



GALANTAS GOLD CORPORATION

Management's Discussion and Analysis

Three Months Ended

March 31, 2018

GALANTAS GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Three Months Ended March 31, 2018

Introduction

This Management Discussion and Analysis ("MD&A"), dated May 18, 2018 provides a review of the financial position and the results of operations of Galantas Gold Corporation ("Galantas" or the "Company") and constitutes management review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2018. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. The review is provided to enable the reader to assess the significant changes in the financial condition of the Company as at and for the three months ended March 31, 2018. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2018 together with the notes thereto and the audited annual consolidated financial statements of the Company for the year ended December 31, 2017 together with the notes thereto. The Company's consolidated financial statements and the financial information reported in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). All amounts presented are stated in Canadian dollars, unless otherwise indicated. Information contained herein is presented as of May 18, 2018 unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Galantas's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity. Additional information about the Company is available on SEDAR at www.sedar.com or at the Company's website www.galantas.com.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements

Forward-looking information	Assumptions	Risk factors
<p>Potential of the Company's properties to contain economic deposits of base metals and other metals.</p>	<p>Financing will be available for future exploration and development of the Company's properties; the actual results of the Company's exploration activities will be favourable; operating and exploration costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions will be favourable to the Company; the price of applicable metals and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties</p>	<p>Metal price volatility; uncertainties involved in interpreting geological data and retaining title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; availability of financing for future exploration and development of the Company's properties; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff.</p>
<p>The Company's ability to obtain planning consent from the Planning Services, Northern Ireland to allow it develop the underground mine at its Omagh property.</p>	<p>The Company has received planning consent, which is subject to a judicial review hearing. Judgement was received in 2017 with the third party's request for a quashing of the planning consent being denied. However this positive judicial review judgement is now under appeal. The planning consent which is currently considered acceptable to the Company will allow it to bring the underground mine into production; financing</p>	<p>Delays in receiving operating permits (following construction) for the development of the underground mine; onerous planning conditions (currently not recognised) that will negatively impact on the development of the underground mine; availability of financing; metal price, interest rate, exchange rate volatility; uncertainties involved in interpreting geological data and retaining title to acquired properties; the possibility that</p>

	<p>will be available for development of the underground mine; development and operating costs will not exceed the Company's expectations; the Company will be able to attract skilled staff; all requisite regulatory and governmental approvals for the underground project will be received on a timely basis upon terms acceptable to the Company; applicable political and economic conditions will be favourable to the Company; the price of applicable metals and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties.</p>	<p>future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; changes in economic and political conditions; the Company's ability to attract skilled staff; the potential for a third party to have planning consent quashed by judicial review.</p>
<p>The Company's ability to meet its working capital needs at the current level for the year ending March 31, 2019.</p>	<p>The operating and exploration activities of the Company for the year ending March 31, 2019 and the costs associated therewith, will be dependent on raising sufficient additional capital consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions will be favourable to the Company.</p>	<p>Adverse changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions.</p>
<p>Management's outlook regarding future trends.</p>	<p>Financing will be available for the Company's exploration, development and operating activities; the price of applicable metals, interest rates and exchange rates will be favourable to the Company.</p>	<p>Metal price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions.</p>

<p>Asset values for the first quarter of fiscal year 2018.</p>	<p>Management's belief that no write-down is required for its property and equipment resulting from continuing efforts to raise capital (debt or equity, or a combination of both) to implement planned work programs on the Company's projects.</p>	<p>If the Company does not obtain equity or debt financing on terms favorable to the Company or at all, a decline in asset values that could be deemed to be other than temporary, may result in impairment losses.</p>
<p>Sensitivity analysis of financial instruments.</p>	<p>The Company has an interest rate risk on its G&F Phelps Ltd. loan. The Company has no significant deposit interest rate risk due to low interest rates on its cash balances.</p>	<p>Changes in debt and equity markets; interest rate and exchange rate fluctuations.</p>
<p>Prices and price volatility for metals.</p>	<p>The price of metals will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of metals will be favourable to the Company.</p>	<p>Changes in debt and equity markets and the spot prices of metals; interest rate and exchange rate fluctuations; changes in economic and political conditions.</p>

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Galantas's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and Uncertainties" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Galantas' actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update

one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Date of MD&A

This MD&A was prepared on May 18, 2018.

Overview – Strategy - Description of Business

Company Overview

Galantas Gold Corporation has been a producing mineral resource issuer and the first to acquire planning consent to mine gold in Northern Ireland. Cavanacaw Corporation, a wholly owned subsidiary of Galantas, owns all of the shares of the Northern Ireland companies – Flintridge Resources Limited, Omagh Minerals Limited and Galantas Irish Gold Limited. During 2014 Cavanacaw acquired Flintridge Resources Limited, a dormant company, and following a strategic review of its business certain assets owned by Omagh Minerals were acquired by Flintridge.

Mining at the Omagh mine had been conducted by open pit methods up to the suspension of production in 2013. The mine produced a flotation concentrate and was shipped to a smelter in Canada under an off-take agreement. The Company's strategy to increase shareholder value is to:

- Following the receipt of the planning permit obtain additional funding to allow it to continue the expanded exploration programme and the further development of its underground mine;
- Recommence production at the mine and processing plant
- Continue to explore and develop extensions to the Kearney, Kerr, Joshua and nearby known deposits so as to expand minable reserves and increase gold production in stages;
- Explore the Company's prospecting licences which aggregate 766.5 square kilometres, focusing on the more than 60 gold targets identified to date;

Reserves and Resources

During 2008, ACA Howe International Ltd prepared an updated estimate of mineral resources for the Omagh mine. The report, entitled Technical Report on the Omagh Gold Project was dated 28th May 2008 and published on www.sedar.com and www.galantas.com. In June 2012 ACA Howe International Ltd (Howe UK) completed an updated NI 43-101 compliant Mineral Resource Estimate together with a Preliminary Economic Assessment. This report, which was based on drilling results and analyses received to June 2012, identified all resources discovered at that date. The Company subsequently filed the complete Technical Report and Preliminary Economic Assessment on SEDAR in August 2012. An updated resource estimate was prepared by the Company during the second quarter of 2013 based on drilling results received to May 2013. There was a 50% increase in resources classified as measured and indicated and a 28% increase in resources classified as inferred, when compared to the resource estimate prepared in 2012. The Company subsequently updated the 2013 resource estimate to incorporate results from later drill holes not previously included and also finalised a revised NI 43-101 report.

Galantas reported the revised updated estimate of gold resources together with a Preliminary Economic Assessment (PEA) update during the third quarter of 2014 (see press release dated July 28, 2014). The revised estimate of resources is in compliance with the Pan European Reporting Code (PERC), Canadian Institute of Mining, Metallurgy and Petroleum (CIM) standards and Canadian National Instrument (NI) 43-101. Overall there has been a 19% increase in resources since the Galantas June 2013 Resource Report and a 60% increase in resources since the July 2012 Resource Report by ACA Howe International Ltd. The increases since 2012 largely relate to the Kearney and Joshua veins, since this is where the drilling program has been concentrated. The drilling program was mainly designed to

focus on increasing the quantity of Measured and Indicated resources on these two veins, to support potential bank funding opportunities for the financing of production. The Company also filed the complete updated Technical Report on SEDAR as required by NI 43-101 in September 2014.

The drilling programme, which was suspended in 2013 pending the availability of cash for future exploration, recommenced in September 2015 to target the Joshua vein at depth. In total, 3,602 metres were drilled by March 2016.

Mining Project

The project embraced an open pit mine which supplied ore to a crushing-grinding-froth flotation plant. The plant was commissioned in 2007 and designed to produce a gold and silver rich sulphide flotation concentrate for sale to a commercial smelter. In early 2013 there was a shift in operations from mining and processing ore from open pits to operating from lower grade stock already mined which impacted negatively on production levels. Later in 2013 the processing of low grade ore was suspended awaiting planning consent for an underground operation.

The granting of planning consent during the second quarter of 2015 for an underground operation at the Omagh site permits the continuation and expansion of gold mining. This planning consent was appealed by a third party in a judicial review hearing which commenced in September 2016 and was then adjourned to and completed in February 2017. Judgement was received in September 2017 whereby the third party's request for the quashing of the planning consent was denied. However, in November, Galantas reported that it had received notice of an application by the third party to the Court of Appeal in relation to the positive judicial review judgment. This appeal was completed in February 2018. The Court will deliver its judgement at a later date, currently unknown.

Galantas had earlier been advised that its consents continue to remain valid, at least until judgement and thereafter subject to the judgement. The underground mine will utilize the same processing methods and will be the first underground gold mine, of any scale, in Ireland. The strategy is to establish the underground mine as soon as finance is available and look for further expansion of gold resources on the property, which has many undrilled targets.

Galantas had announced in December 2016 that subject to suitable financing, it would commence the first phase of underground development and re-start concentrate shipments at its Omagh mine. Following the closure of a private placement during the first quarter of 2017 the Company commenced underground development on the Omagh gold property. The initial works were completed and include the formation of a portal (initial tunnel entry area) in the western side wall at the base of the Kearney open pit. Initial difficulties with police blasting arrangements during the second quarter of 2017 were subsequently resolved and formed the basis for the PSNI and the Company to subsequently formalise improved arrangements on blasting matters which, as expected, has resulted in an acceleration of development at the mine during the second half of 2017 and into the first quarter of 2018. Development of the first underground ore drive, which lies beneath a safety (crown) pillar against the Kearney open pit, is projected as approximately 90 metres away. This was expected to be reached at the end of June but the current progress suggests this may be reached earlier in June with processing recommencing early in the third quarter of 2018.

Underground Mine Plan

In June 2015 the Minister of Environment, Northern Ireland granted planning consent for the underground gold mine at the Omagh site. This planning consent will permit the continuation and expansion of gold mining. The positive decision was the result of 3 years of examination of environmental and other factors regarding the application. Included were environmental studies by NIEA (Northern Ireland Environment Agency) and independent specialists. The consent includes operating and

environmental conditions, which the Company has reviewed. A number of conditions precedent to development were required to be satisfied and the Company has carried those out. During 2016 Galantas confirmed that a third party had obtained leave from Belfast High Court to bring a judicial review challenging the actions of the Department of Environment Northern Ireland (DOENI) in granting planning permission for underground mining beneath the existing open pit. The judicial review hearing commenced in September 2016 and was adjourned to February 2017 when the judicial review hearing was completed. Judgement was received in September 2017 whereby the third party's request for the quashing of the planning consent was denied. Galantas had earlier been advised that its consents would continue to remain valid, at least until judgement and thereafter subject to the judgement. However, during the fourth quarter of 2017, Galantas reported that it had received notice of an application by a third party to the Court of Appeal in relation to the positive judicial review judgment. This appeal was completed in February 2018. The Court will deliver its judgement at a later date, currently unknown.

Gold Jewellery Business

During 2014 Galantas restructured its jewellery operations which involved the transfer to Flintridge Resources Limited of the trade formerly carried out by Galantas Irish Gold. Later in 2014 Galantas entered into an agreement with TJH Ltd of Dublin, Ireland for the production, marketing and sale of a range of jewellery products, using Irish gold from the Omagh mine. The agreement has resulted in Irish gold from the Omagh Mine, being sold to TJH Ltd. The Irish gold is sold at a premium and with a reserved percentage of wholesale sales. The Irish gold supplied was drawn from available stocks.

Management and Staff

Overall management is exercised by one Executive Director along with a General Manager in charge of operations in Omagh where the mine, plant, exploration and administration employed 27 personnel as of March 31, 2018.

Key Performance Driver

The key performance driver is the achievement of production and cash flow from profitably mining the deposits at Omagh.

Overview of First Quarter 2018

There was minimal production at, or shipments from, the Omagh mine during the three months ended March 31, 2018. Galantas incurred a net loss of \$ 524,498 for the three months ended March 31, 2018 compared with a net loss of \$ 684,234 for the three months ended March 31, 2017.

The Company had cash balances at March 31, 2018 of \$ 182,513 compared to \$ 779,758 at December 31, 2017. The working capital deficit at March 31, 2018 amounted to \$ 5,123,420 which compared with a working capital deficit of \$ 3,492,608 at December 31, 2017.

In September 2017 Galantas reported a positive outcome to the judicial review into the planning consent granted in July 2015 for underground development at the Omagh Mine. The consent permitted the underground mining of gold veins that were recently worked in upper levels within an open pit. A third party had earlier brought a judicial review to the Belfast High Court to challenge the DOENI decision to grant the consent. Judgement in the case was received whereby the third party's request for a quashing of the planning consent was denied. However, Galantas subsequently reported that it had received notice of an application by a third party to the Court of Appeal in relation to the positive judicial review judgment which was subsequently heard on February 6, 2018. The Court will deliver its judgement at a later date, currently unknown.

Following the receipt of financing in early 2017 Galantas commenced the first phase of underground development at its Omagh mine. On the basis of legal advice received, the Board of Directors decided to press ahead with immediate implementation of underground mining. It is anticipated that a phased start-up of that plan will deliver early positive cash flow for a relatively modest capital expenditure and will allow for rapid expansion of production as additional capital becomes available and also to seek further expansion of the gold resources on the property, which has many undrilled targets. The Omagh team has made good progress with underground development during 2017 and the first quarter of 2018 and as of end April are some 90 metres from the first ore target. The first of two new underground development drill rigs, which are also part of the rental purchase arrangement, are expected to be delivered during the second quarter of 2018. Galantas has a detailed plan to accelerate progress in line with the planning consent. The underground mine will utilize the same processing methods as the previously operated open pit mine.

There were no private placement activities during the first quarter. Additional loan advances from G&F Phelps Ltd, a related party, totalled \$ 399,074 (UK£ 220,410). Subsequent to March 31, 2018 Galantas announced that its operating subsidiary, Flintridge Resources Ltd. had signed a concentrate pre-payment agreement and a loan facility agreement for US\$ 1.6 million (CDN\$ 2.012 million) with Ocean Partners UK Ltd. a United Kingdom based company, together with an increased, on-demand loan facility of £ 600,000 with G&F Phelps Ltd. The loans are to be used for further development of the Omagh Mine and working capital. As consideration for the US\$ 1.6 million loan facility Ocean Partners received 15,000,000 bonus warrants of Galantas which will be exercisable into one common share of Galantas at an exercise price of \$ 0.1575 per bonus share. The bonus warrants have a maximum life of two years and the bonus shares will be subject to an initial four month plus one day hold period from the date of issuance of the bonus warrants. No bonus warrants were issued in respect of the G&F Phelps loan facility.

Review of Financial Results

Three Months Ended March 31, 2018

The net loss for the three months ended March 31, 2018 amounted to \$ 524,498 compared to a net loss of \$ 684,234 for the three months ended March 31, 2017 as summarized below.

	Quarter Ended March 31,2018 \$	Quarter Ended March 31,2017 \$
Revenues	0	2,734
Production costs	(24,066)	(61,776)
Inventory movement	0	(1,640)
Cost of sales	(24,066)	(63,416)
(Loss) before the undernoted	(24,066)	(60,682)
Depreciation	(64,249)	(40,055)
General administrative expenses	(408,890)	(502,116)
Unrealized gain (loss) on fair value of derivative financial liability	10,000	(22,000)
Foreign exchange (loss)	(37,293)	(59,381)
Net (Loss) for the Quarter	\$ (524,498)	\$ (684,234)

Revenues for the three months ended March 31, 2018 amounted to \$ Nil compared to revenues, consisting of jewellery sales, of \$ 2,734 for three months ended March 31, 2017. Following the suspension of production during the fourth quarter of 2013 there were no concentrate sales from the mine during both quarters.

Cost of sales include production costs at the mine and inventory movements and totalled \$ 24,066 for the three months ended March 31, 2018 compared to \$ 63,416 for corresponding quarter of 2017.

Production related costs for the three months ended March 31, 2018 amounted to \$ 24,066 compared to \$ 61,776 for the three months ended March 31, 2017. Production related costs at the mine, the majority of which are incurred in UK£, include wages, oil and fuel, equipment hire, repairs and servicing, environmental monitoring and royalties. Costs were incurred mainly in connection with ongoing care, maintenance and restoration costs at the mine site. The decrease in production related costs in 2018 follows the commencement of underground mine development during 2017 which has resulted in the majority of costs being capitalised to exploration and evaluation assets.

The inventory movement of \$ Nil for the first quarter of 2018 compared to \$ 1,640 for the first quarter of 2017.

This has resulted in a net operating loss of \$ 24,066 before depreciation, general administrative expenses, unrealized gain/loss on fair value of derivative financial liability and foreign exchange loss for three months ended March 31, 2018 compared to a net operating loss of \$ 60,682 for the three months ended March 31, 2017.

Depreciation of property, plant and equipment excluding mine development costs during the three months ended March 31, 2018 totalled \$ 64,249 which compared with \$ 40,055 for the corresponding period of 2017. Depreciation of mine development costs for the three months ended March 31, 2018 which is calculated on the unit of production basis, amounted to \$ Nil following the suspension of production compared to \$ Nil for 2017.

General administrative expenses for the three months ended March 31, 2018 amounted to \$ 408,890 compared to \$ 502,116 for 2017. General administrative expenses are reviewed in more detail in Other MD&A Requirements on pages 25 and 26 of the MD&A.

The unrealized gain on fair value of derivative financial liability for the three months ended March 31, 2018 amounted to \$ 10,000 compared to an unrealized loss of \$ 22,000 for 2017. The unrealized gain/loss arose as a result of the exercise price of the warrants issued in 2014 and 2015 being denominated in a currency other than the functional currency, resulting in these warrants being considered a derivative financial liability. The warrants are revalued at each period end with any gain or loss in the fair value being recorded in the consolidated statements of loss as an unrealized gain or loss on fair value of derivative financial liability.

There was a foreign exchange loss of \$ 37,293 for three months ended March 31, 2018 which compared with a foreign exchange loss of \$ 59,381 for 2017.

This has resulted in a net loss of \$ 524,498 for the three months ended March 31, 2018 compared to a net loss of \$ 684,234 for three months ended March 31, 2017. The cash outflow from operating activities amounted to \$ 332,420 for the three months ended March 31, 2018 compared to a cash outflow of \$ 394,599 for the corresponding period of 2017. The cash flow from operating activities after changes in non-cash working capital items amounted to \$ 15,494 for the three months ended March 31, 2018 compared to a cash outflow of \$ 382,573 for the corresponding period of 2017.

Foreign currency translation gain, which is included in Condensed Interim Consolidated Statements of Other Comprehensive Loss amounted to \$ 594,642 for the three months ended March 31, 2018 and

compared to a foreign currency translation gain of \$ 56,705 for 2017. This resulted in a Total comprehensive loss of \$ 66,144 for the three months ended March 31, 2018 compared to a Total comprehensive loss of \$ 627,529 for the three months ended March 31, 2017. The foreign currency translation gains during the first quarter of 2018 and 2017 arose as a result of the net assets of the Company's UK subsidiaries, all of which are denominated in UK£, being translated to Canadian dollars at period end exchange rates. The Canadian dollar exchange rate weakened against UK£ at March 31, 2018 and 2017 when compared to December 31, 2017 and 2016 and this has resulted in an increase in the Canadian dollar value of these net assets at March 31, 2018 and March 31, 2017 when compared to December 31, 2017 and 2016 resulting in the foreign currency translation gain for both quarters.

Total assets at March 31, 2018 amounted to \$ 15,034,671 compared to \$ 13,735,297 at December 31, 2017. Cash at March 31, 2018 was \$ 182,513 compared to \$ 779,758 at December 31, 2017. Accounts receivable and advances consisting mainly of trade debtors, reclaimable taxes and prepayments amounted to \$ 405,377 at March 31, 2018 compared to \$ 316,410 at December 31, 2017. Inventories at March 31, 2018 amounted to \$ 16,114 compared with an inventory of \$ 15,095 at December 31, 2017.

Property, plant and equipment totalled \$ 8,831,879 compared to \$ 8,166,752 at December 31, 2017. Exploration and evaluation assets, consisting of exploration and development expenditures for the underground mine, totalled \$ 5,055,608 at March 31, 2018 compared to \$ 3,948,452 at the end of 2017. Long term deposit at March 31, 2018 representing funds held in trust in connection with the Company's asset retirement obligations, amounted to \$ 543,180 compared to \$ 508,830 at December 31, 2017.

Current liabilities at March 31, 2018 amounted to \$ 5,727,424 compared to \$ 4,603,871 at the end of 2017. The working capital deficit at March 31, 2018 amounted to \$ 5,123,420 compared to a working capital deficit of \$ 3,492,608 at December 31, 2017. Accounts payable and other liabilities totalled \$ 1,588,112 compared to \$ 1,216,332 at December 31, 2017. The current portion of a financing facility totaled \$ 6,897 at March 31, 2018 compared to \$ 6,182 at December 31, 2017. Amounts due to related parties at March 31, 2018 amounted to \$ 4,132,415 compared to \$ 3,381,257 at the end of 2017. The increase in amounts due to related parties was partially due to additional loan advances of \$ 399,074 from G&F Phelps Ltd. during the quarter.

The decommissioning liability at March 31, 2018 amounted to \$ 591,782 compared to \$ 551,680 at December 31, 2017. The non-current portion of the financing facility totaled \$ 19,181 at March 31, 2018 compared to \$ 19,689 at December 31, 2017. The derivative financial liability at March 31, 2018 amounted to \$ Nil compared to \$ 10,000 at the end of 2017. The derivative financial liability arose as a result of the exercise price of the warrants issued in 2014 and 2015 being denominated in a currency other than the functional currency, resulting in these warrants being considered a derivative financial liability.

REVIEW OF OPERATIONS

2018 Financing Activities

There were no private placement activities during the first quarter. Additional loan advances from G&F Phelps Ltd, a related party, during the quarter totalled \$ 399,074 (UK£ 220,410).

Subsequent to March 31, 2018 Galantas announced that its operating subsidiary, Flintridge Resources Ltd. had signed a concentrate pre-payment agreement and a loan facility agreement for US\$ 1.6 million (CDN\$ 2.012 million) with Ocean Partners UK Ltd. a United Kingdom based company, together with an increased, on-demand loan facility of £600,000 with G&F Phelps Ltd. The loans are to be used for further development of the Omagh mine and working capital. The interest rate on the Ocean loan facility is set at USD 12 month LIBOR + 8.75%. No interest shall be charged for six months and repayments shall commence against deliveries in 2019. There is a US\$ 25,000 arrangement fee on completion. The maturity date of the Ocean loan facility will be December 31, 2020. The interest charged on the G&F

Phelps loan has increased to USD 12 month LIBOR + 6.75%. No arrangement fee is due on the G&F Phelps loan facility. G&F Phelps Ltd. is a company owned by Roland Phelps, President & CEO, Galantas Gold Corporation a related party. As consideration for the US\$ 1.6million loan facility Ocean Partners received 15,000,000 bonus warrants of Galantas which will be exercisable into one common share of Galantas at an exercise price of \$ 0.1575 per bonus share. The bonus warrants have a maximum life of two years and the bonus shares will be subject to an initial four month plus one day hold period from the date of issuance of the bonus warrants. No bonus warrants were issued in respect of the G&F Phelps loan facility. (See press release dated April 12, 2018).

Production/Mine Development

Production of flotation concentrate at the Omagh mine from development ore is expected to restart early in the third quarter of 2018. The granting of planning consent in 2015 for an underground operation at the Omagh site, now subject to a judicial review appeal, permits the continuation and expansion of gold mining, following the exhaustion of accessible resources available to the previous open pit operation. The underground mine, which is now in active development, will utilize the same processing methods and will be the first underground gold mine, of any scale, in Ireland. The strategy is to establish the underground mine and look for further expansion of gold resources on the property, which has many undrilled targets.

Galantas had announced in December 2016 that subject to suitable financing, it would commence the first phase of underground development and re-start concentrate shipments at its Omagh mine. The Company, under the planning consent which it can implement, has been carrying out pre-conditions attaching to the planning consent and is ready for the next phase of implementation. On the basis of legal advice received, the Board of Directors decided to press ahead with immediate implementation of underground mining, to a plan as outlined in a NI 43-101 economic study (reported 4th September 2014). It is anticipated that a phased start-up of that plan will deliver early positive cash flow for a relatively modest capital expenditure. This phased underground development arrangement, which commenced during the first quarter of 2017, is expected to allow for rapid expansion of production as additional capital becomes available. The initial works were for the formation of a portal (initial tunnel entry area) in the western side wall at the base of the Kearney open pit. The portal works were completed in mid-April 2017, the underground development continued in order to access ore beneath a crown pillar retained in the base of the open pit. The mill has also been re-commissioned in anticipation of a restarting of concentrate shipments, subject to suitable financing.

The underground development progressed during the remainder of 2017 and a detailed plan is being implemented to accelerate progress in line with the planning consent. Tunnel development continued to progress during the first quarter of 2018 with development of the first underground ore drive, which lies beneath a safety (crown) pillar against the Kearney open pit, projected as approximately 90 metres away. This was expected to be reached at the end of June but the current progress suggests this may be reached earlier in June with processing recommencing early in the third quarter of 2018.

Underground development is being carried out by an in-house crew which is fully trained in safety and operating procedures. An in-house, mines rescue team has also been trained and equipped. The present drilling and loading equipment, which was purchased for training and early tunnel development purposes, is performing above expectations but has lower productivity than is expected with current technology. New drilling equipment is being acquired on a rental basis with options to purchase, and is expected to improve advance rates by over 40%. The supplier of the equipment has advised of delays in production of the new equipment but has recently commissioned a substitute used tunnelling drill rig on loan. Whilst the interim unit is not expected to be as efficient compared to the new rig, this has led to a significant improvement in advance rate. The improvement anticipated has been obtained. Infrastructure improvements were required to support the rig. These were implemented during the first quarter of 2018 and are working well. Shotcreting equipment was acquired on a rental purchase basis. This has cut shotcreting costs and allowed integration of shotcreting with the mining cycle. The rental purchase

arrangements cover equipment to the value of approximately one million pounds sterling (£1,000,000). Included in the rental arrangements are various time-dependent options to purchase, for instance if the purchase option is exercised within one year with a rebate of 92% of rental amounts paid expected to be applied against the final purchase price. Additional personnel have been added to the workforce, which now total 27 on the Omagh site. Safety and environmental matters remains a high priority for Galantas. The Company is pleased to continue to report zero lost time accidents since the start of underground operations and routine water monitoring continues to be compliant.

Permitting

In June 2015 the Company reported that the Minister of Environment, Northern Ireland had granted planning consent for an underground gold mine at the Omagh site. The planning consent permits the continuation and expansion of gold mining and is expected to create hundreds of jobs locally. The positive decision was the result of 3 years of examination of environmental and other factors regarding the application. Included were environmental studies by NIEA (Northern Ireland Environment Agency) and independent specialists. The consent includes operating and environmental conditions, which the Company has reviewed. A number of conditions precedent to development were required to be satisfied which the Company has carried out.

During the first quarter of 2016 Galantas reported that a third party had obtained leave from Belfast High Court to bring a judicial review challenging the actions of the DOENI in granting planning permission for underground mining beneath the existing open pit. The judicial review hearing commenced in September 2016 when it was adjourned to February 2017 and then concluded. In September 2017 Galantas reported a positive outcome to the judicial review into the planning consent. However, Galantas subsequently reported in November 2017 that it had received notice of an application by a third party to the Court of Appeal in relation to the positive judicial review judgment which was subsequently heard on February 6, 2018. The Court will deliver its judgement at a later date, currently unknown.

Reserves and Resources

During 2014 Galantas reported a revised updated estimate of gold resources together with a Preliminary Economic Assessment (PEA) update (see press release dated July 28, 2014). The revised estimate of resources is in compliance with the Pan European Reporting Code (PERC), Canadian Institute of Mining, Metallurgy and Petroleum (CIM) standards and Canadian National Instrument (NI) 43-101 and is summarised below.

	RESOURCE ESTIMATE : GALANTAS 2014			Increase over GAL 2013 report
	CUT-OFF 2 g/t Au			
RESOURCE CATEGORY	TONNES	GRADE (Au g/t)	Au Ozs	
MEASURED	138,241	7.24	32,202	55%
INDICATED	679,992	6.78	147,784	21.4%
INFERRED	1,373,879	7.71	341,123	15.4%

Minerals Resources that are not Mineral Reserves do not have demonstrated economic viability.

Overall there has been a 19% increase in resources since the Galantas June 2013 Resource Report and a 60% increase in resources since the July 2012 Resource Report by ACA Howe International Ltd. The increases since 2012 largely relate to the Kearney and Joshua veins, since this is where the drilling program has been concentrated. The drilling program was mainly designed to focus on increasing the quantity of Measured and Indicated resources on these two veins, to support potential bank funding opportunities for the financing of production. The resource estimate for each vein is tabulated below.

RESOURCE ESTIMATE BY VEIN : GALANTAS 2014									
	MEASURED			INDICATED			INFERRED		
	TONNES	GRADE Au (g/t)	Contained Au (oz)	Tonnes	GRADE Au (g/t)	Contained Au (oz)	Tonnes	GRADE Au (g/t)	Contained Au (oz)
KEARNEY	76,936	7.48	18,490	383,220	6.66	82,055	909,277	6.61	193,330
JOSHUA	54,457	7.25	12,693	216,211	7.92	55,046	291,204	10.74	100,588
KERR	6,848	4.63	1,019	12,061	4.34	1,683	23,398	3.2	2,405
ELKINS				68,500	4.24	9,000	20,000	5.84	3,800
GORMLEYS							75,000	8.78	21,000
PRINCES							10,000	38.11	13,000
SAMMY'S							27,000	6.07	5,000
KEARNEY NORTH							18,000	3.47	2,000
TOTAL	138,241	7.25	32,202	679,992	6.78	147,784	1,373,879	7.71	341,123

The resources are calculated at a cut-off grade of 2 g/t gold (Au), numbers are rounded, gold grades are capped at 75 g/t gold and a minimum mining width of 0.9m has been applied.

Measured and Indicated resources on Kearney vein have increased to 100,545 ounces of gold from 69,000 ounces in 2012. Measured and Indicated resources on Joshua vein have increased to 67,739 ounces of gold from 15,800 ounces in 2012. The Kearney and Joshua veins are the early targets of underground mining. Combined Measured and Indicated resource category on these two veins are estimated at 168,284 ounces of gold, with 293,918 ounces of gold in the Inferred resource category. Both vein systems are open at depth.

With regards to the Preliminary Economic Assessment a restricted portion of Inferred resources for two veins - Joshua and Kearney have been included in the mining plan with the Measured and Indicated resources. The Inferred resources (which have lower statistical support than Measured or Indicated Resources) are contiguous with Measured or Indicated resources and / or lie within scheduled mining areas. The use of Inferred resources, in a restricted qualifying manner, is permitted by the PERC code in regard to economic studies but is excluded within NI 43-101, except within a Preliminary Economic Assessment. PERC is an approved code in respect of NI 43-101. As part of PERC requirements, a comparative Feasibility study is included in the detailed technical report which will not include Inferred resources and will also include studies on sensitivity to gold price.

The total of scheduled Measured and Indicated ounces utilised within the mining study is 104,627 ounces. The Inferred resources scheduled in the economic study are estimated at 60,635 ounces. Total Inferred resource estimated on the Joshua and Kearney orebodies is 293,918 ounces of gold. The amount of Inferred resources included in the PEA amounts to 20.6% of the total Inferred resources estimated on these veins. Were Inferred resources excluded from the mining plan, approximately 1 year would be removed from the estimate of mine life and annual output would be reduced.

At a gold price of UK£750 / US\$ 1,260 oz., the pre-tax operating surplus after capital expenditure estimates an Internal Rate of Return of 72% and, at an 8% discount rate, a net present value of approximately UK£ 14.5m (CDN\$ 26.6m) and a cash cost of production of UK£394 per ounce (USD\$ 662 at \$1.68/UK£). At a gold price of UK£700 per oz. the study estimated an Internal Rate of Return of 50%. The study scheduled approximately 36% of the combined resources identified on the Kearney and Joshua veins. The Company also filed the complete Technical Report on SEDAR in September 2014, as required by NI 43-101. It is noted that, subsequent to the report, UK£ sterling has weakened materially with a UK£ gold price in excess of £ 900 per ounce for 2017.

Exploration

An exploration programme carried out between 2011 and 2013 included the drilling of 17,348 metres of core and channel sampling on the Joshua, Kearney and Kerr vein systems. Assay results from both the drilling and channel sampling programmes were encouraging with significant gold intersections encountered. A new programme commenced in September 2015 to target the Joshua vein at depth. In total, 3,602 metres were drilled by March 2016. In early 2016 Galantas reported the assay results for three holes completed in 2015 (see press release dated January 26, 2016). Most notable was hole OML-DD-15-155 which intersected a wide zone (13 m true width) of the Joshua vein at a vertical depth of 117 m grading 9.9 g/t Au. This drilling programme also identified a new vein, Kestrel, running 70 m west of Joshua. An initial shallow (42.4 m) intersect returned 35.8 g/t Au over 0.7 m true width. A further drill hole targeted the Kestrel vein ~80 metres north and hit mineralisation at a vertical depth of 73 m (3.2 g/t Au over 1.2 m true width). Two 155 m deep water monitoring holes were drilled at the beginning of 2017; these were located according to planning specifications, not with the aim of mineral recovery. However, the PQ drill core provided insight to key lithological changes with depth, north and south of the site. This information was incorporated into the site mapping project instigated last summer.

Key structural measurements are recorded by geologists as the underground development advances. This data is used to assist tunnel support design considerations. During the first quarter, development continued to progress northward, and ground conditions in the main decline were found to be of similar rating to those at the end of 2017. Projections of the Kearney stringer vein suggested that this should be intersected by the development for a second time. The vein was intersected, post first quarter end, on 20th April.

Regional exploration data for PL 3162, in the Manorhamilton region of Co Leitrim, Republic Of Ireland, was reviewed last year and two high priority target areas were selected. In target one, stream sediment samples that OML geologists had collected as part of the Tellus funded project (2013) showed elevated Au, Ag, Sb, Pb and Cu downstream of a major NE trending fault, separating Carboniferous and Sliswood Division lithologies. The contacts were examined for surface exposures and boulders during the third quarter. Sulphide rich serpentinite float rocks with fuchsite and talc were identified and sampled along with boulders of quartz breccia, along the margin of Ox Mountain fault. Stream sediments and heavy mineral concentrates were also collected from first order streams draining the northern side of Benbo mountain. Target area two is associated with a wealth of historic exploration data and references to small scale base metal mining within the Ballyshannon Limestone. Several hundred metres of drill core, a remnant of exploration in the 1990's, had been stored by a local farmer. Sections of core previously analysed for base metals, and found to contain appreciable concentrations of Zn (up to 3.2%),

were sub-sampled. The site of an old mine shaft was also investigated and large dolomitic rocks rich in galena and pyrite were collected around the margins. All prospecting samples were sent to ALS laboratories for geochemical analysis at the end of 2017, results were summarised in a press release on January 18, 2018. The float rocks identified in Target one returned multi-element anomalies including Cu (up to 5.66 %). In Target two, as expected, high levels of Pb, Zn and moderate Ag were found in float rock and historic drill core in the vicinity of Twigspark. A shallow drill intersect (7-7.8 m) contained 1.57 % Zn, 70.8 g/t Pb and 511 g/t Cu; the deeper intersect (42.9-43.9 m) indicates higher Zn (12.85 %) and Pb (5720 g/t) with less Cu (250 g/t). No trace of Au is reported for any of the pyrite/galena rich samples in this batch; however, a float rock containing 0.96 g/t Au was found in the Pollboy area, upstream of the anomalous samples previously collected as part of the Tellus Border project, referred to above.

Research into the Pollboy and Twigspark areas continued during the first quarter. Published reports on the Abbeytown prospect (held by Erris Resources) suggest a very similar style of mineralisation as that found in the Galantas held Twigspark townland (Co. Leitrim licences). Our recent observations of the cores from Twigspark indicate concentrated sphalerite with galena and widely disseminated pyrite, within dolomite. The sphalerite dominated mineralisation at Abbeytown is also concentrated in dolomitised limestone of the basal Carboniferous. Both areas have a similar structural setting, being close to the same regional NE trending fault which separates the Lower Carboniferous and Precambrian metamorphics.

Fieldwork was carried out in many of the ROI licences during January. Mineralised quartz float rocks were identified in a structurally complex area on the fringe of the Lough Derg Slide. These were found to contain trace Au and Ag and raised Cu. Encouraging results were also obtained for a site close to the regional north-east trending Laghy Fault where a large exposure of recently excavated Dalradian metasediments was found. Grab samples from quartz rich zones contain trace Ag and elevated Mo.

The Elkins veins, close to the permitted underground Omagh mine, have been re-modelled in Micromine, applying the most recent minimum mining parameters and new search ellipses. A drill plan for five short holes targeting Elkins has been drafted with collar locations selected to extend the resource north, south and to a depth of 90 m in a central section and awaits funding.

Exploration reports for work carried out in the Lough Derg and Manorhamilton licence blocks were completed in February. A full application for the renewal of licences 2315, 3039, 3040 and 3235 was submitted during the first quarter; and an expenditure summary was sent to the Exploration and Mining Division in March, for work carried out in the ROI licence areas during 2017.

Summary of Quarterly Results

Revenues and financial results in Canadian dollars for the first quarter of 2018 and for the seven preceding quarters are summarized below.

Quarter Ended	Accounting Policies	Total Revenue	Net Income (Loss)	Net Income (Loss) per share & per share diluted
March 31, 2018	IFRS	\$ 0	\$ (524,498)	\$ (0.00)
December 31, 2017	IFRS	\$ 106	\$ (429,273)	\$ (0.00)
September 30, 2017	IFRS	\$ 15,861	\$ (452,756)	\$ (0.00)
June 30, 2017	IFRS	\$ 16,607	\$ (511,876)	\$ (0.00)
March 31, 2017	IFRS	\$ 2,734	\$ (684,234)	\$ (0.00)
December 31, 2016	IFRS	\$ 45,353	\$ (336,910)	\$ (0.00)
September 30, 2016	IFRS	\$ (1,006)	\$ (257,214)	\$ (0.00)
June 30, 2016	IFRS	\$ 1,648	\$ (645,829)	\$ (0.01)

The results for the quarter ended March 31, 2018 are discussed under Review of Financial Results on pages 8 to 10 of the MD&A. The net loss for the quarter ended March 31, 2018 totaling \$ 524,498 consisted of sales revenues \$ Nil, cost of sales \$ 24,066, depreciation \$ 64,249, general administrative expenses \$ 408,890, unrealized gain on fair value of derivative financial liability \$ 10,000 and foreign exchange loss \$ 37,293.

For the quarter ended December 31, 2017 the net loss totaling \$ 429,273 consisted of sales revenues \$ 106, cost of sales \$ 11,515, depreciation \$ 60,074, general administrative expenses \$ 347,656, unrealized gain on fair value of derivative financial liability \$ 2,000 and foreign exchange loss \$ 12,134.

For the quarter ended September 30, 2017 the net loss totaling \$ 452,756 consisted of sales revenues \$ 15,861, cost of sales \$ 38,915, depreciation \$ 52,415, general administrative expenses \$ 367,257, unrealized gain on fair value of derivative financial liability \$ 6,000 and foreign exchange loss \$ 16,030.

For the quarter ended June 30, 2017 the net loss of \$ 511,876 consisted of sales revenues \$ 16,607, cost of sales \$ 111,605, depreciation \$ 50,887, general administrative expenses \$ 497,235, unrealized gain on fair value of derivative financial liability \$ 28,000 and foreign exchange gain \$ 103,244.

For the quarter ended March 31, 2017 the net loss of \$ 684,234 consisted of sales revenues \$ 2,734, cost of sales \$ 63,416, depreciation \$ 40,055, general administrative expenses \$ 502,116, unrealized loss on fair value of derivative financial liability \$ 22,000 and foreign exchange loss \$ 59,381.

For the quarter ended December 31, 2016 the net loss of \$ 336,910 consisted of sales revenues \$ 45,353, cost of sales \$ 89,174, depreciation \$ 40,521, general administrative expenses \$ 268,590, unrealized gain on fair value of derivative financial liability \$ 27,000 and foreign exchange loss \$ 10,978.

For the quarter ended September 30, 2016 the net loss of \$ 257,214 consisted of sales revenues credit \$ (1,006), cost of sales \$ 45,780, depreciation \$ 37,932, general administrative expenses \$ 174,816, unrealized gain on fair value of derivative financial liability \$ 1,000 and foreign exchange gain \$ 1,320.

For the quarter ended June 30, 2016 the net loss of \$ 645,829 consisted of sales revenues \$ 1,648, cost of sales \$ 88,572, depreciation \$ 42,732, general administrative expenses \$ 419,506, gain on disposal of property, plant and equipment \$ 5,479, unrealized gain on fair value of derivative financial liability \$ 1,000 and foreign exchange loss \$ 103,146.

Liquidity and Financial Position

The Company, which is involved in mining and exploration activities, has currently a limited source of operating revenue as a result of the suspension of mining activities and does not anticipate receiving substantial additional revenues until such time as the planned underground mine is in operation. Presently the activities of the Company are financed through equity offerings.

Galantas reported a working capital deficit of \$ 5,123,420 at March 31, 2018 which compared with a working capital deficit of \$ 3,492,608 at December 31, 2017. The Company had cash balances of \$ 182,513 at March 31, 2018 compared with cash balances of \$ 779,758 at December 31, 2017. Accounts receivable and advances consisting mainly of trade debtors, reclaimable taxes and prepayments amounted to \$ 405,377 at March 31, 2018 compared to \$ 316,410 at December 31, 2017. Inventory at March 31, 2018 amounted to \$ 16,114 compared with an inventory of \$ 15,095 at December 31, 2017.

Accounts payable and other liabilities amounted to \$ 1,588,112 at March 31, 2018 compared with \$ 1,216,332 at December 31, 2017. The current portion of a financing facility totaled \$ 6,897 at March 31,

2018 compared to \$ 6,182 at December 31, 2017. Amounts due to related parties at March 31, 2018 amounted to \$ 4,132,415 compared to \$ 3,381,357 at the end of 2017. In addition Galantas has a contingent liability arising from a payment demand from Her Majesty's Revenue and Customs in the amount of \$ 550,947 (UK£ 304,290) in connection with an aggregate levy arising from the removal of waste rock from the mine site during 2008 and early 2009. The Company believes this claim is without merit and had appealed the assessment. This appeal hearing commenced in March 2017 and was adjourned to January 2018 when the hearing was further adjourned to week commencing August 13, 2018. No provision has been made for the claim in the consolidated financial statements.

The Company is reliant on obtaining additional funding to allow it to continue an expanded exploration programme and to expand the development of its underground mine. It is examining appropriate funding arrangements. The relative weakness of the Canadian and UK equity markets for junior mining companies continues and has restricted financing opportunities from this area.

There were no private placement financing activities during the first quarter. Additional loan advances from G&F Phelps Ltd, a related party, during the first quarter of 2018 totalled \$ 399,074 (UK£ 220,410). Subsequent to March 31, 2018 Galantas announced that its operating subsidiary, Flintridge Resources Ltd. has signed a concentrate pre-payment agreement and a loan facility agreement for US\$ 1.6 million (CDN\$ 2.012 million) with Ocean Partners UK Ltd. a United Kingdom based company, together with an increased, on-demand loan facility of £600,000 with G&F Phelps Ltd. The loans are to be used for further development of the Omagh mine and working capital. As consideration for the US\$ 1.6 million loan facility Ocean Partners received 15,000,000 bonus warrants of Galantas which will be exercisable into one common share of Galantas at an exercise price of \$ 0.1575 per bonus share, being 150% of the TSXV closing price the day before this announcement. The bonus warrants have a maximum life of two years and the bonus shares will be subject to an initial four month plus one day hold period from the date of issuance of the bonus warrants. No bonus warrants were issued in respect of the G&F Phelps loan facility (See press release dated April 12, 2018).

Arising from its current commitments, the Company will continue in its efforts to raise equity capital in amounts sufficient to fund both exploration and the development of the underground mine, its ongoing operating expenses commitments in addition to its working capital requirements. There is however, no assurance that the Company will be successful in its efforts, in which case, the Company may not be able to meet its obligations.

The annual audited consolidated financial statements have been prepared on a going concern basis as discussed in Note 1 of the March 31, 2018 consolidated financial statements. The Company's ongoing viability has been dependent on obtaining planning consent for the development of an underground mine at Omagh and in securing sufficient financing to fund ongoing operational activity and the development of the underground mine.

Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated statements of financial position.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its financial performance or financial condition, including without limitation, such considerations as liquidity, capital expenditures and capital resources that would be considered material to investors.

Related Party Transactions

Related parties include the board of directors, close family members, other key management individuals, and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the fair value (the amount established and agreed by the related parties) and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

The Company entered into the following transactions with related parties during the first quarter of 2018:

Director fees totalled \$ 5,000 for the three months ended March 31, 2018 (\$ 5,000 for the three months ended March 31, 2017). Stock-based compensation for these directors totalled \$ 7,764 for the three months ended March 31, 2018 (\$ 22,509 for the three months ended March 31, 2017).

Remuneration accrued for the President/CEO totalled \$ 88,005 (UK£ 50,000) for the three months ended March 31, 2018 (\$ 82,015 (UK£ 50,000) for the three months ended March 31, 2017). Stock-based compensation for the President/CEO totalled \$ 7,764 for the three months ended March 31, 2018 (\$ 22,508 for the three months ended March 31, 2017). Remuneration of the CFO totalled \$ 19,105 for the three months ended March 31, 2018 (\$ 18,250 for the three months ended March 31, 2017). Stock-based compensation for the CFO totalled \$ 3,105 for the three months ended March 31, 2018 (\$ 9,003 for the three months ended March 31, 2017).

At March 31, 2018 G&F Phelps Limited, a company controlled by a director of the Company, had amalgamated loans to Galantas of \$ 2,786,086 (UK£ 1,538,764) (December 31, 2017 \$ 2,236,060 (UK£1,318,354)) bearing interest at 2% above UK base rates, repayable on demand and secured by a mortgage debenture on all the Company's assets. The interest charged on the loan for the three months ended March 31, 2018 amounted to \$ 17,335 (UK£ 9,849) (three months ended March 31, 2017 \$ 13,593 (UK£ 8,287)). Interest accrued on related party loans is included under due to related parties. As at March 31, 2018 the interest accrued amounted to \$ 427,519 (UK£ 236,120) (December 31, 2017 - \$ 383,778 (UK£ 226,271)). Following the increase of £600,000 to the on-demand loan facility with G&F Phelps Ltd subsequent to March 31, 2018 the interest rate on the loan G&F Phelps facility was increased to USD 12 month LIBOR + 6.75% with effect from April 2018.

As at March 31, 2018 due to directors for fees totalled \$ 141,750 (December 31, 2017 - \$ 136,750 and due to key management, primarily for salaries and benefits accrued at March 31, 2018, amounted to \$ 777,060 (UK£ 429,173) (December 31, 2017 - \$ 624,769 (UK£ 368,356)) and are included under due to related parties.

During 2016 Galantas completed a non-brokered private placement for aggregate gross proceeds of \$1,466,312. The majority of the placement was taken up by Mr. Ross Beaty, who acquired 12,825,397 common shares. As a consequence of the placing, Mr. Beaty had an interest in 28,825,397 common shares. In addition to this private placement, Roland Phelps, President & CEO, Galantas Gold Corporation, entered into a shares for debt exchange on the same terms as the placement. Mr. Phelps exchanged debt accruing to him, as of March 31, 2016, of \$ 935,852 for 11,883,835 common shares. Following the debt exchange, Mr. Phelps had an interest in 33,356,750 common shares.

During the first quarter of 2017 Galantas completed a part brokered private placement in two parts for aggregate gross proceeds of \$ 2,446,299 (approximately UK£1,482,875). The placement comprised of the issue of 33,093,258 common shares. Melquart Ltd, a UK based investment institution, subscribed for 22,222,222 common shares. In addition Mr. Ross Beaty subscribed for an additional 3,326,170 common shares in the placing.

During the fourth quarter of 2017 Galantas completed a part brokered private placement for aggregate gross proceeds of \$ 1,165,857 (approximately UK£1,482,875). The placement comprised of the issue of 16,655,099 common shares. Melquart Ltd subscribed for 6,097,561 common shares, which increased their holding to 28,319,783 common shares or 15.1% of the Company's issued common shares. Mr. Ross Beaty subscribed for an additional 2,914,959 common shares in the placing. As a consequence of the placing, Mr. Beaty now has an interest in 35,066,526 common shares or 18.7% of the Company's issued common shares. Mr. Roland Phelps, President & CEO, subscribed for an additional 1,219,512 common shares in the placing. As a consequence of the placing, Mr. Phelps now has an interest in 34,576,212 common shares or 18.4% of the Company's issued common shares.

Excluding the Roland Phelps, Ross Beaty and Melquart Ltd. shareholdings discussed above, the remaining 47.8% of the shares are widely held, which include various small holdings which are owned by the other directors of the Company. These holdings can change at any time at the discretion of the owner. The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company.

Proposed Transactions

Other than as set out in Events after Reporting Period on Note 16 of the March 31, 2018 consolidated financial statements there are no proposed transactions of a material nature that have been finalized by the Company.

Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reported period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are applied prospectively. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of accounts receivable that are included in the consolidated statements of financial position;
- the recoverability of exploration and evaluation assets incurred on the Omagh underground mine is dependent upon the ability to obtain planning permission and secure sufficient funding for the development of the underground mine. The Omagh underground mine and the open pit mine are considered as one Cash generating unit ("CGU") and were tested for impairment at December 31, 2017. The calculations of the recoverable amount of CGU require the use of methods such as the discounted cash flow method, which uses assumptions to estimate future cash flows. No additional impairment was noted and management is exploring opportunities to secure financing in anticipation of approval of planning permission;
- the estimated life of the ore body based on the estimated recoverable ounces or pounds mined from proven and probable reserves of the mine development costs which impacts the consolidated statements of financial position and the related depreciation included in the consolidated statements of loss;

- the estimated useful lives and residual value of property, plant and equipment which are included in the consolidated statements of financial position and the related depreciation included in the consolidated statements of loss;
- Stock-based compensation – management is required to make a number of estimates when determining the compensation expense resulting from share-based transactions, including volatility, which is an estimate based on historical price of the Company's share, the forfeiture rate and expected life of the instruments;
- Derivative financial liability – management is required to make a number of estimates when determining the fair value of the derivative financial liability, including volatility, the forfeiture rate and expected life of the instruments and
- Decommissioning liabilities has been created based on the estimated settlement amounts. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed quarterly and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to liability on a quarterly basis. Actual decommissioning costs will ultimately depend on actual future settlement amount for the decommissioning costs which will reflect the market condition at the time the decommissioning costs are actually incurred. The final cost of the currently recognized decommissioning provisions may be higher or lower than currently provided for.

Critical Accounting Judgments

- Functional Currency– the functional currency for the parent entity and each of its subsidiaries, is the currency of the primary economic environment in which the entity operates. The parent entity has determined its functional currency is the Canadian dollar and each subsidiary to be the UK £ Sterling. Determination of functional currency may involve certain judgements to determine the primary economic environment and the parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined primary economic environment;
- Exploration and evaluation assets – the determination of the demonstration of technical feasibility and commercial viability is subject to a significant degree of judgement and assessment of all relevant factors;
- Income taxes – measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements and
- Going concern assumption – Going concern presentation of the consolidated financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

Accounting Policies including Initial Adoption

The Company applies International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting

Interpretations Committee (IFRIC). The accounting policies and methods of computation followed in Galantas's consolidated financial statements are set out in detail on Note 4 of the December 31, 2017 consolidated financial statements.

New accounting standard adopted

Effective January 1, 2018, the Company adopted IFRS 9 - Financial Instruments. In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39 - Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no impact to the Company's consolidated financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

The new hedge accounting guidance aligns hedge accounting more closely with an entity's risk management objectives and strategies. IFRS 9 does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it allows more hedging strategies used for risk management to qualify for hedge accounting and introduces more judgement to assess the effectiveness of a hedging relationship, primarily from a qualitative standpoint. The Company has elected to continue with IAS 39 for hedging. This does not have an effect on the reported results.

New accounting standards not yet effective

(i) On June 7, 2017, the IASB issued IFRIC 23 - Uncertainty Over Income Tax Treatments. The interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Company intends to adopt the Interpretation in its financial statements for the annual period beginning on January 1, 2019. The Company does not expect the interpretation to have a material impact on the consolidated financial statements.

(ii) On January 13, 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"). The new standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 will replace IAS 17 - Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The Company intends to adopt IFRS 16 in its consolidated financial statements for the period beginning on January 1, 2019. The Company is evaluating the impact of adoption and expects to report more detailed information in its consolidated financial statements as the effective date approaches.

Financial and Property Risk Management

Property risk

The Company's significant project is the Omagh mine. Unless the Company acquires or develops additional significant projects, the Company will be solely dependent upon the Omagh mine. If no additional projects are acquired by the Company, any adverse development affecting the Omagh mine would have a material effect on the Company's consolidated financial condition and results of operations.

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and commodity and equity price risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(i) Credit risk and sales concentration

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, accounts receivable and long-term deposit. Cash and long-term deposit are held with financial institutions and the United Kingdom Crown respectively, from which management believes the risk of loss to be minimal. All the revenues from sales are from two customers and the accounts receivable consist mainly of a trade account receivable from two customers, value added tax receivable and sales tax receivable. The Company is exposed to concentration of credit and sales risk with one of its customers. Management believes that the credit risk is minimized due to the financial worthiness of this company. Value added tax receivable is collectable from the Government of Northern Ireland. Sales tax receivable is collectable from government authorities in Canada.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company manages liquidity risk by monitoring maturities of financial commitments and maintaining adequate cash reserves and available borrowing facilities to meet these commitments as they come due. As at March 31, 2018 the Company had a working capital deficit of \$ 5,123,420 (December 31, 2017 - \$ 3,492,608). All of the Company's financial liabilities have contractual maturities of less than 30 days other than certain related party loans which are due on demand. The Company is seeking additional capital to meet its current and ongoing commitments. As at March 31, 2018, the Company was cash flow negative. The Company's ongoing viability is dependent on obtaining planning consent for the development of an underground mine at Omagh and securing sufficient financing to fund ongoing operational activity and the development of the underground mine.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity price risk.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances, significant interest-bearing

debt due to related parties and financing facility. The Company is exposed to interest rate risk on certain related party loans which bear interest at variable rates.

(b) Foreign currency risk

Certain of the Company's expenses are incurred in UK£ which is the currency of Northern Ireland and the United Kingdom while the Company's primary revenues are received in the currency of United States and are therefore subject to gains and losses due to fluctuations in these currencies against the functional currency.

(c) Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as it relates to gold to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

(i) Certain related party loans are subject to interest rate risk. As at March 31, 2018, if interest rates had decreased/increased by 1% with all other variables held constant, the net loss for the three months ended March 31, 2018 would have been approximately \$ 30,000 lower/higher respectively, as a result of lower/higher interest rates from certain related party loans. Similarly, as at March 31, 2018 shareholders' equity would have been approximately \$ 30,000 higher/lower as a result of a 1% decrease/increase in interest rates from certain related party loans.

(ii) The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable, long-term deposit, accounts payable and other liabilities, financing liability and due to related parties that are denominated in UK£. As at March 31, 2018, had the UK£ weakened/strengthened by 5% against the CAD with all other variables held constant the Company's consolidated other comprehensive loss for the three months ended March 31, 2018 would have been approximately \$ 179,000 higher/lower as a result of foreign exchange losses/gains on translation of non-CAD denominated financial instruments. Similarly, as at March 31, 2018, shareholders' equity would have been approximately \$ 179,000 higher/lower had the UK£ weakened/strengthened by 5% against the CAD as a result of foreign exchange losses/gains on translation of non-CAD denominated financial instruments.

(iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of gold. Gold prices have fluctuated widely in recent years. There is no assurance that, even as commercial quantities of gold may be produced in the future, a profitable market will exist for them. A decline in the market price of gold may also require the Company to reduce production of its mineral resources, which could have a material and adverse effect on the Company's value. Management believes that the impact would be immaterial for the three months ended March 31, 2018.

Capital Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, which is comprised of share capital, reserves and accumulated deficit which at March 31, 2018 totalled \$ 8,692,284 (December 31, 2017 - \$ 8,550,057). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on its exploration activities. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the three months ended March 31, 2018. The company is not subject to any capital requirements imposed by a lending institution or regulatory body.

Disclosure of Internal Controls

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of 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 is made, as of the date of and for the periods presented by the consolidated financial statements, and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate do not make any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR 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.

Disclosure of Other MD&A Requirements

Additional Disclosure for Venture Issuers without Significant Revenue or Exploration, Disclosure of Outstanding Share Data

General Administrative Expenses for the Quarters ended March 31, 2018 and March 31, 2017 are detailed below:

Expense Account	Quarter Ended March 31, 2018 \$	Quarter Ended March 31, 2017 \$
Management & administrative wages	156,852	146,728
Other operating expenses	47,096	23,014
Accounting & corporate	13,253	13,899
Legal & audit	46,751	33,286
Share-based compensation	76,083	220,581
Shareholder communication and investor relations	39,318	38,181
Transfer agent	650	1,975
Directors fees	5,000	5,000
General office	2,381	1,961
Accretion expenses	2,779	2,590
Loan interest and bank charges	18,727	14,901
Total	\$ 408,890	\$ 502,116

General administrative expenses for the quarter ended March 31, 2018 totalled \$ 408,890 compared to \$ 502,116 for the quarter ended March 31, 2017.

Management and administrative wages, the majority of which are incurred in UK£, include payroll costs of both Galantas corporate and at the Omagh mine which totalled \$ 156,852 for the quarter ended March 31, 2018 compared to \$ 146,728 for the first quarter of 2017. The higher level of costs in the first quarter of 2018 are mainly due to the weaker average Can\$: UK£ exchange rate that prevailed during the first quarter of 2018 when compared to the corresponding period of 2017. Other operating expenses, include amongst others professional fees, insurance costs and travel and amounted to \$ 47,096 for the quarter ended March 31, 2018 compared to \$ 23,014 for the corresponding period of 2017. The increase in 2018 was mainly due to increased insurance costs reflecting the increased level of activity at the Omagh mine during the quarter. Accounting and corporate costs for the quarter amounted to \$ 13,253 compared to \$ 13,899 for the corresponding quarter of 2017. Legal and audit costs totalled \$ 46,751 for the quarter compared to \$ 33,286 for the first quarter of 2017. Legal costs for the first quarter amounted to \$ 32,000 which compared with \$ 15,584 for the first quarter of 2017. The higher level of legal fees in the first quarter of 2018 was due to both legal costs incurred in connection with the Company's aggregates claim appeal in Northern Ireland and in connection with its corporate affairs in Canada. Audit fees for the first quarter amounted to \$ 14,751 compared to \$ 17,702 for the first quarter of 2017.

Stock-based compensation costs for the quarter amounted to \$ 76,083 compared to \$ 220,581 for the first quarter of 2017. Stock based compensation costs were in connection with stock options granted during the first quarter of 2017. These options vested as to one third on the date granted and one third on each of the following two anniversaries.

Shareholder communication and investor relations costs amounted to \$ 39,318 for the first quarter of 2018 compared to \$ 38,181 for the corresponding quarter of 2017. Shareholder communication costs

include investor relations, shareholders information, filing fees and listing fees. Transfer agents fees for the first quarter of 2018 amounted to \$ 650 compared to \$ 1,975 incurred in the corresponding period of 2017. The lower level of fees in the first quarter of 2018 was due to the correction of an overprovision of transfer agent's fees at the end of 2017. Directors' fees for the first quarter of 2018 totalled \$ 5,000 compared to \$ 5,000 for 2017. General office expenses for the first quarter of 2018 amounted to \$ 2,381 compared to \$ 1,961 for 2017. Accretion expenses for the first quarter of 2018 amounted to \$ 2,779 which compared to \$ 2,590 for the first quarter of 2017. The accretion charge is in connection with the Company's decommissioning liability. Loan interest and bank charges, the majority of which are incurred in UK£, for the first quarter of 2018 amounted to \$ 18,727 compared to \$ 14,901 for the quarter ended March 31, 2017. The higher interest charge for the current quarter was due to mainly to the additional advances from G&F Phelps during the first quarter.

Disclosure of Outstanding Share Data

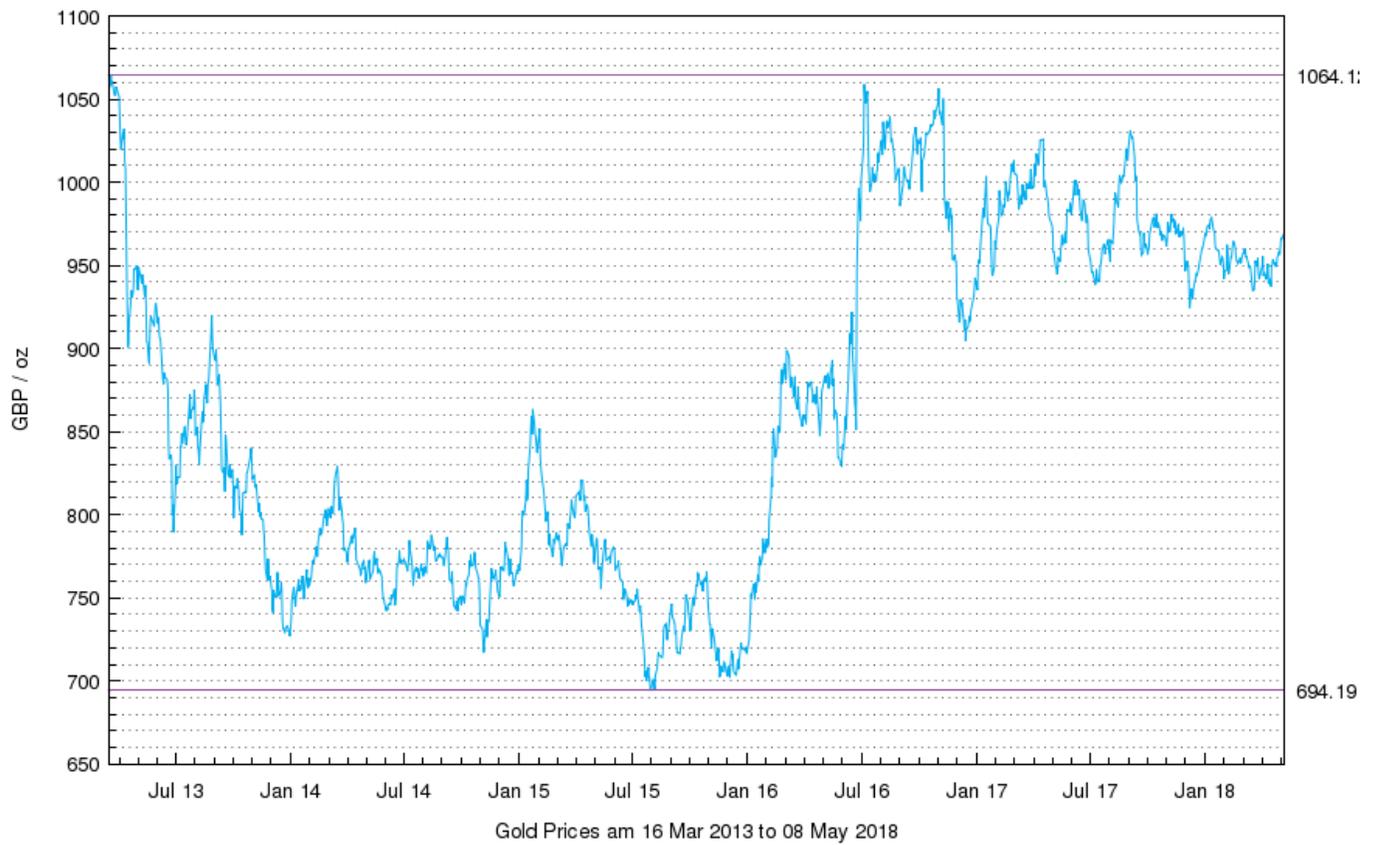
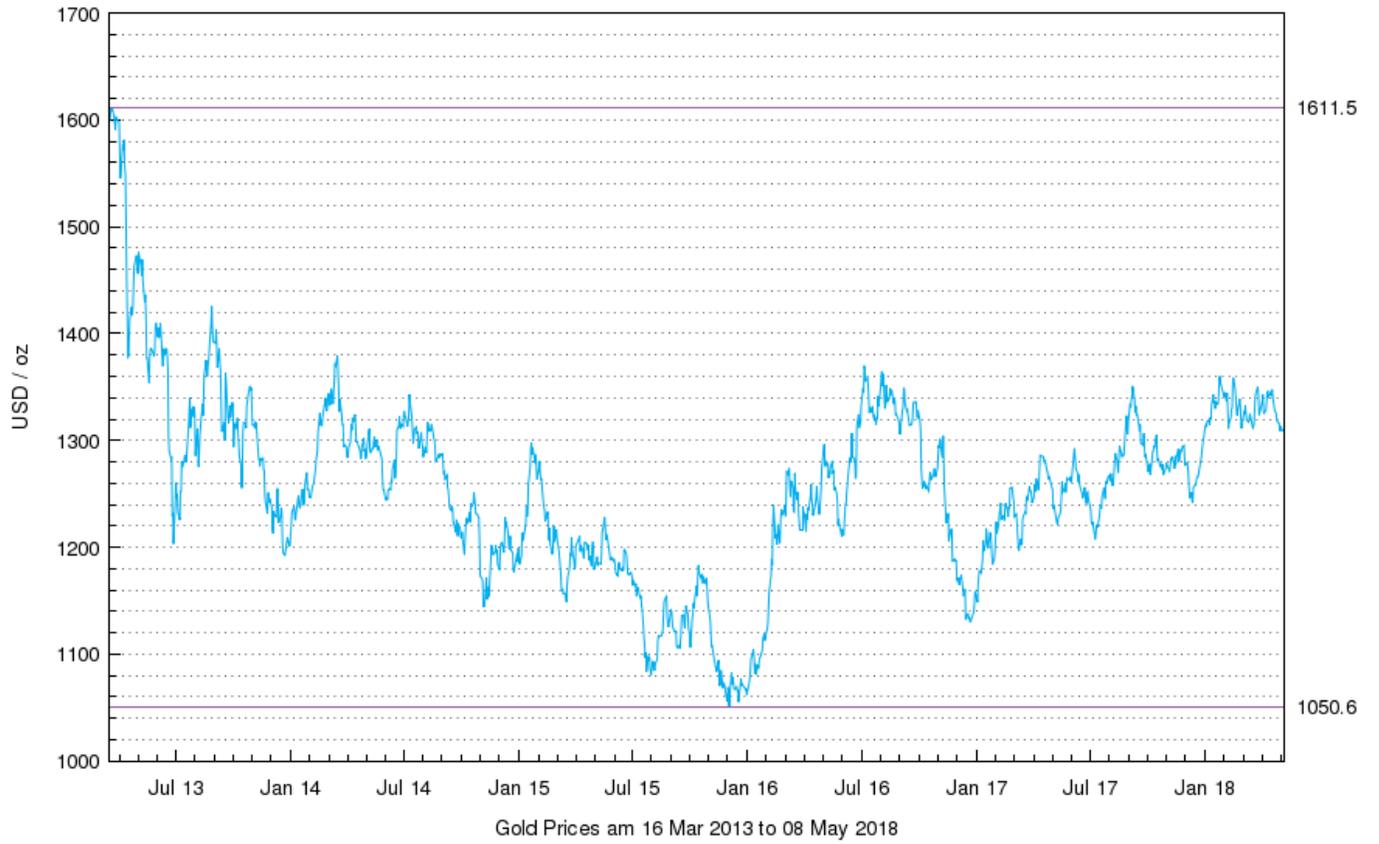
At May 18, 2018 there were a total of 187,549,186 shares issued, 15,000,000 warrants with an expiry date of April 2020 and 8,850,000 stock options with expiry dates from June 2020 to April 2023.

Trends Affecting the Company's Business

Gold Price in US Dollars and UK Sterling

The Gold concentrate output from the Omagh Mine, when operational, is sold in US dollars. Most of the value is accrued from the gold content. The following graphs are published by LBMA.org.uk. During 2017 the overall price trend in US\$ had been upward with price levels in early 2018 showing a stabilisation between US\$ 1,300 and \$ 1,360 per ounce, as exemplified from the graph below. The second graph shows the gold price expressed in UK£ (Sterling) terms. The post-Brexit currency devaluation of Sterling against US\$ has marginally ameliorated with the gold price in a range around £950 to £980 per ounce.

The average gold price for the three months ended March 31, 2018 averaged US\$ 1,329 and UK£ 955 compared to US\$ 1,219 and UK£ 984 for the three months ended March 31, 2017.



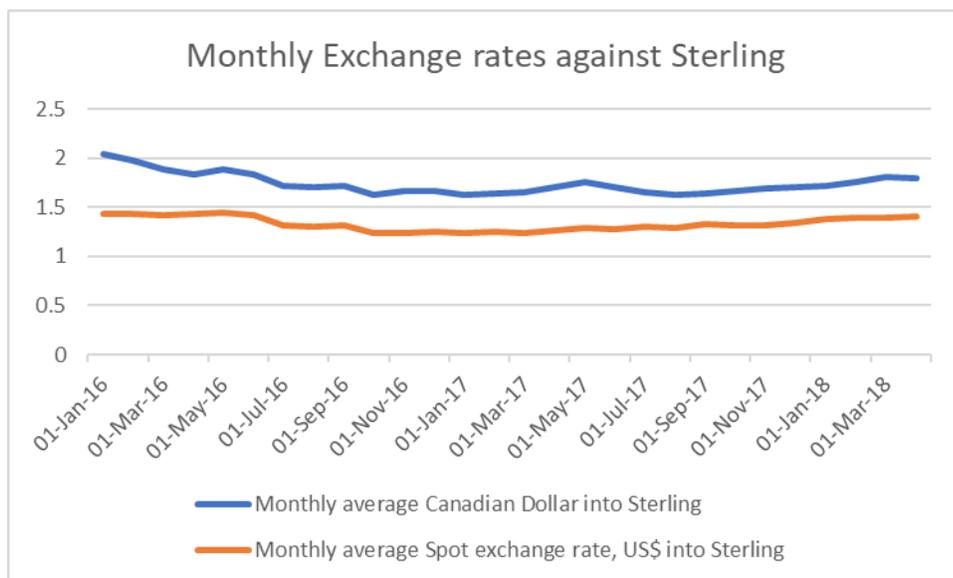
Galantas has a policy of being un-hedged in regard to gold production.

The US Dollar / UK£ Sterling Currency Exchange Rate

The following graph is drawn from Bank of England data that gives the monthly average spot exchange rate of US\$ to UK£ Sterling. Sales revenues at the Omagh mine (when active) are designated in US Dollars and are converted to UK£, as operating, exploration and capital costs are designated in UK£ Sterling. Thus a stronger US\$ / weaker UK£ is to the Company's financial benefit.

Since the end of the first quarter of 2017 sterling regained back some of the ground it lost to the US\$ during 2016 and continued to strengthen into the first quarter of 2018 the US dollar averaged \$1.39 against sterling during the three months ended March 31, 2018 compared to \$1.24 for the three months ended March 31, 2017. Subsequently sterling has weakened to levels around \$1.35 in early May 2018

A currency policy has been adopted of converting incoming payments into the currency required within a short period of receipt, thus avoiding the taking of a large currency position on either side of the market.



The Canadian Dollar / UK£ Sterling Currency Exchange Rate.

The accounts of the Company are expressed in Canadian Dollars. The majority of costs at the mine are incurred in UK£ Sterling and are converted to Canadian Dollars at the average rate for the relevant accounting period. When costs are expressed in Canadian Dollars terms within the Company's financials, there is an increase in costs when there is a fall in value or weakening of the Canadian Dollar against Sterling. A weakening of the Canadian dollar also increases the value of UK£ based net assets, which are converted at period end rates, when expressed in Canadian dollars.

The Canadian Dollar had been on a strengthening trend since February 2016 which continued into mid-2017. However the strengthening trend against sterling reversed during the second quarter of 2017 and the Canadian Dollar has been on a marginally weakening trend since then into the first quarter of 2018. The Canadian Dollar averaged \$ 1.69 against sterling in 2017 compared to \$ 1.797 in 2016, and has weakened to average \$ 1.76 against sterling during the three months ended March 31, 2018 compared to \$1.64 for the three months ended March 31, 2017.

The Financing Trends & Political Trends

Difficulties in the Western credit markets have impacted on all companies entering into banking credit arrangements. The Canadian and UK equity markets for junior mining companies appears to have weakened during the first quarter 2018. Whilst the remaining malaise in this market sector has restricted financing opportunities, Galantas has been able to secure funding arrangements during this period, based upon early cash flow expectations.

In Northern Ireland, the widely acknowledged political agreement consolidated the positive financial effects of peace and stability in the province, but there continues a low level of activity by those not allied to the peace process. There remains some uncertainty about a return to the power sharing agreement, which is further complicated by arrangements made with one of the political parties in Northern Ireland lending its support to the UK governing party.

Risks and Uncertainties

Galantas operates in a sector – mineral production and exploration – which carries inherent risks only some of which are within management's ability to reduce or remove. The main sector risk is always metal price. An investment in the securities of the Company is highly speculative and involves numerous and significant risks. It should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risks and Uncertainties" in the Company's MD&A for the fiscal year ended December 31, 2017, available on SEDAR at www.sedar.com. There have been no significant changes to such risk factors since the date thereof.

Qualified Person Statement

The financial components of this disclosure has been reviewed by Leo O' Shaughnessy (Chief Financial Officer) and the production, exploration and permitting components by Roland Phelps C.Eng MIMMM (President & CEO), both Qualified Persons under the meaning of NI. 43-101 and AIM rules. The information in this disclosure is based upon local production and financial data prepared under their supervision. The statement of mineral resource estimates is based upon a report announced 28th July 2014 and prepared by the Galantas Geological and Mining Team under Mr. Phelps' supervision.