

GALANE GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2020

Dated: April 28, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") of financial condition and results of operations of Galane Gold Ltd. ("Galane" or the "Company") was prepared by management as at April 28, 2021. 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, 2020 (the "Financial Statements").

The Financial Statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). 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 two mineral projects; gold price volatility; risks associated with the conduct of the Company's mining activities in Botswana and South Africa; regulatory, consent or permitting delays; risks relating to the Company's exploration, development and mining activities being situated in Botswana and South Africa; risks relating to reliance on the Company's management team and outside contractors; the Company's inability to obtain insurance to cover all risks, on a commercially reasonable basis or at all; currency fluctuations; risks regarding the failure to generate sufficient cash flow from operations; risks arising from the Company's fair value estimates with respect to the carrying amount of mineral interests; mining tax regimes; risks regarding mineral resources and reserves; the Company's need to replace reserves depleted by production; risks and unknowns inherent in all mining projects, including the inaccuracy of reserves and resources, metallurgical recoveries and capital and operating costs of such projects; contests over title to properties, particularly title to undeveloped properties; risks and expenses related to reclamation costs and related liabilities; lack of infrastructure; employee relations, labour unrest or unavailability; health risks in

GALANE GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2020

Africa; supply chain disruptions, major health issues, pandemics, and COVID-19; the Company's interactions with surrounding communities and artisanal miners; extensive laws and regulations governing the environment, health and safety; the Company's ability to successfully integrate acquired assets; risks related to ramping-up production; the speculative nature of exploration and development, including the risks of diminishing quantities or grades of reserves; development of the Company's exploration properties into commercially viable mines; risks related to climate change; risks related to information security; risk of using derivative instruments including credit risk, market liquidity risk and unrealized mark-to-market risk; stock market volatility; conflicts of interest among certain directors and officers; lack of dividends; lack of liquidity for shareholders of the Company; risks related to the market perception of junior gold companies; litigation risk; and difficulties in bringing actions and enforcing judgments for foreign investors. See "Risk Factors" in the Company's annual information form for the year ended December 31, 2020, a copy of which is available on the Company's SEDAR profile at www.sedar.com. Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

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

MINERAL RESERVES AND RESOURCES

Information of a technical and scientific nature that forms the basis of the disclosure in the MD&A has been approved by Kevin Crossling Pr. Sci. Nat., MAusIMM., Business Development Consultant for Galane Gold, and a "qualified person" as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101").

All mineral reserves and mineral resources have been estimated in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum and NI 43-101. All mineral resources are reported exclusive of mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no guarantee that any of the mineral resources disclosed in the MD&A will be converted to mineral reserves. There is also no guarantee that any of the inferred mineral resources will be upgraded to measured or indicated mineral resources. Information on data verification performed on the mineral properties mentioned in this MD&A that are considered to be material mineral properties to the Company are contained in the Company's most recent annual information form and the current technical report for each of those properties, all available on the Company's SEDAR profile at www.sedar.com.

GALANE GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2020

CORPORATE OVERVIEW

The Company's principal business activities are the exploration for, development of, and operation of gold mining properties. The Company operates through its wholly-owned subsidiary, Galane Gold Mines Ltd. ("GGM"), which in turn operates two mines: (a) a producing mine which also has the rights to certain mineral exploration tenements (the producing mine and mineral exploration tenements collectively, the "Mupane Property") located in the Republic of Botswana ("Botswana") through subsidiaries located in Botswana; and (b) a mine in the process of restarting and which has the rights to certain mineral exploration tenements (the mine and mineral exploration tenements collectively, the "Galaxy Property") located in the Republic of South Africa ("South Africa") through subsidiaries located in South Africa. The common shares in the capital of the Company (the "Common Shares") have been listed for trading on the TSX Venture Exchange (the "Exchange") under the symbol "GG" since September 6, 2011 and trade on the OTCQB in the United States under the trading symbol "GGGOF".

OUTLOOK

The extent and duration of impacts that COVID-19 may have on the Company's ability to ship and sell gold dore and gold concentrate, on our suppliers and employees and on global financial markets going forward is not known at this time but could be material. As a result, the Company has not issued annual guidance for 2021.

Mupane

The Company has been notified by the Republic of Botswana Government that, as a mining operation, Mupane is deemed an essential operation and was allowed to keep operating during the country's 28 day lockdown which commenced on April 2, 2020 and was subsequently extended to May 21, 2020. For Mupane to continue in operation it has been working closely with the Department of Mines on protocols to manage the potential for spread of COVID-19 between its employees and in particular, in its underground operations. During this period Mupane production has been restricted, although approval was granted on April 28, 2020 to recommence operations while observing compliance with capacity and enhanced operating requirements. The Company will continue to assess the viability of operating at the government mandated levels and look to manage production in line with any further easing or tightening of operating restrictions.

Galaxy

The Galaxy project was placed on temporary care and maintenance in late March, as mandated by the government of South Africa. On April 23, 2020, the Company was notified that Galaxy had been designated as an essential service and can operate at 50% of its normal capacity, with the Company recommencing operations on May 4, 2020 in compliance with the capacity and enhanced operating requirements. On July 13, 2020, the government removed the restrictions relating to operating capacity, however social distancing protocols are still to be maintained. The Company will continue to assess the viability of operating within the government mandated levels and look to manage production in line with any further easing or tightening of operating restrictions.

GALANE GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2020

DISCUSSION OF OPERATIONS

For the three and year ended December 31, 2020

The following is an analysis of the Company's operating results for the three months ended December 31, 2020 ("Q4 2020") and the year ended December 31, 2020 ("2020").

Operating activity:

Commentary regarding the Company's operating activity during Q4 2020 and 2020 follows:

Mining

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

		2020					2019				
		Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1	Total
Mupane (Tau)	Ore (t)	64,309	70,837	59,532	67,368	262,046	82,316	77,054	92,762	87,461	339,593
	Grade (g/t)	2.05	2.31	2.58	2.64	2.39	2.67	2.90	3.25	2.11	2.74
	Waste (t)	5,822	10,016	6,464	16,482	38,784	18,258	15,472	20,520	10,520	64,770
Dinokwe	Ore (t)	15,365	21,485	4,283	4,012	45,145	-	-	-	-	-
	Grade (g/t)	1.79	1.88	1.67	1.37	1.78	-	-	-	-	-
	Waste (t)	230,174	509,357	241,524	106,870	1,087,925	-	-	-	-	-
Golden Eagle	Ore (t)	32,182	20,210	-	-	52,392	-	-	-	-	-
	Grade (g/t)	2.36	2.64	-	-	2.46	-	-	-	-	-
	Waste (t)	8,162	4,852	-	-	13,014	-	-	-	-	-
Low Grade Stockpiles	Ore (t)	-	-	12,105	1,527	13,632	37,110	62,010	30,719	71,263	201,102
	Grade (g/t)	-	-	1.44	1.28	1.42	0.77	0.75	0.77	0.77	0.77
Monarch Slimes Dump	Ore (t)	39,687	85,512	83,605	69,465	278,269	86,299	68,222	57,191	1,736	213,448
	Grade (g/t)	0.66	0.73	0.78	1.26	0.87	1.00	0.94	0.94	1.00	0.96

The Company continued to mine from the Tau deposit at the Mupane Property during Q4 2020, and continued reclamation of the Monarch slimes dump, while commencing open cut mining operations at Dinokwe, and underground operations at Golden Eagle:

- **Tau** – In Q4 2020, the Company continued mining in the main reef of the ore body with 64,309 tonnes at 2.05 g/t being mined (three months ended December 31, 2019 ("Q4 2019") – 82,316 tonnes at 2.67 g/t). The tonnes and grade for Q4 2020 were lower than Q4 2019 with mining activity reduced during the quarter impacted by increasing mine depth. For 2020, 262,046 tonnes at 2.39 g/t were mined compared to 339,593 tonnes at 2.74 g/t for the year ended December 31, 2019 ("2019"). The mined tonnes for 2020, have been impacted by the COVID-19 restrictions and the impact of increasing mine depth, while the grade decreased as a result of a change in the mining location within the ore body.
- **Dinokwe** – In early 2020 the Company commenced development of a small scale open pit mine at Dinokwe, approximately 7 kilometres from the Mupane processing plant. For Q4 2020 mining was focused on stripping operations with 230,174 tonnes of waste mined, and 15,365 tonnes of ore at a grade of 1.79 g/t. For 2020 a total of 1,087,925 tonnes of waste have been mined, along with 45,145 tonnes of ore at an average grade of 1.78 g/t.
- **Golden Eagle** – During Q4 2020 the Company continued underground mining operations at its Golden Eagle property located approximately 26 kilometres from the Mupane Property. Historically an open pit operation, the Company has continued development on an underground portal, and mining during Q4 2020. During Q4 2020 the Company mined 32,182 tonnes at an average grade of 2.36 g/t. For 2020 a total of 52,392 tonnes of ore have been mined at an average grade of 2.46 g/t.

GALANE GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2020

- Monarch – In Q4 2020, the Company transported 39,687 tonnes at an average grade of 0.66 g/t, (Q4 2019- 86,299 tonnes at 1.00 g/t) with the hauling of Monarch sands for Q4 2020 lower due to the Monarch sands being fully depleted during the quarter. For 2020 the Company transported 278,269 tonnes at an average grade of 0.87 g/t compared to 213,448 tonnes at an average grade of 0.96 g/t, with the 2019 tonnages lower due to operations only commencing towards the end of Q1 2019.

In addition, the Company is currently processing ore from its previously mined low-grade stockpiles, which are located next to the Golden Eagle mine located approximately 26 kilometres from the Mupane Property. In Q4 2020, the Company did not process any low-grade ore stockpiles (Q4 2019 – 37,110 tonnes at 0.77 g/t) and for 2020, it processed 13,632 tonnes at an average grade of 1.42 g/t (2019 – 201,102 tonnes at 0.77 g/t). The decrease in tonnes processed from low grade stockpiles is primarily due to the commencement of processing of the Monarch slimes dump material referred to above.

Processing

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

		2020					2019				
		Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1	Total
Ore milled	t	166,087	194,906	157,644	144,853	663,490	187,548	205,000	178,918	161,323	732,789
Head grade	g/t	1.77	1.63	1.52	2.08	1.74	1.66	1.76	2.12	1.69	1.81
Recovery	%	75.4%	75.6%	74.0%	70.4%	73.8%	68.2%	72.8%	71.4%	72.3%	71.2%
Gold production	oz	7,122	7,738	5,691	6,818	27,369	6,839	8,435	8,694	6,326	30,294

Gold production in Q4 2020 was 7,122 ounces compared to 6,839 ounces in Q4 2019. The ore milled for Q4 2020 of 166kt (Q4 2019 – 188kt). The grade in Q4 2020 of 1.77 g/t was above the grade for Q4 2019 of 1.66 g/t and was reflective of the feedstock available, with a feed impacted by the commencement of both the Golden Eagle underground and Dinokwe open pit mining operations. The recovery for Q4 2020 of 75.4% was above the recovery for Q4 2019 of 68.2%. The increased recovery was reflective of the favourable mineralogy within the ore processed for Q4 2020.

Gold production for 2020 was 27,369 ounces compared to 30,294 ounces for 2019. The ore milled for 2020 of 663kt (2019 – 733kt) was lower due to lower feed stock availability resulting from the impact of COVID-19 restrictions on mining operations. The grade for 2020 of 1.74 g/t was below the grade for 2019 of 1.81 g/t and was reflective of the feedstock available. The recovery for 2020 of 73.8% was above the recovery for 2019 of 71.2%. The increased recovery was reflective of the favourable mineralogy within the ore processed for 2020.

GALANE GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2020

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 2020	Q3 2020	Q2 2020	Q1 2020	2020
Revenue (000)	\$ 14,293	\$ 14,927	\$ 10,375	\$ 9,474	\$ 49,069
Gold sold (oz.)	7,664	7,974	6,046	6,105	27,789
Earnings from mining operations (000)	\$ 4,798	\$ 3,537	\$ 1,980	\$ 871	\$ 11,186
Operating cash cost excluding royalties (\$/oz.) ⁽¹⁾	\$ 1,092	\$ 1,082	\$ 1,065	\$ 1,037	\$ 1,070

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019
Revenue (000)	\$ 9,039	\$ 12,462	\$ 11,425	\$ 8,476	\$ 41,402
Gold sold (oz.)	6,199	8,538	8,750	6,565	30,052
Earnings (Loss) from mining operations (000)	\$ (740)	\$ 1,574	\$ 821	\$ (823)	\$ 832
Operating cash cost excluding royalties (\$/oz.) ⁽¹⁾	\$ 1,219	\$ 1,026	\$ 966	\$ 1,189	\$ 1,090

Note:

(1) Operating cash cost excluding royalties per ounce is a non-GAAP measure. See "Supplemental Information to Management's Discussion and Analysis".

In the Q4 2020, the Company generated \$14.3 million in revenue from the sale of 7,664 ounces of gold plus incidental silver at an average combined price of \$1,865 per ounce and earnings from mining operations of \$4.8 million. This compares to \$9.0 million in revenue from the sale of 6,199 ounces of gold plus incidental silver at an average combined price of \$1,458 per ounce and a loss from mining operations of \$0.7 million in Q4 2019.

The reason for the change in earnings from mining operations from Q4 2020 to Q4 2019 is a result of several factors:

- Gold sales for Q4 2020 were 1,465 ounces more than in Q4 2019. The impact of the increased ounces sold was compounded by an increase in the average gold price achieved of \$407 per ounce, resulting in an overall revenue increase of \$5.3 million compared to Q4 2019.
- Mining costs in Q4 2020 were \$3.6 million compared to \$3.2 million in Q4 2019. The increase in mining costs is due to a decrease in tonnes from low cost ore sources, being low-grade stockpile and slimes reclamation, with 40kt of slimes reclaimed for Q4 2020 compared to 123kt from low-grade stockpiles and slimes for Q4 2019.
- Processing costs in Q4 2020 were \$3.7 million compared with \$4.1 million in Q4 2019. The actual tonnes milled decreased from 187,548 tonnes in Q3 2019 to 166,087 tonnes in Q4 2020 with costs reducing proportionately to the reduction in feed tonnes.
- General and administration costs in Q4 2020 were \$1.1 million compared to \$1.0 million in Q4 2019.

GALANE GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2020

- Depreciation and amortization expense was \$1.0 million in Q4 2020 compared to \$1.5 million in Q4 2019. The amortization for Q4 2020 was impacted with an adjustment to the Tau amortization following the addition of further resources identified below the existing ore body.

As a result of the above factors the operating cash cost per ounce excluding royalties in Q4 2020 was \$1,092 compared to \$1,219 per ounce in Q4 2019.

For 2020 the Company generated \$49.1 million in revenue from the sale of 27,789 ounces of gold plus incidental silver at an average combined price of \$1,766 per ounce, generating earnings from mining operations of \$11.2 million. This compares to \$41.4 million in revenue from the sale of 30,052 ounces of gold plus incidental silver at an average combined price of \$1,378 per ounce generating earnings from mining operations of \$0.8 million for 2019.

The reason for the change in earnings from mining operations for 2020 to 2019 is a result of several factors:

- Gold sales for 2020 were 2,263 ounces less than 2019. The impact of the reduced ounces sold was offset by an increase in the average gold price achieved of \$388 per ounce, resulting in an overall revenue increase of \$7.7 million compared to 2019.
- Mining costs for 2020 were \$13.1 million compared to \$12.5 million for 2019. The increase in mining costs is due to a decrease in tonnes from low cost ore sources, being low-grade stockpile and slimes reclamation, with 292kt of slimes reclaimed for 2020 compared to 415kt from low-grade stockpiles and slimes for 2019.
- Processing costs for 2020 were \$15.7 million compared to \$18.8 million for 2019. The actual tonnes milled decreased from 732,789 tonnes for 2019 to 663,490 tonnes for 2020 with costs reducing more than proportionately to the reduction in feed tonnes with the increased tailings processed for 2020 reducing reagent and grinding media consumption.
- General and administration costs for 2020 were \$3.6 million, consistent with 2019 spend of \$3.5 million.
- Depreciation and amortization expense was \$5.5 million for 2020 compared to \$5.7 million for 2019, with 2019 including depreciation of \$0.2 million for assets taken up on consolidation.

As a result of the above factors the operating cash cost per ounce excluding royalties for 2020 was \$1,070 compared to \$1,090 per ounce for 2019.

Results

The Company's earnings (loss) comprised of:

	Q4 2020	2020	Q4 2019	2019
Earnings (loss) from mining operations	\$ 4,798,209	\$ 11,185,743	\$ (739,793)	\$ 832,297
Exploration costs	-	-	-	(4,111)
Corporate general and administrative costs	(353,003)	(1,854,343)	(112,567)	(1,564,429)
Stock-based compensation	(47,505)	(222,134)	(15,049)	(140,138)
Foreign exchange gain (loss)	185,988	1,148,498	(252,792)	(28,524)
Interest on long term debt	(138,106)	(502,448)	(283,885)	(903,203)
Other financing costs	46,348	(3,988,338)	(969,623)	(1,275,972)
Galaxy on-going costs	(406,791)	(1,146,276)	(407,140)	(1,275,919)
Expected credit loss – other receivables	(83,286)	(83,286)	-	-
Other income (expenses)	(24,912)	(103,388)	558,520	536,635
Net earnings (loss) for the period	\$ 3,976,942	\$ 4,434,028	\$ (2,222,329)	\$ (3,823,364)

GALANE GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2020

Other financing costs increased by \$2.7 million for 2020 with the increase primarily due to the revaluation of the warrants denominated in foreign currency with an expense of \$3.8 million for 2020 compared to \$0.9 million for 2019.

Other income of \$0.5 million for 2019 was impacted by \$1.0 million of income from the change in estimate of the Mupane rehabilitation provision, offset by \$0.4 million for the write-off of exploration expense, neither of which impacted 2020.

Interest on long term debt for 2019 of \$0.9 million was impacted by \$0.2 million for Barak financing facility fees that did not impact 2020.

Corporate general and administration costs are comprised of the following:

	Q4 2020	2020	Q4 2019	2019
Professional fees	\$ 189,371	\$ 729,860	\$ (12,932)	\$ 431,664
Management fees to officers	(10,628)	415,558	(67,056)	331,681
Investor relations	64,223	199,967	48,398	188,021
Corporate general and administration	110,037	508,958	144,157	613,063
	\$ 353,003	\$ 1,854,343	\$ 112,567	\$ 1,564,429

SUMMARY OF FINANCIAL POSITION

Selected Consolidated Statement of Financial Position Data:

	December 31, 2020 \$	September 30, 2020 \$	June 30, 2020 \$	March 31, 2020 \$
Total current assets	11,560,086	12,296,919	10,107,858	7,766,249
Total current liabilities	23,996,806	21,404,293	23,274,143	21,098,020
Working capital	(12,436,720)	(9,107,374)	(13,166,285)	(13,331,771)
Non-current assets	42,586,905	39,535,357	38,355,067	38,867,449
Non-current liabilities	6,335,755	10,638,000	10,864,398	10,898,590
Total shareholders' equity	23,814,430	19,789,983	14,324,384	14,637,088

GALANE GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2020

	December 31, 2019 \$	September 30, 2019 \$	June 30, 2019 \$	March 31, 2019 \$
Total current assets	9,345,569	9,304,363	9,510,559	7,606,437
Total current liabilities	23,663,805	15,789,107	17,338,010	14,125,556
Working capital	(14,318,236)	(6,484,744)	(7,827,451)	(6,519,119)
Mining assets	38,912,824	39,784,421	39,855,606	38,705,198
Non-current liabilities	11,675,964	19,790,681	19,056,410	19,413,038
Total shareholders' equity	12,918,624	13,508,996	12,971,745	12,773,041

As at the end of Q4 2020, there was a working capital deficiency of \$12.4 million, an increase of \$3.3 million from the end of Q3 2020. The increase in working capital deficiency was mainly due to the following movements in total current liabilities and cash balance:

- A cash balance decrease of \$0.4 million.
- Trade and other receivables decreased by \$1.0 million to \$2.0 million, with an increase of \$0.2 million in prepaid expenses, offset by a decrease of \$0.9 million in other receivables following the reclassification of \$1.1 million to non-current of the quarter, a decrease of \$0.1 million in trade receivables and a decrease in taxes recoverable of \$0.3 million.
- An increase of \$0.6 million for inventories, with an increase of \$0.6 million in stores inventory for the quarter to cover for the festive period and delays caused by COVID-19.
- Accounts payable and accrued liabilities stayed consistent at \$9.3 million.
- An increase of \$2.7 million in interest bearing loans and borrowings in Q4 2020, with \$4.4 million of debentures classified as current during the quarter, offset by a decrease of \$0.6 million in deferred royalties and a decrease of \$1.1 million on the Barak loan facility.

As at the end of Q4 2020, non-current liabilities decreased \$4.3 million with \$4.4 million of debentures moving to current, and lease liabilities reducing by \$0.1 million, offset by an increase in rehabilitation provision of \$0.2 million.

Total shareholders' equity in Q4 2020 increased by \$4.0 million primarily due to earnings for the quarter of \$4.0 million.

As at the end of Q4 2020, there was a working capital deficiency of \$12.4 million, a decrease of \$1.9 million from the year ended December 31, 2019. The decrease in working capital deficiency was mainly due to the following movements in total current liabilities and cash balance:

- A cash balance increase of \$2.8 million.
- Trade and other receivables decreased by \$0.2 million, with an increase of \$0.4 million in taxes recoverable, offset by a decrease of \$0.4 million in other receivables, a decrease of \$0.3 million in prepaid expenses.
- A decrease of \$0.3 million for inventories, with a decrease of \$0.4 million in gold in process inventory, and a \$0.2 million decrease in ore stockpiles, offset by an increase of \$0.3 million in stores inventory to cover the festive period and border delays caused by COVID-19.
- Accounts payable remained consistent at \$9.3 million.
- Interest bearing loans and borrowings increased by \$1.6 million, with \$4.4 million of debentures reclassified as current, offset by a decrease in deferred royalties of \$1.6 million, a decrease in the Barak loan facility of \$1.0 million and a decrease of \$0.1 million in the current lease liability.

GALANE GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2020

- A decrease of \$1.2 million in warrants denominated in a foreign currency, with all outstanding warrants exercised in 2020.

For 2020, non-current liabilities decreased by \$5.3 million, with a decrease of \$4.5 million for debentures reclassified as current, a decrease of \$0.6 million in lease liabilities reflecting the payments made for 2020 and a decrease of \$0.2 million in the rehabilitation provision with \$0.2 million of accretion offset by a \$0.4 million foreign currency revaluation.

Total shareholders' equity for 2020 increased by \$10.9 million primarily due to increased share capital of \$6.2 million following the exercise of outstanding warrants, and earnings for the year to date of \$4.4 million.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

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

In order to fund the business activities intended in its current business plan, management expects that the Company's Mupane 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, subject to the Going Concern commentary below related to the current uncertain impact of COVID-19 on the operating environment. As described above under "Summary of Financial Position", at December 31, 2020, the Company had a working capital deficiency of \$12.4 million and generated cash flows from operations of \$13.9 million for the year ended December 31, 2020.

The revenue of the Company is dependent upon the spot price of gold. At the current level of operating costs, the Company will continue to generate positive cash flow on an annual basis from operations even if there was a 10% reduction in the spot price of gold as at the date of this MD&A.

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

Going Concern

The Financial Statements were prepared using international financial reporting standards that are applicable to a going concern.

During the year ended December 31, 2020, several measures have been implemented in Botswana, South Africa and the rest of the world in response to the increased impact from COVID-19. The Company was notified by the Republic of Botswana Government that, as a mining operation, Mupane is deemed an essential operation and was allowed to keep operating during the country's 28 day lockdown which commenced on April 2, 2020, and was subsequently extended to May 21, 2020. For Mupane to continue in operation it has been working closely with the Department of Mines on protocols to manage the potential for spread of COVID-19 between its employees and in particular, in its underground operations. During this period Mupane production was restricted, although approval was granted on April 28, 2020 to recommence operations while observing compliance with capacity and enhanced operating requirements. The Galaxy project was placed on temporary care and maintenance in late March, as mandated by the Government of South Africa. On April 23, 2020, the Company was notified that Galaxy had been designated as an essential service and can operate at 50% of its normal capacity, with the Company recommencing operations on May 4, 2020 in compliance with the capacity and enhanced operating requirements. On July 13, 2020, the government removed the restrictions relating to the operating capacity, however social distancing protocols are still to be maintained. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of

GALANE GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2020

COVID-19 on our business operations, including the duration and impact on our future production, cannot be reasonably estimated at this time and we anticipate this could have an adverse impact on the Company's financial position, results of operation and cash flows. The Company's liquidity and ability to continue as a going concern may also be impacted.

As at December 31, 2020, the Company had a working capital deficiency (current assets less current liabilities) of \$12.4 million compared to a deficiency of \$14.3 million at December 31, 2019.

During the year ended December 31, 2020, the Company paid, on a timely basis, the 5% royalty to the Government of Botswana on all gold sales in accordance with the terms of the royalty. The royalty expense for the year ended December 31, 2020 was \$2.5 million, which was funded from cash flows from operations, in addition to \$1.8 million repaid for deferred royalties. The working capital deficiency includes deferred royalties of \$5.3 million now classified as a current liability. During the year, the Company entered into discussions with the Government of Botswana to reschedule the repayment of the outstanding balance, however, with the current focus on the COVID-19 shutdown of non-essential services in the country, these discussions have not yet concluded.

The impact of the COVID-19 pandemic, and the Company's financial position, result in material uncertainties which may give rise to significant doubt as to the ability of the Company to continue as a going concern. Because of these uncertainties, there can be no assurance that the measures that management is taking to mitigate the Company's liquidity position and the impact of the COVID-19 pandemic will be successful.

The ongoing strength in gold prices and positive operating performance at the Mupane mine have resulted in earnings from mining operations of \$11.2 million for the year ended December 31, 2020, compared to \$0.8 million for the same period in 2019, with cashflow from operations of \$13.9 million for the year ended December 31, 2020, compared to \$2.9 million for the same period in 2019. The Company has no material commitments for capital expenditures at the Mupane or Galaxy mine as of December 31, 2020.

The current commodity price and exchange rate environment can be volatile, which may have an impact on the Company's cash flows. Despite the higher gold price currently being realized, the Company continues to review its near term operating plans and to take steps to reduce costs and maximize cash flow generated from operations.

The Financial Statements do not reflect adjustments to the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

GALANE GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2020

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, 2020 \$	September 30, 2020 \$	June 30, 2020 \$	March 31, 2020 \$
Revenue	14,292,821	14,927,120	10,375,274	9,473,565
Total mining costs	(9,494,611)	(11,390,341)	(8,395,220)	(8,602,865)
Non-mining expenses	(821,267)	(4,348,516)	(2,370,808)	788,876
(Loss) earnings	3,976,943	(811,737)	(390,754)	1,659,576
(Loss) earnings per share				
- Basic	0.02	(0.00)	(0.00)	0.01
- Diluted	0.02	(0.00)	(0.00)	0.01
Total assets at end of quarter	54,146,991	51,832,276	48,462,925	46,633,698
Total liabilities at end of quarter	30,332,561	32,042,293	34,138,541	31,996,610
Total equity at end of quarter	23,814,430	19,789,983	14,324,384	14,637,088

	Three months ended			
	December 31, 2019 \$	September 30, 2019 \$	June 30, 2019 \$	March 31, 2019 \$
Revenue	9,038,969	12,462,310	11,424,704	8,476,421
Total mining costs	(9,778,762)	(10,888,260)	(10,603,441)	(9,299,644)
Non-mining expenses	(1,482,536)	(1,089,606)	(658,639)	(1,424,882)
Earnings (loss)	(2,222,329)	484,444	162,624	(2,248,105)
Earnings (loss) per share				
- Basic	(0.01)	0.00	0.00	(0.01)
- Diluted	(0.01)	0.00	0.00	(0.01)
Total assets at end of quarter	48,258,393	49,088,784	49,366,165	46,311,635
Total liabilities at end of quarter	35,339,769	35,579,788	36,394,420	33,538,594
Total equity at end of quarter	12,918,624	13,508,996	12,971,745	12,773,041

Note:

(1) Information for all periods is presented in accordance with IFRS applicable to interim financial reporting and in U.S. dollars.

GALANE GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2020

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, trade and other receivables, accounts payable and accrued liabilities, interest bearing loans and borrowing, and warrants denominated in foreign currencies. The fair value of the Company's trade and other receivables, and accounts payable and accrued liabilities approximate their carrying value. The Company's other financial instruments, specifically interest bearing loans and borrowings are recorded at amortized cost using the effective interest rate method.

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks. The credit risk related to the trade receivable is considered minimal as gold and gold concentrate is sold to creditworthy major banks and offtake partners and settled promptly, usually within the following month, and the other receivable balance consists of amounts outstanding on tax credits from governmental authorities, each of which are expected to be paid in the near term at face value. Management believes that the Company's exposure to credit risk is minimal.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to try to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2020, the Company had current assets of \$11,560,086 (December 31, 2019 - \$9,345,569) to settle current liabilities of \$23,996,806 (December 31, 2019 - \$23,663,805). See "Liquidity and Capital Resources" section for further commentary on the Company's liquidity risks.

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

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

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

ISSUED AND OUTSTANDING SHARE CAPITAL

The Company's authorized capital consists of an unlimited number of Common Shares, of which 254,964,760 Common Shares are issued and outstanding as of the date of this MD&A.

The Company adopted a stock option plan (the "Option Plan"). Under the terms of the Option Plan, officers, directors, employees and consultants are eligible to receive grants of stock options to purchase Common Shares for a period of up to ten years from the date of grant, provided that the number of Common Shares reserved for issuance may not exceed 10% of the total issued and outstanding Common Shares at the date of the grant. As of the date of this MD&A, subject to the terms of the Option Plan, options to purchase 12,700,000 Common Shares are outstanding and options to purchase 12,796,476 Common Shares are available for grant.

GALANE GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2020

The Company adopted a share purchase plan ("SPP") 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. As of the date of this MD&A, no deferred matching shares are owed to the participating officers, directors and employees of the Company.

The Company has adopted a deferred share unit plan (the "DSU Plan"). Subject to adjustment in certain circumstances, the maximum aggregate number of Common Shares that may be reserved for issuance pursuant to the DSU Plan is 13,262,888 Common Shares. As of the date of this MD&A, subject to the terms of the DSU Plan, participating officers, directors, employees and consultants of the Company may be issued an aggregate of up to 7,170,046 Common Shares pursuant to outstanding deferred share units awarded under the DSU Plan and 1,125,782 Common Shares have been issued under the DSU Plan.

On October 2, 2018 the Company issued 54,000,000 common share purchase warrants ("2018 Warrants"), with each 2018 Warrant entitling the holder thereof to acquire one Common Share at an exercise price of C\$0.05 until October 1, 2020. As of the date hereof 54,000,000 Common Shares have been issued pursuant to the exercise of the 2018 Warrants and no 2018 Warrants remain outstanding.

DEBENTURES

As part of the acquisition of the Galaxy Property in 2015, the Company issued approximately \$2.4 million aggregate principal amount of unsecured convertible debentures (the "Galaxy Debentures") to settle outstanding debt or contractual obligations owed by Galaxy Gold Mining (Pty) Limited (formerly Galaxy Gold Mining Limited, "Galaxy") and its subsidiary Galaxy Gold Reefs (Pty) Ltd. The original terms of the Galaxy Debentures were: (i) to mature on November 20, 2019, (ii) to bear 4% interest per annum, accrued and paid at maturity, (iii) to allow conversion of the principal at the option of the holder into Common Shares at a price of C\$0.58⁽¹⁾ per Common Share, based on a pre-determined exchange rate of \$1.00: C\$1.30, and (iv) to allow conversion of the interest at the option of the holder into Common Shares, based on a pre-determined exchange rate of \$1.00: C\$1.30, at a price per Common Share equivalent to the greater of C\$1.00 and the Discounted Market Price (as defined by the Exchange) at the time of conversion, subject to acceptance of the Exchange. On September 27, 2019, the Company prepaid \$728,000 of principal amount of the Galaxy Debentures. On September 30, 2019, the Company entered into an agreement with a requisite percentage of Galaxy Debenture holders to amend certain terms of the Galaxy Debenture. Under the terms of the amended Galaxy Debentures: (i) the maturity date is extended to November 20, 2021, (ii) the principal is convertible at the option of the holder into Common Shares at a price of C\$0.20 per Common Share, at a pre-determined exchange rate of \$1.00:C\$1.30, (iii) the interest is convertible at the option of the holder into Common Shares, based on a pre-determined exchange rate of \$1.00: C\$1.30, at a price per Common Share equivalent to the greater of C\$0.20 and the Discounted Market Price (as defined by the Exchange) at the time of conversion, subject to acceptance of the Exchange, and (iv) the Company has the right of forced conversion with respect to the principal if the trading price of the Common Shares exceeds C\$0.20 for 10 consecutive trading days. On December 15, 2019, the Company prepaid an additional \$838,486 of the principal and \$12,517 of the interest on the Galaxy Debenture.

In addition, on March 29, 2016, the Company announced that it and its subsidiary, Galaxy, entered into a full and final settlement agreement with Traxys Europe SA, Mine2Market S.à.r.l. and certain others (collectively the "Traxys parties") with respect to various outstanding claims arising from the time period when the Traxys parties operated Galaxy's mining operations. In connection with the settlement, the Traxys parties settled their claim for \$4.3 million of indebtedness in exchange for the issuance by the Company of an unsecured convertible debenture of approximately \$3.2 million in aggregate principal (the "Traxys Debenture"). On June 29, 2018, the Company entered into an agreement with applicable Traxys parties to replace the existing Traxys Debenture with an amended and restated debenture (the "A&R Debenture"). Under the terms of the A&R Debenture: (i) the principal is repayable on November 20, 2021 and is convertible at the option of the holder into Common Shares at a price of C\$0.15 per share, based on a pre-determined exchange rate of \$1.00:C\$1.35; (ii) interest is convertible at the option of the holder into Common Shares, based on a pre-determined exchange rate of \$1.00:C\$1.35, at a price

GALANE GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2020

equivalent to the greater of C\$0.15 and the Discounted Market Price (as defined in the policies of the Exchange) at the time of conversion; (iii) the Company has a right of forced conversion with respect to the principal where the trading price of the Common Shares exceeds C\$0.15 for 10 consecutive trading days; (iv) commencing January 1, 2018, interest for a calendar year will be due and payable on March 31 of the subsequent year, with the first such payment being due on March 31, 2019. The first payment of interest under the rescheduled agreement was made in April 2019.

Prior to the date hereof, the trading price of the common shares exceeded both the C\$0.15 and C\$0.20 thresholds for 10 consecutive trading days and, as a result, the Company has a right to force conversion of the principal amount of the outstanding debentures at any time prior to maturity.

⁽¹⁾ The initial conversion price of the Galaxy Debentures was C\$1.00 per share. As a result of the completion of the rights offering of the Company in May 2016, the conversion price was adjusted downward to C\$0.58 per share.

GALAXY SHARE DONATION

On March 19, 2019, the Company donated 17% of the issued and outstanding shares of Galaxy to Phakamani Foundation Trust (operating as Phakamani Foundation NPC). The donation was made in relation to the terms of the *Mineral and Petroleum Resources Development Act, 2004* of South Africa, together with the *Broad-Based Social-Economic Empowerment Charter for Mining and Mineral Industry, 2018* and the requirement for Galaxy, as holder of existing gold mining rights, to be comprised, directly or indirectly, of at least a 20% shareholding by historically disadvantaged persons (the "BEE Requirement").

On March 19, 2019, 10% of the issued and outstanding shares of Galaxy Gold Reefs (Pty) Ltd, was donated to a South African community-based trust and a South African local employee share scheme. The donation was made in relation to the BEE Requirement.

TRANSACTIONS WITH RELATED PARTIES

During the year ended December 31, 2020, the following related party transactions were entered into:

On August 13, 2020, the Company entered into loan agreements with its CEO, COO and CFO (the "Executives") as partial compensation for the services provided by the Executives in 2019. The loans are non-interest bearing, non-recourse loans with a term of three years. Pursuant to the terms of the loan agreements, the Executives used the proceeds of the loans to exercise 4,563,000 2018 Warrants held by the Executives. The shares issued to the Executives on exercise of the 2018 Warrants are held by the Company as security for the outstanding loan balance. The loan receivable balance at December 31, 2020 is \$172,481.

COMMITMENTS

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

OFF-BALANCE SHEET ARRANGEMENTS

Other than the low value operating lease arrangements not recognized on the initial adoption of the revised IFRS 16 Leases, the Company currently has no off-balance sheet arrangements.

GALANE GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2020

SUPPLEMENTAL INFORMATION TO MANAGEMENT'S DISCUSSION AND ANALYSIS

CASH COSTS

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

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

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	2020
Mining costs excluding impairment, depreciation and amortization	\$ 8,490,051	\$ 9,770,640	\$ 6,889,365	\$ 7,215,634	\$ 32,365,690
Adjust for:					
Inventory movement	1,840	(640,376)	(304,234)	339,922	(602,848)
Total operating cash cost	\$ 8,491,891	\$ 9,130,264	\$ 6,585,131	\$ 7,555,556	\$ 31,762,842
Royalties	(717,397)	(756,174)	(523,194)	(484,419)	(2,481,184)
Total operating cash cost excluding royalties	\$ 7,774,494	\$ 8,374,090	\$ 6,061,937	\$ 7,071,137	\$ 29,281,658
Gold production (ounces)	7,122	7,738	5,691	6,818	27,369
Total operating cash cost excluding royalties per oz.	\$ 1,092	\$ 1,082	\$ 1,065	\$ 1,037	\$ 1,070

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019
Mining costs excluding impairment, depreciation and amortization	\$ 8,243,831	\$ 9,617,217	\$ 8,934,073	\$ 8,030,333	\$ 34,825,454
Adjust for:					
Inventory movement	550,819	(222,748)	41,530	(82,961)	286,640
Total operating cash cost	\$ 8,794,650	\$ 9,394,469	\$ 8,975,603	\$ 7,947,372	\$ 35,112,094
Royalties	(457,142)	(631,199)	(579,792)	(427,112)	(2,095,245)
Total operating cash cost excluding royalties	\$ 8,337,508	\$ 8,763,270	\$ 8,395,811	\$ 7,520,260	\$ 33,016,849
Gold production (ounces)	6,839	8,435	8,694	6,326	30,294
Total operating cash cost excluding royalties per oz.	\$ 1,214	\$ 1,026	\$ 966	\$ 1,189	\$ 1,090

GALANE GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2020

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company is responsible for designing internal controls over financial reporting or causing them to be designed under the supervision of the CEO and CFO in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's CEO and CFO are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX-V issuer to design and implement on a cost effective basis disclosure controls and procedures as well as internal controls over financial reporting as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISKS AND UNCERTAINTIES

There are a number of risk factors that could cause future results to differ materially from those described herein. A discussion of the principal risk factors relating to the Company's operations and business appear in the Company's annual information form for the year ended December 31, 2020, which may be viewed on the Company's SEDAR profile at www.sedar.com. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect the Company's business.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's annual information form for the year ended December 31, 2019, can be found on the Company's SEDAR profile at www.sedar.com.

SUBSEQUENT EVENTS

Summit Mine Acquisition

On April 8, 2021, the Company announced that it had entered into a definitive agreement (the "**Summit Mine Agreement**") to acquire (the "**Summit Acquisition**"), through a wholly-owned subsidiary, the Summit Mine (the "**Summit Mine**") and the infrastructure constituting the Banner crush, mill and flotation plant in New Mexico, located 57 miles from the Summit Mine (together with the Summit Mine, the "**Summit Assets**") from Pyramid Peak Mining, LLC, a wholly-owned subsidiary of Waterton Precious Metals Fund II Cayman, LP (the "**Seller**"). Closing of the Summit Acquisition is subject to certain conditions including, but not limited to, completion of a confirmatory title report on the Summit Assets and approval of governmental and regulatory authorities, including the TSX Venture Exchange.

The aggregate consideration to be paid for the Summit Assets is \$17.0 million, consisting of (i) cash consideration of \$6.0 million on closing of the Summit Acquisition; (ii) issuance to the Seller on closing of the Summit Acquisition, of 16 million common shares at a deemed issuance price of C\$0.22 per common share and warrants to purchase up to 16 million common shares, exercisable at an exercise price of C\$0.30 per common share for a period of three years from closing of the Summit Acquisition; and (iii) cash consideration of \$8.2 million upon commencement of production at the Summit Mine.

GALANE GOLD LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2020

In connection with the Summit Acquisition, the Company also completed a private placement (the **"2021 Private Placement"**) of 44,028,700 subscription receipts of the Company (**"Subscription Receipts"**) at a price of C\$0.22 per Subscription Receipt for aggregate proceeds of C\$9,686,314. Canaccord Genuity Corp. acted as lead agent in connection with the 2021 Private Placement, on behalf of a syndicate of agents, including Research Capital Corporation (collectively, the **"Agents"**).

Each Subscription Receipt entitles the holder thereof to receive one common share and one common share purchase warrant of the Company (a **"SR Warrant"**). Each SR Warrant will entitle the holder thereof to purchase one common share at a price of C\$0.30, for a period of three years following the closing of the Summit Acquisition. The aggregate gross proceeds of the 2021 Private Placement, less 50% of the Agents' commission and certain expenses of the 2021 Private Placement, are held in escrow pursuant to the subscription receipt agreement governing the Subscription Receipts, pending closing of the Summit Acquisition. In the event that the Summit Acquisition is not completed within 60 days after the closing of the 2021 Private Placement, the escrow agent will return to the holders of the Subscription Receipts an amount equal to the aggregate purchase price paid for the Subscription Receipts held by each holder and each such Subscription Receipt will be cancelled.

In connection with the 2021 Private Placement, the Agents are entitled to receive a cash commission of 7.0% or, in the case of the president's list purchasers, 3.5% of the aggregate proceeds raised pursuant to the 2021 Private Placement (the **"Agents' Commission"**) and broker warrants in the amount of 7.0% or, in the case of the president's list purchasers, 3.5% of the number of Subscription Receipts sold pursuant to the 2021 Private Placement (the **"Broker Warrants"**). On closing of the 2021 Private Placement, the Agents received payment of 50% of the Agents' Commission and were issued all of the Broker Warrants. The remaining 50% of the Agents' Commission will be paid to the Agents upon satisfaction of the escrow release conditions set forth in the subscription receipt agreement governing the Subscription Receipts.

Debenture Conversion

As of the date hereof, the Company has received notice from a debenture holder of its intention to convert \$600,000 of principal amount of debentures into common shares of the Company at a price of C\$0.15 per common share and based on a pre-determined exchange rate of C\$1.35 to \$1.00. Upon completion of the conversion of the principal amount and the accrued and outstanding interest, the Company expects to issue 5,610,200 common shares to the debenture holder.