operations. There are no major plant capital projects scheduled at the Mupane Property for 2016 as the Company believes it has implemented all material optimisation projects.

Galaxy Property

On November 20, 2015, the Company closed the acquisition of a majority of the issued and outstanding ordinary shares of Galaxy Gold Mining Limited ("Galaxy"), a gold mining company with operations in the Mpumalanga Province of South Africa which owns the Galaxy Property. For the remainder of 2015 and the beginning of 2016, the Company prepared a short term plan to refurbish the existing plant, construct a new tailings retreatment facility and recommence underground mining operations at the Galaxy Property. The plan commenced in July 2016 and involves the following:

OUTLOOK (Continued…)

- Plant refurbishment – the plant is a standard crush, mill, float and carbon in leach ("CIL") with a capacity of 15,000 tonnes per month. To refurbish the whole plant the Company estimates that it will take three to six months and material parts of the refurbishment will be a new crusher, maintenance of the conveyors, a new ball mill gearbox, relining tanks, new gearboxes and agitators for the CIL plant, complete refurbishment of the elution plant and a new cyanide plant.
- Tailings retreatment facility – the Company plans to build a CIL plant within the footprint of the existing plant to process 25,000 tonnes per month of tailings material. It is estimated that the construction of the plant will take four months from commencement. It will involve the construction of six CIL leach tanks, a CIL feeding section, carbon recovery plant and the associated civils.
- Underground – the underground operations have been maintained to a good standard while under care and maintenance. Operations underground have recommenced with minor refurbishment to the tramming infrastructure, new hoppers, increased ventilation, a new compressor and refurbishment of the electrical cabling. The Company is using the same mining contractor it uses at the Mupane Property which provides the necessary underground labour and mining equipment.

The short term plan will process material from three sources:-

- Giles and Woodbine – Giles has a measured and indicated mineral resource of 898,268 tonnes at 3.94 g/t and Woodbine 614,813 tonnes at 3.82 g/t. Mining will be done using the reef over hand method in stopes that have already been developed. The Company is currently working on a revised mine plan to take into account the recommencement plan.
- Princeton – Princeton has a measured and indicated mineral resource of 1,094,862 tonnes at 4.87 g/t. Mining will be long hole stoping using trackless mining equipment. It is estimated that it will take up to five months to undertake the necessary development to restart operations and annual production from then on will be in the region of 135,000 tonnes at 4.5 g/t based on the Company's internally generated mine plan.
- Tailings – next to the existing plant are the Hostel East and West Dumps which contain 1,443,397 tonnes at 0.79 g/t. These will be sluiced to the plant with feed going to the new tailings retreatment facility and into the existing plant to fill the plant as required. In addition the Company intends to start a review process of the other dumps.

The short term plan at the Galaxy project estimates that in steady state annual production will be approximately 17,000 ounces of gold, with production expected to commence in Q4 2016.

Work has already commenced on an expansion plan to take annual production up to 60,000 ounces of gold in the long term with the expansion commencing in year three after commencement of the short term plan. It is currently envisaged that the Company will commence a desk top study, the results of which will be used to support a pre-feasibility study to be completed within two years.

DISCUSSION OF OPERATIONS

For the three and nine months ended September 30, 2016

The following is an analysis of the Company's operating results for the three months ended September 30, 2016 ("Q3 2016") and nine months ended September 30, 2016 ("YTD 2016"). For mining operations, processing and financial information, comparisons with the three and nine months ended September 30, 2015 ("Q3 2015" and "YTD 2015", respectively) have been provided.

Operating activity:

Commentary regarding the Company's operating activity during Q3 2016 and YTD 2016 follows:

Mining

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

		2016			YTD 2016	2015			YTD 2015
		Q3	Q2	Q1		Q3	Q2	Q1	
Mupane (Tholo, Kwena, & Tawana)	Ore (t)	-	-	-	-	702	5,211	88,488	94,401
	Grade (g/t)	-	-	-	-	1.27	1.20	1.45	1.43
	Waste (t)	-	-	-	-	1,680	6,838	207,051	215,569
Mupane (Tau)	Ore (t)	48,070	46,656	49,657	144,383	25,580	21,487	9,234	56,301
	Grade (g/t)	2.68	3.46	2.96	3.03	3.18	1.84	2.49	2.56
	Waste (t)	15,543	13,645	7,261	36,449	29,419	21,878	21,320	72,617
Golden Eagle	Ore (t)	-	-	-	-	-	48,605	-	48,605
	Grade (g/t)	-	-	-	-	-	1.36	-	1.36
	Waste (t)	-	-	-	-	-	234,463	-	234,463
Tekwane and Shashe Pencils	Ore (t)	3,465	37,697	4,103	45,265	21,164	13,634	-	34,798
	Grade (g/t)	0.48	0.48	0.44	0.48	0.52	0.50	-	0.51
	Waste (t)	-	33,695	8,916	42,611	33,909	25,996	-	59,905

The Company has operated two mining operations at the Mupane Property during 2016. They are:

- Tau – In Q3 2016, the Company continued mining in the main reef of the ore body with 48,070 tonnes at 2.68 g/t being mined (Q3 2015 – 25,580 tonnes at 3.18 g/t). In Q3 2015, the ore mined was as a result of reef development as the Company carried out development work for the stopes. In Q3 2016, the Company mined from the main ore body and mined from the stopes which resulted in increased tonnage. YTD 2016 144,383 tonnes of ore at 3.03 g/t were mined compared to YTD 2015 56,301 tonnes of ore at 2.56 g/t with the increases due to the same reason.
- Tekwane – In Q3 2016, 3,465 tonnes at 0.48 g/t were mined and for YTD 2016 45,265 tonnes at 0.48 g/t. In Q3 2015, the Company mined 21,164 tonnes of ore at 0.52 g/t and YTD 2015 34,798 tonnes as 0.51 g/t. The reduction in tonnes mined in Q3 2016 is a result of a large stockpile of ore to be screened due to mining ahead of budget in the previous quarter. The Company screens the material at the mine site to increase the grade and reduce the tonnage to be transported to the processing plant.

DISCUSSION OF OPERATIONS (continued…)

During 2015 the Company also mined at the following locations:-

- Tholo and Kwena - in Q3 2015, the volume of ore mined at Kwena decreased to 702 tonnes at 1.27 g/t. The Company completed mining in Tholo pit in Q1 2015 and at Kwena in Q3 2015. YTD 2015 94,401 tonnes of ore at 1.43 g/t were mined.
- Golden Eagle – The Company recommenced mining at Golden Eagle in Q2 2015 and mined YTD 2015 48,605 tonnes of ore at 1.36 g/t. Mining at Golden Eagle was halted in Q2 2015 due to the low gold price.

In addition, the Company is currently processing ore from its previously mined low grade stockpiles, which are located next to the processing plant. In Q3 2016, it processed 177,207 tonnes at an average grade of 0.80 g/t (Q3 2015 – 185,067 tonnes at 1.00 g/t) and YTD 2016 484,951 tonnes at 0.79 g/t (YTD 2015 – 343,833 at 0.92 g/t).

Processing

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

	Q3 2016	Q2 2016	Q1 2016	**YTD 2016**	Q3 2015	Q2 2015	Q1 2015	**YTD 2015**
Ore milled (000 t)	236,832	250,118	172,394	**659,344**	228,450	206,440	158,765	**593,655**
Head grade (g/t)	1.18	1.33	1.40	**1.29**	1.37	1.08	1.41	**1.28**
Recovery (%)	69.5%	73.5%	74.9%	**72.7%**	76.0%	67.2%	69.9%	**71.0%**
Gold production (oz.)	6,243	7,855	5,828	**19,925**	7,637	4,829	5,030	**17,496**

Gold production in Q3 2016 was 6,243 ounces compared to 7,637 ounces in Q3 2015. The grade and recovery in Q3 2016 of 1.18 g/t and 69.5% was lower than the grade and recovery in Q3 2015. In Q3 2015, a higher proportion of the ore milled came from the low grade stockpile which also had a higher grade.

Gold production YTD 2016 was 19,925 ounces compared to 17,496 ounces YTD 2015. The grade and recovery YTD 2016 of 1.29 g/t and 72.7% was higher than the grade and recovery YTD 2015. During YTD 2016, a higher proportion of the ore milled was from Tau underground.

DISCUSSION OF OPERATIONS (continued…)

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 2016	Q2 2016	Q1 2016	YTD 2016	Q4 2015
Revenue (000)	$ 8,399	$ 9,339	$ 7,350	$ 25,088	$ 6,759
Gold sold (oz.)	6,326	7,378	6,191	19,895	6,484
Earnings (Loss) from mining operations (000)	$ 8	$ 1,221	$ (814)	$ 415	$ (4,279)
Operating cash cost excluding royalties ($/oz.)[1]	$ 1,055	$ 849	$ 1,079	$ 981	$ 823

	Q3 2015	Q2 2015	Q1 2015	YTD 2015	Q4 2014
Revenue (000)	$ 8,533	$ 5,173	$ 5,765	$ 19,471	$ 7,789
Gold sold (oz.)	7,483	5,098	5,140	17,721	6,370
Earnings (Loss) from mining operations (000)	$ (32)	$ (2,571)	$ (1,336)	$ (3,939)	$ 706
Operating cash cost excluding royalties ($/oz.)[1]	$ 875	$ 1,457	$ 1,270	$ 1,130	$ 1,101

Note:
[1] Earnings from mining operations per ounce and operating cash cost excluding royalties per ounce are non-GAAP measures.

In the three months ended September 30, 2016, the Company generated $8.4 million in revenue from the sale of 6,326 ounces of gold plus incidental silver at an average combined realized price of $1,328 per ounce. There was a profit from mining operations of $0.0 million. In the three months ended September 30, 2015, the Company generated $8.5 million, in revenue from the sale of 7,483 ounces of gold plus incidental silver at an average combined realized price of $1,140 per ounce. There was a loss from mining operations of $(0.0) million.

DISCUSSION OF OPERATIONS (continued…)

The reason for the change in earnings from mining operations from Q3 2015 to Q3 2016 is a result of several factors:

- Gold sales for Q3 2015 were 1,157 ounces more than in Q3 2016. This was offset by an increase in the average gold price achieved between the two quarters of $188 per ounce. As a result, gross revenue was $0.1 million more in Q3 2015. The additional ounces in Q3 2015 were a result of the higher grade and volume mined from the low grade stock piles.
- Mining costs in Q3 2016 were $2.8 million compared to $2.9 million in Q3 2015. The variance is mainly due to the increase in tonnes mined at Tau underground.
- Processing costs were $3.7 million in Q3 2016 compared to $4.2 million in Q3 2015. The actual tonnes milled increased from 228,450 tonnes in Q3 2015 to 236,832 tonnes in Q3 2016, but a reduction in consumable costs and fixed costs reduced the overall cost.
- General and administration costs in Q3 2016 were $1.1 million compared to $1.1 million in Q3 2015.
- Depreciation and amortization of $0.8 million were also recognized in Q3 2016, compared to $0.3 million in Q3 2015.

As a result of the above factors, the operating cash cost per ounce (excluding royalties) in Q3 2016 was $1,055 compared to $875 per ounce in Q3 2015.

In the nine months ended September 30, 2016, the Company generated $25.1 million in revenue from the sale of 19,895 ounces of gold plus incidental silver at an average combined realized price of $1,261 per ounce and a profit from mining operations of $0.4 million. In the nine months ended September 30, 2015, the Company generated $19.5 million in revenue from the sale of 16,379 ounces of gold plus incidental silver at an average combined realized price of $1,189 per ounce (the table above shows the revenue and ounces sold after the offset of $1.6 million (1,342 ounces) against capital expenditure for Tau underground) and a loss from mining operations of $3.9 million.

The reason for the change in earnings from mining operations from YTD 2016 to YTD 2015 is a result of several factors:

- Gold sales for YTD 2016 were 3,516 ounces more than in YTD 2015. This was coupled with an increase in the average gold price achieved between the two periods of $72 per ounce. As a result, gross revenue was $5.6 million more YTD 2016. The increase is as a result of the higher volumes being mined from Tau.
- YTD 2015 revenue was decreased by $1.6 million (1,342 ounces) that was offset against the capital costs of the Tau underground development costs as Tau was not yet in commercial production (YTD 2016 - $nil)
- Mining costs YTD 2016 were $7.5 million compared to $6.4 million YTD 2015. The variance is mainly due to the increase in tonnes mined at Tau underground.
- Processing costs YTD 2016 were $11.4 million compared to $11.5 million YTD 2015. The actual tonnes milled increased from 593,655 tonnes YTD 2015 to 659,334 tonnes YTD 2016, but the increase was offset by a reduction in consumable costs and fixed costs which reduced the overall cost.
- General and administration costs YTD 2016 were $3.0 million compared to $3.4 million YTD 2015.
- Depreciation and amortization of $2.8 million were also recognized YTD 2016, compared to $2.1 million YTD 2015.

DISCUSSION OF OPERATIONS (continued…)

As a result of the above factors the operating cash cost per ounce (excluding royalties) YTD 2016 was $981 compared to $1,130 per ounce YTD 2015.

Results

The results for the period in question are set out below:

	Q3 2016	YTD 2016	Q3 2015	YTD 2015
Income from mining operations	$ 8,221	$ 415,430	$ (32,227)	$ (3,939,387)
Exploration costs	(6,928)	(22,288)	(29,106)	(111,416)
Corporate general and administrative costs	(539,099)	(1,414,340)	(466,521)	(1,385,384)
Stock-based compensation	(98,353)	(209,701)	(50,148)	(263,614)
Foreign exchange (loss) gain	(912,582)	(1,384,962)	375,175	499,973
Interest on long term debt	(174,127)	(397,302)	(84,070)	(207,677)
Galaxy on-going costs	195,803	(681,892)	-	-
Other (expenses) income	1,755	5,117	(271,377)	(269,886)
Other financing income (costs)	(60,042)	(175,735)	(81,694)	(239,104)
	$ (1,585,352)	$ (3,865,673)	$ (639,968)	$ (5,916,495)

Galaxy on-going costs represents the net cost incurred to maintain the operations in care and maintenance to June 30, 2016. In Q3 2016, the Company commenced capitalizing the costs as it started the process of rehabilitating Galaxy to recommence production in Q4 2016. Included in Q3 2015 and YTD 2015 "other expenses" is a cost of $0.3 million for staff retrenchment costs in relation to the reorganization of administration staff.

Corporate general and administration costs totaled $0.5 million for Q3 2016 (Q3 2015 - $0.5 million), and includes the following:

	Q3 2016	YTD 2016	Q3 2015	YTD 2015
Professional fees	$ 159,206	$ 638,551	$ 103,323	$ 172,379
Management fees to officers	242,649	409,104	271,696	887,779
Investor relations	43,461	70,431	4,762	93,912
Corporate general and administration	93,783	296,255	86,740	231,314
	$ 539,099	$1,414,341	$ 466,521	$ 1,385,384

SUMMARY OF FINANCIAL POSITION

Selected Consolidated Statement of Financial Position Data:

	September 30, 2016 $	June 30, 2016 $	March 31, 2016 $	December 31, 2015 $
Total current assets	11,272,386	11,763,455	10,755,471	11,476,338
Total current liabilities	14,835,386	11,369,119	11,560,394	14,248,390
Working capital	(3,563,000)	394,336	(804,923)	(2,772,052)
Mining assets	36,869,795	35,540,116	36,116,425	36,804,499
Non-current liabilities	14,340,632	15,481,289	15,576,737	11,965,643
Total shareholders' equity	18,966,163	20,453,163	19,734,765	22,066,804

	September 30, 2015 $	June 30, 2015 $	March 31, 2015 $	December 31, 2014 $
Total current assets	12,595,640	15,336,093	13,294,047	17,828,377
Total current liabilities	9,737,844	13,072,175	11,500,247	11,303,250
Working capital	2,857,796	2,263,918	1,793,800	6,525,127
Mining assets	28,224,050	27,224,835	31,106,556	29,391,948
Non-current liabilities	7,921,121	5,738,207	5,943,231	7,103,469
Total shareholders' equity	23,160,725	23,750,546	26,957,125	28,813,606

In Q3 2016, working capital decreased by $4.0 million from Q2 2016. The decrease in working capital was mainly due to the following movements in total current liabilities and cash balance:

- A decrease in the cash balance of $0.4 million as a result of cash flow from operating activities of $1.8 million; Galaxy capital costs of $1.5 million; Tau underground development costs of $0.6 million and repayment of financing facilities of $0.1 million.
- A decrease in ore stockpiles of $0.6 million as the Company processed the low grade stockpiles.
- An increase in prepayments of $0.2 million in relation to orders placed at Galaxy for the capital project.
- An increase in supply inventory of $0.2 million.
- An increase in trade payables of $1.7 million due to foreign exchange revaluation of South African creditors and new creditors as part of the Galaxy capital project.
- An increase of $1.7 million in current liabilities in relation to the secured Mupane facility and deferred royalties.

In Q3 2016, non-current liabilities decreased by $1.1 million with a movement to current liabilities being offset by foreign exchange movements. Total shareholders' equity in Q3 2016 decreased by $1.5 million as a result of the net loss for the quarter of $1.6 million.

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			
	September 30, 2016 $	June 30, 2016 $	March 31, 2016 $	December 31, 2015 $
Revenue	8,398,808	9,339,617	7,349,711	6,758,292
Mining costs				
- Cash	(7,575,603)	(7,079,647)	(7,246,768)	(6,375,977)
- Non-cash (depreciation, amortization and impairment)	(814,984)	(1,037,869)	(917,836)	(4,661,579)
Total mining costs	(8,390,587)	(8,117,516)	(8,164,604)	(11,037,556)
Expenses	(1,593,573)	(1,122,928)	(1,564,601)	1,682,260
(Loss) earnings	(1,585,352)	99,173	(2,379,494)	(2,597,004)
(Loss) earnings per share				
- Basic	(0.01)	0.00	(0.03)	(0.05)
- Fully diluted	(0.01)	0.00	(0.03)	(0.05)
Total assets at end of quarter	48,142,181	47,303,571	46,871,896	48,280,837
Total liabilities at end of quarter	29,176,018	26,850,408	27,137,131	26,214,033
Total equity at end of quarter	18,966,163	20,453,163	19,734,765	22,066,804

	Three months ended			
	September 30, 2015 $	June 30, 2015 $	March 31, 2015 $	December 31, 2014 $
Revenue	8,533,141	5,173,304	5,764,755	7,789,117
Mining costs				
- Cash	(8,247,589)	(6,661,557)	(6,412,343)	(7,080,697)
- Non-cash (depreciation, amortization and impairment)	(317,779)	(1,083,030)	(688,288)	(2,238)
Total mining costs	(8,565,368)	(7,744,587)	(7,100,631)	(7,082,935)
Non Mining Expenses	(607,741)	(735,876)	(633,492)	(43,587)
(Loss) earnings	(639,968)	(3,307,159)	(1,969,368)	662,595
(Loss) earnings per share				
- Basic	(0.01)	(0.06)	(0.04)	0.01
- Fully diluted	(0.01)	(0.06)	(0.04)	0.01
Total assets at end of quarter	40,819,690	42,560,928	44,400,603	47,220,325
Total liabilities at end of quarter	17,658,965	18,810,382	17,443,478	18,406,721
Total equity at end of quarter	23,160,725	23,750,546	26,957,125	28,813,604

Note:

(1) Information for all periods is derived from the Company's annual and interim financial statements, which are prepared in accordance with IFRS and IFRS applicable to interim financial reporting, as applicable, and in U.S. dollars..

ACQUISITIONS

Galaxy Acquisition:

On November 20, 2015 and December 23, 2015, the Company closed the acquisition of a majority of the issued and outstanding ordinary shares (each, a "Galaxy Share") of Galaxy Gold Mining Limited ("Galaxy"), a gold mining company with operations in the Mpumalanga Province of South Africa. A wholly-owned subsidiary of the Company acquired approximately 74% of the issued and outstanding Galaxy Shares in exchange for 18,334,492 common shares with an aggregate value of approximately Cdn.$1.1 million, based on a market price of Cdn.$0.07 per common share, and common share purchase warrants exercisable to acquire an aggregate of up to 4,076,598 common shares until November 20, 2017 at Cdn.$0.102 per common share (Cdn.$0.175 before being adjusted a s a result of the Rights offering. See "Issued and Outstanding Share Capital"). The Company had advanced $149,853 to Galaxy before the acquisition to fund working capital upon acquisition this amount has been treated as part of the acquisition cost.

The Company made an offer (the "Mandatory Offer") to all other shareholders of Galaxy to acquire the remaining Galaxy Shares on economically equivalent terms which closed on September 13, 2016. As a result of the completion of the Mandatory Offer, the Company will own approximately 98.6% of the outstanding Galaxy Shares. Pursuant to the terms of the Mandatory Offer, Galane Gold has agreed to pay an aggregate purchase price of approximately Cdn.$235,000 to holders of Galaxy Shares who elected to receive cash consideration and to issue 2,340,094 common shares and 520,016 common share purchase warrants, with each warrant being exercisable at a price of Cdn$0.175 per common share until the date of which is two years subsequent to their issuance, to those holders of Galaxy Shares that elected to subscribe for securities of Galane Gold in lieu of receiving cash consideration. The Company is in the process of finalising the payment and issue of shares to the Galaxy shareholders and expects to have completed the transaction by December 2016. As the Mandatory Offer was accepted by holders of more than 90% of the Galaxy Shares not owned by Galane Gold, Galaxy intends to exercise, to the fullest extent legally possible, its rights under the Companies Act (South Africa) to compulsorily acquire all of the Galaxy Shares that remain outstanding.

Subsequent Events:

On October 26, 2016, the Company closed the compulsory acquisition of the remaining holders of Galaxy Shares, thereby becoming the beneficial owner of 100% of the shares of Galaxy. The Company is in the process of finalising certain precedent steps, including finalising payment to Galaxy shareholders and expects to have completed the transaction by December 2016.

On November 16, 2016, the Company issued 2,340,094 common shares and 520,016 warrants, with an exercise price of Cdn.$0.175, to holders of Galaxy Shares who elected to subscribe for securities of the Company in lieu of cash consideration under the Mandatory Offer.

EXPLORATION

All of the Company's prospecting and mining licences are in good standing.

LIQUIDITY AND CAPITAL RESOURCES

The Company defines capital as consisting of shareholders' 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, 2016, the Company had net current liabilities of $3.6 million and generated $0.1 million in positive cash flow for the period ended September 30, 2016. A continuation of the positive cash flows from operations, which will be increased by production from Galaxy and a reduction in capital expenditure, is expected to provide sufficient capital to the Company to fund annual operating expenses, repayment of all outstanding facilities, capital commitments budgeted until the end of 2017.

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, 2016, the amount reflected in the Company's restoration and rehabilitation provision is $4.1 million (on an undiscounted basis, the total payments are estimated at $5.9 million) which was calculated by independent contractors.

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. 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 are recorded at 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 under the "Risks and Uncertainties" section of this MD&A.

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 currently has receivables 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, 2016, the Company had a cash, gold inventory, consumable inventory, ores stockpiles and receivables balance of $11,272,386 (December 31, 2015 - $11,476,338) to settle current liabilities of $14,835,836 (December 31, 2015 - $14,284,390). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. See "Liquidity and Capital Resources" section for further commentary on the Company's liquidity risks.

Interest risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in market risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's operations are in Botswana, South Africa and Canada and its 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 of financial instruments 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 144,968,978 Common Shares are issued and outstanding as of the date of this MD&A.

Under the terms of the Company's adopted a stock option plan ("Option Plan") officers, directors, employees and consultants are eligible to receive grants of stock options to purchase Common Shares for a period of up to ten years from the date of grant, provided that the number of Common Shares reserved for issuance may not exceed 10% of the total issued and outstanding Common Shares at the date of the grant. As of the date of this MD&A, subject to the terms of the Option Plan, options to purchase 11,290,000 Common Shares are outstanding and options to purchase 3,206,898 Common Shares are available for grant.

Under the terms of the Company's share purchase plan ("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, the participating officers, directors and employees of the Company are entitled to be issued, subject to the terms of the SPP, an additional aggregate of 120,000 deferred matching shares.

Under the terms of the Company's deferred share unit plan ("DSU Plan") and subject to adjustment in certain circumstances, the maximum aggregate number of Common Shares that may be reserved for issuance pursuant to the DSU Plan is 13,262,888 Common Shares. As of the date of this MD&A, subject to the terms of the DSU Plan, participating officers, directors, employees and consultants of the Company may be issued an aggregate of up to 3,629,044 Common Shares pursuant to deferred share units awarded under the DSU Plan.

The Company is obligated to issue up to 7,375,000 additional Common Shares to the shareholders of Northern Lights Exploration Pty. ("NLE"), on a pro rata basis, if by July 27, 2018 certain exploration milestones are met within the NLE properties in the Tati Greenstone Belt in Botswana (the "NLE Properties").

In connection with the Galaxy Acquisition, the Company issued the warrants exercisable to acquire up to 4,596,614 Common Shares. See "Galaxy Acquisition".

On May 9, 2016, the Company closed an offering (the "Rights Offering") with eligible shareholders of Common Shares of record at close of business on April 8, 2016. A total of 71,314,442 Common Shares were issued pursuant to the Rights Offering at an issuance price of Cdn.$0.01 per share for aggregate gross proceeds of approximately Cdn.$713,000.

DEBENTURES

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 and its subsidiary Galaxy Gold Reefs (Pty) Ltd. The Galaxy Debentures mature on November 20, 2019 and bear 4% interest per annum, accrued and paid at maturity. The principal is convertible at the option of the holder into Common Shares at a price of Cdn.$0.58 per share, based on a pre-determined exchange rate of $1.00: Cdn.$1.30,. The interest is convertible into Common Shares, based on a pre-determined exchange rate of $1.00: Cdn.$1.30, at a price per share equivalent to the greater of Cdn.$0.58 and the Discounted Market Price (as defined by the TSX Venture Exchange), subject to acceptance of the TSX Venture Exchange.

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 approximately $3.2 million aggregate principal amount of unsecured convertible debentures (the "Traxys Debentures"). The Traxys Debentures mature on November 20, 2019 and bear interest at 4% per annum, accrued and paid at maturity. The principal is convertible at the option of the holder into Common Shares at a price of Cdn.$0.58 per share, based on a pre-determined exchange rate of $1.00:Cdn.$1.35. The interest is convertible into Common Shares, based on a pre-determined exchange rate of $1.00:Cdn.$1.35, at a price equivalent to the greater of Cdn.$0.58 and the Discounted Market Price (as defined by the TSX Venture Exchange) at the time of conversion, subject to acceptance of the TSX Venture Exchange.

TRANSACTIONS WITH RELATED PARTIES

During the nine months ended September 30, 2016, the following related party transaction occurred:

- Charles Byron, a former director of the Company:
  - the Company paid rent of $6,431 for office premises to Great African Services (Pty) Ltd., a company owned by a consortium of individuals that includes Charles Byron (2015 - $9,693).

COMMITMENTS

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

(a) Royalty expenses

Production from the Company's Mupane operation is subject to third party royalties (included in mining costs) of 5% of revenues based on market prices at the date of shipment. For the nine month period ended September 30, 2016, the Company accrued $1,279,567 in royalties (2015 - $1,017,415).

(b) Operating contractual obligations

The Company has operating lease obligations which relate to obligations in 2016 for land operating lease agreements as follows:

- Incurred during the nine month period ended September 30,2016 $234,782
- To be incurred in the remainder of 2016 $86,062
- To be incurred 2017-2020 $1,223,066

(c) Claims

The Company is 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.

FUTURE ACCOUNTING POLICIES

The following new standards and amendments to standards and interpretations which were issued but not yet effective for the quarter ended September 30, 2016, have not been applied in preparing these Financial Statements. They are summarized as follows:

(a) IFRS 9 – Financial instruments

The IASB has issued IFRS 9, Financial Instruments, which is a four-part project proposing to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 is effective for annual periods beginning or after January 1, 2018, with early adoption permitted. The Company will evaluate the impact of the change to its financial statements based on the characteristics on its financial instruments at the time of adoption.

(b) IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers (IFRS 15). The standard replaces IAS 11 "Construction Contracts", IAS 18 "Revenue", IFRIC 13 "Customer Loyalty Programmes", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfer of Assets From Customers" and SIC 31 "Revenue – Barter Transactions Involving Advertising Services". IFRS 15 is effective for periods beginning on or after January 1, 2018, permits early adoption, and is to be applied retrospectively. IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. The Company is in the process of evaluating the requirements of the new standard.

(c) IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 "Leases" ("IFRS 16"). This standard is effective for annual periods beginning on or after January 1, 2019, and permits early adoption, provided IFRS 15, has been applied, or is applied at the same date as IFRS 16. IFRS 16 requires lessees to recognize assets and liabilities for most leases. The Company is in the process of determining the impact of IFRS 16 on its consolidated financial statements.

(d) Amendment to IFRS 2 – Classification and measurement of share based payment transactions

On June 20, 2016, the IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions.
The amendments apply for annual periods beginning on or after January 1, 2018. As a practical simplification, the amendments can be applied prospectively. Retrospective, or early, application is permitted if information is available without the use of hindsight.

The amendments provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;

- share-based payment transactions with a net settlement feature for withholding tax obligations; and

- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Company intends to adopt the amendments to IFRS 2 in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

OFF-BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements.

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, 2015, 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, including the Company's annual information form for the year ended December 31, 2015, can be found on SEDAR at www.sedar.com.

SUPPLEMENTAL INFORMATION TO MANAGEMENT'S DISCUSSION AND ANALYSIS

Non-GAAP measures

Cash costs

The Company's MD&A refers to 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. 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, and attributable realized derivative gain or loss, 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 Financial Statements.

	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Mining costs excluding impairment, depreciation and amortization	$ 7,575,603	$ 7,079,647	$ 7,246,768	$ 6,375,977
Adjust for:				
Stock movement	(564,405)	63,054	(579,179)	(407,322)
Total operating cash cost	$ 7,011,198	$ 7,142,701	$ 6,667,589	$ 5,968,655
Royalties	(424,710)	(475,348)	(379,509)	(352,551)
Total operating cash cost excluding royalties	$ 6.586.488	$ 6,667,353	$ 6,288,080	$ 5,616,104
Gold production (ounces)	6,243	7,854	5,828	6,825
Total operating cash cost excluding royalties per oz.	$ 1,055	$ 849	$ 1,079	$ 823

	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Mining costs excluding impairment, depreciation and amortization	$ 8,247,589	$ 6,661,557	$ 6,412,343	$ 7,080,698
Adjust for:				
Stock movement	(1,131,236)	(525,955)	(371,706)	(43,505)
Total operating cash cost	$ 7,116,353	$ 6,135,602	$ 6,040,637	$ 7,037,193
Royalties	(435,713)	(289,750)	(319,367)	(383,590)
Total operating cash cost excluding royalties	$ 6,680,640	$ 5,845,852	$ 5,721,270	$ 6,653,603
Gold production (ounces)	7,637	4,011	4,506	6,044
Total operating cash cost excluding royalties per oz.	$ 875	$ 1,457	$ 1,270	$ 1,101