THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should consult an independent professional adviser authorised for the purposes of the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities in the United Kingdom. The whole of the text of this document should be read. Prospective investors should carefully consider the section entitled "Risk Factors" in Part 2 of this document before taking any action.

The Directors, whose names appear on page 5 of this document, and the Company accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. To the extent information has been sourced from a third party, this information has been accurately reproduced and, as far as the Directors and the Company are aware and able to ascertain from information published by that third party, no facts have been omitted which may render the reproduced information inaccurate or misleading.

This document comprises an admission document prepared in accordance with the AIM Rules. This document does not constitute a prospectus for the purposes of the Prospectus Rules and has not been approved by or filed with the Financial Services Authority.

Application will be made for the entire issued share capital of the Company to be admitted to trading on the AIM Market of the London Stock Exchange plc ("AIM") ("Admission"). It is expected that Admission will become effective and that dealings will commence on AIM on 31 March 2006.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority ("Official List"). A prospective investor should be aware of the risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with his or her own independent financial adviser. The AIM Rules are less demanding than those of the Official List. It is emphasised that no application is being made for admission of these securities to the Official List. Further, the London Stock Exchange plc has not itself examined or approved the contents of this document. The Common Shares are listed on the TSX Venture Exchange in Canada and, apart from the application for admission to AIM, the Common Shares are not dealt in on any other recognised investment exchange and no such applications have been made. The TSX Venture Exchange takes no responsibility for the contents of this document.

Galantas Gold Corporation

CUSIP Number: 298773 ISIN Number CA36315W1032

Continued and Registered in Canada under the Canada Business Corporations Act with corporation number 638478-1

ADMISSION TO TRADING ON AIM

Nominated Advisor	Broker
ARM Corporate Finance Limited	**Lewis Charles Securities Limited**

Authorised and Issued share capital upon Admission

Authorised	Issued
Unlimited number of preferred shares issued in series and an unlimited number of common shares	**131,007,958**

ARM Corporate Finance Limited ("ARM"), which is regulated and authorised in the United Kingdom by the Financial Services Authority and is a member of the London Stock Exchange plc, is acting as Nominated Adviser to the Company (for the purposes of the AIM Rules) and no one else in connection with the Admission, and will not be responsible to any person other than the Company for providing the protections afforded to customers of ARM nor for providing advice in relation to the contents of this document or any matter, transaction or arrangement referred to in it. ARM's responsibilities as the Company's Nominated Adviser under the AIM Rules are owed solely to the London Stock Exchange plc and are not owed to the Company or to any Director or to any other person in respect of their decision to acquire Common Shares in the Company in reliance on any part of this document. ARM has not authorised the contents of this document.

Lewis Charles Securities Limited ("Lewis Charles"), which is regulated and authorised in the United Kingdom by the Financial Services Authority and is a member of the London Stock Exchange plc, is acting as Broker to the Company (for the purposes of the AIM Rules) and no one else in connection with the Admission, and will not be responsible to any person other than the Company for providing the protections afforded to customers of Lewis Charles nor for providing advice in relation to the contents of this document or any matter, transaction or arrangement referred to in it. Lewis Charles has not authorised the contents of this document.

The Common Shares have not been nor will be registered under the United States Securities Act of 1933 (as amended) nor under the securities legislation of any state of the United States, Australia, the Republic of South Africa, the Republic of Ireland or Japan or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the Common Shares may not, subject to certain exceptions, be offered or sold directly or indirectly in or into the United States of America, Australia, the Republic of South Africa, the Republic of Ireland or Japan or to any national, citizen or resident of the United States of America, Australia, the Republic of South Africa, the Republic of Ireland or Japan.

No securities regulatory authority in any jurisdiction has passed on the merits of the document and to suggest otherwise may be considered an offence under the laws pertaining to such authorities. Further, no stock exchange or over-the-counter market has reviewed or passed upon this document.

The distribution of this document in certain jurisdictions may be restricted by law. No action has been taken by the Company, ARM or Lewis Charles that would permit a public offer of Common Shares, or possession or distribution of this document where action for that purpose is required. Persons into whose possession this document comes should inform themselves about, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

An investment in Galantas may not be suitable for all recipients of this document. Any such investment is speculative and involves a high degree of risk. Prospective investors should carefully consider whether an investment in the Company is suitable for them in light of their circumstances and the financial resources available to them. Attention is drawn, in particular, to the Risk Factors set out in Part 2 of this document.

Copies of this document shall be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) from ARM Corporate Finance Limited 12 Pepper Street, London E14 9RP UK for a period of one month from the date of Admission.

CONTENTS

DIRECTORS AND ADVISERS

Directors	Roland Frank Gerard Phelps (President & CEO) Maurice Jean Lavigne (Vice President) Lionel John Gunter (Chairman) Ronald Ernest Alexander (Non Executive Director) Norman Emerson Brewster (Non Executive Director) James Bernard Clancy (Non Executive Director) James Imrich Golla (Non Executive Director) The business address of the Directors resident in Canada is: 360 Bay Street Suite 500 Toronto Ontario M5H 2V6 Canada The business address of the Directors resident in the UK is: 56 Botera Road Upper Cavanacaw, Omagh Co. Tyrone, N. Ireland BT78 5LH
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Nominated Adviser	ARM Corporate Finance Ltd 12 Pepper Street London E14 9RP UK

Broker	Lewis Charles Securities Ltd 4-7 Chiswell Street London EC1Y 4UP UK
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in Northern Ireland	Elliott Duffy Garrett 34 Upper Queen Street Belfast BT1 6FD Northern Ireland
Canadian Counsel to the Company	McMillan Binch Mendelsohn LLP BCE Place, Suite 4400 Bay Wellington Tower 181 Bay Street Toronto, Ontario M5J 2T3 Canada
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Reporting Accountants	Baker Tilly Brazennose House Lincoln Square Manchester M2 5BL UK
Competent Person	A.C.A. Howe International Limited 254 High Street Berkhamsted Hertfordshire HP4 1AQ UK
Principal Bankers	Barclays Bank plc Willesden & Notting Hill Group PO Box 3750 London NW10 6AQ

Jersey Registrars	Capita IRG (Offshore) Limited Victoria Chambers Liberation Square 1/3 The Esplanade St Helier Jersey
UK Depository	Capita IRG Trustees Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU UK
Canadian Registrars	Equity Transfer Services Inc. Suite 420 120 Adelaide Street West Toronto Ontario M5H 4C3 Canada
UK Financial PR	Bishopsgate Communications Limited 4-5 North Mews London WC1N 2JP
Canadian Financial PR	Stockgroup Media Inc. Suite 1202 10 King Street East Toronto M5C 1C3 Canada
Auditors to the Company	Smith, Nixon & Co. LLP Chartered Accountants Suite 1900 390 Bay Street Toronto Ontario M5H 2Y2 Canada

DEFINITIONS

In this document, where the context permits, the expressions set out below shall bear the following meanings:

"**A.C.A Howe**"	A.C.A. Howe International Limited, Geological Consultants, the Company's independent geological consultants
"**Act**"	Canada Business Corporations Act and the regulations thereunder
"**Admission**"	the admission of the entire issued share capital of the Company to trading on AIM and such admission becoming effective in accordance with the AIM Rules
"**AIM Rules**"	the rules for companies governing admission to and trading on AIM, published by the London Stock Exchange
"**AIM**"	the AIM Market of the London Stock Exchange
"**ARM**"	ARM Corporate Finance Limited
"**Cavanacaw**"	Cavanacaw Corporation, a company registered in Ontario, Canada with corporation number 1412998
"**Certified Irish Gold**"	the free gold produced by the Group from ore extracted from its Omagh mine by Omagh Minerals as part of the production process and certified by Omagh Minerals as being genuine Irish Gold
"**Combined Code**"	the Principles of Good Governance and Code of Best Practice issued by the London Stock Exchange
"**Common Shares**"	common shares of no par value in the capital of the Company
"**Company**" or "**Galantas**"	Galantas Gold Corporation, a company continued under the laws of Canada with corporation number 638478-1
"**Competent Person's Report**"	the report prepared by A.C.A Howe and set out in Part 3 of this document
"**CREST**"	the computerised settlement system used to facilitate the transfer of title to shares in uncertificated form operated by CRESTCo
"**CRESTCo**"	CRESTCo Limited
"**Crown**"	The Crown Estate Commissioners of Northern Ireland
"**Crown Heads of Terms"**	the non binding heads of terms for the grant of a lease granting the right to work for gold and silver dated 23 August 2005 entered into between Omagh Minerals (1) and the Crown (2) in relation to the renewal of the Crown Mining Lease, further details of which are set out in paragraph 12.3.3 of Part 5 of this document
"**Crown Mining Lease**"	the lease dated 17 May 1993 between the Crown (1) and Omagh Minerals (2) in relation to rights to work gold and silver on the Property and all supplemental deeds thereto and which expired in June 2005, further details of which are set out in paragraph 12.3.2 of Part 5 of this document

"**Crown Prospecting Licence**"	the licence dated 28 August 2003 granted to Omagh Minerals by the Crown to prospect for gold and silver on the Property together with all subsequent extensions thereto and renewals thereof, further details of which are set out in paragraph 12.3.1 of Part 5 of this document
"**DETI**"	Department of the Environment for Northern Ireland
"**DETI Agreement**"	three separate agreements each dated 24 May 1995 between DETI (1) and Omagh Minerals (2) entered into pursuant to Article 40 of the Planning (Northern Ireland) Order 1991 and which bind Omagh Minerals and are annexed to certain of the interests of Omagh Minerals in the Properties, further details of which are set out in paragraph 12.3.5
"DETI Exploration Agreement"	a prospecting license dated 16 December 2004 between DETI (1) and the Company (2) enabling the searching for such mines and minerals in the licensed area (being a significant area within counties Tyrone and Fermanagh, Northern Ireland), as are vested in DETI (being metals other than gold and silver)
"**Directors**" or "**Board**"	the directors of the Company
"**Financial Services and Markets Act**" or "**FSMA**"	the Financial Services and Markets Act 2000
"**Galantas Irish Gold**"	Galantas Irish Gold Limited a company registered in Northern Ireland with company number NI32245
"**Group**"	the Company and the Subsidiary Undertakings
"**Lewis Charles**"	Lewis Charles Securities Limited
"**London Stock "Exchange**"	London Stock Exchange Plc
"**Official List**"	the official list of the UK Listing Authority
"**Omagh Minerals**"	Omagh Minerals Limited a company registered in Northern Ireland with Company number NI24871
"**Introduction Agreement**"	the agreement dated 27 March 2006 between the Company (1), the Directors (2), ARM (3) and Lewis Charles (4), details of which are set out in paragraph 12.1.4 of Part 5 of this document
"**Properties**"	properties comprising the areas covered by the Crown Mining Lease, the Crown Exploration Licence, the DETI Agreement together with any leasehold and freehold land owned by Omagh Minerals.
"**Prospecting Licences**"	means together the Crown Prospecting Licence and the DETI Exploration Agreement.
"**Prospectus Rules**"	the Prospectus Rules brought into effect on 1 July 2005 pursuant to Commission Regulation (EC) No. 809/2004
"**Shareholders**"	holders of Common Shares
"**Subsidiary Undertakings**"	Cavanacaw, Omagh Minerals and Galantas Irish Gold

"**UK Listing Authority**"	the Financial Services Authority acting in its capacity as the competent authority for the purposes of FSMA
"**UK**"	the United Kingdom of Great Britain and Northern Ireland
"**Warrants**"	Warrants to subscribe for Common Shares at a price of CAN$0.15 per Common Share

References to "£" or "pounds" are to pounds sterling, being the currency of the UK and references to "CAN$" or to "dollars" are to Canadian dollars, being the currency of Canada.

TECHNICAL DEFINITIONS

"**Anomaly**"	a feature that is unusual and stands apart from its peers. In the prospecting sense, for example, a geochemical anomaly may be one in where soil contains an above average level of gold for the locality
"**Bedrock**"	the un-weathered rock surface lying beneath any surface soils and loose or weathered rock
"**Bullion**"	Gold in a metallic refined form, usually as a bar, button or bead
"**Caledonian**"	the name of a period of geology orogeny pertaining to Scotland and Ireland mainly during the Lower (earlier) Palaeozoic
"**Channel Sampling**"	the cutting of grooves, usually by diamond saw, of a regular width and depth, and removal for assay of contained rock across a section of vein for the purpose of assessing its mineral content on a quantitative and qualitative basis.
"**Comminution**"	the mechanical process of reduction in size by crushing or grinding
"**Concentrate**"	a mixture of minerals or metals in which the content of desired minerals or metals has been enhanced by processing
"**Dalradian**"	the youngest stratigraphic division of the Precambrian in Ireland
"**Dense Medium**"	a processing method in which minerals are made to float or sink according to their specific gravity.
"**Dyke**"	an igneous rock that has been intruded in a tabular steeply inclined sheet
"**Environmental Baseline**"	a study conducted prior to mining that allows comparisons to be made later of environmental changes
"**EM**"	Electro-Magnetic, relates to the general measurement of electric and magnetic fields applied by various techniques
"**Flight Line**"	the pre-planned path for an over-flying aircraft carrying active prospecting equipment
"**Flowsheet**"	the detailed metallurgical processing plan
"**Froth Flotation**"	a mineral processing method in which minerals (usually sulphides) in an aqueous medium are selectively made to adhere to air bubbles and removed as a froth
"**Geochemical**"	relates to the chemical composition of a sample of rock, soil or water, for instance in routine geochemical prospecting, where the level of a certain metal in the soil may be measured
"**Geophysical**"	relates to the study of physical parameters of the crust of the earth and how they may change, such as in geophysical prospecting where local values of magnetism may be measured in relation to each other

"**Grade**"	the quantity of metal present in a unit weight
"**GPS**"	Ground Positioning System, a satellite based system used for fixing positions on or over the surface of the earth
"**IP**"	induced Polarization, an electrical prospecting technique using the phenomenon of chargeability
"**Island-arc**"	groups of islands whose principal peaks are aligned along arcuate patterns and whose origin is related to vulcanism on plate boundaries
"**Lithostratigraphic**"	relating to a series of layered rock units, laid down sequentially with or without interruption
"**Micromine**"	a proprietary software package used in geological modelling
"**Mill**"	the processing plant for extracting or concentrating the economic components of minerals
"**Ore**"	naturally occurring mineralised rock that may be worked economically
"**Orogenic**"	relating to a given period of mountain building
"**Overburden**"	loose material consisting locally of peat, glacial sands & gravels that overlies bedrock
"**Palaeozoic**"	a geological era comprising and including rocks from Cambrian, Ordovician, Silurian, Devonian, Carboniferous to Permian age (600 million years to 230 million years ago
"**Peat**"	Organic material built up by the decay of vegetation in boggy areas of Ireland and elsewhere
"**Plate Boundaries**"	the margins of major regions of the earth's crust that may have relative movement between each other and may be zones of earthquakes and volcanoes
"**Proterozoic**"	rocks of late Precambrian age
"**Quartz**"	a major rock forming mineral composed of silica
"**Sandstone**"	a rock comprised of compressed sand grains
"**Sulphide (Sulfide)**"	metallic minerals such as Galena (lead sulphide) or Pyrites (Iron Sulphide) where sulphur is combined with metal or a combination of metals
"**Subduction**"	where one section of the earth's crust moves below another, creating a volcanic and earthquake prone zone along the plate boundary
"**Shear Zone**"	an area that is well fractured by faulting or jointing, that may be preferentially subjected to later mineralizing events caused by the resultant open-ness of the rock fabric

"**Strike**"	the bearing of a horizontal line drawn upon an inclined plane or fold
"**Reserve / Resource**"	see definitions at end of Competent Persons Report
"**Tailings**"	fine grained material consisting mainly of quartz and clay minerals that is left over from processed vein material after metallic minerals have been removed.
"**Vein**"	a roughly tabular or sheet-like assemblage of minerals, intruded into fissures or joint systems
"**VTEM**"	an electrical prospecting method using the phenomenon of conductivity
"**Waste Rock**"	barren rock surrounding the vein that is extracted to permit vein extraction

EXPECTED TIMETABLE

Date of this document	27 March 2006
Admission effective and commencement of dealings	31 March 2006

PART I

INFORMATION ON THE GROUP

Introduction

Galantas is a gold resource company and is currently constructing a plant which will have the capacity to produce 30,000 oz of gold (contained in sulphide concentrate) annually from its reserves in Northern Ireland. The Company expects to commence production in the second quarter of 2006.

The Company was formed on 20 September 1996 under the name Montemor Resources Inc. on the amalgamation of 1169479 Ontario Inc. and Consolidated Deer Creek Resources Limited. The name was changed to European Gold Resources Inc. by articles of amendment dated 25 July 1997. On 5 May 2004, the Company changed its name from European Gold Resources Inc. to Galantas Gold Corporation. The Company was continued effective on April 28, 2005 under the laws of Canada pursuant to the Act.

The Company at the date of this document has one wholly owned subsidiary, Cavanacaw. Cavanacaw has two wholly owned subsidiaries, Omagh Minerals and Galantas Irish Gold. The rights of the Group to prospect for and extract gold from the Properties are held through Omagh Minerals, pursuant to the Crown Prospecting Licence and the Crown Mining Lease. The Crown Mining Lease expired in June 2005 and Omagh Minerals is in advanced negotiations with the Crown for the same to be renewed pursuant to the Crown Heads of Terms. The Directors are of the belief that the Crown Mining Lease will be renewed on the terms substantially similar to the Heads of Terms. There have been two previous renewals by the Crown and negotiations are proceeding towards a satisfactory renewal of the Crown Mining Lease. However, there can be no guarantee as to how long this renewal will take to be secured or whether it will be completed at all. Under the terms of the Heads of Terms, Omagh Minerals may not exercise any lease rights, being the extraction of gold and silver, until the Crown Mining Lease is renewed.

Through the sale of equity and from equipment lease finance agreements, sufficient funds were raised in the first half of 2005 to enable the Group to commence construction of an initial open pit mine and processing plant to be constructed and put into operation and to allow the Company to initiate a comprehensive exploration programme. Mining and processing equipment has been purchased and key staff have been engaged. Site development on the area covered by the Crown Mining Lease started late in the third quarter of 2005 and is, to date, continuing. At the same time the Company is exploring and developing known gold deposits close to the initial mining area and exploring to increase the reserve and resource base with a view to expansion.

The Group's ore reserves and resources are contained within eight lode-type deposits in a 5 sq km area at the eastern extremity of the Properties. The main deposit discovered by the Group to date is the Kearney Deposit which is the focus of initial open pit mining activity. The steeply dipping Kearney Deposit is approximately 850 metres long, an average of 4.5 metres wide and has depth potential. It has been drilled with 23 diamond drill holes down to 137 metres and was intersected in one drill hole at a depth of 312 metres below rockhead. Using all of the resultant data, A.C.A Howe has reported on measured and indicated resources on the Kearney Deposit.

Using a 1.0g Au/t cut-off grade, A.C.A Howe reported, and as is stated in section 18 of the Competent Person's Report, an estimated proven and probable reserve of 367,310 tonnes grading 7.52g Au/t[1] over a width of 4.43 metres for the main Kearney Deposit within the 850 metres strike length of the proposed Kilborn open pit to a depth of 37 metres. A further indicated reserve of 1,183,680 tonnes at a grade of 7.02g Au/t over a width of 4.43 metres was estimated by A.C.A Howe[2] from the base of the proposed pit to a depth of 137 metres.

A.C.A Howe has re-assessed grade and tonnage and has estimated and concluded that increasing the cut-off grade from 1g Au/t to 3g Au/t, the minable grade of the Kearney Deposit resource increases by 56% to 12.4g Au/t[3] and the contained gold declines only about 10%, with the total

[1] section 11 of the Competent Person's Report.
[2] Table 1, section 11, *ibid*.
[3] section 11, *ibid.*

tonnage being reduced by 42%. In A.C.A Howe's opinion, this relatively minor reduction (in contained gold) illustrates that gold distribution is tightly constrained to the lode structures which are therefore amenable to selective mining, which is an approach which will, in their opinion, optimise grade and minimise dilution in the pit.

A.C.A Howe have re-analysed the data pertaining to the 441 metres of strike length of the Kearney Deposit that had been subjected to most detailed sampling. They have concluded that, by using a 3g Au/t cut-off grade and a density of 2.93, the measured resource to 20 metres depth over a strike length of 441 metres is 56,414 tonnes at a grade of 11.03g Au/t and the indicated resource to 37 metres over the same strike length is 58,363 tonnes at 11.03g Au/t – as shown in Table 3, section 11 of the Competent Persons Report. This partial evaluation of the Kearney Deposit has confirmed, in the opinion of A.C.A Howe, that higher grades of gold could be maintained in a mining operation of the Kearney Deposit.

With respect to the partially defined smaller deposits nearby to the Kearney Deposit, A.C.A Howe reported[4] (using a 1g Au/t cut-off grade), that data derived from limited trenching and diamond drilling, partly defining a number of the fourteen known structures in the vein swarm, were used to calculate an additional indicated resource of 328,820 tonnes at a grade of 6.72 g Au/t. Geochemical and geophysical data were used to extrapolate from these zones for the inference of an additional resource of 135,500 tonnes at a grade of 4.68g Au/t[5].

The Group intends that initial production will be derived from the above measured and indicated resources on the Kearney Deposit. There are, according to the results and conclusions of A.C.A Howe, a total of 114,700 tonnes of resources at a grade of 11.03g Au/t, available from a 37 metre deep open pit[6]. Four selectively mined "bulk samples" aggregating just over 101 tonnes from the southern end of the Kearney Deposit contained an average of 53.41g Au/t[7]. ACA Howe recognises that sampling limitations created by the poor core recovery and geologically unconstrained channel sampling, probably result in an underestimation of the possible mill head grade achievable by selective mining, which is reflected by the higher grades achieved in the selective mining trials. In the expectation that mining grade will be higher than the average resource grade as calculated, the processing plant has been designed to accept ore grading 20g Au/t.

GALANTAS® Jewellery

In line with the Company's intention to use Gold produced by the Group to manufacture and sell its own brand of Irish gold jewellery, such Gold from the selectively mined bulk sample was processed separately and supplied to Galantas Irish Gold, following which it was separately refined, alloyed and manufactured into a test range of Certified Irish Gold jewellery. A retailer network was set up and the range was also sold over the internet via www.galantas.com. A total of approximately CAN$645,000 in sales have been made to date, with only a small amount of jewellery remaining. In the view of the Directors, the unique selling point of the Galantas brand is the use of Certified Irish Gold.

The Group's jewellery business is prevented from expanding until gold production by the Group provides Galantas Irish Gold with sufficient Certified Irish Gold to enable jewellery production to re-start. Only organic growth is expected to take place in 2006, as management focus will be upon ensuring the mine performs as required. During 2007, the Directors hope to expand the Group's jewellery business by placing jewellery products in the North American marketplace, initially in Boston, Massachusetts.

[4] section 18, Competent Person's Report.
[5] Table 2, section 11, *ibid*.
[6] section 18, *ibid*.
[7] Table 4, section 12, *ibid*.

Summarised Financial Information

The following financial information has been summarised from Part 4 of this document.

	Years ended 31 December			Nine months ended 30 September
	2002	**2003**	**2004**	**2005**
	$'000s	***$'000s***	***$'000s***	***$'000s***
Turnover	95	224	176	44
Loss for the year/period	(374)	(676)	(1,187)	(536)
Shareholders' equity	5,036	5,348	5,003	7,935

Competition

Gold exploration and production is an international business with many competitors from small independent mines to multi-national groups, all of whom are competitors to the Company for general gold production.

The Directors believe that the Group has no direct competition in the production, manufacture and branding of genuine Irish Gold jewellery. However, in the wider jewellery marketplace the Group will find itself in competition with branded jewellery, of which there are many providers.

Business Strategy

The Group aims to develop its business through its strategy, which in summary is to:

- complete construction of an initial 150 tonnes-per-day open pit mine and processing plant on its Kearney Deposit so as to achieve production in 2006;
- explore and develop on extensions to the Kearney Deposit and on nearby known deposits so as to expand production in stages;
- explore the Properties by systematically investigating by surface trenching and/or diamond drilling the numerous specific targets disclosed from a compilation/interpretation, in progress, of helicopter-borne VTEM survey anomalies, and historical geochemical, geological, and Landsat imagery anomalies; and
- expand the jewellery business on a commercial basis once Certified Irish Gold from the mine becomes available.

Opportunities for the Group

The Prospecting Licences span 189 sq km and cover multiple exploration targets. According to preliminary investigations, and including 15 partially explored deposits around the initial Kearney Deposit, there are 53 specific targets on the Prospecting Licences. The Group is going ahead with plans to explore these targets, with priority given to those around the initial Kearney Deposit mine.

In the event of a profit being generated by the Group, the Directors intend that a part of it will be invested in exploration of its Prospecting Licences.

Galantas is currently in the midst of building a production facility comprising an open pit mine and processing plant capable of processing approximately 52,500 tonnes of ore annually. The production facility has a maximum capacity of sulphide concentrate equivalent to 30,000 ozs of gold per year.

Apart from selling gold directly in the market, Galantas plans to continue to develop and to market an exclusive line of 18ct Irish jewellery made from the Certified Irish Gold. The Group hopes to rollout its jewellery business in late 2006 and the Directors feel that this is a realistic and achievable target.

Current trading and future prospects

Exploration and Mining

During the second quarter of 2005, Galantas Gold Corporation completed an equity financing and arranged debt financing facilities to accomplish the objective of achieving initial production from the Kearney Deposit. The Company immediately placed orders for processing equipment, purchased mobile open pit equipment, engaged key staff and made arrangements with third parties including the Northern Ireland planning authorities to enable commencement of site development in the third quarter of 2005.

Revitalised exploration of the Properties was initiated by the awarding of a contract to have a helicopter-borne VTEM electromagnetic and magnetic survey flown, which was completed early in the third quarter of 2005 and which detected several anomalies. Interpretation work on the data includes integration of the VTEM and magnetic survey data with the large body of historical exploration data which embraces information from geological and geochemical surveys, extensive boulder sampling in the eastern sector of the Crown Prospecting Licence, as well as an interpretation of Landsat 7 imagery.

In parallel, information in the Group's database on historical reconnaissance sampling of numerous mineralised boulders found in streambeds was subjected to verification by independent consultants. A number of additional strongly mineralised boulders were discovered during the verification process, which was carried out by independent consultants.

Jewellery

Sales of jewellery were CAN$7,909 in the third quarter of 2005 as compared with CAN$20,561 in the corresponding quarter of the previous year. The reason for the lower volume of sales was the shortage of Certified Irish Gold available to Galantas Irish Gold with which to manufacture GALANTAS® jewellery products. This shortage will continue until the Group begins regular gold production. Current sales are derived from a nearly depleted jewellery inventory.

The equity financing arranged in the first quarter of 2005 was completed early in April resulting in cash to the Company of CAN$3,254,141, net of fees and expenses amounting to CAN$249,192. A loan of £211,950 repayable over 4 years at a cost of 3.71% flat rate was obtained from Barclays Merchantile Business Finance Ltd. for the purchase of trucks, loaders and other mining equipment. A further loan in March 2006 from Barclays Mercantile Business Finance Limited of £179,451.99 is repayable over 3 years at £5578.78 per month and funded the purchase of milling equipment.

Galantas is currently in the midst of building a production facility comprising an open pit mine and processing plant capable of processing approximately 52,500 tonnes of ore annually. The production facility, which has a maximum capacity of sulphide concentrate equivalent to 30,000 ozs of gold per year, is expected to undergo commissioning in the second quarter of 2006, with the intention of production being increased towards near capacity during the first 6 months of operation.

Negotiations are in hand with smelters, two of which have made initial offers to purchase the gold and other metals concentrate produced by the Group. When the concentrate is produced the process also generates a small percentage of free gold which the Group is able to certify as "Certified Irish Gold" and this will be worked and sold as Certified Irish Gold jewellery.

Apart from selling gold concentrate directly in the market, the Group hopes to continue to develop and market its exclusive line of 18ct jewellery made from the Certified Irish Gold. With this in mind, the

Group has since late 2000 been test marketing its jewellery range while simultaneously working on its brand-building strategy. The Group also intends to begin making small investments in the rollout of its jewellery business towards the end of 2006.

The Prospecting Licences span 189 sq km and cover multiple exploration targets. According to preliminary investigations, and including 15 partially explored deposits around Kearney, there are 53 specific targets on the Properties. The Group is going ahead with plans to explore these targets, with priority given to those around the initial Kearney mine.

Directors

The Board comprises 7 Directors and details of the terms of their appointment are set out in paragraph 7 of Part 5 of this document. Under Canadian Law, directors are not required to retire by rotation.

Roland Frank Gerard Phelps C.Eng, B.Sc(Hons), MIMMM (President & CEO) (Age 52)

Mr Phelps was appointed to the board of Directors of the Company on 17 February 2003.

Mr Phelps graduated from Leeds University in 1976 and is a qualified Chartered Mining Engineer and Registrant of the Engineering Council. He has worked in Canada in precious/base metal mining and major mining engineering projects. He has also held senior mine management roles in the UK. He is a director and founder of Welsh Gold plc (a small mining company and prestige jewellery brand). He has other investment interests in property and construction and is based in the U.K.

Maurice Jean Lavigne P.Geo (Vice President) (Age 49)

Mr Lavigne was appointed to the board of Directors of the Company on 1 April 2004.

Mr. Lavigne is a native of Timmins, Ontario but has recently immigrated to Northern Ireland. He has over thirty years experience in the mineral exploration industry and a track record in discovery and mine development. After completing his B.Sc.(Honours) in Geology from Brock University and M.Sc. in Geology at McMaster University, Mr. Lavigne joined the Ontario Geological Survey in 1983 to conduct research on gold deposits. In 1984, he became the Resident Geologist for the Red Lake District and transferred to Thunder Bay in 1988. Subsequent to becoming a mineral exploration consultant in early 1997, he was engaged by a palladium company as its exploration manager, and subsequently he became Vice President of Exploration.

Lionel John Gunter P.Eng (Chairman) (Age 67)

Mr Gunter was appointed to the board of Directors of the Company on 20 September 1996.

Mr Gunter is a Licensed Professional Engineer of the Province of Ontario, Canada. He graduated in 1965 with a Bachelor of Science (Geological Engineering) from the Michigan Technological University. He is qualified as a mining technologist from the Provincial Institute of Mining at Haileybury, Ontario and is a fellow of the Institute of Materials, Minerals and Mining. Mr. Gunter has been in the mining industry for over 40 years, including eight years with the Phelps Dodge Corporation and 14 years from 1975 with the RTZ Corporation, headquartered mainly out of the United Kingdom. Mr. Gunter has an intimate knowledge of the gold deposits at Omagh having been responsible executive of the RTZ group of companies that discovered and evaluated them. He later founded Omagh Minerals which acquired the gold deposits, steering it through its initial phase of development and the public enquiry which led to the granting of the planning consent for the development of the Omagh Mine.

Ronald Ernest Alexander P.Eng (Non Executive Director) (Age 64)

Mr Alexander was appointed to the board of Directors of the Company on 20 September 1996.

Mr. Alexander is an independent petroleum industry consultant and President of Detector Explorations Ltd., and of Shunex Resources Ltd. He is a member of the Audit Committee for Galantas Gold.

Norman Emerson Brewster P.Geo (Non Executive Director) (Age 58)

Mr Brewster was appointed to the board of Directors of the Company on 18 July 2002.

Mr Brewster has 35 years experience in the mining industry, mostly in international exploration, the last 10 of which are directly related to the diamond exploration industry. He graduated from Acadia University in Nova Scotia in 1969 with a B.Sc. in geology followed by a 1971 B.Ed. degree. During his schooling, he gained experience as a geologist with the Nova Scotia and New Brunswick governments as well as various international assignments for A.C.A. Howe. Upon graduation he joined A.C.A. Howe in Canada, where he became a partner in the firm and subsequently Managing Director and Head of North American projects for the period 1978–1983. Mr Brewster left A.C.A Howe in 1983, incorporating his own consulting company, Minroc Management Ltd. Mr Brewster is a Member of the Association of Professional Geologists of Ontario and a Fellow of the Geological Society of Canada.

James Bernard Clancy CA (Non Executive Director) (Age 58)

Mr Clancy was appointed to the board of Directors of the Company on 21 June 2001.

Mr. Clancy graduated with an honours B. Comm. from the University of Toronto in 1970. He achieved his C.A. designation from the Canadian Institute of Chartered Accountants in 1972.

During the majority of his career he has held executive positions (controller, CFO and general manager) with companies in the construction industry in Canada, the U.S. and internationally. For the past seven years he has operated his own consulting firm specialising in offering financial expertise to the construction industry.

He is the chairman of the audit committee for Galantas Gold.

James Imrich Golla (Non Executive Director) (Age 73)

Mr Golla was appointed to the board of Directors of the Company on 21 June 2001.

Mr. Golla has been a director of Altair Nanotechnologies Inc. since February 1994. He has also served as a director of Apogee Minerals Ltd., and Barton Bay Resources Inc. Mr. Golla was a journalist with Globe and Mail, Canada's national newspaper, from 1954 until his retirement in 1997.

Employees and Consultants

At present, the Group employs a total of 19 people other than the Directors, of which 17 are employed at the Properties, being 3 engineering/supervision staff, 11 equipment operators, one mechanic, one administrator and one geologist. Consultants are also employed as required.

Reasons for Admission

The Company is seeking Admission to AIM in order to widen its investor base and to have access to the London equity capital markets.

The Directors consider that the Group will have sufficient working capital for at least the twelve months from Admission.

Admission to AIM and Dealings

Application will be made for the Common Shares to be admitted to trading on AIM. Dealings in the Common Shares are expected to commence on 31 March 2006.

Marketing and Trading of Shares

The Common Shares are listed and will continue to be listed on the TSX Venture Exchange and the settlement of the Common Shares will continue on the electronic CDS system. The Company will make application for its entire issued share capital to be admitted to trading on AIM. ARM has been appointed as the Company's Nominated Adviser and Lewis Charles as the Company's Broker.

Galantas is continued in Canada and accordingly the City Code on Takeovers and Mergers ("City Code") does not apply to the Company. **It is emphasised that although the Common Shares will trade on AIM, the Company will not be subject to take-over regulation in the UK**. However, the

Company is subject to the provisions regulating take-overs under applicable Canadian law and will in certain circumstances, for example in the event of a share for share exchange where exemptions do not apply, be subject to the requirements of the Prospectus Rules.

Canadian Take-over Law

In Canada, securities laws are a matter of provincial/territorial jurisdiction and as a result, bids are governed by the securities legislation in each province or territory. In Ontario, the principal jurisdiction in Canada in which the Company is a reporting issuer (as defined under provincial securities law), "take-over bid" is defined as "an offer to acquire outstanding voting or equity securities of a class made to any person or company who is in Ontario or to any security holder of the offeree issuer whose last address as shown on the books of the offeree issuer is in Ontario, where the securities subject to the offer to acquire, together with the offeror's securities, constitute in the aggregate 20 per cent or more of the outstanding securities of that class of securities as at the date of the offer to acquire".

In addition, when any person or company ("an insider") beneficially owns, directly or indirectly, voting securities of a reporting issuer or who exercises control or direction over voting securities of a reporting issuer or a combination of both carrying more than 10 per cent of the voting rights attached to all voting securities of the reporting issuer for the time being outstanding other than voting securities by the person or company as an underwriter in the course of a distribution, such insider will be required to file a report ("an insider report") with the applicable securities regulatory authorities within 10 days of the day that such person or company became an insider, or such shorter period as may be prescribed by the regulations from time to time in effect and applicable to such insider. The insider's initial report must disclose any direct or indirect beneficial ownership of or control or direction over securities of the reporting issuer and certain other information as prescribed by the regulations. The insider will then be required to file additional insider reports with the applicable securities regulatory authorities within 10 days from the day on which any change to the initial report occurs, or such shorter period as may be prescribed by the regulations from time to time.

In addition, where a person or company ("an offeror") acquires beneficial ownership of, or the power to exercise control or direction over, or securities convertible into, voting or equity securities of any class of a reporting issuer that, together with such offeror's securities of that class would constitute 10 per cent or more of the outstanding securities of that class, whether or not in the context of a take-over bid, the offeror must issue and file a press release announcing the acquisition, and file a report of such acquisition with the applicable securities regulatory authorities within two business days thereafter. Once an offeror has filed such report, the offeror is required to issue further press releases and file further reports each time that the offeror, or any person acting in concert with the offeror, acquires beneficial ownership of, or the power to exercise control or direction over, or securities convertible into, an additional 2 per cent or more of the outstanding securities of the applicable class.

Subject to limited exemptions, generally, a take-over bid must be made to all holders of securities of the class that is subject to the bid who are in Ontario and must allow such security holders a minimum of 35 days to deposit securities pursuant to the bid. Again, subject to certain exceptions, the offeror must deliver to the security holders a take-over bid circular which describes the terms of the take-over bid and the directors of the reporting issuer must deliver a directors' circular within ten days of the date of the bid, making a recommendation to security holders to accept or reject the bid. Similar rules are in effect in most provinces in Canada for take-over bids, however, the foregoing is a summary only, and readers are cautioned that take-over bids are subject to significant regulatory rules and technical requirements. For specific information on the application of these rules to specific individuals, readers are advised to consult their own legal advisors.

Settlement and CREST

UK Registered Shareholders and CREST

The Company, through Capita IRG (Offshore) Limited (its Jersey registrars), will establish a depositary arrangement whereby depositary interests ("DIs") representing Common Shares established pursuant to a deed of trust executed by Capita, acting as depository, will be issued to investors who wish to hold their Common Shares in electronic form within the CREST System. The

Company will apply for the DIs to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in Common Shares, represented by DIs following Admission may take place within the CREST system if the relevant investors so wish. CREST is a UK electronic paperless share transfer and settlement system, which allows shares, DIs and other securities, to be held in electronic rather than paper form. The Common Shares may be traded using the system. Please note that CREST is a voluntary system and holders of shares who wish to receive and retain share certificates will also be able to do so.

Further information regarding the depositary arrangement and the holding of Common Shares in the form of DIs is available from the Company Secretary, whose details are set out on page 5 of this document.

Canadian Registered shareholders and CDS

Settlement on the Canadian register will continue to be conducted under the electronic CDS system.

Dividend Policy

The Directors are committed to building and developing the business of the Company. Accordingly, they propose to reinvest any profits generated in the short to medium term and do not expect to pay dividends for at least the first two years following Admission.

Corporate Governance

The Company complies with the corporate governance regime of Canada, being its country of incorporation. In addition, the Directors acknowledge the importance of the guidelines set out in the Combined Code. They therefore intend to comply with the Combined Code so far as is appropriate having regard to the size and nature of the Company. At this time, the Board comprises seven members, three of whom are executive. The Board will take such measures, so far as is practicable, to comply with the Combined Code.

Audit Committee

An audit committee has been established by the Company, comprising three or more directors, to be designated from time to time by the Board, one of whom shall be designated by the Board to serve as Chair. As at the date of this document Messrs Clancy, Alexander and Gunter sit on the Audit Committee and James Clancy is appointed as the Chair.

The duties of the Audit Committee include (*inter alia*) the monitoring and assessment of the relationship between the management of the Company and the external auditors, and monitor and support the independence and objectivity of the external auditors.

Compensation and Corporate Governance Committee

A Compensation and Corporate Governance Committee comprises Messrs. Golla, Alexander and Brewster. Mr. Golla is the Chairman. The Compensation and Corporate Governance Committee has no specific charter or terms of reference, but is charged with reviewing and assessing the remuneration paid to the management and executive Directors in addition to guiding and reviewing the granting of stock options. In addition it reviews the Company's compliance requirements.

Stock Options

As at 26 March 2006, the latest practical date prior to the publication of this document, the Company had outstanding 6,500,000 stock options to subscribe for Common Shares. A summary of the more important terms of the Stock Option Plan (the "**Plan**") operated by the Company is as follows:

(i) Purpose

The Plan was enacted by the Board of Directors of the company on 17 May 2004 and approved by the shareholders of the Company by a majority vote at a shareholders meeting. The purpose of the Plan is to attract, retain and compensate qualified persons as directors, senior officers and employees of, and consultants to, the Group.

(ii) Eligible persons

Under the Plan, persons entitled to participate in the Plan ("**Eligible Persons**") are directors, senior officers and employees of, and consultants to, the Group.

(iii) Type of Option

Each option ("**Option**") to be granted under the Plan gives the holder the right to subscribe, at any time during the 5 year period commencing upon the date of grant and ending on the expiry date as determined by the directors of the Company in accordance with the Plan and applicable rules of the TSX Venture Exchange (the "**Exchange**") for one Common Share at a subscription price equivalent to a minimum of the last daily closing price of the Common Shares on the TSX Ventures Exchange, (or such other stock exchange as the Common Shares are listed from time to time), subject to any discounts permitted by the Exchange, on the date preceding the date upon which the Option was granted and disclosure made to the Exchange for the purpose of reserving such price in respect of such Option.

(iv) Conditions of Grant

The grant of options is conditional (*Inter alia*) upon the following:

- The number of Options to be granted shall not exceed (on a rolling basis) 10% of the issued and outstanding Common Shares;

- Eligible Persons may not receive grants of more than 5% (and in the case of a Consultant, 2%) of issued and outstanding Common Shares as at the date that the Option is granted in any 12 month period.

(v) Cessation of employment

If an option-holder ceases to be a director, senior officer or employee of, or consultant to, the Group the Option will usually lapse.

Where an option-holder ceases to be a director, senior officer or employee of, or consultant to, the Group due to death or permanent disability any Options granted to that option holder may be exercised during a period of 90 days following such cessation (or on the date upon which the Option would otherwise have lapsed if earlier).

(vi) Takeover or Reconstruction

In the event of a change of control of the Company as a result of a takeover or reconstruction, EMI Options may be exercised in full or (as an alternative to the exercise of EMI Options) Option-holders may, if the acquiring company agrees, release their EMI Options in exchange for options over shares in the acquiring company.

(vii) Reorganisation of share capital

In the event of a capitalisation or rights issue or the sub-division, consolidation or reduction of the Company's ordinary share capital, the exercise price of the Options or the number of Common Shares to be subscribed for may be adjusted.

(viii) Amendments

The Board may amend or discontinue the Plan at any time however:

- no alteration or addition shall be made to the Plan which would abrogate or adversely affect the subsisting rights of an Option-holder unless it is made with their consent;

- no alteration or addition shall be made to the Plan which would require the consent of the shareholders of the Company unless such consent has been obtained;

Warrants

As at 26 March 2006, the latest practical date prior to the publication of this document, the Company had outstanding 12,843,897 Warrants of which 6,993,897 are due to expire on 4 April 2006 and 5,850,000 are due to expire on 14 April 2006. Further details are set out in paragraph 4.2 of Part 5 of this document.

Taxation

Information regarding taxation is set out in paragraph 9 of Part 5 of this document. These details are intended only as a general guide to the current tax position. If an investor is in any doubt as to his or her tax position he or she should consult his or her own independent financial adviser immediately.

Further Information

Your attention is drawn to the remainder of this document, which provides additional information on the matters discussed above.

PART 2

RISK FACTORS

AN INVESTMENT IN THE COMPANY IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK.

In addition to the other relevant information in this document, the Directors consider the following risk factors to be of particular relevance to the Group's activities and to any investment in the Company. It should be noted that this list is not exhaustive and that other risk factors may apply. Any one or more of these risks could have a material adverse effect on the value of the Company and should be taken into account in assessing the Group.

Crown Mining Lease

The Crown Mining Lease has expired and whilst Omagh Minerals is in negotiations with the Crown for its renewal, and has entered in to the Heads of Terms in this regard, and whilst the Directors believe that the Crown Mining Licence will be renewed on terms substantially the same as the Heads of Terms, there is no guarantee of this. In the event that the Crown Mining Lease was not renewed the Groups operations on the Properties could not continue and the Prospecting Licences could no longer be used and relied upon.

Exploration and Mining Risks

The business of exploration for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. The mineral deposits to be assessed by the Group may not contain economically recoverable volumes of resources. Should the mineral deposits contain economically recoverable resources then delays in the construction and commissioning of mining projects or other technical difficulties may result in the Group's current or future projected target dates for production being delayed or further capital expenditure being required.

The operations of the Group may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupational and health hazards, technical failures, labour disputes, unusual or unexpected rock formations, explosions, flooding and extended interruptions due to inclement or hazardous weather conditions and other acts of God. These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. No assurance can be given that the Group will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

The occurrence of any of these hazards can delay activities of the Group and may result in liability. The Group may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities for which it was not responsible.

Mineral exploration is highly speculative in nature, involves many risks and frequently is unsuccessful. There can be no assurance that any mineralisation discovered will result in proven and probable reserves being attributed to the Group. If reserves are developed, it can take a number of years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. There is no guarantee that the Group will be able to add reserves or resources to its current estimates of the same in such a manner as to permit the Group to continue, maintain or expand production in an economic manner.

Substantial expenditures are required to establish ore reserves through drilling, to determine metallurgical processes to extract metals from ore and, in the cases of new properties, to construct mining and processing facilities. As a result of these uncertainties, no assurance can be given that the exploration programmes undertaken by the Group will result in any new commercial mining operations being brought into operation.

Volatility of price of gold

The market price of gold is volatile and is affected by numerous factors which are beyond the Group's control. These include international supply and demand, the level of consumer product demand, international economic trends, currency exchange rate fluctuations, the level of interest rates, the rate of inflation, global or regional political events and international events as well as a range of other

market forces. Sustained downward movements in gold market prices could render less economic, or uneconomic, some or all of the exploration and/or extraction activities to be undertaken by the Group.

Volatility of Metal Prices and Exchange Rates

Historically, metal prices have displayed wide ranges and are affected by numerous factors over which the Company does not have any control. These include world production levels, international economic trends, currency exchange fluctuations, expectations for inflation, speculative activity, consumption patterns and global or regional political events. In the case of gold, purchases and sales of bullion holdings by central banks or other large holders or dealers may also have an impact on the market and price. The aggregate effect of these factors is impossible to predict.

Consequently, as a result of the above, price forecasting can be difficult to predict or imprecise.

Any future Company income from its product sales will be subject to exchange rate fluctuations and could become subject to exchange controls or similar restrictions. Currency conversion may have an adverse effect on income or asset values.

Governmental Regulations and Processing Licences

Governmental approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental offices. The Group must comply with known standards, existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and the interpretation of the laws and regulations implemented by the permitting authority. New laws and regulations, amendments to existing laws and regulations, or more stringent enforcement of existing laws and regulations, could have a material adverse impact on the Group's results of operations and financial condition.

The Group's exploration, mining and processing activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. There can also be no assurance that they will be renewed or if so, on what terms.

Development Projects

Development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, estimates of proven and probable reserves and cash operating costs are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors.

As a result, it is possible that actual cash operating costs and economic returns may differ from those currently estimated.

Reserve and Resource Estimates

The Company has derived the ore reserves and resource figures presented in this document from the estimates prepared by management and/or reported in the Competent Person's Report set out in Part 3 of this document and which are subject to the qualifications in the Competent Person's Report. Reserve figures are estimates and there can be no assurances that they will be recovered or that they can be brought into profitable production. Reserves and resources estimates may require revisions based on actual production experience. Furthermore, a decline in the market price of gold that the Group may discover could render ore reserves containing relatively lower grades of these minerals uneconomic to recover and may ultimately result in a restatement of reserves.

Environmental Factors

The Group's operations are subject to environmental regulation (including regular environmental impact assessments and permitting). Such regulation covers a wide variety of matters, including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The Group may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. Environmental legislation and permitting are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and

penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees.

Limited Operating History

The Group has no properties producing positive cash flow and its ultimate success will depend on its ability to generate cash flow from producing properties in the future. The Group has not earned profits to date and there is no assurance that it will do so in the future. A portion of the Group's activities will be directed to the search for, and the development of, new mineral deposits. Significant capital investment will be required to achieve further commercial production from the Group's existing projects and from successful exploration efforts. There is no assurance that the Company will be able to raise the required funds to continue these activities.

Construction Risks

The mineral extraction plant at the Group's property is currently being constructed. There can be no guarantee that this will be completed successfully, or if it is completed successfully, in the timescale and budget envisaged by the Company. There can be no guarantee that the Company will receive final approval from the local authority for the fully constructed mineral extraction plant.

Insurance coverage

There are significant exploration and operating risks associated with exploration for gold, including but not limited to, adverse weather conditions, environmental risks and fire, all of which can result in injury to persons as well as damage to or destruction of the extraction plant, equipment, formations and reserves, production facilities and other property. In addition, the Group will be subject to liability for environmental risks such as pollution and abuse of the environment. Although the Group will exercise due care in the conduct of its business and will maintain what it believes to be customary insurance coverage for companies engaged in similar operations, the Group is not fully insured against all risk in its business. The occurrences of a significant event against which the Group is not fully insured could have a material adverse effect on its operations and financial performance. In addition, in the future some or all of the Group's insurance coverage may become unavailable or prohibitively expensive.

Availability of Gold

The business of the Group of the manufacture and supply of high value "Irish Gold" jewellery is dependent upon a mine being developed to provide a steady supply of certified Irish gold.

Revenue

The Company has initial terms for sale of its concentrates from two mainline smelter/refiners. There is a risk that final terms may turn out to be less favourable than anticipated, or that it may not be able to conclude final agreements with these or other persons for the sale of the concentrates of the Company on terms acceptable to it.

Financing

The successful extraction of gold may require very significant capital investment. In addition, delays in the construction and commissioning of any of the Group's mining projects or drilling projects or other technical difficulties may result in projected target dates for related production being delayed and/or further capital expenditure being required. In common with all mining and drilling operations, there is uncertainty, and therefore risk, associated with operating parameters and costs resulting from the scaling up of extraction methods tested in laboratory conditions. The Group's ability to raise further funds will depend on the success of existing and acquired operations. The Group may not be successful in procuring the requisite funds and, if such funding is unavailable, the Group may be required to reduce the scope of its operations or anticipated expansion. In the event that financing is successful it may mean that new Common Shares need to be issued on a non pre-emptive basis, thus diluting the interests of investors at that time.

Competition

The mineral exploration and mining business is competitive in all of its phases. The Group competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Group, in the search for and acquisition of exploration and development rights on attractive mineral properties. The Group's ability to acquire exploration and development rights on properties in the future will depend not only on its ability to develop the properties on which it currently has exploration and development rights, but also on its ability to select and acquire

exploration and development rights on suitable properties for exploration and development. There is no assurance that the Group will continue to be able to compete successfully with its competitors in acquiring exploration and development rights on such properties.

Currency Risk

Gold is traded in US Dollars, though Galantas expects to receive payment in Sterling. The Company's financial results are reported in Canadian Dollar and may therefore be materially affected by movement in the Canadian Dollar/Sterling exchange rate.

Title Matters

Whilst the Group has diligently investigated title to all mineral claims and, to the best of its knowledge, title to all the Properties is in good standing, this should not be construed as a guarantee of title. The properties may be subject to undetected title defects. If a title defect does exist it is possible that the Group may lose all or part of its interest in properties to which the title defect relates.

Market perception

Market perception of the Group may change potentially affecting the value of investors' holdings and the ability of the Group to raise further funds by the issue of further Common Shares or otherwise.

AIM and liquidity of the Common Shares

AIM is not the Official List. The Common Shares will not be listed on the Official List. Notwithstanding that Admission becomes effective and dealings commence in the Common Shares, this should not be taken as implying that there will be a liquid market for the Common Shares. An investment in the Common Shares may thus be difficult to realise.

Investors should be aware that the value of the Common Shares may be volatile and may go down as well as up. Investors may, on disposing of Common Shares, realise less than their original investment or may lose their entire investment. The Common Shares may, therefore, not be suitable as a short-term investment. In addition, the market price of the Common Shares may not reflect the underlying value of the Group's net assets. The price at which the Common Shares will be traded and the price at which investors may realise their Common Shares will be influenced by a large number of factors, some specific to the Group and its proposed operations, and some of which may affect the business sectors in which the Group operates. Such factors could also include the performance of the Group's operations, large purchases or sales of the Common Shares, liquidity or the absence of liquidity in the Common Shares, legislative or regulatory changes relating to the business of the Group and general economic conditions.

Possible volatility of the price of the Common Shares

Following Admission the market price of the Common Shares could be subject to significant fluctuations due to various factors and events, including any regulatory or economic changes affecting the Group's operations, variations in the Group's operating results, developments in the Group's business or its competitors, or to changes in market sentiment towards the Common Shares. The Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. In addition, stock markets from time to time suffer significant price and volume fluctuations that affect the market prices for securities and which may be unrelated to the Group's operating performance. Any of these events could result in a decline in the market price of the Common Shares**.**

Attraction and retention of key employees

The Group depends on its Directors and other key employees. Whilst it has entered into contractual arrangements with these individuals with the aim of securing the services of each of them, retention of these services cannot be guaranteed.

Equally the ability to attract new employees with the appropriate expertise and skills cannot be guaranteed. The Company may experience difficulties in employing appropriate staff and the failure to do so may have a detrimental effect upon the trading performance of the Group.

Taxation framework

This document has been prepared in accordance with current UK/Canadian tax legislation, practice and concession and interpretation thereof. Such legislation and practice may change and the current interpretation may therefore no longer apply.

Forward looking statements

Certain statements within this document, including those in the part of this document under the heading "Information on the Group", constitute forward looking statements. Such forward looking statements involve risks and other factors which may cause the actual results, achievements or performance of the Group to be materially different from any future results, achievements or performance expressed or implied by such forward looking statements. Such risks and other factors include, but are not limited to, general economic and business conditions, changes in government regulation, competition, changes in development plans and the other risks described in this Part 2. There can be no assurance that the results and events contemplated by the forward looking statements contained in this document will, in fact, occur. These forward looking statements are correct only as at the date of this document. The Company will not undertake any obligation to release publicly any revisions to these forward looking statements to reflect events, circumstance or unanticipated events occurring after the date of this document except as required by law or by regulatory authority.

Terrorism and the uncertainty of war

The terrorist attacks on the United States on 11 September 2001, the US-led war on terrorism backed by the UK and other acts of violence or war may affect the Group's operations and profitability. The potential near-term and long-term effects these attacks may have on the Group's business are uncertain. The consequences of any terrorist attacks or any armed conflicts which may result, are unpredictable, and the Group may not be able to foresee events that could have an adverse effect on its business.

Management of growth projections

There can be no guarantee that the Group will achieve the level of business anticipated.

Outstanding Charge

The freehold land comprised in Folio 8761 County Tyrone, being part of the Properties is held by Omagh Minerals subject to a charge in favour of a third party for securing £30,000 payable on 31 March 1999. The secured amount has been repaid, but the charge has not yet been released. If the Company is unable to obtain the release of the charge it may be necessary to issue proceedings against the third party forcing him to take all steps necessary to release the charge

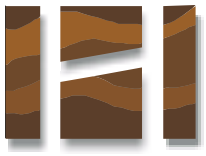
General

The risks noted above do not necessarily comprise all those potentially faced by the Group and are not intended to be presented in any assumed order of priority.

The Directors and Management will use their commercially reasonable efforts to attempt to minimise the impact of the Risk Factors, investment in the Company should only be made by investors able to sustain a total loss of their investment. Investors are strongly recommended to consult an investment adviser authorised under the Financial Services and Markets Act 2000 who specialises in investments of this nature before making any decision to invest in the securities of the Company.

PART 3

COMPETENT PERSON'S REPORT



A C A HOWE INTERNATIONAL LIMITED

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15th March, 2006

The Directors
Galantas Gold Corporation
56 Temperance Street
4th Floor
Toronto
Ontario
Canada,
M5H 3V5

Dear Sirs,

We consent to the inclusion in Part 3 of the Admission Document to be issued by the Company and dated 27 March 2006 of our report (Technical Report of the Gold Mining and Exploration Interests of the Omagh Gold Project of Galantas Gold Corporation in Counties Tyrone and Fermanagh, Northern Ireland) dated December 2006 ("Report"), for which Report we hereby accept responsibility for the purposes of the AIM Rules. To the best of our knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in the Report is in accordance with the facts and does not omit anything likely to affect the import of such information.

Yours sincerely,

C. W. Armstrong,
Managing Director

TECHNICAL REPORT
OF THE
GOLD MINING AND
EXPLORATION INTERESTS OF THE
OMAGH GOLD PROJECT OF
GALANTAS GOLD CORPORATION IN
COUNTIES TYRONE AND FERMANAGH,
NORTHERN IRELAND

for
GALANTAS GOLD CORPOPRATION
and
ARM CORPORATE FINANCE

by
ACA HOWE INTERNATIONAL LTD
Individual authors:
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December 2005

Berkhamsted
Herts, UK

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SUMMARY

Galantas Gold Corporation of Ontario owns 100% of Omagh Minerals Limited.

Omagh Minerals Limited holds exclusive exploration rights for gold and silver and other minerals, over a 189 square kilometre licence area in Counties Tyrone and Fermanagh, Northern Ireland . The Company also owns the freehold of the Omagh mine site in the east part of the licence area a few miles southwest of the town of Omagh. Planning Permission for open pit mining has been given. Omagh Minerals holds a Consent to Discharge of Effluent and is in the process of renewing mining rights from the Crown Estate and obtaining parallel base metal rights from the Department of Enterprise, Trade and Investment (DETI).

The licence includes the 72 square kilometre, partly fault-bounded, Lack geological inlier of Upper Proterozoic age, Upper Dalradian metamorphic rocks, surrounded by Lower Palaeozoic rocks. The Dalradian is recognised as having been deposited above an island-arc type, plate-boundary subduction zone, with potential for volcanic-associated precious and base metals mineralisation and there has been extensive mineral exploration in this geological environment in Ireland and Scotland and exploration and mining in rocks associated with this zone in Scandinavia and North America.

Gold mineralisation is known in the Kearney vein swarm in the east of the area and in two showings some 5 kilometres to the west. Numerous other mainly geochemical targets exist for undiscovered gold mineralisation throughout the licence area, some with geophysical anomalies.

The Kearney vein swarm, comprising 16 named vein structures, was explored by a previous operator by various methods including over 140 diamond drill holes. Substantial drilling and extensive overburden stripping and channel sampling of the Kearney vein itself has been carried out, revealing a complex shear zone with quartz-sulphide and gold-silver mineralisation and associated alteration. Its strike length is 850 metres (1000 metres including an IP anomaly) with widths up to 6.6 metres or more, dipping eastwards at 70 degrees. The maximum vertical extent proved by drilling is 137 metres. The more limited drilling and trenching on the other structures shows them to be broadly similar in terms of overall mineralogy and grade of mineralisation.

Numerous other targets exist for undiscovered gold mineralisation throughout the licence area based on combinations of geochemical and geophysical anomalies and satellite imagery interpreted linear features.

With regard to project status, all the exploration and mining rights are in good standing or under renewal and a small open pit mine and froth flotation treatment plant are under construction on the freehold land. Initially, most of the ore will come from the Kearney vein. A resource augmentation and exploration programme is being prepared based on a ranked list of more than fifty targets in the Kearney vein swarm and throughout the Dalradian rocks of the licence area.

Regarding resources, a preliminary and partial estimate of shallow resources in the Kearney vein was carried out in 2004 by Howe using Micromine software, based only on channel sample data, using a sample cut-off grade of 3 g/t Au. It includes measured resources to a depth of 20 metres and indicated resources from 20 to 37 metres depth, totalling 114,777 tonnes at a grade of 11.03 g/t Au over a strike length of 441 metres, to a previously designed pit depth of 37 metres, with an implied average width of 2.40 metres, containing 1,265,990 grammes or 40,700 ounces of gold. This estimate is compliant with the requirements of CIM/Canadian National Policy 43-101 for the definition of mineral reserves and resources.

Reserves may be calculated when a final mining plan is designed and costed and the optimum target mill head grade is established.

Reserves and resources estimated in 1995, in conformity with the JORC Code, using a cut-off grade of 1.0 g/t Au and a cut-off width of 0.5 metres, comprise proven and probable reserves in the Kearney vein of 367,310 tonnes grading 7.52 g/t Au over an average width of 4.43 metres within the 850 metres length of the proposed Kilborn designed open pit, to a depth of 37 metres. A further indicated resource of 1,183,680 tonnes at a grade of 7.02 g/t Au over a width of 4.43 metres was estimated from the base of the proposed pit to a depth of 137 metres.

In 1995, trenching and diamond drilling data, partly defining seven other named structures in the Kearney vein swarm, were used to calculate an additional indicated resource of 328,820 tonnes at a grade of 6.72 g/t Au. Geochemical and geophysical data were used to extrapolate from these zones for the estimation of an additional inferred resource of 135,500 tonnes at a grade of 4.68 g/t Au.

As defined by the Micromine modelled estimate of 2004, the Kearney deposit is open at depth and, along strike as indicated by drilling and IP anomalies, which together extend the drilled depth to 137 metres and the strike length to 1000 metres. An estimate in 1995, using a 1 g/t Au cut-off, generated 1.55 million tonnes at 7.14 g/t Au to a depth of 137 metres, comprising proven and probable ore reserves and indicated resources inside the Kilborn designed pit and at greater depth, with implied average aggregated widths ranging from 4.43 to 6.62 metres.

Seven partially explored, additional veins of the Kearney swarm contain indicated and inferred resources over trenched and/or drilled strike lengths of 38 to 560 metres, depths of 25 to 75.5 metres and widths of 0.57 to 3.35 metres. Average resource grades using a 1 g/t Au cut-off, range from 3.5 to 10.10 g/t Au.

Formal, comprehensive estimation of resources using Micromine or similar software is required, compliant with the current JORC code or the CIM/Canadian NI 43-101 regulations. It would be useful and instructive to generate a geologically constrained 3D model of the mineralisation and then to use sample assay data within its limits to calculate gold grades.

There is no final mine design at present and this needs to be completed early in the project. This will not prevent early access into the pit for trial mining purposes, since mineralisation is immediately accessible.

It is necessary to produce a mine schedule as soon as possible to allow operating costs to be generated.

The mining equipment already acquired is adequate for the work and sufficient mining capacity exists for proposed production rates.

The ore will need to be selectively mined if Galantas require mill feed grades in excess of the resource in-situ grade. The possibility of upgrading by sorting or dense-medium separation will also be investigated.

The mill design is suited to the type of ore being treated, although it is accepted that more mineral test-work will be required prior to commissioning. The equipment delivered to site and proposed for acquisition is reasonably expected to handle the forecast tonnages, once it is appropriately installed.

Existing and planned infrastructure is adequate for an operation of the size and type planned at Omagh mine. In due course, the feasibility of bringing in mains power should be investigated.

The elements used within the economic analysis by Galantas appear reasonable and based on adequate data. The economic analysis needs completion and should be based on a proposed mining schedule and plant throughput forecast. Without the details of plant throughput, it is not possible to value the mining project at present.

The company has the necessary qualified personnel to carry out the proposed work programme up until commissioning. They appear well motivated and professional in their approach.

Reserves and resources are limited at present but there are numerous targets for open pittable resource augmentation and for new discoveries. Howe considers it likely that aggressive exploration will add substantially to the reserves and resources. It is possible that structures similar to the Kearney vein lie undiscovered in the identified target areas.

The high gold grades and the widths and continuity of the present reserves and resources indicate that there is potential for underground production in the future, following exploratory drilling.

Eight gold-rich veins of the Kearney swarm have been classified as very high priority resource augmentation targets with scores of 9 and 10, for further exploration in the near future. Eight other veins of the Kearney swarm not yet drilled or drilled with lower grades have target scores of 5 to 8. The remaining targets, of which there are thirty seven, comprise one target scoring 6, three targets scoring 5, four targets scoring 4, eleven targets scoring 3, eleven targets scoring 2 and seven targets scoring 1. Howe considers that the targets scoring 3 to 8 present some excellent opportunities for new discoveries on or near known vein structures of the Kearney swarm and new discoveries elsewhere in the greater part of the licence area.

The airborne electromagnetic surveys of 2005 detected parts of the known gold bearing structures but it is now clear that both conductivity (VTEM) and chargeability (IP) are useful geophysical tools with which to assemble targets for new discoveries. Accordingly, the Riofinex IP geophysical data should be rehabilitated.

Localised targets have been identified associated with possible structures which are parallel to or conformable with the regional strike. These represent a new type of exploration target in the Lack inlier.

Galantas have proposed a logical and balanced programme of reserve and resource augmentation work on known veins and exploration of other targets over the next two years. The Galantas budgets for these work proposals total £502,000. Detailed verification of all the Omagh Minerals financial assumptions and estimates is beyond the scope of this report. Nevertheless, it is Howe's opinion that the above proposals and budgets are reasonable and commensurate with the scale and status of each project.

1. INTRODUCTION AND TERMS OF REFERENCE

At the request of Galantas Gold Corporation (Galantas, the Company) and ARM Corporate Finance (ARM) as the Nominated Advisor of Galantas, ACA Howe International Limited (Howe) has prepared this report on the Omagh gold mining and exploration assets of Galantas in Northern Ireland (Figure 1). The mine previously known as the Cavanacaw mine after the local Townlands is now known by Galantas as the Omagh mine and is referred to by this name throughout this report.

As indicated in the e-mail from Galantas to Howe dated 16th November 2005, following the meeting of 15th November 2005, Galantas commissioned a Competent Persons Report required for the Galantas AIM listing application. It was requested that the report be structured, so far as is possible, without incurring additional expense, to be used as an addendum to the report previously authored by ACA Howe and filed in Toronto (ACA Howe International Ltd, 2003).

The main purpose of the present report is to provide an independent technical review of the Galantas gold mining and exploration project for the purposes of a proposed listing on AIM, a market operated by the London Stock Exchange PLC. However, it was informally requested by Jack Gunter of Galantas that Howe should review, revise and augment the targets identified in the report describing targets in the outlying areas (ACA Howe International Ltd, 2004A), to include the drilled area previously excluded, following the receipt of the results of the airborne electromagnetic and magnetic surveys of summer 2005 (Geotech Airborne, 2005).

This report is based on recent visits to the project by Howe personnel between 28th October and 22nd December 2005 and other information provided up to December 2005. Howe has compiled the report from a combination of first hand observations, information from client and third party sources listed below in the section "References and Sources", which we have assumed to be correct but which we have not independently verified although we are not aware of any information in those documents that is incorrect. To the best of our knowledge, having taken all reasonable care to ensure that such is the case, the information contained in this report is in accordance with the facts and makes no omission likely to affect the import of such information.

The parts of the report describing the Omagh project are organised into sections on the history, exploration and mining rights, location etc., geology and mineralisation, reserves and resources, resource augmentation targets, selective mining trials, initial open pit mine and mill, an economic review and a section on exploration targets. The report concludes with future work proposals and budgets prepared by Galantas followed by Howe's comments on these items.

The main sources used are as follows:

ACA Howe International Ltd, 21st July 2003. Geological report on the Omagh gold deposits and the exploration potential of the Lack gold licence, County Tyrone, Northern Ireland for European Gold Resources Inc. Report No. 851a, April 15, 2003. Revised: July 21, 2003.

ACA Howe International Ltd, March 2004A. Exploration report on the outlying areas of the Omagh Minerals Limited gold licence, County Tyrone, Northern Ireland for European Gold Resources Inc.

ACA Howe International Ltd, 20th August 2004B. Letter to The Directors, European Gold Resources on the subject of reserves and resources of the Omagh gold project.

Galantas Gold Corporation website - http://www.galantas.com

Galantas Gold Corporation, November 2005. Galantas internal documents listing equipment specifications, prices and quotations (Folder entitled Galantas Gold Flotation Plant and Quarry November 2005)

Galantas Gold Corporation, 1st December 2005A. MEMORANDUM To: Roland Phelps – CEO, Galantas Gold Corporation. Subject: Omagh mine reserve and resource expansion program for 2006-07. From: M. J. Lavigne, Director, Vice President Exploration and Development.

Galantas Gold Corporation, 1st December 2005B. MEMORANDUM To: Roland Phelps – CEO, Galantas Gold Corporation. Subject: Gold Resource Discovery program for 2006-07. From: M. J. Lavigne, Director, Vice President Exploration and Development.

Galantas Gold Corporation, 5th December 2005. Omagh Technical Report: An update of mining, processing methodology, tailings disposal and costs.

Galantas Gold Corporation, 30th December 2005A. Mining Strategy at Kearney Pit. (Informal report by L J Gunter.)

Galantas Gold Corporation, 30th December 2005B. Kearney Orebody Mining Schematic – Longitudinal Projection.
(Filename: KearneyVLPschematicOzAuandPitPhasesPicture1.png)

Geotech Airborne Limited, August 2005. Report on a helicopter borne time domain electromagnetic geophysical survey, Omagh property, Northern Ireland. For Galantas Gold Corporation. (Includes an airborne magnetometer survey.)

Omagh Minerals Limited, 12th September 1998. Notes re reserves in Kearney structure. (Includes tabulated calculation of tonnes per vertical metre at different cut-off grades in 10m strike blocks.)

With reference to FORM 43-101F1, TECHNICAL REPORT, Items 1 to 26, the subjects of these items are covered by the text and illustrations of this report which has relied upon reports filed on SEDAR (ACA Howe International Ltd, 21st July 2003; ACA Howe International Ltd, 20th August 2004B. Galantas Gold Corporation, 5th December 2005). Updated certificates for these reports have been filed on SEDAR. Information in these reports is supplemented with information from other sources listed above, other sources such as published topographic and geological maps, government sources, geographical atlas information, internet resources, Galantas personnel, local knowledge and first hand observations and interpretations by the Qualified Persons.

2. QUALIFICATION OF CONSULTANTS

2.1. ACA HOWE INTERNATIONAL LIMITED

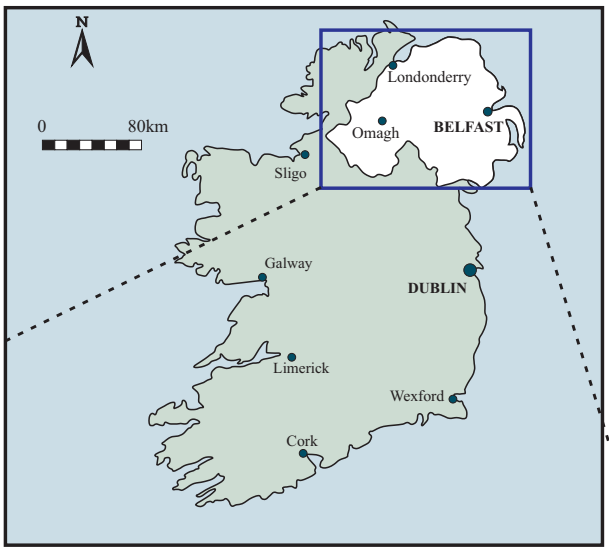
ACA Howe International Ltd is an internationally recognised, independent geological and mining consultancy with offices in Canada, where it was established in 1961, and in the United Kingdom, where it has operated since 1978.

Howe, its Directors and Associates neither have nor hold:

- any rights to subscribe to Galantas either now or in the future;
- any vested interests in any concessions held by Galantas;
- any rights to subscribe to any interests in any of the concessions held by Galantas, either now or in the future;
- any vested interests in either any concessions held by Galantas or any holders of any adjacent concessions; and
- any rights to subscribe to any interests or concessions adjacent to those held by Galantas, either now or in the future.

Key to Licences:

BR	Billiton UK Resources BV.
C	Conroy Diamonds and Gold plc.
ISM	Irish Salt Mining and Exploration Co. Ltd.
JS	James Stevenson (Quarries) Ltd.
OM	Omagh Minerals Ltd.
PC	Portland Cement Ltd.
UM	Ulster Minerals Ltd.
TG	Tournigan Gold Corporation



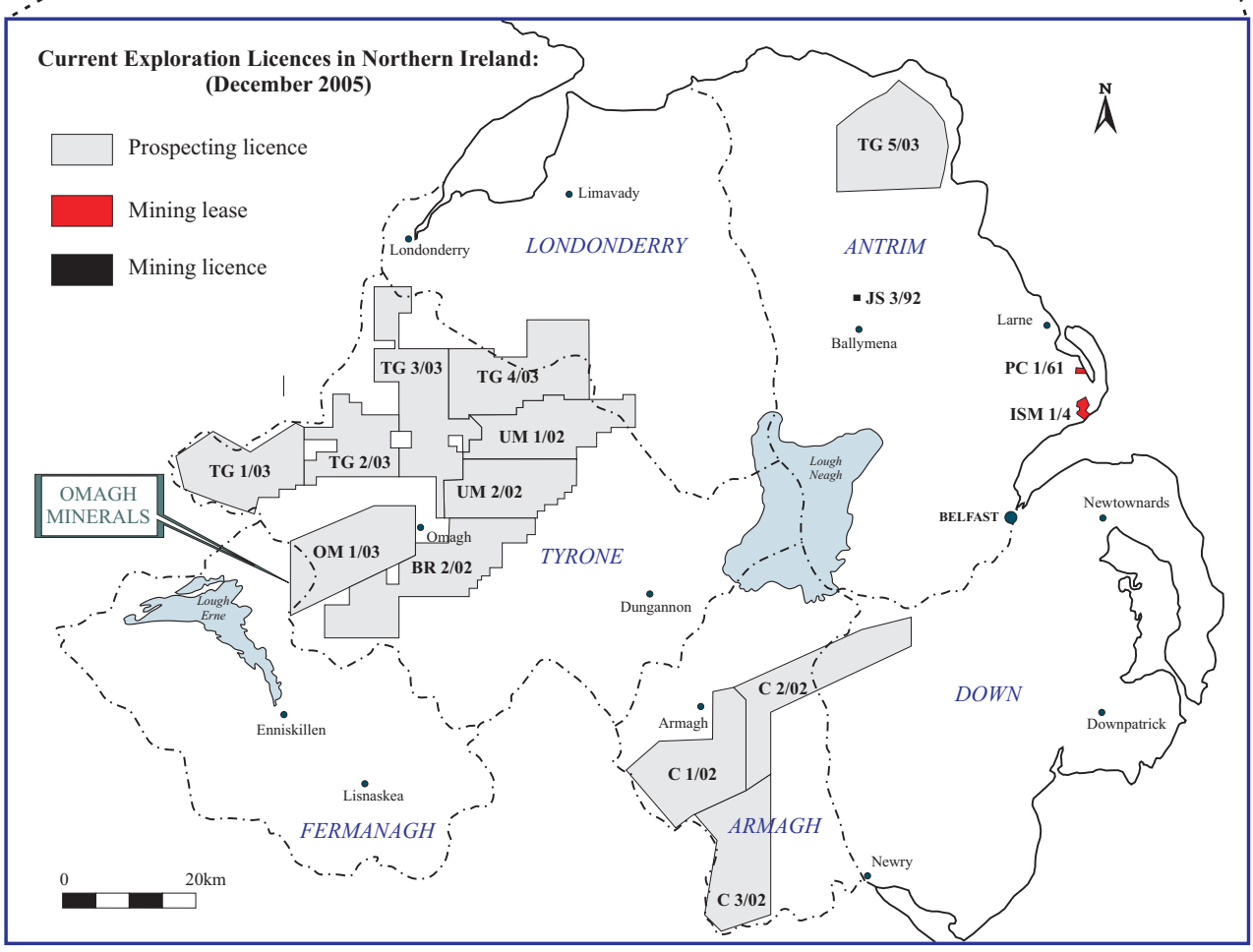


FIGURE 1. REGIONAL LOCATION OF OMAGH GOLD PROJECT ACA HOWE INTERNATIONAL LTD

Howe's only financial interest is the right to charge professional fees at normal commercial rates, plus normal overhead costs, for work carried out in connection with the investigations reported here. Payment of professional fees is not dependent either on project success or project financing.

2.2. JOHN LANGLANDS

John Langlands, BSc., FGS, FIMMM, C.Eng., visited the property and prepared this report, with the assistance of other Howe staff and Associates and with the assistance and co-operation of Galantas staff. Mr Langlands, a Senior Geologist with Howe since 1980, has more than 30 years of professional experience in the exploration, assessment and evaluation of a wide range of mineral prospects, deposits and mines, including gold.

2.3. JULIAN BENNETT

Julian Bennett, BSc, MIMMM, C.Eng., visited the property and prepared the mining and economic review sections of this report, with the assistance of other Howe staff and Associates and with the assistance and co-operation of Galantas staff. Mr Bennett, Senior Associate Mining Engineer with Howe, has more than 40 years of professional experience in the valuation, design, construction and management of gold and base metal mines both open pit and underground throughout the world.

3. PROJECT VISITS BY CONSULTANTS

Since 1992, Howe has been engaged as a geological consultant initially to Omagh Minerals and subsequently to its parent, European Gold Resources Inc., now renamed Galantas Gold Corporation. Howe has carried out various assignments and assessments of the project, including field work and office work, on numerous site visits by senior and junior staff.

The most recent visits to the project by Howe were made by Senior Geologist, John Langlands, between 28th November and 2nd December, 2005 and by Senior Associate Mining Engineer, Julian Bennett, between 19th and 22nd December, 2005.

4. HISTORY OF PROJECT TO 2003

The details of the project history to 2003 are presented in previous reports (ACA Howe International Ltd, 2003; 2004A). The following is a summary.

Following the discovery and exploration of vein gold at Curraghinalt in the Sperrin Mountains of Northern Ireland by Ennex International in the mid 1980s, Riofinex North Ltd (Riofinex) commenced exploration of the geological inlier known as Lack, named after the village located 20 kilometres west-southwest of Omagh town. Riofinex discovered the gold-bearing Kearney vein structure and the surrounding swarm of gold veins during the course of an exploration and resource delineation programme which included:-

- geological mapping;
- sampling of
    - stream sediment,
    - soil,
    - loose boulders of mineralisation known as “float” and
    - deep overburden using a petrol driven, hammer sampling tool known as a Pionjar,
    - bedrock;

- core drilling;
- overburden stripping and intensive saw-cut channel sampling of exposed mineralisation in bedrock;
- resource estimation;
- evaluation of a mining project based on the Kearney structure;
- environmental baseline studies.

Due to the early discovery of the Kearney vein swarm, the efforts of Riofinex were more concentrated in a relatively small area in the eastern part of the project area.

In 1990 the Riofinex project was transferred to Omagh Minerals who commissioned Kilborn and Knight Piesold to study metallurgical recovery and the practicalities of mining with a focus on the Kearney deposit. Simultaneously, Wardell Armstrong carried out an environmental Impact Assessment (EIA) which was completed by late 1992. The Crown Estate Commissioners awarded a Lease of Rights to work gold and silver (Crown Estate mining lease) in 1993 with a ten year initial term, over land including the Kearney vein, with effect one month after the award of Planning Permission.

Following a Public Enquiry in 1993 and 1994 which convened intermittently for a total of 24 days and ended on January 19, 1994, conditional Planning Permission for a mining and processing operation was granted in 1995 over land owned by Omagh Minerals and Consent to Discharge of Effluent was given. Planning Permission remains valid since work commenced within 5 years of granting. All of the 40 planning conditions were fulfilled in 2001, enabling project development to commence.

In 1995, in line with the permission and consent conditions, Kilborn produced a revision of their earlier study, based on a larger forecast mill throughput.

In 1997, European Gold Resources Inc. (EGR) of Ontario acquired Omagh Minerals. Omagh Minerals excavated another open cut on the Kearney structure, commencing some 44 metres north of the Riofinex excavation, also covering some 5-6 metres of vertical section through the deposit. The exposed bedrock surface was mapped and sampled in a similar way to the Riofinex open cut. Howe carried out additional, extensive stream sediment geochemical surveys over the licence area and digitised the results and the Riofinex geochemical data.

In 2000 and 2001, Omagh Minerals carried out selective mining trials at the southern end of the Kearney structure and produced high grade, sulphidic gold ore. In the following years Omagh Minerals produced gold bullion with full accreditation of the Irish source and produced and sold 18 carat gold jewellery under the Galantas brand name of a wholly owned subsidiary.

In 2003, EGR owned Cavanacaw Corporation of Ontario, which in turn owned all of the shares of two Northern Ireland Companies, Omagh Minerals Limited and Galantas Irish Gold Limited. EGR commissioned Howe to prepare a technical report in compliance with Canadian National Instrument 43-101 (ACA Howe International Ltd, 2003).

With reference to FORM 43-101F1, TECHNICAL REPORT, Items 12 to 18: Exploration; Drilling; Sampling Method and Approach; Sample Preparation, Analysis and Security and Data Verification, (Adjacent Properties not relevant), Mineral Processing and Metallurgy, the Howe 43-101 report 851a of 2003 filed on SEDAR, covers the Riofinex work and the Omagh Minerals work up to 2002, to which there has been no material change. An updated certificate for that report has been filed on SEDAR.

In 2003, EGR also commissioned Howe to carry out compilation of exploration data and analysis of Landsat satellite imagery over the whole of the Dalradian geological inlier. These data were compiled in a Geographical Information System (GIS) using MapInfo software. Guided by interpretation of the GIS data, Howe also carried out reconnaissance sampling, mapping, data compilation and interpretation to characterise and classify the outlying targets for further follow-up work, outside the small area, 2.8 by 2.3 kilometres, which had been studied intensively by Riofinex and Omagh Minerals (ACA Howe International Ltd, 2004A).

This work was carried out by Howe geologists Patrick Forward who did the Landsat interpretation and GIS compilation and John Langlands who did the field work, both independent Qualified Persons under the terms of NI 43-101. The report is summarised below.

In 2003, Howe carried out an exploration project within the Prospecting Licence of Omagh Minerals, which covers an 18 kilometre strike length of prospective Dalradian rocks. The objectives of the programme were as follows:

1) Interpretation of Landsat 7 satellite imagery to characterise the structural setting of known mineralisation around the established Kearney structure and other deposits and derive a satellite imagery 'fingerprint' or signature of the mineralisation.
2) Application of the 'fingerprint' thus identified over the full extent of the licence to identify areas with similar or otherwise interesting structural settings.
3) Geographical Information System (GIS) compilation and re-interpretion of existing exploration data to assign priorities to the numerous targets within the licence.
4) Implementation of a focused prospecting and rock sampling programme over selected targets.
5) Identification and classification of discrete exploration targets into high, medium and low priority.
6) Design and costing of a detailed exploration programme to assess the higher priority targets.

Inspection of satellite imagery around the Kearney vein swarm showed distinct linear patterns in close correlation with the known north-south and north by north-easterly gold/sulphide deposits, in particular the Kearney and Joshua structures which are known to be fault controlled. Several strong lineaments, never before identified, were observed within the vein swarm, one lying between the Kearney and Joshua deposits which are 500 metres apart. In addition, there are regional north-east trending cross structures that appear to bound the Kearney vein swarm area and which may have important metallogenetic significance. These have been provisionally interpreted as bounding shears which caused the structural dilation which allowed mineralising fluids to permeate the Dalradian host rocks.

The Landsat 7 imagery interpretation was extended over the whole Prospecting Licence. Lineaments of similar north-south orientation have been identified throughout the area; some of them coinciding with the north-easterly trending cross structures as at the Kearney deposit. In addition, areas with particularly high lineament density were identified.

These interpreted features were entered into the GIS compilation to augment previously recorded exploration data. This data includes gold and base metal geochemical data from detailed and laterally extensive bedrock and float sampling surveys, largely by Rio Tinto group companies in the late 1980s. Data also includes the results of ground geophysical surveying in particular around the Kearney vein swarm. The diamond drill data pertaining to the gold deposits within the Kearney vein swarm are not yet included in the GIS. The digital data can be manipulated to aid interpretation.

As a result, twenty four specific targets were identified, widely distributed within the area of Dalradian rocks. Eleven targets are classified as being of high priority; seven of medium

priority and six of low priority. All the high priority targets contain multiple sample points with direct assay evidence of significantly enhanced gold content in rock or soils, in areas with strong structural features, some with associated geophysical anomalies.

Selective field reconnaissance and sampling followed the identification of the targets with the object of obtaining information to guide design of the full-scale exploration programme. It was hoped that the strongest targets might immediately yield results sufficiently interesting to merit diamond drilling in the short term. Nine specific targets were thus reconnoitred and four detailed traverses made of stream courses. This latter method has proven useful to map and sample outcrop and sub-outcrop, which elsewhere is blanketed by glacial boulder clays. In the course of the field work, twenty seven composite rock samples were taken and analysed for gold, silver and lead. Lead is a common minor component of the sulphide lodes in the area.

With reference to FORM 43-101F1, TECHNICAL REPORT, Items 14 to 16: Sampling Method and Approach; Sample Preparation, Analysis and Security and Data Verification:-

The sampling method was dimensional chip sampling and composite chip sampling and composite grab sampling of available outcrop in stream beds and the collection of loose mineralised rock in the absence of outcrop. The approach was reconnaissance in nature.

Twenty six rock samples of variable sizes amounting in total to several kilograms, sealed in plastic bags and packaging, were delivered by a Galantas employee to OMAC Laboratories of Loughrea Co. Galway, Ireland. OMAC joined the Alex Stewart Assayers Group as its principal Exploration Laboratory in 1999. Quality control includes the extensive use of Certified Reference Materials (CRMs) and blanks with at least 10% of all samples being re-assayed from the start. OMAC has participated in the Proficiency Testing Scheme run by the Canadian Certified Reference Materials Project (CCRMP) since it's inception in 1997. Since then they have received the top rating for all elements on all occasions and have been duly awarded the Certificate of Laboratory Proficiency each year. In accordance with the recommendations of the Mining Standards Task Force (Toronto Stock Exchange and Ontario Securities Commission) in their final report of 1999, OMAC is currently working towards accreditation to ISO 17025.

The OMAC Certificate of Analysis Code 2-27, Batch No. 03G015, dated 30/7/03, indicates that the rock samples were crushed to -5mm, split and half of a split was pulverised. The coarse fractions were retained at the laboratory against future requirements for re-assay and petrographic work. OMAC's Au4 Fire Assay was carried out on 30 gram aliquots of each pulp. OMAC's Au5 Aqua Regia - AAS procedure was carried out on three of the seven samples with gold values above 0.12 ppm Au, with acceptable assay variance. Lead and silver were assayed by OMAC's Geochemical - Aqua Regia (GAR) method.

A new discovery of gold mineralisation of potentially economic importance was made at Target 4, Cornavarrow Burn East Showing, located in the central part of the licence. A zone with 6.5 metres of horizontal width of structurally complex, steeply dipping disseminated pyrite and galena mineralisation lies within silicified and brecciated quartz-sericite-graphitic schist. The full extent of the mineralisation is obscured by overburden in the stream banks. Seven hammer and chisel chip samples from Target 4 all returned geochemically significant gold, silver and lead assays, the best sample returning 1.15 g/t gold, 4.2 g/t silver and 1366 ppm lead over a 1.5 metre horizontal width. The mineralisation is exposed in a narrow stream course and excavation is required to explore its extent.

The present field prospecting and office study is a preliminary investigation of the outlying targets, outside the area intensively explored and drilled by Riofinex (Figure 3). It has been carried out with a view to target prioritisation and developing target specific

recommendations up to and including drilling in the outlying areas. Targets within the area already drilled have not been considered in the present study.

Excellent prospects for new discoveries exist throughout the Prospecting Licence area including the area intensively explored and drilled by Riofinex and the outlying areas studied in this report.

A follow-up programme on the eleven outlying high priority targets noted above was designed comprising geological, geochemical and geophysical prospecting followed by trenching, overburden stripping and diamond drilling. Work on the outlying high priority targets was designed in detail and estimated to cost US$241,725 to bring them to the point where they can be either be subjected to detailed sampling programmes or relegated. This programme includes 1,500 metres of trenching, 6,000 cubic metres. of overburden stripping and 350 metres of scout diamond drilling.

5. EVENTS AND OPERATIONS FROM 2003 TO DECEMBER 2005

European Gold Resources Inc. was renamed Galantas Gold Corporation (Galantas) in 2004.

Subsequent to a financing in the spring of 2005, Galantas initiated mine development by engaging technical staff, updating engineering design, procuring both mobile plant and processing plant equipment and further overburden removal.

Airborne time-domain electromagnetic (VTEM) and magnetic surveys were flown by helicopter over most of the exploration licence including the Dalradian rocks of the Lack inlier in the summer of 2005 (Geotech Airborne Ltd, August 2005). The main objective was to locate electromagnetic anomalies which may be due to conductive mineralised structures. The results have also been used to improve the quality of geological mapping of this poorly exposed area. The anomalies have been incorporated into the target criteria presented in Appendix 1 and are described in the appropriate sections below.

The VTEM and aeromagnetic survey and results which have contributed to the exploration targets identified and classified in this report, are summarised below. The surveys were carried out by independent geophysical survey contractors, Geotech Airborne Ltd of St. Michael, Barbados, under contract to Galantas Gold Corporation.

During the period June 24th to July 12th, 2005, Geotech Airborne Limited carried out a helicopter-borne geophysical surveys for Galantas Gold Corporation over one survey block covering the Dalradian Lack inlier. The survey was flown using an Astar B2 helicopter, registration G-PLMH, operated by PDG Helicopters. The principal geophysical sensors included a time domain electromagnetic system (VTEM) and a cesium magnetometer. Ancillary equipment included a GPS navigation system and a radar altimeter. A total of 1501.2 line-kilometres were flown at nominal traverse line spacing of 100 metres. Tie lines were flown perpendicular to traverse lines at 500 metre spacing. Where possible, the helicopter maintained a mean terrain clearance of 75 metres, which translated into an average height of 30 meters above ground for the bird-mounted VTEM system and 60 meters above ground for the magnetic sensor.

Data processing involved quality control and compilation of data collected during the acquisition stage, using the in-field processing centres established at Omagh and Enniskillen, Northern Ireland. Preliminary and final data processing, including generation of final digital data products were carried out at the office of Geotech Limited in Aurora, Ontario. The processed survey results are presented as maps of total magnetic field colour contours and

logarithmic scale stacked profiles at a scale of 1:20,000. Digital data includes all electromagnetic and magnetic products plus positional, altitude and raw data.

A number of EM anomaly groupings were identified which Geotech Airborne recommended for ground follow-up if favourably supported by other geoscientific data.

Galantas geologists carried out ground inspections to identify apparent cultural VTEM anomalies associated with farm buildings and other man-made conductors.

The VTEM and aeromagnetic results have enhanced 16 of the 52 named targets as indicated in Appendix 1 and summarised with regard only to the geophysical anomalies, as follows in order of merit.

- Target 31, Kearney, with a high merit score of 10, is associated with weak VTEM anomalies over the north half of the strike.
- Target 52, 63 gram, with a merit score of 6, is associated with the southern edge of a VTEM conductivity high 4.5 km ENE x 0.5 km wide just N of a 1.7 km parallel conductivity low about 50m wide.
- Target 25, Commings Bog, with a merit score of 5, is associated with an apparently non-cultural, 2 line, 100m NNE strike VTEM anomaly.
- Target 28, North of Sammy's Barn, with a merit score of 5, is associated with weak VTEM anomalies on three adjacent flight lines.
- Target 22, Corlea Burn, with a merit score of 4, associated with weak but potentially significant VTEM anomalies on 3 flight lines.
- Target 26, Legphressy, with a merit score of 4, associated with 3 line VTEM anomaly.
- Target 2, Aghadulla East Burn, with a merit score of 3, associated with an area of weak, subtle VTEM anomalies in the uppermost reaches of the Aghadulla East Burn.
- Target 19, Unshinagh, with a merit score of 3, is possibly structurally linked to Target 26 as possible source of the Unshinagh geochemical anomaly.
- Target 50, Cousins, with a merit score of 3, lies on the north side of the Cavanacaw magnetic low.
- Target 6, Cornavarrow Burn below The Small Point confluence, with a merit score of 2, is associated with a local magnetic high.
- Target 13, Greenan Burn Lower, with a merit score of 2, is associated with a local magnetic low.
- Target 17, Glenarn and Stranahone on Glendurragh River, with a merit score of 2, is associated with a local magnetic high.
- Target 21, Tattysallagh (Barrett's Glen), with a merit score of 2, is associated with a two line VTEM anomaly located 4-500m north-northeast and a local magnetic low associated with a mapped dyke.
- Target 23, Pollnalaght (AKA Pigeon Top), with a merit score of 2, Is located at the west end of an extensive VTEM conductivity high, probably due to black schist seen at Target 52.
- Target 29, Cavanacaw Magnetic Low, with a merit score of 2, is possibly a demagnetisation anomaly or an unmapped, conformable dyke within the Dalradian.
- Target 27, VTEM anomaly 1.7km NW of Lack, with a low merit score of 1, is a single line VTEM anomaly over Chadian Claragh Sandstone Formation which is probably not of interest for gold exploration.

It is Howe's opinion that those exploration targets enhanced by focused VTEM or magnetic low anomalies with target merit scores of 2 or more, present several excellent opportunities for new gold discoveries. These are identified as follows:

- Target 52, 63 gram;
- Target 25, Commings Bog;

- Target 28, North of Sammy's Barn;
- Target 22, Corlea Burn;
- Target 26, Legphressy;
- Target 2, Aghadulla East Burn;
- Target 50, Cousins;
- Target 13, Greenan Burn Lower;
- Target 21, Tattysallagh (Barrett's Glen).

Galantas have continued their preparations for initial mining operations (Galantas Gold Corporation, 5th December 2005). Galantas took delivery of and started to build the ore processing plant in November and December 2005.

6. CORPORATE STRUCTURE OF GALANTAS AND BENEFICIAL PARTICIPATION

In 2003 the Omagh gold project was controlled by European Gold Resources Inc., an Ontario, Canada registered company, and the licences were held by its wholly owned subsidiary Omagh Minerals Limited (Omagh Minerals), registered in Northern Ireland. Omagh Minerals is the local operating company. European Gold Resources Inc. was renamed Galantas Gold Corporation (Galantas) on 5th May 2004, thus bringing the corporate name into conformity with the jewellery brand name. Galantas is a Canadian-based public company that trades on the TSX-Venture Exchange under the symbol GAL. Galantas also owns 100 percent interest of Galantas Irish Gold Limited, registered in Northern Ireland, a jewellery design, manufacturing and marketing business that will utilise the gold produced from the Omagh mine.

Galantas has a 100% beneficial participation in the Omagh gold project.

7. PROSPECTING AND MINING LICENCES AND LEASES IN NORTHERN IRELAND

The following text is a summary of information on the website of the Department of Enterprise, Trade and Investment (DETI) of the Government of Northern Ireland, http://www.detini.gov.uk.

The Mineral Development Act (Northern Ireland) 1969 (the Act) vested most minerals in the previous equivalent of DETI and, together with subsequent subordinate legislation, enables it to grant prospecting licences and mining licences and leases and to collect royalties for base metals extraction. Provisions for mineral exploration are separate from those for mining. There is no automatic continuity between exploration and mine development work.

The legislation covers all minerals with the exceptions of:

- gold and silver which belong to the Crown Estate and were not vested in the Department,
- the few mineral deposits (mainly salt) which were being worked at the time of the 1969 Act and
- common substances including crushed rock, sand and gravel and brick clays.

The Crown Estate Commissioners (CEC) issue prospecting licences for precious metals. Companies wishing to explore for precious metals would normally hold both CEC and DETI prospecting licences.

Prospecting licences which are exclusive to the holder, covering up to 250 square kilometres, are normally valid for two years with the possibility of two extensions of the same duration for a total of six years. Agreed work programmes and annual or more frequent reporting is required. Licensees are required to give up to four weeks notice of intention to enter land and must seek the agreement of landowners. Compensation is payable by the licensee to the landowner for any damage which may be caused during exploration.

Planning Permission is not required for the early stages of exploration.

Under the provisions of the 1969 Act, a company which wishes to open a mine requires a DETI mining licence or mining lease. There are separate provisions in the Act dealing with mining licences and leases. Mining requires Planning Permission from the Department of the Environment.

DETI collects royalties for base metals. Precious metals royalties are negotiated with and payable to the Crown Estate.

8. EXPLORATION AND MINING RIGHTS OF GALANTAS

Legal verification of ownership of property and exploration and mining rights is outside the scope of Howe's expertise but these aspects are summarised for general information and are legally reviewed elsewhere by a specialist.

Through its wholly owned subsidiary, Omagh Minerals Limited, Galantas holds, or is in the process of obtaining, various exploration and mining rights and permits. Omagh Minerals holds exclusive exploration rights for gold and silver and other minerals, over the licence area shown in Figures 1 and 2. Omagh Minerals owns the freehold of the Omagh mine site in the east of the licence (Figure 3). Planning Permission for open pit mining has been given. Omagh Minerals holds a Consent to Discharge of Effluent and is in the process of renewing mining rights from the Crown Estate and obtaining parallel base metal rights from DETI (see below).

8.1. CROWN ESTATE EXPLORATION LICENCE

On 7th December 2005, a representative of the Crown Estate Mineral Agent confirmed to Howe that the previous exploration licence for Mines Royal - gold and silver, granted to Omagh Minerals, which covers an area of approximately 189 square kilometres, has been renewed, following the review of the Crown Estate licence system completed early in 2005 (Figures 1 and 2).

8.2. DETI PROSPECTING LICENCE

On 7th December 2005, a representative of the Minerals division of DETI confirmed to Howe that the current Prospecting Licence OM 1/03, covering an area of approximately 189 square kilometres in the counties of Tyrone and Fermanagh, was granted to Omagh Minerals on 18th July 2003 with a 6 year term, subject to approved renewals every two years, expiring 2009 (Figures 1 and 2). It was confirmed that a concurrent Crown Estate licence exists for gold and silver.

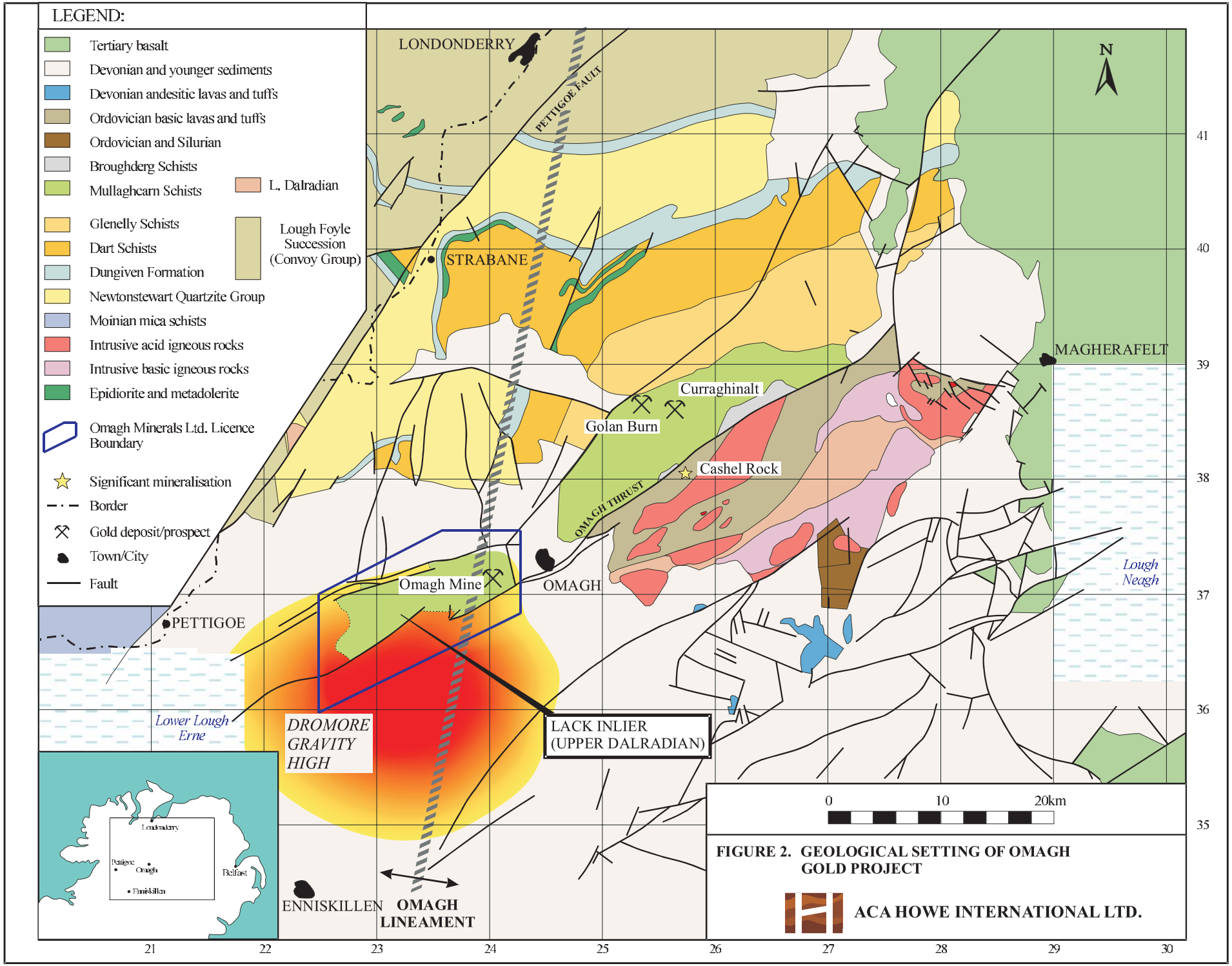


FIGURE 2. GEOLOGICAL SETTING OF OMAGH GOLD PROJECT

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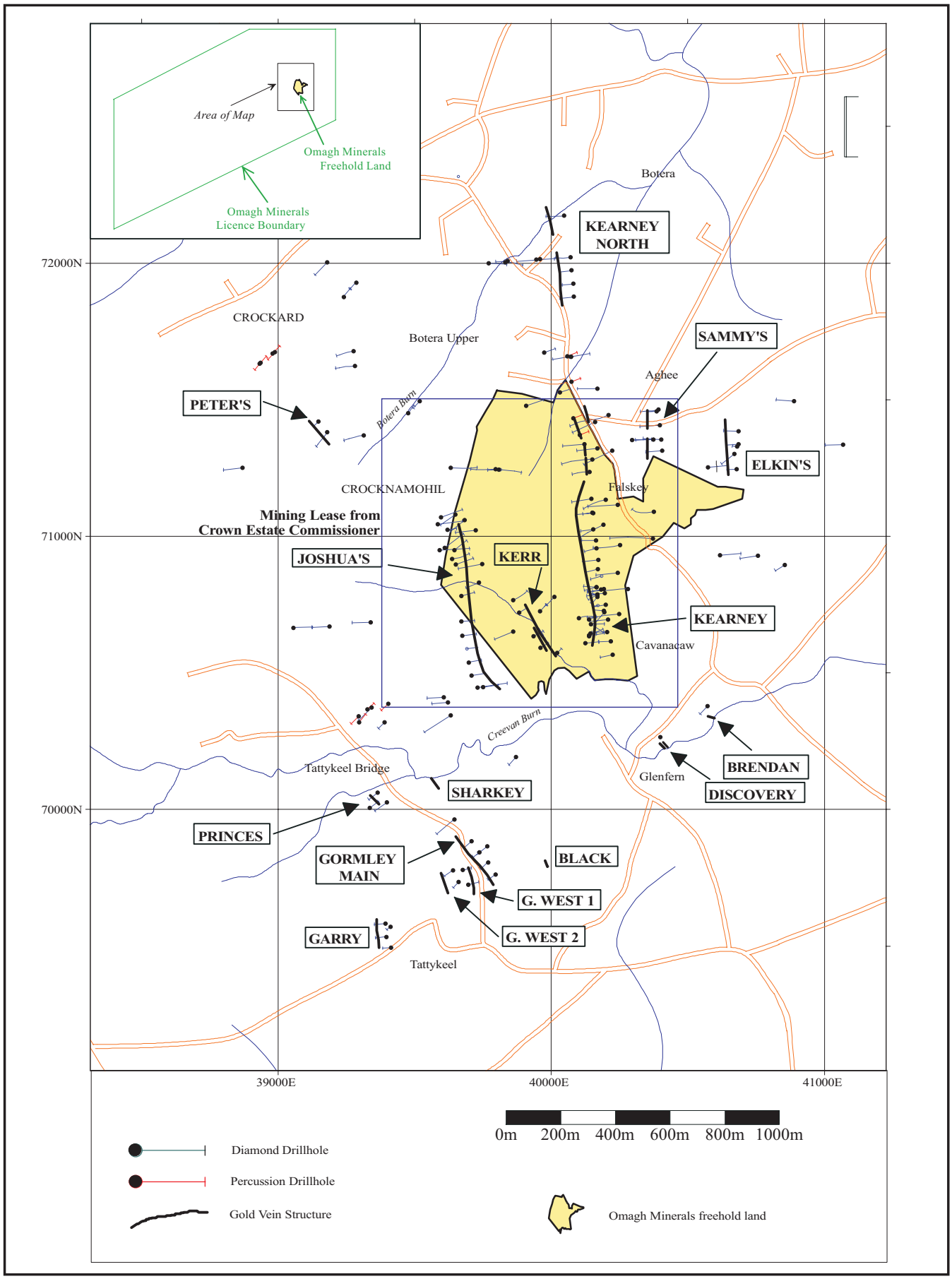


FIGURE 3. KEARNEY VEIN SWARM, DRILLHOLES AND FREEHOLD LAND ACA HOWE INTERNATIONAL LTD.

8.3. FREEHOLD LAND OWNERSHIP

Since the early 1990s, by various purchases, Omagh Minerals has built up the freehold title of the Omagh mine site in the Townlands of Cavanacaw Upper, Botera Upper and Tattykeel, in Omagh, Co. Tyrone, which extends to about 67.6 hectares (167 acres) as shown in Figure 3.

8.4. PLANNING PERMISSION AND CONSENT TO DISCHARGE OF EFFLUENT

Following a protracted Public Enquiry which convened intermittently for a total of 24 days, finally ending on January 19, 1994, The Department of the Environment for Northern Ireland (DoE NI) granted Planning Permission for open pit mining of gold and silver and associated minerals in the Cavanacaw area (Figure 3) on 23rd May 1995, in relation to Application No. K/92/0713 by Omagh Minerals. Numerous conditions determined by the Public Enquiry were incorporated. On 7th December 2005, a representative of the Omagh Divisional Planning Office of DoE NI confirmed to Howe that the area of the land covered is 621,798.49 m^2 or about 62 hectares (153 acres). Since work had commenced within 5 years from the grant date, the permission remains valid.

Consent to Discharge of Effluent No. 2045/94, File No. TC 14/93, was issued to Omagh Minerals by the Department of the Environment for Northern Ireland on 25th May 1995, incorporating numerous conditions determined by the Public Enquiry.

8.5. CROWN ESTATE MINING LEASE

The original Crown Estate mining lease expired in 2005. On 7th December 2005, a representative of the Crown Estate Mineral Agent confirmed to Howe that a new mining lease for Mines Royal - gold and silver, is being reviewed by a solicitor in Belfast and that there is an intention to grant the lease to Omagh Minerals over the area for which this company has planning consent (Figure 3).

8.6. DETI MINING LICENCE OR MINING LEASE

Omagh Minerals is in the process of applying to the Department of Enterprise, Trade and Investment (DETI) for a base metals licence in relation to the Omagh mine, in order to complete the required formalities and establish the royalty terms covering the by-production of base metals including lead (Figure 3).

9. LOCATION, ACCESS, TOPOGRAPHY, LAND USE AND CLIMATE

The project area is located in the counties of Tyrone and Fermanagh in Northern Ireland, easily accessible by paved roads from the nearby town of Omagh in County Tyrone (Figures 1 and 2). A number of farm roads also traverse the property in the main area of interest (Figure 3). Some of the unexplored upland sections are only accessible on foot. Two power lines of 33Kv and 11Kv traverse the eastern section of the licence.

The area lies on the southwestern fringe of the Sperrin Mountains with elevations generally ranging from 140 to 160 metres above sea level with rounded hills up to 330 metres. Glacial tills up to fifteen metres thick have resulted in low grade pasture on the lower slopes with small livestock farms. Peat bogs on the upland sections support small scale manual peat cutting for domestic fuel. Renovation type and new-build, developments of individual houses on small plots are popular. There is some coniferous plantation forestry. A wind farm has

been built on Tappaghan Mountain within the western part of the licence area in recent years. The climate is characterised by cool summers and mild winters with about 1500 millimetres of rainfall per annum. It is unlikely that mine production will be adversely affected by bad weather for any significant duration.

The area is not specially designated for scenic attraction or landscape value.

10. GEOLOGY AND MINERALISATION

The geological setting and the gold mineralisation is described from a combination of information identified in References and Sources and from first hand observations and interpretations by Howe (ACA Howe International Ltd, 2003). The location and the geological setting are shown in Figures 1 and 2. The veins of the Kearney swarm are located in Figure 3.

10.1. REGIONAL GEOLOGY AND GOLD DEPOSITS

The licence includes the 72 square kilometre, partly fault-bounded, Lack geological inlier of Upper Proterozoic age, Upper Dalradian metamorphic rocks, surrounded by Lower Palaeozoic rocks (Figure 2).

The Dalradian is a lithostratigraphic unit of the Caledonian orogenic belt which extends from Galway and Donegal in the Republic of Ireland through Northern Ireland and the Western Isles and Highlands of Scotland to Shetland. It is structurally bounded to the south by the Highland Boundary Fault in Scotland and its western extension, the Omagh Thrust, in Ireland.

The rocks of the Lack inlier are correlated with the Upper Dalradian, Southern Highland Group of mainland Scotland. Since the development of plate tectonic theory in the 1960's and the identification of the belt as an island-arc type, plate-boundary subduction zone, with potential for volcanic-associated precious and base metals mineralisation, there has been extensive mineral exploration. A number of significant deposits have been discovered in the Caledonian orogenic belt including Curraghinalt and Cavanacaw in Northern Ireland and Cononish in Scotland, within the Grampian terrane of the belt.

The strike extensions of the Caledonian belt into Scandinavia and North America are known to host a number of major mineral deposits in a similar geological environment. These include the Silurian hosted, shear-zone gold deposit of Kolsvik (Bindal) in Norway, the Upper Proterozoic, sandstone and porphyry hosted, high-sulphidation, epithermal gold deposit of Hope Brook in Newfoundland and the Ridgeway gold deposit in the Upper Proterozoic Slate Belt of South Carolina.

10.2. LOCAL GEOLOGY AND GOLD MINERALISATION

As mapped at 1/50,000 scale by the Geological Survey of Northern Ireland, the Lack geological inlier is composed of undifferentiated, mixed semipelite, schistose psammite and pelitic schist of the Neoproterozoic age, Mullaghcarn Formation of the Southern Highland Group of the Dalradian Supergroup. In the southwest part of the inlier, there are several, small, Dalradian, schistose amphibolite bodies described as a metamorphosed sequence of basic volcaniclastic and igneous rocks. The schistosity in the Dalradian dips at various angles from 20 to 65 degrees in various directions but generally to the north-northwest. Minor fold axes are indicated, plunging at 6 to 40 degrees towards west-southwest in the western half of the inlier. One plunge symbol in the north - central area plunges east-northeast at 20 degrees.

The Dalradian of the eastern half of the Lack inlier, where most of the exploration work has been done, consists mainly of a series of quartz-feldspar-muscovite-chlorite schists of varying composition with schistosity dipping at variable but generally low angles to the north-northwest. As indicated by work by Riofinex and the recent airborne electromagnetic survey, carbonaceous schists are prominently developed all along the northern boundary of the inlier and along a six kilometre strike length at the eastern end of the southern boundary. In this area, the contact with the Lower Palaeozoic sediments is the Omagh Thrust, the plane of which dips to the north-northwest. The airborne electromagnetic data and Pionjar surveys indicate a number of internal lenses or layers of black schists within the Dalaradian.

A few kilometres to the east-northeast, off the Omagh Minerals licence area, rocks of the Ordovician age, Tyrone Volcanic Group are mapped in thrust and fault contact with the Dalradian, Devonian and Carboniferous rocks.

Based on the distribution of geochemical anomalies and known gold mineralisation, the surrounding Devonian and Carboniferous age sedimentary rocks and the associated faults are not mineralised with gold and, therefore, are not described in detail. The Dalradian is in faulted contact with Carboniferous sedimentary rocks on its northern, southern and eastern boundaries. A small part of the southern boundary of the Dalradian inlier is mapped as an unconformity below the Upper Carboniferous Greenan Sandstone Formation. The western boundary is an unconformity below Lower Carboniferous Courceyan and Chadian sedimentary rocks cut and displaced by several faults with east-northeasterly trends, which penetrate the Dalradian inlier.

Northwesterly trending, Tertiary age, dolerite dykes are mapped cutting the Dalradian and Lower Palaeozoic sedimentary rocks. A Tertiary, olivine basalt dyke occupies part of the east-northeast trending, transcurrent, sinistral displacement, Cool Fault system which bounds the Dalaradian inlier on the north side.

The Dalradian and Lower Palaeozoic rocks are largely but patchily covered by several metres of Quaternary glacial till and less extensive hill peat up to a few metres thick. Steep narrow gorges in till expose bedrock in some places.

A major positive gravity anomaly known as the Dromore High is centred 10 kilometres south of the centre of the Lack inlier (Figure 2). A northern lobate “ridge” of this gravity anomaly trends east-northeastwards, coincident with the centre of the Dalradian inlier. Although the reason for the anomaly remains unknown, the most likely explanation in this environment is an unexposed, late Caledonian, granodioritic body which may be of significance as a heat source in the genesis of gold mineralisation.

The new airborne geophysical data of 2005 is useful to provide unmapped geological detail. For example, the lithologies of the Mullaghcarn Formation of the Dalradian, are not differentiated on the published 1/50,000 scale geological map. However, the airborne electromagnetic geophysical surveys of 2005 enable conductive members of the formation (probably black, carbonaceous, sulphidic schists) to be outlined in a few areas. The mapped Dalradian amphibolites are clearly indicated by a prominent, regional strike-parallel, magnetic high anomaly in the vertical magnetic gradient map and other geologically significant magnetic strike lines are also mapped by this data. Mapped and unmapped Tertiary dykes are indicated by the magnetic data.

The northerly trending Omagh Lineament, one of three major, parallel, basement lineaments in the region, crosses the eastern part of the Lack inlier, in the area underlain by the northerly trending Kearney Vein swarm (Figure 2). This long-lived feature may have a zone of

influence several kilometres wide and may explain the northerly trend of the Kearney structures within the regional east-northeasterly striking Dalradian sequence.

Gold mineralisation is known in the Kearney vein swarm (Figure 3) and in two showings in the Cornavarrow Burn some 5 kilometres to the west. Numerous other mainly geochemical targets exist for undiscovered gold mineralisation throughout the licence area which is largely covered by glacial till and, in the higher areas, by hill peat (Figure 4).

The Kearney vein swarm has been explored by various methods including over 140 diamond drill holes (Figure 3). Drilling of some 42 holes and extensive overburden stripping and channel sampling of the Kearney vein has been carried out. The Kearney vein is revealed in the stripped areas as a complex shear zone with quartz-sulphide and gold-silver mineralisation and associated alteration. There has clearly been post-mineralisation movement resulting in an irregular lattice-work of mineralised veins, which does however form a continuous zone. The more limited drilling and trenching on the other structures shows them to be broadly similar in terms of overall mineralogy and grade of mineralisation. In some respects, the Kearney area may be regarded as an example of mineralised structures to be expected on the property.

The Kearney vein swarm comprises 16 named vein structures in an area of about 6 square kilometres listed in order of importance as: Kearney, Joshua's, Kerr, Gormley Main, Elkin's, Gormley West 2, Princes, Garry, Kearney North, Sammy's, Peter's, Brendan, Gormley West 1, Discovery, Black and Sharkey (Figure 3). The largest of these is the Kearney vein with strike length of 850 metres (1000 metres including an IP anomaly) and widths up to 6.6 metres or more, dipping eastwards at 70 degrees. The maximum vertical extent proved by drilling is 137 metres.

The Cornavarrow Burn showings are named Cornavarrow Burn East Showing and Cornavarrow Burn West Showing. These are located some 5 kilometres to the west of Kearney (Figure 4). The small West showing was relocated in 2003 but the Riofinex gold values were not confirmed by sample assay results. The poorly exposed East showing in the south bank and bed of the burn was discovered in 2003 and comprises 6.5 metres horizontal width of structurally complex mineralisation with 0.13 to 1.15 g/t Au and anomalous Ag and Pb and visible galena, possibly dipping northeast at 85 degrees but that may be the internal dip of a constituent quartz vein. It includes a pod of massive, dark, tough, silicified, quartz - sericite - graphitic pelite - pyrite - galena mineralisation, 1.5 metres in horizontal width, possibly dipping west at 20 degrees. It is not possible to discern the structure precisely in the available outcrop.

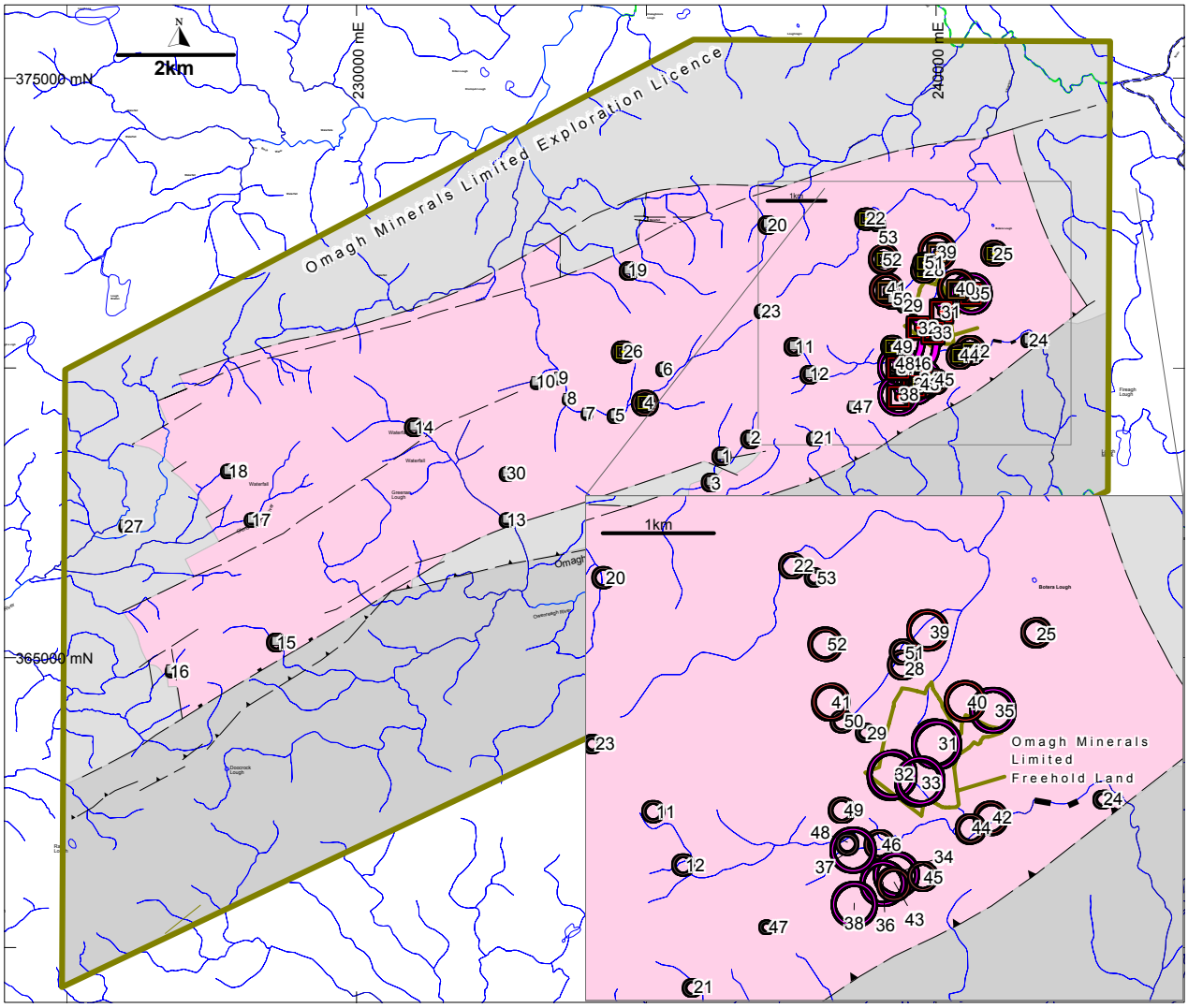
Numerous other targets exist for undiscovered gold mineralisation throughout the licence area (Figure 4).

11. RESERVES AND RESOURCES

Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The previous estimates of reserves and resources and the data on which they are based are described in previous reports by ACA Howe International Ltd (2003 and 2004B). Data comprise the results of saw-cut outcrop channel sampling, drill core sampling and selective mining trials by Riofinex and Omagh Minerals.

1995 study



Target Key

*

No	Score	No	Score	No	Score
31	10	45	5	6	2
32	10	46	5	13	2
33	10	22	4	17	2
34	9	26	4	18	2
35	9	49	4	21	2
36	9	51	4	23	2
37	9	1	3	24	2
38	9	2	3	29	2
39	8	3	3	30	2
40	8	11	3	53	2
41	7	12	3	7	1
42	6	14	3	8	1
43	6	15	3	9	1
52	6	19	3	10	1
4	5	20	3	16	1
25	5	48	3	27	1
28	5	50	3	47	1
44	5	5	2		

SEE TEXT AND APPENDIX 2 FOR TARGET NUMBERS, NAMES AND SCORES

Map Legend

Simplified Geology

- Dalradian (Lack Inlier)
- Carboniferous
- Devonian/Carboniferous

Target Score *

- 10 (3)
- 9 (5)
- 8 (2)
- 7 (1)
- 6 (3)
- 5 (6)
- 4 (4)
- 3 (11)
- 2 (11)
- 1 (7)

* (Likelihood of target contributing to "ore" in near term).

FIGURE 4: GEOLOGY AND TARGETS OF OMAGH GOLD PROJECT

A C A Howe International Limited

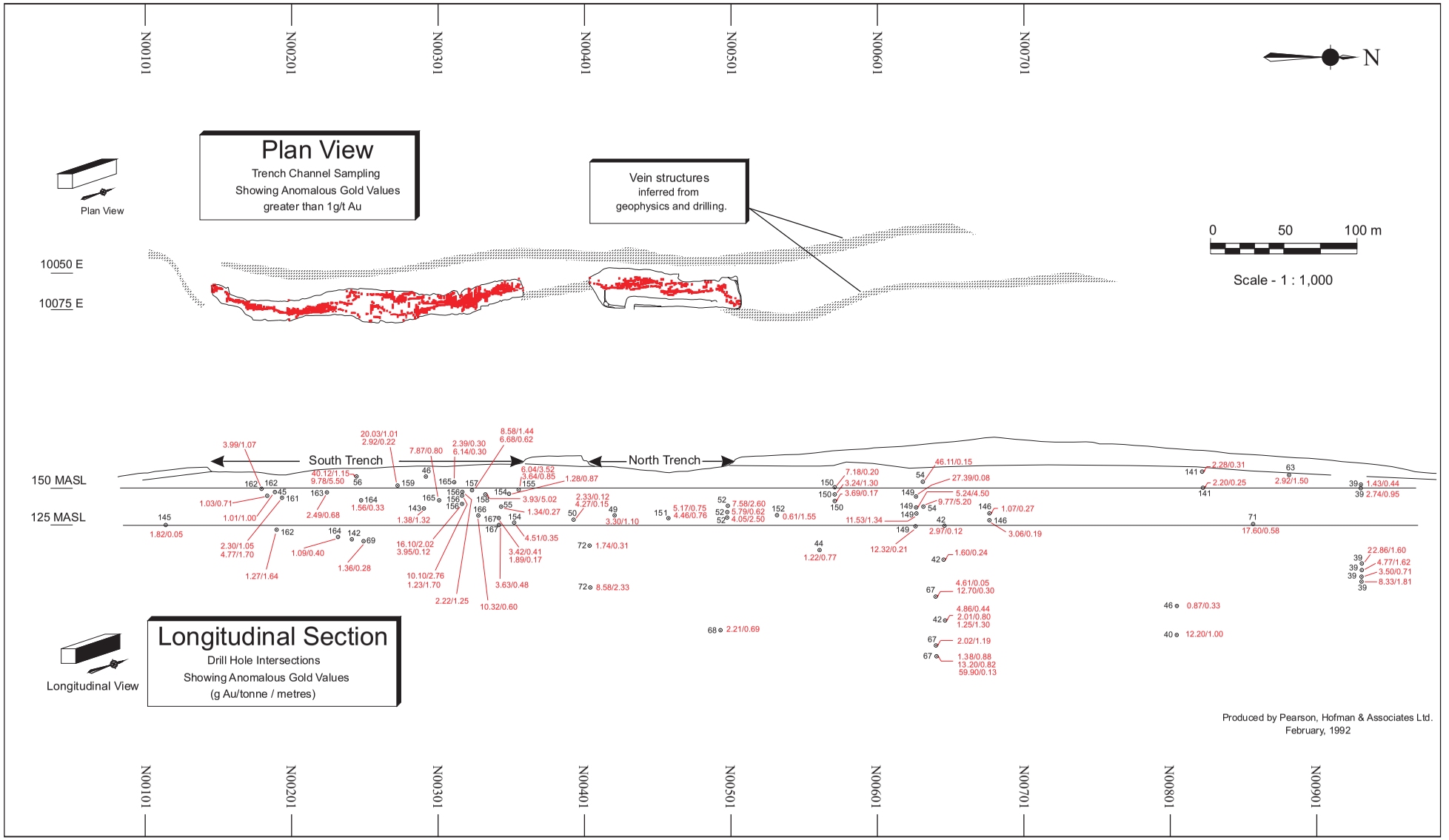


FIGURE 5. PLAN VIEW AND LONGITUDINAL SECTION OF THE KEARNEY VEIN

ACA HOWE INTERNATIONAL LTD.

In February 1995, Howe was commissioned by Omagh Minerals Limited to estimate the gold reserves identified on the property. The veins are located in Figure 3. Figure 5 is a plan view and longitudinal section of the Kearney vein. At that time, the accepted standard for reserve and resource classification was the "*Australasian code for reporting of identified mineral resources and ore reserves*." developed by the Joint Committee of the Australasian Institute of Mining and Metallurgy and Australian Mining Industry Council (Joint (ore reserve) Committee code = JORC code). The JORC code was revised in 1996, 1999 and 2004 but the underlying principles remain the same as those prevailing in 1995.

Within the strictures of the JORC code and as described in the 2003 report, Howe utilised the diamond drill results of Riofinex and the detailed trench sampling of both Riofinex and Omagh to calculate reserves and resources using a cut-off grade of 1.0 g/t Au and a cut-off width of 0.5 metres, meaning that any drill or trench intersection, no matter what the grade, was excluded from the calculation if it was less than 0.5 metres wide.

In this way, a proven and probable reserve of 367,310 tonnes grading 7.52 g/t Au over a width of 4.43 metres was estimated for the main Kearney deposit within the 850 metres length of the proposed Kilborn designed open pit, to a depth of 37 metres. A further indicated resource of 1,183,680 tonnes at a grade of 7.02 g/t Au over a width of 4.43 metres was estimated from the base of the proposed pit to a depth of 137 metres (Table 1).

TABLE 1. MINERAL RESERVES AND RESOURCES ON KEARNEY STRUCTURE (JORC, 1995)

	Cut-off 1 g/t Au and 0.5m width	Grade g/t Au	Width m	Strike Length m	Pay-ability %	Proven ore reserve tonnes	Probable ore reserve tonnes	Indicated resource tonnes	Grams of Au
Phase 1 South									
	Main	9.64	3.26	250	100%	95,230			918,017
	Hanging wall	4.47	1.76	250	32%	16,450			73,532
	Footwall	3.96	1.60	250	15%	7,010			27,760
	Total	8.59				118,690			1,019,309
Phase1 North									
	Main	5.44	2.40	175	100%	49,080			266,995
	Hanging wall	3.85	1.17	175	32%	6,060			23,331
	Footwall	3.51	1.29	175	23%	7,650			26,852
	Total	5.05	-	-	-	62,790			317,178
Phase 1 Total		7.36				181,480	-	-	1,336,487
Phase 2									
	Main	8.57	2.99	425	100%		148,480		1,272,474
	Hanging wall	4.32	1.57	425	17%		24,940		107,741
	Footwall	3.79	1.47	425	32%		12,410		47,034
Phase 2 Total		7.68	-				185,830		1,427,249
Phase 1 and 2 Total		7.52					367,310		2,763,916
Deep Resource (37m vertical depth to 137m vertical depth)		7.02	4.43	850	100%			1,183,680	8,309,434
TOTAL		7.14	-	-		Total reserves and resources		1,550,990	11,073,350
Note: Mineral resources that are not mineral reserves do not have demonstrated economic viability.									

Data derived from limited trenching and diamond drilling, partly defining other known structures in the Kearney vein swarm were used to calculate an additional indicated resource of 328,820 tonnes at a grade of 6.72 g/t Au. Geochemical and geophysical data were used to extrapolate from these zones for the estimation of an additional inferred resource of 135,500 tonnes at a grade of 4.68 g/t Au (Table 2).

TABLE 2. MINERAL RESOURCES ON OTHER STRUCTURES (JORC, 1995)

Cut-off 1 g/t Au and 0.5m width									
Name	**Grade g/t Au**	**Depth m**	**Width m**	**Drilled / trenched strike m**	**Strike from geophys / geochem. m**	**Indicated Resource tonnes**	**Inferred Resource tonnes**	**Grams Au Indicated**	**Grams Au Inferred**
Elkin's	3.5	73	3.35	140	290	97,600	104,500	341,600	365,750
Kerr	6.3	28.5	0.57	150	200	6,950	2,310	43,785	14,553
Joshua's	6.9	75.5	1.5	560	-	108,450	-	268,305	-
Gormley & Sharkey	9.51	48	1.26	400	-	97,670	-	928,842	-
Gormley West 2	9.67	32.5	0.79	55	220	5,700	17,090	55,119	165,260
Garry's	5.42	25	0.84	125	225	7,450	6,000	40,329	32,520
Princes	10.10	32	1.46	38	80	5,000	5,600	50,500	56,560
Total indicated	**6.72**	**-**	**-**	**-**	**-**	**328,820**	**-**	**2,208,530**	**-**
Total inferred	**4.68**	**-**	**-**	**-**	**-**	**-**	**135,500**	**-**	**634,643**

An analysis of the Kearney channel sample assay data was carried out by the Company to estimate the grade / tonnage relationships using incremental sample cut-off grades as a guide to the proportions of the deposit possibly amenable to production of higher grade mill feed (Omagh Minerals Limited, 12th September 1998). The Omagh Minerals report includes a tabulated calculation of tonnes per vertical metre at different cut-off grades in 10 metre strike blocks and illustrates that raising the cut-off grade by 1 g/t Au to 2 g/t Au could increase the resource grade by 50%. However, due to the nature of the mineralisation, it should be noted that channel sample intervals below cut-off grade may include gold-rich sulphides and lower grade quartz, altered rock and waste.

Recognising that calculating reserves utilising a 1 g/t Au cut-off artificially dilutes the mining grade in a situation where the mining plan calls for tightly constrained extraction of the ore, Howe re-assessed grade and tonnage estimates and concluded that increasing the cut-off grade from 1 g/t Au to 3 g/t Au, the mineable grade of the Kearney resource increases by 56% to 12.4 g/t Au and the contained gold declines by only about 10%. The total ore tonnage is also reduced by 42%. This relatively minor reduction in contained gold illustrates that gold distribution is tightly constrained to the lode structures and is, thereby, amenable to selective mining techniques, an approach which will optimise the grade of production and minimise dilution in the open pit operation.

2004 study

In June 2004, Howe commenced a re-analysis of the data to comply with the more rigid requirements of CIMM/Canadian National Policy 43-101 for the definition of mineral reserves and resources (ACA Howe International Ltd, 2004B). All the historic trench and drill data were reinterpreted and remodelled in Micromine software. Variograms showed that the natural area of influence for intersections is 20 metres. The most dependable data are the very closely spaced, saw-cut channel sample results from the Kearney deposit. Accordingly, the Kearney trench results were extrapolated for that distance along strike and down dip for measured resources and for a further 17 metres down dip for indicated resources. Using a 3 g/t Au cut-off and a density of 2.93, the measured resource to 20 metres depth over a strike length of 441 metres is 56,414 tonnes at a grade of 11.03 g/t Au and the indicated resource down to 37 metres over the same strike length is 58,363 tonnes at 11.03 g/t Au. The inferred resource based on drill intercepts has not yet been estimated (Table 3).

TABLE 3. MEASURED AND INDICATED RESOURCES ON KEARNEY STRUCTURE BASED ON MICROMINE MODELLING OF CHANNEL SAMPLE RESULTS (2004)

Cut-off 3 g/t Au, density 2.93 t/m^3								
Resource category	**Grade g/t Au**	**Depth m**	**Trenched strike +20m N and S m**	**Measured Resource tonnes**	**Indicated Resource tonnes**	**Total Meas. + Ind tonnes**	**Implied average width m**	**Grams Au Meas. + Ind.**
Measured	11.03	0 to 20	441	56,414	-	-	2.18	-
Indicated	11.03	20 to 37	441	-	58,363	-	2.66	-
Total Meas. + Ind.	**11.03**	**0 to 37**	**441**	**-**	-	114,777	2.40	1,265,990

This partial estimation of the Kearney deposit resources using a 3 g/t Au cut-off, confirmed that higher grades could be maintained in a mining operation. Proportions of these measured and indicated resources can be converted to proven and probable reserves respectively, when a final mining plan is designed and costed and the optimum target mill head grade is established.

Howe recognises that sampling limitations created by poor core recovery and geologically unconstrained channel sampling, probably result in an underestimation of the possible mill head grade achievable by selective mining, which is reflected by the higher grades achieved in the selective mining trials described below.

12. SELECTIVE MINING TRIALS

The Howe report of 2003 (ACA Howe International Ltd, 2003) describes selective mining trials of high grade ore and gold recovery for jewellery manufacture and test marketing.

An 80 metre long section in the south end of the Kearney vein (Figure 3) which had been stripped and sampled in the late 1980's by Riofinex was chosen for mining trials by Omagh Minerals in 2000 and 2001. The Riofinex sampling had been done in great detail with 533 samples taken on lines one metre apart and all assayed in independent laboratories. Using a cut-off grade of 1.0 g/t Au, this sampling had shown an average grade for the 80 metre section of 15.79 g/t Au and 23.57g/t Ag. Approximately 200 tonnes of visually identified, high grade, sulphidic ore was selectively extracted by Omagh Minerals, from 5 metre by 6 metre mining panels, by a closely supervised 4-man crew using a small excavator and hand sorting of sulphidic ore blocks. The ore was put into strong industrial bags for storage and shipping. The rejects of this operation which were surveyed as 2870 tonnes were stockpiled nearby.

Four lots of the high grade ore, amounting to just over 101 tonnes in total, have been processed in two independent laboratories (Table 4). Assay results show an overall grade of 53.41 g/t Au. This is more than 3 times the gold grade shown by Riofinex channel sample results above a 1g/t Au cut-off. Analytical results and other details for the 101 tonnes processed are as follows:

TABLE 4. GOLD AND SILVER CONTENT OF SELECTIVELY MINED HIGH GRADE ORE

Lot Number	**Dry Wt**	**Gold Content**		**Silver Content**		**Processing Facility and gold recovery %**
	tonnes	**g/t**	**oz/t**	**g/t**	**oz/t**	
1	26.000	66.35	2.13	57.40	1.84	Reminex pilot plant, ONA Group, Maroc. 90.17%
2	25.688	50.90	1.77	38.00	1.22	Mintek Laboratory, Randburg, South Africa. 79%

3	25.016	40.80	1.31	32.80	1.05	Mintek, as above. 79%
4	24.650	50.70	1.63	74.30	2.38	Mintek, as above. 79%
Total	**101.354**	**53.41**	**1.71**	**50.52**	**1.62**	

The results show that, in practice, it should be possible to produce ore from the Kearney vein at a mill head grade markedly higher than the 7.52 g/t Au estimated in the JORC 1995 reserve statement by Howe. This conclusion is further supported by applying a higher cut-off grade in the assay data used in the calculations. This shows that when a 3.0 g/t Au cut-off grade is used, a resource grade of 12.4 g/t Au results.

From the metallurgical standpoint, it is significant that Lot Number 1 was processed at the Reminex pilot plant using the same flowsheet originally specified by Kilborn Inc. Gold recovery by Reminex was 90.17% which compares favourably with design recovery of 88%. Reminex silver recovery was 62% compared with design recovery of 48%. The other 3 lots were subjected to partial precious metals extraction at the Mintek laboratories in South Africa where recovery of 79% was achieved using their experimental "resin-in-leach" plant.

13. INITIAL OMAGH OPEN PIT MINE UNDER CONSTRUCTION

13.1. INTRODUCTION

The south end of the Kearney vein was originally stripped by Riofinex in the late 1980s. The exposure was subsequently covered over by Riofinex shortly after their completion of sampling and mapping of the exposed bedrock. Since the latter half of 2005, Galantas has stripped the cover down to the previously exposed mineralised benches and has carried out additional stripping of glacial overburden. Further channel sampling and other work, including the mining of a 100 tonne bulk sample, has been carried out and this is expected to enable open pit design work and the preparation of a final mine plan and mine schedule to be carried out. It will also guide the trial mining of material for treatment through the on site process plant when this is commissioned (Figures 3 and 6).

13.2. CONCEPTUAL MINING STRATEGY AT KEARNEY PIT

Galantas has provided a report on conceptual mining strategy at the Kearney pit (Galantas, 30th December 2005A), and this report is summarised below. A diagrammatic longitudinal section of resources and reserves expressed in contained ounces of gold in separate pit phases has also been provided (Galantas, 30th December 2005B).

It is intended to selectively extract ore from the Kearney vein from a 55 metre deep pit with a 5 metre deep retreat slot in the final 50 metre deep pit floor. A variation to the Planning Consent may be required.

In view of the lack of specific definitive engineering data about the extent of dilution in the Riofinex trench sampling, together with knowledge of detailed ore shoot distribution within the complex Kearney vein, Galantas has based its mining strategy on the quantity of contained gold rather than tonnes of ore. This is considered to be realistic in view of the mining method proposed with small benches in ore and highly selective mining extracting a very large proportion of the sulphide gold veins and consigning the rejects to waste.

The development of the pit will be in 3 stages:

- Stage 1 extracting proven and probable reserves containing 40,674 oz gold to a depth of 37 m from the southern, approximately 450 metre length of the Kearney vein.

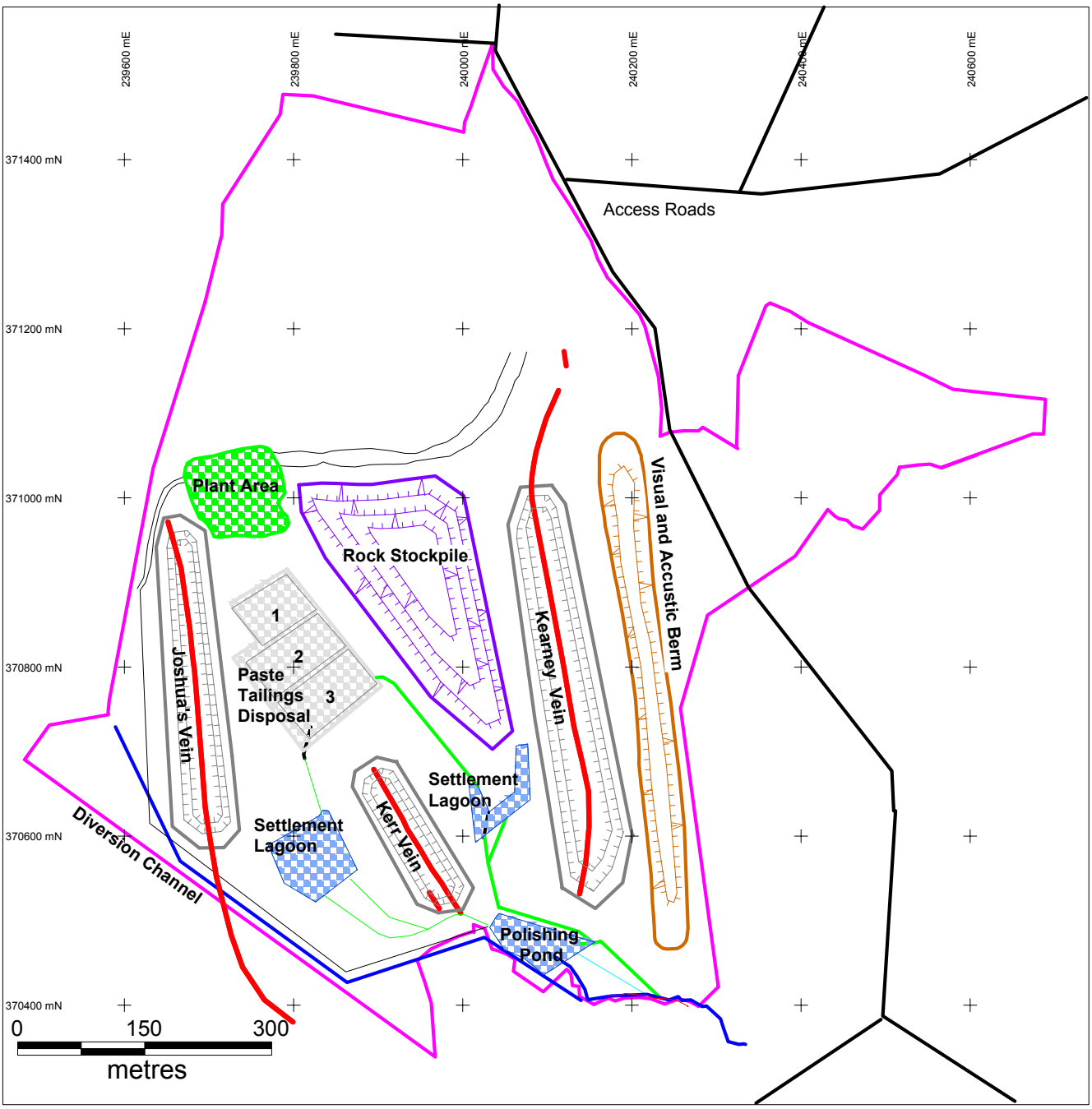


FIGURE 6. OMAGH MINE SITE

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- Stage 2 extracting probable reserves containing 41,703 oz gold to a depth of 37 m from the northern, approximately 400 metre length.
- Stage 3 extracting from reserves yet to be defined from deeper indicated resources containing 48,087 oz gold from the full length of the orebody down to a depth of 55 metres.

At a mill head grade of 11 g/t Au, the 55m pit would provide mill feed for 7 years assuming a milling rate of 52,500 tonnes per annum. Annual gold production at metallurgical recovery of 90% would be 16,766 oz.

At a mill head grade of 20 g/t Au (Omagh Minerals, 12th September 1998), the 55 metre deep pit would provide mill feed for 3.8 years assuming a milling rate of 52,500 tonnes per annum. Annual gold production at metallurgical recovery of 90% would be 30,484 oz.

ACA Howe comments on the above report are as follows:

- The in-situ resource grades for the above stages are in the range 7.02 g/t to 7.68 g/t with an average of 7.14 g/t. Therefore, any higher grade feed into the mill will require the resource to be selectively mined and perhaps upgraded. The means to do this are not yet fully defined.
- The figures quoted by Galantas for the stage 1 pit are approximately those contained within Table 3 of this report, and the figures quoted by Galantas for stages 2 and 3 pits are approximately those contained within Table 1 of this report.

13.3. MINE DESIGN

An preliminary open pit layout has been produced for the Kearney vein by Galantas personnel (Figure 6). The section through the pit indicates overall pit wall slopes of 79º on the east side and 61º on the west. This is subject to detailed geotechnical analysis which will reportedly be carried out when sufficient exposures of the waste country rock are available for testing. On the basis of the stated slope angles, an independent assessment of the stripping ratio of the Kearney pit has been undertaken by John Barnett and Associates Limited of the UK. It is not known if this assessment included an access ramp. A detailed open pit design has not been prepared and this is a topic that must be addressed in the immediate future. However, it is reasonable to assume that the quantities of overburden and waste rock previously estimated by Galantas would not materially change when this design is complete. The open-pit footprint shown in figure 6 would also accommodate a designed pit at least down to the 55m mining elevation. Again, this is subject to the final geotechnical analysis. There are no pit layouts for the Kerr vein. The lack of definitive mine designs for Kearney and Kerr is not technically significant and mine designs can be produced for these small pits relatively easily. Their absence only means that a detailed mine schedule is not available for accurate costing.

13.4. MINING

The mine layout is shown in Figure 6. The Kearney vein is to be mined by open pit methods. Within each pit, there are two types of overburden: peat and glacial till. Peat is removed and stockpiled for possible sale, either as a horticultural product or as a fuel, subject to the current planning constraints. Glacial till is easily removed with the excavator and trucked to a stockpile. The material can be and is used for construction, but it is probable that much of it will be stockpiled on site. It is required, and therefore planned, to vegetate the non-active faces of this dump with grasses. The dump, shown in Figure 6 will also act as a visual and sound barrier for the mine site. Stockpiles of overburden and waste rock are subject to planning permission which has been granted. The conditions for dumping are not particularly onerous.

Below the till lies bedrock, both barren waste material and mineralised gold resource.

The mineralised zone will be sampled and the mill feed material carefully marked out. This will be especially necessary as selective mining is to be pursued. It is planned to mine the ore using an excavator equipped with a narrow bucket, with minimum recourse to drilling and blasting. It is reported by Galantas that the in-situ material is amenable to free digging, but it is probable that some ripping will be required. In the initial stages of pit development, it is planned to rip the material using an excavator bucket with tines. In Howe's view, it is probable that a dozer/ripper will be required later to handle possibly harder material at depth. Galantas state that some limited drilling and blasting may be necessary in due course.

The mining fleet currently on site is listed in Table 5 below.

TABLE 5. MINING FLEET

Equipment Type	**Size**	**No. in fleet**
Volvo EC460B LC hydraulic excavator	2 m^3 bucket	1
Volvo BL71 backhoe loader	8.5 t op. weight	1
Volvo BM A25C articulated dump truck	22.5 t	2
Merlo Telehandler		1
Bomag roller		1
Notes: The Volvo EC460B will be used for bulk mining of the overburden and waste rock. The Volvo BL71 loader will be used for selective mining of the ore.		

Using typical haulage distances, the productivity of the fleet is as follows in Table 6.

TABLE 6. FLEET PRODUCTIVITY

Fleet unit	Loads	Volume	Volume
	per hour	per hour	per shift
		bcm	bcm
Volvo EC460B excavator	60	54	544
Volvo BL71	60	14	140
Volvo A25 dump truck	5	30	300
Notes: Volume per hour at 85% mechanical availability and 83% utilisation (50 minute hours) Volume per shift is the maximum allowable excavating time (11 hours) less 1 hour for service breaks etc. The dump truck productivity is for one truck.			

The equipment on site was acquired as pre-owned and its condition appears good. Much of the plant is low in hours and is well suited to the required duties.

During production, in the absence of a mine plan and schedule, it is anticipated that the mill feed will be 150 tonnes per day on a seven days per week basis. In terms of the planning permission, excavation works in the pit may take place between 08:00 hours and 19:00 hours Monday through to Friday, with a short day on Saturday. Assuming pit operations will take place Monday to Friday only, this allows sufficient time for production at the planned rates and for additional production if warranted. Mining to match the proposed mill feed indicates a production requirement of 210 tonnes per day of ore. This is equivalent to a volume of 73 bcms per day at a reported density of 2.88 t/m^3. At an assumed stripping ratio of 6.5:1 on a

tonnage basis, there will be an additional volume of 505 bcms of waste and overburden. The current loading and haulage capacity is sufficient for this planned quantity of material.

Depending on the results of geological exploration work, it is a possibility that the small Kerr vein will be opened up and exploited prior to the commencement of commercial mining at Kearney. This will allow for the orderly development of the site at Omagh mine, and for the removal of additional glacial till overburden for construction purposes. Mineral resources in the Kerr vein are relatively small and the plan is at the inception stage.

13.5. MILLING

A target head grade of 20 g/t Au for selective ore extraction during initial mining operations has been judged to be reasonable by Omagh Minerals. This is based on three lines of evidence:
1. Results of selective mining trials of 2000-2001;
2. Much higher resource grades above a 3 g/t Au cut-off which excludes only about 10% of the contained gold above a 1 g/t Au cut-off and
3. Inspection of the Kearney geological assay plans by Omagh Minerals qualified persons.

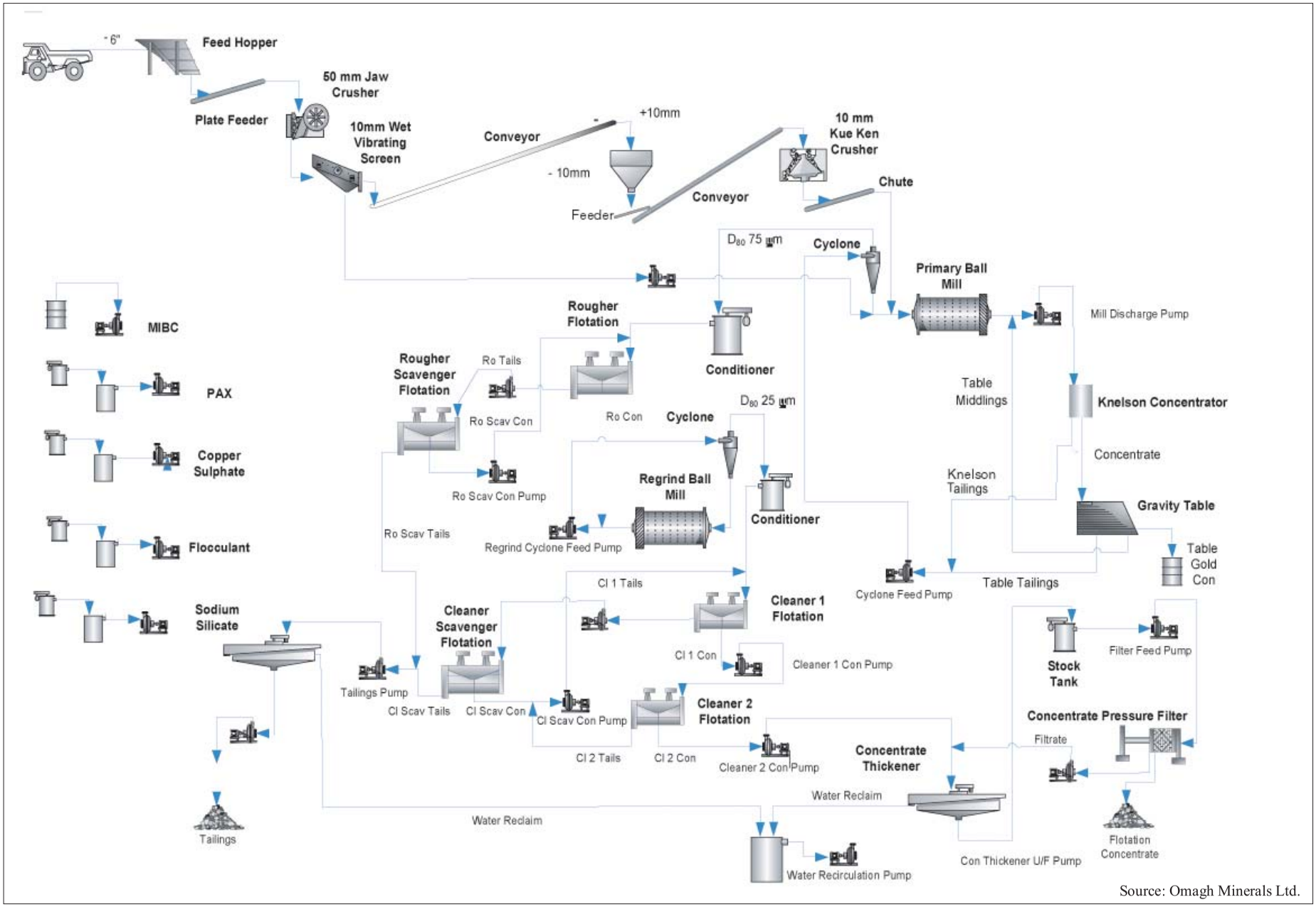
Selective mining trials on the Kearney vein produced about 200 tonnes of high grade sulphidic ore and rejects of indeterminate grade. Four consignments of this selectively mined and sorted sulphidic gold ore amounting to just over 100 tonnes with gold contents between 40.80 and 66.35 g/t Au, averaging 53.41 g/t Au, have been processed. This confirms that the gold is intimately associated with sulphide and that selective mining can produce a higher head grade for mill feed than resource grades based on available sample data. Using the resource estimates of 1995, it has been shown that increasing the cut-off grade from 1 g/t Au to 3 g/t Au, increases the grade of the Kearney resource by 56% to 12.4 g/t Au and the contained gold declines by only about 10%. The total resource tonnage is reduced by 42%.

In the light of this knowledge, inspection of the Kearney geological assay plans at 1/100 scale, by Omagh Minerals qualified persons, indicated that a target head grade of 20 g/t Au is reasonable for selective ore extraction during initial mining operations. Clearly, the mill feed tonnage with a head grade of 20 g/t Au will be less than the resource tonnage from which it is derived, even though the amount of contained gold may be similar.

ACA Howe's comments on the above are as follows:
Howe agrees that a mill head grade of 20 g/t Au may be achievable by visually controlled selective mining and some sorting by pulling obvious low-grade from the mill feed if required. The actual head grade cannot be systematically controlled without grade-control sampling prior to mining. The effect of selective mining on the life of the current mineral resources has not been estimated and further work will be required before this can be determined. Obviously, any attempt to increase the head grade will reduce the tonnes of ore as mill feed, given a defined mineral resource. Depending on the grade distribution within the mineralised zone, it is possible that the contained gold lost by selective mining will not be proportional to the mineral tonnage loss and the net result will probably be economically beneficial. This disproportion is demonstrable by applying various cut-off grades to the sample data available from earlier work (Omagh Minerals, 12th September 1998).

Galantas intend to look into the feasibility of upgrading the ore feed to the flotation plant, either by hand-sorting or by the inclusion of a dense-medium separation plant. This work has not been defined yet and, therefore, Howe is unable to comment further.

The plant layout is shown in Figure 7. The plant as currently envisaged is a sulphide froth flotation operation preceded by a small gravity concentrator. Ore is delivered to the feed



Source: Omagh Minerals Ltd.

FIGURE 7. MILL FLOW DIAGRAM

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hopper or to a covered ore stockpile, from where it will be fed to the hopper. A plate feeder feeds to the Goodwin Barsby primary jaw crusher. This has a nominal inlet opening of 250 mm by 150 mm. Crushed product at 50 mm size is passed over a 10 mm wet vibrating screen. Oversize from the screen is fed into a Kue-Ken secondary cone crusher, for reducing to 10 mm nominal size. Product from this secondary crusher, together with the screen undersize, is passed to a Denver 10 feet by 7 feet (3.0 m by 2.1 m) primary ball mill. Milled product details are not yet available and additional test-work will be carried out to ascertain comminution properties. The mill discharge is pumped to a Knelson concentrator, the concentrate from which is passed over an 8 feet (2.4 m) shaking table. The concentrate from the table will be separately handled and smelted and refined as Galantas Irish gold and will be used by Galantas for premium gold jewellery production.

The Knelson tailings are pumped to a cyclone, the coarse fraction of which is sent back to the primary mill. The fine fraction is sent to a conditioner, prior to processing through the flotation circuit. This consists of a single rougher stage, two cleaner stages and a scavenger stage for each of the rougher and cleaner tailings. Coarse rougher concentrate passes through a closed circuit with a secondary regrind mill. The final cleaner concentrate is pumped to a thickener and a Perrin filter press. The final product is to be shipped to a commercial smelter.

The final scavenger tails are dewatered in a thickener to a paste consistency for depositing in the tailings facility.

Most of the equipment for the process plant has been acquired and is on site. It is all either refurbished or pre-owned plant that will need some degree of refurbishment. The sizes and specifications of the equipment are adequate for the duties proposed. The condition appears reasonable and some refurbishment work is underway.

The mill site is currently being cleared and concrete will be poured at the beginning of 2006. A proposal has been received from a local contractor to fabricate and erect the mill building and steel fabrication was underway at the time of the visit. An experienced mine construction expert is on site and is supervising all the necessary works. Some additional steelwork will need fabrication for the transport of process product around the mill, but this is simple work and is not expected to cause any delays. The current schedule indicates structural completion and commissioning during the 2nd quarter of 2006. ACA Howe agree that this schedule is reasonable.

Smelter contract details are available and contract proposals have been received. It is reasonable to expect that a contract for the smelting of gold concentrate at standard contract rates can be concluded at any time.

13.6. INFRASTRUCTURE

Power to the site will be provided by two diesel generator sets. These have sufficient capacity for the proposed plant and administration use. The use of site-generated power is justified by Galantas on the grounds of security of supply and the capital cost of bringing in grid power.

Process water is available from the open pit and from the Kerr burn for which a licence has been received. The open pit will provide the majority of the water and the Kerr burn will be used as a standby source. It is planned to collect rainwater for domestic use. This will be treated with a UV steriliser. Mains water is provided for the administrative office.

The site is immediately adjacent to the public road network with existing access.

14. ECONOMIC REVIEW OF INITIAL OMAGH OPEN PIT MINE

Galantas have provided a set of spreadsheets setting out the economic data which are described in a recent report (Galantas, 5th December 2005). However, in the absence of a mine schedule, no cash flow analysis is presented at this time. Galantas have advised that the project is in the inception stage and until the plant is operational and the process better defined, it is not reasonable to present a detailed cash flow forecast.

The spreadsheets have been analysed, albeit briefly in the time available. Howe's comments are as follows:

- In the absence of a detailed mine schedule, it is not possible to quantify earnings predictions.
- The capital costs included in the spreadsheets are reasonable and based on detailed invoices and on received offers.
- The operating costs included in the spreadsheets are also reasonable and based on actual salaries and equipment operating costs, with the exception that the process chemicals have not yet been precisely specified from available lists and this would have some impact on the operating costs.
- The operating costs are based on diesel generated electrical power.
- In the absence of a mine schedule and a cash flow analysis, no NPV calculation has been provided. Therefore the project cannot be valued in this way at present.
- Preliminary analyses have been based on lower gold prices than those pertaining at present. No conclusions are made as to future gold price, but the current gold price is at historically strong levels. It is expected that a substantial premium will be obtained for the small quantity of Galantas Irish gold produced.

15. RESERVE AND RESOURCE AUGMENTATION TARGETS

In December 2005 Howe reviewed the project targets where reserves and resources may be augmented and where new discoveries may be made. Scores have been assigned which reflect the technical merit and the likelihood of contributing to resources in the short term. The targets are summarised in full in Appendix 1, from individual target summary sheets which are not reproduced in this report. Locations are shown in Figures 3 and 4. The target numbers in Figure 4 are indicated in the text below.

Howe considers significant additions to and upgrading of the reserves and resources of the 1995 and 2004 studies, may be made by further trenching, channel sampling and infill and step-out drilling, particularly on the following eight vein structures: Kearney, Joshua's, Kerr, Gormley Main, Elkin's, Gormley West 2, Princes and Garry. These contain relatively high grade channel sample and/or drill intercepts and reserves (1995) and resources (1995 and 2004) and have been assigned scores of 10 or 9 on a scale of 10. **Kearney** (No. 31) has IP geophysical anomalies over 300 metres of strike at the south end and over 400 metres of strike at the north end of a total 1000 metres of IP extended strike. Kearney also has weak VTEM airborne geophysical anomalies over only the northern half of the known strike length. This vein is on the Omagh Minerals freehold. **Joshua's** (No. 32) has IP geophysical anomalies over 200 metres of strike within a total of 600 metres and a Pionjar gold anomaly in deep overburden. Joshua's vein is largely on the Omagh Minerals freehold. **Kerr** (No. 33) has a northern extension of 500 metres indicated by IP geophysical anomalies and Pionjar gold anomalies over 300 metres. This vein is on the Omagh Minerals freehold. **Elkin's** (No. 35) has a coincident IP anomaly at the south end of the mapped vein trace over two lines and 50 metres of strike. The IP anomaly extends southwards for a further 400 metres, part of which is located on the Omagh Minerals freehold. **Gormley Main** (No. 34) is also of interest for resource augmentation but coincides with a minor public lane to the Crocknageragh dead-

end, which would need to be diverted. **Gormley West 2** (No. 36), **Princes** (No. 37) and **Garry** (No. 38) are drilled with resources.

The possibility of resource augmentation from new discoveries by exploration of some of the lower scoring targets should not be overlooked. These are covered below.

16. EXPLORATION TARGETS

In December 2005 Howe reviewed the project targets where resources may be augmented and where new discoveries may be made. Scores have been assigned which reflect the technical merit and the likelihood of contributing to resources in the short term. The targets are located in Figure 4 and summarised in Appendix 1, from individual target summary sheets which are not reproduced in this report. Howe considers that targets scored 3 to 8 on a scale of 10 present some excellent opportunities for new discoveries on or near known vein structures of the Kearney swarm and new discoveries similar to the known veins, elsewhere in the greater part of the licence area. Lower scoring targets should not necessarily be ignored since these may be due to other styles of mineralisation and may be enhanced by ongoing interpretation of the results of geophysical surveys and other data.

Known vein targets already drilled but with lower gold values

Known veins which have been drilled and produced lower gold values than the resources described above, may, nevertheless, contain higher grades in other parts of the same structure. These targets of which there are five, have been assigned scores of 6 to 8 on a scale of 10. These comprise the following structures: Kearney North, Sammy's, Peter's, Brendan and Gormley West 1 (Figure 3). **Kearney North** (No. 39) is associated with high grade boulders locally and just downstream. **Sammy's** (No. 40) has a Pionjar gold anomaly on the southern part of the strike and a central, two line IP geophysical anomaly. **Peter's** (No. 41) is associated with a high grade boulder. **Brendan** (No. 42) and **Gormley West 1** (No. 43) are drilled veins.

Targets for new discoveries

The following are excellent exploration targets in their own right but they have been assigned scores of 3 to 6 on a scale of 10, in relation to the Kearney vein with a score of 10, which is scheduled for mine production in 2006. These targets are located in Figure 4.

Of this group the top score of 6 has been assigned to one Riofinex target called **"63 gram"** (No. 52) which has a 63 g/t Au and 3 other Pionjar and float gold anomalies and scattered IP anomalies in an area 150 by 150 metres, associated with the west end of a black schist sub-outcrop mapped by Pionjar over 800 by 30 metres, trending east-northeast. It is associated with the southern edge of a VTEM airborne geophysics conductivity high 4.5 kilometres east-northeast by 0.5 kilometres wide just north of a 1.7 kilometre parallel conductivity low about 50 metres wide.

Targets scored 5 of which there are six, include outlying veins of the Kearney swarm which have not been drilled: **Discovery** (No. 44), **Black** (No. 45) and **Sharkey** (No. 46) with a good gold-bearing boulder. Also in this class is **Commings Bog** (No. 25) which is apparently a non-cultural, 2 line, 100 metre long north-northeast striking airborne VTEM anomaly with a Pionjar gold anomaly and over 23 g/t Au in soil, which may be due to massive sulphide related gold mineralisation below the bog. **North of Sammy's Barn** (No. 28) target is a possible northward continuation, with 200 to 300 metres of strike, of the Kearney main structure, offset slightly westwards and indicated by three weak airborne VTEM anomalies on three flight lines, to the west of the Kearney North structure. This is a possible source of

Riofinex and Omagh Minerals gold rich boulders. The **Cornavarrow Burn East Showing** (No. 4), also scored 5, lies some 5 kilometres to the west-southwest of Kearney. It is based on stream sediment gold with samples exceeding 1,000 ppb Au, pans with 8 to 12 colours, anomalous float (1.5, 2.9 and 14.6 g/t Au), outcrop in the stream bed with 0.13 to 1.15 g/t Au and anomalous Ag and Pb and visible galena. There is a northerly trending Landsat linear feature 60 metres upstream to the east, associated with an element of an 11 kilometre long, northeast trending linear feature, slightly discordant to strike, which maps 100 metres to the southeast of the showing.

Targets scored 4 of which there are four, are North Sharkey, East Cousins, Corlea Burn and Legphressy. **North Sharkey** (No. 49) is based on a Pionjar gold anomaly and IP anomalies on six lines in an area 200 by 200 metres. **East Cousins** (No. 51) is based on four Pionjar gold anomalous samples and scattered IP anomalies on 7 lines in area 150 metres northeast by 100 metres southeast. The **Corlea Burn** (No. 22) geochemical target, located about 2 kilometres northwest of Kearney, was followed up by Riofinex and produced Pionjar gold anomalies and may have been surveyed with IP geophysics. The source of gold anomalous float samples may be local structures related to northeast trending Landsat linear features recognised in 2003 but could also be due to dispersion from the Kearney-Joshua's etc float gold cluster. Weak but potentially significant airborne geophysical VTEM anomalies on 2 lines in an area 200 by 100 metres elongated west-northwest have further enhanced this Corlea Burn target. **Legphressy** (No. 26) is an apparently non-cultural, 3 flight line, 200 metre long airborne VTEM geophysical anomaly with a north-easterly trend which coincides with a 3 kilometre Landsat linear feature linked with float and stream sediment gold anomalies in the Unshinagh Burn just over a kilometre to the north.

Targets scored 3 of which there are eleven, comprise Aghadulla West Burn, Aghadulla East Burn, Aghadulla Main Burn below confluence, Upper Corradinna Bridge, BM 210.2m Upper Creevan Burn (western tributary), Greenan Burn Upper, Viv Burn and Croneen Barr hill, Unshinagh, Dressoge in upper Kilmore Burn, West Sharkey and Cousins. **Aghadulla West Burn** (No. 1) is based on stream sediment gold associated with northerly trending shears related to four mineralised showings and to structures related to Landsat linear features. **Aghadulla East Burn** (No. 2) is based on stream sediment and float gold probably locally derived from northerly trending shear structures related to the local, northerly trending Landsat linear features. There is an area of weak, subtle VTEM electromagnetic anomalies in the uppermost reaches of the Aghadulla East Burn. **Aghadulla Main Burn** (No. 3) below the confluence has stream sediment gold probably locally derived from northerly trending shear structures related to the local, northerly trending Landsat linear features. **Upper Corradinna Bridge** (No. 11) geochemical anomalies were followed up by Riofinex Pionjar sampling and possibly an IP survey. Gold may be derived from structures associated with local Landsat linear features. Prospecting results in the stream bed were disappointing but the bedrock source of the local Pionjar gold anomaly may lie to the northwest covered by peat. The **BM 210.2m Upper Creevan Burn** (No. 12) (western tributary) target is based on stream sediment and Pionjar gold anomalies which may be derived from structures associated with four local Landsat linear features. The **Greenan Burn Upper** (No. 14) target is based on stream sediment gold at the same altitude as a mineralised section of the east-northeast trending Aghaleague Fault structure with graphitic and calcite - dolomite veins containing fuchsite in a western tributary and three north-northeast trending Landsat linear features, which provide focus for float and outcrop prospecting. Access on land between the two burns may be problematical due to forestry established since 1981fires. The **Viv Burn and Croneen Barr** (No. 15) hill target has gold colours in the pan, stream sediment gold with one sample with more than 1,000 ppb Au, anomalous As and Pb and Landsat and airphoto linear features. The **Unshinagh** (No. 19) target of 2003 based on float and stream sediment gold and northerly Landsat linear features is enhanced by the apparently non-cultural, 2005 airborne VTEM geophysical anomaly of Legphressy located about a kilometre to the south. The **Dressoge, upper Kilmore Burn** (No. 20) target is based on gold in stream sediments possibly derived

from structures associated with a northerly Landsat linear feature which is probably exposed in the north flowing stream section immediately upstream of the gold anomaly. **West Sharkey** (No. 48) is based on Pionjar gold anomalies and IP geophysical anomalies on two lines. **Cousins** (No. 50) is based on scattered Pionjar gold anomalies and IP geophysical anomalies on seven lines in area 160 by 180 metres on the north side of the Cavanacaw magnetic low of Riofinex and Geotech 2005.

The remaining 18 lower priority targets with scores of 1 and 2 are not described here but are included in Appendix 1. Lower scoring targets should not necessarily be ignored since these may be due to other styles of mineralisation and may be enhanced by ongoing interpretation of the results of geophysical surveys and other data.

Of these, particular attention is drawn to **Pollnalaght** (No. 23), also known as **Pigeon Top** which scored only 2 in the system used. Here, local Pionjar gold anomalies and distant, radially distributed, gold anomalous stream sediment and float samples and the intersection of 5 Landsat linear features about 700 metres northwest of the Pionjar anomaly, may be associated with intersecting fault brecciation and undiscovered gold mineralisation. This target is at the west end of a VTEM conductivity high 4.5 kilometres east-northeast by 0.5 kilometres wide, which is probably due to black schist seen at the target named "63 gram" located 2 kilometres along strike to the east-northeast.

Strike conformable targets

Localised targets have been identified associated with possible structures which are parallel to or conformable with the regional strike. One is associated with conformable black schists mapped over a substantial strike length by Pionjar and extended by interpretation of magnetometry ("63 gram" above). Another is associated with the strike-parallel Cavanacaw magnetic low of Riofinex and Geotech, of even greater strike length, which intersects the Kearney trend at 90 degrees (Cousins above).

17. PROPOSALS AND BUDGETS BY GALANTAS AND HOWE COMMENTS

Introduction

Future work proposals and budgets prepared by Galantas for the next two years 2006 and 2007(Galantas, 1st December 2005A and 2005B) are described below under two headings: **Omagh mine and reserve and resource augmentation** and **Exploration targets** followed by **Howe comments**.

Galantas has a number of opportunities to increase reserves of gold ore on the Crown Estate mining lease. Short and medium term targets have been identified as those veins with defined resources within the planning permission area and on freehold land belonging to the Company. These can be wholly or partially developed into proven reserves within planned open pit outlines. Similar veins with defined resources lie close to the initial mining area on land not yet controlled by the Company.

The most cost effective method of expanding open pit reserves in known veins is to remove the overburden and sample these veins in detail prior to test mining and/or drilling.

Results of prospecting, geological mapping, soil sampling, deep overburden sampling, various geophysical surveys including the airborne VTEM and magnetic surveys of 2005 have been compiled, specific exploration targets selected and prioritised. These targets, of which there are 41 identified, are distributed throughout the Dalradian rocks of the

Prospecting Licence. Each of the targets require further research and prospecting to determine surface rights ownership and to refine target criteria.

An exploration team of one geologist and two technical assistants, with temporary help as required, will conduct all exploration, the efforts divided between reserve and resource augmentation and new resource discovery. Once the programme is underway in 2006, a contract excavator will be used to strip overburden to permit bedrock examination and sampling of discovered veins.

Omagh Mine and Reserve and Resource Augmentation

The commissioning of the mine early in 2006, based largely on the Kearney vein, dictates that the Kerr and Joshua veins within the planning permission area, also be mined as these areas are planned for storage of tailings. The Kerr vein will be prepared for mining early in 2006 and the Joshua will be stripped and sampled in 2006 in preparation for lodging an application for mining early in 2007.

The Kerr vein contains an indicated resource of 6,950 tonnes at 6.3 g/t Au over a strike length of 150 metres and 0.57 metres average width, based on 4 drill intercepts at depths to 28.5 metres. It may be part of a multiple vein array. Due to the deep overburden, this vein was not exposed by trenching, except in a small way in a stream cut. The Kerr vein will be stripped during the winter of 2006 substantially within the existing mine development budget. A cost £16,000 is estimated to expose 250 metres of the vein trace with channel sampling over an average width of 4 metres at 2 metre intervals, together with mapping, assaying and supervision. All expenditure is planned in early 2006 so that pit engineering can be completed to provide mill feed from mid 2006. By analogy with the outcome at Kearney, it is expected by the Company that stripping and bedrock sampling will increase the volume and grade presently indicated by drill core samples.

Joshua's vein contains an indicated resource of 108,450 tonnes at 6.9 g/t Au over a strike length of 560 metres (400 m on Company freehold)and 1.5 metres average width, based on 21 drill intercepts at depths to 75.5 metres. The vein was partly exposed in earlier trenches. An application for Planning Permission to mine Joshua's will be made towards the end of 2006. Evaluation will require stripping 3 metres of overburden from 400 metres of strike length and mapping, sampling and assaying. The cost is estimated at £40,000 for stripping and £25,000 for sampling and assaying. Overburden removal is scheduled for mid-2006 followed by some test mining. By analogy with the outcome at Kearney, it is expected by the Company that stripping and bedrock sampling will increase the volume and grade presently indicated by drill core samples and it is expected that Joshua will become a significant source of mill feed.

Land use agreements are required for extensions of the Joshua vein outside the Company's freehold to the north and south. Assuming that 200 metres of additional strike length will be exposed, it is estimated that a total of £45,000 will be required including costs for land use, overburden removal and mapping and sampling. Most of the activity will take place after mid-2006.

Two other adjacent veins, Sammy's and Elkin's, were each explored with 6 core holes, just to the north of the Company freehold land but neither has been trenched. The southern extensions project onto the freehold land. Drill indicated grades were lower, from 1.0 to 3.5 g/t Au, with width averaging 3.35 metres in Elkin's. Both will be exposed with trenches starting in 2007 and £40,000 is budgeted.

The cluster of high grade veins one kilometre south of the freehold land are priority targets for resource augmentation. Four of the veins have indicated resources grading respectively 9.51, 9.67, 5.42, and 10.10 g/t Au. The area was well explored with trenches and core drilling.

Since no landowner agreements are in place, and there are a number of local residents, it may take several months before stripping and sampling work can begin. For this reason, no funds are allocated at this stage.

In summary, augmenting resources and converting them to reserves is seen as a fairly straightforward process of exposing and sampling known veins with the expectation that their grade and volume may be increased in the process by analogy with this outcome on the Kearney vein. The funds noted in this section so far amount to a total of £166,000 for 2006 and 2007. Any funds which may be required for core drilling are not included in this amount. There are sufficient veins in proximity to the treatment plant to continue this activity beyond 2007.

Exploration Targets

Data and results from prospecting, geological mapping, geochemical sampling and geophysical surveys including VTEM have been examined and used to select and classify exploration targets. The highest priority is given to known, high grade gold veins and these are to be addressed by the reserve and resource augmentation programme. With two exceptions, the remaining targets are indirect indications of bedrock gold mineralisation located throughout the licence area, the sources of which remain undiscovered.

The Company proposes to explore more intensively where land use agreements are in place as a result of the reserve and resource augmentation programme, thereby integrating the exploration efforts. It is intended to explore these accessible areas with sufficient intensity with cross-strike trenches to eliminate the possibility that significant near surface resources with mill feed potential have been missed.

A team of one geologist and two technicians is envisaged, who would conduct all the work, their efforts divided between exploration and reserve and resource augmentation. In order to meet the two year time budget, occasional help with channel sampling may be sought and contract excavators may be used. The employment costs of the geological team will be £56,000 per year and they would begin work on the freehold land until such time as land use agreements are in place. The team would work within an additional annual operational budget of £80,000. In addition, a sum of £64,000 is set aside for core drilling in the two year period, where trenching is not practical.

It is envisaged that the first exploration work will be on Cummings to the north of the mine area including Peter's vein and the targets "63 gram", North of Sammy's Barn, Cavanacaw Magnetic Low and digging a cross-strike trench across the gap between the Joshua and Kearney veins.

Over two years, the funds noted in this section amount to a total of £336,000.

Howe comments

Galantas have proposed a logical and balanced programme of reserve and resource augmentation work on known veins and exploration of other targets over the next two years comprising:

- Overburden stripping and bedrock channel sampling of the Kerr and Joshua's veins on the Company's freehold land.
- Application for an amendment to the Planning Permission to include Joshua's vein.
- Negotiation of land use agreements covering northern and southern extensions of Joshua's vein.

- Negotiation of land use agreements and development by trenching of Sammy's and Elkin's veins.
- Consideration of means of access to four high grade veins with resources, located one kilometre south of the Company freehold land.
- Negotiation of land use agreements on the Cummings land to the north of the mine area including Peter's vein and the targets:- "63 gram", North of Sammy's Barn, Cavanacaw Magnetic Low and a cross-strike trench across the gap between the Joshua and Kearney veins.

The Galantas budgets for these work proposals total £502,000.

Detailed verification of all the Omagh Minerals financial assumptions and estimates is beyond the scope of this report. Nevertheless, it is Howe's opinion that the above proposals and budgets are reasonable and commensurate with the scale and status of each work project.

18. SUMMARY AND CONCLUSIONS

Galantas has 100% beneficial ownership of the Omagh gold project.

The DETI prospecting licence with a term of 6 years and the Crown Estate exploration licence were renewed in 2003. The Crown Estate mining lease is under preparation with the intention to grant it in the near future and an application has been made for a DETI mining licence or mining lease covering the production of base metals.

Planning permission and consent to discharge of effluent remain valid for the Omagh open pit gold mine located on the company's freehold land.

We are not aware of any adverse environmental issues which could prevent or delay the start of the planned mining operations.

A preliminary and partial estimate of shallow resources in the Kearney vein was carried out in 2004 using Micromine software, based only on the channel sample data, using a sample cut-off grade of 3 g/t Au. It includes measured resources to a depth of 20 metres and indicated resources from 20 to 37 metres depth, totalling 114,777 tonnes at a grade of 11.03 g/t Au over a strike length of 441 metres, to a previously designed pit depth of 37 metres, with an implied average width of 2.40 metres, containing 1,265,990 grammes or 40,700 ounces of gold. This estimate is compliant with the requirements of CIMM/Canadian National Policy 43-101 for the definition of mineral reserves and resources. Reserves may be calculated when a final mining plan is designed and costed and the optimum target mill head grade is established.

Reserves and resources estimated in 1995 using a cut-off grade of 1.0 g/t Au and a cut-off width of 0.5 metres, comprise proven and probable reserves in the Kearney vein of 367,310 tonnes grading 7.52 g/t Au over an average width of 4.43 metres within the 850 metres length of the proposed Kilborn designed open pit, to a depth of 37 metres. A further indicated resource of 1,183,680 tonnes at a grade of 7.02 g/t Au over a width of 4.43 metres was estimated from the base of the proposed pit to a depth of 137 metres.

In 1995 trenching and diamond drilling, data, partly defining seven other named structures in the Kearney vein swarm, were used to calculate an additional indicated resource of 328,820 tonnes at a grade of 6.72 g/t Au. Geochemical and geophysical data were used to extrapolate from these zones for the estimation of an additional inferred resource of 135,500 tonnes at a grade of 4.68 g/t Au.

As defined by the Micromine modelled estimate, the Kearney deposit is open at depth and, along strike as indicated by drilling and IP anomalies, which together extend the drilled depth to 137 metres and the strike length to 1000 metres. An estimate in 1995, using a 1 g/t Au cut-off, generated 1.55 million tonnes at 7.14 g/t Au to a depth of 137 metres, comprising proven and probable ore reserves and indicated resources inside the Kilborn designed pit and at depth, with implied average aggregated widths ranging from 4.43 to 6.62 metres.

Seven partially explored, additional veins of the Kearney swarm contain indicated and inferred resources over trenched and/or drilled strike lengths of 38 to 560 metres, depths of 25 to 75.5 metres and widths of 0.57 to 3.35 metres. Average resource grades using a 1 g/t Au cut-off, range from 3.5 to 10.10 g/t Au.

Formal, comprehensive estimation of resources using Micromine or similar software is required, compliant with the current JORC code or the CIMM/Canadian NI 43-101 regulations. It would be useful and instructive to generate a geologically constrained 3D model of the mineralisation and then to use sample assay data within its limits to calculate gold grade.

There is no final mine design at present and this issue needs finalising early in the project. This will not prevent early access into the pit for trial mining purposes, since mineralisation is immediately accessible.

It is necessary to produce a mine schedule as soon as possible to allow operating costs to be generated.

The mining equipment already acquired is adequate for the work and sufficient mining capacity exists for proposed production rates.

The ore will need to be selectively mined if Galantas require mill feed grades in excess of the resource in-situ grade. The possibility of upgrading by sorting or dense-medium separation will also be investigated.

The mill design is suited to the type of ore being treated, although it is accepted that more mineral test-work will be required prior to commissioning. The equipment delivered to site and proposed for acquisition is reasonably expected to handle the forecast tonnages, once it is installed according to the plant layout, subject to the final design of the plant.

Existing and planned infrastructure is adequate for an operation of the size and type planned at Omagh mine. In due course, the feasibility of bringing in mains power should be investigated.

The elements used within the economic analysis appear reasonable and based on adequate data. The economic analysis needs completion and should be based on a proposed mining schedule and plant throughput forecast. Without the details of plant throughput, it is not possible to value the project at present.

The company has the necessary qualified personnel to carry out the proposed work programme up until commissioning. They appear well motivated and professional in their approach.

Reserves and resources are limited at present but there are numerous targets for open pittable resource augmentation and for new discoveries. Howe considers it likely that aggressive exploration will add substantially to the reserves and resources. It is possible that structures similar to the Kearney vein lie undiscovered in the identified target areas.

The high gold grades and the widths and continuity of the present reserves and resources indicate that there is potential for underground production in the future, following exploratory drilling.

Eight gold-rich veins of the Kearney swarm have been classified as very high priority resource augmentation targets with scores of 9 and 10, for further exploration in the near future. These are: Kearney, Joshua's, Kerr, Gormley Main, Elkin's, Gormley West 2, Princes and Garry. These contain relatively high grade channel sample and/or drill intercepts and reserves (1995) and resources (1995 and 2004).

Eight other veins of the Kearney swarm not yet drilled or drilled with lower grades have target scores of 5 to 8.

The remaining targets, of which there are thirty seven, comprise one target scoring 6, three targets scoring 5, four targets scoring 4, eleven targets scoring 3, eleven targets scoring 2 and seven targets scoring 1.

Howe considers that the targets scoring 3 to 8 present some excellent opportunities for new discoveries on or near known vein structures of the Kearney swarm and new discoveries elsewhere in the greater part of the licence area.

The best long-shot, potentially large target is the combination of three targets: Cornavarrow Burn East Showing, the Legphressy VTEM anomaly and the Unshinagh geochemical anomalies. These are all linked by two, parallel, north trending Landsat linear features about 500 metres apart, over a distance of 2.5 kilometres, north of a major, northeast trending Landsat linear, with stream sediment and float gold anomalies in the Cornavarrow Burn in the south and both the Unshinagh Burn and the Magharenny Burn in the north.

The airborne electromagnetic surveys of 2005 detected parts of the known gold bearing structures but it is now clear that both conductivity (VTEM) and chargeability (IP) are useful geophysical tools with which to assemble targets for new discoveries. Accordingly, the Riofinex IP geophysical data should be rehabilitated.

Localised targets have been identified associated with possible structures which are parallel to or conformable with the regional strike. These represent a new type of exploration target in the Lack inlier.

Galantas have proposed a logical and balanced programme of reserve and resource augmentation work on known veins and exploration of other targets over the next two years. The Galantas budgets for these work proposals total £502,000. Detailed verification of all the Omagh Minerals financial assumptions and estimates is beyond the scope of this report. Nevertheless, it is Howe's opinion that the above proposals and budgets are reasonable and commensurate with the scale and status of each project.

19. REFERENCES AND SOURCES

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20. CERTIFICATES

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I, John G Langlands , do hereby certify that:

1 I am currently employed as Senior Geologist by:
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2 I am a graduate of the University of Edinburgh and hold a B.Sc. Honours degree in Geology (1969) and a Diploma in Resource Management (1980).

3 I am a Fellow of the Institute of Materials, Minerals and Mining (formerly the Institution of Mining and Metallurgy), a Fellow of the Geological Society and I am a Chartered Engineer with the Engineering Council.

4 I have been employed as a geologist for 36 years since graduation and with A C A Howe International Limited since 1980.

5 I certify that by reason of my education, Fellowship of the Institute of Materials, Minerals and Mining and relevant work experience, I fulfil the requirements to be a "qualified person" for the purposes of NI 43-101.

6 I am responsible for sections 1, 2 (part), 3 to 12, 15 to 17, 18 (part) and 19 (part) as well as the overall structure of the Technical Report titled, "Technical Report of the Gold Mining and Exploration Interests of the Omagh Gold Project of Galantas Gold Corporation in Counties Tyrone and Fermanagh, Northern Ireland" and dated December 2005. I visited the Omagh Gold Project property and mine site and the local office of Omagh Minerals Limited from 18th to 28th June 2003 and from 28th November to 2nd December 2005, a total of 16 days.

7 I have not had prior involvement with the issuer or the property that is the subject of the Technical Report, other than as an independent consultant to Omagh Minerals Limited.

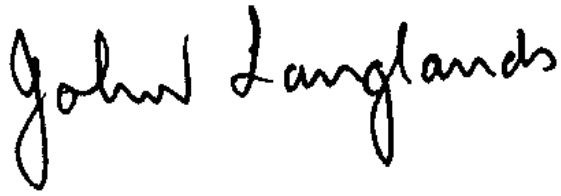
8 I am not aware of any material fact or material change with respect to the subject matter of the Technical Report that is not reflected in the Technical Report, the omission to disclose which makes the Technical Report misleading.

9 I am independent of the issuer applying all of the tests in section 1.5 of National Instrument 43-101.

10 I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.

11 I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

Dated this 8th Day of March, 2006.



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I, Julian Bennett , do hereby certify that:

1 I am a Senior Associate Mining Engineer of:
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2 I am a graduate of the Royal School of Mines, Imperial College, London and hold a B.Sc. Honours degree in Mining (Engineering) (1964). I am an Associate of the Royal School of Mines.

3 I am a Member of the Institute of Materials, Minerals and Mining (formerly the Institution of Mining and Metallurgy) and I am a Chartered Engineer with the Engineering Council.

4 I have been employed as a mining engineer for more than 40 years since graduation.

5 I certify that by reason of my education, Membership of the Institute of Materials, Minerals and Mining and relevant work experience, I fulfil the requirements to be a "qualified person" for the purposes of NI 43-101.

6 I am responsible for sections 2 (part), 13 and 14, 18 (part) and 19 (part) of the Technical Report titled, "Technical Report of the Gold Mining and Exploration Interests of the Omagh Gold Project of Galantas Gold Corporation in Counties Tyrone and Fermanagh, Northern Ireland" and dated December 2005. I visited the Omagh Gold Project property and mine site and the local office of Omagh Minerals Limited from 19th to 22nd December 2005, a total of 4 days.

7 I have not had prior involvement with the issuer or the property that is the subject of the Technical Report, other than as an independent consultant to Omagh Minerals Limited.

8 I am not aware of any material fact or material change with respect to the subject matter of the Technical Report that is not reflected in the Technical Report, the omission to disclose which makes the Technical Report misleading.

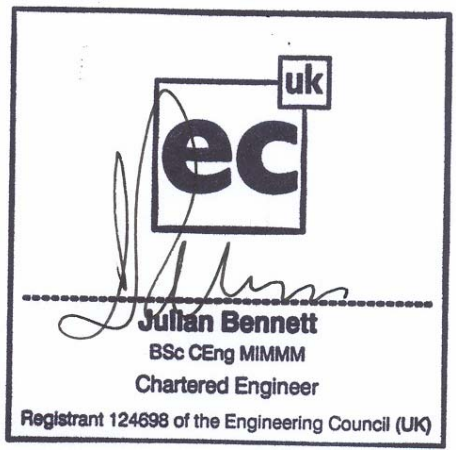
9 I am independent of the issuer applying all of the tests in section 1.5 of National Instrument 43-101.

10 I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.

11 I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

Dated this 15th Day of March 2006.

Julian Bennett, BSc, MIMMM, CEng.



APPENDIX 1.

Omagh Project
Resource augmentation and
exploration target summary, December 2005

Ref. No.	Name	No.	Central grid reference	Score	Remarks including target-type airborne geophysical anomalies of 2005, if any
31-2005	Kearney	31	H401/710	10	Drilled with reserves (1995)and resources(1995 and 2004) , IP anomalies over 300m strike at S end and on 5 lines over 400m at N end of mapped 1000m of IP extended strike, weak VTEM anomalies over only N half of strike. On freehold.
32-2005	Joshua's	32	H3970/7072	10	Drilled with resources (1995), IP anomaly with 200m strike of 600m total, Pionjar anomaly. Largely on freehold
33-2005	Kerr	33	H3995/7065	10	Drilled with resources (1995),
					N extension of 500m indicated by IP, Pionjar anomalies over 300m. On freehold
34-2005	Gormley Main	34	H3974/6982	9	Drilled with resources (1995), coincides with minor public lane to Crocknageragh dead-end.
35-2004	Elkin's	35	H4061/7130	9	Drilled with resources (1995), IP anomaly at S end of mapped vein trace over two lines and 50m extends S for 400m
36-2005	Gormley West 2	36	H3962/6974	9	Drilled with resources (1995)
37-2005	Princes	37	H3935/7004	9	Drilled with resources (1995)
38-2005	Garry	38	H3936/6955	9	Drilled with resources (1995)
39-2005	Kearney North	39	H4002/7202	8	Drilled no resources - low Au but high grade boulders locally and just downstream
40-2005	Sammy's	40	H4036/7138	8	Drilled no resources - low Au, Pionjar gold anomaly on S strike, central two line IP anomaly.
41-2005	Peter's	41	H3915/7137	7	Drilled no resources - low Au, one high grade boulder
42-2005	Brendan	42	H4059/7033	6	Drilled no resources - low Au
43-2005	Gormley West 1	43	H3972/6974	6	Drilled no resources - low Au
52-2005	63 gram	52	H3910/7190	6	63 g/t Au and 3 other Pionjar and float Au anomalies and scattered IP anomalies in 150 x 150m area associated with west end of black schist sub-outcrop mapped over 800 x 30m trending ENE mapped by Pionjar, associated with the southern edge of a VTEM conductivity high 4.5 km ENE x 0.5 km wide just N of a 1.7 km parallel conductivity low about 50m wide.
Apr-03	Cornavarro w Burn East Showing	4	H3498/6942	5	Stream sediment Au with samples exceeding 1,000 ppb, pans with 8-12 colours, anomalous float (1.5, 2.9 and 14.6 g/t Au). Outcrop with 0.13 to 1.15 g/t Au, anomalous Ag, Pb. N trend Landsat linear feature 60m E upstream. 11 km NE trend linear feature discordant to strike 100m to SE.
25-2005	Commings Bog	25	H410/720	5	Apparently non-cultural, 2 line, 100m NNE strike VTEM anomaly with < 23 g/t Au in soil. May be due to massive sulphide related gold mineralisation below bog.
28-2005	North of Sammy's Barn	28	H3980/7171	5	Possible northward continuation (with 2-300m strike) of Kearney main structure on three VTEM lines to W of Kearney North structure. Possible source of Riofinex and Omagh gold rich boulders.
44-2005	Discovery	44	H4041/7023	5	Named vein, not drilled
45-2005	Black	45	H3998/6980	5	Named vein, not drilled

46-2005	Sharkey	46	H3959/7009	5	Named vein, not drilled. Good float boulder.
22-2003	Corlea Burn	22	H388/726	4	Target has been followed up by Riofinex. See Pionjar gold in till anomalies. May have been surveyed with IP. Source of gold anomalous float samples may be local structures related to NE trending Landsat linear features but could also be dispersion from the Kearney-Joshua etc float gold cluster. Weak but potentially significant VTEM anomalies on 2 lines in area 200 x 100 elongated WNW? 3 lines with weak anomalies similar to North of Sammy's Barn, max 1 km along flight line.
26-2005	Legphressy	26	H346/703	4	3 line VTEM anomaly with N trend Landsat linear feature linkage to gold anomalies of 19-2003 Unshinagh.
49-2005	North Sharkey	49	H3925/7040	4	Pionjar Au anomaly and IP anomalies on six lines in area 200 x200m.
51-2005	East Cousins	51	H3980/7183	4	Four Pionjar Au anomalies and scattered IP anomalies on 7 lines in area 150m NE x 100m SE
Jan-03	Aghadulla West Burn	1	H363/685	3	Stream sediment Au associated with N trending shears related to 4 mineral showings and to structures related to Landsat linear features.
Feb-03	Aghadulla East Burn	2	H368/688	3	Stream sediment gold is probably locally derived from northerly trending shear structures related to the local, northerly trending Landsat linear features. Area of weak, subtle VTEM electromagnetic anomalies in the uppermost reaches of the Aghadulla East Burn.
Mar-03	Aghadulla Main Burn below confluence	3	H3612/6805	3	Stream sediment gold is probably locally derived from northerly trending shear structures related to the local, northerly trending Landsat linear features.
Nov-03	Upper Corradinna Bridge	11	H3755/7039	3	Followed up by Riofinex Pionjar sampling and possibly an IP survey. Gold may be derived from structures associated with local Landsat linear features. Prospecting results in stream bed were disappointing but bedrock source of local Pionjar gold anomaly may lie to NW covered by peat
Dec-03	BM 210.2 Upper Creevan Burn, western tributary	12	H3782/6991	3	Stream sediment and Pionjar Au may be derived from structures associated with four local Landsat linear features.
14-2003	Greenan Burn Upper	14	H310/690	3	Stream sediment gold near mineralised Aghaleague Fault structure with graphitic and calcite - dolomite veins containing fuchsite in western tributary, and three NNE Landsat linear features provide focus for float and outcrop prospecting. Access on land between the two burns may be problematical due to forestry established since 1981fires.
15-2003	Viv Burn and Croneen Barr hill	15	H2862/6529	3	Gold colours, stream sediment Au, one sample >1,000 ppb, anomalous As and Pb. Landsat and airphoto linears.
19-2003	Unshinagh	19	H347/717	3	2003 target enhances 2005 VTEM anomaly Legphressy: Target 26-2005, as possible source of geochem anomaly
20-2003	Dressoge, upper Kilmore Burn	20	H371/725	3	Gold in stream sediments possibly derived from structures associated with Landsat linear feature, probably exposed in stream section immediately upstream of stream sediment gold anomaly.
48-2005	West Sharkey	48	H3930/7010	3	Pionjar anomalies and IP anomalies on two lines.
50-2005	Cousins	50	H3925/7120	3	Scattered Pionjar Au anomalies and IP anomalies on seven lines in area 160 x 180m. N side of

					Cavanacaw magnetic low of Riofinex and Geotech 2005.
May-03	Cornavarrow Burn West Showing.	5	H3446/6920	2	Riofinex gold bearing showing relocated but resampling reported no gold or silver. Line of IP in Feb 1988. SE extension of showing possibly indicated by minor resistivity anomaly on IP line. Major IP anomaly due either to a NE dipping dolerite dyke (not apparently known to Riofinex) or to graphitic metasediments. Mapped Tertiary dyke type magnetic anomaly.
Jun-03	Cornavarrow Burn below The Small Point confluence	6	H353/700	2	Stream sediment gold is probably locally derived from structures related to the local, NE trending Landsat linear feature. Local magnetic high.
13-2003	Greenan Burn Lower	13	H326/674	2	2005 magnetic low. Associated with stream sediment Au, As and Pb anomalies and gold in float.
17-2003	Glenarn and Stranahone on Glendurragh River	17	H282/674	2	Source of weak anomalies may be structures related to two N trending Landsat linear features. Local magnetic high.
18-2003	Unnamed stream = Stranahone north tributary of the Glendurragh River	18	H2779/6824	2	Source of single point, weak stream sediment Au anomaly may be local structures related to N trending Landsat linear feature.
21-2003	Tattysallagh (Barrett's Glen)	21	H379/688	2	Source of gold anomalous stream sediment and float samples may be local structures related to N trending Landsat linear feature . Weak VTEM 4-500m NNE on two lines at H380692. Local magnetic low with mapped Tertiary dyke.
23-2003	Pollnalaght (AKA Pigeon Top)	23	H370/710	2	Local Pionjar gold anomalies and distant, radially distributed, gold anomalous stream sediments and float samples and the intersection of 5 Landsat linear features 700 metres northwest of the Pionjar anomaly, may be associated with intersecting fault brecciation and undiscovered gold mineralisation. W end of a VTEM conductivity high 4.5 km ENE x 0.5 km wide probably due to black schist seen at Target “63 gram”.
24-2003	Lower Creevan Burn, Eastern end of the licence	24	H416/705	2	Panned gold colours, stream sediments exceeding 1,000 ppb, highly anomalous As and Pb, gold anomalous float. Pionjar Au at H413702 followed up by Riofinex. Check for Riofinex IP coverage.
29-2005	Cavanacaw Magnetic Low	29	H3946/7110	2	Possible demagnetisation anomaly or unmapped, conformable, Tertiary dyke fault intrusion within the Dalradian. See closely associated Target 50-2005 - Cousins
30-2005	Greenan Burn Lower (magnetic low)	30	H326/682	2	Local magnetic low possibly related to gold mineralisation in float, see Target 13-2003, Greenan Burn Lower
53-2005	North Crockard	53	H3900/7250	2	Single point Pionjar anomaly (Riofinex No. 56) and 3 IP lines with no anomalies or not surveyed
Jul-03	Cornavarrow Burn H33986923	7	H3398/6923	1	Train of 3 stream sediment Au anomalies. No focus or obvious vector to source. Could be derived from Cornavarrow Burn West Showing or similar in footwall zone of dolerite dyke.

Aug-03	Cornavarrow Burn H33656948	8	H3365/6948	1	Minor stream sediment gold anomaly with no obvious vector to source.
Sep-03	Cornavarrow Burn H33506985	9	H3350/6985	1	Minor stream sediment gold anomaly with no obvious vector to source.
Oct-03	Dooish Mountain East, east flowing tributary of Cornavarrow Burn	10	H3310/6977	1	Weak gold stream sediment anomaly may be derived from local mineralisation or boulder clay. N and E trend Landsat linear features within 100m.
16-2003	Carrickagreany east of Cloy	16	H268/648	1	Two isolated gold anomalous stream sediment samples in same stream system. Gold may be associated with faulted Dalradian amphibolites.
27-2005	VTEM anomaly 1.7km NW of Lack	27	H260/673	1	Single line VTEM anomaly over Chadian Claragh Sandstone Formation
47-2005	West Garry	47	H3857/6935	1	Pionjar and IP anomalies on 2 lines of 5 over 100x30m

APPENDIX 2
Targets of Omagh Gold Project

No	Name	Central_grid_ reference	X	Y	Ref__No_	Score
31	Kearney	H401/710	240100	371000	31-2005	10
32	Joshua's	H3970/7072	239700	370720	32-2005	10
33	Kerr	H3995/7065	239950	370650	33-2005	10
34	Gormley Main	H3974/6982	239740	369820	34-2005	9
35	Elkin's	H4061/7130	240610	371300	35-2004	9
36	Gormley West 2	H3962/6974	239620	369740	36-2005	9
37	Princes	H3935/7004	239350	370040	37-2005	9
38	Garry	H3936/6955	239360	369550	38-2005	9
39	Kearney North	H4002/7202	240020	372020	39-2005	8
40	Sammy's	H4036/7138	240360	371380	40-2005	8
41	Peter's	H3915/7137	239150	371370	41-2005	7
42	Brendan	H4059/7033	240590	370330	42-2005	6
43	Gormley West 1	H3972/6974	239720	369740	43-2005	6
52	63 gram	H3910/7190	239100	371900	52-2005	6
4	Cornavarrow Burn East Showing	H3498/6942	234980	369420	20030401	5
25	Commings Bog	H410/720	241000	372000	25-2005	5
28	North of Sammy's Barn	H3980/7171	239800	371710	28-2005	5
44	Discovery	H4041/7023	240410	370230	44-2005	5
45	Black	H3998/6980	239980	369800	45-2005	5
46	Sharkey	H3959/7009	239590	370090	46-2005	5
22	Corlea Burn	H388/726	238800	372600	22-2003	4
26	Legphressy	H346/703	234600	370300	26-2005	4
49	North Sharkey	H3925/7040	239250	370400	49-2005	4
51	East Cousins	H3980/7183	239800	371830	51-2005	4
1	Aghadulla West Burn	H363/685	236300	368500	20030101	3
2	Aghadulla East Burn	H368/688	236800	368800	20030201	3
3	Aghadulla Main Burn below confluence	H3612/6805	236120	368050	20030301	3
11	Upper Corradinna Bridge	H3755/7039	237550	370390	20031101	3
12	BM 210.2 Upper Creevan Burn, western tributary	H3782/6991	237820	369910	20031201	3
14	Greenan Burn Upper	H310/690	231000	369000	14-2003	3
15	Viv Burn and Croneen Barr hill	H2862/6529	228620	365290	15-2003	3
19	Unshinugh	H347/717	234700	371700	19-2003	3
20	Dressoge, upper Kilmore Burn	H371/725	237100	372500	20-2003	3
48	West Sharkey	H3930/7010	239300	370100	48-2005	3
50	Cousins	H3925/7120	239250	371200	50-2005	3
5	Cornavarrow Burn West Showing.	H3446/6920	234460	369200	20030501	2
6	Cornavarrow Burn below The Small Point confluence	H353/700	235300	370000	20030601	2
13	Greenan Burn Lower	H326/674	232600	367400	13-2003	2
17	Glenarn and Stranahone on Glendurragh River	H282/674	228200	367400	17-2003	2
18	Unnamed stream =	H2779/6824	227790	368240	18-2003	2

	Stranahone north tributary of the Glendurragh River					
21	Tattysallagh (Barrett's Glen)	H379/688	237900	368800	21-2003	2
23	Pollnalaght (Pigeon Top)	H37/71	237000	371000	23-2003	2
24	Lower Creevan Burn, Eastern end of the licence	H416/705	241600	370500	24-2003	2
29	Cavanacaw Magnetic Low	H3946/7110	239460	371100	29-2005	2
30	Greenan Burn Lower (magnetic low)	H326/682	232600	368200	30-2005	2
53	North Crockard	H3900/7250	239000	372500	53-2005	2
7	Cornavarrow Burn H33986923	H3398/6923	233980	369230	20030701	1
8	Cornavarrow Burn H33656948	H3365/6948	233650	369480	20030801	1
9	Cornavarrow Burn H33506985	H3350/6985	233500	369850	20030901	1
10	Dooish Mountain East, east flowing tributary of Cornavarrow Burn	H3310/6977	233100	369770	20031001	1
16	Carrickagreany east of Cloy	H268/648	226800	364800	16-2003	1
27	VTEM anomaly 1.7km NW of Lack	H260/673	226000	367300	27-2005	1
47	West Garry	H3857/6935	238570	369350	47-2005	1

RECONCILIATION OF THE JORC AND CIM CODES
FOR CLASSIFICATION OF RESOURCES AND RESERVES

The terminology and definitions of resources and reserves are essentially equivalent in both systems as indicated in the following examples of the definitions of resources.

Australasian JORC Code	CIM Standards
The term **'Inferred Mineral Resource'** means a Mineral Resource inferred from geoscientific evidence, drill holes, underground openings or other sampling procedures where the lack of data is such that continuity cannot be predicted with confidence and where geoscientific data may not be known with a reasonable level of reliability.	An **'Inferred Mineral Resource'** is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings, and drill holes.
The term **'Indicated Mineral Resource'** means a Mineral Resource sampled by drill holes, underground openings or other sampling procedures at locations too widely spaced to ensure continuity but close enough to give a reasonable indication of continuity and where geoscientific data are known with a reasonable level of reliability. An Indicated Mineral Resource estimate will be based on more data, and therefore will be more reliable, than an Inferred Mineral Resource estimate.	An **'Indicated Mineral Resource'** is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings, and drill holes that are spaced closely enough for geological and grade continuity to be reasonable assumed.
The term **'Measured Mineral Resource'** means a Mineral Resource intersected and tested by drill holes, underground openings or other sampling procedures at locations which are spaced closely enough to confirm continuity and where geoscientific data are reliable known. A Measured Mineral Resource estimate will be based on a substantial amount of reliable data, interpretation and evaluation of which allows a clear determination to be made of shapes, sizes, densities and grades.	A **'Measured Mineral Resource'** is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that it can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings, and drill holes that are spaced closely enough to confirm both geological and grade continuity.

PART 4

ACCOUNTANTS' REPORT ON THE COMPANY

FINANCIAL INFORMATION RELATING TO GALANTAS GOLD CORPORATION

The historical financial information for Galantas Gold Corporation and its subsidiaries ("the Group") is set out in Section A of Part 4 of this document. The financial information set out in Section A Part 4 comprises consolidated information for the Group for the period 1 January 2002 to 30 September 2005. The financial information for the years ended 31 December 2002 to 31 December 2004 has been extracted from the audited consolidated financial statements of the Group. The financial information for each of the periods of 9 months ending 30 September 2004 and 30 September 2005 has been extracted from unaudited consolidated financial statements of the Group. This financial information does not comprise statutory accounts within the meaning of section 240 of the Companies Act.

The Directors are required to prepare the financial information in a form consistent with that which will be adopted in the issuer's next published annual financial statements having regard to the accounting standards and policies and legislation applicable to such annual financial statements. In accordance with the legislation applicable within Canada, the financial information is required to present fairly, in all material aspects, the financial position of Galantas Gold Corporation and the results of its operations and cash flows in accordance with Canadian generally accepted accounting principles

Section B of Part 4 sets out the report of the Auditors, Smith, Nixon & Co. LLP on the financial statements for the years ended 31 December 2004, 2003 and 2002.

Part 4 A

CONSOLIDATED FINANCIAL INFORMATION FOR THE GROUP

Consolidated Balance sheets

	Note	As at 31 Dec 2002 $'000	As at 31 Dec 2003 $'000	As at 31 Dec 2004 $'000
Current assets				
Cash		93	625	134
Marketable securities		2	2	-
Accounts receivable and advances		94	171	105
Inventory		174	224	217
		363	1,022	456
Property, plant and equipment	**4**	1,989	1,961	1,900
Deferred development costs	**4**	3,185	3,184	3,219
		5,537	6,167	5,575
Current Liabilities				
Accounts payable and accrued liabilities		318	448	135
Current portion of bank loans	**5**	28	21	7
Due to directors	**6**	127	340	430
		473	809	572
Long term portion of bank loans	**5**	28	10	-
		501	819	572
Shareholders' Equity				
Share capital	**7**	13,083	14,822	15,322
Warrants	**7**	-	78	71
Contributed surplus	**8**	1	22	371
Common shares to be issued		850	-	-
		13,934	14,922	15,764
Deficit		(8,898)	(9,574)	(10,761)
		5,036	5,348	5,003
		5,537	6,167	5,575
Going concern	**1**			
Commitments, contingencies and subsequent events	**14 & 15**			

See accompanying notes to consolidated financial statements

SIGNED ON BEHALF OF THE BOARD

(Signed) "L.J. Gunter"
Director

(Signed) "Roland Phelps"
Director

Consolidated Statements of Operations and Deficit

	Note	*Year ended 31 Dec 2002 $'000*	*Year ended 31 Dec 2003 $'000*	*Year ended 31 Dec 2004 $'000*
Sales		95	224	176
Costs of goods sold		160	192	222
		(65)	32	(46)
Expenses				
Accounting and corporate		20	17	23
Bank charges and interest		8	6	6
Foreign exchange gain		(43)	(30)	(11)
Legal and audit		40	67	56
Management fees		-	-	83
Operating expenses		143	575	458
Shareholder communication and public relations		-	23	117
Stock-based compensation	**7c**	1	21	288
Transfer agent		9	10	16
Travel and general office		22	19	105
		200	708	1,141
Loss before the following		(265)	(676)	(1,187)
Equity loss pickup		(122)	-	-
Interest and other income		13	-	-
Loss for the year		(374)	(676)	(1,187)
Deficit, beginning of year		(8,524)	(8,898)	(9,574)
Deficit, end of year		(8,898)	(9,574)	(10,761)
Basic and fully diluted loss per share	**10**	$(0.01)	$ (0.01)	$(0.01)
Weighted average number of shares outstanding		35,852,969	80,076,972	88,586,117

Consolidated Statements of Cash flows

	Note	Year ended 31 Dec 2002 $'000	Year ended 31 Dec 2003 $'000	Year ended 31 Dec 2004 $'000
Cash (used in) provided by:				
Operating activities				
Loss for the year		(374)	(676)	(1,187)
Adjustments for non-cash items:				
Amortisation		73	69	70
Equity loss pickup		122	-	-
Stock based compensation		1	21	288
Net change in non-cash working capital	**11a**	(6)	3	(240)
		(184)	(583)	(1,069)
Investing activities				
Advances to subsidiaries		(764)	-	-
Purchase of property, plant and equipment		(4)	(40)	(6)
Deferred development costs		-	-	(37)
Marketable securities		-	-	2
Cash received on business acquisition		75	-	-
		(693)	(40)	(41)
Financing activities				
Issue of common shares		311	1,044	589
Cash received on shares to be issued		115	-	-
Share issue costs		(56)	(77)	(35)
Repayment of bank loan		(4)	(25)	(24)
Advances from directors		581	213	89
		947	1,155	619
Net change in cash		70	532	(491)
Cash, beginning of year		23	93	625
Cash, end of year		93	625	134

See accompanying notes to consolidated financial statements.

1. Going concern

These financial statements have been prepared on a going concern basis which contemplates that Galantas Gold Corporation ("the Company") will be able to realise assets and discharge liabilities in the normal course of business. The recoverability of these consolidated amounts, which includes the consolidated results of the Company's wholly owned subsidiary Cavanacaw Corporation ("Cavanacaw"), is dependent on the ability of the Company to obtain future financing and to recover its investment in Omagh Minerals Limited ("Omagh"). Cavanacaw has a 100% shareholding in Omagh which is engaged in the acquisition, exploration and development of gold properties, mainly in Omagh, Northern Ireland.

As at 31 December 2001, studies performed on Omagh's mineral properties confirmed the existence of economically recoverable reserves. The deposit is currently in the development stage of operation and the directors believe that the capitalised development expenditure will be fully recoverable by the future operation of the mine. The recoverability of Omagh's capitalised development cost is thus dependent on the ability to secure financing, future profitable production or proceeds from the disposition of the mineral properties. These costs will be written off in the event gold is mined. The directors of Omagh have considered the value at which the intangible asset is shown on the balance sheet.

Management is confident that it will be able to secure the required financing to enable the Company to continue as a going concern. However, this is subject to a number of factors including market conditions. These consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities, the reported expenses and balance sheet classifications used that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

2. Incorporation and nature of operations

The Company was formed on 20 September 1996, under the name Montemor Resources Inc. on the amalgamation of 1169479 Ontario Inc. and Consolidated Deer Creek Resources Limited. The name was changed to European Gold Resources Inc. by articles of amendment dated 25 July 1997. On 5 May 2004, the Company changed its name from European Gold Resources Inc. to Galantas Gold Corporation. The Company was incorporated to explore for and develop mineral resource properties, principally in Europe. Its first exploration project was a property in Portugal. In 1997, it purchased all of the shares of Omagh which owns a mineral property in Northern Ireland, including a delineated gold deposit. Omagh obtained full planning and environmental consents necessary to bring its property into production.

The Company entered into an agreement on 17 April 2000, approved by shareholders on 26 June 2000, whereby Cavanacaw, a private Ontario corporation, acquired Omagh. Cavanacaw has established an open pit mine to extract the Company's gold deposit near Omagh. Cavanacaw has also developed a premium jewellery business founded on the gold produced under the name Galantas Irish Gold Limited ("Galantas").

Cavanacaw operations include the consolidated results of Cavanacaw and its wholly owned subsidiaries Omagh and Galantas.

3. Summary of significant accounting policies

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Principles of consolidation
These consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany balances have been eliminated.

Fair value of Financial Instruments
For cash and short-term deposits, marketable securities, accounts receivable and advances, accounts payable and accrued liabilities and bank loans, the carrying amounts approximate fair values due to the relatively short term to maturity. For the amount due to directors, it is not practicable to determine the fair value with sufficient reliability. The terms of this amount are disclosed in Note 6.

Foreign Currency Translation
The Company's operations expose it to significant fluctuations in foreign exchange rates. Cavanacaw, Omagh and Galantas are denominated in British pounds and are, therefore, subject to exchange variations against the reporting currency, the Canadian dollar. They are integrated foreign operations, and as such their financial statements have been translated into Canadian dollars using the temporal method. All assets and liabilities are translated at exchange rates effective at the end of each year and all non-monetary assets and liabilities are translated at their historical rates. Income and expenses are translated at the average exchange rate for the year. The foreign currency translation gains and losses are included in the determination of net loss.

Marketable Securities

Marketable securities are stated at the lower of cost and net realisable value. Investment income is included in operations on an accrual basis.

Inventory

Inventory is stated at the lower of cost and net realisable value, with cost determined on a specific item basis. Cost comprises materials, direct wages and other direct production costs together with a proportion of production overheads relevant to the stage of completion of work in progress and finished goods.

Property, Plant and Equipment

The cost of property, plant and equipment is their purchase cost together with any incidental costs of acquisition. Amortisation is calculated at the following rates:

Buildings	4% straight line
Plant and machinery	20% reducing balance
Motor vehicles	25% reducing balance
Office equipment	15% reducing balance
Moulds	25% straight line

Freehold land is not amortised.

Long-lived Assets
Long-lived assets, which comprise capital assets, are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not recoverable. If the sum of the undiscounted future cash flows expected from use and residual value is less than carrying amount, the long-lived asset is considered impaired. An impairment loss is measured as the amount by which the carrying value of the long-lived assets exceeds its fair value.

Deferred Development Costs

Deferred development costs are capitalised until results of the related projects, based on geographical areas, are known. If a project is successful, the related expenditure will be amortised using the units-of-production method over the estimated life of the ore body based on estimated recoverable ounces or pounds mined from proven and probable reserves. Provision for loss is made where a project is abandoned or considered to be of no further interest to the Company, or where the directors consider such a provision to be prudent.

Income Taxes

The asset and liability method is used for determining income taxes. Under this method, future tax assets and liabilities are recognised for the estimated taxes recoverable or payable that would arise if assets and liabilities were recovered and settled at the financial statement carrying amounts. Future tax assets and liabilities are measured using the enacted tax rates expected to be in effect when the tax assets or liabilities are recovered or settled, respectively. Changes to these amounts are recognised in income in the year in which the changes occur. Future income tax assets are recognised to the extent that it is more likely than not that the company will obtain the benefit from the asset.

Stock-Based Compensation

In the year ended 31 December 2003, the CICA amended Handbook Section 3870, which provides guidance on accounting for stock-based compensation, to require the use of the fair value-based method to account for stock options. In accordance with the transitional options allowed under the revised accounting standard, the Company has prospectively applied the fair value-based method to all stock options granted on or after 1 January 2003. Accordingly compensation cost is measured at fair value at the date of grant and is expensed over the vesting period.

Loss Per Share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated in a manner similar to basic loss per share, except the weighted average shares outstanding are increased to include potential common shares from the assumed excise of options and warrants, if dilutive. The number of additional shares included in the calculation is based on the treasury stock method for options and warrants.

4. Property, Plant and Equipment and Deferred Development Costs

(a) Property, Plant and Equipment

	As at 31 Dec 2002 $'000	*As at 31 Dec 2003 $'000*	*As at 31 Dec 2004 $'000*
Cost			
Freehold land and buildings	1,772	1,772	1,772
Plant and machinery	283	308	308
Motor vehicles	34	34	34
Office equipment	29	43	50
Moulds	82	82	82
	2,200	2,239	2,246
Accumulated Amortisation			
Freehold land and buildings	12	17	23
Plant and machinery	147	178	202
Motor vehicles	17	21	25
Office equipment	11	17	30
Moulds	24	45	66
	211	278	346

Net book value			
Freehold land and buildings	1,760	1,755	1,749
Plant and machinery	136	130	106
Motor vehicles	17	13	9
Office equipment	18	26	20
Moulds	58	37	16
	1,989	1,961	1,900

(b) Deferred Development costs

	As at 31 Dec 2002 $'000	*As at 31 Dec 2003 $'000*	*As at 31 Dec 2004 $'000*
Cost	3,188	3,188	3,225
Accumulated Amortisation	3	4	6
Deferred development costs	3,185	3,184	3,219

5. Bank Loans

	As at 31 Dec 2002 $'000	*As at 31 Dec 2003 $'000*	*As at 31 Dec 2004 $'000*
Term loan, unsecured, non-interest bearing repayment in monthly instalments of $353, maturing March 2004	5	4	-
7.0% term loan, unsecured, repayable in monthly instalments of $1,962, including principal and interest, maturing April 2005	51	27	7
	56	31	7
Deduct: current portion	28	21	7
	28	10	-

6. Related Party Transactions

As at 31 December 2004 the Company was indebted to directors in the amount of $429,711 (2003 - $339,968; 2002 $127,140). This amount represents amounts paid by the directors on behalf of the Company along with unpaid management fees. These amounts are interest free and there are no fixed terms of repayment.

During 2004, $58,500 was paid to a company controlled by the president of the Company and $25,000 was paid to directors of the Company for management services which are in the normal course of operations and are measured at the exchange amount established and agreed to by the related parties.

During 2002, the Company reached an agreement with the directors to issue 7,416,395 shares in settlement of $741,640 owed to the directors. The shares, issued on 22 January 2003, are included in the equity section of the balance sheet.

7. Share Capital

(a) Authorised and issued

Authorised

Unlimited number of common and preference shares issuable in Series.

Issued common shares	***Number of Shares***	***Stated Value $'000***
Balance as at 31 December 2001	32,078,351	8,632
Issued in May 2002 for cash net of share issue costs of $49,311	3,808,569	262
Issued in December 2002 for shares in Cavanacaw (Note 12)	35,228,302	4,189
Balance as at 31 December 2002	71,115,222	13,083
Issued under private placements	8,707,860	1,132
Issued for debt settlement	7,416,395	742
Warrants exercised	250,000	27
Warrants issued	-	(79)
Share issue costs	-	(83)
Balance as at 31 December 2003	87,489,477	14,822
Issued under private placement	2,866,825	430
Warrants issued	-	(72)
Warrants exercised	945,554	177
Share issue costs	-	(35)
Balance as at 31 December 2004	91,301,856	15,322

The Company issued 1,105,554 units on 10 January 2003, pursuant to a private placement of 111,110 units with insiders and the balance with third parties, for net consideration of $121,440. Each unit was comprised of one common share and one common share purchase warrant. Each such warrant entitles the holder to purchase one common share at an exercise price of $0.15 per share until 20 July 2003 and at an exercise price of $0.17 per share from 21 July 2003 until 20 May 2004.

The Company issued 7,416,395 shares in settlement of $741,640 owed to the directors on 22 January 2003.

The Company issued 1,112,391 units on 29 July 2003, pursuant to a private placement for net consideration of $166,858. Each unit was comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of $0.25 per share until 5 August 2004.

The Company issued 6,489,915 units on 16 December 2003, pursuant to a private placement of 1,291,442 with insiders and the balance with third parties for net consideration of $843,689. Each unit was comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.18 until 15 December 2004.

On 5 August 2004, the Company completed a private placements financing of 2,866,825 units at a price of $0.15 per unit for gross proceeds of $430,024. Each unit is comprised of one common share and one half common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of $0.18 per share until 25 August 2005. The warrants were valued on the date of issue at $71,671. The value was obtained using the Black-Scholes option valuation model with the following assumptions: dividend yield of 0%; expected volatility of 100%; risk-free interest rate of 1.0% and an expected average life of 1 year.

(b) Warrants

Warrant transactions and the number of warrants outstanding are as follows:

	Number of warrants	***Amount $'000***
Balance as at 31 December 2002	-	-
Issued under private placements	8,151,664	86
Exercised	(250,000)	(8)
Balance as at 31 December 2003	7,901,664	78
Issued under private placement	1,433,412	72
Exercised	(945,554)	(18)
Expired	(6,956,110)	(61)
Balance as at 31 December 2004	1,433,412	71

As at 31 December 2004, 1,433,412 warrants issued on 24 August 2004 were outstanding, to acquire common shares at a price of $0.18, expiring 25 August 2005.

(c) Stock options

The Company has a stock option plan ("the Plan"), the purpose of which is to attract, retain and compensate qualified persons as directors, senior officers and employees of, and consultants to the Company and its affiliates and subsidiaries by providing such persons with the opportunity, through share options, to acquire an increased proprietary interest in the Company. The number of shares reserved for issuance under the Plan cannot be more than a maximum of 10% of the issued and outstanding shares at the time of any grant of options. The period for exercising an option shall not extend beyond a period of five years following the date the option is granted.

Insiders of the company are restricted on an individual basis from holding options which when exercised would entitle them to receive more than 5% of the total issued and outstanding shares at the time the option is granted. The exercise price of options granted in accordance with the Plan must not be lower than the closing price of the shares on the TSX Venture Exchange preceding the date on which the option is granted and in no circumstances be less than the permissible discounting in accordance with the Corporate Finance Policies of the Exchange.

A summary of the status of the Company's stock option plan as at 31 December 2004, 2003 and 2002, and changes during the years ended on those dates, is presented below:

	Number of stock options			Weighted average exercise price		
	2002	*2003*	*2004*	*2002 $*	*2003 $*	*2004 $*
Opening Balance	2,430,000	2,380,000	6,000,000	0.30	0.12	0.14
Options granted	2,380,000	4,200,000	2,000,000	0.12	0.15	0.22
Options cancelled/expired	(2,430,000)	(580,000)	-	0.30	012	-
Ending balance	2,380,000	6,000,000	8,000,000	0.12	0.14	0.16

During the year to 31 December 2004, 2,000,000 stock options were granted to acquire common shares of the Company. These options vest as to one-third immediately, one-third on the first anniversary of grant and one third on the second anniversary of grant. For the purposes of the 2,000,000 options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 100%; risk free interest rate of 2.7% - 4.4% and an expected average life of 5 years. The fair value of the options was estimated to be $336,000 and will be expended in the statement of operations and deficit and recorded as contributed surplus as they vest. Accordingly, $112,000 was expensed as stock option compensation expense relating to the 666,667 vested options.

Details of the stock options outstanding at 31 December 2004 are as follows:

Exercisable options	*Number of options*	*Exercise Price ($)*	*Expiry date*
300,000	300,000	0.12	17 May 2005
1,500,000	1,500,000	0.12	17 May 2007
4,200,000	4,200,000	0.15	10 Apr 2008
666,667	2,000,000	0.22	1 Apr 2009
6,666,667	8,000,000		

8. Contributed Surplus

The following table reflects the continuity of contributed surplus:

	Note	*$'000*
Balance as at 31 December 2002		1
Stock option compensation charged to statement of operations		21
Balance as at 31 December 2003		22
Stock option compensation charged to statement of operations	**7(c)**	288
Value of expired warrants	**7(b)**	61
Balance as at 31 December 2004		371

9. Income Taxes

As at 31 December 2004 the Company had net operating losses carried forward of $8,263,108 (2003 - $7,665,962; 2002 - $7,994,973) for income tax purposes as follows:

		$'000
Expires:	2005	165
	2006	32
	2007	241
	2008	94
	2009	228
	2014	406
Indefinite		7,097
		8,263

No benefit has been recognised in these consolidated financial statements with respect to these losses.

10. Loss per share

As a result of the net losses for the years ended 31 December 2004, 2003 and 2002, diluted loss per share data is not presented as the exercise of options would have been anti-dilutive.

11. Cash Flow Information

(a) Net change in non-cash working capital

	2002 $'000	***2003 $'000***	***2004 $'000***
Accounts receivable	(77)	(77)	66
Inventory	33	(50)	7
Accounts payable	38	130	(313)
	(6)	3	(240)

(b) Supplemental information

	2002 $'000	***2003 $'000***	***2004 $'000***
Interest paid	8	6	6

12. Business Acquisition

Effective 26 September 2002, the Company acquired the additional 52.34% of the outstanding shares of Cavanacaw to bring their total ownership to 100%. This was done in a share-for-share transfer at a rate of 1.0981955 shares in the Company for each share of Cavanacaw. In

December of 2002, the Company issued an additional 35,228,302 shares to the shareholders of Cavanacaw pursuant to an agreement dated 1 June 2002. The controlling shareholders of Cavanacaw before the transaction also owned shares in the Company and had representation on the board of directors and therefore were considered related parties. This transaction was recorded at the carrying value of the net assets of Cavanacaw as this transaction is considered a related party transaction which was not a culmination of the earnings process. The acquisition was accounted for using the purchase method and the results of operations are included from the date of acquisition. Prior to the acquisition the investment in Cavanacaw was carried on an equity basis and consisted of the following amounts:

	2002 ***$'000***
Original cost of investment	586
Accumulated equity in net loss	(424)
	162

The carrying value of net assets acquired was as follows:

Net working capital (including cash of $74,538)	(781)
Property, plant and equipment	2,007
Intangible assets	3,185
Bank loan	(60)
	4,351

The total consideration was as follows:

Previous investment in Cavanacaw	162
Issuance of shares (Note 7(a))	4,189
	4,351

13. Segment Disclosure

The Company, after reviewing its reporting systems, has determined that it has one reportable segment. The Company's operations are substantially all related to its investment in Cavanacaw Corporation ("Cavanacaw") and its subsidiaries, Omagh and Galantas. Substantially all of Cavanacaw's revenues, costs and assets of the business that support these operations are derived or located in Ireland.

14. Commitments and Contingent Liabilities

The Company is committed to make total payments of $60,000 to a company controlled by the former President of the Company for consulting services (note 15).

There is a contingent liability in respect of contract bonds totalling $51,000 given by the bank, should the Company default on the terms of its mining lease.

15. Subsequent Events

On 14 January 2005, the Company signed a consulting agreement with a company controlled by the former President of the Company. The agreement calls for the former President to provide consulting services for one year, receiving total remuneration of $60,000, payable in four quarterly amounts beginning 14 April 2005. The agreement also provides that the former President shall be entitled to retain the 1,000,000 options to purchase common shares previously granted, expiring upon termination of the agreement. The agreement expires 14 January 2006.

On 4 April 2005, the Company closed the first tranche of a private placement, issuing 23,333,333 units at a price of $0.10 per unit for gross proceeds of $2,333,333. Each unit consists of one common share in the capital of the Company and one half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at an exercise price of $0.15 until 3 April 2006. Finder's fees in the amount of $74,320 of the brokered portion of the placement will be paid to several parties in connection with this placement.

On 14 April 2005, the Company closed the second tranche of a private placement, issuing 11,700,000 units at a price of $0.10 per unit for gross proceeds of $1,170,000. Each unit consists of one common share in the capital of the Company and one half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at an exercise price of $0.15 until 13 April 2006. Finder's fees in the amount of $57,365 of the brokered portion of the placement will be paid to several parties in connection with this placement.

The Company has also secured an offer of lease financing in the amount of $461,000 from Barclays Asset Finance (UK) in order to acquire open pit mining equipment, which is presently being negotiated.

16. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation. Net loss previously reported has not been affected by this reclassification.

UNAUDITED FINANCIAL INFORMATION RELATING TO GALÁNTAS GOLD CORPORATION

The historical financial information set out on pages 106 to 114 has been extracted from the unaudited consolidated financial statements of the Group for the 9 months ended 30 September 2005.

Responsibility for Consolidated financial Statements

The accompanying consolidated financial statements for Galantas Gold Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the 31 December 2004 audited consolidated financial statements. Only changes in accounting information have been disclosed in these consolidated financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgement. Recognising that the Company is responsible for both the integrity and objectivity of the consolidated financial statements, management is satisfied that these consolidated financial statements have been fairly presented.

Auditors involvement

The auditors of Galantas Gold Corporation have not performed a review of the unaudited consolidated financial statements for the nine months ended 30 September 2005 and 30 September 2004.

Consolidated Balance Sheet

Unaudited – prepared by Management

	As at 30 Sept 2005 $'000
Current assets	
Cash	1,795
Accounts receivable and advances	189
Inventory	175
	2,159
Property, plant and equipment	2,612
Deferred development costs	4,011
	8,782
Current Liabilities	
Accounts payable and accrued liabilities	338
Due to directors (Note 5)	103
Current portion of financing facility (Note 9)	126
Long term portion of financing facility (Note 9)	567
	280
	847
Shareholders' Equity	
Share capital (Note 2(b))	18,401
Warrants (Note 3)	175
Contributed surplus (Note 4)	656
	19,232
Deficit	(11,297)
	7,935
	8,782

Consolidated Statement of Operations and Deficit

Unaudited - prepared by Management

	9 months 30 Sept 2004 $'000	*9 months 30 Sept 2005 $'000*
Sales	133	44
Costs of goods sold	197	23
	(64)	21
Expenses		
Accounting and corporate	16	24
Travel and general office	170	52
Transfer agent	12	12
Legal and audit	43	71
Management	54	75
Consulting	-	32
Interest	-	16
Operating expenses	382	69
Depreciation	51	19
Stock option compensation (Note 4)	112	214
Foreign exchange gain	(7)	(27)
	833	557
Net income/(loss) for the period	(897)	(536)
Deficit, beginning of period	(9,574)	(10,761)
Deficit, end of period	(10,471)	(11,297)

Consolidated Statement of Cash Flows

Unaudited - prepared by Management

	9 months 30 Sept 2004 $'000	*9 months 30 Sept 2005 $'000*
Cash (used in), provided by:		
Operating activities		
Net income (loss) for the period	(897)	(536)
Adjustment for:		
Depreciation	51	19
Stock option compensation (Note 4)	112	214
Net change in non-cash working capital	(149)	161
	(883)	(142)
Investing activities		
Capital expenditures	(34)	(1,523)
Financing activities		
Issue of common shares for cash	414	3,503
Share issue costs	-	(249)
Cash received on shares to be issued, net of issue costs	141	-
Increase/(decrease) in financing facility	(19)	398
Advances from directors	88	(326)
	624	3,326
Change in cash	(293)	1,661
Cash, beginning of period	625	134
Cash, end of period	332	1,795
Supplementary information:		
Interest paid	-	16

Notes to Consolidated Financial Statements (prepared by Management)

Nine months ended 30 September 2005 - Unaudited

1. Accounting policies, Going Concern, Incorporation and Nature of Operations

These financial statements have been prepared on a going concern basis which contemplates that Galantas Gold Corporation ("the Company") will be able to realise assets and discharge liabilities in the normal course of business. The recoverability of these consolidated amounts, which includes the consolidated results of the Company's wholly-owned subsidiary Cavanacaw Corporation ("Cavanacaw"), is dependent on the ability of the Company to obtain future financing and to recover its investment in Omagh Minerals Limited ("Omagh"). Cavanacaw has a 100% shareholding in Omagh which is engaged in the acquisition, exploration and development of gold properties, mainly in Omagh, Northern Ireland.

As at 31 December 2001, studies performed on Omagh's mineral properties confirmed the existence of economically recoverable reserves. The deposit is currently in the development stage of operation and the directors believe that the capitalised development expenditure will be fully recovered by the future operation of the mine. The recoverability of Omagh's capitalised development cost is thus dependent on the ability to secure financing, future profitable production or proceeds from the disposition of the mineral properties. These costs will be written off in the event gold is mined. The directors of Omagh have considered the value at which the intangible asset is shown on the balance sheet.

Management is confident that it will be able to secure the required financing to enable the Company to continue as a going concern. However, this is subject to a number of factors including market conditions. These consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities, the reported expenses and balance sheet classifications used that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

The Company was formed on 20 September 1996, under the name Montemor Resources Inc. on the amalgamation of 1169479 Ontario Inc. and Consolidated Deer Creek Resources Limited. The name was changed to European Gold Resources Inc. by articles of amendment dated 25 July 1997. On 5 May 2004, the Company changed its name from European Gold Resources Inc. to Galantas Gold Corporation. The Company was incorporated to explore for and develop mineral resource properties, principally in Europe. Its first exploration project was a property in Portugal. In 1997, it purchased all of the shares of Omagh which owns a mineral property in Northern Ireland, including a delineated gold deposit. Omagh obtained full planning and environmental consents necessary to bring its property in production.

The Company entered into an agreement on 17 April 2000, approved by shareholders on 26 June 2000, whereby Cavanacaw, a private Ontario corporation, acquired Omagh. Cavanacaw has established an open pit mine to extract the Company's gold deposit near Omagh. Cavanacaw has also developed a premium jewellery business founded on the gold produced under the name Galantas Irish Gold Limited ("Galantas").

Cavanacaw operations include the consolidated results of Cavanacaw and its wholly owned subsidiaries Omagh and Galantas.

The unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the financial statements required by Canadian generally accepted accounting principles for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine month period ended 30 September 2005 may not be necessarily indicative of the results that may be expected for the year ending 31 December 2005.

The interim financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual financial statements for the year ended 31 December 2004. For further information, refer to the financial statements and notes thereto included in the Company's annual financial statements for the year ended 31 December 2004.

2.Share Capital

(a) Authorised

Unlimited number of common and preference shares issuable in Series

(b) Common Shares Issued

	Number of Shares	***Stated Value $'000***
Balance 1 January 2005	91,301,856	15,322
Common shares issued for cash, net of costs (1)(2)(3)(4)	35,033,333	3,254
Warrant valuation	-	(175)
Balance 30 September 2005	126,335,189	18,401

(1) On 4 April 2005, the Company closed the first tranche of a private placement, issuing 23,333,333 units at a price of $0.10 per unit for gross proceeds of $2,333,333. Each unit consisted of one common share in the capital of the Company and one half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at an exercise price of $0.15 until 4 April 2006. Finder's fees in the amount of $74,320 of the brokered portion of the placement will be paid to several parties in connection with this placement.

(2) On 15 April 2005, the Company closed the second tranche of a private placement, issuing 11,700,000 units at a price of $0.10 per unit for gross proceeds of $1,170,000. Each unit consisted of one common share in the capital of the Company and one half of one common share at an exercise price of $0.15 until 15 April 2006. Finder's fees in the amount of $57,365 of the brokered portion of the placement will be paid to several parties in connection with this placement.

(3) Other costs associated directly to the private placements in (1) and (2) above amounted to $117,507.

(4) The fair value of the 17,516,666 warrants were estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; volatility - 68%; risk-free interest rate - 2.7% and an expected life of 1 year. The fair value attributed to the warrants was $175,166.

3. Warrants

As at 30 September 2005 the following warrants were outstanding.

Number of warrants	*Fair Value $'000*	*Exercise Price $*	*Expiry Date*
11,666,666	117	0.15	4 April 2006
5,850,000	58	0.15	15 April 2006
17,516.6	175		

4. Stock options

The Company has a stock option plan as detailed in Note 7(c) of the 31 December 2004 audited financial statements.

	Number of Stock Options	*Weighted Average Exercise Price $*
Balance 1 January 2005	8,000,000	0.13
Options granted	200,000	0.10
Expired/cancelled	(300,000)	0.12
Balance 30 September 2005	7,900,000	0.13

Details of the stock options outstanding at 30 September 2005 are as follows:

Exercisable Options	*Number of Options*	*Exercise Price $*	*Expiry Date*
1,000,000	1,000,000	0.15	13 Feb 2006 (5)
1,500,000	1,500,000	0.12	17 May 2007
3,200,000	3,200,000	0.15	10 April 2008
1,333,334	2,000,000	0.10	1 April 2009 (5)
66,667	200,000	0.10	13 May 2010 (6)
7,100,001	7,900,000		

(5) On 1 April 2005, the Company received exchange approval to re-price 2,000,000 stock options granted in 2004 from $0.22 to $0.10. The Company also changed the expiry date of 1,000,000 stock options to correspond with the expiry date of a contract with a consultant of the Company.

(6) On 13 May 2005, the Company granted 200,000 stock options to a consultant of the Company to purchase common shares at a price of $0.10 per common share until 13 May 2010. The options vest as one-third upon grant, one-third of the first anniversary of grant and

one-third on the second anniversary of grant. These options were valued on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield – 0%; volatility – 68%; risk-free interest rate – 4.5% and an expected life of 5 years. The fair value attributed to these options was $12,000 and will be expensed in the statement of operations and deficit as the options vest. Included in the stock-option compensation for the period is $4,000 relating to 66.667 vested options.

Stock-option compensation also includes $210,000, relating to 2,066,667 options that have vested from previous stock option grants.

Contributed surplus increased by $285,871, of which $214,200 related to vested stock options and $71,671 related to expired warrants.

5.Related party transactions

As at 30 September 2005, the Company was indebted to directors in the amount of $103,240 (2004 - $428,507). This amount represents amounts paid by the directors on behalf of the Company along with unpaid management fees. These amounts are interest-free and there are no fixed terms of repayment.

During the period, the Company was charged $75,000 (2004 - $53,850) by directors of the Company for management services which are in the normal course of operations and are measured at the exchange amount established and agreed to by the related parties. Accounts payable includes $50,000 (2004 - $21,307) owing to these directors for management services and repayment of expenses incurred on behalf of the Company.

The Company was charged $30,133 (2004 - $22,040) for accounting and corporate secretarial services by companies controlled by an officer of the Company. Accounts payable includes $2,242 (2004 - $4,537) owing to these companies.

Director fees of $17,500 (2004 - $nil) were paid during the period. This amount is included in travel and general office.

6. Segment disclosure

The Company, after reviewing its reporting systems, has determined that it has one reportable segment. The Company's operations are substantially all related to its investment in Cavanacaw and its subsidiaries, Omagh and Galantas. Substantially all of Cavanacaw's revenues, costs and assets of the business that support these operations are derived or located in Ireland.

7. Basic and diluted loss per share

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share is the same as basic loss per share. Stock options and warrants were not included in the fully diluted loss per share calculation since the calculation would be anti-dilutive.

The following table sets out the computation for basic and diluted loss per share:

	2004	*2005*
Numerator:		
Loss for the period ($'000)	897	536
Denominator:		
Average number of common shares outstanding	87,608,184	113,568,888
Basic and diluted loss per share	0.00	0.01

8.Income taxes

Estimated taxable income for the period ended 30 September 2005 is $nil. Based on the level of historical taxable income, it cannot be reasonably estimated at this time if it is more likely than not that the Company will realise the benefits from future income tax assets or the amounts owing from future income tax liabilities.

Consequently, the future recovery or loss arising from differences in tax values and accounting values have been reduced by an equivalent estimated taxable temporary difference valuation allowance.

The estimated taxable temporary difference valuation allowance will be adjusted in the period that it is determined that it is more likely than not that some portion or all of the future tax assets or future tax liabilities will be realised.

9.Commitment

On 27 May 2005, the Company obtained financing from Barclays Mercantile Business Finance Limited, in the amount of $470,000 for the purchase of mining equipment. The loan is for a period of four years at 3.71% with monthly instalments of $11,877 (5,071 GBP).

	Interest %	*2005 $'000*
Amounts payable on the long term debt are as follows:		
Loan	*3.71*	*406*
Less current portion		*126*
		280

Principal and interest payments over the next four years are as follows:

2006	*143*
2007	*142*
2008	*143*
2009	*142*
	570

10.Subsequent event

On 4 November 2005, the contract for supply and erection of structural steel and cladding for the processing plant building has been awarded at a cost of approximately $150,446.

Supplement to Consolidated Financial Statements (prepared by Management)

Nine months ended 30 September 2005 - Unaudited

As at 8 November 2005, the following securities were outstanding:

Exercisable Options	*Number of Options*	*Exercise Price $*	*Expiry Date*
1,000,000	*1,000,000*	*0.15*	*16 Feb 2006*
1,500,000	1,500,000	0.12	17 May 2007
3,200,000	3,200,000	0.15	10 April 2008
1,333,334	2,000,000	0.22	1 April 2009
66,667	200,000	0.10	13 May 2010
7,100,001	7,900,000		

Warrants

1) 11,666,666 warrants to acquire common shares at a price of $0.15, expiring 4 April 2006
2) 5,580,000 warrants to acquire common share at a price of $0.15, expiring 15 April 2006

PART 4B

REPORT FROM THE COMPANY'S AUDITORS WITH RESPECT TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS SET OUT IN PART 4A

SMITH NIXON

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AUDITORS' REPORT

To the Shareholders of
Galantas Gold Corporation

We have audited the consolidated balance sheets of Galantas Gold Corporation as at December 31, 2004, 2003 and 2002 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted out audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2004, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Smith, Nixon & Co. LLP
Chartered Accountants
Toronto, Ontario
April 15, 2005

PART 5

ADDITIONAL INFORMATION

1 Responsibility

1.1 The Directors, whose names appear on page 5 of this document, and the Company accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 Smith, Nixon & Co. LLP accepts responsibility for their report set out in Part 4B of this document. To the best of the knowledge of Smith, Nixon & Co. LLP (who have taken all reasonable care to ensure that such is the case), the information contained in such report is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.3 A.C.A Howe accepts responsibility for their report set out in Part 3 of this document. To the best of the knowledge of A.C.A Howe (who have taken all reasonable care to ensure that such is the case), the information contained in such report is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 The Company

2.1 The Company was formed on 20 September 1996, under the name Montemor Resources Inc. on the amalgamation of 1169479 Ontario Inc. and Consolidated Deer Creek Resources Limited. The name was changed to European Gold Resources Inc. by articles of amendment dated 25 July 1997. On 5 May 2004, the Company changed its name from European Gold Resources Inc. to Galantas Gold Corporation. The Company was continued effective on 28 April 2005 under the laws of Canada pursuant to the Act.

2.2 The liability of the members of the Company is limited.

2.3 The registered office of the Company is 360 Bay Street Suite 500, Toronto, Ontario, M5H 2V6, Canada. The Company's contact address in the United Kingdom is 56 Botera Road Upper, Cavanacaw, Omagh, Co. Tyrone, N. Ireland BT78 5LH.

2.4 The Company currently has one wholly owned subsidiaries, being Cavanacaw the details of which are set out below:

Registered Office	Date of incorporation	Authorised Share Capital	Country of Incorporation	Principal activity
360 Bay Street Suite 500 Toronto Ontario M5H 2V6 Canada	14 April 2000	Unlimited number of preferred shares of no par value and unlimited number of common shares of no par value	Canada	Holding Company

2.5 Cavanacaw currently has two wholly owned subsidiary the details of which are set out below:

Name and Registered Office	Date of incorporation	Authorised Share Capital	Country of Incorporation	Principal activity
Omagh Minerals	2 October 1999	£1,150,000 divided in 1,150,000 shares of £1.00 each of which 1,076,040 are issued	Northern Ireland	Mineral prospectors and workers of mines and minerals
Galantas Irish Gold	11 April 1997	£1 million divided into 1 million shares of £1.00 each	Northern Ireland	To acquire and deal in any capacity in gold, silver and precious metals and stones of every kind and to manufacture, design, distribute and sell gold silver and other precious metal products and jewellery

3 **Share Capital**

3.1 The following significant changes in share capital of the Company have taken place since incorporation:

3.1.1 As of 31 December 2001 the issued and outstanding Common Shares was 32,078,351.

3.1.2 On 22 May 2002 the Company issued 3,808,569 Common Shares with gross proceeds of CAN$310,656.

3.1.3 On 16 December 2002 the Company issued 35,228,302 Common Shares for the acquisition of the Cavancaw Corporation shares for a total subscription price of CAN$ 4,189,248.

3.1.4 In 2003 the following private placements were done.

3.1.4.1 On 20th January 2003 1,105,554 Common Shares were issued at a placing price of CAN$0.11.

3.1.4.2 On 5th August 2003 1,112,391 Common Shares were issued at a placing price of CAN$0.15.

3.1.4.3 On 16th December 2003 6,489,915 Common Shares were issued at a placing price of CAN$0.13.

3.1.5 On 22 January 2003 the Company issued 7,416,395 Common Shares to Messrs Martin, Gunter and Phelps in satisfaction of a debt of CAN$ 741,640.

3.1.6 During 2003 the Company issued 250,000 Common Shares following the exercise of warrants at CAN$ 0.11.

3.1.7 On 24 August 2004 the Company undertook a private placing pursuant to which 2,866,825 Common Shares were issued at a placing price of CAN$ 0.15 each.

3.1.8 During 2004 the Company issued 945,554 Common Shares following the exercise of warrants at CAN$ 0.19.

3.1.9 On 4 April 2005 the Company undertook the first tranche of a private placing and 23,333,333 Common Shares were issued at a placing price of CAN$0.10 and 11,666,666 Warrants were issued which Warrants expire on 4 April 2006.

3.1.10 On 14 April 2005 the Company undertook the second tranche of a private placing and 11,700,000 Common Shares were issued at a placing price of CAN$ 0.10 and 5,850,000 Warrants were issued which warrants expire on 15 April 2006.

3.1.11 During 2006 up to 26 March 2006 issued 4,672,769 Common Shares following the exercise of warrants at CAN$ 0.15.

3.2 Save as referred to in this paragraph 3 and paragraph 4 of this Part 5, no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option, and there are in issue no convertible securities.

3.3 There are no shares not representing share capital, and there are no Common Shares in the Company held by or on behalf of the Company or by any of the Subsidiary Undertakings.

3.4 The Company's authorised and issued share capital at the date of this document is, and is expected to be immediately following Admission, as follows:

	Number of Common Shares	Number of Preferred Shares
Authorised	Unlimited	Unlimited
Issued	131,007,958	NIL

3.5 There is no class of shares in issue other than Common Shares.

3.6 No Common Shares are issued other than as fully paid.

3.7 The Common Shares have no par value and the authorised share capital of the Company is unlimited.

3.8 The Share Capital Reconciliation as required to be disclosed in accordance with the AIM Rules is as follows:

	As at 1 January 2005	As at 31 December 2005
Issued Common Shares	91,301,856	126,335,189

3.9 During the period covered by the historical financial information contained in Part 4 not more than 10% of capital has been paid for with assets other than cash.

4 Stock Options and warrants

4.1 As at 26 March 2006, the latest practical date prior to the publication of this document, the Company had outstanding 6,500,000 Options to subscribe for Common Shares. Further details of the Options are set out on page 24 of this document.

4.2 As at 26 March 2006, the latest practical date prior to the publication of this document, the Company had outstanding 12,843,897 Warrants of which 6,993,897 are due to expire on 4 April 2006 and 5,850,000 are due to expire on 14 April 2006. Save for the said expiry dates the terms upon which all the Warrants are issued are the same, and are as follows:

4.2.1 in the event that the Warrants are not exercised by their respective expiry dates they will lapse;

4.2.2 the holding of Warrants shall not constitute the warrantholder a shareholder of the Company;

4.2.3 the exercise price of the Warrants and the number of Common Shares to be issued upon the exercise of the warrants shall be subject to adjustment if at any time the Company shall;

4.2.3.1 fix a record date for the issue of, or issue, Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend;

4.2.3.2 fix a record date for the distribution to, or make a distribution to, the holders of all or substantially all of the outstanding Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares;

4.2.3.3 subdivide the outstanding Common Shares into a greater number of Common Shares; or

4.2.3.4 consolidate the outstanding Common Shares into a smaller number of Common Shares;

4.2.4 the Warrants are transferable and shall enure for the benefit of the warrantholder and its successors

5 **Directors**

5.1 Other than their directorships of the Company, the current directorships and partnerships of the Directors and directorships and partnerships held by them over the previous five years are as follows:

Director	**Current Directorships/Partnerships**	**Previous Directorships/Partnerships**
Roland Phelps	Omagh Minerals Limited Galantas Irish Gold Limited Welsh Gold plc Gwynfynydd Gold Mine Limited Gold (Wales) Limited Celtic Gold Jewellery Company Limited G. & F. Phelps Limited	Moredeal Limited Galeoak Limited
Maurice Lavigne	East West Resource Corporation Omagh Minerals Limited Galantas Irish Gold Limited	None
Lionel Gunter	Omagh Minerals Limited Galantas Irish Gold Limited PGM Ventures Inc. Cavancaw Corporataion	None
Ronald Alexander	Detector Exploration Limited	None
Norman Brewster	Billiken Management Services Inc. Minas de Aguas Tenidas S.A. Spider Resources Inc.	EAG Resources Inc. Karmin Exploration Inc. Simberi Gold Corporation Inc.

	PGM Ventures Corporation	Wycliffe Resources Inc.
	Verdx Resources	
	Goldmarca Limited	
	International Millennium Mining Corp	
	Elen Enterprises Inc.	
James Clancy	Clancy Consultants Inc.	None
	Cavancaw Corporation	
James Golla	Altair Nanotechnologies Inc.	Assure Energy Inc.
	Radiant Energy Corp	Apogee Minerals Limited
	Cavancaw Corporation	Barton Bay Resources Inc.

5.2 The business address of each of the Directors resident in Canada is 360 Bay Street Suite 500, Toronto, Ontario, M5H 2V6, Canada and the business address of each of the Directors resident in the UK is 56 Botera Road Upper, Cavanacaw, Omagh, Co. Tyrone, N. Ireland BT78 5LH.

5.3 Save as disclosed in paragraph 5.4 of this document, as at the date of this document, none of the Directors has:

5.3.4 any unspent convictions in relation to indictable offences; or

5.3.5 been declared bankrupt or made any individual voluntary arrangement; or

5.3.6 been a director of a company at the time of or within the twelve months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, voluntary arrangement or any composition or arrangement with creditors generally or any class of creditors; or

5.3.7 been a partner or in a partnership at the time of or within the twelve months preceding the partnership being subject to a compulsory liquidation, administration or partnership voluntary arrangement; or

5.3.8 had any asset subject to receivership or been a partner of any partnership at the time of or within the twelve months preceding any asset of such partnership being subject to a receivership; or

5.3.9 been subject to any public criticism by statutory or regulatory authorities (including recognised professional bodies), nor disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

5.4 The following are exceptions to the matters set out in paragraph 5.3 above:

5.4.4 On 29 April 1998 Gold (Wales) Limited and Gwynfynydd Gold Mine Limited, associated companies of which Roland Phelps was and is a director each entered into a creditors voluntary arrangement ("CVA"). In each case the CVA was fully implemented and was completed on 12 October 2004. Each company traded through their respective difficulties.

5.4.5 In 1987 Norman Brewster was charged with and pleaded guilty to 10 counts of failing in 1985 to file insider reports with respect to trading the securities of Eden Roc Mineral Corporation and paid a fine of CAN$15,000.

5.4.6 Norman Brewster was a director of Augmitto Explorations Limited, a company listed on the Toronto and Montreal Stock Exchanges, which entered into bankruptcy proceedings in 1988 following the cancellation of a best efforts underwriting agreement to raise between CAN$6 million and CAN$8 million. The cancellation was

due to the collapse of interests in tax driven financings in the Quebec stock market. The cancellation of this agreement resulted in the failure to fulfil the condition for drawdown of the second tranche of a gold loan from Rothschild Australia Limited.

6 Directors' and Other Interests

6.1 The interests of the Directors (all of which are beneficial unless otherwise stated), and (so far as is known to the Directors, or could with reasonable diligence be ascertained by them) the interests of persons connected with the Directors within the meaning of Section 346 of the Companies Act 1985 (as amended) in the Common Share capital of the Company as at 26 March 2006 (being the latest practicable date prior to publication of this document) and as at Admission will be as follows:

	Number of Common Shares	Percentage of Existing Common Shares
Roland Phelps	29,938,980[1]	22.85
Maurice Lavigne	216,667	0.17
Lionel Gunter	15,202,364[2]	11.60
Ronald Alexander	608,052[3]	0.46
Norman Brewster	NIL	NIL
James Clancy	184,232	0.14
James Golla	NIL	NIL

[1] This includes 7,105,338 Common Shares held by Welsh Gold plc, a company of which Roland Phelps is a director and controlling shareholder.

[2] This includes 8,694,904 Common Shares held by Solitaire Investments Limited, a company of which Lionel Gunter is the controlling shareholder.

[3] This includes 148,052 Common Shares (held by Shunex Resources Limited, a company of which Ronald Alexander is a director and shareholder.

6.2 Save as disclosed above, the Directors are not aware of any interests in the Common Share capital of the Company of persons connected with them.

6.3 The Directors are not required to hold any Common Shares under the Articles of Continuance and By Laws.

6.4 As at 26 March 2006 (being the latest practicable date prior to publication of this document) the Directors hold the following Options to subscribe for Common Shares granted pursuant to the Plan:

	Number of Common Shares under option	Exercise Price (CAN$)	Expiry Date	Percentage of Existing Share Capital
Roland Phelps	500,000	0.12	17 May 2007	0.38
	1,000,000	0.15	10 April 2008	0.76

Maurice Lavigne	2,000,000	0.10*	1 April 2009	1.53
Lionel Gunter	500,000	0.12	17 May 2007	0.38
	1,000,000	0.15	10 April 2008	0.76
Ronald Alexander	100,000	0.12	17 May 2007	0.08
	100,000	0.15	10 April 2008	0.08
Norman Brewster	200,000	0.15	10 April 2008	0.16
James Clancy	100,000	0.12	17 May 2007	0.08
	100,000	0.15	10 April 2008	0.08
James Golla	100,000	0.12	17 May 2007	0.08
	100,000	0.15	10 April 2008	0.08

*amended from CAN$0.22 to CAN$0.10 on 1 April 2005 – TSX Approval dated 21 September 2005

6.5 As at 26 March 2006 (being the latest practicable date prior to publication of this document) the Directors hold the following Warrants, all of which expire on 4 April 2006, to subscribe for Common Shares:

	Number of Warrants	**Percentage of Existing Share Capital**
Roland Phelps	Nil	Nil
Maurice Lavigne	Nil	Nil
Lionel Gunter	663,077	0.51
Ronald Alexander	Nil	Nil
Norman Brewster	Nil	Nil
James Clancy	Nil	Nil
James Golla	Nil	Nil

6.6 Other than as set out in paragraph 6.1 above, this paragraph 6.6 and paragraph 6.7 below, the Company is not aware of any person, other than the Directors and their immediate families, who as at 26 March 2006 (being the latest practicable date prior to publication of this document) and immediately following Admission will, directly or indirectly, be interested in 3 per cent or more of the share capital of the Company or who, directly or indirectly, jointly or severally exercise or could exercise control over the Company, or whose interest (being over 10% of the issued share capital) is notifiable under Canadian law.

Shareholder	**Number of Common Shares**	**Percentage of Existing Common Shares**
CDS & Co NCI Account	65,475,843	49.98

6.7 Kevin Martin has informed the Company that he holds or controls 13,287,805 shares in Galantas including holdings by his family members and Hubark Properties Limited, a company in which he has an interest.

6.8 Other than the protections afforded to Shareholders under the Canadian Take-over Law (details of which are set out in Part 1 of this document) there are no controls in place to ensure that any Shareholder having a controlling interest in the Company does not abuse that interest.

6.9 Neither the Directors nor the Company are aware of any arrangements in place which may result in a change in control of the Company.

6.10 Save as disclosed in this document, none of the Directors has any interest, beneficial or non-beneficial, in the share or loan capital of the Company.

6.11 Save as disclosed in this document, no Director has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, the Group and no contract or arrangement exists in which any Director is materially interested and which is significant in relation to the business of the Group.

6.12 There are no outstanding loans granted by the Company to any Director, nor are there any guarantees provided by the Company for their benefit.

6.13 No Director or any member of a Director's family has a related financial product referenced to the Common Shares.

7 Director's Service Contracts and Terms of Appointment

7.1 The following are particulars of the Executive Directors employment contracts with the Group:

7.1.1 Roland Phelps entered into an agreement dated 15 March 2006 with the Company to act as President and Chief Executive Officer of the Company with effect from 1 January 2005. Under the terms of the agreement Mr Phelps' employment continued until 1 January 2006 and thereafter is renewable on an annual basis subject to termination as described below. Mr Phelps will receive an annual salary of £40,000 per annum paid in 26 bi weekly instalments, payable in arrears. Mr Phelps will also be entitled to stock options to be awarded at the discretion of the Board. Mr Phelps may terminate the agreement on 30 days notice at any time. The Company may terminate the agreement (i) without notice in the event that Mr Phelps is in breach of the terms thereof or fails properly to perform the duties described therein and (ii) at any time subject to payment to Mr Phelps of a severance pay calculated by reference to his average earnings and length of service, but subject to a minimum payment equivalent to 6 months salary and a maximum payment equivalent to of 12 months salary. Mr Phelps shall be entitled to 31 days holiday (inclusive of public and bank holidays in Northern Ireland). The agreement also contains provisions regarding confidentiality.

7.1.2 Lionel Gunter entered into an agreement dated 15 March 2006 with the Company to act as Executive Chairman of the Company with effect from 1 January 2005. Under the terms of the agreement Mr Gunter's employment continued until 1 January 2006 and thereafter is renewable on an annual basis subject to termination as described below. Mr Gunter will receive an annual salary of £40,000 per annum paid in 26 bi weekly instalments, payable in arrears. Mr Gunter will also be entitled to stock options to be awarded at the discretion of the Board. Mr Gunter may terminate the agreement on 30 days notice at any time. The Company may terminate the agreement (i) without notice in the event that Mr Gunter is in breach of the terms thereof or fails properly to perform the duties described therein and (ii) at any time subject to payment to Mr Gunter of a severance pay calculated by reference to his average earnings and length of service, but subject to a minimum payment equivalent to 6 months salary and a maximum payment equivalent to of 12 months salary. Mr Gunter shall be entitled to 31 days holiday (inclusive of public and bank holidays in Northern Ireland). The agreement also contains provisions regarding confidentiality.

7.1.3 Maurice Lavigne entered into an agreement dated 29 March 2004 with Omagh Minerals to act as Manager with effect from 29 March 2004. Under the terms of the agreement Mr Lavigne's employment continued until 31 March 2005 and thereafter was automatically renewable on an annual basis subject to termination as described below. Mr Lavigne will receive an annual salary of £40,000 per annum paid in 26 bi weekly instalments, payable in arrears. Mr Lavigne will also be entitled to stock options to be awarded at the discretion of the Board. Mr Lavigne may terminate the agreement on 30 days notice at any time. Omagh Minerals may terminate the agreement (i) without notice in the event that Mr Lavigne is in breach of the terms thereof or fails properly to perform the duties described therein and (ii) at any time subject to payment to Mr Lavigne of a severance pay calculated by reference to his average earnings and length of service, but subject to a minimum payment equivalent to 6 months salary and a maximum payment equivalent to of 12 months salary. Mr Lavigne shall be entitled to 31 days holiday (inclusive of public and bank holidays in Northern Ireland). The agreement also contains provisions regarding confidentiality.

7.2 The non executive Directors have no written terms of appointment and are elected together with the executive directors (as is Canadian practice) on an annual basis by the members of the Company at the Company's annual general meeting. The last annual general meeting of the Company, at which all the Directors were re-elected, took place on 6 June 2005. The next annual general meeting of the Company has been fixed for 14 June 2006. The remuneration of the non executive Directors is set by the Company's Compensation Committee. The remuneration of the non executive Directors was set on 1 February 2005 as, with effect from 1 January 2005, CAN$5000 per annum to be paid quarterly in arrears. In addition, each non executive Director will receive CAN$250 for attendance at any meeting of the Directors or any committee for which minutes were prepared save that for the chairman of any such committee will be paid CAN$500 per meeting.

7.3 Other than as disclosed above there are no Directors' service contracts, or contracts in the nature of services, with the Company, other than those which expire or are terminable without payment of compensation on no more than 12 months' notice.

7.4 The aggregate remuneration payable and benefits in kind to be granted to the Directors in the last financial period ending 31 December 2005 was CAN$268,500 and the aggregate remuneration payable and benefits in kind to be granted to the Directors in the current financial period ending 31 December 2006 under the arrangements in force at the date of this document is estimated to be CAN$270,000.

8 Accounting Reference Date

8.1 The Company's accounting reference date is 31 December in each year. The Company's next accounting reference period will end on 31 December 2006.

9 Taxation

9.1 General

Capital gains taxes apply in both Canada and the UK and investors should consult with their own independent taxation advisers as to the implications of relevant capital gains tax or other taxes relevant to their investment in the Common Shares the subject of this document. Shareholders who are in any doubt as to their tax position, or who are subject to tax in a jurisdiction other than the UK should consult their own professional adviser.

The following comments are intended as a general guide to the Canadian and the UK tax treatment of the acquisition, ownership and disposal of shares for persons who are the absolute beneficial owners of those shares. The comments are based on the law and understanding of the practice of tax authorities in those jurisdictions at the date of this document. The comments do not apply to certain categories of shareholder, such as persons owning Common Shares as securities to be realised in the course of a trade. All persons are advised to obtain their own professional advice on the tax implications of acquiring, owning and/or disposing of Common Shares.

9.2 Canadian Taxation

Canadian Residency

In this section, "**Canadian resident**" means a person resident in Canada for the purposes of the Income Tax Act (Canada) ("ITA"). "**Non-resident**" means a person who is not resident in Canada for the purposes of the ITA. In certain circumstances, person who would otherwise be factually resident in Canada may be considered nonresidents due to the application of a "tie breaker" provision of a tax treaty or convention to which Canada is a party.

Capital gains

In general, proceeds of disposing of Common Shares will result in a capital gain or loss to a Shareholder. However, in some circumstances, where there is a repurchase of shares by the Company, a portion of the proceeds may be considered to be a dividend for Canadian tax purposes, rather than a capital gain.

Canadian resident shareholders

Generally, a Canadian resident Shareholder will incur a capital gain on the disposal of Common Shares to the extent that the consideration received exceeds the adjusted cost base ("ACB") of the shares for tax purposes plus reasonable expenses of disposition. Canadian resident individual and corporate Shareholders will be required to include 50 per cent of the capital gain in their income for tax purposes in the taxation year in which the sale occurs.

A Shareholder will realise a capital loss on the disposal of Common Shares to the extent that the consideration received is less than the ACB for tax purposes of the Common Shares. A Shareholder's "allowable capital loss" in a year will be 50 per cent of the capital loss and may offset current year's taxable capital gains, if any. To the extent that the allowable capital loss is not claimed against taxable capital gains in the year of sale, the remaining allowable capital loss may be carried back to the preceding three taxation years or forward indefinitely to offset any taxable capital gains incurred in those years. Under certain circumstances, if control of a corporate shareholder is acquired by an unrelated person or group of persons, the ability to claim the loss in future years will expire.

Non Residents of Canada

Under the ITA, non-residents of Canada are not subject to Canadian income tax on capital gains realized on the disposition of shares of a Canadian corporation where that corporation's shares are listed on a "prescribed stock exchange" under the ITA, provided the non-resident, together with related persons, owns less than 25% of the shares throughout the 60 months immediately preceding the disposition. The TSX Venture Exchange (tiers 1 and 2) is a "prescribed stock exchange" under the ITA.

Dividends

Canadian Resident Individual Shareholders

Dividends paid (or deemed to have been paid) by the Company to a Canadian resident individual Shareholder will be included in the Shareholders' income in the year the payment is received. The actual amount of the dividend or deemed dividend will be grossed up by 25 per cent (the "Gross-up") to compute the taxable amount of the dividend to be included in income. A federal dividend tax credit of two-thirds of the Gross-up may be deducted from the taxpayer's basic federal tax. A similar credit may be deducted in computing provincial income tax. The provincial dividend tax credit rate will depend on the province of residence of the individual on December 31 of the year the dividend is received.

Canadian Resident Corporate Shareholders

Dividends paid (or deemed to have been paid) by the Company to a Canadian resident corporate Shareholder will be included in its income in the year the payment is received. The gross up provisions with respect to dividends paid to individuals do not apply to corporations. A corporate Shareholder may generally deduct the dividend received for the purpose of

computing its taxable income. Where dividends are payable by the Company to a corporate Shareholder that is a private corporation resident in Canada, the corporate Shareholder will generally pay Part IV tax equal to 1⁄3 of the dividend received provided it is not connected with the Company for the purposes of the ITA. Two corporations are connected for Canadian income tax purposes if the Shareholder controls the Company (either alone or together with non arms' length persons). Furthermore, a corporate Shareholder will be connected to the Company if it owns, at that time, more than 10 per cent of the issued share capital (having fully voting rights under all circumstances) and shares of the capital stock of the Company having a fair market value of more than 10 per cent of the fair market value of all the issued shares of the capital of the Company. This tax is generally refundable when the corporate Shareholder pays a dividend to its shareholders at a rate of $1 for every $3 in dividends paid.

Non-Residents of Canada

Dividends paid or deemed to have been paid by the Company to a Shareholder who is a non-resident of Canada will generally be subject to Canadian withholding tax at the rate of 25 per cent. This rate may be reduced pursuant to an income tax treaty between Canada and the country in which the shareholder is resident.

Alternative Minimum Tax

Canadian resident individuals are subject to tax equal to the greater of the tax payable under the ITA without reference to the alternative minimum tax ("AMT") and the amount of AMT payable. AMT is imposed at a rate of 16 per cent on adjusted taxable income in excess of CAN$40,000, which income is computed without deducting certain "tax preference items" and by including certain amounts not otherwise included in income. For example, for purposes of calculating adjusted taxable income 80 per cent of capital gains are included in income, instead of the 50 per cent used when calculating income under the ITA for other purposes. The extent to which an Individual's tax liability will be increased by AMT depends, among other things, on the amount and sources of income and the nature and amount of deductions claimed by the Individual in computing taxable income. Generally, the excess of AMT over "regular" tax in a year can be carried forward for seven years and used to offset tax to the extent that regular tax exceeds AMT in those years. Provincial AMT will also generally be payable in any year that federal AMT is payable. The rate of provincial AMT will depend upon the individual's province of residence at the end of the year.

9.3 **UK Taxation**

Dividends

The Company will not be required to withhold UK tax from dividends paid on the Common Shares. Any holder of Shares who is resident in the UK, or who carries on a trade, profession or vocation in the UK to which the Common Shares are attributable, will generally be subject to UK tax on income in respect of any dividends paid on the Common Shares.

A UK resident individual shareholder who receives a dividend from the Company will be entitled to offset the foreign tax credit of 15% up to the individual's UK liability. A basic rate tax payer will be taxed at 10% of the dividend plus tax credit but will only be able to offset two thirds of the tax credit against their overall tax liability. If a repayment is due the shareholder will need to approach the Canadian tax authorities.

The higher rate of income tax on dividends is currently 32.5 per cent. This means that a shareholder who is a higher rate taxpayer (currently 40 per cent.) will have further income tax to pay at a rate of 17.5 per cent. of the cash dividend paid plus the related tax credit For example, a dividend of £85 will carry a tax credit of £15. The income tax payable by a higher rate taxpayer would be 32.5 per cent. of £100, namely £32.50 less the tax credit of £15 leaving a net tax liability of £17.50.

Dividends paid to a UK resident corporate shareholder will be assessable income of the shareholder.

A Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under local law. Persons who are not resident in the UK should consult their own tax advisers on the possible application of such provisions or what relief or credit may be claimed in the jurisdiction in which they are resident.

Capital gains

Any holder of Common Shares who is resident or ordinarily resident in the UK in the relevant year of assessment, or who carries on a trade, profession or vocation in the UK to which the Common Shares are attributable, may be subject to UK tax on capital gains or realise an allowable loss in respect of a disposal of the Common Shares. In addition, a holder of Common Shares who has previously been resident or ordinarily resident in the UK may in some cases be subject to UK tax on capital gains in respect of a disposal of Common Shares.

A Shareholder who is not resident in the UK for tax purposes but who carried on a trade, profession or vocation in the UK through a branch, agency or, in the case of companies only, a permanent establishment and has used, held or acquired the Common Shares for the purpose of such trade, profession or vocation may also be subject to UK taxation on chargeable gains on a disposal of those Common Shares.

Inheritance tax

If any holder of Shares is regarded as domiciled in the UK for inheritance tax purposes, inheritance tax may be payable in respect of the Common Shares on the death of the holder or on any gift of the Common Shares.

For inheritance tax purposes a transfer of assets at less than market value may be treated as a gift and particular rules may apply where the donor reserves or retains some benefit.

In the case of a holder of Common Shares who is not regarded as domiciled in the UK for these purposes, no such UK inheritance tax will be payable if the Common Shares are not situated in the UK. The Company has been advised that any Common Shares registered on the Company's UK branch register will be regarded as situated in the UK for these purposes.

Stamp duty and stamp duty reserve tax

The following comments do not apply to Common Shares issued or transferred into depository or clearance arrangements, to which special rules apply. Transfers of depository interests within CREST will be subject to stamp duty reserve tax at the rate of 0.5 per cent.

Any agreement to transfer, or any transfer of, Common Shares registered on the Company's UK branch register will generally be subject to UK stamp duty or stamp duty reserve tax at the rate of 0.5 per cent of the consideration for the transfer. UK stamp duty may arise on transfers of other Common Shares depending on the circumstances, such as whether the transfer is executed in the UK.

Domicile

Any individual who owns Common Shares and is resident or ordinarily resident in the UK, but who is not domiciled in the UK for tax purposes, may be subject to UK income tax or capital gains tax as described above only to the extent that this income or disposal proceeds are treated as remitted to the UK. Any such individual is advised to obtain his own professional advice on the UK tax implications of the acquisition, ownership and disposal of Common Shares, [including the implications of registration on the Company's UK branch Register.

If you are in any doubt as to your tax position you should consult your own independent financial adviser.

10 Articles of Continuance and By Laws

10.1 *Objects*

The Company has no restrictions on the business it may carry on or on the powers it may exercise.

10.2 *Voting Rights*

The holders of Common Shares shall be entitled to one vote for each such share as held by them at all meetings of shareholders except meetings at which only holders of another class of shares are entitled to vote.

10.3 *Major Shareholders*

Nothing in the Articles confers on major shareholders in the Company any voting rights, which are different to those conferred on the holders of Common Shares as described in paragraph 10.2 above.

10.4 *Transfer of Shares*

There are no restrictions in the articles of the Company restricting the transfer of the Common Shares.

Title to and interest in shares may be transferred without a written instrument.

Where a security in registered form is presented for transfer to the Company, the Company shall register the transfer if: (i) the security is endorsed by an appropriate person in accordance with the Act, (ii) reasonable assurance is given that the endorsement is genuine and effective, (iii) the Company has no duty to inquire into adverse claims or has discharged any such duty, (iv) any applicable law relating to the collection of taxes has been complied with, (v) the transfer is rightful or is to a bona fide purchaser, and (vi) any applicable fee payable under the Act has been paid.

10.5 *Requirement to disclose interests in shares*

Details concerning disclosure requirements are set out on page 21 of part 1 of this document. In addition, information concerning share ownership, interests and the like may be required to be disclosed by the Exchange and applicable securities regulatory authorities in Canada or elsewhere from time to time or in the event that the shareholder requisitions a meeting of shareholders of the Company in accordance with the Act.

10.6 *Dividends*

Subject to the provisions attaching to any other class of share or any series of any other class of shares, the holders of the Common Shares shall be entitled to receive dividends declared by the Company and the property of the Company upon dissolution.

The Company shall not declare or pay a dividend if there are reasonable grounds for believing that: (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes.

10.7 *Distribution of assets on liquidation*

On a winding up of the Company, the liquidator may, with the authority of an extraordinary resolution and any other sanction required by the Act, divide among the members in specie the whole or any part of the assets of the Company, and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such divisions shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any shares in respect of which there is a liability.

10.8 *General meetings*

The directors of the Company shall call an annual meeting of shareholders no later than fifteen months after holding the last preceding annual meeting but no later than six months after the end of the Company's preceding financial year.

The holders of not less than five per cent of the issued shares of the Company that carry the right to vote at a meeting sought to be held may requisition the directors to call a meeting of shareholders for the purposes stated in the requisition. The requisition, which may consist of several documents of like form each signed by one or more shareholders, shall state the business to be transacted at the meeting and shall be sent to each director and to the registered office of the Company. Subject to certain exceptions under the Act, on receiving the requisition referred to above, the directors shall call a meeting of shareholders to transact the business stated in the requisition. If the directors do not within twenty-one days after receiving the requisition referred to above call a meeting, any shareholder who signed the requisition may call the meeting.

The directors of the Company may at any time call a special meeting of shareholders.

Subject to the provisions of the Act, and to the requirements of applicable securities regulatory authorities, a meeting of the shareholders shall be called by not less than twenty-one clear days notice and not more than 60 days notice. Notices shall be given to all the members entitled to vote thereat, to each Director, to each auditor and to any other person entitled to receive notice, whether entitled to vote or not.

The accidental omission or error in the giving of notice to a person entitled, or the failure to receive the notice shall not invalidate such meeting or make void any proceedings taken thereat.

10.9 *Redemption*

The Common Shares are not redeemable.

10.10 *Conversion*

The articles of the Company may be amended by special resolution, among other things, to: (i) change any maximum number of shares that the Company is authorized to issue, (ii) create new classes of shares, (iii) reduce or increase its stated capital, if its stated capital is set out in the articles, (iv) change the designation of all or any of its shares, and add, change or remove any rights, privileges, restrictions and conditions, including rights to accrued dividends, in respect of all or any of its shares, whether issued or unissued, (v) change the shares of any class or series, whether issued or unissued, into a different number of shares of the same class or series or into the same of a different number of shares of other classes or series, (vi) divide a class of shares, whether issued or unissued, into series and fix the number of shares in each series and the rights, privileges, restrictions and conditions thereof, (vii) authorize the directors to divide any class of unissued shares into series and fix the number of shares in each series and the rights, privileges, restrictions and conditions attached to unissued shares of any series, (viii) add, change or remove restrictions on the issue, transfer or ownership of shares, or (ix) add, change or remove any other provision that is permitted by the Act to be set out in the articles. In certain circumstances the holders of shares of a class or a series of shares shall be entitled to vote separately as a class in respect of these amendments. Shareholders typically have dissent and appraisal remedies in connection with the foregoing amendments.

10.11 *Changes in share capital and variation of rights*

Subject to requirements of the Exchange and those applicable securities regulatory authorities, and any applicable provisions of the Company's articles and by laws at the relevant time, changes to the share capital of the Company will generally require a special resolution of shareholders under the Act, and in certain circumstances may require that holders of a class of shares be entitled to vote separately as a class or series. A special resolution means a resolution passed by a majority of not less than two-thirds of the votes cast by the shareholders who voted in respect of that resolution or signed by all the shareholders entitled to vote on that resolution. In certain circumstances, shareholders may also be entitled to dissent rights.

10.12 *Constitution of board of directors*

The directors shall be not less than 3 in number and no more than 9.

10.13 *Permitted interests of directors*

A director or officer of the Company shall disclose to the Company, in writing or by requesting to have it entered in the minutes of meetings of directors or of meetings of committees of directors, the nature and extent of any interest that he or she has in a material contract or material transaction, whether made or proposed, with the Company, if the director or officer; (i) is a party to the contract or transaction,(ii)is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction, or (iii) has a material interest in the party to the contract or transaction.

10.14 *Retirement of directors by rotation*

The Directors are not required to retire by rotation

10.15 *Remuneration of directors*

Subject to the articles, the by laws or any unanimous shareholder agreement in effect at the applicable time, the directors of the Company may fix the remuneration of the directors, officers and employees of the Company.

10.16 *Restrictions on voting by directors*

Save as set out in paragraph 10.5 of this Part 5, there are no restrictions on voting by directors.

10.17 *Borrowing powers*

Subject to the Act the directors may exercise all the powers of the Company to (i) borrow money upon the credit of the Company, (ii) issue, reissue, sell or pledge debt obligations on behalf of the Company, (iii) give guarantees on behalf of the Company to secure performance of any obligation of any person and (iv) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Company, owned or subsequently acquired, to secure any debt obligation or other obligation of the Company.

10.18 *Any provisions which have the effect of delaying, deferring or preventing a change in control of the Company*

There are no provisions which have the effect of delaying, deferring or preventing a change in control.

11 Mandatory bids, squeeze-out and sell-out rules relating to the Common Shares

11.1 *Mandatory bid*

There are no applicable mandatory bid rules.

11.2 *Squeeze-out*

If (a) 90% or more of the outstanding shares are tendered to a takeover bid (excluding shares held by the acquiror on the date of the bid), the acquiror is generally entitled to exercise a statutory right of acquisition to squeeze out any non-tendering shareholders by requiring them to elect to tender their shares for the bid consideration or to receive the “fair value” of the shares; and (b) less than 90% of the outstanding shares are tendered to a takeover bid, the balance may be acquired through a second stage corporate transaction pursuant to which the acquiror is entitled to vote the shares acquired under the takeover bid (a minimum tender condition of 66⅔% will generally be sufficient to ensure that the acquiror has sufficient votes to approve the corporate transaction). The statutory right of acquisition may generally be implemented immediately. A second stage corporate transaction may generally be implemented within 30 to 60 days. Shareholders typically have dissent and appraisal remedies in connection with the statutory right of acquisition and corporate transactions. The determination of fair value (if contested) is made by a court.

11.3 *Sell Out*

The relevant Sell Out provisions are to be found in paragraph 11.2 above.

11.4 There have been no take-over bids by third parties in respect of the Company’s equity, which have occurred during the last financial year or the current financial year.

12 Material Contracts

Other than as set out below there are no contracts (not being in the ordinary course of business) entered into by the Company or any Subsidiary Undertaking in the two years immediately preceding the date of this document which are or may be material or which contain any provision under which the Company or any Subsidiary Undertaking has any obligation or entitlement which is material to the Group as at the date of this document save for Directors' Service contracts as described in paragraph 7 of this Part 5.

12.1 *The Company*

12.1.1 By an engagement letter dated 31 October 2005 between the Company (1) and Lewis Charles (2) Lewis Charles agreed to act as corporate broker to the Company in connection with Admission. The agreement provides for the payment by the Company of (in addition to the costs and expenses of Lewis Charles) an advisory fee of £25,000 to be payable upon Admission.

The letter contains obligations on both parties as to confidentiality, and an indemnity in favour of Lewis Charles.

12.1.2 By an engagement letter dated 20 October 2005 between the Company (1) and ARM (2) ARM agreed to act as financial adviser to the Company in connection with Admission. The agreement provides for the payment by the Company of (in addition to the costs and expenses of ARM) a fee of £30,000 (plus any applicable VAT). The letter contains obligations on both parties as to confidentiality, and an indemnity in favour of ARM.

12.1.3 By a nominated advisors agreement dated 27 March 2006 between the Company (1) and ARM (2) ARM has agreed to act for an initial terms of 12 months as the Company's nominated advisor for the purposes of the AIM Rules. The agreement provides for the payment by the Company of (in addition to the costs and expenses of ARM) an annual fee of £20,000 (plus any applicable VAT), such fee to be reviewed upwards on the Company's first and subsequent acquisition, and otherwise annually. Any work carried out by ARM on behalf of the Company outside the scope of the agreement will be paid for at a rate to be agreed from time to time. The agreement contains an indemnity in favour of ARM.

12.1.4 An Introduction Agreement dated 27 March 2006 between the Company (1) Lewis Charles (2) ARM (3) and the Directors (4). The Introduction Agreement contains warranties and indemnities on the part of the Company and the Directors as to the accuracy of information contained in this document and other matters in relation to the Group and its businesses, (which are subject to financial caps in relation to the Directors). The Introduction Agreement is conditional inter alia upon certain documents specified in the Introduction Agreement being delivered to Lewis Charles and ARM and Admission taking place not later than 8 a.m. on 31 March 2006 or such later date as is agreed in writing between the parties. The Introduction Agreement is terminable in certain circumstances by Lewis Charles and ARM before Admission.

12.1.5 By way of an agreement dated 17 March 2006 the Company agreed to appoint, on normal commercial terms Capita IRG Trustees Limited for the provision of services as registrar, custodian and in its capacity as depository, in respect of the Galantas Gold Corporation Depository Interests.

12.1.6 By way of an agreement dated 17 March 2006 the Company agreed to appoint, on normal commercial terms Capita IRG Offshore Limited for the provision of registrar services in Jersey.

12.1.7 By way of an agreement dated 24 May 2005 between the Company (1) and Barclays Mercantile Business Finance Ltd (2) pursuant to which the Company has agreed, in consideration of Barclays agreeing to enter into financial transactions with OM, not to call in or receive payment of the sum of £1,000,000 or any part thereof presently standing to the Company's credit at Barclays, nor would the Company assign or charge the said sum or any part thereof.

12.1.8 By way of a 12 month fixed term agreement between the Company (1) and Iron Mask Consulting (2) dated 1 April 2004 Iron Mask agreed to provide the service of Andrew Lee Smith as a consultant to the Company for the purposes of providing geological and technical advice with respect to the Property. Under the terms of the agreement Iron Mask received CAN $12,500 payable in arrears in four quarterly payments during the stated term. Mr Smith was formerly a director of the Company (his resignation having taken effect on 14 January 2005), and as such he was entitled to 1,000,000 options to purchase Common Shares, which under the terms of the Agreement he was entitled to retain. The agreement expired on January 14.

12.1.9 By way of an agreement dated 4 May 2004 between the Company (1) and Duguay and Ringler Corporate Services ("Duguay") (2) pursuant to which Duguay agreed to provide to the Company with corporate secretarial accounting and bookkeeping services. The Company pays to Duguay a monthly fee of CAN$1,450 and has agreed to indemnify Duguay for any losses suffered by Duguay as a result of the provision of its services.

12.1.10 By way of an agreement dated 3 February 2006 between the Company (1) and Bishopgate Communications Ltd (2) the Company agreed to employ the services of Bishopgate as financial public relations consultants to assist with dissemination of its information in the United Kingdom, Ireland and Europe to the financial community, the press and to shareholders. Pursuant to the agreement the Company will pay £2,500 per month to Bishopsgate.

12.1.11 By way of an agreement dated 31 January 2006 between the Company (1) and Stockgroup Media Inc (2) the Company agreed to employ the services of Stockgroup as financial public relations consultants to assist with dissemination of its information in Canada to the financial community, the press and to shareholders. Pursuant to the agreement the Company will pay $49,434 including GST for one year.

12.2 *Galantas Irish Gold Limited*

Galantas Irish Gold Limited is not party to any material contracts which are required to be disclosed in this document.

12.3 *Omagh Minerals*

12.3.1 By way of the Crown Prospecting Licence dated 28 August 2003 between The Queen's Most Excellent Majesty (1), The Crown Estate Commissioners ("the Commissioners") (2) and the Company (3), the Company was granted licence to prospect for gold and silver within a designated area of County Tyrone, Northern Ireland. The Licence expired during 2005 and was renewed by letter agreement between the Commissioners and the Company for a further period of two years from 19 July 2005 to 18 July 2007 on the same terms as the Licence. The annual licence fee under the Licence is £2,000.00 and the Licence constitutes an exclusive right and authority for the Company to search for gold and silver within under or upon the lands in the designated area by geological geochemical and geophysical surveys and examinations, to remove and process such minerals and to construct install occupy and operate the works and installation necessary in this regard. The Licence may be determined by the Commissioners by notice in the event that the Company does not exercise the rights granted by the Licence continuously promptly and diligently to the Commissioners satisfaction.

12.3.2 The Company was the holder of the Crown Mining Lease ("the Lease") from the Commissioners of rights to work gold and silver at Omagh, County Tyrone as originally granted on 17 May 1993, the subject of a Supplemental Deed dated 16 May 1995 and of a Second Supplemental Deed dated 1 August 2003. The Lease expired during 2005 and is presently the subject of an application to the Commissioners for renewal which application for renewal has been agreed by the Commissioners (subject to formal grant of a Renewal Lease ("the Renewal Lease")), the terms of such agreement for renewal being stated by the Commissioners as described in paragraph 12.3.3 below.

12.3.3 Omagh Minerals has entered into a non binding Heads of Terms with the Commissioners for the renewal of the Crown Mining Lease for a period of 10 years from 23 June 2005 at a rent of £20,000 for the first three years and thereafter a rent calculated on the average output of gold divided by 5,500 oz (initial estimate of output) multiplied by £20,000. The certain rent will merge with any royalties arising in the same year. In addition there will be a royalty rent payable. The resulting lease will grant to Omagh Minerals the right to work and process mines of gold and silver on the Properties. The Heads of Terms contain obligations on Omagh Minerals to prepare plans for closure of the mine, and require Omagh Minerals to provide a bond for restoration of the Properties following closure. Omagh Minerals shall have the power to surrender the lease at the end of the fifth year of the term, and thereafter at the end of every year upon 12 months notice. No lease rights may be exercised before a formal deed of lease has been entered into and completed by the parties.

12.3.4 By way of a Prospecting Licence ("the Prospecting Licence") dated 16 December 2004 between The Department of Enterprise Trade and Investment ("DETI") (1) and the Company (2) the Company has obtained from the DETI a Prospecting Licence enabling the searching for such mines and minerals in the licensed area (being a significant area within counties Tyrone and Fermanagh, Northern Ireland) as are vested in DETI (being metals other than gold and silver). The Prospecting Licence expired on 17 July 2003 and has been extended by a Deed of First Extension ("Extension Deed") dated 9 December 2005 for a further period of two years commencing on 18 July 2005 ("the Extension Period"). By the Extension Deed the Company has undertaken to expend at least £200,000.00 during the Extension Period in searching for all mines and minerals in accordance with an agreed schedule of works.

Under the Prospecting Licence if at any time not later than four months before expiry of the Extension Period:

(a) the Company makes application in writing for a second extension accompanied by proposals in writing for a further scheme of prospecting during such second extension; and

(b) DETI is satisfied that the Company has fully observed and performed the terms and conditions of the Prospecting Licence during the first extension

the DETI may grant such second extension either in respect of the whole of the licensed area or such part of it as DETI thinks fit subject to such terms and conditions as DETI thinks fit. The Prospecting Licence contains an indemnity from the Company to DETI in respect of third party claims and a power of revocation for DETI in the event of breach by the Company of the provisions thereof or insolvency.

12.3.5 The DETI Agreement consisting of three separate agreements each dated 24 May 1995 between DETI (1) and Omagh Minerals (2) which are entered into pursuant to Article 40 of the Planning (Northern Ireland) Order 1991 and which bind Omagh Minerals and are annexed to certain of the interests of Omagh Minerals in the Properties. The DETI Agreement principally governs monitoring and remediation matters at the affected portions of the Properties, requiring the monitoring of chemical substances and dust, the cost of sampling, the carrying out of remedial measures and the care and maintenance and replacement of vegetation and landscape works.

12.3.6 By a Deed of Option ("the Option") dated 31 March 1995 between the Company (1) and Peter Charles McCaffrey ("McCaffrey") (2) the Company granted an option to McCaffrey to acquire portion of its property described in Lot 2 to the Report on Title. In the event that the Company proposed during a period of 40 years from 31 March 1995 to dispose of its interest in Lot 2 then it must first offer Lot 2 for sale to McCaffrey at market value to be agreed between the parties or determined by an independent valuer in accordance with the provisions of the Option.

12.3.7 By way of an agreement dated 19 May 2005 between Omagh Minerals (1) and Barclays Mercantile Business Finance Limited (2) pursuant to which Omagh Minerals

borrowed the sum of £211,950 repayable over 4 years at £5071.26 per month for the purchase of dump trucks.

12.3.8 By way of an agreement dated on or around 7 March 2006 between Omagh Minerals (1) and Barclays Mercantile Business Finance Limited (2) pursuant to which the Company has borrowed £179,451.99 repayable over 3 years at $5578.75 per month for the purchase of milling equipment.

12.4 *Cavanacaw Corporation*

Cavanacaw Corporation is not party to any material contracts which are required to be disclosed in this document.

13 Litigation

13.1 The freehold land comprised in Folio 8761 County Tyrone, being part of the Properties is held by Omagh Minerals subject to a charge in favour of a third party for securing £30,000 payable on 31 March 1999. The secured amount has been repaid, but the charge has not yet been released. If the Company is unable to obtain the release of the charge it may be necessary to issue proceedings against the third party forcing him to take all steps necessary to release the charge.

13.2 Save as described in paragraph 13.1 above there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) in which Company or any Subsidiary Undertaking is involved by or against any Group company which may have or have had in the twelve months preceding the date of this document a significant effect on the Group's financial position or profitability.

14 Intellectual Property Rights and Licences

There are no patents or licences, industrial, commercial or financial contracts or new manufacturing processes upon which the Group is dependent, other than the Prospecting Licences, details of which are set out in paragraph 12.3 of this Part 5.

15 Investments

Save as set out in this document there are no:

15.1 investments in progress which are significant; or

15.2 future investments upon which the Company or it's management bodies have already made firm commitments.

16 **Working Capital**

16.1 The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Group will, from the time the Common Shares are admitted to AIM, be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

17 Environmental issues

Save as set out in Parts 2 and 3 of this document neither the Company nor the Directors are aware of any environmental issues or risks affecting the utilisation of the property, plant or machinery of the Group.

18 **Related Party Transactions**

18.1 Save as set out in Part 4 of this Document and in paragraph 7 of this Part 5 there are no related party transactions that the Company or any Subsidiary Undertaking has entered into during the period covered by the historical financial information set out in Part 4 and up to the date of this document.

19 **General Information**

19.1 The estimated amount of the expenses of Admission which are all payable by the Company, is approximately £266,150 (including VAT).

19.2 Baker Tilly of Brazennose House Lincoln Square, Manchester, M2 5BL UK has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.

19.3 ARM Corporate Finance Limited 12 Pepper Street, London E14 9RP UK has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.

19.4 Lewis Charles Securities Ltd of 4-7 Chiswell Street, London EC1Y 4UP UK has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.

19.5 A.C.A Howe Limited has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.

19.6 The financial information contained in this document does not constitute full statutory accounts as referred to in section 240 of the Companies Act 1985.

19.7 There are not, in respect of the Company or any of the Subsidiary Undertakings, any significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of this document.

19.8 There are not, in respect of the Company or any of the Subsidiary Undertakings, any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year of the Company.

19.9 Save as disclosed in this document there has been no significant change in the financial or trading position of the Group since 31 December 2004.

19.10 The Common Shares are in registered form.

19.11 No person directly or indirectly has in the last twelve months received or is contractually entitled to receive directly or indirectly, from the Company on or after Admission (excluding in either case persons who are professional advisers otherwise disclosed in this document and trade suppliers) (i) fees totalling £10,000 or more; (ii) its securities where these have a value of £10,000 or more calculated by reference to the expected opening price of the Common Shares on Admission; or (iii) any payment or benefit from the Company to the value of £10,000 as at the date of Admission.

19.12 Elliott Duffy Garrett have given and have not withdrawn their written consent to the issue of this document with the references herein to their name in the form and context in which it appears.

19.13 Smith, Nixon & Co. LLP, Chartered Accountants were auditors of the Company for the period relating to the accounts set out in Part 4 of this document. Smith Nixon & Co LLP is a member in good standing of the Canadian Public Accountability Board.

19.14 Smith, Nixon & Co. LLP have given and have not withdrawn their written consent to the issue of this document with the references herein to their name in the form and context in which it appears.

19.15 To the extent information has been sourced from a third party, this information has been accurately reproduced and, as far as the Directors and the Company are aware and able to ascertain from information published by that third party, no facts have been omitted which may render the reproduced information inaccurate or misleading.

20 Availability of Admission Document

20.1 Copies of this document shall be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) from ARM Corporate Finance Limited 12 Pepper Street, London E14 9RP UK for a period of one month from the date of Admission.

Date: 27 March 2006