GALANTAS GOLD CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

Nine months ending September 30, 2008

This document constitutes management's discussion and analysis (MD&A) of the financial and operational results of Galantas Gold Corporation (the company) for the nine months ended September 30, 2008. This MD&A is to be read in conjunction with the unaudited financial statements for the same period. The MD&A does not form part of these unaudited financial statements. 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 November 26, 2008.

This MD&A is dated November 26, 2008.

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

Galantas Gold Corporation is a producing mineral resource issuer and the first to acquire planning consent to mine gold in 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 the Company's gold production as certified Irish gold jewellery.

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 50 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

References

1. May 2008 : ACA Howe International Ltd. " Technical Report on the Omagh Gold Project, Counties Tyrone and Fermanagh, Northern Ireland (The Updated Howe Report)

Ore reserves and mineral resources lie within eight veins in a 5 square kilometre area at the eastern end of the Company's original prospecting licence which encompasses a 20 by 6 kilometre fault-bounded inlier of Precambrian "Dalradian" rocks and younger rocks underlain by Dalradian rocks. The deposits sub-outcrop beneath a few meters of glacial and recent overburden and are open to depth and usually along the strike. The steeply dipping Kearney deposit, focus of the initial mine, is some 850 meters long.

A Press Release dated 12th June 2008 gave detail of a Resource and Exploration review and contained the following disclosure :-

"The report of the mineral resource review on the Omagh property has been prepared by independent consultants, ACA Howe International Ltd (Howe). The report, entitled Technical Report on the Omagh Gold Project is dated 28th May 2008 and will be 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.

The resource review updates resource estimates for the Kearney deposit and the other named veins. These are classified in accordance with CIM (Canadian Institute of Mining, Metallurgy and Petroleum) Definition Standards on Minerals Resources and Minerals Reserves, adopted by CIM Council on December 11, 2005. The report was commissioned to be prepared in compliance with Canadian National Instrument 43-101.

The reporting has been conservatively applied and there are some significant differences with the JORC (Australian Joint Ore Reserve Committee) code (1995) previously used to calculate resources. For instance, although the Elkins mineralized structure has been found to be co-incident with an IP (Induced Polarization) geophysical anomaly for the portion of its length that has been drill tested, the portion of the anomaly that has not been drill tested has been excluded from resource calculation. The potential Elkins extension is included within a table of Resource Extension Targets. Previously the extension was calculated within the JORC resource model.

The CIM / NI.43-101 resources as summarized in the report are as follows :

	Measured			**Indicated**			**Inferred**		
	Gold (Au)	**Grade**	**Tonnage**		**Grade**	**Tonnage**		**Grade**	**Tonnage**
	Ozs	**g/t gold**	**(t)**	**ozs**	**g/t gold**	**(t)**	**ozs**	**g/t gold**	**(t)**
Kearney	16000	6.35	78000	76000	6.74	350000	218000	9.27	730,000
Elkins				12000	3.3	113000	3,600	3.82	29000
Kerr							7800	4.03	60000
Joshua							20400	3.96	160000
Gormley							24300	6.57	115000
Garry							1600	1.27	40000
Prince's							12500	38.93	10000
Sammy’s							4100	4.26	30000
Kearney Nth							3500	1.97	55000
Total ozs	**16000**			**88000**			**295800**		

Two new vein discoveries are reported upon, named as McCombs vein and Eastern Lagoon vein, though no estimate of resources have been included for these discoveries.

The report contains estimates of potential tonnage and grade of some of the available targets and classifies these by Resource Extension or Exploration. The potential quantity and grade is conceptual in nature and there has been insufficient exploration to define mineral resources in these areas. It is uncertain if further exploration will result in the targets being delineated as mineral resource. The exploration potential does not represent a mineral resource, does not have demonstrated economic viability and is disclosed in accordance with NI 43-101 Rules and Policies, Section 2.3, disclosed as potential quantity and grade, expressed as ranges, of a potential mineral deposit that is to be the target of future exploration. The report states, “However, the disclosed potential quantity and grade has been determined on the basis of reasonable extrapolation from known and defined resources and/or favourable geochemical/geophysical signatures and float/surface sampling, the results of which make these areas highly prospective”.

Table of Exploration Potential* (The updated Howe Report)

Target Name	Potential Tonnes Range (t)		Potential Grade Range (g/t Gold)	
RESOURCE EXTENSION TARGETS				
	Low	***High***	***Low***	***High***
Kearney	400,000	600,000	4.5	9.0
Elkins	200,000	400,000	2.0	4.0
Joshua's	190,000	380,000	2.0	4.0
Kerr	180,000	360,000	2.0	4.0
Gormley	230,000	460,000	3.3	6.5
Sammy's	30,000	60,000	2.1	4.2
Prince's	20,000	40,000	19	38
Garry's	80,000	160,000	0.7	1.3
Total	1,330,000	2,460,000		
EXPLORATION TARGETS				
Peter's	4,000	13,000	4.5	9.0
"63 gram"	33,000	101,000	4.5	9.0
North of Sammy's Barn / East Cousins	135,000	810,000	4.5	9.0
Cornavarrow Burn East	60,000	360,000	4.5	9.0
Corlea Burn	60,000	360,000	4.5	9.0
Legphressy	60,000	360,000	4.5	9.0
Cousins	48,000	145,000	4.5	9.0
Total	400,000	2,149,000		
TOTAL EXPLORATION POTENTIAL *	**1,730,000**	**4,609,000**		

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Initial 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

Several additional retailers have been added to the jewelry distribution network and internet advertising trialed with some success. However, market conditions generally in the jewelry trade are poor and retailers are cautious about the coming Christmas season. As a consequence, most management focus has been on the mine during the quarter.

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 34 people.

Key Performance Driver

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

1.2 OVERALL PERFORMANCE

The removal of surplus country rock by a road contractor, at no cost, has permitted a focus during the third quarter on the removal of till (deposits of glacial origin) to expand the open pit and expose more ore. The increased length of the ore vein already exposed has created space for additional equipment to operate. To facilitate a rapid increase in ore production, a 52 tonne, large capacity excavator and three, 40 tonne, articulated dump-trucks have been mobilised. The extra equipment is being rented on a three month trial, with 75% of the rental fees being available as a deposit to a potential purchase. This arrangement gives the opportunity to trial the use of Bell trucks, for which other operators report lower fuel consumption.

Since delivery in early October, the additional equipment has permitted till to be removed at an increased rate, although quantities required to be moved have proven to be greater than estimated originally. In the second week of November 2008, focus has moved to excavating waste rock to enable greater quantities of ore to be mined. Some till remains to be moved but movement of this will be postponed until after Northern Ireland Electricity have completed a re-routing (now in progress) of power lines.

The supply of additional ore has enabled increased hours of operation at the plant. The first 5.5 day week (previously 4.5 days) was worked during the week ending November 8th.

Although the quantity of ore has increased, the ore grade remains variable. Grade has been lower in Quarter 4 than in Quarter 3 but there has been an increased amount of ore available to the plant (approximately 10,220 tonnes in quarter 3 versus approximately 6,450 tonnes for the first half of Quarter 4 - November 15th) which has partially helped to redress the reduction in ore grade. Froth washing has generally proved to be a low cost method for improving concentrate grade and it has been noted that the gold content of concentrate has generally fallen when ore grades are lower.

During the quarter a total of 536.95 wet tones (503.11 dry tones) of concentrate was produced yielding an estimated 1642.22 ounces of gold, 4115.35 ounces of silver and 51.05 tonnes of lead. These figures are preliminary at this point in time as final assay results with Xstrata have not been exchanged.

Exploration

The third quarter has seen the carrying out of exploration field work in each of the three license areas. Soil, deep overburden and chip sampling programs were carried out as follow up on several anomalies and results are awaited.

1.3 REVIEW OF FINANCIAL RESULTS

Three Months Ended September 30,2008

Net income for the three months ended September 30, 2008 amounted to $113,170 compared to a loss of $788,481 for the corresponding period of 2007.

Revenues from the sale of concentrate and jewelry amounted to $ 1,175,104 for the three months ended September 30, 2008 which compared to revenues of $715,080 for the corresponding period of 2007 reflecting the increased level of shipments during the quarter. There were no shipments to the specialist processing plant in the third quarter to supply certified Irish gold. Cost of Sales for the quarter amounted to $619,832 compared to $909,123 for the corresponding period of 2007. Amortization for the three months totaled $360,520 compared to $266,449 for 2007. This resulted in a Net Income before Other expenses and income for the third quarter of $194,752 compared to a Loss of $460,492 for the corresponding period of 2007. Other Expenses and income for the third quarter including a foreign exchange gain of $389,736 amounted to $81,582 compared to $327,989 for third quarter of 2007. Other Expenses and income are set out in Section 1.15 Other MD&A Requirements. This has resulted in a Net Income of $113,170 for the three months ended September 30, 2008 compared to a Net Loss of $788,481 for the corresponding period of 2007.

Nine Months Ended September 30,2008

The Company incurred a loss of $1,745,022 for the nine months ended September 30,2008 compared to a loss of $ 1,095,116 for the corresponding period of 2007 when the Company commenced production at it's mine in Ireland in July. Revenues for the nine months ended September 30, 2008 amounted to $2,447,456 which compared to $717,647 for the corresponding period of 2007. Cost of Sales for the nine months amounted to $ 1,754,019 compared to $910,415 for the corresponding period of 2007. The lower level of costs in 2007 reflects the July 2007 production start up. Amortization for the nine months totaled $1,057,601 compared to $267,933 for the nine months ended September 30, 2007. This resulted in a Loss before Other Expenses and Income $364,164 for the nine months compared to a loss of $460,701 for the corresponding period of 2007. Other Expenses and income for the nine months totaled $1,380,858 compared to $634,415 for 2007. Other Expenses and income are set out in Section 1.15 Other MD&A Requirements. This has resulted in a Net Loss of $1,745,022 for the nine months ended September 30, 2008 compared to a Net Loss of $1,095,116 for the corresponding period of 2007.

Total assets at September 30, 2008 amounted to $20,676,423, down marginally by $85,054 from the June 30, 2008 total of $20,761,477.

Cash at the end of the quarter was $229,279 (June 30, 2008 - $113,195). This increase is more or less a factor of timing and management expects this number to fluctuate quarter to quarter as financial obligations come due. Accounts receivable totaled $232,591 compared to $562,290 at June 30, 2008. Inventory at September 30, 2008 amounts to $1,842,161and compares to $1,752,846 at June 30, 2008. The non-cash item of future income tax credit totaling $1,602,917 remains unchanged from year end. Property plant and equipment including deferred development and exploration costs totaled $16,769,475 compared to $16,730,229 at June 30, 2008. Capital expenditure for the three months and nine months to September 30, 2008 amounted to $ 399,766 and $ 749,417 respectively. Of this expenditure $343,671 was incurred on Deferred till stripping costs involving the removal of overburden where the underlying ore will be extracted in future periods.

Current liabilities at $5,866,440were in line with June 30, 2008 liabilities of $6,016,736 and include accounts payable, external debt financing facilities, loans from a related party and deferred revenue. The debt financing will be retired within the terms of the financing arrangements. Deferred revenue of $749,321 reflects the shipments from June through to September and should continue to increase quarter over quarter as shipments increase. This does not negatively affect the company's cash position but is merely a timing issue. Non current loans from related parties and external financing facilities total $764,155 which compares to $917,942 at June30, 2008.

1.4 RESULTS OF OPERATIONS

The Company's core business is gold mining with the majority of its revenue derived mainly from the sale of gold, silver, lead concentrate and small amounts of gold jewelry. Production has shown signs of further improvement during the third quarter with a total of 22 containers shipped compared to 18 containers shipped in the second quarter of 2008. In terms of dry tonnage shipped the third quarter was 503.1 tonnes compared to the second quarter of 390.0 tonnes.

1.5 SUMMARY OF QUARTERLY RESULTS

Revenues and net financial results in Canadian dollars for the third quarter of 2008 and for the seven preceding quarters are summarized:

Quarter Ended	Total Revenue	Net Profit (Loss)	Net Profit (Loss) per share & per share diluted
September 30, 2008	1,175,104	113,170	0.00
June 30,2008	650.565	(712,273)	0.00
March 31, 2008	621,787	(1,145,919)	(0.01)
December 31, 2007	(63,505)	(1,070,540)	0.00
September 30, 2007	715,080	(788,481)	0.00
June 30, 2007	1,212	(135,118)	0.00
March 31, 2007	1,355	(171,517)	0.00
December 31, 2006	15,363	188,323	0.00

There were 22 shipments during the quarter to Falconbridge with no shipments going to the specialty refiner for the production of Galantas Irish Gold.

1.6 LIQUIDITY

The Company had a cash balance of $229,279 at September 30, 2008 compared with a cash balance of $113,195 at the end of the prior quarter and $21,308 at December 31, 2007.

As at September 30, 2008 the Company's working capital was in a deficit of $3,321,519 which compared with a deficit of $3,347,515 at end of the prior quarter and $1,499,218 at December 31, 2007. This deficit is expected to persist throughout the remainder of 2008 but to gradually reduce as cash from operations, both from the sale of concentrates and jewelry increases. Ore supply continues to be a challenge with management focusing heavily on the development of the pit which is making slow but steady progress. Additional working capital may be required in the short term.

Additional Related Party loans received during the three months and nine months ended September 30 2008 amounted to $266,003 and $1,480,355 respectively. Repayments on the financing facility were $164,090 during the quarter and $372,005 during the nine months ended September 30, 2008.

To date the company has been able to draw upon additional cash resources as loans from the President of the company for working capital and finance of plant and equipment.. Subsequent to September 30, 2008 the President and Chief Executive Officer agreed to lend up to a total of £500,000 to the Company for a period of six months.

The consolidated financial statements have been prepared on a going concern basis as discussed in Note 1 of the September 30, 2008 consolidated financial statements.

1.7 CAPITAL RESOURCES

As at September 30, 2008, the Company had capital requirements to repay, under existing arrangements.

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

b) Three £ financing facilities with Barclays Lease Finance. The amounts outstanding on these facilities at September 30, 2008 were $74,730, $61,875 and $224,444 totaling $361,049.

c) A May 2007 term loan of £250,000 for working capital use at an interest rate of 7.50% from Allied Irish Banks which is repayable over 3 years. The amount outstanding on this loan at September 30, 2008 amounted to $294,566.

d)Welsh Gold plc., a company controlled the President, and the President personally is due $1,741,116 (£922,788) of which $739,312 (£391,781) is due over a period of 3 years This UK£ loan bears interest at base rate plus 2%. A portion of this loan, $507,137 (£268,050) is secured with a second charge against the land in Omagh. At September 30, 2008, interest of $105,173was accrued and included in accounts payable and accrued liabilities.

e) The Company also obtained a loan facility from G&F Phelps, a company controlled by a director of the Company, in the amount of $1,222,005 (£647,660) for the financing of mining equipment and working capital purposes. The term loan is for a period of 4.25 years at 4.04% flat with monthly interest payments of $17,464 and is secured by all equipment owned by the Company's wholly-owned subsidiary Omagh Minerals.

The company has no further commitments other than an employment contract with its 1 executive director.

1.8 OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet transactions.

1.9 RELATED PARTY TRANSACTIONS

The Company was charged $15,108 and $49,781 for the three and nine months ended September 30, 2008,respectively ($14,202 and $33,546 for the three and nine months ended September 30, 2007,respectively)for accounting and corporate secretarial services by companies associated to an officer of the Company .Accounts payable includes $41,585 (September 30, 2007 - $32,976) owing to these companies.

Director fees of $9,000 and $27,000 ($4,500 and $23,000 for the three and nine months ended September30, 2007, respectively) were paid or accrued during the three and nine months ended September 30, 2008, respectively.

Included in due to related party is $1,741,116 (922,788 GBP) owing to a director and companies controlled by a director of the Company. $507,137 (268,781 GBP) of the loan is secured against a second charge on the land owned by Omagh and the balance of the loan is unsecured. The loans bear interest at base rate plus 2%. $739,312 (391,781 GBP) is due over a period of 3 years. At September 30, 2008, interest of $105,173 (55,742 GBP) was accrued and included in accounts payable and accrued liabilities.

Also, included in due to related party, the Company obtained a loan facility from G&F Phelps, a company controlled by a director of the Company, in the amount of $1,222,005 (647,660 GBP) for the financing of mining equipment. $778,607 (412,660 GBP) of the term loan is for a period of 4.25 years interest bearing at4.04% flat with monthly payments of $16,591 (8,793 GBP) and is secured by all equipment owned by the Company's wholly-owned subsidiary Omagh Minerals Limited.

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

Galantas did not rely on any critical accounting estimates during the quarter

1.13 CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

During the nine months ended September 30, 2008 Galantas adopted the following new accounting policies.

Property, Plant and Equipment

Deferred Till Stripping Costs

Till stripping costs involving the removal of overburden rock are capitalized where the underlying ore will be extracted in future periods. The Company defers these till stripping costs and amortizes them on a unit of production basis as the underlying ore is extracted.

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the Canadian Institute of Chartered Accountants (the "CICA") issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on January 1, 2008.

Capital Disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such noncompliance. The Company has included disclosures recommended by the new Handbook section in Note 4 to these unaudited interim consolidated financial statements.

Financial Instruments

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook sections in Note 5(b) to these unaudited interim consolidated financial statements.

Inventories

Effective January 1, 2008, the Company adopted the new recommendations of the CICA Handbook Section 3031, Inventories. The "revised inventories" section brings the CICA standard in line with International Financial Reporting Standards and allows for the upward revaluation of inventory that was previously written down to net realizable value due to a change in circumstances. The adoption of this standard had no impact on the Company's financial results.

Overburden removal costs (CICA EIC-160)

CICA Emerging Issues Committee Abstract 160 ("EIC-160"), "Stripping Costs Incurred in the Production Phase of a Mining Operation", requires stripping costs to be accounted for as variable production costs to be included in the costs of inventory produced, unless the stripping activity can be shown to be a betterment of the mineral property, in which case the stripping costs would be capitalized. Betterment occurs when stripping activity increases future output of the mine by providing access to additional sources of reserves. Capitalized stripping costs would be amortized on a unit-of-production basis over the proven and probable reserves to which they relate.

General standard of financial statement presentation

In June 2007, the CICA amended Handbook Section 1400, Going Concern, to assess an entity's ability to continue as a going concern and disclose any material uncertainties that cast doubt on its ability to continue as a going concern. Section 1400 is effective for interim and annual reporting periods beginning on or after January 1, 2008. The application of this new standard had no impact on the Company's unaudited interim consolidated financial statements as at and for the three and nine months ended September 30, 2008.

Future accounting changes

IFRS implementation plan

The AcSB has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011. Accordingly, Galantas Gold Corporation will report interim and annual financial statements in accordance with IFRS beginning with the quarter ended March 31, 2011.

The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of identifying the key accounting policy changes that may be required. Once the potential accounting policy changes have been identified, other elements of the plan will be addressed including the implication on information technology, internal controls, contractual arrangements and employee training.

Goodwill and Intangible Assets

In November 2007, the CICA approved Handbook Section 3064, “Goodwill and Intangible Assets” which replaces the existing Handbook Sections 3062, “Goodwill and Other Intangible Assets” and 3450 “Research and Development Costs”. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009, with earlier application encouraged. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. The Company is currently assessing the impact of this new accounting standard on its consolidated financial statements.

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

Other Operating Expenses and (Income) for the Quarters ended September 30,2008 and September 30,2007 are detailed below:

Expense Account	Quarter Ended September 30 2008	Quarter Ended September 30 2007
Other operating expenses	225,284	290,427
Accounting & corporate	33,029	13,423
Legal & audit	26,713	5,306
Stock based compensation	105,859	24,015
Shareholder communication	8,525	46,328
Transfer agent	2,240	3,443
General Office	6,602	7,208

Bank interest and charges	63,066	21,112
Foreign exchange (gain) loss	(389,736)	(82,662)
Interest (income)	0	(611)
Total	**$81,582**	**$327,989**

Other operating expenses are a combination of both various expenses at the mine including administration, professional fees, insurance, shipping and royalty together with the ongoing expenses of the Company's jewelry business. The decrease in Other operating expenses from $290,427 in Quarter 3 2007 to $ 225,284 in Quarter3 2008 is due to certain Other operating expenses for the six months to June 2008 now being reclassified to Cost of sales which has the effect of reducing the reported costs in the third quarter.

Accounting and corporate and legal and audit costs have both increased during the current quarter when compared to the corresponding period of 2007 due primarily to a part of these costs being incorrectly classified in the first six months and now being included in the three months costs to September 30,2008.

Stock based compensation has increased by $81,844 to $105,859 in the current quarter which reflects the increased level of stock options issued during the period and the vesting of options granted in previous periods.

Shareholder communication costs at $8,525 for the quarter are well below those of the corresponding 2007 quarter when there was a much higher level of shareholder communication.

Transfer agents fees and general office expenses for the quarter are in line with those of the corresponding 2007 quarter.

Bank interest and charges have increased from $21,112 in the third quarter of 2007 to $63,066 in the third quarter of 2008 due to the increased debt required to finance the operations needs for capital equipment and working capital.

There was a foreign exchange gain of $389,736 for the 2008 third quarter compared to a gain of $ 82,662 for the corresponding quarter of 2007. The gain in the third quarter of 2008 was mainly due to the weakness of the UK£ against the Canadian dollar at the end of the quarter which reduced the Company's net £ liabilities in Canadian dollar terms giving rise to a foreign exchange gain.

Other Operating Expenses and (Income) for the nine months ended September 30,2008 and September 30,2007 are detailed as follows:

Expense Account	**Nine months ended September 30, 2008**	**Nine months ended September 30, 2007**
Other operating expenses	800,560	349,592
Accounting & corporate	62,058	26,737
Legal & audit	55,659	55,354
Stock based compensation	354,567	85,110
Shareholder communication	76,668	172,873
Transfer agent	14,899	19,638
General Office	31,940	31,951
Consulting fees	6,186	5,489
Bank interest and charges	190,958	25,678
Foreign exchange (gain) loss	(212,342)	(137,207)
Interest (income)	(295)	(800)
Total	**$1,380,858**	**$634,415**

Other operating expenses are a combination of both various expenses at the mine including administration, professional fees, insurance, shipping and royalty together with the expenses of the Company's jewelry business. The increase in Other operating expenses from $349,592 for the nine months to September 2007 to $ 800,560 for the corresponding period in 2008 is reflective of the increased level of activity at Galantas during the period.

Accounting and corporate expenses for the nine months to September 2008 are $62,058 compared to $26,737 for the corresponding period of 2007 due a combination of the increased accounting services at the mine in 2008 and an under provision for these costs in 2007.

Legal and audit fees for the nine months at $55,659 are in line with those incurred in the nine months to September 30,2007.

Stock based compensation has increased by $269,457 to $354,567 for the nine months which reflects the increased level of stock options issued during the period and the vesting of options granted in previous periods.

Shareholder communication costs at $76,668 for the nine months are well below those of $172,873 for the corresponding period of 2007 when there was a much higher level of shareholder communication.

Transfer agents fees for the nine months at $14,899 are $4,739 below those for the corresponding period of 2007.

General office expenses at $ 31,940 are in line with general office expenses for the nine months to September 30, 2007.

Bank interest and charges have increased from $25,678 in the nine months of 2007 to $190,958 for the nine months ended September 30, 2008 due to the increased debt required to finance the operations needs for capital equipment and working capital.

There was a foreign exchange gain of $212,342 for the nine months to September 2008 compared to a gain of $ 137,207for the corresponding period of 2007. This gain was mainly due to the weakness of the UK£ against the Canadian dollar at the end of the quarter which reduced the Companies net £ liabilities in Canadian dollar terms giving rise to the foreign exchange gain for the nine months.

Disclosure of Outstanding Share Data

Share Capital

The Company is authorized to issue in series an unlimited number of common and preference shares. At the end of September 30 2008, a total of 175,675,855 shares had been issued.

As of September 30, 2008, there were no warrants outstanding. A total of 24,404,000 warrants expired during the quarter ended September 30, 2008.

Stock Based Compensation

On February 20, 2008, 250,000 stock options were granted to an employee of the Company to purchase common shares at a price of $0.16 per share until February 20, 2013. The options vest one-third upon grant, one-third at the first anniversary and one-third on the second anniversary of grant. The fair value attributed to these options was $32,250 and will be expensed on the statement of loss and credited to the contributed surplus as they vest. Included in the stock based compensation for the 3 and 9 months ended June 30, 2008 is $4,001 and $17,440 respectively to the vested portion of these stock options.

As at of September 30, 2008, 9,150,000 options were outstanding, as follows:

Exercisable Options	Number of Options	Exercise Price (4)	Expiry Date
200,000	200,000	0.10	May 13, 2010

500,000	500,000	0.26	June 14, 2011
333,333	500,000	0.23	June 15, 2012
2,566,667 83,333	7,700,000 250,000	0.14 0.16	December 24, 2012 February 20, 2013

TRENDS AFFECTING THE COMPANY'S BUSINESS

Gold prices measured in US$ have declined from a peak in March. Sterling has weakened markedly against the US$ from late July 2008.The average monthly sterling gold price has oscillated in a band between £441 per ounce and £491 per ounce since January 2008, with daily prices exceeding these bands. Many of the costs of mining are incurred in sterling whilst sales are mostly received in US dollars. The weaker sterling value has had a positive impact on mine economics. The recent declines in fuel oil price have also reduced costs.

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.

RISKS AND UNCERTAINTIES

Galantas operates in a sector – early stage 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:

1. 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.

2. 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.

3. 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.

4. Permitting The Company has permission to carry out its activities. Overall consents were granted in 2000 after an exhaustive public inquiry and 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.

5. 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 planned mine, since the owner is the Company itself, it is thought unlikely that there will be a material impact.

6. 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. The mine is well removed from areas of potential urban disturbance.

7. Financial The risk is that additional funds, if required, may not be available. Delay 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 produces at an increased capacity there is the uncertainty of continued operation.

8. Revenue The Company has contracted sale of its concentrate to Falconbridge. 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.

9. Currency Fluctuations/Bullion Price Most of the costs to the company are incurred in British Pounds Sterling. Gold price expressed in Sterling is within approximately 15% of 5 year highs. There is risk that gold prices and the value of sterling against the US dollar may reverse current trends and reduce Sterling income. Results are published in Canadian dollars and there is therefore a currency risk. The Company's policy is to not sell forward its bullion.

10. 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 orebody, such as till stripping, where quantities are only estimated and subject to adverse variance.

11. 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. With the world experiencing a high level of minerals industry activity, the Company foresees difficulties in recruiting additional qualified people. The general shortage of skilled people may well prevail for some time to come and the risk is that costs, operations, future expansion and indeed excellence may be impacted negatively.