



GALANTAS GOLD CORPORATION

**Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)**

**(Unaudited)
Three Months Ended March 31, 2009**

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, 2008 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, 2009 | December 31, 2008 |
|--|-----------------------------|-----------------------------|
| Assets | | |
| Current | | |
| Cash | \$ 377,159 | \$ 587,489 |
| Accounts receivable and advances | 502,760 | 330,467 |
| Inventory (Note 6) | <u>718,568</u> | <u>652,306</u> |
| | 1,598,487 | 1,570,262 |
| Property, plant and equipment (Note 7) | 5,994,384 | 6,152,874 |
| Long-term deposit | 101,900 | 101,900 |
| Deferred development and exploration costs (Note 8) | 10,458,357 | 10,601,856 |
| Future income taxes | <u>2,094,043</u> | <u>2,094,043</u> |
| | <u>\$ 20,247,171</u> | <u>\$ 20,520,935</u> |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 2,105,765 | \$ 2,298,303 |
| Current portion of financing facility (Note 9) | 274,426 | 309,043 |
| Due to related party (Note 11) | <u>2,676,554</u> | <u>2,504,275</u> |
| | 5,056,745 | 5,111,621 |
| Asset retirement obligation | 447,400 | 447,400 |
| Due to related party (Note 11) | 372,880 | 418,161 |
| Long-term portion of financing facility (Note 9) | <u>136,742</u> | <u>199,864</u> |
| | <u>6,013,767</u> | <u>6,177,046</u> |
| Shareholders' Equity | | |
| Share capital (Note 10(a)) | 26,530,787 | 26,435,998 |
| Warrants (Note 10(b)) | 227,650 | 180,640 |
| Contributed surplus | <u>3,686,017</u> | <u>3,648,288</u> |
| | 30,444,454 | 30,264,926 |
| Deficit | <u>(16,211,050)</u> | <u>(15,921,037)</u> |
| | <u>14,233,404</u> | <u>14,343,889</u> |
| | <u>\$ 20,247,171</u> | <u>\$ 20,520,935</u> |

Going concern (Note 1)



GALANTAS GOLD CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

| Three Months Ended March 31, | 2009 | 2008 |
|---|---------------------|-----------------------|
| Revenues | | |
| Gold sales | \$ 1,143,004 | \$ 621,787 |
| Cost and expenses of operations | | |
| Cost of sales | 813,384 | 702,479 |
| Amortization and depreciation | <u>303,878</u> | <u>344,999</u> |
| | <u>1,117,262</u> | <u>1,047,478</u> |
| Income (loss) before the undernoted | <u>25,742</u> | <u>(425,691)</u> |
| Other expenses and (income) | | |
| Other operating expenses | 154,801 | 313,880 |
| Accounting and corporate | 13,793 | 15,460 |
| Legal and audit | 14,393 | 14,607 |
| Stock-based compensation (Note 10(c)) | 37,729 | 131,052 |
| Shareholder communication and public relations | 29,341 | 29,529 |
| Transfer agent | 1,276 | 2,873 |
| General office | 8,936 | 13,100 |
| Bank charges and interest | 31,636 | 44,178 |
| Foreign exchange loss | 23,850 | 155,811 |
| Interest income | <u>-</u> | <u>(262)</u> |
| | <u>315,755</u> | <u>720,228</u> |
| Net loss and comprehensive loss for the period | <u>\$ (290,013)</u> | <u>\$ (1,145,919)</u> |
| Basic and diluted loss per share | <u>\$ (0.00)</u> | <u>\$ (0.01)</u> |
| Weighted average number of shares outstanding - basic | 189,576,257 | 175,675,855 |
| Dilutive effect of stock options and warrants | - | - |
| Weighted average number of shares outstanding - diluted | 189,576,257 | 175,675,855 |

INTERIM CONSOLIDATED STATEMENTS OF DEFICIT
(Expressed in Canadian Dollars)
(Unaudited)

| Three Months Ended March 31, | 2009 | 2008 |
|-------------------------------------|------------------------|------------------------|
| Deficit, beginning of period | \$ (15,921,037) | \$ (13,959,943) |
| Net loss for the period | <u>(290,013)</u> | <u>(1,145,919)</u> |
| Deficit, end of period | <u>\$ (16,211,050)</u> | <u>\$ (15,105,862)</u> |



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

| | Share Capital | Warrants | Contributed Surplus | Deficit | Total |
|--|------------------|--------------|------------------------|-----------------|---------------|
| Balance, December 31, 2007 | \$ 26,134,279 | \$ 2,417,700 | \$ 844,247 | \$ (13,959,943) | \$ 15,436,283 |
| Shares issued under private placements | 496,760 | - | - | - | 496,760 |
| Warrants issued | (180,640) | 180,640 | - | - | - |
| Share issue costs | (14,401) | - | - | - | (14,401) |
| Warrants expired | - | (2,417,700) | 2,417,700 | - | - |
| Stock-based compensation | - | - | 386,341 | - | 386,341 |
| Net loss | - | - | - | (1,961,094) | (1,961,094) |
| Balance, December 31, 2008 | 26,435,998 | 180,640 | 3,648,288 | (15,921,037) | 14,343,889 |
| Shares issued for debt (Note 10(a)) | 141,799 | - | - | - | 141,799 |
| Warrants issued | (47,010) | 47,010 | - | - | - |
| Stock-based compensation (Note 10(c)) | - | - | 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 |



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

| Three Months Ended March 31, | 2009 | 2008 |
|--|-------------------|-------------------|
| CASH (USED IN) PROVIDED BY | | |
| OPERATING ACTIVITIES | | |
| Net loss for the period | \$ (290,013) | \$ (1,145,919) |
| Adjustments for non-cash items: | | |
| Amortization and depreciation | 303,878 | 344,999 |
| Stock-based compensation (Note 10(c)) | 37,729 | 131,052 |
| Foreign exchange | 2,504 | 8,583 |
| Net change in non-cash working capital (Note 12(a)) | <u>(289,294)</u> | <u>307,038</u> |
| | <u>(235,196)</u> | <u>(354,247)</u> |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | - | (244,556) |
| Deferred development and exploration costs | <u>(1,889)</u> | <u>-</u> |
| | <u>(1,889)</u> | <u>(244,556)</u> |
| FINANCING ACTIVITIES | | |
| Net repayments of financing facility | (97,739) | (76,393) |
| Advances from related party | <u>126,998</u> | <u>882,300</u> |
| | <u>29,259</u> | <u>805,907</u> |
| NET CHANGE IN CASH | (207,826) | 207,104 |
| Effect of exchange rate changes on cash held in foreign currencies | (2,504) | (8,583) |
| CASH, BEGINNING OF PERIOD | <u>587,489</u> | <u>21,308</u> |
| CASH, END OF PERIOD | <u>\$ 377,159</u> | <u>\$ 219,829</u> |

SUPPLEMENTAL CASH FLOW INFORMATION (Note 12)



GALANTAS GOLD CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)
THREE MONTHS ENDED MARCH 31, 2009

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.

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 value of assets and liabilities, the reported expenses and balance sheet classifications used that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

2. INCORPORATION AND NATURE OF OPERATIONS

The Company was formed on 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.

GALANTAS GOLD CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)
THREE MONTHS ENDED MARCH 31, 2009

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, 2009 may not necessarily be indicative of the results that may be expected for the year ending December 31, 2009.

The consolidated balance sheet at December 31, 2008 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, 2008, except as noted below. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended December 31, 2008.

New accounting policies

Goodwill and Intangible Assets

Effective January 1, 2009, the Company adopted Section 3064, "Goodwill and Intangible Assets" which replaced the Canadian Institute of Chartered Accountants' Handbook ("CICA Handbook") sections 3062 and 3450, EIC-27 and part of Accounting Guideline 11. Under previous Canadian standards, more items were recognized as assets than under International Financial Reporting Standards ("IFRS"). The objectives of CICA 3064 are to reinforce the principle based approach to the recognition of assets only in accordance with the definition of an asset and the criteria for asset recognition and to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing asset items that do not meet the definition and recognition criteria is eliminated. The portions in the new standard with respect to Goodwill remain unchanged. The provisions relating to the definition and initial recognition of intangible assets intends to reduce the differences with IFRS in the accounting for intangible assets. The new standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets.

The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations as at March 31, 2009.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the Emerging Issues Committee of the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", which applies to interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations as at March 31, 2009.

GALANTAS GOLD CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)
THREE MONTHS ENDED MARCH 31, 2009

3. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

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 2012 filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2010. While the Company has begun assessing the impact of the adoption of IFRS on its consolidated financial statements, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

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.

4. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, in order to support continued production and maintenance at the Omagh Mine and to acquire, explore and develop other precious and base metal deposits in Northern Ireland.

The Company manages its capital structure and makes adjustments to it, based on the level of funds available to the Company to manage its operations. In order to maintain or adjust the capital structure, the Company expects that it will be able to obtain equity financing and generate positive cash flow from operations to maintain and expand its operations. There are no assurances that these initiatives will be successful. Management reviews its capital management approach on an ongoing basis.

There were no changes in the Company's approach to capital management during the three months ended March 31, 2009. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

GALANTAS GOLD CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)
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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.

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, 2009, 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.

GALANTAS GOLD CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)
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5. FINANCIAL RISK FACTORS (Continued)

(b) Financial risk (Continued)

Market Risk (Continued)

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.

Sensitivity Analysis

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, 2009, if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the three months ended March 31, 2009 would have been approximately \$8,000 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, 2009, shareholders' equity would have been approximately \$8,000 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, 2009, 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, 2009 would have been approximately \$238,000 higher/lower as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments. Similarly, as at March 31, 2009, shareholders' equity would have been approximately \$238,000 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 \$118,000.

GALANTAS GOLD CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)
THREE MONTHS ENDED MARCH 31, 2009

6. INVENTORY

| | March 31, 2009 | December 31, 2008 |
|-----------------------|-------------------|----------------------|
| Concentrate inventory | \$ 70,286 | \$ 12,796 |
| Finished goods | 648,282 | 639,510 |
| | \$ 718,568 | \$ 652,306 |

7. PROPERTY, PLANT AND EQUIPMENT

| | March 31, 2009 | | |
|-----------------------------|---------------------|-----------------------------|---------------------|
| | Cost | Accumulated Amortization | Net |
| Freehold land and buildings | \$ 3,020,913 | \$ 408,736 | \$ 2,612,177 |
| Plant and machinery | 5,589,818 | 2,251,809 | 3,338,009 |
| Motor vehicles | 64,820 | 46,416 | 18,404 |
| Office equipment | 79,575 | 53,781 | 25,794 |
| Moulds | 81,802 | 81,802 | - |
| | \$ 8,836,928 | \$ 2,842,544 | \$ 5,994,384 |

| | December 31, 2008 | | |
|-----------------------------|---------------------|-----------------------------|---------------------|
| | Cost | Accumulated Amortization | Net |
| Freehold land and buildings | \$ 3,020,913 | \$ 393,941 | \$ 2,626,972 |
| Plant and machinery | 5,589,818 | 2,110,532 | 3,479,286 |
| Motor vehicles | 64,820 | 45,395 | 19,425 |
| Office equipment | 79,575 | 52,384 | 27,191 |
| Moulds | 81,802 | 81,802 | - |
| | \$ 8,836,928 | \$ 2,684,054 | \$ 6,152,874 |

GALANTAS GOLD CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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8. DEFERRED DEVELOPMENT AND EXPLORATION COSTS

| | <u>March 31, 2009</u> | | |
|--|-----------------------|---------------------------------|---------------|
| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net</u> |
| Deferred development and exploration costs | \$ 11,448,579 | \$ 990,222 | \$ 10,458,357 |

| | <u>December 31, 2008</u> | | |
|--|--------------------------|---------------------------------|---------------|
| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net</u> |
| Deferred development and exploration costs | \$ 11,446,690 | \$ 844,834 | \$ 10,601,856 |

9. FINANCING FACILITY

Amounts payable on the long term debt are as follows:

| | <u>Interest</u> | <u>March 31, 2009</u> | <u>December 31, 2008</u> |
|----------------------------------|-----------------|-----------------------|--------------------------|
| Financing facility (238,700 GBP) | 3.71 % | \$ 18,134 | \$ 44,659 |
| Financing facility (180,000 GBP) | 3.97 % | - | 29,602 |
| Financing facility (199,160 GBP) | 4.03 % | 177,454 | 194,735 |
| Term loan facility (250,000 GBP) | Bank rate + 2% | 215,580 | 239,911 |
| | | 411,168 | 508,907 |
| Less current portion | | 274,426 | 309,043 |
| | | \$ 136,742 | \$ 199,864 |

Principal repayments over the next three years are as follows:

| | |
|------|-------------------|
| 2009 | \$ 274,426 |
| 2010 | 100,415 |
| 2011 | <u>36,327</u> |
| | \$ 411,168 |

GALANTAS GOLD CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited)
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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, 2008 | 186,965,855 | \$ 26,435,998 |
| Shares issued for debt (i) | 3,134,200 | 141,799 |
| Warrants issued | - | (47,010) |
| Balance, March 31, 2009 | 190,100,055 | \$ 26,530,787 |

(i) On January 14, 2009, the Company has received consent from the TSX Venture Exchange for the issue of Company shares for debt. The creditor, who supplied drilling services, has exchanged \$141,799 (78,355 GBP) of debt for 3,134,200 units. Each unit comprises one common share and one warrant, such warrant being exercisable for one year at a price of \$0.09 (0.05 GBP). The shares exchanged for debt are subject to a four month hold period, which will expire May 15, 2009.

The fair value of the 3,134,200 warrants was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; volatility - 153%; risk-free interest rate - 0.92% and an expected life of 1 year. The fair value attributed to the warrants was \$47,010.

(b) Warrants

The following table shows the continuity of warrants for the period ended March 31, 2009:

| | Number of Warrants | Weighted Average Price |
|--------------------------------|---------------------------|---------------------------------------|
| Balance, December 31, 2008 | 11,290,000 | \$ 0.09 |
| Issued (Note 10(a)) | 3,134,200 | 0.09 |
| Balance, March 31, 2009 | 14,424,200 | \$ 0.09 |

As at March 31, 2009, the following warrants were outstanding:

| | Number of Warrants | Fair Value (\$) | Exercise Price (\$) | Expiry Date |
|--|-------------------------------|----------------------------|--------------------------------|------------------------|
| | 11,290,000 | 180,640 | 0.09 | December 29, 2009 |
| | 3,134,200 | 47,010 | 0.09 | January 14, 2010 |
| | 14,424,200 | 227,650 | | |

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10. SHARE CAPITAL (Continued)

(c) Stock options

The following table shows the continuity of options for the period ended March 31, 2009:

| | Number of Options | Weighted Average Price |
|---|-------------------|------------------------------|
| Balance, December 31, 2008 and March 31, 2009 | 8,650,000 | \$ 0.14 |

Stock-based compensation expense includes \$37,729 (three months ended March 31, 2008 - \$131,052) relating to stock options granted in previous years that vested during the period.

The following table reflects the Company's stock options outstanding and exercisable as at March 31, 2009:

| Options Outstanding | Weighted Average Remaining Contractual Life (years) | Exercise Price (\$) | Options Exercisable | Weighted Average Remaining Contractual Life (years) | Exercise Price (\$) | Expiry Date |
|------------------------|---|------------------------|------------------------|---|------------------------|-------------------|
| 200,000 | 1.12 | 0.10 | 200,000 | 1.12 | 0.10 | May 13, 2010 |
| 500,000 | 2.20 | 0.26 | 500,000 | 2.20 | 0.26 | June 14, 2011 |
| 500,000 | 3.21 | 0.23 | 333,333 | 3.21 | 0.23 | June 15, 2012 |
| 5,700,000 | 3.73 | 0.14 | 3,800,000 | 3.73 | 0.14 | December 24, 2012 |
| 250,000 | 3.89 | 0.16 | 166,667 | 3.89 | 0.16 | February 20, 2013 |
| 1,500,000 | 4.50 | 0.10 | 500,000 | 4.50 | 0.10 | October 2, 2013 |
| 8,650,000 | 3.69 | 0.14 | 5,500,000 | 3.54 | 0.15 | |

11. RELATED PARTY TRANSACTIONS

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

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11. RELATED PARTY TRANSACTIONS (Continued)

The Company has the following transactions with related parties:

Director fees of \$5,000 (three months ended March 31, 2008 - \$9,000) were paid or accrued during the three months ended March 31, 2009.

| | March 31, 2009 | | December 31, 2008 | |
|--|------------------|--------------------|-------------------|--------------------|
| | GBP | CDN\$ | GBP | CDN\$ |
| Amount owing to the President and companies controlled by the President of the Company. \$484,397 (268,781 GBP) of the loan is secured by a second charge on the land owned by Omagh and the balance of the loan is unsecured. The loan bears interest at a base rate plus 2%. \$706,068 (391,781 GBP) is due over a period of 3 years and the balance due on demand. | 834,746 | 1,504,373 | 869,801 | 1,556,597 |
| Amount owing to the company controlled by a director of the Company for financing of mining equipment. \$743,696 (412,660 GBP) of the loan is for a period of 4.25 years, interest bearing at 4.04% and is secured by all of the equipment owned by the Company's wholly-owned subsidiary Omagh. | 647,660 | 1,167,213 | 647,660 | 1,159,052 |
| Amount owing to the President and Chief Executive Officer of the Company who agreed to lend up to a total of \$901,100 (500,000 GBP) to the Company for a period of 6 months. The loan is secured by the Company's inventory with cross guarantees provided by the Company's subsidiaries. The loan bears interest at a base rate of 4.5% per annum, such interest to be calculated monthly and compounded until repaid. | 209,659 | 377,848 | 115,549 | 206,787 |
| | 1,692,065 | 3,049,434 | 1,633,010 | 2,922,436 |
| Less: Current portion | | (2,676,554) | | (2,504,275) |
| Long-term portion | | 372,880 | | 418,161 |

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12. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Net change in non-cash working capital

| | Three Months Ended March 31, | |
|--|------------------------------------|-------------------|
| | <u>2009</u> | <u>2008</u> |
| Accounts receivable and advances | \$ (172,293) | \$ 57,008 |
| Inventory | (66,262) | (294,500) |
| Accounts payable and accrued liabilities | (50,739) | 281,985 |
| Deferred revenue | <u>-</u> | <u>262,545</u> |
| | <u>\$ (289,294)</u> | <u>\$ 307,038</u> |

(b) Supplemental information

| | | |
|--------------------------------|-------------------|------------------|
| Interest paid | <u>\$ 25,108</u> | <u>\$ 10,769</u> |
| Shares issued for debt payment | <u>\$ 141,799</u> | <u>\$ -</u> |

Interest paid includes \$25,108 (three months ended March 31, 2008 - \$10,769) of interest paid on the financing facility during the three months ended March 31, 2009, which was expensed to the statements of operations.

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.