GALANE GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2014

Dated: April 7, 2015.

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 April 7, 2015. 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 audited consolidated financial statements and notes thereto for the year ended December 31, 2014 (the "Financial Statements").

The Financial Statements have been prepared by management and are 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 Financial Statements 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 Financial Statements together with the other financial information included in the Financial Statements 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 Financial Statements.

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; 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; 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 a producing mine, and 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. 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(1)

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 has completed its new five year mine plan which will form the guide for the Company's short term goals and long term strategy. The Company intends to utilize the following resources during 2015:

- Tau Underground – the Company has previously disclosed its intention to exploit the reported measured and indicated mineral resources of approximately 128,600 ounces of gold for Tau through underground mining. The Company expects to commence stoping in Q3 2015. Development will in some instances be through ore and it is expected that Tau will provide ore to the plant between now and the commencement of stoping. While developing underground the Company intends to commence exploration to attempt to confirm the extension of the Tau ore body at depth.
- Golden Eagle – due to the continued weakness of gold price the Company has decided to redesign the pit shell based on a $1,000 gold price. Mining on the $1,400 pit shell was stopped in Q4 2014 when we reached 935 metre mining level. The Company has commenced extensive grade control drilling to further confirm the ore body and the new pit design. It is envisaged that the Company will commence mining again in Q2 2015 and that the mine will provide ore to the end of Q3 2015. The Company has also commenced a study on the economics of continuing to mine at Golden Eagle as an underground operation.
- Low Grade Stockpiles – the Company has commenced screening the 702,259 tonnes of low grade stockpile at an average grade of 0.97 g/t, which is located at the run-of-mine pad at the processing plant. The Company is screening the ore using a 40mm screen deck which increases 38% of the stockpile grade by 65%. The screening process is expected to produce an additional 266,858 tonnes of ore at an average grade of 1.60 g/t to feed the processing plant during 2015. The Company is also reviewing a further 1.4 million tonnes of low grade stockpiles which it hopes to use to supplement feed during 2015 and in future years.
- Tekwane – in 2013, the Company announced an indicated mineral resource of 12,735 ounces and 11,443 ounces of inferred mineral resource at Tekwane. The gold mineralisation is in a flat-lying quartz rubble bed within the soil profile, close to surface. The Company has completed work on the mining and processing methodology which will be strip mining and gravity separation respectively. The mining licence has been issued by the Department of Mines and the Company hopes to commence mining in Q2 2015. The Company plans to selectively mine the high grade areas in Q3 and Q4 2015.
- Tholo Pit – mining of the original pit plan has been completed. The Company has identified an opportunity to reclaim ore left behind in the access roads on the side wall of the pit and this will be mined during Q1 2015. Exploration will be carried out in 2015 to confirm if the Tholo ore body continues at depth.

This mine plan is subject to change according to the prevailing gold price whereby the Company will adopt the appropriate plan for that prevailing gold price environment.

The Company's processing plant continues to focus on on-going stabilisation and optimisation of the processing operations. The projects identified for 2014, including the screening plant, liquid cyanide, pre-oxidization circuit and commencement of re-automating plant controls have been completed. The major project for 2015 is implementing a gravity concentrating circuit into the plant to concentrate free gold before leaching is initiated. This is in response to positive results received on the recovery of free gold from the Company's existing ore resources and to process Tekwane ore. Work will also continue to re-automate plant controls to improve recovery and process efficiencies.

(1)Information set out above under the heading "Outlook" is forward looking information and is based on a number of assumptions, including that 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".

DISCUSSION OF OPERATIONS

For the three months and the year ended December 31, 2014

The following is an analysis of the Company's operating results for the three months ended December 31, 2014 ("Q4 2014") and the year ended December 31, 2014 ("2014").

Operating activity:

Commentary regarding the Company's operating activity during Q4 2014 and 2014 follows:

Mining

The following table sets forth certain key mining statistics for the Mupane Property for 2013 and 2014:

		2014				2014	2013				2013
		Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1	
Mupane(Tholo & Tawana)	Ore (t)	47,137	104,597	117,959	102,071	371,764	181,567	171,643	137,451	84,435	575,096
	Grade (g/t)	1.75	1.68	1.92	2.19	1.91	2.25	2.08	2.11	2.30	2.17
	Waste (t)	163,120	488,305	436,016	816,759	1,904,200	845,429	1,300,705	1,354,077	1,717,427	5,217,638
Mupane (Tau)	Ore (t)	1,956	2,647	3,384	-	7,987	-	-	-	-	-
	Grade (g/t)	3.20	3.27	2.85	-	3.07	-	-	-	-	-
	Waste (t)	30,130	25,627	6,886	-	62,643	-	-	-	-	-
Golden Eagle	Ore (t)	71,988	64,860	15,100	1,106	153,054	-	5,483	85,959	47,267	138,709
	Grade (g/t)	1.43	1.64	1.66	1.58	1.54	-	1.50	1.41	1.58	1.47
	Waste (t)	376,375	649,249	525,005	369,729	1,920,358	62,523	6,856	847,311	902,695	1,819,385
Shashe Pencils	Ore (t)	-	-	671	993	1,664	-	-	-	-	-
	Grade (g/t)	-	-	2.92	4.04	3.59	-	-	-	-	-
	Waste (t)	-	-	9,019	5,187	14,206	-	-	-	-	-
Tailing Dump Material	Ore (t)	-	30,201	12,709	17,270	60,180	34,323	22,320	-	-	56,643
	Grade (g/t)	-	1.25	0.70	1.50	1.21	1.40	1.40	-	-	1.40
	Waste (t)	-	-	-	-	-	-	-	-	-	-

The Company has operated four mining operations at the Mupane Property during 2014. They are:

- Tholo - in Q4 2014, the volume of ore mined at Tholo was 47,137 tonnes at 1.75 grams per tonne ("g/t") (Q4 2013 – 181,567 tonnes at 2.25 g/t) and the stripping ratio was 3.46 (Q4 2014 – 4.66). This is in line with expectations and the Company's previous disclosure regarding the accelerated stripping completed in Q2 2013. The stripping ratio was expected to decrease to the end of the Tholo pit mine plan. For 2014, 371,764 tonnes of ore were mined at 1.91 g/t with a stripping ratio of 5.12, compared to 575,096 tonnes of ore at 2.17 g/t and a stripping ratio of 9.07 for 2013.
- Tau Underground – first ore was mined in May 2014 and during Q4 2014, the Company mined 1,956 tonnes of ore at 3.20 g/t. The total ore of 7,897 tonnes at 3.07 g/t in 2014 represents ore mined as part of the development mining being carried out. It is expected that commercial mining will commence in Q3 2015.
- Golden Eagle – in Q4 2014 the Company halted mining at Golden Eagle to start work on a new pit design and undertake grade control drilling. In Q4 2013 the Company had recommenced mining at Golden Eagle on a reduced pit size to reflect the then prevailing gold price. The volume of ore mined in Q4 2014 was 71,988 tonnes at 1.43 g/t (Q4 2013 – only pre-stripping was carried out) and the stripping ratio was 5.23. For 2014, 153,054 tonnes of ore were mined at 1.54 g/t, compared to 138,709 tonnes of ore at 1.47 g/t for 2013.
- Tailing Dump Material – during 2014 the Company hauled 60,180 tonnes, at an average grade of 1.21 g/t, of tailings material on its mining licenses to the processing plant (2013 – 56,643 tonnes at 1.40 g/t). In Q4 2014 the Company did not haul any tailings material as all further sources of tailings material are on exploration licenses and the Company is yet to get approval from the Department of Mines to rehabilitate tailings dumps not on the Company's mining licences (Q4 2013 – 34,323 tonnes at 1.40 g/t).

DISCUSSION OF OPERATIONS (continued…)

Processing

The following table sets forth certain key processing statistics at the Mupane Property for 2013 and 2014:

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	**2014**	Q4 2013	Q3 2013	Q2 2013	Q1 2013	**2013**
Ore milled (000 t)	176	200	181	188	**745**	225	219	229	213	**886**
Head grade (g/t)	1.51	1.68	1.58	1.96	**1.69**	2.08	1.68	1.65	1.36	**1.70**
Recovery (%)	70.6%	76.0%	73.7%	78.8%	**76.0%**	78.8%	84.0%	78.0%	79.7%	**80.3%**
Gold production (oz.)	6,044	8,206	7,195	9,346	**30,791**	11,853	9,941	9,530	7,430	**38,754**

Processing and gold production in Q4 2014 was effected by the failure of the trunion end on the ball mill in September which meant it had to be stopped. The ball mill was fully operational again in December. The ball mill creates a fine grind required to assist in recovery of gold from sulphide ores and as such the Company saw a fall in the recovery rate.

Gold production in Q4 2014 was 6,044 ounces compared to 11,853 ounces in Q4 2013. The head grade in Q4 2014 of 1.51 g/t was lower than the head grade in Q4 2013 of 2.08 g/t. The reduction in ounces was due to the fact that in Q4 2014 the amount of ore that could be milled was reduced due to the reduced capacity of the mill and the reduction in recovery from 78.8% to 70.6%. In addition to the ball mill failure, the tailings material milled in Q4 2013 was oxide in nature with a resultant high recovery rate and this resulted in an increase in the overall recovery rate compared to Q4 2014.

Gold production in 2014 was 30,791 ounces compared to 38,754 ounces in 2013. As the head grade in 2014 of 1.69 g/t was similar to the head grade in 2013 of 1.70 g/t the reduction in ounces was due to:

- the reduction in milling capacity, because of the SAG mill motor failure, with 745,196 tonnes milled in 2014 compared to 885,848 tonnes in 2013; and
- the ball mill failure meant the recovery in 2014 of 76.0% was lower than in 2013 at 80.3%.

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:

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	2014
Revenue (000)	$ 7,789	$ 9,461	$ 10,773	$ 12,437	$ 40,460
Gold sold (oz.)	6,370	7,479	8,308	9,596	31,753
Earnings (Loss) from mining operations (000)	$ 706	$ 977	$ 224	$ 2,578	$ 4,485
Earnings from mining operations ($/oz.)(1)	$ 110	$ 131	$ 27	$ 269	$ 141
Operating cash cost excluding royalties ($/oz.)(1)	$ 1,101	$ 886	$ 1,201	$ 764	$ 965

	Q4 2013	Q3 2013	Q2 2013	Q1 2013	2013
Revenue (000)	$ 13,761	$ 13,848	$ 14,044	$ 12,167	$ 53,820
Gold sold (oz.)	10,789	10,310	10,405	7,466	38,970
(Loss) Earnings from mining operations (000)	$ 4,694	$ (1,096)	$ (23,767)	$ (4,113)	$ (24,282)
Earnings from mining operations ($/oz.)(1)	$ 435	$ -	$ -	$ -	$ -
Operating cash cost excluding royalties ($/oz.)(1)	$ 786	$ 1,180	$ 1,449	$ 1,643	$ 1,214

Note:

(1) Earnings from mining operations per ounce and operating cash cost excluding royalties per ounce are non-GAAP measures. See "Supplemental Information to Management's Discussion and Analysis".

In the three months ended December 31, 2014, the Company generated $7.8 million in revenue from the sale of 6,370 ounces of gold plus incidental silver at an average combined price of $1,223 per ounce and earnings from mining operations of $0.7 million. This compares to $13.8 million in revenue from the sale of 10,789 ounces of gold plus incidental silver at an average combined price of $1,275 per ounce and earnings from mining operations of $4.7million in Q4 2013.

DISCUSSION OF OPERATIONS (continued…)

The reason for the change in earnings from mining operations from Q4 2014 to Q4 2013 is a result of several factors:

- Gold sales for Q4 2014 were 4,419 ounces less than in Q4 2013. This was coupled with a reduction in the average gold price achieved between the two quarters of $52 per ounce. As a result revenue was $6.0 million less in Q4 2014. The reduction in ounces was due to the fact that in Q4 2014 the amount of ore that could be milled was reduced due to the reduced capacity of the mill and the reduction in recovery from 78.8% to 70.6%.
- Mining costs in Q4 2014 were $2.5 million compared to $3.6 million in Q4 2013. The variance is mainly due to the decrease of 398,813 tonnes in the volume mined.
- Processing costs decreased to $3.4 million in Q4 2014 from $4.7 million in Q4 2013. The actual tonnes milled decreased from 224,598 tonnes in Q4 2013 to 175,960 tonnes in Q4 2014.
- General and administration costs in Q4 2014 were $1.2 million compared to $1.2 million in Q4 2013.
- Depreciation and amortization of $0.0 million were also recognized in Q4 2014 compared to $1.8 million in Q3 2013. The decrease was as a result of reconciliation of asset life versus actual life depreciated.

As a result of the above factors the operating cash cost per ounce (excluding royalties) in Q4 2014 was $1,101 compared to $786 per ounce in Q4 2013.

For 2014, the Company generated $40.5 million in revenue from the sale of 31,753 ounces of gold plus incidental silver at an average combined price of $1,274 per ounce and earnings from mining operations of $4.5 million. This compares to $53.8 million in revenue from the sale of 38,970 ounces of gold plus incidental silver at an average combined price of $1,381 per ounce and a loss from mining operations of $(24.3) million for 2013.

The reason for the change in earnings from mining operations from 2014 to 2013 is a result of several factors:

- Gold sales for 2014 were 7,217 ounces less than in 2013. This was coupled with a reduction in the average gold price achieved between the two years of $107 per ounce. As a result revenue was $13.4 million less in 2014. The reasons for the reduction in ounces sold are discussed under "Mining" and "Processing" above.
- Mining costs for 2014 were $10.6 million compared to $22.3 million for 2013, with the main variance being explained by the reduction in volume mined.
- Processing costs decreased to $16.5 million for 2014 from 2013 for $24.3 million. The decrease being a result in the actual tonnes milled decrease from 885,848 tonnes in 2013 to 745,195 tonnes in 2014.
- General and administration costs for 2014 were $4.8 million compared to $5.5 million for 2013, as a result of cost saving initiatives introduced by the Company during 2013.
- Depreciation and amortization of $4.0 million were also recognized for 2014 compared to $10.6 million for 2013 with the decrease consistent with the reduced carrying value of the assets in Q3 2013 after the impairment carried out in Q2 2013.
- Impairment charge of $17.8 million was recorded in 2013 compared to nil in 2014. For additional information, see "Impairment" below.
- Asset Retirement Obligation was reduced by $2.4 million to reflect a revised valuation as at December 31, 2013 carried out by an independent consultant. In 2014 the revaluation was $0.3m and was a result of the effect of the Pula exchange rate with the US Dollar.

As a result of the above factors the operating cash cost per ounce (excluding royalties) for 2014 was $965 compared to $1,214 per ounce in 2013.

DISCUSSION OF OPERATIONS (continued…)

Impairment

	Three months ended December 31, 2014	2014	Three months ended December 31, 2013	2013
Mining and Exploration Property	$ -	$ -	$ -	$ 16,867,329
Ore stockpiles	-	-	-	955,264
	$ -	$ -	$ -	$ 17,822,593

As at June 30, 2013, the carrying value of the net assets of the Company exceeded its market capitalization, which is an indicator of potential impairment of the carrying value of its net assets. In addition, prior to the close of the quarter ended June 30, 2013, the gold price declined significantly and has subsequently remained at these lower levels. As a result, the Company assessed the recoverable amount of its cash-generating unit ("CGU"), Mupane Gold Mining (Pty) Limited as at June 30, 2013 and recorded an impairment charge of $16,867,329 within mining costs in the consolidated statement of earnings (loss).

As at December 31, 2013, the Company completed a new life of mine model based on its reported reserves and resources. As a result, the Company re-assessed the recoverable amount of its CGU. No amendment to the impairment calculated as at June 30, 2013 was required as at December 31, 2013 as it was considered that the recoverable amount was not materially different. As at December 31, 2014, there were no indicators that suggested a review of the recoverable amount of the mining and exploration properties was required.

Key assumptions

The key assumptions used in determining the recoverable amount (fair value less cost of disposal) for the CGU are commodity prices, discount rates, cash costs of production, capital expenditures, foreign exchange rates, and the value of in-situ ounces. The fair value of mining and exploration properties is determined primarily using an income approach based on unobservable inputs, and as a result, is classified within Level 3 of the fair value hierarchy.

The Company's estimates of future metal prices are determined based on current prices, forward prices and forecasts of future prices prepared by industry analysts. For the June 30, 2013 impairment analysis, the Company has estimated a long term gold price of $1,400 per ounce.

The Company's estimates of future cash costs of production and capital expenditures are based on the life of mine plan. Costs incurred in currencies other than the U.S. dollar are translated to U.S. dollar equivalents based on long-term forecasts of foreign exchange rates, on a currency by currency basis, obtained from independent sources of economic data. The discount rate applied to present value the net future cash flows is based on a real weighted average cost of capital. For the December 31, 2013 impairment analysis, a discount rate of 8.00% was used (June 30, 2013 - 6.25%).

DISCUSSION OF OPERATIONS (continued…)

Earnings

The Company's earnings comprised of:

	Q4 2014	2014	Q4 2013	2013
Income from mining operations	$ 706,182	$ 4,484,813	$ 4,693,764	$ (24,282,355)
Exploration costs	(31,350)	(116,713)	(40,311)	(165,567)
Corporate general and administrative costs	(691,780)	(2,164,298)	(1,127,267)	(2,704,030)
Stock-based compensation	(105,548)	(346,630)	9,138	(103,926)
Foreign exchange (loss) gain	511,529	722,271	(100,989)	524,182
Interest on long term debt	(57,947)	(174,809)	(37,930)	(165,342)
Other (expenses) income	55,300	(562,460)	45,378	(473,501)
Other financing income (costs)	276,209	34,434	(76,162)	399,989
	$ 662,595	$ 1,876,608	$ 3,365,621	$ (26,970,550)

In Q1 2013 all outstanding warrants expired unexercised and the Company recorded financing income of $1.0 million on their expiration. Included in 2014 "other expenses" is a cost of $0.3 million for staff retrenchment costs in relation to the reorganization of administration staff and 2013 included $0.5 million for staff retrenchment costs in relation to the closure of the Company's in house mining operations which are now outsourced. Also included in 2014 "other expenses" is a loss on disposal of $0.3 million which relates to the disposal of redundant mining equipment no longer utilized by the Company (2013 - $nil).

Corporate general and administration costs includes the following:

	Q4 2014	2014	Q4 2013	2013
Professional Fees	263,456	654,502	98,251	562,320
Management fees to officers	242,363	951,198	930,138	1,676,615
Investor relations	49,707	109,028	9,067	80,297
Corporate general and administration	136,254	449,570	89,811	384,798
	$ 691,780	$2,164,298	$ 1,127,267	$2,704,030

Included in "Management fees to officers" in Q4 2013 is $0.6 million expensed in respect of the departure of the previous CEO in October 2013.

SUMMARY OF FINANCIAL POSITION

Selected Consolidated Statement of Financial Position Data:

	December 31, 2014 $	September 30, 2014 $	June 30, 2014 $	March 31, 2014 $
Total current assets	17,828,377	17,803,595	16,329,277	17,211,476
Total current liabilities	11,303,250	9,398,810	8,931,132	7,768,542
Working capital	6,525,127	8,404,785	7,398,145	9,442,934
Mining assets	29,391,948	28,723,466	27,128,311	25,115,168
Non-current liabilities	7,103,470	9,082,789	6,390,290	5,819,343
Total shareholders' equity	28,813,606	28,045,462	28,136,166	28,738,759

	December 31, 2013 $	September 30, 2013 $	June 30, 2013 $	March 31, 2013 $
Total current assets	17,977,615	13,164,032	14,484,706	17,776,560
Total current liabilities	10,089,864	7,483,353	6,322,962	6,914,069
Working capital	7,887,751	5,680,679	8,161,744	10,862,491
Mining assets	23,252,363	24,856,263	25,410,700	44,300,330
Deferred Tax assets	-	-	-	1,809,000
Non-current liabilities	4,549,746	7,569,232	8,721,329	6,043,739
Total shareholders' equity	26,590,368	22,967,712	24,841,115	50,928,082

In Q4 2014, the Company decreased working capital by $1.9 million from Q3 2014. This was mainly due to:

- a decrease in current assets by $1.6 million to reflect the decrease in cash at bank of $2.4 million offset by an increase in other debtors of $0.7 million; and
- an increase in current portion of interest bearing loans of $1.9 million.

Mining assets increased by $2.3 million with expenditure incurred of $0.5 million on pre-stripping at Golden Eagle and Kwena, $0.1 million on exploration and $1.3 million on the infrastructure and development for Tau underground. Also there was an increase of $0.4 million as a result of stockpiling low grade Golden Eagle ore. Non-current liabilities decreased by $2.0 million for liabilities moved to current portion of interest bearing loans. Total shareholders' equity increased by $0.8 million.

For 2014, the Company decreased working capital by $1.4 million which was reflected by a decrease in the cash balance of $1.6 million. This reduction in the cash balance was caused by cash flows from operating activities of $7.6 million offset by $5.5 million spent on pre-stripping mainly at Tholo and Golden Eagle, $4.2 million on Tau underground and $1.4m on property plant and equipment plus capitalized exploration. The Company entered into a new loan facility and gold prepayment agreement with Samsung C&T UK Ltd dated as of August 22, 2014 for $5.0 million. The facility is repayable in 17 installments commencing March 2015. A portion of the funds received were used to pay the outstanding IAMGold indebtedness of $2.5 million.

SELECTED ANNUAL INFORMATION

		December 31, 2014		December 31, 2013		December 31, 2012
Mining Revenue:	$	40,460,334	$	53,819,642	$	81,937,106
Mining Costs:						
- Cash		(31,932,040)		(52,048,012)		(56,650,922)
- Non-Cash – Depreciation, Asset Retirement Obligation and Impairment		(4,043,481)		(26,053,985)		(8,384,656)
		4,484,813		(24,282,355)		16,901,528
Corporate General and administration:						
- Cash		(2,164,298)		(2,704,030)		(1,785,962)
- Share-based compensation		(346,630)		(103,926)		(2,563,254)
		(2,510,928)		(2,807,956)		(4,349,216)
Earnings (Loss) from operations	$	1,973,885	$	(27,090,311)	$	12,552,312
Other (expenses) income		(97,277)		119,761		3,049,759
Net (loss) earnings before taxation	$	1,876,608	$	(26,970,550)	$	15,602,071
Per share						
- Basic	$	0.04	$	(0.57)	$	0.37
- Fully diluted	$	0.03	$	(0.57)	$	0.35

The information in the above table is prepared in accordance with IFRS. All amounts are expressed in U.S. dollars.

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			
	December 31, 2014 $	September 30, 2014 $	June 30, 2014 $	March 31, 2014 $
Revenue	7,789,117	9,460,910	10,773,110	12,437,196
Mining costs				
- Cash	(7,080,697)	(6,724,357)	(9,422,080)	(8,704,905)
- Non-cash (depreciation, amortization and impairment)	(2,238)	(1,759,397)	(1,127,055)	(1,154,791)
Total mining costs	(7,082,935)	(8,483,754)	(10,549,135)	(9,859,696)
Non Mining Expenses	(43,587)	(1,189,257)	(918,916)	(456,445)
Earnings (loss)	662,595	(212,101)	(694,941)	2,121,055
Earnings (loss) per share				
- Basic	0.01	(0.00)	(0.01)	0.04
- Fully diluted	0.01	(0.00)	(0.01)	0.04
Total assets at end of quarter	47,220,325	46,527,061	43,457,588	42,326,644
Total liabilities at end of quarter	18,406,721	18,481,599	15,321,422	13,587,885
Total equity at end of quarter	28,813,604	28,045,462	28,136,166	28,738,759

	Three months ended			
	December 31, 2013 $	September 30, 2013 $	June 30, 2013 $	March 31, 2013 $
Revenue	13,760,859	13,847,644	14,044,253	12,166,886
Mining costs				
- Cash	(9,648,688)	(13,669,853)	(15,723,290)	(13,006,181)
- Non-cash (depreciation, amortization and impairment)	581,593	(1,274,212)	(22,088,125)	(3,273,241)
Total mining costs	(9,067,095)	(14,944,065)	(37,811,415)	(16,279,422)
Non Mining (Expenses) Income	(1,328,143)	(779,048)	(507,436)	(73,568)
Earnings (loss)	3,365,621	(1,875,469)	(24,274,598)	(4,186,104)
Earnings (loss) per share				
- Basic	0.07	(0.04)	(0.48)	(0.08)
- Fully diluted	0.07	(0.04)	(0.48)	(0.08)
Total assets at end of quarter	41,229,978	38,020,296	39,885,406	63,885,890
Total liabilities at end of quarter	14,639,610	15,052,585	15,044,291	12,957,808
Total equity at end of quarter	26,590,368	22,967,711	24,841,115	50,928,082

Note:

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

ACQUISITIONS

NLE Acquisition

In addition to the Acquisitions, the Company entered into an agreement (the "NLE 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 (the "NLE Acquisition"). NLE owns the rights to a number of exploration licenses near the Mupane Property (the "NLE Properties"). 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 which was repaid in 2012.

The NLE Agreement also provides for the issuance of up to an additional 8,750,000 Common Shares (the "NLE Contingent Shares") upon the achievement of the following exploration milestones on the NLE mineral properties within seven years from the date of the closing of the NLE Acquisition.

The NLE Agreement was amended on November 20, 2013 to clarify the definition of a resource in regards to the issuance of the NLE Contingent Shares. For the purposes of the agreement, a resource means a measured mineral resource or an indicated mineral resource as such terms are defined in Section 1.2 of NI 43-101.

The milestones set forth below are cumulative.

Milestone	Consideration	Cumulative Consideration
Exploration work on the mineral properties of NLE confirms by way of a NI 43-101 report a measured or indicated mineral resource containing at least 100,000 ounces of gold or the number of ounces of contained gold that is mined exceeds 100,000 ounces (or any combination thereof without duplication)	1,375,000 Common Shares	1,375,000 Common Shares
Exploration work on the mineral properties of NLE confirms by way of a NI 43-101 report a measured or indicated mineral resource containing at least 250,000 ounces of gold or the number of ounces of contained gold that is mined exceeds 250,000 ounces (or any combination thereof without duplication)	1,750,000 Common Shares	3,125,000 Common Shares
Exploration work on the mineral properties of NLE confirms by way of a NI 43-101 report a measured or indicated mineral resource containing at least 500,000 ounces of gold or the number of ounces of contained gold that is mined exceeds 500,000 ounces (or any combination thereof without duplication)	3,125,000 Common Shares	6,250,000 Common Shares
Exploration work on the mineral properties of NLE confirms by way of a NI 43-101 report a measured or indicated mineral resource containing at least 1,000,000 ounces of gold or the number of ounces of contained gold that is mined exceeds 1,000,000 ounces (or any combination thereof without duplication)	2,500,000 Common Shares	8,750,000 Common Shares
Total	**8,750,000 Common Shares**	**8,750,000 Common Shares**

On April 7, 2014, based on the resources identified in the Resource Update and the Tekwane Update (as defined below under "Mineral Resource Update"), the independent members of the Board of Directors determined that the resource target for the first milestone was met and waived the requirement in the NLE Agreement to confirm the mineral resource by way of a NI 43-101 technical report and thus approved the issuance of 1,375,000 NLE Contingent Shares by the Company.

MINERAL RESOURCE UPDATE

On March 18, 2013, the Company issued an update to the mineral resources in respect of the Mupane Property with an effective date of December 31, 2012 (the "Resource Update"). The following table summarises the results of the Resource Update:

Galane Gold Mineral Resource Statement
Effective Date: December 31, 2012

Category		Measured			Indicated			Measured and Indicated			Inferred		
Deposit	Cutoff grade (g/t)	Tons (000)	AU (g/t)	Au (000 oz)	Tons (000)	AU (g/t)	Au (000 oz)	Tons (000)	AU (g/t)	Au (000 oz)	Tons (000)	AU (g/t)	Au (000 oz)
Jims Luck	0.50	859	1.05	29.0	1,659	1.20	64.0	2,518	1.15	93.0	1,337	1.08	46.4
Tholo	0.50	20	1.14	0.7	926	2.28	67.8	945	2.26	68.6	61	1.53	3.0
Golden Eagle	0.50	516	1.45	24.1	1,087	1.48	51.7	1,603	1.47	75.8	1,637	1.56	82.1
Kwena	0.50	266	0.98	8.4	535	1.19	20.5	801	1.12	28.8	1,642	1.11	58.6
Tau	0.80	578	3.00	55.7	824	2.75	72.8	1,402	2.85	128.6	723	3.05	70.9
Mupane Stockpiles		702	0.97	21.9	-	-	-	702	0.97	21.9	-	-	-
Total		**2,941**	**1.48**	**139.8**	**5,030**	**1.71**	**276.9**	**7,971**	**1.63**	**416.6**	**5,401**	**1.50**	**261.1**

Category		Measured			Indicated			Measured and Indicated			Inferred		
Dump	Cutoff grade (g/t)	Tons (000)	AU (g/t)	Au (000 oz)	Tons (000)	AU (g/t)	Au (000 oz)	Tons (000)	AU (g/t)	Au (000 oz)	Tons (000)	AU (g/t)	Au (000 oz)
Mupane Slimes Dump	0.30	7,195	0.40	91.8	-	-	-	7,195	0.40	91.8	-	-	-
Total		**7,195**	**0.40**	**91.8**	**-**	**-**	**-**	**7,195**	**0.40**	**91.8**	**-**	**-**	**-**

Resource tonnages and gold grades were reported at a 0.5 g/t Au cut-off grade. Resources from contiguous portions of the mineralisation outside of the optimized pit shell, and potentially amenable to underground mining methods, were reported at a cut-off grade of 0.8 g/t Au. A cut-off grade of 0.3g/t Au was used for the slimes dump due to the possible need for a different processing method. All resources were modelled using a 0.5 g/t Au grade cut-off for each mineralised zone, except Tau where a 0.8 g/t Au grade shell was used. A gold price of $1,700 per ounce was used. The full text of the Resource Update is set out in the Company's news release dated March 18, 2013 entitled "Galane Gold Ltd. Announces a Mineral Reserve Update For its Botswana Properties" and is available on the Company's SEDAR profile at www.sedar.com. As at December 31, 2014 the spot price of gold was approximately $1,200 per ounce. See "Risks and Uncertainties".

On October 31, 2013, the Company issued a mineral resource estimate in respect of its Tekwane prospect with an effective date of September, 2013 (the "**Tekwane Update**"). The following table summarises the results of the Tekwane Update:

Tekwane Mineral Resource Estimate
Effective Date: September, 2013

Category		Indicated			Inferred		
Deposit	Cut-off grade (g/t)	Tons (000)	AU (g/t)	Au (000 oz)	Tons (000)	AU (g/t)	Au (000 oz)
Tekwane	0.60	168,125	2.36	12,735	151,447	2.35	11,443

MINERAL RESOURCE UPDATE (continued...)

The full text of the Tekwane Update is set out in the Company's news release dated October 31, 2013 entitled "Galane Gold Ltd. Announces Mineral Resources at the Tekwane Prospect" and is available on the Company's SEDAR profile at www.sedar.com.

Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no guarantee that any of the mineral resources disclosed in the MD&A will be converted to mineral reserves. There is also no guarantee that any of the inferred mineral resources will be upgraded to measured or indicated mineral resources. Information of a technical and scientific nature that forms the basis of the disclosure in the MD&A has been approved by Charles Byron Pr. Sci. Nat., MAusIMM., MGSSA and Chief Geologist for Galane Gold, and a "qualified person" as defined by National Instrument 43-101.

EXPLORATION

The Company is conducting exploration activities over a number of prospects within the mining leases and exploration tenements which cover the bulk of the Tati greenstone belt in Botswana. The following areas were covered during 2014:

- Jim's Luck.
    - There are 3 stratabound and parallel gold bearing horizons, two are in banded Ironstone, the third a quartz sericite shear zone - the Western parallel ("WP").
    - Geological mapping and sampling of the WP exposed in trenches and limestone quarries showed continuity.
    - The Environmental Impact Assessment ("EIA") was submitted and approved by the Department of Environmental Affairs ("DEA").
    - The Mining Licence application now requires a surface right agreement from the local Land authority (the "Tati Land Board") and this is in hand with a number of factors being addressed.
- Tekwane.
    - Sampling of the bedrock underlying the auriferous quartz rubble horizon yielded poor results confirming that the gold is confined to the rubbles which are planned to be strip mined in 2015.
    - The EIA was completed and approved by DEA.
    - Surface Right Agreement was applied for and granted by the Tati Land Board.
    - The Mining Licence was applied for and granted by Department of Mines.
- Near Mine exploration.
    - Work is planned for 2015 on a number of mined out open pits looking for extensions to ore bodies amenable to underground mining in the future.
- Tenements.
    - A renewal application was submitted and granted for the Molomolo Mining Licence.
    - A renewal application was submitted and granted for the Signal Hill Mining Licence.
    - Four of the five Prospecting Licences were renewed during 2014 and the fifth renewal is awaited.

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 December 31, 2014, the Company had $6.5 million in working capital and generated $7.6 million in cash flow from operations for the year ended December 31, 2014. A continuation of these results is expected to provide sufficient capital to the Company to fund annual operating expenses, repayment of the Samsung facility, capital commitments budgeted and the exploration program contemplated until the end of 2015.

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 on an annual basis from operations even if there was a 20% reduction in the spot price of gold as at December 31, 2014.

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 December 31, 2014, the amount reflected in the Company's restoration and rehabilitation provision is $3.1 million (on an undiscounted basis, the total payments are estimated at $3.3 million) which was calculated by an independent contractor.

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 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 no trade 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 December 31, 2014, the Company had a cash, gold inventory and receivables balance of $17,828,377 (December 31, 2013 - $17,977,615) to settle current liabilities of $11,303,250 (December 31, 2012 - $10,089,864). 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 52,820,290 Common Shares are issued and outstanding as of the date of this MD&A. On a diluted basis, the Company has 56,075,290 Common Shares outstanding as of the date of this MD&A, assuming the exercise of 3,255,000 outstanding stock options pursuant to the Company's stock option plan.

The Company adopted the Share Purchase Plane ("SPP"), which was approved by shareholders at the annual and special meeting of the Company on June 12, 2012. Under the terms of the SPP, each participating officer, director, or employee that has been employed with the Company or its subsidiaries for at least six months is entitled to receive the matching number of Common Shares acquired pursuant to the SPP at no cost to such officer, director or employee. Subject to certain conditions, such deferred matching shares will be issued to the participating officers, directors or employees over a three-year period following the date of the purchase of the qualifying shares. On June 15, 2014, the Company issued 16,836 common shares as deferred matching shares under the SPP. On December 15, 2014, the Company issued 142,832 common shares as deferred matching shares under the SPP. As of the date of this MD&A, the participating officers, directors and employees of the Company may be issued an aggregate of 279,660 deferred matching shares over a three-year period.

The deferred share unit plan (the "DSU Plan") was approved by the shareholders of the Company at the annual and special meeting held on June 3, 2014. 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 5,266,062 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 4,049,044 common shares pursuant to deferred share units awarded under the DSU Plan.

TRANSACTIONS WITH RELATED PARTIES

During the year ended December 31, 2014 and 2013, the following related party transactions occurred:

- Charles Byron, a director of the Company:
  - Mr Byron was issued 660,000 common shares that were payable pursuant to the NLE acquisition (Note 15 (f));
  - The Company paid rent of $10,968 for office premises to Great African Services (Pty) Ltd., a company owned by a consortium of individuals that includes Charles Byron (2013 - $22,854);
- IAMGOLD, a shareholder with significant influence, by holding in excess of 20% of the common shares of the Company:
  - During the year ended December 31, 2014 the Company paid to IAMGOLD $2,533,333 in cash representing the final payment on its interest bearing note (2013 - $1,266,667);
  - The Company paid to IAMGOLD $191,978 representing the final interest payable on its interest bearing note (2013 - $89,127).

NEW AND AMENDED ACCOUNTING POLICIES ADOPTED BY THE COMPANY

The following accounting standards are effective and implemented as of January 1, 2014:

a) IFRIC 21 - Levies

IFRIC 21 provides guidance on the accounting for levies in accordance with the requirements of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets. The Company adopted IFRIC 21 in its financial statements for the period beginning January 1, 2014 and it did not have a material impact on the financial statements.

FUTURE ACCOUNTING POLICIES

The following accounting standards are to be adopted in the future:

(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 on 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, 2017, permits early adoption, and is to be applied retrospectively. IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. The Company is in the process of evaluating the requirements of the new standard.

(c) IAS 16 – Property, Plant and Equipment and IAS 38

In May 2014, the IASB issued amendments to IAS 16 Property, plant and equipment and IAS 38 Intangible assets. The amendments are effective for annual periods beginning on or after January 1, 2016 and are to be applied prospectively. The amendments clarify the factors in assessing the technical or commercial obsolescence and the resulting depreciation period of an asset and state that a depreciation method based on revenue is not appropriate. The Company is in the process of evaluating the requirements of the new standard.

(d) IFRS 11 – Joint Arrangements

In May 2014, the IASB issued amendments to IFRS 11 Joint Arrangements (IFRS 11). The amendments in IFRS 11 are effective for annual periods beginning on or after January 1, 2016 and are to be applied prospectively. The amendments clarify the accounting for acquisition of interests in joint operations and require the acquirer to apply the principles on business combinations accounting in IFRS 3 Business combinations. The Company is in the process of evaluating the requirements of the new standard.

COMMITMENTS

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

(a) 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 year to December 31, 2014, the Company paid $2,016,395 in royalties (2013 - $2,723,035).

(b) Operating contractual obligations

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

- To be incurred in 2015 $295,553
- To be incurred in 2016 $252,159
- To be incurred 2017-2019 $917,219

(c) Claims

The Company is also subject to the possibility of revised tax assessments for some years. The Company does not believe that, should unfavourable decisions arise from any review of its tax filings, that any amount it might be required to pay will be material. No amounts have been provided for in the Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements.

RISKS AND UNCERTAINTIES

There are a number of risk factors that could cause future results to differ materially from those described herein. The risks and uncertainties described herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect the Company's business.

Risk Factors relating to the Business of Galane

Galane depends on a single mineral project

The Mupane Property is Galane's only material property and accounts for all of Galane's current mineral resources and reserves and the potential for the future generation of revenue under the current work program. Any adverse development affecting the progress of the Mupane Property such as, but not limited to, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage, hiring suitable personnel and engineering contractors, or securing supply agreements on commercially suitable terms, may have a material adverse effect on the Company's financial performance and results of operations.

Gold price volatility may affect the future production, profitability, financial position and financial condition of the Company

The development and success of the Mupane Property is primarily dependent on the future price of gold. Gold prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Company. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold-producing countries throughout the world. The price of gold and other precious metals has fluctuated widely in recent years and declined dramatically in 2013, and future serious price declines could cause continued development of, and commercial production from, the Company's properties to be impracticable or uneconomic. Depending on the price of gold, projected cash flow from planned mining operations may not be sufficient and the Company could be forced to discontinue development and may lose its interest in, or may be forced to sell, some of its properties. Future production from the Company's mining properties is dependent on gold prices that are adequate to make these properties economically viable.

Furthermore, reserve calculations and life-of-mine plans using lower gold prices could result in material write-downs of the Company's investment in mining properties and increased amortization, reclamation and closure charges. In addition to adversely affecting the Company's mineral reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Fluctuations in gold prices may materially adversely affect the Company's financial performance or results of operations. If the world market price of gold was to drop and the prices realized by the Company on gold sales were to decrease and remain at such a level for any substantial period, the profitability of the Company and cash flow would be negatively affected. The world market price of gold has fluctuated widely during the last several years. If the market price of gold falls and remains below production costs of the Company's mining operations for a sustained period, losses would be sustained, and, under certain circumstances, there may be a curtailment or suspension of some or all of its mining and exploration activities. The Company would also have to assess the economic impact of any sustained lower gold prices on recoverability and, therefore, the cut-off grade and level of the Company's gold mineral reserves and resources. These factors could have an adverse impact on the Company's production estimates, future cash flows, earnings, results of operations, stated mineral reserves and financial condition.

Foreign investments and operations are subject to numerous risks associated with operating in foreign jurisdictions

The Company conducts its mining, development and exploration activities in Botswana. The Company's foreign mining investments are subject to the risks normally associated with the conduct of business in foreign countries. The occurrence of one or more of these risks could have a material and adverse effect on the Company's profitability or the viability of its affected foreign operations, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

Risks may include, among others, labour disputes, invalidation of governmental orders and permits (including permits necessary for executives and key employees to work in Botswana), corruption, uncertain political and economic environments, sovereign risk, war (including in neighbouring states), civil disturbances and terrorist actions, arbitrary changes in laws or policies of particular countries, the failure of foreign parties to honour contractual relations, corruption, foreign taxation, delays in obtaining or the inability to obtain necessary governmental permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on gold exports, instability due to economic under-development, inadequate infrastructure and increased financing costs. In addition, the enforcement by the Company of its legal rights to exploit its properties may not be recognized by the government of Botswana or by its court system. These risks may limit or disrupt the Company's operations, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalization or expropriation without fair compensation.

The economy and political system of Botswana should be considered by investors to be less predictable than those in countries in which the majority of investors are likely to be resident. The possibility that the current, or a future, government may adopt substantially different policies, take arbitrary action which might halt production, extend to the re-nationalization of private assets or the cancellation of contracts, the cancellation of mining and exploration rights and/or changes in taxation treatment cannot be ruled out, the happening of any of which could result in a material and adverse effect on the Company's results of operations and financial condition.

The Company may experience regulatory, consent or permitting delays

The business of mineral exploration, project development, mining and processing is subject to various national and local laws and plans relating to: permitting and maintenance of title; environmental consents; taxation; employee relations; heritage/historic matters; health and safety; royalties; land acquisition; and other matters.

There is a risk that the necessary permits, consents, authorizations and agreements to implement planned exploration, project development, or mining may not be obtained under conditions or within time frames that make such plans economic, that applicable laws, regulations or the governing authorities will change or that such changes will result in additional material expenditures or time delays.

The Company's exploration, development and mining activities are situated entirely in a single country

The Company conducts its exploration, development and mining activities entirely in Botswana. Galane believes that the Government of Botswana supports the development of natural resources. There is no assurance that future political and economic conditions in Botswana will not result in the Government of Botswana adopting different policies respecting foreign development and ownership of mineral resources. Any such change in policy may result in changes in laws affecting ownership of assets, land tenure and mineral concessions, taxation, royalties, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, which may affect both the Company's ability to undertake exploration and development activities in respect of future properties as well as its ability to continue to explore, develop and mine those properties in respect of which it has obtained mineral exploration rights to date.

The Company relies on its management team and outside contractors, and the loss of one or more of these persons may adversely affect Galane

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its management and outside contractors. The Corporation's management team is concentrated on a small number of key employees. Investors must be willing to rely to a significant extent on management's discretion and judgment, as well as the expertise and competence of outside contractors. Galane does not have in place formal programs for succession of management and training of management, nor does it hold key person insurance on these individuals. The loss of one or more of these key employees or contractors, if not replaced, could adversely affect the Company's profitability, results of operations and financial condition. Certain executives and key employees of the Company require permits to work and reside in Botswana. There is no guarantee that the Government of Botswana will grant such permits, or if granted, that such permits will be renewed or not revoked.

Galane's insurance coverage does not cover all of its potential losses, liabilities and damages related to its business and certain risks are uninsured or uninsurable

Galane's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes or slowdowns, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment or laws, and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to Galane's properties or the properties of others, delays in development or mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance does not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover certain risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Galane or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

The mining industry is subject to significant risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological conditions, labour force disruptions, unavailability of materials and equipment, weather conditions, pit wall failures, rock bursts, groundfalls, slope failures, cave-ins, flooding, seismic activity, water conditions and gold bullion losses and other natural or man-provoked incidents that could affect the mining of ore, most of which are beyond the Company's control. These risks and hazards could result in: damage to, or destruction of, mineral properties or production facilities; personal injury or death; environmental damage; delays in mining; and monetary losses and possible legal liability. As a result, production may fall below historic or estimated levels and the Company may incur significant costs or experience significant delays that could have a material adverse effect on the Company's financial performance, liquidity and results of operations. To minimize risks in these areas, the Company provides training programs for employees and has joint management-worker committees to review work practices and environment.

Currency fluctuations may affect the costs that the Company incurs in its operations

The revenue from financing activities may be received in Canadian dollars while a significant portion of its operating expenses will be incurred in United States dollars, Botswana Pulas and other foreign currencies. From time to time, the Company will borrow funds and will incur capital expenditures that are denominated in foreign currency. Gold is sold throughout the world, based principally on a U.S. dollar price, but as stated above, a portion of the Company's operating expenses are incurred in non-U.S. dollar currencies. The appreciation of non-U.S. dollar currencies in those countries where the Company has mining, exploration and/or development operations against the U.S. dollar would increase the costs of gold production at such operations which could materially and adversely affect the Company's profitability, results of operation and financial position.

Failure to generate sufficient cash flow from operations to fund the Company's capital expenditure plans may result in a delay or indefinite postponement of exploration, development or production.

To fund growth, Galane may depend on securing the necessary capital through loans or other forms of permanent capital. The availability of this capital is subject to general economic conditions and lender and investor interest in the Company and its projects. In addition, a portion of Galane's activities is directed to the search for and the development of new mineral deposits. The Company may be required to seek additional financing to maintain its capital expenditures at planned levels. Galane will also have additional capital requirements to the extent that it decides to expand its present operations and exploration activities or construct additional new mining and processing operations or take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may arise. Financing may not be available when needed or, if available, may not be available on terms acceptable to the Company. Failure to obtain any financing necessary for the Company's capital expenditure plans may result in a delay or indefinite postponement of exploration, development or production.

In order to finance future operations and development efforts, Galane expects to have sufficient cash flow from operations, but may raise funds through project financing or the issue of Common Shares or the issue of securities convertible into Common Shares.

The constating documents of Galane allow it to issue, among other things, an unlimited number of Common Shares for such consideration and on such terms and conditions as may be established by the directors of the Company, in many cases, without the approval of shareholders. The Company cannot predict the size of future issues of Common Shares or the issue of securities convertible into Common Shares or the effect, if any, that future issues and sales of the Common Shares will have on the market price of the Common Shares. Due to recent market volatility, there may be an increased risk of dilution for existing shareholders should Galane need to issue additional Common Shares at a lower share price to meet its capital requirements. Any transaction involving the issue of previously authorized but unissued Common Shares or securities convertible into Common Shares, would result in dilution, possibly substantial, to the then current shareholders.

The Company's fair value estimates with respect to the carrying amount of mineral interests are based on numerous assumptions and may differ significantly from actual fair values.

Periodically, the Company evaluates the carrying amount of mineral interests to determine whether the effect of current events and circumstances indicate such carrying amount may no longer be supportable, which becomes more of a risk in the global economic conditions that exist currently. The fair values of its reporting units are based, in part, on certain factors and assumptions that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated fair value of the Company's reporting units to their carrying values. The Company's fair value estimates are based on numerous assumptions and may differ from actual realizable values and these differences may be significant and could have a material effect on the Company's financial position and/or results of operation. If the Company fails to achieve its valuation assumptions or if any of its reporting units experiences a decline in its fair value, then this may result in an impairment charge, which would reduce the Company's earnings.

Mining tax regimes in foreign jurisdictions are subject to differing interpretations and may be vulnerable to sudden changes.

Mining tax regimes in foreign jurisdictions may be subject to different interpretations and may be subject to sudden changes. In some cases, fiscal stability guarantees are in place which provide a measure of protection. Galane's interpretation of taxation law as applied to its transactions and activities may not coincide with that of the tax authorities. As a result, transactions may be challenged by tax authorities and the Company's operations may be assessed, which could result in significant additional taxes, penalties and interest.

The use of derivative instruments involves certain inherent risks including credit risk, market liquidity risk and unrealized mark-to-market risk.

Galane may from time to time employ hedge (or derivative) products in respect of commodities, interest rates and/or currencies. Hedge (or derivative) products are generally used to manage the risks associated with, among other things, mineral price volatility, changes in commodity prices, interest rates, foreign currency exchange rates and energy prices. Where Galane will hold such derivative positions, the Company will deliver into such arrangements in the prescribed manner. The use of derivative instruments involves certain inherent risks including: (a) credit risk — the risk of default on amounts owing to the Company by the counterparties with which the Company has entered into such transactions; (b) market liquidity risk — the risk that Galane has entered into a derivative position that cannot be closed out quickly, by either liquidating such derivative instrument or by establishing an offsetting position; and (c) unrealized mark-to-market risk — the risk that, in respect of certain derivative products, an adverse change in market prices for commodities, currencies or interest rates will result in Galane incurring an unrealized mark-to-market loss in respect of such derivative products.

In the case of a gold option based forward sales program, if the metal price rises above the price at which future production has been committed under an option based forward sales hedge program, Galane may have an opportunity loss. If the metal price falls below that committed price under an option based forward sales hedge program, revenues will be protected to the extent of such committed production. There can be no assurance that the Company will be able to achieve future realized prices for metal prices that may exceed the option based forward sales hedge program.

Galane's mineral reserves and mineral resources are estimates, and no assurance can be given that the estimated reserves and resources are accurate or that the indicated level of gold will be produced.

Reserves are statistical estimates of mineral content and ore based on limited information acquired through drilling and other sampling methods and require judgmental interpretations of geology. Successful extraction requires safe and efficient mining and processing. Galane's mineral reserves and mineral resources are estimates, and no assurance can be given that the estimated reserves and resources are accurate or that the indicated level of gold will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralisation or formations may be different from those predicted. Further, it may take many years from the initial phase of drilling before production is possible, and during that time the economic feasibility of exploiting a discovery may change. Mineral resource estimates for properties that have not commenced production are based, in many instances, on limited and widely spaced drill hole information, which is not necessarily indicative of the conditions between and around drill holes. Accordingly, such mineral resource estimates may require revision as more drilling information becomes available or as actual production experience is gained. It cannot be assumed that all or any part of Galane's mineral resources constitute or will be converted into reserves. Market price fluctuations of gold, as well as increased production and capital costs or reduced recovery rates, may render Galane's proven and probable reserves unprofitable to develop at a particular site or sites for periods of time or may render mineral reserves containing relatively lower grade mineralisation uneconomic. Moreover, short-term operating factors relating to the mineral reserves, such as the need for the orderly development of ore bodies or the processing of new or different ore grades, may cause mineral reserves to be reduced or Galane to be unprofitable in any particular accounting period. Estimated reserves may have to be recalculated based on actual production experience. Any of these factors may require the Company to reduce its mineral reserves and resources, which could have a negative impact on the Company's financial results. Failure to obtain necessary permits or government approvals could also cause Galane to reduce its reserves. There is also no assurance that Galane will achieve indicated levels of gold recovery or obtain the prices for gold production assumed in determining the amount of such reserves. Level of production may also be affected by weather or supply shortages.

Inferred mineral resources cannot be converted into mineral reserves as the ability to assess geological continuity is not sufficient to demonstrate economic viability. Due to the uncertainty which may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to resources with sufficient geological continuity to constitute proven and probable mineral reserves as a result of continued exploration.

The Company must continually replace reserves depleted by production to maintain production levels over the long term.

Galane must continually replace reserves depleted by production to maintain production levels over the long term. The life-of-mine estimate for the Mupane Property is based on a number of factors and assumptions and may prove to be incorrect. In addition, mine life would be shortened if production is expanded. Reserves can be replaced by expanding known ore bodies, locating new deposits or making acquisitions. Exploration is highly speculative in nature. The Company's exploration projects involve many risks and may be unsuccessful. Once a site with mineralisation is discovered, it may take several years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves and to construct mining and processing facilities. As a result, there is no assurance that current or future exploration programs will be successful. There is a risk that depletion of reserves will not be offset by discoveries or acquisitions. The mineral base of Galane may decline if reserves are mined without adequate replacement and the Company may not be able to sustain production beyond the current mine life, based on current production rates.

Feasibility studies may be used to determine the economic viability of a deposit. Many factors are involved in the determination of the economic viability of a deposit including the achievement of satisfactory mineral reserve estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates and the estimate of future gold prices. Capital and operating cost estimates are based upon many factors, including anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected recovery rates of the gold from the ore and anticipated environmental and regulatory compliance costs. Each of these factors involves uncertainties and as a result the Company cannot give assurance that its development or exploration projects will become operating mines. If a mine is developed, actual operating results may differ from those anticipated, thereby impacting on the economic viability of the project.

The ability of the Company to sustain or increase its present levels of gold production is dependent in part on the success of its projects, which are subject to numerous known and unknown risks.

The ability of Galane to sustain or increase its present levels of gold production is dependent in part on the success of its projects. Risks and unknowns inherent in all projects include: the accuracy of reserve estimates; metallurgical recoveries; capital and operating costs of such projects; and the future prices of the relevant minerals. Projects have no operating history upon which to base estimates of future cash flow. The capital expenditures and time required to develop new mines or other projects are considerable and changes in costs or construction schedules can affect project economics. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the start-up phase, resulting in delays and requiring more capital than anticipated. Actual costs and economic returns may differ materially from the Company's estimates or the Company could fail to obtain the governmental approvals necessary for the operation of a project, in which case, the project may not proceed, either on its original timing, or at all.

The validity of mining interests held by Galane can be uncertain and may be contested, and there can be no assurance that Galane will continue to be able to compete successfully with its competitors in acquiring such properties and assets or in attracting and retaining skilled and experienced employees.

The validity of mining interests held by Galane can be uncertain and may be contested. Acquisition of title to mineral properties is a very detailed and time-consuming process, and the Company's title to its properties may be affected by prior unregistered agreements or transfers, or undetected defects. Several of the Company's licenses will need to be renewed, and on renewal the license may cover a smaller area. There is a risk that Galane may not have clear title to all of its mineral property interests, or they may be subject to challenge or impugned in the future. Although the Company has attempted to acquire satisfactory title to its properties, some risk exists that some titles, particularly title to undeveloped properties, may be defective. A successful challenge to Galane's title to its properties could result in the Company being unable to operate on its properties as anticipated or being unable to enforce its rights with respect to its properties which could have a material and adverse effect on the Company. Galane competes with other mining companies and individuals for mining interests on exploration properties and the acquisition of mining assets, which may increase its cost of acquiring suitable claims, properties and assets, and the Company also competes with other mining companies to attract and retain key executives and employees. There can be no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties and assets or in attracting and retaining skilled and experienced employees. The mining industry has been impacted by increased worldwide demand for critical resources such as input commodities, drilling equipment, tires and skilled labour and these shortages have caused unanticipated cost increases and delays in delivery times, thereby impacting operating costs, capital expenditures and production schedules.

Galane is subject to risks and expenses related to reclamation costs and related liabilities.

Galane is generally required to submit for governmental approval a reclamation plan (some of which are reassessed on regular basis) and to pay for the reclamation of its mine sites upon the completion of mining activities. The Company estimates the net present value of future cash outflows reclamation costs at all properties under IFRS at approximately $3.1 million as at December 31, 2014 based on information available as of that date. Any significant increases over the current estimates of these costs could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

The operations of Galane are carried out in geographical areas which lack adequate infrastructure and are subject to various other risk factors.

Mining, processing, development, and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources, and water supply are important determinants which affect capital and operating costs. Lack of such infrastructure or unusual or infrequent weather phenomena, sabotage, terrorism, government, or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition, and results of operations.

Galane is dependent on its workforce to extract and process minerals, and is therefore sensitive to a labour disruption at the Mupane Property.

Galane is dependent on its workforce to extract and process minerals. The Company has programs to recruit and train the necessary manpower for its operations and endeavours to maintain good relations with its workforce in order to minimize the possibility of strikes, lock-outs and other stoppages at its work sites. Relations between the Company and its employees may be impacted by changes in labour relations which may be introduced by, among other things, employee groups, unions, and the relevant governmental authorities in whose jurisdictions the Company carries on business. Labour disruptions at the Mupane Property could have a material adverse impact on Galane's business, results of operations and financial condition. Some of the Company's employees are represented by labour unions under various collective labour agreements. Galane may not be able to satisfactorily renegotiate its collective labour agreements when they expire. In addition, existing labour agreements may not prevent a strike or work stoppage at the Company's facilities in the future, and any such work stoppage could have a material adverse effect on the Company's earnings and financial condition.

There are health risks associated with the mining work force in Africa.

Malaria and other diseases such as HIV/AIDS represent a serious threat to maintaining a skilled workforce in the mining industry throughout Africa and are a major healthcare challenge faced by Galane's operations in Africa. There can be no assurance that the Company will not lose members of its workforce or see its workforce man-hours reduced or incur increased medical costs as a result of these health risks, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

Surrounding communities may affect mining operations through the restriction of access of supplies and workforce to the mine site or through legal challenges asserting ownership rights.

Surrounding communities may affect the mining operations through the restriction of access of supplies and workforce to the mine site. Certain of the properties of the Company may be subject to the rights or asserted rights of various community stakeholders. Active community outreach and development programs are maintained to mitigate the risk of blockades or other restrictive measures by the communities.

Artisanal miners make use of some or all of the Company's properties. This condition may interfere with work on Galane's properties and present a potential security threat to the Company's employees. There is a risk that Galane's operations may be delayed, or interfered with, due to the use of the properties by artisanal miners. The Company uses its best efforts to maintain good relations with the local communities in order to minimize such risks.

Galane's mining and processing operations and exploration activities are subject to extensive laws and regulations governing the environment, health and safety.

Galane's mining and processing operations and exploration activities are subject to extensive laws and regulations governing the protection of the environment, exploration, development, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, mine and worker safety, protection of endangered and other special status species and other matters. The Company's ability to obtain permits and approvals and to successfully operate in particular communities may be adversely impacted by real or perceived detrimental events associated with the Company's activities or those of other mining companies affecting the environment, human health and safety of the surrounding communities. Delays in obtaining or failure to obtain government permits and approvals may adversely affect Galane's operations, including its ability to explore or develop properties, commence production or continue operations. Failure to comply with applicable environmental and health and safety laws and regulations may result in injunctions, fines, suspension or revocation of permits and other penalties. The costs and delays associated with compliance with these laws, regulations and permits could prevent Galane from proceeding with the development of a project or the operation or further development of a mine or increase the costs of development or production and may materially adversely affect the Company's business, results of operations or financial condition. The Company may also be held responsible for the costs of addressing contamination at the site of current or former activities or at third party sites. Galane could also be held liable for exposure to hazardous substances. The costs associated with such responsibilities and liabilities may be significant.

Measures required to address effluent compliance, fines and costs and/or the effluent quality may have a negative impact on Galane's financial condition or results of operations. The Company may also incur significant costs in connection with reclamation activities for its mining sites, which may materially exceed the provisions the Company has made for such reclamation. In addition, the unknown nature of possible future additional regulatory requirements and the potential for additional reclamation activities create further uncertainties related to future reclamation costs, which may have a material adverse effect on the Company's financial condition, liquidity or results of operations. Various environmental incidents can have a significant impact on operations.

Any acquisition that Galane may choose to complete may be of a significant size, may change the scale of Galane's business and operations and may expose Galane to new geographic, political, operating, financial and geological risks.

Galane may pursue the acquisition of producing, development and/or advance stage exploration properties and companies. The search for attractive acquisition opportunities and the completion of suitable transactions are time consuming and expensive, divert management attention away from the Company's existing business and may be unsuccessful. Any acquisition that Galane may choose to complete may be of a significant size, may change the scale of Galane's business and operations and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition and integrate the acquired operations successfully with those of the Company. Any acquisitions would be accompanied by risks. For example, there may be a significant change in commodity prices after Galane has committed to complete the transaction and established the purchase price or share exchange ratio; a material orebody may prove to be below expectations; Galane may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt the Company's ongoing business and its relationships with employees, customers, suppliers and contractors; and the acquired business or assets may have unknown liabilities which may be significant. In the event that the Company chooses to raise debt capital to finance any such acquisition, the Company's leverage will be increased. If the Company chooses to use equity as consideration for such acquisition, existing shareholders may suffer dilution. Alternatively, Galane may choose to finance any such acquisition with its existing resources. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Risk Factors Relating to the NLE Properties

Precious metal exploration projects may not be successful and are highly speculative in nature

The exploration for and development of precious metals involves significant risks which even a combination of careful evaluation, experience and knowledge cannot eliminate. While the discovery of a precious metal deposit may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a precious metal deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of precious metals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. There is no certainty that the expenditures made by the Company towards the search and evaluation of precious metal deposits will result in discoveries of commercial quantities of such metals.

The development of the NLE Properties into commercially viable mines cannot be assured

Gold development projects, such as the NLE Properties in Botswana, have no operating history upon which to base estimates of future commercial viability. Estimates of mineral resources and mineral reserves are, to a large extent, based on the interpretation of geological data obtained from drillholes and other sampling techniques and feasibility studies. This information is used to calculate estimates of the capital cost and operating costs based upon anticipated tonnage and grades of gold to be mined and processed, the configuration of the mineral resource, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, it is possible that differences from the estimates calculated could have a material adverse effect on Galane's business, financial condition, results of operations and prospects. There can be no assurance that the Company will be able to complete development of its mineral projects, or any of them, at all or on time or to budget due to, among other things, and in addition to those factors described above, changes in the economics of the mineral projects, the delivery and installation of plant and equipment and cost overruns, or that the current personnel, systems, procedures and controls will be adequate to support the Company's operations. Should any of these events occur, it could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Additional Risk Factors

Galane's share price will fluctuate.

The trading price of the Common Shares is subject to change and could fluctuate significantly in the future. The fluctuations could be in response to numerous factors beyond the Company's control, including: quarterly variations in results of operations; changes in the price of gold; changes in securities analysts' recommendations; announcements of acquisitions; changes in earnings estimates made by independent analysts; general fluctuations in the stock market; or revenue and results of operations below the expectations of public market securities analysts or investors. Any of these could result in a sharp decline in the market price of the Common Shares.

With the advent of the Internet, new avenues have been created for the dissemination of information. Galane has no control over the information that is distributed and discussed on electronic bulletin boards and investment chat rooms. The intention of the people or organizations that distribute such information may not be in the Company's best interest and the best interests of its shareholders. This, in addition to other forms of investment information including newsletters and research publications, could result in a sharp decline in the market price of the Common Shares. In addition, stock markets have occasionally experienced extreme price and volume fluctuations. These broad market fluctuations may cause a decline in the market price of the Common Shares.

Conflicts of interest may affect certain directors and officers of Galane.

Senior officers and directors of the Company own or control approximately 12.1% of the outstanding Common Shares. Certain conflicts may arise between such individuals' interests as members of the management team and their interests as shareholders. Such conflicts could arise, for example, with respect to the payment of salaries and bonuses and similar matters. The Company's directors and officers are subject to fiduciary obligations to act in the best interest of the Company.

Dividends

To date, Galane has not paid any dividends on the Commons Shares. The Company does not currently intend to pay any cash dividends on the Common Shares in the foreseeable future and therefore its shareholders may not be able to receive a return on their shares unless they sell them. The Company's current policy is to retain earnings to finance its exploration and development activities and to otherwise reinvest in the Company. The Company's dividend policy will be reviewed from time to time by the Board of Directors of the Company in the context of its earnings, financial condition and other relevant factors. Until Galane pays dividends, which it may never do, its shareholders will not be able to receive a return on its Common Shares unless they sell them.

Lack of Liquidity; Concentration of Holdings

Persons purchasing Common Shares may not be able to resell the shares and may have to hold the shares indefinitely. In addition, purchasers may not be able to use their shares for collateral for loans and may not be able to liquidate at a suitable price. Further, IAMGOLD holds almost 42% of the outstanding Common Shares and therefore may have an influence on the trading price of the Common Shares.

Market Perception

Market perception of junior gold companies such as the Company may shift such that these companies are viewed less favourably. This factor could impact the value of investors' holdings and the ability of the Company to raise further funds, which could have a material adverse effect on the Company's business, financial condition and prospects.

Galane is subject to the risk of litigation, the causes and costs of which cannot be known.

Galane may be involved in disputes with other parties in the future which may result in litigation. The causes of potential future litigation cannot be known and may arise from, among other things, business activities, environmental laws, volatility in stock price or failure to comply with disclosure obligations. The results of litigation cannot be predicted with certainty. If the Company is unable to resolve these disputes favourably, it may have a material adverse impact on the Company's financial performance, cash flow and results of operations.

In the event of a dispute involving the foreign operations of the Company, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. Galane's ability to enforce its rights could have an adverse effect on its future cash flows, earnings, results of operations and financial condition.

Difficulties for investors in foreign jurisdictions in bringing actions and enforcing judgments

The majority of Galane's directors and officers reside outside of North America, and all or a substantial portion of their assets, and a substantial portion of Galane's assets, are located outside of North America. As a result, it may be difficult for investors in Canada to bring an action against directors or officers who are not resident in Canada. It may also be difficult for an investor to enforce a judgment obtained in a Canadian court or a court of another jurisdiction of residence predicated upon the civil liability provisions of federal or provincial securities laws or other laws of Canada or the equivalent laws of other jurisdictions outside Canada against those persons.

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, 2014, 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 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 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.

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

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	2014
Mining costs excluding impairment, depreciation and amortization	$ 7,080,698	$ 6,724,357	$ 9,422,080	$ 8,704,905	$ 31,932,040
Adjust for:					
Stock movement	(43,505)	1,015,064	(239,462)	(944,851)	(212,754)
Total operating cash cost	$ 7,037,193	$ 7,739,421	$ 9,182,618	$ 7,760,054	$ 31,719,286
Royalties	(383,590)	(471,041)	(538,250)	(623,514)	(2,016,395)
Total operating cash cost excluding royalties	$ 6,653,603	$ 7,268,380	$ 8,644,368	$ 7,136,540	$ 29,702,891
Gold production (ounces)	6,044	8,206	7,195	9,346	30,791
Total operating cash cost excluding royalties per oz.	$ 1,101	$ 886	$ 1,201	$ 764	$ 965

	Q4 2013	Q3 2013	Q2 2013	Q1 2013	2013
Mining costs excluding impairment, depreciation and amortization	$ 9,648,688	$ 13,669,853	$ 15,723,290	$ 13,006,181	$ 52,048,012
Adjust for:					
Stock movement	359,154	(1,246,803)	(1,200,515)	(185,531)	(2,723,695)
Total operating cash cost	$ 10,007,842	$ 12,423,050	$ 14,522,775	$ 12,820,650	$ 49,774,317
Royalties	(696,460)	(696,752)	(715,389)	(614,434)	(2,723,035)
Total operating cash cost excluding royalties	$ 9,311,382	$ 11,726,298	$ 13,807,386	$ 12,206,216	$ 47,051,282
Gold production (ounces)	11,853	9,941	9,530	7,430	38,754
Total operating cash cost excluding royalties per oz.	$ 786	$ 1,180	$ 1,449	$ 1,643	$ 1,214