GALANTAS GOLD CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

Three Months ended March 31, 2010

This document constitutes management's discussion and analysis (MD&A) of the financial and operational results of Galantas Gold Corporation (the Company) for the three months ended March 31, 2010. This MD&A supplements, but does not form part of the consolidated financial statements of the Company, and should be read in conjunction with the audited consolidated financial statements and related notes for the year ended December 31, 2009. The Company prepares and files its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). The currency referred to in this document is the Canadian dollar. The MD&A is prepared in conformance with National Instrument 51-102F1 and was approved by the Company's Audit Committee on May 26, 2010.

FORWARD LOOKING STATEMENTS

The information in the MD&A contains forward looking statements, including statements about anticipated operating and financial performance. Such statements are not guarantees of future performance which is subject to risks and uncertainties only some of which are within the Company's control, and any or all of which could cause the Company's performance to be materially different from what directors may believe. Given the uncertainties associated with forward looking statements, readers are cautioned not to place undue reliance on them. The Company does not undertake to update any forward looking statements contained herein.

OVERVIEW – STRATEGY - DESCRIPTION OF BUSINESS

Company Overview

Galantas Gold Corporation is a producing mineral resource issuer and the first to acquire planning consent to mine gold in Northern Ireland. The Company's wholly owned Ontario holding company, Cavanacaw Corporation, owns all of the shares of two Northern Ireland companies – Omagh Minerals Limited, owner of prospecting and mining rights, planning consent plus land, buildings and equipment; and Galantas Irish Gold Limited, owner of rights to work, market and sell part of the Company's gold production as certified Irish gold jewellery.

Mining at the Omagh mine is conducted by open pit methods. The mine produces a flotation concentrate most of which is shipped to a smelter in Canada under a life of mine off-take agreement. Some concentrate is occasionally set aside from that sold to the smelter for separate processing in a specialist facility. The gold produced by the separate facility becomes feed – stock for the Galantas Irish gold jewellery business.

The Company's strategy to increase shareholder value is to:

- Increase the production of the open pit mine and processing plant on its Kearney deposit,
- Continue to explore and develop extensions to the Kearney and nearby known deposits so as to expand minable reserves and increase gold production in stages,
- Explore its 3 prospecting licences which aggregate 653 square kilometre, focusing on the more than 100 gold targets identified to date, and
- Promote and expand on a commercial basis the Galantas®Irish gold jewellery business now that certified Irish gold from the mine has become available.

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 . Authors are G. White FGS MAusIMM, J. Bennett C.Eng MIMMM and N. Holloway C.Eng MIMMM.

Mining Project

The project embraces an open pit mine capable of supplying ore to a crushing-grinding-froth flotation plant. The plant is designed to produce a gold and silver rich sulphide flotation concentrate for sale to a commercial smelter. The plant was commissioned as stated in a press release dated June 26, 2007.

Galantas Irish Gold Limited

Presently market conditions in the jewelry trade are poor and retailers have become cautious in the current economic climate resulting in very low jewelry sales. As a consequence, management focus has continued to be on the mine operation during the first quarter of 2010.

Management and Staff

Overall management is exercised by one Executive Director along with a General Manager who is in charge of operations in Omagh where the mine, plant and administration employs 41 people.

Key Performance Driver

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

1.1 DATE OF THE MD&A

The MD&A was prepared on May 26, 2010.

1.2 REVIEW OF FINANCIAL RESULTS

Three Months ended March 31, 2010

The net income for the three months ended March 31, 2010 amounted to $ 772,418 compared to a net loss of $ 290,013 for the three months ended March 31, 2009. This improved performance is mainly due to the increased production levels achieved during the first quarter.

Revenues from the sale of concentrate and jewelry for the three months ended March 31, 2010 amounted to $ 1,980,815 which compared to revenues of $ 1,143,004 for the corresponding period of 2009 reflecting both the increased level of shipments together with the higher gold prices that prevailed during the quarter. Sales revenues primarily consisted of concentrate sales. Jewelry sales continued to remain at low levels during the quarter.

Cost of Sales consists mainly of production costs at the mine and inventory movements and can be summarized as follows:

	Three Months ended March 31, 2010	Three Months ended March 31, 2009
Production costs	$ 1,089,013	$ 879,646
Inventory movement	$ (34,790)	$ (66,262)
Cost of sales	$ **1,054,223**	$ **813,384**

Production costs for the three months ending March 31, 2010, which consist mainly of production costs at the mine, amounted to $ 1,089,013 compared to $ 879,646 for the corresponding period of 2009. Production costs at the mine, the majority of which are incurred in UK£, include production wages, purchases and consumables, oil, equipment hire, repairs and servicing and royalties. The increase in production costs during 2010 when compared to 2009 was due mainly to the increased production levels and included increases in wages $ 54,000, Oil and Fuel increases $61,000 arising from both higher fuel prices and increased consumption on additional hired equipment, Equipment Hire increases $ 52,000 relating to additional hired equipment at the pit, Repairs and Servicing increases $ $ 28,000 due partially to abnormal repair bills arising from frost and water damage to mill and laboratory equipment early in the quarter, Royalty increases of $ 32,000 due to increased sales revenues and Consumables increases $ 13,000 reflecting increased production. All these cost increases were partially offset by a favorable exchange variance arising from the weaker UK£ exchange rate which prevailed during the first quarter when compared to the rate that prevailed during the corresponding period of 2009. This resulted in lower production costs when expressed in Canadian Dollars. The inventory movement reflects a reduction in inventory at March 31, 2010 and 2009 when compared to inventories at the beginning of the year.

Amortization of deferred development and exploration costs for the three months ended March 31, 2010 amounted to $ 224,805 compared to $ 145,388 for 2009. The higher level of level of amortization charges in 2010 is due primarily to a significant increase in till strip amortization during the first quarter. This increase is partially offset by a reduced amortization charge due to the amortization charge now being calculated on lower deferred development and exploration costs following the asset impairment at the end of 2009. Depreciation of property, plant and equipment during the three months totaled $ 64,874 which compared with $ 158,490 for the three months ended March 31, 2009. The reduction in depreciation is due to the depreciation charge, which is calculated on the reducing balance of the fixed assets, now being calculated on a lower book value following the asset impairment at the end of 2009.

This resulted in a Net Income before General administrative expenses and Foreign exchange adjustment for the three months ended March 31, 2010 of $ 636,913 compared to $ 25,742 for the corresponding period of 2009. General administrative expenses for the three months ended March 31, 2010 amounted to $ 204,380 compared to $ 291,905 for the corresponding period of 2009. General administrative expenses are reviewed in Section 1.15 Other MD&A Requirements. There was a Foreign exchange gain of $ 339,885 for the three months ending March 31, 2010 which compared with a Foreign exchange loss of $ 23,850 for the corresponding period of 2009. The foreign exchange gain in the first quarter of 2010 is due primarily due to the weakening of the UK£ currency against the Canadian dollar during the first quarter of 2010.

This has resulted in a Net Income of $ 772,418 for the first quarter of 2010 compared to a Loss of $ 290,013 for the corresponding period of 2009. When the Net Income is adjusted for non cash items on the Consolidated Statements of Operations and Comprehensive Income (Loss) the cash generated from operating activities amounted to $ 728,890 for the first quarter of 2010 compared to $ 54,098 for the first quarter of 2009.

Total assets at March 31, 2010 amounted to $ 11,946,941 compared to $ 11,946,303 at December 31, 2009.

Cash at March 31, 2010 was $ 594,805 compared to $ 485,997 at December 31, 2009. Accounts receivable consisting mainly of trade debtors, reclaimable sales taxes and prepayments amounted to $ 868,050 at March 31, 2010 compared to $ 657,515 at December 31, 2009. This increase at March 31, 2010 is due primarily to an increase in trade debtors arising from the sale of concentrates. Inventory at March 31, 2010 amounts to $ 410,876 and consists mainly of jewelry products and unworked gold belonging to the jewelry business. This compares with an inventory of $ 445,666 at December 31, 2009.There was a low level of concentrate stocks at the end of both periods due to almost all concentrates produced having been shipped at period end.

Property plant and equipment totaled $ 3,627,794 compared to $ 3,691,172 at December 31, 2009. Deferred development and exploration costs totaled $ 6,326,598 at March 31, 2010 compared to $ 6,547,135 at the end of 2009.

Current liabilities at $ 4,546,492 at March 31, 2010 compare to $ 5,300,950 at the end of 2009. The working capital deficit March 31, 2010 amounted to $ 2,672,761 compared to $ 3,711,772 at December 31, 2009. Accounts payable and accrued liabilities totaled $ 1,569,155 compared to $ 2,097,396 at December 31, 2009. The current portion of the external financing and term loan facilities totaled $ 70,947 at March 31, 2010 and compares with $ 77,830 at the end of 2009 reflecting repayments during the period. Loans from related parties at March 31, 2010 amounted to $ 2,906,390 compared to $ 3,125,724 at December 31, 2009. Loans from related parties are denominated in UK£ and this decrease during the first quarter of 2010 reflects the weaker exchange rate level of the UK£ against the Canadian Dollar at March 31, 2010 when compared with December 31, 2009.

The asset retirement obligation at March 31, 2010 amounted to $ 447,400 compared to $ 447,400 at December 31, 2009. Non current loans from external financing facility total $ 13,833 at March 31, 2010 compared to $ 34,102 at December 31, 2009.

1.3 SELECTED ANNUAL INFORMATION

Not applicable to Quarterly MD&A.

1.4 RESULTS OF OPERATIONS

2010 Financing Activities

The Company did not engage in any fundraising activities during the three months ended March 31, 2010.

Production

Production at the Omagh mine during the three months ended March 31, 2010 showed an increase over production levels achieved during the corresponding period of 2009. Concentrate production for the first quarter of 2010 amounted to 594.9 dry tonnes of concentrate which compared to 480.7dry tonnes for the corresponding period of 2009 – an increase of 23.7 %. Metal content of production for the three months ended March 31, 2010 totaled 2,096 ounces of gold (65.2kgs), 6,642 ounces of silver (206.6kgs) and 94.2 tonnes of lead. This compares with metal content for the corresponding period of 2009 of 1,511 ounces of gold (46.99 kgs), 4,785ounces of silver (148.8 kgs) and 42.2 tonnes of lead which represents a 38.7% increase in gold output, a 38.8% increase in silver output and a 123.2 % increase in lead output. These production figures and metal contents are provisional and subject to averaging or umpiring provisions under the concentrate off – take agreement detailed in a press release dated October 3, 2007.

The improved production performance at the mine during 2009 continued into the first quarter of 2010 despite adverse weather conditions hampering production at the beginning of the quarter when the Omagh site suffered heavy rainfall. Further stripping of the Kearney vein overburden was carried out during the quarter. In addition the overburden stripping of the Kerr vein, which commenced in the second half of 2009, continued. More stripping is required on the Kerr vein before production. Whilst both the Kearney and Kerr operations, which are the key to increased production, have been hampered by lack of working capital that situation improved during the first quarter as a result of the additional cash flow from the increased production at the mine. Whilst the first quarter performance has reduced the working capital shortfall, the lack of working capital will continue to impact performance and lead to inconsistent results going forward

The mill operated satisfactorily during the first quarter of 2010. The shutdown over Christmas and the new year was utilized to replace and rotate the worn ball mill lining following on from the ball mill having been fully relined in early 2009. The Company plans to increase capacity in the mill as additional ore becomes available from the open pits.

Exploration

Exploration activity continued during the first quarter of 2010 and followed on from the prospecting work which recommenced during the second half of 2009 on the three licence areas in Counties Tyrone and Fermanagh, Northern Ireland with most work concentrated on licence area OM1 in developing a greater understanding of the structural controls of mineralisation in the Lack inlier where indicator minerals were identified and correlated with known gold bedrock occurrences. In licences OM2 and OM3, during the latter half of 2009, a contract geochemist was employed to work on area and infill soil sample grids. These areas were selected from Tellus Survey data that showed promise. The Company issued a press release early in the first quarter summarising the results of the exploration carried out on these three licences and announcing that analyses of the results had disclosed 13 new gold targets additional to those drill ready targets reported in 2008 bringing the number of targets for follow up operation to 122.

1.5 SUMMARY OF QUARTERLY RESULTS

Revenues and net financial results in Canadian dollars for the first quarter of 2010 and for the seven preceding quarters are summarized below:

Quarter Ended	Total Revenue	Net Profit (Loss)	Net Profit (Loss) per share & per share diluted
March 31, 2010	$ 1,980,815	$ 772,418	$ 0.00
December 31,2009	$ 1,667,716	$ (5,672,371)	$ (0.03)
September 30,2009	$ 950,950	$ (164,988)	$ (0.00)
June 30, 2009	$ 1,648,243	$ (234,325)	$ (0.00)
March 31,2009	$ 1,143,004	$ (290,013)	$ (0.00)
December 31,2008 (Restated)	$ 1,955,509	$ (707,198)	$ (0.00)
September 30,2009	$ 1,175,104	$ 113,170	$ 0.00
June 30,2008	$ 650,565	$ (712,273)	$ (0.00)

The results for the Quarter ended March 31, 2010 are discussed under Section 1.2 – Review of Financial Results. The improved result in this quarter is due primarily to the increased sales revenues from a combination of increased production and higher gold prices. Revenues commencing quarter ended September 30, 2007, when the Omagh mine commenced production, are primarily from sales of concentrates. The sales increase in quarter ended December 31, 2008 is due to changes in the revenue recognition policy adopted by the

Company. The changes in accounting policy did not impact on the Net Loss for either year. With the exception of quarter ended September 30, 2008 there have been losses in each of the quarters to December 31, 2009 which losses have increased since the Company commenced production. The Net Income in the Quarter ended September 30, 2008 when compared to the losses incurred in earlier quarters is due primarily to a substantial foreign exchange gain incurred during that quarter. The increase in the Net Loss in the quarter ended December 31, 2009 to $ 5,672,371 is due primarily the impairment of assets which resulted in an additional charge in the fourth quarter charge of $ 5,314,412.

1.6 LIQUIDITY

The Company had a cash balance of $ 594,805 at March 31, 2010 compared with a cash balance of $ 485,997 at December 31, 2009.

As at March 31, 2010 the Company's working capital was in a deficit of $ 2,672,761 which compared with a deficit of $ 3,711,772 at December 31, 2009. This deficit is expected to persist throughout 2010. Ore supply continues to be a challenge with management focusing heavily on the development of the pit which made satisfactory progress during the first quarter of 2010. Additional working capital may be required in the short term.

There were no additional Related Party loans received during the three months ended March 31, 2010. Repayments on the financing facility were $ 27,151 during the first quarter.

The Company did not engage in any fundraising activities during the three months ended March 31, 2010.

To date the company had been able to draw upon additional cash resources and loans from the President of the company for working capital and finance of plant and equipment but these may no longer be available going forward.

During the third quarter of 2009 the Company entered an arrangement with G&F Phelps Limited, a related party, whereby G&F Phelps combined it's UK£ loans to Galantas with loans due by the Company to both Welsh Gold plc and to the President and Chief Executive Officer of the Company. As part of this arrangement G&F Phelps paid off the balance of the Company's UK£ 250,000 term loan facility which is now amalgamated into this loan. The amalgamated loan bears interest at 2% above base rate, is repayable on demand and is secured by a mortgage debenture over all the Company's assets

The Company is continuing its efforts to raise funds for future developments and operations to meet its ongoing obligations. 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 March 31, 2010 consolidated financial statements.

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 balance sheet.

1.7 CAPITAL RESOURCES

As at March 31, 2010, the Company had capital requirements to repay, under existing arrangements.

a) Accounts payable and accrued liabilities incurred in the normal course of business.

b) A £ financing facility with Barclays Lease Finance. The amounts outstanding on this facility at March 31, 2010 amounted to $ 84,780 (£ 54,974).

c) A UK £ loan facility from G&F Phelps Limited, a company controlled by a director of the Company, in the amount of $ 2,562,445 (£ 1,661,552) This loan bears interest at 2% above base rate, is repayable on demand and is secured by a mortgage debenture over all the Company's assets

d) Amounts due to directors of the Company $ 183,949 (£ 119,277)

Contingent Liability

During the first quarter of 2010 the Company's subsidiary Omagh Minerals Limited 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 Minerals Limited intends to vigorously defend itself against this claim. No provision has been made for the claim in the consolidated financial statements

1.8 OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet transactions.

1.9 RELATED PARTY TRANSACTIONS

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. Director's remuneration of $ 15,400 (Three months ended March 31, 2009 - $ Nil) were paid or accrued during the three months ended March 31, 2010.

During 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 year. 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. At March 31,2010 the Company has accrued charges of $ 159,996 (UK£ 103,745) (December 31, 2009 $ 129,827 UK£ 76,745),payable to G&F Phelps for the rent of the mining equipment which is currently due and is included with loans to related party on the balance sheet.

During 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 has 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 agreement.

G&F Phelps, a company controlled by director of the Company, had amalgamated loans to Galantas of $ 2,562,445 (UK£ 1,661,552) (December 31, 2009 $ 2,811,014 (UK£ 1,661,552) bearing interest at 2% above UK base rates, repayable on demand and secured by a mortgage debenture on all the Company's assets.

Directors current accounts amounting to $ 183,949 (UK£ 119,277) (December 31, 2009 $ 184,874 (UK£ 109,277).

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

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

1.10 FOURTH QUARTER

Not applicable to Quarterly MD&A.

1.11 PROPOSED TRANSACTIONS

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

1.12 CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in conformity with Canadian GAAP 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 results could differ significantly from those estimates. Specific items requiring estimates are ore reserves, accounts receivable, property, plant and equipment, deferred development and exploration costs, revenues, depreciation and amortization, asset retirement obligations, future income taxes, stock based compensation, accrued liabilities and contingent liabilities.

1.13 CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Future Accounting Pronouncements

IFRS

In 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 IAS 27 - Consolidated and Separate Financial Statements. The Company is in the process of evaluating the requirements of the new standards.

1.14 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's current financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The carrying values approximate the fair values of these financial instruments due to the short-term maturity of these items.

1.15 OTHER MD&A REQUIREMENTS

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

General administrative expenses for the Three Months ended March 31, 2010 and March 31, 2010 are detailed below:

Expense Account	**Three Months ended March 31 2010**	**Three Months ended March 31 2009**
Other operating expenses	$ 121,642	$ 154,801
Accounting & corporate	$ 12,515	$ 13,793
Legal & audit	$ 20,545	$ 14,393
Stock based compensation	$ 2,947	$ 37,729
Shareholder communication	$ 14,785	$ 29,341
Transfer agent	$ 2,064	$ 1,276
General office	$ 9,295	$ 8,936
Bank interest and charges	$ 20,587	$ 31,636
Total	$ **204,380**	**$ 291,905**

General administrative expenses before foreign exchange gains for the three months ended March 31, 2010 totaled $ 204,380 compared to $ 291,905 for the three months ended March 31, 2009.

Other operating expenses comprise mainly of various administration expenses at the mine together with the ongoing expenses of the Company's jewelry business. The administration costs at the mine include administration and technical wages, professional fees, and insurance. The decrease in Other operating expenses to $ 121,642 for the three months ended March 31, 2010 from $ 154,801 for the three months ended March 31, 2009 is due a both a reduction in wage costs in the first quarter of 2010 arising from a reclassification of wages from Other operating expenses to Production costs in the first quarter of 2010, which wages had been included in Other operating costs in 2009 and to the lower costs of the jewelry business during 2010. In addition the weaker UK£ exchange rate which prevailed during the first quarter of 2010 resulted in lower 2010 operating expenses when expressed in Canadian Dollars. Accounting and corporate costs for the three months ended March 31, 2010 amounted to $ 12,515 compared to $ 13,793 for the corresponding period of 2009. Legal and audit costs, which mainly comprise of audit costs, totaled $ 20,545 for the first quarter of 2010 compared to $ 14,393 for the first quarter of 2009. Galantas provide for annual audit costs on a quarterly basis. The main reason for the 2010 increase was legal costs incurred by Omagh Minerals Limited during the quarter.

Stock based compensation costs in the first quarter 2010 totaled $ 2,947 compared to $ 37,729 for the 2009 first quarter. This reduction in cost is mainly as a result of options lapsing during the first quarter of 2010.

Shareholder communication costs at $ 14,785 for the three months ended March 31, 2010 compared to $ 29,341 for the corresponding period of 2009. The decrease of $ 14,556 is due to a combination of steps taken by Galantas to reduce these costs together with an overprovision in the 2009 first quarter costs. Transfer agents fees for first quarter 2010 amounted to $ $ 2,064 which compared to $ 1,276 for first quarter 2009. General office expenses for 2010 amounted to $ 9,245 compared to $ 8,936 for the first quarter of 2009.

Bank interest and fees have reduced to $ 20,587 for the three months ended March 31, 2010 from $ 31,636 for the for the three months ended March 31,2009 due mainly to the positive impact of lower interest rates.

This resulted in General administrative expenses totaling $ 204,380 and $ 291,905 for the respective periods.

Disclosure of Outstanding Share Data

Share Capital

The Company is authorized to issue in series an unlimited number of common and preference shares. At March 31, 2010, there were a total of 190,100,055 shares issued, and 8,250,000 stock options expiring from May 2010 to October 2013.

Subsequent to March 31, 2010 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.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

IFRS Transition Plan

The Accounting Standards Board (AcSB) has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, including the Company, effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements (with comparatives) in accordance with IFRS beginning with the quarter ended March 31, 2011. The Company’s 2011 interim and annual financial statements will include comparative 2010 financial statements, adjusted to comply with IFRS.

The Company is proceeding with the development of a comprehensive IFRS transition plan to assist with the planning and implementation of its transition to IFRS. The Company has evaluated the key areas where changes to current accounting policies may be required including the application of IFRS 1 First-time adoption of International Financial Reporting Standards.

The Company’s first financial statements prepared in accordance with IFRS will be the interim financial statements for the three months ending March 31, 2011, which will include notes disclosing transitional information and disclosure of new accounting policies under IFRS. The interim financial statements for the three months ending March 31, 2011 will also include 2010 financial statements for the comparative period, adjusted to comply with IFRS, and the Company’s transition date IFRS statement of financial position as at January 1, 2010.

Impact of Adopting IFRS on the Company’s Business

As part of its analysis of potential changes to significant accounting policies, the Company is assessing what changes may be required to its accounting systems and business processes. The Company believes that the changes identified to date are minimal and the systems and processes can accommodate the necessary changes.

To date, the Company has not identified any contractual arrangements that may be affected by potential changes to significant accounting policies.

The Company’s staff and advisers involved in the preparation of financial statements are being trained on the relevant aspects of IFRS and the anticipated changes to accounting policies.

Impact of Adopting IFRS on the Company’s Financial Statements

The adoption of IFRS will result in some changes to the Company's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements.

The following provides a summary of the Company's evaluation to date of potential changes to accounting policies in key areas based on the current standards and guidance within IFRS. This is not intended to be complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas Galantas has identified as having the most potential for a significant change. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an affect on the changes required to the Company's accounting policies on adoption of IFRS. At the present time however, the Company is not aware of any significant expected changes prior to its adoption of IFRS that would affect the summary provided below.

1. Exploration and Evaluation Expenditures

IFRS currently allows an entity to retain its existing accounting policies related to the exploration for and evaluation of mineral properties, subject to some restrictions.

Galantas expects to retain its current policy of deferring exploration and evaluation expenditures until such time as the properties are either put into commercial production, sold, determined not to be economically viable or abandoned. Therefore the Company does not expect that the adoption of IFRS will result in any significant change to the related line items within its financial statements.

2. Impairment of (Non-financial) Assets

IFRS, like Canadian GAAP, requires an assessment at each reporting date as to whether there are indicators of impairment of both property, plant and equipment and deferred development and exploration costs. The factors considered under IFRS are quite similar to Canadian GAAP, but there are some differences.

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment will be changed to reflect these differences, however the Company does not expect this change will have an impact to the carrying value of its assets. Galantas will perform impairment assessments as at the transition date in accordance with IFRS.

3. Foreign Currency

IFRS requires that the functional currency of Galantas, and its subsidiaries be determined separately, and the factors considered to determine functional currency are somewhat different than current Canadian GAAP.

The Company does not expect any changes to its accounting policies related to foreign currency that would result in a significant change to line items within its financial statements at the Transition Date.

4. Share-based Payments

In certain circumstances, IFRS requires a different measurement of stock-based compensation related to stock options than current Canadian GAAP.

Galantas does not expect any changes to its accounting policies related to share-based payments that would result in a significant change to line items within its financial statements.

5. Asset Retirement Obligations (Decommissioning Liabilities)

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Company's accounting policies related to decommissioning liabilities will be changed to reflect these differences, however Galantas does not expect this change will have an immediate impact to the carrying value of its assets.

6. Property and Equipment

IFRS contains different guidance related to recognition and measurement of property and equipment than current Canadian GAAP.

Galantas does not expect any changes to its accounting policies related to property and equipment that would result in a significant change to line items within its financial statements.

7. Income Taxes

In certain circumstances, IFRS contains different requirements related to recognition and measurement of future (deferred) income taxes.

The Company does not expect any changes to its accounting policies related to income taxes that would result in a significant change to line items within its financial statements.

Further disclosure of the IFRS transition process will be included in the Company's MD&A for the 2010 interim periods and year ended December 31, 2010. The MD&A will include updates on the progress of the transition plan, and to the extent known, further information regarding the impact of adopting IFRS in the financial statements.

TRENDS AFFECTING THE COMPANY'S BUSINESS

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 GB £ per troy ounce. Over the first quarter of 2010 the gold price in US$ steadied, with only a small increase of 0.8%. Subsequent to the quarter end the price in US$ has shown strength, reaching US$ 1205 on May 7, 2010. The majority of costs at the mine are incurred in United Kingdom Pounds Sterling and US dollar revenues are converted to sterling. Data from the Bank of England demonstrates that, during the first quarter of 2010, there was a gold price increase in sterling terms of 5.6%. Subsequent to the quarter end the trend appears to continue with an intra-day high on 7th May 2010 above £825.

MONTH	Gold Price US $ per ounce	Gold Price GB £ per ounce	Quarter end Average US$	Quarter end Average GB £
JANUARY 2010	1117.96	691.65		
FEBRUARY 2010	1095.41	701.79		
MARCH 2010	1113.34	739.61	1108.90	711.02
APRIL 2010	1148.69	749.61		

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 $ into UK Sterling. Since year end the trend of the first quarter of 2010 was that of sterling weakness, with sterling losing some 4.3%. That trend has continued into the second quarter with some sterling intra-day lows below $1.46.

MONTH	Average US $ to UK £	Quarter 2009 Average $ / £
JANUARY 2010	1.62	
FEBRUARY 2010	1.56	
MARCH 2010	1.51	1.56
APRIL 2010	1.53	

A currency policy has been adopted of converting incoming payments into the currency required within a short period of when they are received, 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 corporation are expressed in Canadian Dollars. Many of the debts of subsidiaries are due in UK Sterling. The weakening of sterling against the Canadian $ decreases the Company's UK liabilities when expressed in Canadian Dollars. Sterling weakened against the Canadian dollar by 5.8% over the first quarter of 2010. That trend appears to have slowed within a band between $1.55 and $1.50

MONTH (BOE average spot)	Average CAN $ to UK £	Quarter end Avrg. CAN$ / £
JANUARY 2010	1.69	
FEBRUARY 2010	1.65	
MARCH 2010	1.54	1.63
APRIL 2010	1.54	

Difficulties in the Western credit markets have impacted on all companies entering into banking credit arrangements and these may affect the ability of the company to raise funds for capital expenditure.

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

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 jewelry, 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 favorable 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

The risk is that additional funds, if required, may not be available. Continued delays and difficulties in bringing the production up to capacity has resulted in a cash shortage. Management continues to actively pursue additional working capital and has implemented an aggressive ore extraction program. Until such funds are secured and the mine consistently produces at an increased capacity there is the uncertainty of continued operation. There is no guarantee that future sources of funding will be available to the Company as and when required in the current volatile markets.

Ore Reserves

Tonnage and grade of ore may be lower than anticipated. The Kearney deposit along strike and to depth has been proven within the confines of the initial open pit and indicated well beyond. Nevertheless, the ore is variable in detail and it has proved difficult to mine at a consistent grade and supply the plant with sufficient ore regularly and although the issue is being addressed, this may persist into the future.

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. 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.

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 to make additional applications for permitting in order to make additional ore available for mining. The Company has applied for a variation of its consent to confirm early restoration activities are permitted.

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 is a dialogue ongoing 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.

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.

Uninsurable Risks

Mining activities involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could negatively affect the Company's profitability and financial position and the value of the common shares of the Company. The Company does not maintain insurance against environmental risks.

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/Bullion Price

Currency fluctuations and the price of gold may affect the Company's future operations, financial position and results. The Company's revenues are in US dollars. Most of the costs of the company are incurred in British 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. Financial results are published in Canadian dollars. There is therefore 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.

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. 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 development of the Kearney orebody, such as till stripping, where quantities are only estimated and subject to adverse variance.

Personnel

Notwithstanding the relatively small scale of the Kearney mine, a level of expertise is required in the mine, plant and ancillary activities including geology and accounting. Albeit that a slow down worldwide in minerals development has eased the shortage of skilled professionals, the Company foresees potential difficulties in recruiting additional qualified people. The risk is that costs, operations, future expansion and indeed excellence may be impacted negatively.

Share Price Fluctuations

In recent years, and particularly in the current global financial conditions, the securities markets in Canada 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.

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.