GALANTAS GOLD CORPORATION

Management's Discussion and Analysis

Three and Six Months Ended

June 30, 2015

GALANTAS GOLD CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

Three and Six Months Ended June 30, 2015

Introduction

The Management's Discussion and Analysis ("MD&A") of the financial condition and results of the operations of Galantas Gold Corporation ("Galantas" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and six months ended June 30, 2015. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended December 31, 2014 and 2013, together with the notes thereto and the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2015 together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). Information contained herein is presented as August 24, 2015 unless otherwise indicated.

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

Cautionary Note Regarding Forward-Looking Information

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

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

	underground project will be received on a timely basis upon terms acceptable to the Company; applicable political and economic conditions will be favourable to the Company; the price of applicable metals and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties	future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; changes in economic and political conditions; the Company's ability to attract skilled staff
The Company's ability to meet its working capital needs at the current level for the year ending December 31, 2015	The operating and exploration activities of the Company for the year ending December 31, 2015, and the costs associated therewith, will be dependent on raising sufficient additional capital consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions will be favourable to the Company	Adverse changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions
Management's outlook regarding future trends	Financing will be available for the Company's exploration, development and operating activities; the price of applicable metals, interest rates and exchange rates will be favourable to the Company	Metal price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions

Asset values for the second quarter of fiscal year 2015	Management's belief that no write- down is required for its property and equipment resulting from continuing efforts to raise capital (debt or equity, or a combination of both) to implement planned work programs on the Company's projects	If the Company does not obtain equity or debt financing on terms favorable to the Company or at all, a decline in asset values that could be deemed to be other than temporary, may result in impairment losses
Sensitivity analysis of financial instruments	The Company has no significant interest rate risk due to low interest rates on its cash balances.	Changes in debt and equity markets; interest rate and exchange rate fluctuations
Prices and price volatility for metals	The price of metals will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of metals will be favourable	Changes in debt and equity markets and the spot prices of metals; interest rate and exchange rate fluctuations; changes in economic and political conditions

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

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

Date of MD&A

This MD&A was prepared on August 24, 2015.

Overview – Strategy - Description of Business

Company Overview

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

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

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

Reserves and Resources

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

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

The Company also filed the complete updated Technical Report on SEDAR as required by NI 43-101.

Mining Project

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

However the granting of planning consent during the second quarter of 2015 for an underground operation at the Omagh site will permit the continuation and expansion of gold mining. The underground mine will utilize the same processing methods and will be the first underground gold mine, of any scale, in Ireland. The strategy is to establish the underground mine as soon as finance is available and look for further expansion of gold reserves on the property, which has many undrilled targets.

Underground Mine Plan

In June 2015 the Minister of Environment, Northern Ireland granted planning consent for the underground gold mine at the Omagh site. This planning consent will permit the continuation and expansion of gold mining. The positive decision is the result of 3 years of examination of environmental and other factors regarding the application. Included were environmental studies by NIEA (Northern Ireland Environment Agency) and independent specialists. The consent includes operating and environmental conditions, which the Company has reviewed. Some conditions require clarification but appear workable with some modifications to operating and construction methodology. A number of conditions precedent to development are required to be satisfied and the Company is carrying those out.

Gold Jewellery Business

During 2014 Galantas restructured its jewelry operations. This involved the transfer to Flintridge Resources Limited of the trade formerly carried out by Galantas Irish Gold. Later in 2014 Galantas entered into an agreement with TJH Ltd of Dublin, Ireland for the production, marketing and sale of a range of jewellery products, using Irish gold from the Galantas Omagh MIne. The agreement, with TJH Ltd has resulted in Irish gold from the Galantas Omagh Mine, being sold to TJH Ltd. who are an established jewellery marketer and manufacturer, having developed other brands, including Irish oriented brands, previously. The Irish gold is sold at a premium and with a reserved percentage of wholesale sales.

Management and Staff

Overall management is exercised by one Executive Director along with a Deputy General Manager in charge of operations in Omagh where the mine, plant, exploration and administration employed 6 personnel as of June 30, 2015.

Key Performance Driver

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

Overview of Second Quarter 2015

There was minimal production at, or shipments from, the Omagh mine during the three months ended June 30, 2015 following the suspension of the processing of low grade ore during in late 2013. Galantas incurred a net loss of $ 708,757 for the three months ended June 30, 2015 compared with a net loss of $ 296,603 for the three months ended June 30, 2014. The loss for the quarter includes a stock-based compensation charge of $ 338,000 in connection with the stock options granted during the quarter which vested immediately. When the net loss is adjusted for non-cash items before changes in non-cash working capital the cash loss from operating activities amounted to $ 457,670 for three months ended June 30, 2015 compared with a cash loss from operations of $ 450,143 for the corresponding period of 2014.

The first delivery of Galantas gold under its recently signed agreement with TJH Ltd. of Dublin, Ireland for the production, marketing and sale of a range of jewellery products, using Galantas Irish gold was effected during the second quarter.

The Company had cash balances at June 30, 2015 of $ 198,696 compared to $ 20,259 at December 31, 2014. The working capital deficit at June 30, 2015 amounted to $ 4,273,046 which compared with a working capital deficit of $ 3,731,696 at December 31, 2014.

In June the Company reported that the Minister of Environment, Northern Ireland had granted planning consent for an underground gold mine at the Omagh site. The planning consent will permit the continuation and expansion of gold mining. The positive decision is the result of 3 years of examination of environmental and other factors regarding the application. Included were environmental studies by NIEA (Northern Ireland Environment Agency) and independent specialists. The consent includes operating and environmental conditions, which the Company has reviewed. Some conditions require clarification but appear workable with some modifications to operating and construction methodology. A number of conditions precedent to development are required to be satisfied and the Company is carrying those out.

Subsequent to June 30, 2015 Galantas completed a non-brokered private placement for aggregate gross proceeds of $ 2,400,000 (approximately UK£ 1,189,000). The placement comprised of the issue of 20 million units, each unit comprising of one common share and one share purchase warrant. The price of each unit was $ 0.12 (approximately UK£ 0.06). Each warrant entitles the holder to acquire a further common share of the Company at a price of $ 0.16 per share for a period twelve months from the date the subscription was closed. A four month hold period from closing will apply. The majority of the placement was taken up by Mr. Ross Beaty who will acquire 16,000,000 Units resulting in an interest before the exercise of warrants of 14.9% of Galantas issued and outstanding shares.

Review of Financial Results

Three Months Ended June 30, 2015

The net loss for the three months ended June 30, 2015 amounted to $ 708,757 compared to a net loss of $ 296,603 for the three months ended June 30, 2014 as summarized below.

	Quarter Ended June 30, 2015 $	Quarter Ended June 30, 2014 $
Revenues	**13,774**	**0**
Production costs	67,616	99,446
Inventory movement	47,040	0
Cost of sales	**114,656**	**99,446**

(Loss) before the undernoted	**(100,882)**	**(99,446)**
Depreciation	49,881	62,171
General administrative expenses	624,852	347,528
(Gain) on disposal of property, plant and equipment	0	(19,312)
Unrealized (gain) on fair value of derivative financial liability	(95,000)	(210,000)
Foreign exchange loss	28,142	16,770
Net (Loss) for the Quarter	**$ (708,757)**	**$ (296,603)**

Revenues for the three months ended June 30, 2015, amounted to $ 13,774 compared to revenues of $ Nil for three months ended June 30, 2014. Revenues from jewelry sales totalled $ 56,768 and were offset by revenue adjustments of $ 42,994 in connection with the overvaluation of 2013 concentrate shipments. Following the suspension of production during the fourth quarter of 2013 there were no concentrate sales from the mine during both quarters.

Cost of sales include production costs at the mine and inventory movements and totalled $ 114,656 for the three months ended June 30, 2015 compared to $ 99,446 for corresponding quarter of 2014. A summary of cost of sales is set out on Note 13 of the June 30, 2015 consolidated financial statements.

Production costs for the three months ended June 30, 2015 amounted to $ 67,616 compared to $ 99,446 for the three months ended June 30, 2014. Production costs at the mine, the majority of which are incurred in UK£, include wages, oil and fuel, equipment hire, repairs and servicing, consumables and royalties. There was no production during both periods and this is reflected in the lower costs incurred, which were mainly in connection with ongoing care and maintenance costs. Production costs were lower in the second quarter of 2015 due mainly to lower payroll, oil and fuel, consumables and equipment hire costs which reductions were partially offset by increased repairs and maintenance costs.

The inventory movement of $ 47,040 for the second quarter of 2015 which compared to $ Nil for the second quarter of 2014 reflects a reduction in inventory at June 30, 2015 when compared to inventory at the beginning of the second quarter.

This has resulted in a net operating loss of $ 100,882 before depreciation, general administrative expenses, gain on disposal of property, plant and equipment, unrealized gain on fair value of derivative financial liability, and foreign exchange loss for three months ended June 30, 2015 compared to a net operating loss of $ 99,446 for the three months ended June 30, 2014.

Depreciation of property, plant and equipment excluding mine development costs during the three months ended June 30, 2015 totalled $ 49,881 which compared with $ 62,171 for the corresponding period of 2014. The decrease is due to both the lower asset values of property, plant and equipment following the impairment during the second half of 2014 together with the depreciation charge being calculated on the reducing balance basis. Depreciation of mine development costs for the three months ended June 30, 2015 which is calculated on the unit of production basis, amounted to $ Nil compared to $ Nil for 2014. Following the suspension of production there was no depreciation of mine development costs during both periods.

General administrative expenses for the three months ended June 30, 2015 which includes stock based compensation of $ 338,000 amounted to $ 624,852 compared to $ 347,528 for 2014. General administrative expenses are reviewed in more detail in Other MD&A Requirements on pages 24 and 25 of the MD&A.

The gain on disposal of property, plant and equipment during the three months ended June 30, 2015 amounted to $ Nil compared to a gain of $ 19,312 for the corresponding period of 2014.

The unrealized gain on fair value of derivative financial liability for the three months ended June 30, 2015 amounted to $ 95,000 compared to $ 210,000 for 2014. The unrealized gain arose as a result of the exercise price of the warrants issued in 2014 and the first quarter of 2015 being denominated in a currency other than the functional currency, resulting in these warrants being considered a derivative financial liability. The warrants are revalued at each period end with any gain or loss in the fair value being recorded in the consolidated statements of loss as an unrealized gain or loss on fair value of derivative financial liability. There was a Foreign exchange loss of $ 28,142 for three months ended June 30, 2015 which compared with a Foreign exchange loss of $ 16,770 for 2014.

This has resulted in a net loss of $ 708,757 for the three months ended June 30, 2015 compared to a net loss of $ 296,603 for three months ended June 30, 2014. When the Net Loss is adjusted for non-cash items before changes in non-cash working capital items the cash loss from operating activities amounted to $ 457,670 for the three months ended June 30, 2015 compared to a cash loss from operating activities of $ 450,143 for the corresponding period of 2014 as per the Consolidated Statements of Cash Flows. The cash loss from operating activities after changes in non-cash working capital items amounted to $ 50,111 for the three months ended June, 2015 compared to a cash loss of $ 651,070 for the corresponding period of 2014.

Foreign currency translation gain, which is included in Condensed Interim Consolidated Statements of Comprehensive Loss amounted to $ 254,815 for the three months ended June 30, 2015 and compared to a foreign currency translation loss of $ 89,511 for 2014. This resulted in a Total comprehensive loss of $ 453,942 for the three months ended June 30, 2015 compared to a Total comprehensive loss of $ 386,114 for the three months ended June 30, 2014. The foreign currency translation gain during the second quarter of 2015 arose as a result of the net assets of the Company's UK subsidiaries, all of which are denominated in UK£, being translated to Canadian dollars at period end exchange rates. The Canadian dollar exchange rate weakened against UK£ at June 30, 2015 when compared to April 1, 2015 which has resulted in an increase in the Canadian dollar value of these net assets at June 30, 2015 when compared to April 1, 2015 resulting in the foreign currency translation gain. Conversely, during the second quarter of 2014, the Canadian dollar exchange rate strengthened against UK£ at June 30, 2014 when compared to April 1, 2014 which has resulted in an decrease in the Canadian dollar value of these net assets at June 30, 2014 when compared to April 1, 2014 resulting in the foreign currency translation loss.

Total assets at June 30, 2015 amounted to $ 10,884,975 compared to $ 9,933,966 at December 31, 2014. Cash at June 30, 2015 was $ 198,696 compared to $ 20,259 at December 31, 2014. Accounts receivable and advances consisting mainly of trade debtors, reclaimable taxes and prepayments amounted to $ 107,691 at June 30, 2015 compared to $ 102,213 at December 31, 2014. Inventories at June 30, 2015 amounted to $ 71,591 compared with an inventory of $ 111,137 at December 31, 2014. Inventory mainly consists of jewellery products and unworked gold belonging to the jewellery business.

Property, plant and equipment totalled $ 7,663,565 compared to $ 7,087,455 at December 31, 2014. Exploration and evaluation assets, consisting of exploration and development expenditures for the underground mine, totalled $ 2,255,012 at June 30, 2015 compared to $ 2,070,772 at the end of 2014. Long term deposit at June 30, 2015, representing funds held in trust in connection with the Company's asset retirement obligations, amounted to $ 588,420 compared to $ 542,130 at December 31, 2014. Property, plant and equipment, exploration and evaluation assets and long term deposit, all of which are denominated in UK£, are translated to Canadian dollars at period end exchange rates. The Canadian dollar exchange rate weakened against UK£ at June 30, 2015 when compared to December 31, 2014 and this has resulted has resulted in the increase in the Canadian dollar value of these assets at June 30, 2015 when compared to December 31, 2014.

Current liabilities at June 30, 2015 amounted to $ 4,651,054 compared to $ 3,965,305 at the end of 2014. The working capital deficit at June 30, 2015 amounted to $ 4,273,046 compared to a working capital deficit of $ 3,731,696 at December 31, 2014. Accounts payable and other liabilities totalled $ 1,009,253 compared to $ 869,322 at December 31, 2014. The current portion of a financing facility totaled $ 6,453 at June 30, 2015 compared to $ Nil at December 31, 2014.Amounts due to related parties at June 30, 2015 amounted to $ 3,635,648 compared to $ 3,095,583 at the end of 2014.

The decommissioning liability at June 30, 2015 amounted to $ 607,002 compared to $ 553,544 at December 31, 2014. The non-current portion of the financing facility totaled $ 32,579 at June 30, 2015 compared to $ Nil at December 31, 2014. The derivative financial liability at June 30, 2015 amounted to $ 297,000 compared to $ 368,000 at the end of 2014. The derivative financial liability arose as a result of the exercise price of the warrants issued in 2014 and the first quarter of 2015 being denominated in a currency other than the functional currency, resulting in these warrants being considered a derivative financial liability.

Six Months Ended June 30, 2015

The net loss for the six months ended June 30, 2015 amounted to $ 1,122,856 compared to a net loss of $ 798,703 for the six months ended June 30, 2014 as summarized below.

	Six Months Ended June 30, 2015 $	**Six Months Ended June 30, 2014 $**
Revenues	**14,897**	**0**
Production costs	137,613	176,680
Inventory movement	47,040	0
Cost of sales	**184,653**	**176,680**
(Loss) before the undernoted	**(169,756)**	**(176,680)**
Depreciation	102,174	127,263
General administrative expenses	886,384	619,709
(Gain) on disposal of property, plant and equipment	0	(19,860)
Unrealized (gain) on fair value of derivative financial liability	(103,000)	(210,000)
Foreign exchange loss	67,542	104,911
Net (Loss) for the Period	**$ (1,122,856)**	**$ (798,703)**

Revenues for the six months ended June 30, 2015 amounted to $ 14,897 compared to revenues of $ Nil for six months ended June 30, 2014. Revenues from jewelry sales totalled $ 57,891 and were offset by revenue adjustments of $ 42,994 in connection with the overvaluation of 2013 concentrate shipments. Following the suspension of production during the fourth quarter of 2013 there were no concentrate sales from the mine during both periods.

Cost of sales include production costs at the mine and inventory movements and totalled $ 184,653 for the six months ended June 30, 2015 compared to $ 176,680 for corresponding period of 2014. A summary of cost of sales is set out on Note 12 of the June 30, 2015 consolidated financial statements.

Production costs for the six months ended June 30, 2015 amounted to $ 137,613 compared to $ 176,680 for the six months ended June 30, 2014. Production costs at the mine, the majority of which are incurred in UK£, include production wages, oil and fuel, equipment hire, repairs and servicing, consumables and royalties. There was no production during both periods and this is reflected in the lower production costs incurred which were mainly in connection with ongoing care and maintenance costs. Production costs were lower in the first half of 2015 due mainly to lower payroll, oil and fuel, consumables and equipment hire costs which reductions was partially offset by increased repairs and maintenance costs.

The inventory movement of $ 47,040 for the first six months of 2015 which compared to $ Nil for the second quarter of 2014 reflects a reduction in inventory at June 30, 2015 when compared to inventory at the beginning of the year.

This has resulted in a net operating loss of $ 169,756 before depreciation, general administrative expenses, gain on disposal of property, plant and equipment, unrealized gain on fair value of derivative financial liability, and foreign exchange loss for six months ended June 30, 2015 compared to a net operating loss of $ 176,680 for the six months ended June 30, 2014.

Depreciation of property, plant and equipment excluding mine development costs during the six months ended June 30, 2015 totalled $ 102,174 which compared with $ 127,263 for the corresponding period of 2014. The decrease is due to both the lower asset values of property, plant and equipment following the asset impairment during the second half of 2014 together with the depreciation charge being calculated on the reducing balance basis. Depreciation of mine development costs for the six months ended June 30, 2015 which is calculated on the unit of production basis, amounted to $ Nil compared to $ Nil for 2014. Following the suspension of production there was no depreciation of mine development costs during both periods.

General administrative expenses for the six months ended June 30, 2015 which includes stock based compensation of $ 338,000 amounted to $ 886,384 compared to $ 619,709 for 2014. General administrative expenses are reviewed in more detail in Other MD&A Requirements on pages 25 and 26 of the MD&A.

The gain on disposal of property, plant and equipment during the six months ended June 30, 2015 amounted to $ Nil compared to a gain of $ 19,860 for the corresponding period of 2014.

The unrealized gain on fair value of derivative financial liability for the six months ended June 30, 2015 amounted to $ 103,000 compared to $ 210,000 for 2014. The unrealized gain arose as a result of the exercise price of the warrants issued in 2014 and the first quarter of 2015 being denominated in a currency other than the functional currency, resulting in these warrants being considered a derivative financial liability. The warrants are revalued at each period end with any gain or loss in the fair value being recorded in the consolidated statements of loss as an unrealized gain or loss on fair value of derivative financial liability.

There was a Foreign exchange loss of $ 67,542 for three months ended June 30, 2015 which compared with a Foreign exchange loss of $ 104,911 for 2014.

This has resulted in a net loss of $ 1,122,856 for the six months ended June 30, 2015 compared to a net loss of $ 798,703 for six months ended June 30, 2014. When the Net Loss is adjusted for non-cash items before changes in non-cash working capital items the cash loss from operating activities amounted $ 958,758 for the six months ended June 30, 2015 compared to a cash loss from operating activities of $ 969,676 for the corresponding period of 2014 as per the Consolidated Statements of Cash Flows. The cash loss from operating activities after changes in non-cash working capital items amounted to $ 290,712 for the six months ended June, 2015 compared to a cash loss of $ 713,332 for the corresponding period of 2014.

Foreign currency translation gain, which is included in Condensed Interim Consolidated Statements of Comprehensive Loss amounted to $ 509,214 for the six months ended June 30, 2015 and compared to a foreign currency translation gain of $ 362,248 for 2014. This resulted in a Total comprehensive loss of $ 613,642 for the six months ended June 30, 2015 compared to a Total comprehensive loss of $ 436,455 for the six months ended June 30, 2014. The foreign currency translation gain during both periods arose as a result of the net assets of the Company's UK subsidiaries, all of which are denominated in UK, being translated to Canadian dollars at period end exchange rates. The Canadian dollar exchange rate had weakened against UK£ at June 30,2015 and 2014 when compared to January 1, 2015 and 2014 which has resulted in an increase in the Canadian dollar value of these net assets at June 30, 2015 and 2014 resulting in the foreign currency translation gain in both periods.

REVIEW OF OPERATIONS

2015 Financing Activities

Galantas completed a private placement financing during the first quarter of 2015 for aggregate gross proceeds of UK£ 316,677. Pursuant to the offering, an aggregate of 10,599,999 units were sold at a price of UK£ 0.03/ $0.05727 per common share. Commissions of 6% of the gross proceeds totalling $ 36,424 were paid in connection with the placing together with the issue of 636,000 share purchase warrants. Each warrant will entitle the holder to acquire a further common share of the Company at a price of UK£ 0.045 per share for a period three years from the date the subscription was closed.

Additional loan advances from G&F Phelps Limited, a related party, during 2015 totalled $ 45,318.

Subsequent to June 30, 2015 Galantas completed a non-brokered private placement for aggregate gross proceeds of $ 2,400,000 (approximately UK£ 1,189,000). The placement comprised of the issue of 20 million units, each unit comprising of one common share and one share purchase warrant. The price of each unit was $ 0.12 (approximately UK£ 0.06). Each warrant entitles the holder to acquire a further common share of the Company at a price of $ 0.16 per share for a period twelve months from the date the subscription was closed. A four month hold period from closing will apply. The majority of the placement was taken up by Mr. Ross Beaty who will acquire 16,000,000 Units resulting in an interest before the exercise of warrants of 14.9% of Galantas issued and outstanding shares. The placement shares will rank parri passu with the existing issued shares. The Company intends to use the net proceeds of the placement for exploration, initiating the development of the underground Omagh gold-mine and for working capital purposes.

Production

Production at the Omagh mine remains suspended since the fourth quarter of 2013. The main production focus during 2013 had been on the processing of ore from the low grade stockpile as mining from the Kearney pit had become totally restricted as a result of the surplus rock stockpile on the site having reached capacity levels arising from the quashing of the planning consent for the removal of surplus rock. This ongoing limitation resulted in production being from low grade sources up until the suspension of production later in 2013 which resulted in further cost reduction measures being implemented at the Omagh mine including the laying off of the majority of its operatives. However the granting of planning consent during the second quarter of 2015 for an underground operation at the Omagh site will permit the continuation and expansion of gold mining. The underground mine will utilize the same processing methods and will be the first underground gold mine, of any scale, in Ireland. The strategy is to establish the underground mine as soon as finance is available and look for further expansion of gold reserves on the property, which has many undrilled targets.

Permitting

In June 2015 the Company reported that the Minister of Environment, Northern Ireland had granted planning consent for an underground gold mine at the Omagh site. The planning consent will permit the continuation and expansion of gold mining and is expected to create hundreds of jobs locally. The positive decision is the result of 3 years of examination of environmental and other factors regarding the application. Included were environmental studies by NIEA (Northern Ireland Environment Agency) and independent specialists. The consent includes operating and environmental conditions, which the Company has reviewed. Some conditions require clarification but appear workable with some modifications to operating and construction methodology. A number of conditions precedent to development are required to be satisfied and the Company is carrying those out.

Reserves and Resources

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

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

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

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

RESOURCE ESTIMATE BY VEIN : GALANTAS 2014									
	MEASURED			**INDICATED**			**INFERRED**		
	TONNES	GRADE	Contained	Tonnes	GRADE	Contained	Tonnes	GRADE	Contained

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

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

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

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

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

At a gold price of UK£750 / US$ 1,260 oz, the pre-tax operating surplus after capital expenditure estimates an Internal Rate of Return of 72% and, at an 8% discount rate, a net present value of approximately UK£ 14.5m (CDN$ 26.6m) and a cash cost of production of UK£394 per ounce (USD$ 662 at $1.68/UK£). At a gold price of UK£700 per oz. the study estimated an Internal Rate of Return of 50%. The study scheduled approximately 36% of the combined resources identified on the Kearney and Joshua veins.

The Company also filed the complete Technical Report on SEDAR during 2014, as required by NI 43-101.

Exploration

The Company has not carried out any exploration drilling following the suspension of drilling during 2013 pending the availability of cash for future exploration. In total, 17,348 metres were drilled following the commencement of the programme in March 2011. Channel sampling was also carried out, during this period, on the Joshua, Kearney and Kerr vein systems. Assay results released to date from both the drilling and channel sampling programmes have been encouraging with significant gold intersections being identified, in particular the assays from the ten drill holes on Joshua released in January 2013 with thirteen significant mineral intersects. Additional funding is now available and the programme will continue and up to a further 1,000 metres of drilling are planned. The technical report containing all data related to the drilling programme was published on SEDAR during the third quarter of 2014. The Pan European Reporting Code (PERC) and Canadian National Instrument (NI) 43-101 compliant report, detailed a significant increase in the resource as shown in the Reserves and Resources section above (see press release dated 4th September 2014). Following the scale back of drilling in 2013, more time was dedicated to logging remaining drill cores, the sealing off of all accessible drill holes, updating databases and progressing towards above mentioned resource estimate using the Micromine geological modelling computer program.

The granting of a further two prospecting licences in the Republic of Ireland (ROI) during 2014 brought the total number of licences held in both Northern Ireland and the Republic of Ireland to eleven covering a total area to 766.5 square kilometres. Fieldwork which commenced within the three more recently acquired ROI licences during the first quarter of 2015 continued into the second quarter with regional samples being collected, analysed and evaluated in all three licence areas. A total of thirty samples were collected, thirteen of which yielded notable results. Most interesting were sediments collected from first order and second order streams which drained an upland area situated close to a distinct magnetic anomaly. These showed gold grades of 1.6, 1.9 and 2.5 parts per million (ppm) (g/t) (see press release dated June 22, 2015). In addition results received from fieldwork on the OM4 licence were evaluated and formed the basis of the DETI licence report submitted later in the quarter.

Also during 2014 detailed sampling took place in an area close to the mine site where, thirty years ago, initial exploration carried out by RioFinex uncovered visible vein outcrops ('Discovery' and 'Sharkey') in the banks of a neighbouring burn. Attention and resources were subsequently diverted towards drilling the Kearney vein, following its discovery in the late 1980's. However, recent resource modelling and underground mine planning activities prompted a re-investigation of the burn veins when water levels were unusually low during the third quarter of 2014. Two in-situ quartz veins were identified 18 m west and 35 m west of the Rio 'Discovery' vein together with a completely isolated zone of sulphide rich clay gouge which was also uncovered 70 m east of 'Discovery'. In addition to these outcrops, several high grade boulders (float) were discovered over 40 metres from the Rio 'Sharkey' vein. These boulders are comparatively large in size and are likely to be derived from a local source (see press release dated October 6, 2014). The presence of these strong gold anomalies found near to the southern boundary of the recently operating Omagh mine site instigated a detailed investigation of new and a re-evaluation of existing targets. Further fieldwork is planned during the third quarter when it is expected water levels will be lower.

Summary of Quarterly Results

Revenues and financial results in Canadian dollars for the second quarter of 2015 and for the seven preceding quarters are summarized below. As part of the share consolidation completed in April 2014, the calculation of basic and diluted Net income (loss) per share has been restated to reflect this share consolidation.

Quarter Ended	Accounting Policies	Total Revenue	Net Income (Loss)	Net Income (Loss) per share & per

				share diluted
June 30, 2015	IFRS	$ 13,774	$ (708,757)	$ (0.01)
March 31, 2015	IFRS	$ 1,123	$ (414,099)	$ (0.00)
December 31, 2014	IFRS	$ (44)	$ (955,087)	$ (0.02)
September 30,2014	IFRS	$ 8,376	$ (3,510,937)	$ (0.05)
June 30,2014	IFRS	$ 0	$ (296,603)	$ (0.00)
March 31,2014	IFRS	$ 0	$ (502,100)	$ (0.01)
December 31, 2013	IFRS	$ 169,273	$ (782,394)	$ (0.01)
September 30, 2013	IFRS	$ 473,668	$ (363,744)	$ (0.01)

The results for the Quarter ended June 30, 2015 are discussed under Review of Financial Results on pages 7 to 9 of the MD&A. Revenues were primarily from the sales of concentrates up to 2013. Revenues during 2014 and 2015 are primarily from the sales of jewelry. There were no shipments of concentrate during the second quarter of 2015 when revenues mainly consisted of jewelry sales. The net loss for the quarter ended June 30, 2015 consisted of sales revenues $ 13,774, cost of sales $ 114,656, depreciation $ 49,881, general administrative expenses $ 665,852 which included a stock-based compensation charge of $ 338,000 in connection with stock options granted during the quarter which vested immediately, gain on disposal of property, plant and equipment $ Nil, unrealized gain on fair value of derivative financial liability $ 95,000 and foreign exchange loss $ 28,142.

For the quarter ended March 31, 2015 the net loss of $ 414,099 consisted of sales revenues $ 1,123, cost of sales $ 69,997, depreciation $ 52,293, general administrative expenses $ 261,532, gain on disposal of property, plant and equipment $ Nil, unrealized gain on fair value of derivative financial liability $ 8,000 and foreign exchange loss $ 39,400.

For the quarter ended December 31, 2014 the net loss of $ 955,087 consisted of sales revenues credit $ 44, cost of sales $ 118,422, depreciation $ 52,896, general administrative expenses which included an impairment of inventories of $ 224,605 amounted to $ 474,736, gain on disposal of property, plant and equipment $ 288, unrealized loss on fair value of derivative financial liability $ 62,000, impairment of property, plant and equipment $ 248,318 and foreign exchange gain $ 1,041.

For the quarter ended September 30, 2014 the net loss of $ 3,510,937 consisted of sales revenues $ 8,376, cost of sales $ 84,277, depreciation $ 57,654, general administrative expenses $ 253,291, loss on disposal of property, plant and equipment $ 50, unrealized loss on fair value of derivative financial liability $ 133,000, impairment of property, plant and equipment $ 2,921,884 and foreign exchange loss $ 69,157.

For the quarter ended June 30, 2014 the net loss of $ 296,603 consisted of sales revenues $ Nil, cost of sales $ 99,446, depreciation $ 62,171, general administrative expenses 347,528, gain on disposal of property, plant and equipment $ 19,312, unrealized gain on fair value of derivative financial liability $ 210,000 and foreign exchange loss $ 16,770.

For the quarter ended March 31, 2014 the net loss of $ 502,100 consisted of sales revenues $ Nil, cost of sales $ 77,234, depreciation $ 65,092, general administrative expenses $ 272,181, gain on disposal of property, plant and equipment $ 548 and foreign exchange loss $ 88,141.

Following the suspension of production during quarter ended December 31, 2014 the net loss of $ 782,394 consisted of sales revenues credit $ 169,273, cost of sales $ 243,653, depreciation $ 138,821, general administrative expenses $ 334,428, loss on disposal of property, plant and equipment $ 170,934 and foreign exchange loss $ 63,831.

For the quarter ended September 30, 2013 the net loss of $ 363,744 consisted of sales revenues $ 473,668, cost of sales $ 437,995, depreciation $ 115,105, general administrative expenses $ 262,189, gain on disposal of property, plant and equipment $ 592 and foreign exchange loss $ 22,715.

Liquidity and Financial Position

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

Galantas reported a working capital deficit of $ 4,273,046 at June 30, 2015 which compared with a working capital deficit of $ 3,731,696 at December 31, 2014. The Company had cash balances of $ 198,696 at June 30, 2015 compared with cash balances of $ 20,259 at December 31, 2014. Accounts receivable and advances consisting mainly of trade debtors, reclaimable taxes and prepayments amounted to $ 107,691 at June 30, 2015 compared to $ 102,213 at December 31, 2014. Inventory at June 30, 2015 amounted to $ 71,591 compared with an inventory of $ 111,137 at December 31, 2014. Inventory mainly consists of jewelry products and unworked gold belonging to the jewelry business.

Accounts payable and other liabilities amounted to $ 1,009,253 at June 30, 2015 compared with $ 869,322 at December 31, 2014. The current portion of a financing facility totaled $ 6,453 at June 30, 2015 compared to $ Nil at December 31, 2014. Amounts due to related parties at June 30, 2015 amounted to $ 3,635,348 compared to $ 3,095,983 at the end of 2014. In addition Galantas has a contingent liability arising from a payment demand from Her Majesty's Revenue and Customs in the amount of $ 596,834 (UK£ 304,290) in connection with an aggregate levy arising from the removal of waste rock from the mine site during 2008 and early 2009. The Company believes this claim is without merit.

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

Galantas completed a private placement financing during the first quarter of 2015 for aggregate gross proceeds of UK£ 316,677. Pursuant to the offering, an aggregate of 10,599,999 units were sold at a price of UK£ 0.03/ $0.05727 per common share. Additional loan advances from G&F Phelps Limited, a related party, during 2015 totalled $ 45,318.

Subsequent to June 30, 2015 Galantas completed a non-brokered private placement for aggregate gross proceeds of $ 2,400,000 (approximately UK£ 1,189,000). The placement comprised of the issue of 20 million units, each unit comprising of one common share and one share purchase warrant. The price of each unit was $ 0.12 (approximately UK£ 0.06). Each warrant entitles the holder to acquire a further common share of the Company at a price of $ 0.16 per share for a period twelve months from the date the subscription was closed. A four month hold period from closing will apply. The majority of the placement was taken up by Mr. Ross Beaty who will acquire 16,000,000 Units resulting in an interest before the exercise of warrants of 14.9% of Galantas issued and outstanding shares. If all the warrants under the placement were to be exercised, Mr. Beatty would have an interest in 32,000,000 common shares, which meets the definition of a control person by the TSXV. The placement shares will rank parri passu with the existing issued shares.

The Company intends to use the net proceeds of the placement for exploration, initiating the development of the underground Omagh gold-mine and for working capital purposes.

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

The consolidated financial statements have been prepared on a going concern basis as discussed in Note 1 of the June 30, 2015 consolidated financial statements. The Company's ongoing viability is dependent on obtaining planning consent for the development of an underground mine at Omagh and securing sufficient financing to fund ongoing operational activity and the development of the underground mine.

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

Off-Balance Sheet Arrangements

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

Related Party Transactions

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

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

The Company entered into the following transactions with related parties:

Director fees of $ 10,500 and $ 15,500 were accrued for the three and six months ended June 30, 2015 ($ 9,250 and $ 14,250 for the three and six months ended June 30, 2014). Stock-based compensation for these directors totalled $ 45,634 for the three and six months ended June 30, 2015 ($ Nil for the three and six months ended June 30, 2014).

Remuneration accrued for the President/CEO totalled $ 94,255 (UK£ 50,000) and $ 188,160 (UK£100,000) for the three and six months ended June 30, 2015 ($ 91,780 (UK£ 50,000) and $ 183,060 (UK£ 100,000) for the three and six months ended June 30, 2014). Stock-based compensation for the President/CEO totalled $ 45,633 for the three and six months ended June 30, 2015 ($ Nil for the three and six months ended June 30, 2014).

Remuneration of the CFO totalled $ 16,665 and $ 34,048 for the three and six months ended June 30, 2015 ($ 18,320 and $ 36,838 for the six months ended June 30, 2014). Stock based compensation for the CFO totalled $ 18,254 for the three and six months ended June 30, 2014 ($ Nil for the three and six months ended June 30, 2013).

At June 30, 2015 G&F Phelps Limited, a company controlled by a director of the Company, had amalgamated loans to Galantas of $ 2,585,820 (UK£ 1,318,354) (December 31, 2014 $ 2,338,872 (UK £ 1,294,268)) bearing interest at 2% above UK base rates, repayable on demand and secured by a mortgage debenture on all the Company's assets. The interest charged on the loan for the three and six months ended June 30, 2015 amounted to $ 17,012 (UK£8,844) and $ 33,622 (UK£ 17,868) respectively (three and six months ended June 30, 2014 $ 13,893 (UK£ 7,569) and $ 27,485 (UK£15,014 respectively). Interest accrued on related party loans is included under due to related parties. As at June 30, 2015, the interest accrued amounted to $ 271,783 (UK£ 138,566) (December 31, 2014 - $ 218,113 (UK£ 120,698)).

As at June 30, 2015 due to directors for fees totalled $ 70,500 (December 31, 2014 $ 55,000) and due to key management, mainly for salaries and benefits accrued at June 30, 2015, amounted to $ 707,245(UK£ 360,582 (December 31, 2014 - $ 483,998 (UK£ 267,831)) and are included with due to related parties.

During the second quarter of 2014 Galantas completed a private placement financing for aggregate gross proceeds of approximately UK£ 516,500. Pursuant to the offering, an aggregate of 10,330,000 units were sold at a price of UK£ 0.05/$ 0.09375 per common share. Kenglo, a related party, subscribed for 5,000,000 units for a sum of £250,000. As of June 30, 2015 Kenglo hold 13,222,068 shares and 5,000,000 warrants in Galantas representing 15.15% of the Galantas issued share capital, on a diluted basis. These holdings can change at any time at the discretion of the owner.

Also during the second quarter of 2014, and following the share consolidation and completion of the private placement, Roland Phelps (President& Chief Executive) exchanged a loan of UK £718,256 for 14,365,120 new common shares and Leo O'Shaughnessy (Chief Financial Officer) exchanged a loan of UK £16,025 for 320,500 new common shares under a shares for debt exchange as approved by shareholders earlier in 2014 and subsequently by the TSX Venture Exchange.

As of June,2015 and subsequent to the share consolidation and share for debt exchange Roland Phelps, Chief Executive Officer and director, owned, directly and indirectly, 21,472,925 common shares or approximately 24.6% of the outstanding common shares. Excluding the Kenglo One Limited shareholdings discussed above, the remaining shares are widely held, which include various small holdings which are owned by the other directors of the Company.

Proposed Transactions

The Company presently has no planned or proposed business or asset acquisitions.

Critical Accounting Estimates

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

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

- the recoverability of accounts receivable that are included in the consolidated statements of financial position;
- the recoverability of exploration and evaluation assets incurred on the Omagh underground mine is dependent upon the ability to obtain planning permission and secure sufficient funding for the development of the underground mine. Drilling has now been suspended, pending the availability of cash for future exploration. The Omagh underground mine and the open pit mine are considered as

one Cash generating unit ("CGU") and were tested for impairment at December 31, 2014. No impairment was noted and management is exploring opportunities to secure financing in anticipation of approval of planning permission;

- the estimated life of the ore body based on the estimated recoverable ounces or pounds mined from proven and probable reserves of the mine development costs which impacts the consolidated statements of financial position and the related depreciation included in the consolidated statements of loss;
- the estimated useful lives and residual value of property, plant and equipment which are included in the consolidated statements of financial position and the related depreciation included in the consolidated statements of loss;
- Stock-based payments – management is required to make a number of estimates when determining the compensation expense resulting from share-based transactions, including the forfeiture rate and expected life of the instruments;
- Derivative financial liability – management is required to make a number of estimates when determining the fair value of the derivative financial liability, including the forfeiture rate and expected life of the instruments;
- Functional currency – the functional currency for the parent entity and each of its subsidiaries, is the currency of the primary economic environment in which the entity operates. The parent entity has determined its functional currency is the Canadian dollar and each subsidiary to be the UK £ Sterling. Determination of functional currency may involve certain judgements to determine the primary economic environment and the parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined primary economic environment and
- Decommissioning liabilities has been created based on the estimated settlement amounts. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed quarterly and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to liability on a quarterly basis. Actual decommissioning costs will ultimately depend on actual future settlement amount for the decommissioning costs which will reflect the market condition at the time the decommissioning costs are actually incurred. The final cost of the currently recognized decommissioning provisions may be higher or lower than currently provided for.

Critical Accounting Judgments

- Income taxes – measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the annual audited consolidated financial statements;

- Going concern assumption – Going concern presentation of the consolidated financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

Accounting Policies including Initial Adoption

The Company applies International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of August 24, 2015 the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as set out on Note 4 of the most recent annual consolidated financial statements as at and for the year ended December 31, 2014. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2015 could result in restatement of these unaudited condensed interim consolidated financial statements.

Recent Accounting Pronouncements

IFRS 9 - Financial instruments - classification and measurement

IFRS 9 – Financial instruments was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. In July 2014, the IASB issued the final version of IFRS 9. The final amendments made in the new version include guidance for the classification and measurement of financial assets and a third measurement category for financial assets, fair value through other comprehensive income. The standard also contains a new expected loss impairment model for debt instruments measured at amortized cost or fair value through other comprehensive income, lease receivables, contract assets and certain written loan commitments and financial guarantee contracts. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. IFRS 9 will be effective for accounting periods beginning January 1, 2018. The Company is currently assessing the impact of this pronouncement.

Financial Instruments and Related Risks

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

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

(i) Credit risk and sales concentration
Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, accounts receivable and long-term deposit. Cash and long-term deposit are held with financial institutions and the United Kingdom Crown, respectively, from

which management believes the risk of loss to be minimal. All the revenues from sales are from one customer and the accounts receivable consist mainly of a trade account receivable from one customer, value added tax receivable and sales tax receivable. The Company is exposed to concentration of credit and sales risk with one of its customers. Management believes that the credit risk is minimized due to the financial worthiness of this company. Valued added tax receivable is collectable from the Government of Northern Ireland. Sales tax receivable is collectable from government authorities in Canada.

(ii) Liquidity risk
Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company manages liquidity risk by monitoring maturities of financial commitments and maintaining adequate cash reserves and available borrowing facilities to meet these commitments as they come due. As at June 30, 2015 the Company had a working capital deficit of $ 4,273,046 (December 31, 2014 - $ 3,731,696). All of the Company's financial liabilities have contractual maturities of less than 30 days other than certain related party loans which are due on demand. The Company is seeking additional capital to meet its current and ongoing commitments. As at June 30, 2015, the Company was cash flow negative. The Company's ongoing viability is dependent on obtaining planning consent for the development of an underground mine at Omagh and securing sufficient financing to fund ongoing operational activity and the development of the underground mine.

Galantas completed a private placement financing during the first quarter of 2015 for aggregate gross proceeds of UK£ 316,677. Pursuant to the offering, an aggregate of 10,599,999 units were sold at a price of UK£ 0.03/ $0.05727 per common share. Subsequent to June 30, 2015 Galantas completed a non-brokered private placement for aggregate gross proceeds of $ 2,400,000 (approximately UK£ 1,189,000). The placement comprised of the issue of 20 million units, each unit comprising of one common share and one share purchase warrant. The price of each unit was $ 0.12 (approximately UK£ 0.06).

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

(a) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances and significant interest-bearing debt due to related parties. The Company is exposed to interest rate risk on certain related party loans which bear interest at variable rates.

(b) Foreign currency risk
Certain of the Company's expenses are incurred in UK£ which is the currency of Northern Ireland and the United Kingdom while the Company's revenues are received in the currency of United States and are therefore subject to gains and losses due to fluctuations in these currencies against the functional currency.
(c) Commodity price risk
The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as it relates to gold to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis

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

(i)Certain related party loans are subject to interest rate risk. As at June 30, 2015, if interest rates had decreased/increased by 1% with all other variables held constant, the net loss on an annualized basis would have been approximately $ 25,000 lower/higher respectively, as a result of lower/higher interest rates from certain related party loans. Similarly, as at June 30, 2015 shareholders' equity would have been approximately $ 25,000 higher/lower as a result of a 1% decrease/increase in interest rates from certain related party loans.
(ii) The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable and advances, long-term deposit, accounts payable and other liabilities and due to related parties that are denominated in UK£. As at June 30, 2015, had the UK£ weakened/strengthened by 5% against the CAD with all other variables held constant, the Company's other consolidated comprehensive income for the three months ended June 30, 2015 would have been approximately $ 132,000 higher/lower as a result of foreign exchange losses/gains on translation of non-CAD denominated financial instruments. Similarly, as at June 30, 2015, shareholders' equity would have been approximately $ 132,000 lower/higher had the UK£ weakened/strengthened by 5% against the CAD as a result of foreign exchange losses/gains on translation of non-CAD denominated financial instruments.
(iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of gold. Gold prices have fluctuated widely in recent years. There is no assurance that, even as commercial quantities of gold may be produced in the future, a profitable market will exist for them. A decline in the market price of gold may also require the Company to reduce production of its mineral resources, which could have a material and adverse effect on the Company's value. Net income would be impacted by changes in average realized gold prices. Sensitivity to a plus or a minus 10% change in average realized gold prices on the inventories would affect net loss/income and shareholders' equity by approximately $ 7,000.

Capital Management

The Company manages its capital with the following objectives:

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

- to maximize shareholder return.

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

The Company considers its capital to be equity, which is comprised of share capital, reserves and accumulated deficit which at June 30, 2015 totalled $ 5,297,340 (December 31, 2014 - $ 5,047,117). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on its exploration activities. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the six months ended June 30, 2015. The Company is not subject to any capital requirements imposed by a lending institution.

Disclosure of Internal Controls

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements, and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flow of the Company, as of the date of and for the periods presented.

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

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

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Disclosure of Other MD&A Requirements

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

General Administrative Expenses for the Quarters ended June 30, 2015 and June 30, 2014 are detailed below:

Expense Account	Quarter Ended June 30, 2015 $	Quarter Ended June 30, 2014 $
Management & administrative wages	130,548	130,671
Other operating expenses	11,715	27,477
Accounting & corporate	15,688	15,869
Legal & audit	19,098	52,411
Stock-based compensation	338,000	0
Shareholder communication and investor relations	67,927	67,049
Transfer agent	8,653	24,527
Directors fees	10,500	9,250
General office	1,984	2,462
Accretion expenses	2,976	2,898
Loan interest and bank charges	17,763	14,914
Total	**$ 624,852**	**$ 347,528**

General administrative expenses for the quarter ended June 30, 2015 totalled $ 624,852 compared to $ 347,528 for the quarter ended June 30, 2014.

Management and administrative wages, the majority of which are incurred in UK£, include payroll costs of both Galantas corporate and at the Omagh mine which totalled $ 130,458 for the quarter ended June 30, 2015 compared to $ 130,671 for the second quarter of 2014. Other operating expenses, the majority of which are also incurred in UK£ and include amongst others professional fees, insurance costs and travel amounted to $ 11,715 for the quarter ended June 30, 2015 compared to $ 27,477 for the corresponding period of 2014. The low level of other operating expenses in the second quarter is as a result of a credit of approximately $ 8,300 arising from certain costs being included in other operating expenses during the first quarter which were subsequently capitalised with the benefit reflected in the second quarter costs. Accounting and corporate costs for the quarter amounted to $ 15,688 compared to $ 15,869 for the corresponding quarter of 2014. Legal and audit costs totalled $ 19,098 for the quarter compared to $ 52,411 for the second quarter of 2014. Legal costs for the second quarter amounted to $ 1,000 which compared with $ 36,422 for the second quarter of 2014**.** The higher level of legal fees in the second quarter of 2014 was due to increased legal costs both at the Galantas Gold Corporation level in connection with the both the shares for debt exchange and the share consolidation together with increased legal costs at at the Omagh mine in connection with its corporate affairs. Audit fees for the second quarter amounted to $ 18,098 compared to $ 15,989 for the second quarter of 2014. The higher level of audit fees in the second quarter of 2015 was due to an under provision of annual audit fees in 2014 which under provision is now included in the second quarter 2015 costs.

Stock-based compensation costs for the second quarter of 2015 amounted to $ 338,000 compared to $ Nil for the corresponding quarter of 2014. Stock based compensation costs in second quarter of 2015 were in connection with stock options granted during the second quarter which vested immediately.

Shareholder communication and investor relations costs amounted to $ 67,927 for the second quarter of 2015 compared to $ 67,049 for the corresponding quarter of 2014. Shareholder communication costs include investor relations, shareholders information, filing fees and listing fees and in the current quarter include certain costs in connection with the holding of the Company's AGM. Shareholder communication costs were higher in the second quarter of 2015 due to increased investor relations costs. Shareholder communication costs were also higher in the first quarter of 2014 due to increased filing and listing fees arising from the private placement, the shares for debt exchange and the share consolidation. Transfer agents fees for the second quarter of 2015 amounted to $ 8,653 compared to $ 24,527 incurred in 2014. Transfer agent's costs for both periods include certain costs in connection with the holding of the Company's AGM. The higher level of fees in 2014 was mainly due to the Galantas share consolidation which was effected during the second quarter of 2014. Directors' fees for the second quarter of 2015 totalled $ 10,500 compared to $ 9,250 for the second quarter of 2014. General office expenses for the second quarter of 2015 amounted to $ 1,984 compared to $ 2,462 for 2014. Accretion expenses for the second quarter of 2015 amounted to $ 2,976 which compared to $ 2,898 for the second quarter of 2014. The accretion charge is in connection with the Company's decommissioning liability. Loan interest and bank charges for the second quarter of 2015 amounted to $ 17,763 compared to $ 14,914 for the quarter ended June 30, 2014. The higher level of loan interest in the current quarter reflects the increased level of borrowings in 2015 when compared to the second quarter of 2014.

General Administrative Expenses for the Six Months ended June 30, 2015 and June 30, 2014 are detailed below:

Expense Account	**Six Months Ended June 30, 2015 $**	**Six Months Ended June 30, 2014 $**
Management & administrative wages	261,167	268,704
Other operating expenses	45,487	64,381
Accounting & corporate	31,084	30,496
Legal & audit	44,908	81,353
Stock-based compensation	338,000	0
Shareholder communication and investor relations	98,144	92,653
Transfer agent	10,633	27,603
Directors fees	15,500	14,250
General office	3,965	4,784
Accretion expenses	5,942	5,781
Loan interest and bank charges	35,554	29,704
Total	**886,384**	**619,709**

General administrative expenses for the six months ended June 30, 2015 totalled $ 886,384 compared to $ 619,709 for the six months ended June 30, 2014.

Management and administrative wages, the majority of which are incurred in UK£, include payroll costs of both Galantas corporate and the Omagh mine which totalled $ 261,167 for the six months ended June 30, 2015 compared to $ 268,704 for the first half of 2014. Other operating expenses, the majority of which are also incurred in UK£ by Omagh Minerals, and include amongst others professional fees, insurance costs, training and travel amounted to $ 45,487 for the six months ended June 30, 2015 compared to $ 64,381 for the corresponding period of 2014. Other operating costs at the Omagh mine were lower in the first half of 2015 when compared to 2014 following the suspension of production in the fourth quarter of 2013. Accounting and corporate costs for the first half of 2015 amounted to $ 31,084 compared to $ 30,496 for the corresponding period of 2014. Legal and audit costs totalled $ 40,908 for the six months compared to $ 81,353 for the first half of 2014. Legal costs amounted to $ 4,000 which compared with $ 50,787 for the first half of 2014**.** The higher level of legal fees in the first half of 2014 was due to increased legal costs both at the Galantas Gold Corporation level in connection with the shares for debt exchange, the share consolidation and the holding of the special shareholders meeting together with increased legal costs at the Omagh mine in connection with its corporate affairs. Audit fees for the six months amounted to $ 36,908 compared to $ 30,566 for the corresponding period of 2014. The higher level of audit fees in 2015 is due to an under provision of annual audit fees in 2014 which under provision is now reflected in 2015 costs.

Stock-based compensation costs for the first half of 2015 amounted to $ 338,000 compared to $ Nil for the corresponding period of 2014. Stock based compensation costs in 2015 were in connection with stock options granted during the second quarter of 2015 which vested immediately.

Shareholder communication and investor relations costs amounted to $ 98,144 for the first six months of 2015 compared to $ 92,653 for 2014. Shareholder communication and investor relations costs include investor relations, shareholders information, filing fees, listing fees and certain costs in connection with the holding of the Company's AGM. Shareholder communication costs in the first half of 2015 were higher than previous periods due to increased investor relations costs together with filing and listing fees relating to the private placement in the first quarter of 2015. Shareholder communication costs were also higher in the first half of 2014 due to increased filing and listing fees arising from the private placement, the shares for debt exchange and the share consolidation which were effected during the first half of 2014. Transfer agents fees amounted to $ 10,633 compared to $ 27,603 incurred in the first six months of 2014. Transfer agent's costs for both periods include certain costs in connection with the holding of the Company's AGM. The higher level of fees in 2014 was mainly due to the Galantas share consolidation which was effected during the second quarter of 2014. Directors' fees totalled $ 15,500 compared to $ 14,250 for the first half of 2014. General office expenses for the first half of 2015 amounted to $ 3,965 compared to $ 4,784 for 2014.

Accretion expenses on the convertible loan for the first half of 2015 amounted to $ 5,942 which compared to $ 5,781 for the corresponding period of 2014. The accretion charge is in connection with the Company's decommissioning liability. Loan interest and bank charges for the first half of 2015 amounted to $ 35,554 compared to $ 29,704 for the corresponding period of 2014. The higher level of loan interest in the current period reflects the increased level of borrowings and marginally higher interest rates in 2015.

This has resulted in General administrative expenses totalling $ 927,384 and $ 619,709 for the respective periods.

Disclosure of Outstanding Share Data

At August 24, 2015 there were a total of 107,297,154 shares issued, warrants to purchase 30,966,000 common shares with expiry dates from May 2016 to February 2018 and 4,640,000 stock options with expiry dates from November 2015 to June 2020.

Events after the Reporting Period

Subsequent to June 30, 2015 Galantas completed a non-brokered private placement for aggregate gross proceeds of $ 2,400,000 (approximately UK£ 1,189,000). The placement comprised of the issue of 20 million units, each unit comprising of one common share and one share purchase warrant. The price of each unit was $ 0.12 (approximately UK£ 0.06). Each warrant entitles the holder to acquire a further common share of the Company at a price of $ 0.16 per share for a period twelve months from the date the subscription was closed. A four month hold period from closing will apply. The majority of the placement was taken up by Mr. Ross Beaty who will acquire 16,000,000 Units resulting in an interest before the exercise of warrants of 14.9% of Galantas issued and outstanding shares. The placement shares will rank parri passu with the existing issued shares. The Company intends to use the net proceeds of the placement for exploration, initiating the development of the underground Omagh gold-mine and for working capital purposes.

Trends Affecting the Company's Business

<u>Gold Price in US Dollars and UK Sterling</u>

The Gold concentrate output from the Omagh Mine, when operational, is sold in US dollars. Most of the value is accrued from the gold content. The following table was previously composed from data published by the Bank of England (BOE) of average monthly gold price in US$ and UK £ (Sterling) per troy ounce. However, the company is aware that from April 2015, part of the (BOE) sterling pricing was not correct as published and has now been corrected.

The gold price in terms of US$ and UK£ declined during the second quarter with the price averaging US$ 1,170 and UK£ 778 for the second quarter of 2015, compared to US $ 1,289 and UK£ 766 for the second quarter of 2014 respectively. The average price for the first six months of 2015 averaged US$ 1,195 and UK£ 791 compared to US $ 1,291 and UK£ 774 for the first half of 2014 respectively. Since the end of the second quarter, the gold price has continued to trend downwards.

MONTH	Gold Price US $ per oz.	Gold Price UK£ per oz.	Quarterly Average US$	Quarterly Average UK£
JANUARY 2014	1244.80	755.98		
FEBRUARY 2014	1300.98	785.45		
MARCH 2014	1336.08	803.81	1293.95	781.74
APRIL 2014	1299.00	775.79		
MAY 2014	1287.53	764.40		
JUNE 2014	1279.10	756.69	1288.54	765.63
JULY 2014	1310.97	767.94		
AUGUST 2014	1295.99	775.7		
SEPT 2014	1238.82	759.37	1281.92	767.67
OCTOBER 2014	1222.49	760.64		
NOVEMBER 2014	1176.30	745.61		
DECEMBER 2014	1201.20	767.82	1200.00	758.03
JANUARY 2015	1251.85	826.34		
FEBRUARY 2015	1227.19	800.78		
MARCH 2015	1178.63	788.23	1219.22	805.12
APRIL 2015	1197.91	800.88		
MAY 2015	1199.05	775.24		
JUNE 2015	1181.73	758.95	1170.27	778.36
JULY 2015	1130.04	726.07		

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

The US Dollar / UK£ Sterling Currency Exchange Rate

The following table is drawn from Bank of England data that gives the monthly average spot exchange rate of US $ to UK£ Sterling. Sales revenues at the Omagh mine (when active) are designated in US Dollars and are converted to UK£, as operating, exploration and capital costs are designated in UK £ (Sterling). Thus a stronger US$/weaker UK£ is to the Company's financial benefit. A trend to a stronger US$ exhibited in the second half of 2014 continued into the first quarter of 2015 but has now reversed with a marginal weakening of the US$ during the second quarter.

The US Dollar averaged $ 1.53 to the UK£ in the second quarter of 2015 compared to $ 1.68 in the second quarter of 2014. The US Dollar averaged $ 1.52 for the first six months of 2015 compared to $ 1.67 for the first six months of 2015.

MONTH	Average US $:£	Quarterly Average US$:£	Average Can$:£	Quarterly Average Can$:£
JANUARY 2014	1.65		1.80	
FEBRUARY 2014	1.66		1.83	
MARCH 2014	1.66	1.66	1.85	1.83
APRIL 2014	1.67		1.84	
MAY 2014	1.68		1.84	
JUNE 2014	1.69	1.68	1.83	1.84
JULY 2014	1.71		1.83	
AUGUST 2014	1.67		1.83	
SEPT 2014	1.63	1.67	1.79	1.82
OCTOBER 2014	1.61		1.80	
NOVEMBER 2014	1.58		1.79	
DECEMBER 2014	1.56	1.58	1.80	1.80
JANUARY 2015	1.51		1.83	
FEBRUARY 2015	1.53		1.92	
MARCH 2015	1.50	1.51	1.89	1.88
APRIL 2015	1.50		1.85	
MAY 2015	1.55		1.88	
JUNE 2015	1.56	1.53	1.93	1.88
JULY 2015	1.56		2.00	

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

<u>The Canadian Dollar / UK£ Sterling Currency Exchange Rate.</u>

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

The Canadian Dollar has been weakling against the UK£ since the beginning of 2015 with a pronounced trend of a weakening later in the second quarter with this trend continuing into the third quarter. The Canadian dollar averaged $ 1.88 to the UK£ during the second quarter of 2015 which compared to the average rate of $ 1.84 for the second quarter of 2014. The Canadian Dollar averaged $1.88 for the first six months of 2015 compared to $ 1.835 for the first six months of 2014.

<u>Financing Trends</u>

Difficulties in the Western credit markets have impacted on all companies entering into banking credit arrangements. However, the Company has entered into early stage discussions with banking lenders and other institutions as to the availability of suitable finance in regard to underground mine development.

The relative weakness of the Canadian and UK equity markets for junior mining companies continues and the malaise in this market sector has restricted financing opportunities. Despite this, the company has been successful post quarter end in closing a private placement.

Political Trends

In Northern Ireland, the widely acknowledged political agreement has consolidated the positive financial effects of peace and stability in the province, but there continues a low level of activity by those not allied to the peace process.

There appears to be a good appreciation of the employment opportunities within the Company's operations. This has been strengthened by continued dialogue with political representatives at local and senior level.

Risks and Uncertainties

Galantas operates in a sector – mineral production and exploration – which carries inherent risks only some of which are within management's ability to reduce or remove. The main sector risk is always metal price. An investment in the securities of the Company is highly speculative and involves numerous and significant risks. It should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risks and Uncertainties" in the Company's MD&A for the fiscal year ended December 31, 2014, available on SEDAR at ***www.sedar.com***. There have been no significant changes to such risk factors since the date thereof.