GALANTAS GOLD CORPORATION

Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

(Unaudited)
Three Months Ended March 31, 2010

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements of Galantas Gold Corporation were prepared by management in accordance with Canadian generally accepted accounting principles. The most significant of these accounting principles have been set out in the December 31, 2009 audited consolidated financial statements. Only changes in accounting policies have been disclosed in these unaudited interim consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

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

The Board of Directors is responsible for reviewing and approving the unaudited interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

GALANTAS GOLD CORPORATION
INTERIM CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian Dollars)
(Unaudited)

	March 31, 2010	December 31, 2009
Assets		
Current		
Cash	**$ 594,805**	$ 485,997
Accounts receivable and advances	**868,050**	657,515
Inventory (Note 6)	**410,876**	445,666
	1,873,731	1,589,178
Property, plant and equipment (Note 7)	**3,627,794**	3,691,172
Long-term deposit	**118,818**	118,818
Deferred development and exploration costs (Note 8)	**6,326,598**	6,547,135
	$ 11,946,941	$ 11,946,303
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 1,569,155**	$ 2,097,396
Current portion of financing facility (Note 9)	**70,947**	77,830
Due to related party (Note 11)	**2,906,390**	3,125,724
	4,546,492	5,300,950
Asset retirement obligation	**447,400**	447,400
Long-term portion of financing facility (Note 9)	**13,833**	34,102
	5,007,725	5,782,452
Shareholders' Equity		
Share capital (Note 10(a))	**26,530,787**	26,530,787
Warrants (Note 10(b))	**-**	47,010
Contributed surplus	**4,012,788**	3,962,831
	30,543,575	30,540,628
Deficit	**(23,604,359)**	(24,376,777)
	6,939,216	6,163,851
	$ 11,946,941	$ 11,946,303

Going concern (Note 1)
Contingent liability (Note 14)
Subsequent event (Note 15)

See accompanying notes to unaudited interim consolidated financial statements

GALANTAS GOLD CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(Expressed in Canadian Dollars)
(Unaudited)

Three Months ended March 31,	2010	2009
Revenues		
Gold sales	**$ 1,980,815**	$ 1,143,004
Cost and expenses of operations		
Cost of sales	**1,054,223**	813,384
Amortization and depreciation	**289,679**	303,878
	1,343,902	1,117,262
Income before the undernoted	**636,913**	25,742
General administrative expenses		
Other operating expenses	**121,642**	154,801
Accounting and corporate	**12,515**	13,793
Legal and audit	**20,545**	14,393
Stock-based compensation (Note 10(c))	**2,947**	37,729
Shareholder communication and public relations	**14,785**	29,341
Transfer agent	**2,064**	1,276
General office	**9,295**	8,936
Bank interest and fees	**20,587**	31,636
Subtotal	**204,380**	291,905
Foreign exchange (gain) loss	**(339,885)**	23,850
	(135,505)	315,755
Net income (loss) and comprehensive income (loss) for the period	**$ 772,418**	$ (290,013)
Basic and diluted income (loss) per share	**$ 0.00**	$ (0.00)
Weighted average number of shares outstanding - basic	**190,100,055**	189,576,257
Dilutive effect of stock options and warrants	**-**	-
Weighted average number of shares outstanding - diluted	**190,100,055**	189,576,257

INTERIM CONSOLIDATED STATEMENTS OF DEFICIT

(Expressed in Canadian Dollars)
(Unaudited)

Three Months ended March 31,	2010	2009
Deficit, beginning of period	**$ (24,376,777)**	$ (15,921,037)
Net income (loss) for the period	**772,418**	(290,013)
Deficit, end of period	**$ (23,604,359)**	$ (16,211,050)

GALANTAS GOLD CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2008	**$ 26,435,998**	**$ 180,640**	**$ 3,648,288**	**$ (15,921,037)**	**$ 14,343,889**
Shares issued for debt	141,799	-	-	-	141,799
Warrants issued	(47,010)	47,010	-	-	-
Stock-based compensation	-	-	37,729	-	37,729
Net loss	-	-	-	(290,013)	(290,013)
Balance, March 31, 2009	**$ 26,530,787**	**$ 227,650**	**$ 3,686,017**	**$ (16,211,050)**	**$ 14,233,404**

	Share Capital	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2009	**$ 26,530,787**	**$ 47,010**	**$ 3,962,831**	**$ (24,376,777)**	**$ 6,163,851**
Stock-based compensation (Note 10(c))	-	-	2,947	-	2,947
Warrants expired	-	(47,010)	47,010	-	-
Net income	-	-	-	772,418	772,418
Balance, March 31, 2010	**$ 26,530,787**	**$ -**	**$ 4,012,788**	**$ (23,604,359)**	**$ 6,939,216**

See accompanying notes to unaudited interim consolidated financial statements

GALANTAS GOLD CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

Three Months ended March 31,	2010	2009
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net income (loss) for the period	**$ 772,418**	$ (290,013)
Adjustments for non-cash items:		
Amortization and depreciation	**289,679**	303,878
Stock-based compensation (Note 10(c))	**2,947**	37,729
Foreign exchange	**(336,154)**	2,504
Net change in non-cash working capital (Note 12(a))	**(703,987)**	(289,294)
	24,903	(235,196)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(1,496)**	-
Deferred development and exploration costs	**(4,267)**	(1,889)
	(5,763)	(1,889)
FINANCING ACTIVITIES		
Net repayments of financing facility	**(27,152)**	(97,739)
(Repayments) advances from related party	**59,996**	126,998
	32,844	29,259
NET CHANGE IN CASH	**51,984**	(207,826)
Effect of exchange rate changes on cash held in foreign currencies	**56,824**	(2,504)
CASH, BEGINNING OF PERIOD	**485,997**	587,489
CASH, END OF PERIOD	**$ 594,805**	$ 377,159

SUPPLEMENTAL CASH FLOW INFORMATION (Note 12)

1. GOING CONCERN

These unaudited interim consolidated financial statements have been prepared on a going concern basis which contemplates that Galantas Gold Corporation (the "Company") will be able to realize assets and discharge liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. The Company's future viability depends on the consolidated results of the Company's wholly-owned subsidiary Cavanacaw Corporation ("Cavanacaw"), the ability of the Company to obtain future financing and to recover its investment in Omagh Minerals Limited ("Omagh"). Cavanacaw has a 100% shareholding in Omagh which is engaged in the acquisition, exploration and development of gold properties, mainly in Omagh, Northern Ireland.

As at December 31, 2001, studies performed on Omagh's mineral property confirmed the existence of economically recoverable reserves. As at July 1, 2007, the mineral property was in the production stage and the directors believe that the capitalized development expenditures will be fully recovered by the future operation of the mine. The recoverability of Omagh's capitalized development costs is thus dependent on the ability to secure financing, future profitable production or proceeds from the disposition of the mineral property. While the Company is expending its best efforts in this regard, the outcome of these matters can not be predicted at this time.

As at March 31, 2010, the Company had a deficit of $23,604,359 (December 31, 2009 - $24,376,777). Management is confident that it will be able to secure the required financing to enable the Company to continue as a going concern. However, this is subject to a number of factors including market conditions. These unaudited interim consolidated financial statements do not reflect adjustments to the carrying values of assets and liabilities, the reported expenses and balance sheet classifications used that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

2. INCORPORATION AND NATURE OF OPERATIONS

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

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

As at July 1, 2007, the Company's Omagh mine began production.

The Company's operations include the consolidated results of Cavanacaw and its wholly-owned subsidiaries Omagh and Galántas.

3. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian GAAP for annual consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2010 may not necessarily be indicative of the results that may be expected for the year ending December 31, 2010.

The consolidated balance sheet at December 31, 2009 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by Canadian GAAP for annual consolidated financial statements. The unaudited interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual audited consolidated financial statements for the year ended December 31, 2009. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended December 31, 2009.

Future Accounting Pronouncements

International Financial Reporting Standards (“IFRS”)

On January 2006, the CICA’s Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. On February 13, 2008, the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will be required to have prepared, in time for its first quarter of fiscal 2011 filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2010. The Company is currently in the process of evaluating the potential impact of IFRS to its financial statements. This will be an ongoing process as the International Accounting Standards Board and the AcSB issue new standards and recommendations. It is anticipated that the Company's financial results and financial position as disclosed in the Company’s current Canadian GAAP financial statements will not be significantly different when presented in accordance with IFRS.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non- Controlling interests". These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. Sections 1601 and 1602 together replace section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS lAS 27 - Consolidated and Separate Financial Statements. The Company is in the process of evaluating the requirements of the new standards.

4. CAPITAL MANAGEMENT

The Company defines capital that it manages as its shareholders equity. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. As at March 31, 2010, total shareholders' equity (managed capital) was $6,939,216 (December 31, 2009 - $6,163,851).

The properties in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital within current economic conditions by:

i) minimizing discretionary disbursements;
ii) maintaining a liquidity cushion in order to address any potential disruptions or industry downturns; and
iii) focusing financing exploration expenditures on those properties considered to have the best potential.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the three months ended March 31, 2010. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

5. FINANCIAL RISK FACTORS

(a) 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 financial condition and results of operations.

(b) Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate, foreign exchange rate and commodity 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.

5. FINANCIAL RISK FACTORS (Continued)

(b) Financial risk (Continued)

Credit risk
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 reputable financial institutions and the United Kingdom Crown, respectively, from which management believes the risk of loss to be minimal. Accounts receivable consist mainly of a trade account receivable from one customer and Value Added Tax receivable. The Company is exposed to concentration of credit risk with one of its customers. Management believes that the credit risk is minimized due to the financial worthiness of this Company. Value Added Tax receivable is collectable from the Government of Northern Ireland. The Company does not have derivative financial instruments. No trade accounts receivable balances are past due or impaired.

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 related to matters specific to the Company. The Company manages liquidity risk by monitoring maturities of financial commitments and maintaining adequate cash reserves and available borrowing facilities to meet these commitments as they come due. As at March 31, 2010, the Company had negative working capital. All of the Company's financial liabilities have contractual maturities of less than 30 days other than the financing facility and certain related party loans. The Company is using operating cash flows to manage and is seeking additional capital to increase liquidity.

Market Risk

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 minimal cash balances and significant interest-bearing debt. The Company is exposed to interest rate risk on the term loan facility and certain related party loans which bear interest at variable rates.

Foreign currency risk
Certain of the Company's expenses and revenues are incurred and received in the currencies of Northern Ireland and the United Kingdom and are therefore subject to gains and losses due to fluctuations in these currencies against the Canadian dollar.

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.

5. FINANCIAL RISK FACTORS (Continued)

Sensitivity Analysis

The Company designated, for accounting purposes, its cash as held-for-trading, which is measured at fair value. Accounts receivable and advances are classified for accounting purposes as loans and receivables, which are measured at amortized cost and is equal to fair value. Accounts payable and accrued liabilities, financing facility and due to related party are classified for accounting purposes as other financial liabilities, which are measured at amortized cost and is also equal to fair value.

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

(i) The term loan facility and certain related party loans are subject to interest rate risk. As at March 31, 2010, if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the three months ended March 31, 2010 would have been approximately $6,500 lower/higher, as a result of lower/higher interest rates from the term loan facility and certain related party loans. Similarly, as at March 31, 2010, shareholders' equity would have been approximately $6,500 higher/lower as a result of a 1% decrease/increase in interest rates from the term loan facility and 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 accrued liabilities, due to related party and financing facility that are denominated in British pounds. As at March 31, 2010, had the British pound weakened/strengthened by 5% against the Canadian dollar with all other variables held constant, the Company’s loss for the three months ended March 31, 2010 would have been approximately $142,000 higher/lower as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments. Similarly, as at March 31, 2010, shareholders' equity would have been approximately $142,000 lower/higher had the British pound weakened/strengthened by 5% against the Canadian dollar as a result of foreign exchange losses/gains on translation of non-Canadian dollar 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 loss would be impacted by changes in average realized gold prices. Sensitivity to a plus or a minus 10% change in average realized gold prices would affect net loss and shareholders' equity by approximately $270,684

Fair Value Hierarchy and Liquidity Risk Disclosure

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at March 31, 2010:

	Level One	Level Two	Level Three
Cash	-	594,805	-
Long term deposit	-	118,818	-

GALANTAS GOLD CORPORATION

(Expressed in Canadian Dollars)

6. INVENTORY

		March 31, 2010		December 31, 2009
Concentrate inventory	**$**	**70,022**	$	33,990
Finished goods		**340,854**		411,676
	$	**410,876**	$	445,666

7. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2010							
		Cost		Accumulated Amortization		Impairment		Net
Freehold land and buildings	$	3,020,913	$	453,160	$	877,140	$	1,690,613
Plant and machinery		5,601,983		2,714,512		978,876		1,908,595
Motor vehicles		65,724		50,090		4,112		11,522
Office equipment		81,715		59,103		5,548		17,064
Moulds		81,802		81,802		-		-
	$	8,852,137	$	3,358,667	$	1,865,676	$	3,627,794

	December 31, 2009							
		Cost		Accumulated Amortization		Impairment		Net
Freehold land and buildings	$	3,020,913	$	447,704	$	877,140	$	1,696,069
Plant and machinery		5,600,487		2,656,568		978,876		1,965,043
Motor vehicles		65,724		49,681		4,112		11,931
Office equipment		81,715		58,038		5,548		18,129
Moulds		81,802		81,802		-		-
	$	8,850,641	$	3,293,793	$	1,865,676	$	3,691,172

(Expressed in Canadian Dollars)

8. DEFERRED DEVELOPMENT AND EXPLORATION COSTS

	March 31, 2010		
	Cost	**Accumulated Amortization**	**Net**
Deferred development and exploration costs	$ 11,899,737	$ 2,124,403	$ 9,775,334
Impairment	(3,448,736)	-	(3,448,736)
	$ 8,451,001	$ 2,124,403	$ 6,326,598

	December 31, 2009		
	Cost	**Accumulated Amortization**	**Net**
Deferred development and exploration costs	$ 11,895,470	$ 1,899,599	$ 9,995,871
Impairment	(3,448,736)	-	(3,448,736)
	$ 8,446,734	$ 1,899,599	$ 6,547,135

9. FINANCING FACILITY

Amounts payable on the long term debt are as follows:

	Interest	**March 31, 2010**	**December 31, 2009**
Financing facility (199,160 GBP)	4.03 %	**$ 84,780**	$ 111,932
		84,780	111,932
Less current portion		**70,947**	77,830
		$ 13,833	$ 34,102

Principal repayments over the next two years are as follows:

2010	$ 70,947
2011	13,833
	$ 84,780

(Expressed in Canadian Dollars)

10. SHARE CAPITAL

(a) Authorized and issued

Authorized
Unlimited number of common and preference shares issuable in Series

Issued common shares

	Number of Shares	Stated Value
Balance, December 31, 2009 and March 31, 2010	**190,100,055**	**$ 26,530,787**

(b) Warrants

The following table shows the continuity of warrants for the three months ended March 31, 2010:

	Number of Warrants	Weighted Average Price
Balance, December 31, 2009	**3,134,200**	**$ 0.09**
Expired	(3,134,200)	(0.09)
Balance, March 31, 2010	**-**	**$ -**

(c) Stock options

The following table shows the continuity of options for the three months ended March 31, 2010:

	Number of Options	Weighted Average Price
Balance, December 31, 2009	**8,650,000**	**$ 0.14**
Cancelled	(400,000)	0.14
Balance, March 31, 2010	**8,250,000**	**$ 0.14**

Stock-based compensation expense includes $2,947 (three months ended March 31, 2009 - $37,729) relating to stock options granted in previous years that vested during the three months ended March 31, 2010.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (Continued)

(c) Stock options (continued)

The following table reflects the Company's stock options outstanding and exercisable as at March 31, 2010:

Options Outstanding	Weighted Average Remaining Contractual Life (years)	Exercise Price ($)	Options Exercisable	Weighted Average Remaining Contractual Life (years)	Exercise Price ($)	Expiry Date
200,000	0.12	0.10	200,000	0.12	0.10	May 13, 2010
500,000	1.21	0.26	500,000	1.21	0.26	June 14, 2011
500,000	2.21	0.23	500,000	2.21	0.23	June 15, 2012
5,300,000	2.73	0.14	5,300,000	2.73	0.14	December 24, 2012
250,000	2.89	0.16	250,000	2.89	0.16	February 20, 2013
1,500,000	3.51	0.10	1,000,000	3.51	0.10	October 2, 2013
8,250,000	**2.69**	0.14	**7,750,000**	**2.64**	0.15	

11. RELATED PARTY TRANSACTIONS

Transactions with related parties were in the normal course of operations and were measured at the exchange amounts.

The Company has the following transactions with related parties:

Director fees of $9,000 (three months ended March 31, 2009 - $5,000) were paid or accrued during the three months ended March 31, 2010. Directors remuneration of $15,422 (three months ended March 31, 2009 - $nil) were paid or accrued during the three months ended March 31, 2010

	March 31, 2010		December 31, 2009	
	GBP	CDN$	GBP	CDN$
G&F Phelps amalgamated loans, a Company controlled by a director of the Company, bearing interest at 2% above UK base rates, repayable on demand and secured by a mortgage debenture over all of the Company's assets.	**1,661,552**	**2,562,445**	1,661,552	2,811,014
Directors current account	**119,277**	**183,949**	109,277	184,873
	1,780,829	**2,746,394**	1,770,829	2,995,887
Less: Current portion		**(2,746,394)**		(2,995,887)
Long-term portion		**-**		-

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS (Continued)

During fiscal 2009, the Company signed an agreement for the rent of mining equipment with G&F Phelps Limited ("G&F Phelps"), a Company controlled by a director of the Company. The Company can decide to purchase the mining equipment within the next nine months. If the Company decides to purchase the mining equipment, the Company may deduct from the purchase price 50% of the charges that it has paid to rent the equipment. The Company accrued charges of $159,996 (UK£ 103,745) which is currently due (December 31, 2009 - $129,827 (UK£76,745)) and is included in due to related party on the balance sheet.

During the fiscal 2009, G&F Phelps and the Company entered into the following agreement:

- G&F Phelps amalgamated it's UK loans to the Company and took over all loans from Welsh Gold plc and the President and Chief Executive Officer of the Company to Galantas. The amalgamated loans bear interest at 2% above UK base rate, are repayable on demand and are secured by a mortgage debenture over all the Company's assets;
- G&F Phelps extended this loan arrangement with the Company by repaying the balance of $140,012 (UK£ 82,126) on the Company's UK£ term loan facility;
- the Company have accrued a fee of $42,895 (UK£ 25,000) payable to G&F Phelps arising from the provision of limited support by them on certain financial obligations of the Company, and
- the Company to repay to G&F Phelps any costs incurred by G&F Phelps as a result of it entering into these agreements.

Interest accrued on related party loans is included under accounts payable and accrued liabilities. As at March 31, 2010 the amount of interest accrued is $211,071 (UK£ 136,863) (December 31, 2009 - $213,713 (UK£ 126,323)).

12. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Net change in non-cash working capital

Three Months ended March 31,	2010	2009
Accounts receivable and advances	**$ (210,535)**	$ (172,293)
Inventory	**34,790**	(66,262)
Accounts payable and accrued liabilities	**(528,242)**	(50,739)
Deferred revenue	**-**	-
	$ (703,987)	$ (289,294)

(b) Supplemental information

Interest paid	**$ 17,091**	$ 25,108
Shares issued for debt payment	**$ -**	$ 141,799

GALANTAS GOLD CORPORATION

13. SEGMENT DISCLOSURE

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

14. CONTINGENT LIABILITY

During the three months ended March 31, 2010 the Company’s subsidiary Omagh received a payment demand from Her Majesty’s Revenue and Customs in the amount of $513,785 (UK£ 333,151) 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. A formal appeal has been lodged and the Company’s subsidiary Omagh intends to vigorously defend itself against this claim. No provision has been made for the claim in the consolidated financial statements

15. SUBSEQUENT EVENT

Subsequent to the quarter end, 750,000 options have been cancelled (500,000 options with expiry date of June 14, 2011 and 250,000 options with expiry date of February 20, 2013) and 200,000 options have expired on May 13, 2010.