GALANTAS GOLD CORPORATION

Management's Discussion and Analysis

Year Ended

December 31, 2014

GALANTAS GOLD CORPORATION

`MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended December 31, 2014

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 year ended December 31, 2014. 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. 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 April 23, 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 will receive full planning consent acceptable to the Company on a timely basis 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 underground	Delays in obtaining planning permission for the development of the underground mine; onerous planning conditions 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 future exploration results will not

	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	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 fiscal year 2014	Management's belief that no further write- down is required for its property and equipment	If the Company does not obtain equity or debt financing on terms favorable to the Company or at

	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	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 April 23, 2014.

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 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:

- Obtain the necessary planning permits for the underground development;
- Obtain additional funding to allow it to continue the expanded exploration programme and the further development of its underground mine plans;
- 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. Subsequently the Company continued work on updating the 2013 resource estimate to incorporate results from later drill holes not previously included and on the finalising of a revised NI 43-101 report. The work included the preperation of a detailed mining plan, mining schedule and comprehensive cost estimates, based upon underground working of the Joshua and Kearney veins.

Galantas completed this work during the third quarter of 2014 and reported on the 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. 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.

Mining Project

The project currently embraces an open pit mine which supplied ore to a crushing-grinding-froth flotation plant. The plant was commissioned in 2007 and is 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 as a result of a reduction in the concentrate gold grade coupled with falling gold prices. Subsequently the Company commenced tests with regards to continuing production on a limited scale through the processing of tailing cells filled during the earlier operation of the mine. However a subsequent investigation of process economics suggested that this proposed operation may best be carried out in conjunction with processing ore from the underground mine.

Underground Mine Plan

During 2012 the planning application for an underground mine was submitted to the Planning Services of Northern Ireland. Discussions have continued with the planning services with regards to the underground mine plan and a planning determination is now anticipated in the second quarter of 2015 though it should be noted that the timeline for delivery of the determination is not within the control of the Company.

Gold Jewellery Business

During 2014 Galantas restructured it's jewelry operations. This involved the transfer to Omagh Minerals Limited of the trade formerly carried out by Galantas Irish Gold. Galantas continues to review joint venture opportunities related to its gold jewellery business as management focus is now entirely on the mine operation. Subsequently during 2014 the assets derived from Galantas Irish Gold Limited were sold to Flintridge Resources Limited.

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 and administration employed 7 personnel as of December 31, 2014.

Key Performance Driver

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

Overview of 2014

There was minimal production at, or shipments from, the Omagh mine during the year ended December 31, 2014 following the suspension of the processing of low grade ore during the fourth quarter of 2013 as a result of a reduction in the concentrate gold grade coupled with lower gold prices. Tests with regards to continuing production on a limited scale through the processing of tailing cells filled during the earlier operation of the mine were undertaken during the first half of 2014. However a subsequent investigation of process economics suggested that this proposed operation may best be carried out in conjunction with processing ore from the underground mine.

Galantas incurred a net loss of $ 5,264,727 for the year ended December 31, 2014 which included an impairment loss of $ 3,170,202 compared with a net loss of $ 1,944,355 for the year ended December 31, 2013. 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 $ 1,914,269 for year ended December 31, 2014 compared with a cash loss from operations of $ 1,351,897 for 2013. The cash loss from operating activities after changes in non-cash working capital items amounted to $ 1,172,258 for the year ended December 31, 2014 compared to a cash loss of $ 869,781 for 2013.

The Company had cash balances at December 31, 2014 of $ 20,259 compared to $ 166,617 at December 31, 2013. The working capital deficit at December 31, 2014 amounted to $ 3,731,696 which compared with a working capital deficit of $ 3,904,304 at December 31, 2013.

A special meeting of shareholders took place in January 2014 which approved the implementation of a share consolidation together with an exchange of shares for debt. A share consolidation on the basis of one post-consolidated common shares for five pre-consolidated common shares was subsequently approved by the TSX Venture Exchange. In addition a share for debt exchange of 15,125,140 common shares for UK£ 756,257/$ 1,389,150 of the Company's debt, as approved by shareholders and the TSX Venture Exchange, was completed during the second quarter of 2014.

In April 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. Each unit is comprised of one common share and one common share purchase warrant. Subsequent to December 31, 2014 Galantas completed a private placement financing 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.

During the third quarter of 2014, and following a strategic review of its business, the Company established a separate subsidiary, Flintridge Resources Limited, following which certain assets owned by Omagh Minerals were acquired by Flintridge. This process involved a revaluation of the Company's assets which has resulted in an impairment loss of $ 3,170,202 which is reflected in the 2014 financial results.

Work was completed during the third quarter of 2014 on updating the resource estimate incorporating results from later drill holes not available previously enabling Galantas to report on the revised updated estimate of gold resources together with a Preliminary Economic Assessment (PEA) update. 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 Technical Report on SEDAR during the third quarter, as required by NI 43-101.

Review of Financial Results

Year Ended December 31, 2014

The net loss for the year ended December 31, 2014 amounted to $ 5,264,727 which includes an asset impairment loss of $ 3,170,202 and compares to a net loss of $ 1,944,355 for the year ended December 31, 2013 as summarized below.

	Year Ended December 31, 2014 $	Year Ended December 31, 2013 $
Revenues	**8,332**	**1,531,473**
Production costs	379,379	1,603,685
Inventory movement	0	(12,616)
Cost of sales	**379,379**	**1,591,069**
(Loss) before the undernoted	**(371,047)**	**(59,596)**
Depreciation	237,813	500,756
General administrative expenses	1,347,736	1,188,397
(Gain)loss on disposal of property, plant and equipment	(20,098)	105,811
Unrealized (gain) on fair value of derivative financial liability	(15,000)	0
Impairment of property,plant and equipment	3,170,202	0
Foreign exchange loss	173,027	89,795
Net (Loss) for the year	**$ (5,264,727)**	**$ (1,944,355)**

Sales revenues for the year ended December 31, 2014 amounted to $ 8,332 which compared to sales revenues of $ 1,531,473 for year ended December 31, 2013. Following the suspension of production during the fourth quarter of 2013 there were no concentrate sales from the mine during 2014.

Cost of sales include production costs at the mine and inventory movements and totalled $ 379,379 for the year ended December 31, 2014 compared to $ 1,591,069 for 2013. A summary of cost of sales is set out on Note 16 of the December 31, 2014 consolidated financial statements.

Production costs for the year ended December 31, 2014 amounted to $ 379,379 compared to $ 1,603,685 for the year ended December 31, 2013. 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 2014 and this is reflected in the lower production costs which were incurred in connection with both ongoing processing testwork at the mine and ongoing care and maintenance costs. These lower production costs included decreases in Production wages of $ 435,000 to $ 156,101 reflecting the reduced cost of production personnel following the redundancies that were effected during 2013, Oil and fuel decreases of $ 521,814 to $ 37,233 arising from reduced usage following the suspension of production, Repairs and servicing cost decreases of $ 66,758 to $ 56,629 due primarily to the reduced level of maintenance charges in the mill, Equipment hire decreases of $ 18,149 to $ 19,607 arising from the off-hire of machinery following the suspension of production, Consumable cost decreases of $ 151,654 to $ 9,932 due to there being limited throughput in the mill and Carriage costs decreases of $ 29,783 to $ Nil arising from there being no shipments during 2014. Royalty costs for the year amounted to

$ 38,921 compared to $ 34,747 for 2013. The royalty 2014 charge is mainly a fixed minimum charge irrespective of there being no sales revenues during the period.

The inventory movement of $ Nil for the year ended December 31,2014 compared to an inventory movement credit of $ 12,616 for 2013 which movement reflected an increase in inventory at December 31, 2013 when compared to January 1, 2013 inventory levels.

This has resulted in a net operating loss of $ 371,047 before depreciation, general administrative expenses, gain on disposal of property, plant and equipment, unrealized gain on fair value of derivative financial liability, impairment of property,plant and equipment and foreign exchange loss for year ended December 31,2014 compared to a net operating loss of $ 59,596 for 2013.

Depreciation of property, plant and equipment excluding mine development costs totalled $ 237,813 during the year ended December 31,2014 which compared with $ 429,963 for 2013. This decrease is due to both the lower asset values of property, plant and equipment following the impairment during 2014 together with the depreciation charge being calculated on the reducing balance basis. Depreciation of mine development costs for the year ended December 31,2014 which is calculated on the unit of production basis, amounted to $ Nil compared to $ 70,793 for 2013. Following the suspension of production there was no depreciation of mine development costs during 2014.

General administrative expenses for the year ended December 31,2014 amounted to $ 1,347,736 compared to $ 1,188,397 for 2013. General administrative expenses are reviewed in more detail in Other MD&A Requirements on pages 27 and 28 of the MD&A.

The gain on disposal of property, plant and equipment during the year ended December 31,2014 amounted to $ 20,098 compared to a loss of $ 105,811 for 2013.

The unrealized gain on fair value of derivative financial liability, which amounted to $ 15,000 compared to $ Nil for 2013, arose as a result of the exercise price of the warrants issued during the second quarter 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 profit or loss as an unrealized gain or loss on fair value of derivative financial liability. See Note 14(c) of the December 31, 2014 consolidated financial statements.

There was an impairment of property, plant and equipment during the year ended December 31,2014 which amounted to $ 3,170,202 compared to $ Nil for 2013. This impairment followed a strategic review by the Company of its business, which process involved a revaluation of the Company's assets resulting in the aforementioned impairment loss. The foreign exchange loss for 2014 of $ 173,027 compared with a foreign exchange loss of $ 89,795 for 2013.

This has resulted in a net loss of $ 5,264,727 for the year ended December 31,2014 compared to a net loss of $ 1,944,355 for 2013. 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 $ 1,914,269 for the year ended December 31,2014 compared to a cash loss from operating activities of $ 1,351,897 for the year ended December 31,2013 as per the Consolidated Statements of Cash Flows. The cash loss from operating activities after changes in non-cash working capital items amounted to $ 1,172,258 for 2014 compared to a cash loss of $ 869,781 for 2013.

Foreign currency translation gain, which is included in Consolidated Statements of Profit or Loss and Other Comprehensive Income amounted to $ 350,870 for the year ended December 31,2014 which compared to a foreign currency translation gain of $ 777,304 for 2013. This resulted in a Total comprehensive loss of $ 4,913,857 for the year ended December 31,2014 compared to a Total comprehensive loss of $ 1,167,051 for the year ended December 31, 2013. 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 Pound Sterling, being translated to Canadian dollars at year end exchange rates. The Canadian dollar exchange rate had weakened against UK£ at December 31, 2014 and December 31,2013 when compared to January 1, 2014 and January 1, 2013 which has resulted in an increase in the Canadian dollar value of these net assets at December 31, 2014 and December 31,2013 when compared to January 1, 2014 and 2013 resulting in the foreign currency translation gain.

Total assets at December 31, 2014 amounted to $ 9,933,966 compared to $ 13,353,812 at December 31, 2013. Cash at December 31, 2014 was $ 20,259 compared to $ 166,617 at December 31, 2013. Accounts receivable and advances consisting mainly of trade debtors, reclaimable taxes and prepayments amounted to $ 102,213 at December 31, 2014 compared to $ 405,124 at December 31, 2013. The decrease in accounts receivable and advances is mainly due to a reduction in concentrate sales receivables and prepaids. Inventories at December 31, 2014 amounted to $ 111,137 compared with an inventory of $ 338,865 at December 31, 2013. Inventory mainly consists of jewellery products and unworked gold belonging to the jewellery business. The decrease arose from the revaluation of jewellery products and unworked gold during the year.

Property, plant and equipment totalled $ 7,087,455 compared to $ 10,100,319 at December 31, 2013. The decrease in Property, plant and equipment was mainly due to a revaluation of the Company's assets during 2014 which resulted in an impairment loss. This revaluation followed a strategic review of its business by the Company. Exploration and evaluation assets, consisting of development expenditures for the underground mine, totalled $ 2,070,772 at December 31, 2014 compared to $ 1,875,771 at the end of 2013. Long term deposit at December 31, 2014, representing funds held in trust in connection with the Company's asset retirement obligations, amounted to $ 542,130 compared to $ 467,116 at December 31, 2013.

Current liabilities at December 31, 2014 amounted to $ 3,965,305 compared to $ 4,814,910 at the end of 2013. The working capital deficit at December 31, 2014 amounted to $ 3,731,696 compared to a working capital deficit of $ 3,904,304 at December 31, 2013. Accounts payable and other liabilities totalled $ 869,322 compared to $ 1,217,360 at December 31, 2013. Amounts due to related parties at December 31, 2014 amounted to $ 3,095,983 compared to $ 3,597,550 at the end of 2013. The reduction in related party liability is mainly due to the share for debt exchange that was completed during the second quarter offset by advances of $ 272,850 from G&F Phelps, a related party. The decommissioning liability at December 31, 2014 amounted to $ 553,544 compared to $ 528,810 at December 31, 2013.

The derivative financial liability at December 31, 2014 amounted to $ 368,000 compared to $ Nil at the end of 2013. The derivative financial liability arose as a result of the exercise price of the warrants issued during the second quarter of 2014 being denominated in a currency other than the functional currency, resulting in these warrants being considered a derivative financial liability. See Note 14(c) of the December 31, 2014 consolidated financial statements.

Selected Annual Information

	Year Ended December 31 2014 IFRS	Year Ended December 31 2013 IFRS	Year Ended December 31 2012 IFRS	Year Ended December 31 2011 IFRS	Year Ended December 31 2010 IFRS
Revenue (including interest income)	$ 8,332	$ 1,531,473	$ 4,659,330	$ 9,492,157	$ 6,831,410
Net income (loss)	$ (5,264,727)	$ (1,944,355)	$ (593,866)	$ 1,610,990	$ 750,200
Net income (loss) per share basic	$ (0.08)	$ (0.04)	$ (0.02)	$ 0.07	$ 0.03
Net income (loss) per share diluted	$ (0.08)	$ (0.04)	$ (0.00)	$ 0.01	$ 0.00
Cash and cash equivalents	$ 20,259	$ 166,617	$ 1,164,868	$ 4,240,081	$ 2,661,798
Working Capital (Deficit)	$ (3,731,396)	$ (3,904,304)	$ (2,309,307)	$ (536,142)	$ (292,336)
Total Assets	$ 9,933,996	$ 13,353,812	$ 14,019,111	$ 14,070,093	$ 9,912,522
Long Term Liabilities	$ 0	$ 0	$ 0	$ 0	$ 0
Shareholders' Equity	$ 5,047,117	$ 8,010,092	$ 9,141,183	$ 7,495,306	$ 5,407,725

The Net Loss for Year Ended December 31, 2014 is discussed in Review of 2014 Financial Results on pages 8 to 10 of this MD&A. 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. The Company does not have any extraordinary items and has not declared a dividend for the years presented above.

Prior to the suspension of production in late 2013 revenue primarily consisted of sales of concentrates from the Omagh mine. Revenue is discussed in Review of 2014 Financial Results on pages 8 to 10 of this MD&A.

Cash levels at December 31, 2014 and 2013 were below those of earlier years reflecting the cash loss from operations, expenditures on the Company's exploration programme and underground development costs during both years.

Up to 2009 the Company's working capital deficit had been increasing from year to year due to both increases in loans from related parties and long term liabilities being reclassified as current liabilities. The Company's improved financial performance together with the 2010 private placement enabled Galantas to substantially reduce its working capital deficit in 2010 and 2011. The increased working capital deficit at December 31, 2012 reflects both the expenditures on the Company's exploration drilling programme and underground development costs together with capital expenditures and in particular the land acquisition during 2012. The further increased working capital deficits at December 31, 2013 and December 31, 2014 reflect the cash loss from operations, expenditures on the Company's exploration programme and underground development costs during 2013 and 2014.

Total assets had reduced at December 31, 2009 as a result of the 2009 impairment charge and the depreciation of assets. However the Company's improved performance together with the private placement in 2010 and debenture loan in 2011 resulted in an increase in total assets at December 31, 2010, 2011 and 2012. The decrease in total asset at the end of 2013 was mainly as a result of the Company's reduced cash position. The further decrease in total assets at the end of 2014 was mainly as a result of the 2014 imparment charge on property plant and equipment.

Long term liabilities are $ Nil at December 31, 2014 as a result of the related party loans now being reclassified within current liabilities.

Following the earlier 2008 and 2009 reductions in shareholders' equity due primarily to losses incurred in those years there was an increase in shareholders equity in 2010 and 2011 following the Company's return to profitability. Shareholders equity further increased in 2012 following the shares issued in exercise of the Kenglo warrants. This increase was partially offset by the losses incurred in 2012 and 2013. The 2014 decrease in shareholders equity was primarily due to the loss incurred in 2014 partially offset by the increase in share capital following both the 2014 private placement and the shares issued in exchange for debt.

REVIEW OF OPERATIONS

2014 Financing Activities

During the second quarter 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. Each unit comprised of one common share and one common share purchase warrant. Each warrant will entitle the holder to acquire a further common share of the Company at a price of UK£ 0.10 per share for a period two years from the date the subscription was closed. Commissions of $ 8,126 were paid in connection with the placing.

Additional advances from G&F Phelps, a related party, during 2014 totalled $ 272,850.

Subsequent to December 31, 2014 Galantas completed a private placement financing 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.

2014 Production

There was minimal production at the Omagh mine during the year ended December 31, 2014.

Production at the Omagh mine was suspended in the fourth quarter of 2013 following a fall in the concentrate gold grade together with weakening gold prices. The main production focus during 2013 had been on the processing of ore from the low grade stockpile. Earlier in 2013 there had been some limited open pit mining on the Kerr vein which ceased during the first quarter when the pit met its planned design limit. In 2012 mining from the Kearney pit had become totally restricted as a result of the surplus rock stockpile on the site reaching capacity levels. This surplus rock was due to be transported from the site in 2012 with the Omagh mine having completed construction of public road improvements at its own cost to comply with the conditions of the planning consent. However, following a judicial review brought by a private individual on the grounds of procedural failings by Planning Services, the planning consent was quashed with the surplus rock remaining on site. This ongoing limitation resulted in production being from low grade sources up until the suspension of production in late 2013 which resulted in further cost reduction measures being implemented at the Omagh mine including the laying off of the majority of its operatives.

Later in 2013 and during the first half of 2014 the Company commenced pilot tests with regards to the processing of tailing cells filled during the earlier operation of the mine. The results confirmed pre-existing data that indicated the tailings contain between 0.5g/t gold and 1 g/t gold and would meet European Union standards for definition as inert material. A low energy cost processing solution, based upon a Knelson CD12 centrifugal gravity concentrator, which was already utilised in the gold processing plant in a secondary role, was pilot tested as a prime re-treatment component for flotation tailings. The initial testwork was encouraging. The tailings did not require comminution (crushing and grinding) for re-processing by this method. Extended in-house tests with the Knelson concentrator produced a variation in results in terms of grade and recovery. Consequently, alternative gravity oriented test-work was carried out. The results successfully indicated that it is possible to uprate tailings by a low energy consuming, bulk gravity method from 0.5-1.0 g/t to 2-3 g/t gold. The higher feed grade produced in testing has been tested with froth flotation in the Company's in-house laboratory to simulate production flotation in the company's processing plant, followed by an additional gravity scavenging treatment. The results indicated that a finer grind than was previously required may be necessary to enhance the concentrate grade.

A subsequent investigation of process economics concluded that the processing of tailing cells may best be carried out in conjunction with processing ore from the underground mine.

Planning

During 2012 the planning application for an underground mine together with the Environmental Impact Study in connection with the proposed underground development were submitted to the Planning Services. Extensive consultations have taken place since then with statutory, regulatory agencies and third parties. The Company now understands a timeline in the second quarter of 2015 is possible for a final determination. However it should be noted that the timeline for delivery of the determination is not within the control of the Company.

Reserves and Resources

During 2012 ACA Howe International Ltd (Howe UK) completed an Interim Resource to Canadian National Instrument NI 43-101 compliant mineral resource estimate and a Preliminary Economic Assessment for the Omagh Gold Project (see press release dated July 3, 2012). 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 a complete Technical Report 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 5, 2013 (see press release dated June 12, 2013). The drilling programme, subsequent to June 2012, was targeted to increase the amount of measured and indicated resources related to the potential development of an underground mine. Galantas subsequently filed an updated Technical Report on SEDAR in July 2013.

Work continued during 2014 on updating the resource estimate to incorporate results from later drill holes not available previously. The main veins were re-strung to incorporate the new drill data and accommodate the revised cut-off grade and minimum mining width parameters. Importantly, the Joshua and Kearney drill intersects were strung to individual historic channels, this time consuming process has incorporated all of the available assay data in order to make a more informed assessment of grade continuity and vein geometry. Based upon this, updated technical analysis work continued on finalising a revised NI 43-101 report which included the delineation of mining reserves, the completion of a detailed mining plan, mining schedule and comprehensive cost estimates, based upon underground working of the Joshua and Kearney veins. During the third quarter 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 Au (g/t)	Contained Au (oz)	Tonnes	GRADE Au (g/t)	Contained Au (oz)	Tonnes	GRADE Au (g/t)	Contained Au (oz)
KEARNEY	76,936	7.48	18,490	383,220	6.66	82,055	909,277	6.61	193,330
JOSHUA	54,457	7.25	12,693	216,211	7.92	55,046	291,204	10.74	100,588
KERR	6,848	4.63	1,019	12,061	4.34	1,683	23,398	3.2	2,405
ELKINS				68,500	4.24	9,000	20,000	5.84	3,800
GORMLEYS							75,000	8.78	21,000
PRINCES							10,000	38.11	13,000
SAMMY'S							27,000	6.07	5,000
KEARNEY NORTH							18,000	3.47	2,000
TOTAL	**138,241**	**7.25**	**32,202**	**679,992**	**6.78**	**147,784**	**1,373,879**	**7.71**	**341,123**

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

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

With regards to the Preliminary Economic Assessment a restricted portion of Inferred resources for two veins - Joshua and Kearney have been included in the mining plan with the Measured and Indicated resources. The Inferred resources (which have lower statistical support than Measured or Indicated Resources) are contiguous with Measured or Indicated resources and / or lie within scheduled mining areas. The use of Inferred resources, in a restricted qualifying manner, is permitted by the PERC code in regard to economic studies but is excluded within NI 43-101, except within a Preliminary Economic Assessment. PERC is an approved code is respect of NI 43-101. As part of PERC requirements, a comparative Feasability study will be 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 within 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£). 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 the third quarter of 2014, as required by NI 43-101.

Exploration

The Company has not carried out any exploration drilling during 2014. This followed the suspension of drilling in the third quarter of 2013 pending the availability of cash for future exploration. Once additional funding becomes available the program will continue and up to a further 1,000 metres of drilling are planned following up the recently reported gold intersects on the Joshua vein.

The major focus of exploration activities in 2012 and 2013 had been the continuation of the successful drilling program which commenced in 2011. In total, 17,348 metres were drilled following the commencement of the program in March 2011 with significant gold intersects being reported. Six rigs were operational during the first half of 2012. The second half of the year saw the number of rigs progressively reduce with one rig, owned by the Company, remaining in operation by the end of 2012. The main objectives were to extend the depth and extent of the Joshua vein and provide data for a potential underground operation based upon the Joshua and Kearney veins. During 2011 and 2012 ninety five holes were drilled totalling 16,347 metres. Channel sampling was also carried out, during this period, on the Joshua, Kearney and Kerr vein systems. On Joshua, a total strike length of 213 metres was sampled. On Kerr, an increase in average vein width and gold grade was identified within depth over a 30 metre strike length.

Drilling continued at a reduced rate in 2013 with the completion of four holes – one in North Kearney and three around central Joshua. The drilling locations were defined with the aim of upgrading areas of inferred resource to the indicated category. During the first quarter of 2013, assay results were received showing a grade of 9 g/t gold over a vein width of 1 m for hole OM-DD-12-144. This is a significant result as the location is 100 m south of where the Joshua vein appears to narrow, suggesting that the vein continues south of the property. Drilling was then suspended during the third quarter pending the availability of cash for future exploration. 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 a resource estimate using the Micromine geological modelling computer program.

Assay results released to date from both the drilling and channel sampling programs 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. The 2013 technical report contains all data related to this program with the exception of two drill holes detailed in a disclosure subsequent to June 30, 2013. Galantas reported positive assay results from the first of these two drill holes completed on the Joshua vein during the third quarter of 2013. This drill hole is the second deepest intersect yet drilled on Joshua vein and averaged 12.4 g/t gold, over a true width of vein of 2.8 metres. The top of the mineralised intersect is estimated to be at a vertical depth of 137.2 metres. The hole was terminated at a down-hole length of 171.8 metres (see press release dated August 27, 2013). Once additional funding becomes available this drilling programme will continue. The above mentioned technical report was updated during 2014 and published on Sedar during the third quarter. The Pan European Reporting Code (PERC) and Canadian National Instrument (NI) 43-101 compliant report, detailed a significant increase in the resource (see press release dated 4th September 2014).

Confirmation was received during the first quarter of 2014 that Omagh Minerals had been successful in their application for a further two prospecting licences in the Republic of Ireland (ROI). This brings the total number of licences held to eleven and the total area to 766.5 square kilometres. In addition, four exploration licences held in the ROI were extended for a further two years. During the second quarter historical exploration reports and publications relating to the geology and known mineralisation of these licences were reviewed. Following this, some reconnaissance fieldwork was carried out in order to identify the areas to be prioritised for exploration over the summer. Four broad exploration targets were established, based on the potential for mineralisation with consideration given to land accessibility and suitable exposure. Three of the target areas are within the ROI licence area with the fourth being in the OM4 licence within Northern Ireland. During the third quarter exploration work, which included detailed mapping and sampling, focused on these target areas.

In addition 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 during the third quarter, when water levels were unusually low. Two in-situ quartz veins were identified 18 m west and 35 m west of the Rio ‘Discovery’ vein, grab samples of quartz containing pyrite and galena measured 13.5 g/t and 0.4 g/t gold, respectively. A completely isolated zone of sulphide rich clay gouge was also uncovered 70 m east of ‘Discovery’, two samples were collected and analysed, yielding 23.6 and 9 g/t gold. In addition to these outcrops, several high grade boulders (float) were discovered over 40 metres from the Rio ‘Sharkey vein’, including those analysed at 30.4 g/t, 34.4 g/t, 39.4 and 44.3 g/t gold. 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 mine site has instigated a detailed investigation of new and a re-evaluation of existing targets.

Summary of Quarterly Results

Revenues and financial results in Canadian dollars for the fourth quarter of 2014 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
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)
June 30,2013	IFRS	$ 523,856	$ (357,663)	$ (0.01)
March 31,2013	IFRS	$ 364,676	$ (440,554)	$ (0.01)

The results for the Quarter ended December 31, 2014 are discussed under Review of Fourth Quarter Results on pages 20 and 21 of the MD&A. The 2013 revenues are primarily from the sales of concentrates. There were no shipments of concentrate during the 2014 and the sales credit during the fourth quarter arose following a revaluation of 2013 sales. The net loss for the quarters ended September 30, 2014 and December 31, 2014 includes an asset impairment loss of $ 2,921,884 and $ 248,318 respectively. Low metal production together with weakening gold prices during the first, second, third and fourth quarters of 2013 resulted in significant losses for those quarters.

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 recent 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 $ 3,731,696 at December 31, 2014 which compared with a deficit of $ 3,904,304 at December 31, 2013. The Company had cash balances of $ 20,259 at December 31, 2014 compared with a cash balance of $ 166,617 at December 31, 2013. Accounts receivable and advances consisting mainly of trade debtors, reclaimable taxes and prepayments amounted to $ 102,213 at December 31, 2014 compared to $ 405,124 at December 31, 2013. Inventory at December 31, 2014 amounted to $ 111,137 compared with an inventory of $ 338,865 at December 31, 2013. Inventory mainly consists of jewellery products and unworked gold belonging to the jewellery business.

Accounts payable and other liabilities amounted to $ 869,322 at December 31, 2014 compared with $ 1,217,360 at December 31, 2013. Amounts due to related parties at December 31, 2014 amounted to $ 3,095,983 compared to $ 3,597,550 at the end of 2013. In addition Galantas has a contingent liability arising from a payment demand from Her Majesty's Revenue and Customs in the amount of $ 549,882 (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 plans 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.

During 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. Each unit comprised of one common share and one common share purchase warrant. Each warrant will entitle the holder to acquire a further common share of the Company at a price of UK£ 0.10 per share for a period two years from the date the subscription was closed. Commissions of $ 8,126 were paid in connection with the placing. As a result of the exercise price of the warrants being denominated in a currency other than the functional currency, the warrants are considered a derivative financial liability. The fair value of the 10,330,000 warrants was estimated at $ 383,000 using a valuation option pricing formula with the following assumptions: expected dividend yield - 0%, expected volatility - 168.92%, risk-free interest rate - 1.07% and an expected average life of 2 years. See Note 14(c) of the December 31, 2014 consolidated financial statements.

The funds raised were applied to the following purposes:

- The examination and implementation of a cost effective processing route for re-treatment of low grade tailings sands;
- Continued work on cost reduction within a detailed feasibility study and updating resource / reserve assessment at the Omagh property
- Progression of underground planning permits, on which the Company expects substantive progress during the first half of 2015.
- Ongoing working capital requirements.

Additional advances from G&F Phelps,a related party, during 2014 totalled $ 272,850.

In addition a share for debt exchange, as approved by shareholders and the TSX Venture Exchange, of 15,125,140 common shares for UK£ 756,257 / $ 1,389,150 of the Company's debt, was completed during the second quarterof 2014. Roland Phelps (President & Chief Executive) agreed to exchange a loan of UK £ 718,256 for 14,365,120 new ordinary shares. Leo O'Shaughnessy (Chief Financial Officer)agreed to exchange a loan of UK £ 16,025 for 320,500 new ordinary shares. Amounts due to certain other third party creditors also agreed to settlement of amounts owed totalling UK £ 21,976, through the issue of 439,520 new ordinary shares.

Subsequent to December 31, 2014 Galantas completed a private placement financing 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.

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 December 31, 2014 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 during 2014:

Director fees of $ 27,250 were accrued for the year ended December 31, 2014 ($ 27,750 for the year ended December 31,2013). Stock-based compensation for these directors totalled $ Nil for the year ended December 31, 2014 ($ 10,659 for the year ended December 31, 2013).

Remuneration accrued for the President/CEO totalled $ 363,800 (UK£ 200,000) for the year ended December 31, 2014 ($ 322,260 (UK£ 200,000) for the year ended December 31, 2013). Stock-based compensation for the President/CEO totalled $ Nil for year ended December 31, 2014 ($ 8,527 for the year ended December 31, 2013).

Remuneration of the CFO totalled $ 72,205 for the year ended December 31, 2014 ($ 69,475 for the year ended December 31, 2013). Stock based compensation for the CFO totalled $ Nil for the year ended December 31, 2014 ($ 2,132 for the year ended December 31, 2013).

At December 31, 2014 G&F Phelps Limited, a company controlled by a director of the Company, had amalgamated loans to Galantas of $ 2,338,872 (UK£1,294,268) (December 31, 2013 $ 2,017,000 (UK £ 1,144,268)) 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 year ended December 31, 2014 amounted to $ 55,323 (UK£ 30,414) (year ended December 31, 2013 $ 44,122 (UK£ 25,584). Interest accrued on related party loans is included under due to related parties. As at December 31, 2014, the interest accrued amounted to $ 218,113 (UK£ 120,698) (December 31, 2013 - $ 159,144 (UK£ 90,284)). Subsequent to December 31,2014 Galantas reported that G&F Phelps have agreed to provide short term funding of of up to £ 100,000 for the project.

During the year ended December 31, 2013, G&F Phelps acquired a container from the Company for $ 2,057(UK£ 1,300) which was offset against the G&F Phelps loan.

As at December 31, 2014 due to directors for fees totalled $ 55,000 (December 31, 2013 $ 27,750) and due to key management, mainly for salaries and benefits accrued at December 31, 2014, amounted to $ 483,998 (UK£ 267,831) (December 31, 2013 - $ 1,393,656 (UK£ 790,637)) and are included under 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 December 31, 2014 the Company is advised that Kenglo hold 13,222,068 shares and 5,000,000 warrants in Galantas representing 17.2% of the enlarged 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, 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 and the TSX Venture Exchange.

As of December 31, 2014 and subsequent to 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 28% 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.

The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company.

Fourth Quarter 2014 Financial Review

Quarter Ended December 31, 2014

The net loss for the quarter ended December 31, 2014 amounted to $ 955,087 which includes an asset impairment loss of $ 248,318 and compares to a net loss of $ 782,394 for the quarter ended December 31, 2013 as summarized below.

	Quarter Ended December 31, 2014 $	**Quarter Ended December 31, 2013 $**
Revenues	**(44)**	**169,273**
Production costs	118,422	232,240
Inventory movement	0	11,413
Cost of sales	**118,422**	**243,653**
(Loss) before the undernoted	**(118,466)**	**(74,380)**
Depreciation	52,896	138,821
General administrative expenses	474,736	334,428
(Gain)/Loss on disposal of property, plant and equipment	(288)	170,934
Unrealized loss on fair value of derivative financial liability	62,000	0
Impairment of property,plant and equipment	248,318	0
Foreign exchange (gain) loss	(1,041)	63,831
Net (Loss) for the Quarter	**$ (955,087)**	**$ (782,394)**

Sales revenues for the quarter ended December 31, 2014 amounted to $ (44) credit and compared to revenues of $ 169,273 for the corresponding period of 2013. Following the suspension of production during the fourth quarter of 2013 there were no concentrate sales from the mine during the fourth quarter of 2014.

Cost of sales include production costs at the mine and inventory movements and totalled $ 118,422 for the quarter ended December 31, 2014 compared to $ 243,653 for the fourth quarter of 2013.

Production costs for the quarter ended December 31, 2014 amounted to $ 118,422 compared to $ 232,240 for the fourth quarter of 2013. 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 the fourth quarter of 2014. These lower production costs were mainly incurred in connection with ongoing care and maintenance costs.

The inventory movement of $ Nil in the fourth quarter compared to an inventory movement $ 11,413 for the quarter ended December 31, 2013 which movement reflected an decrease in inventory at December 31, 2013 when compared to October 1, 2013 inventory levels.

This has resulted in a net operating loss of $ 118,466 before depreciation, general administrative expenses, gain on disposal of property, plant and equipment, unrealized loss on fair value of derivative financial liability, impairment of property,plant and equipment and foreign exchange gain for the quarter ended December 31 , 2014 and compared to a net operating income of $ 74,380 for corresponding quarter of 2013.

Depreciation of property, plant and equipment excluding mine development costs during the fourth quarter totalled $ 52,896 which compared with $ 136,445 for the fourth quarter of 2013. This decrease is due to the depreciation charge being calculated on the lower asset value following the assat impairment in the third quarter of 2014. Depreciation of mine development costs for the three months ended December 31, 2014, which is calculated on the unit of production basis, amounted to $ Nil compared to $ 2,376 for the quarter ended December 31, 2013. Following the suspension of production there was no depreciation of mine development costs during 2014.

General administrative expenses for the quarter ended December 31, 2014 amounted to $ 474,736 compared to $ 334,428 for the fourth quarter of 2013. General administrative expenses for the fourth quarter are reviewed in more detail in Other MD&A Requirements on pages 28 and 29 of the MD&A.

The gain on disposal of property, plant and equipment during the fourth quarter amounted to $ 288 compared to a loss of $ 170,934 for the fourth quarter of 2013.

The unrealized loss on fair value of derivative financial liability for the quarter ended December 31, 2014 amounted to $ 62,000 compared to $ Nil for the fourth quarter of 2013 and arose as a result of the exercise price of the warrants issued during the earlier in 2014 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 record in the consolidated statements of loss as an unrealized gain or loss on fair value of derivative financial liability.

There was an impairment of assets during the fourth quarter which amounted to $ 248,318 compared to $ Nil for rhe corresponding quarter of 2013. This impairment charge reflects a correction of the third quarter impairment charge which followed a strategic review by the Company of its business, which process involved a revaluation of the Company's assets resulting in the aforementioned impairment loss.

There was a foreign exchange gain of $ 1,041 for the fourth quarter of 2014 which compared with a Foreign exchange loss of $ 63,831 for the fourth quarter of 2013.

This has resulted in a net loss of $ 955,087 for the quarter ended December 31, 2014 compared to a net loss of $ 782,394 for the fourth quarter of 2013. 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 $ 303,551 for the quarter ended December 31, 2014 compared to a cash loss from operating activities $ 470,371 for the quarter ended December 31, 2013 as per Consolidated Statements of Cash Flows. The cash loss generated from operating activities after changes in non-cash working capital items amounted to $ 195,600 for the fourth quarter of 2014 compared to a cash loss from operating activities of $ 194,963 for the fourth quarter of 2013.

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. Following a strategic review of its business by the Company during 2014 certain assets owned by Omagh were acquired by Flintridge. This process involved a revaluation of the Company's assets to its recoverable amount based on its value in use, determined using a number of factors including liquidity and market participants view. An aggregate impairment loss of $3,170,202 was recorded in the consolidated statement of profit or loss. The Omagh underground mine and the open pit mine are considered as one Cash generating unit ("CGU") and were further tested for impairment at December 31, 2014. No additional impairment was noted and management is exploring opportunities to secure financing in anticipation of approval of planning permission;
- the estimated life of the ore body based on the estimated recoverable ounces or pounds mined from proven and probable reserves of the mine development costs which impacts the consolidated statements of financial position and the related depreciation included in the consolidated statements of profit or 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 profit or 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 and constructive obligations. 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; and

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

Accounting Policies including Initial Adoption

The Company applies International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The accounting policies and methods of computation followed in Galantas's consolidated financial statements are set out in detail on Note 4 of the December 31, 2014 consolidated financial statements. The relevant changes in accounting policies applicable to the current period are set out below.

Changes in Accounting Policies

Certain pronouncements were issued by the IASB or IFRIC that are mandatory for accounting periods beginning January 1, 2014. The following new standards have been adopted:

IAS 32 –Financial Instruments Presentation

IAS 32 - Financial Instruments, Presentation was effective for annual periods beginning on or after January 1, 2014. IAS 32 was amended to clarify that the right of offset must be available on the current date and cannot be contingent on a future date. At January 1, 2014 the Company adopted this pronouncement and there was no impact on the Company's 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 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 gaurentee 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 annual periods on or after January 1, 2018. The Company is currently assessing the impact of this pronouncement.Various other accounting pronouncments (such as IFRS 14, IFRS 15, and the various annual improvements) that have no material impact to the Company are not included above. The Company has not early adopted these standards. The Company is currently assessing the impact the application of these standards may have on the consolidated financial statements of the Company.

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 December 31, 2014, the Company had a working capital deficit of $ 3,731,696 (December 31, 2013 - $ 3,904,304). 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 December 31, 2014, 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.

During the second quarter 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.

A special meeting of shareholders took place in January 2014 which approved the implementation of a share consolidation together with an exchange of shares for debt. During the second quarter the share consolidation was effected and a shares for debt exchange of 15,125,140 common shares for $ 1,389,150 (UK£ 756,257) of the Company's debt was completed.

Subsequent to December 31, 2014 Galantas completed a private placement financing 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.

(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 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 December 31, 2014, 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 $ 26,000 lower/higher respectively, as a result of lower/higher interest rates from certain related party loans. Similarly, as at December 31, 2014, shareholders' equity would have been approximately $ 26,000 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 December 31, 2014, had the UK£ weakened/strengthened by 5% against the CAD with all other variables held constant, the Company's consolidated other comprehensive income/loss for the year ended December 31, 2014 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 December 30, 2014, 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 $ 12,000.

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 December 31, 2014 totalled $ 5,047,117 (December 31, 2013 - $ 8,010,092). 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 year ended December 31, 2014. 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 consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements, and (ii) the 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 Year Ended December 31, 2014 and December 31, 2013 are detailed below:

Expense Account	Year Ended December 31, 2014 $	Year Ended December 31, 2013 $
Management & administrative wages	521,711	518,195
Other operating expenses	326,406	234,605
Accounting and corporate	66,345	62,783
Legal & audit	149,459	93,585
Stock-based compensation	0	35,960
Shareholder communication and investor relations	146,971	125,373
Transfer agent	30,752	22,889
Directors fees	27,250	27,750
General office	9,076	8,141
Accretion expenses	11,489	14,680
Loan interest and bank charges	58,277	44,436
Total	**$ 1,347,736**	**$ 1,188,397**

General administrative expenses for the year ended December 31, 2014 totalled $ 1,347,736 compared to $ 1,188,397 for the year ended December 31, 2013.

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 $ 521,711 for the year ended December 31, 2014 compared to $ 518,195 for the corresponding period of 2013. Management and administrative wages in UK£ were lower in 2014 but a weaker Canadian dollar exchange rate during 2014 resulted in slightly higher management and administrative wages when expressed in Canadian dollars. Other operating expenses which includes an impairment of inventories of $ 224,605 amounted to $ 326,406 for the year ended December 31, 2014 compared to $ 234,605 for 2013. Other operating expenses also includes professional fees, insurance costs, training, health and safety and travel.Excluding the inventory impairment other operating costs at the Omagh mine were lower in 2014 when compared to 2013 following the suspension of production in the fourth quarter of 2013. Accounting and corporate costs for for the year ended December 31,2014 amounted to $ 66,345 compared to $ 62,783 for 2013. The higher costs in 2014 were as a result of increased corporate costs. Legal and audit costs totalled $ 149,459 for the year ended December 31, 2014 compared to $ 93,585 for 2013. Legal costs amounted to $ 88,500 which compared with $ 36,873 for 2013. The higher level of legal fees in 2014 was due to increased legal costs both at the Galantas Gold Corporation level in connection with the the shares for debt exchange, the share consolidation and the holding of the special shareholders meeting together with increased legal costs in Northern Ireland in connection with the Company's corporate affairs. Audit fees for 2014 amounted to $ 60,959 compared to $ 56,712 for 2013. The lower level of fees in 2013 was due to an audit fee overprovision in 2012 which was corrected in 2013 resulting in a reduced audit fee charge in 2013.

Stock-based compensation costs for 2014 amounted to $ Nil compared to $ 35,960 for 2013. Stock based compensation costs were $ Nil in 2014 due to all options being fully vested at the beginning of 2014 when compared to 2013.

Shareholder communication and investor relations costs amounted to $ 146,971 for the for the year ended December 31, 2014 compared to $ 125,373 for 2013. Shareholder communication and investor relations costs include shareholders information, investor relations, filing fees,listing fees and certain costs in connection with the holding of the Company's AGM. Shareholder communications costs were higher in 2014 mainly due to increased filing and listing fees arising from the private placement, the shares for debt exchange and the Galantas share consolidation. Transfer agents fees amounted to $ 30,752 compared to $ 22,889 incurred in 2013. Transfer agent's costs for both periods include certain costs in connection with the holding of the Company's AGM. The increase in fees in 2014 was mainly due to the Galantas share consolidation which was effected during the second quarter.Directors' fees totalled $ 27,250 compared to $ 27,750 for 2013. General office expenses for 2014 amounted to $ 9,076 compared to $ 8,141 for 2013.

Accretion expenses on the convertible loan for the for the year ended December 31, 2014 amounted to $ 11,489 which compared to $ 14,680 for 2013. The accretion charge is in connection with the Company's decommissioning liability. Loan interest and bank charges for 2014 amounted to $ 58,277 compared to $ 44,436 for 2013. The higher level of loan interest in 2014 reflects the increased level of borrowings and marginally higher interest rates in 2014.

General Administrative Expenses for the Quarters ended December 31, 2014 and December 31, 2013 are detailed below:

Expense Account	**Quarter Ended December 31, 2014 $**	**Quarter Ended December 31, 2013 $**
Management & administrative wages	118,646	136,002
Other operating expenses	243,609	91,878
Accounting & corporate	20,663	20,048
Legal & audit	36,954	22,383
Stock-based compensation	0	0
Shareholder communication and investor relations	27,912	20,347
Transfer agent	1,449	7,168
Directors fees	6,250	6,750
General office	2,038	2,079
Accretion expenses	2,839	14,680
Loan interest and bank charges	14,376	13,093
Total	**$ 474,736**	**$ 334,428**

General administrative expenses for the quarter ended December 31, 2014 totalled $ 474,736 compared to $ 334,428 for the quarter ended December 31, 2013.

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 $ 118,646 for the quarter ended December 31, 2014 compared to $ 136,002 for the fourth quarter of 2013. Other operating expenses includes an impairment of inventories of $ 224,605 and amounted to $ 243,609 for the quarter ended December 31, 2014 compared to $ 91,878 for 2013. Other operating expenses also includes professional fees, insurance costs, training, health and safety and travel. Excluding the inventory impairment other operating costs at the Omagh mine were lower in the fourth quarter of 2014 when compared to 2013 following the suspension of production in the fourth quarter of 2013. The inventory impairment was included in Impairment of property, plant and equipment in the results for the nine months ended September 30, 2014 but was reclassified to Other operating costs in the fourth quarter of 2014.

Accounting and corporate costs for the quarter amounted to $ 20,663 compared to $ 20,048 for the corresponding quarter of 2013. Legal and audit costs totalled $ 36,954 for the quarter compared to $ 22,383 for the fourth quarter of 2013. Legal costs for the fourth quarter amounted to $ 19,646 which compared with $ 15,273 for the fourth quarter of 2013**.** The higher level of legal fees in the fourth quarter of 2014 was due to increased legal costs with the Company's affairs in Northern Ireland. Audit fees for the fourth quarter amounted to $ 17,308 compared to $ 7,110 for the fourth quarter of 2013. The low level of audit fees in the fourth quarter was due to the overprovision of 2013 audit fees in earlier quarters which overprovision was corrected in the fourth quarter of 2013.

Stock-based compensation costs for the fourth quarter of 2014 amounted to $ Nil compared to $ Nil for the corresponding period of 2013. Stock based compensation costs were $ Nil in both quarters due to all options being fully vested.

Shareholder communication and investor relations costs amounted to $ 27,912 for the fourth quarter of 2014 compared to $ 20,347 for the corresponding quarter of 2013. Shareholder communication costs include shareholders information, investor relations, filing fees and listing fees. The increase in shareholder communications costs in the fourth quarter of of 2014 was mainly due to increased investor relations costs. Transfer agents fees for the fourth quarter of 2014 amounted to $ 1,449 compared to $ 7,168 incurred in the corresponding period of 2013. The increased level of costs in the fouth quarter of 2013 quarter arose from costs incurred December 2013 in connection with a shareholders meeting scheduled to be held in January 2014. Directors' fees for the fourth quarter of 2014 totalled $ 6,250 compared to $ 6,750 for the fourth quarter of 2013. General office expenses for the fourth quarter of 2014 amounted to $ 2,038 compared to $ 2,079 for 2013. Accretion expenses for the fourth quarter of 2014 amounted to $ 2,839 which compared to $ 14,680 for the fourth quarter of 2013. The accretion charge is in connection with the Company's decommissioning liability.The higher accretion costs incurred in the fourth quarter of 2013 was due to all of the annual accretion charge for fiscal year 2013 being included in the fourth quarter's costs. Loan interest and bank charges for the fourth quarter of 2014 amounted to $ 14,376 compared to $ 13,093 for the quarter ended December 31, 2013. The higher level of loan interest in the current quarter reflects the increased level of borrowings and marginally higher interest rates in 2014.

Disclosure of Outstanding Share Data

At April 23, 2015, and following the share consolidation, the shares for debt exchange and the private placement, there were a total of 87,297,154 shares issued, warrants to purchase 10,966,000 common shares with expiry dates from May 2016 to February 2018 and 940,000 stock options with expiry dates from November 2015 to September 2016.

Events after the Reporting Period

On January 9, 2015, the Company announced that G&F Phelps had loaned an additional UK£ 100,000 to the Company bearing interest at 2% above UK base rates, repayable on demand and secured by a mortgage debenture on all the Company's assets.

On February 16, 2015, the Company closed a private placement of 10,599,999 common shares at UK£ 0.03 ($ 0.05727) per common share for gross proceeds of UK£ 316,677 ($ 607,062). The common share issued are subject to a four month hold period. Commissions of $ 36,424 were paid in connection with the placement. The agent also received 636,000 warrants. Each warrant can be exercised for one common share at an exercise price of UK£ 0.045 for a period of 3 years. The fair value of the 636,000 warrants was estimated at $ 32,000 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 168.98%, risk-free interest rate - 0.43% and an expected average life of 3 years.

Trends Affecting the Company's Business Events after the Reporting Period

Gold Price in US Dollars and UK Sterling

The Gold concentrate output from the Omagh Mine, which also contains silver and lead credits, is sold in US dollars. Most of the value is accrued from the gold content. The following table is composed from data published by the Bank of England of average monthly gold price in US$ and UK £ (Sterling) per troy ounce. The gold price recovered somewhat from the lows of December 2013/January 2014 during the first eight months of 2014 but weakened late in the third quarter which weakness continued into the fourth quarter. The price weakness was somewhat moderated in terms of UK £ (Sterling) by a deteriation in the value of Sterling. . The average gold price for the year 2014 was USD$ 1,266 / UK£ 768 compared to USD$ 1,411 / UK£ 897 for 2013. The downtrend was reversed during December and post year end with declines in Sterling and renewed gold strength, with a sterling high of £826.34 for the month of January 2015. Since January 2015, gold has again weakened and sterling strenghtened, with gold trading around £785 per ounce in early March 2015.

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		

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 would be 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 weaker US$ exhibited in the second half of 2013 continued into the first half of 2014 which trend reversed slightly in the second half of 2014. Overall the average value of the US Dollar against the UK£ weakened during the year 2014 when compared to 2013 and averaged US$1.65 to the UK£ when compared to the average rate of US1.565 to the UK£ in 2013. The trend towards a stronger US Dollar accelerated late in the fourth quarter of 2014 and has continued into the first quarter 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	

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

The Canadian Dollar / UK£ Sterling Currency Exchange Rate.

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

In common with the US dollar, the Canadian Dollar slightly weakened against the Sterling in the first half of 2014, a trend which reversed slightly during the second half of 2014. The Canadian Dollar averaged $ 1.82 to the UK£ in 2014 compared with $ 1.61 for 2013. Post year end, the trend towards a weaker Canadian dollar was restored, averaging $1.92 in February 2015.

Financing Trends

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.

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. The Company's other business, high value Irish gold jewellery, is dependent upon the mine consistently being able to supply reliable certified Irish gold.

The Company has assessed the risks surrounding its business. It has concluded that most if not all of the risks are standard to the industry and none of them so profound as to inhibit pursuit of the Company's strategy. The main risks identified and considered are:

Current Global Financial and Economic Conditions

Current global financial and economic conditions have been characterized by extreme volatility. Several financial institutions and other major business have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to financing has been negatively impacted by many factors as a result of the global financial crisis. This may impact the Company's ability to obtain funding in the future and on favourable terms. Additionally, global economic conditions may cause decreases in asset values that are deemed to be other than temporary. If such volatility and market turmoil continue, the Company's business and financial condition could be adversely impacted

Additional Funding Requirements

Additional funds, if required, may not be available. Further exploration and development of the Company's properties will require substantial additional financing. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production at the Omagh mine. The ability of the Company to arrange such financing in the future will depend, in part, upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on satisfactory terms. If additional financing is raised by the issuance of shares from the Company's treasury, control of the Company may change and existing security holders may suffer additional dilution of their interests.

Uncertainty of Mineral Resource and Mineral Reserve Estimates

The estimates for mineral resources and mineral reserves are determined in accordance with NI 43-101 and CIM Standards. There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral resources and mineral reserves estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of recovery of metals from such resources may not be realized. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, could have a material adverse effect in the future on the Company's financial position and results of operations. Estimated mineral resources may have to be recalculated based on changes in mineral resource prices, further exploration or development activity, or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence reserve or resource estimates. Market price fluctuations for mineral resources, increased production costs or reduced recovery rates, or other factors can render proven and probable mineral reserves uneconomical or unprofitable to develop at a particular site or sites. A reduction in estimated mineral reserves could require material write-downs in investment in the affected mining property and increased depreciation, reclamation and closure charges.

Uncertainty of Inferred Mineral Resources

Inferred mineral resources that are not mineral reserves do not have demonstrated economic viability and are considered too speculative geologically to have economic considerations applied to them to enable them to be categorized as mineral reserves. Due to the uncertainty which may attach to inferred mineral resources, there is no assurance that the estimated tonnage and grades as stated will be achieved or that they will be upgraded to measured and indicated mineral resources or proven and probable mineral reserves as a result of continued exploration.

Exploration, Development and Operations Risks

Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold, other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

The nature of the Company's business is highly speculative due to its proposed involvement in the exploration, development and production of minerals. The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. No assurance can be given that additional minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis or at all. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Substantial additional expenditures will be required to locate and establish additional mineral reserves, to develop metallurgical processes and to expand mining and processing facilities at the Omagh site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. The commercial viability of an additional mineral deposit, if one is discovered, depends on a number of factors, including the particular attributes of the deposit (such as size and grade), proximity to infrastructure, metal prices, which are highly cyclical, and regulations imposed by various levels of government, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. Most of these factors are beyond the control of the Company. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Mineral exploration and development are highly speculative and few properties that are explored are ultimately placed into commercial production. There is no certainty that the expenditures made by the Company on the search and evaluation of additional mineral deposits will result in discoveries of commercial quantities of ore.

Mineral Processing

Generally the plant performs in line with the prior technical guidance. Alterations and modifications to equipment and operating practices have been made and have resulted in improvements in comminution and concentrate quality. However, there is no certainty that the improvements will persist and were these not to do so there would be a risk to cash flow and budget.

Environmental

The project was subject to one of Ireland's lengthiest public enquiries whereat its design and operating fundamentals were challenged and defended to the satisfaction of the independent assessors and industry experts representing regulators and the Company. In operation, the facilities are subject to self monitoring and monitoring by regulators. The Company's activities are subject to laws and regulations controlling not only mining activities but also the possible effects of such activities upon the environment. Environmental legislation may change and make the mining and processing of ore uneconomic or result in significant environmental or reclamation costs. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral exploitation activities, such as seepage from tailings disposal areas that could result in environmental pollution. A breach of environmental legislation may result in the imposition of fines and penalties or the suspension or closure of operations and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. In addition, certain types of operations require the submission of environmental impact statements and approval thereof by government authorities.

Environmental legislation is evolving in a manner which may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors, officers and employees. Permits from a variety of regulatory authorities are required for many aspects of mineral exploitation activities, including closure and reclamation. Future environmental legislation could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Company's properties, the extent of which cannot be predicted. In the context of environmental permits, including the approval of closure and reclamation plans, the Company must comply with standards and laws and regulations which may entail costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. The Company does not maintain environmental liability insurance.

The Company notes the positive results of a recent detailed Compliance Study by the Northern Ireland Environment Agency and continues its policy of best achievable environmental practice.

Permitting

The Company has permission to carry out its activities. Overall consents were granted in 2000 after fulfillment of more than 30 pre-conditions which attached to the provisional consent granted in 1995. In all jurisdictions, regulatory provisions are subject to change and the Company may be faced with additional constraints in the future. The Company will require making additional applications for permitting in order to make additional ore available for mining. The Company will require consent for underground operations to ensure the long term continuation of the operations.

Regulations and Permits

While Galantas holds the required permits for current operations at the Omagh Mine there is no guarantee that these permits, if and when required, will be renewed, or renewed on terms acceptable to the Company.

Furthermore, the Company may be required to obtain additional licenses and permits from various governmental authorities to continue and expand its development and production activities. The Company's activities are also subject to a wide variety of laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, protection of historic and archaeological sites, mine development and protection of endangered and protected species and other matters. Galantas is required to have a wide variety of permits from governmental and regulatory authorities to carry out its activities. These permits relate to virtually every aspect of the Company's operating and exploration activities. Changes in these laws and regulations or changes in their enforcement or interpretation could result in changes in legal requirements or in the terms of the Company's permits that could have a significant adverse impact on the Company's existing or future operations or projects. Obtaining permits can be a complex, time-consuming process. There can be no assurance that the Company will be able to obtain the necessary permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict Galantas from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

Risks Relating to Government Regulation

The Company's operations and properties are subject to laws and regulations governing mineral concession acquisition, mine development and prospecting, mining, production, occupational health and safety, labor standards, employment, waste disposal, toxic substances, land use, environmental protection, use of water, exports, taxes, royalties and other matters. It is possible that the Company may not be able to comply with existing and future laws and regulations. In addition, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes to the terms of the Company's permits and agreements, which could have a material adverse impact on the Company's current operations and future development projects. The Company may experience increased costs and delays in production as a result of the need to comply with applicable laws, regulations and permits. Permits are subject to the discretion of government authorities and there is no assurance that Galantas will be able to obtain all required permits on reasonable terms or on a timely basis. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in enforcement actions thereunder including the loss of the Company's mining concessions, orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, fines, penalties or other liabilities. The Company may be required to compensate those suffering loss or damage by reason of its mining operations and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits.

Title

The Company owns the land in secure freehold on which the project is located. Precious metal licenses and mining licenses have been granted to the Company by the Crown Estate and renewed as required since the mid – 1990's when initially granted. Licenses and Leases are subject in the usual way to minimum performance requirements which are set at a level so as not to inhibit development. There was dialogue with the Northern Ireland Development of Enterprise Trade and Industry (DETI) concerning a license to extract base metals which occur with the gold and silver in the quartz-sulphide veins and which may be recovered as a by-product of gold and silver. The license if applicable may require a fee payable to owners of surface rights. In the case of the Company's mine, since the owner is the Company itself, it is thought unlikely that there will be a material impact. There has been no final determination by DETI.

Political

Northern Ireland has achieved a stable political status conducive to business as is evidenced by the relatively large amounts of inward investment that the province has enjoyed over the past decade. It is noted that there was recently an increase in activity by parties not allied to the peace process which now appears to have abated. The mine is well removed from areas of potential urban disturbance.

Insurance and Uninsurable Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability. The Company currently has liability insurance in an amount that management considers adequate. However, such insurance may not cover all the potential risks associated with a mining company's operations. In addition, in the future, the costs of such insurance may become prohibitive and, in any event, the nature of the risks for mining companies is such that liabilities might exceed policy limits. Insurance coverage may not continue to be available at all or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards that may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Revenue

The Company has contracted sale of its concentrate to Xstrata. While the payment terms are specific, there is risk that unit income may fall short of forecast. This could be due to a number of factors including failure of the concentrate to be within the specification contracted as regards both value elements and penalty elements and failure to produce concentrate of consistent quantity.

Currency Fluctuations

Currency fluctuations may affect the Company's future operations, financial position and results. The Company's revenues are in US dollars. Most of the costs and expenditures of the Company are incurred in UK Pounds Sterling resulting in dollar revenues being converted to sterling on an ongoing basis. The value of sterling against the US dollar constantly fluctuates which impacts on sterling revenue available to the Company. The appreciation of the UK£ against the U.S. dollar would reduce the UK£ revenues at the Omagh mine which could materially and adversely affect the Company's profitability, results of operation and financial condition. Financial results are published in Canadian dollars with the UK£ operating results being converted at average exchange rates for each period. There is also a currency risk arising mainly from the Company's net liabilities being denominated in sterling, which liabilities will fluctuate in Canadian dollar terms giving rise to exchange gains/losses in line with the ongoing fluctuations in the exchange rates.

Gold Price

The price of gold may affect the Company's future operations. The price of gold is beyond the Company's control, can fluctuate drastically and could adversely affect the Company. Gold prices have fluctuated significantly in recent years. Market prices for gold are volatile and are affected by numerous factors beyond the Company's control, including expectations regarding inflation, global and regional demand, speculative activities, political and economic conditions and production costs in major gold-producing regions. The aggregate effect of these factors on gold prices, both in the current financial environment and generally, is impossible for the Company to predict. While Galantas would benefit from an increase in the value of gold, the Company could be adversely affected by a decrease in the value of gold. The Company's policy is to not sell forward its bullion.

Construction and Development

Most construction costs have been incurred and are therefore known and reflected in the accounts. Future development risk is attached to the surface and underground development of the Kearney orebody, where quantities are only estimated and subject to adverse variance.

Dependence on Key Employees and Skilled Personnel

The Company's business and operations are dependent on recruiting and retaining the services of a small number of key employees and qualified personnel. To a significant extent, the success of the Company is, and will continue to be, dependent on the expertise and experience of these employees. Continued operations at the Omagh Mine will require the Company to successfully retain its skilled personnel. The number of persons skilled in the development and production of mining properties is limited and competition for this workforce is intense. Although the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success. The loss of one or more of the Company's key employees could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key employees.

Share Price Fluctuations

In recent years, and particularly in the current global financial conditions, the securities markets in Canada and the UK have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly development stage companies, have experienced wide fluctuations in price that have not necessarily been related to the underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur.

Dividends

The Company has not declared or paid any dividends since the date of its incorporation and does not currently anticipate that dividends will be declared in the short or medium term. Earnings, if any, will be retained to finance further exploration and development of the Company's business.

Potential Dilution

The issue of common shares of the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional option and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.