



**GALANTAS GOLD CORPORATION**

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

**(Unaudited)**

**Three Months Ended March 31, 2008**

## **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, 2007 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 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, 2008	December 31, 2007
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 219,829	\$ 21,308
Accounts receivable and advances	521,823	578,831
Inventory (Note 6)	1,328,096	1,033,596
Future income taxes	<u>240,890</u>	<u>240,890</u>
	<b>2,310,638</b>	1,874,625
<b>Property, plant and equipment (Note 7)</b>	<b>16,977,216</b>	17,077,659
<b>Future income taxes</b>	<u>1,362,027</u>	<u>1,362,027</u>
	<b>\$ 20,649,881</b>	<b>\$ 20,314,311</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 2,406,299	\$ 2,124,314
Current portion of financing facility (Note 8)	521,858	495,217
Due to related party (Note 10)	1,375,347	552,569
Deferred revenue	<u>464,288</u>	<u>201,743</u>
	<b>4,767,792</b>	3,373,843
<b>Due to related party (Note 10)</b>	<b>1,031,304</b>	971,782
<b>Long-term portion of financing facility (Note 8)</b>	<u>429,369</u>	<u>532,403</u>
	<u>6,228,465</u>	<u>4,878,028</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share capital (Note 9(a))</b>	<b>26,134,279</b>	26,134,279
<b>Warrants (Note 9(b))</b>	<b>2,417,700</b>	2,417,700
<b>Contributed surplus</b>	<u>975,299</u>	<u>844,247</u>
	<b>29,527,278</b>	29,396,226
<b>Deficit</b>	<u>(15,105,862)</u>	<u>(13,959,943)</u>
	<u>14,421,416</u>	<u>15,436,283</u>
	<b>\$ 20,649,881</b>	<b>\$ 20,314,311</b>

Going concern (Note 1)



**GALANTAS GOLD CORPORATION**  
**INTERIM CONSOLIDATED STATEMENTS OF LOSS**  
(Expressed in Canadian Dollars)  
(Unaudited)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
<b>Revenues</b>		
Gold sales	\$ <u>621,787</u>	\$ <u>1,355</u>
<b>Costs and expenses of mining operations</b>		
Cost of sales	702,479	678
Amortization	<u>344,999</u>	<u>-</u>
	<u>1,047,478</u>	<u>678</u>
<b>(Loss) income from mining operations</b>	<u>(425,691)</u>	<u>677</u>
<b>Expenses and other (income)</b>		
Accounting and corporate	15,460	5,511
Bank charges and interest	44,178	2,544
Consulting fees	-	5,489
Foreign exchange loss	155,811	3,124
Legal and audit	14,607	35,876
Operating expenses	313,880	30,262
Shareholder communication and public relations	29,529	60,912
Stock-based compensation (Note 9(c))	131,052	12,740
Transfer agent	2,873	6,124
General office	13,100	9,664
Interest income	<u>(262)</u>	<u>(52)</u>
	<u>720,228</u>	<u>172,194</u>
<b>Net loss for the period</b>	<u>\$ (1,145,919)</u>	<u>\$ (171,517)</u>
<b>Basic and diluted loss per share</b>	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>
<b>Weighted average number of shares outstanding</b>	<u>175,675,855</u>	<u>161,797,455</u>



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

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
<b>Share capital</b>		
Balance, beginning of period	\$ 26,134,269	\$ 22,458,500
Issued under private placements, net of issue costs	-	1,622,335
Warrants issued	-	(723,908)
Stock options exercised	-	540,000
Stock options exercised - valuation	-	350,000
Balance, end of period	<u>\$ 26,134,269</u>	<u>\$ 24,246,927</u>
<b>Warrants</b>		
Balance, beginning of period	\$ 2,417,700	\$ 1,913,100
Issued	-	723,908
Balance, end of period	<u>\$ 2,417,700</u>	<u>\$ 2,637,008</u>
<b>Contributed surplus</b>		
Balance, beginning of period	\$ 844,247	\$ 848,985
Stock options vested	131,052	12,740
Stock options exercised	-	(350,000)
Balance, end of period	<u>\$ 975,299</u>	<u>\$ 511,725</u>
<b>Deficit</b>		
Balance, beginning of period	\$ (13,959,943)	\$ (11,794,287)
Net loss	<u>(1,145,919)</u>	<u>(171,517)</u>
Balance, end of period	<u>\$ (15,105,862)</u>	<u>\$ (11,965,804)</u>



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

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (1,145,919)	\$ (171,517)
Adjustments for non-cash items:		
Amortization	344,999	742
Stock-based compensation	131,052	12,740
Foreign exchange	8,583	2,717
Net change in non-cash working capital (Note 11)	<u>307,038</u>	<u>(609,011)</u>
	<u>(354,247)</u>	<u>(764,329)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<u>(244,556)</u>	<u>(1,042,718)</u>
<b>FINANCING ACTIVITIES</b>		
Issue of common shares	-	2,257,300
Share issue costs	-	(94,965)
Repayments of financing facility	(76,393)	(65,314)
Advances from related party	<u>882,300</u>	<u>-</u>
	<u>805,907</u>	<u>2,097,021</u>
<b>NET CHANGE IN CASH</b>	<b>207,104</b>	<b>289,974</b>
Effect of exchange rate changes on cash held in foreign currencies	(8,583)	(2,717)
<b>CASH, BEGINNING OF PERIOD</b>	<u>21,308</u>	<u>234,909</u>
<b>CASH, END OF PERIOD</b>	<u>\$ 219,829</u>	<u>\$ 522,166</u>

**SUPPLEMENTAL CASH FLOW INFORMATION** (Note 11)



**GALANTAS GOLD CORPORATION**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**  
**THREE MONTHS ENDED MARCH 31, 2008**

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**1. GOING CONCERN**

These 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 upon the entity's ability to continue as going concern. The recoverability of these consolidated amounts, which includes the consolidated results of the Company's wholly-owned subsidiary Cavanacaw Corporation (Cavanacaw), is dependent on 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 of 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 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, 2008**

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**3. BASIS OF PRESENTATION AND ACCOUNTING POLICIES**

The unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian generally accepted accounting principles 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 month period ended March 31, 2008 may not necessarily be indicative of the results that may be expected for the year ended December 31, 2008.

The consolidated balance sheet at December 31, 2007 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 generally accepted accounting principles for annual consolidated financial statements. The 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, 2007, except as noted below. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended December 31, 2007.

**Capital Disclosures and Financial Instruments – Disclosures and Presentation**

On December 1, 2006, 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 non-compliance. The Company has included disclosures recommended by the new Handbook section in note 4 to these 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 to these 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.



**GALANTAS GOLD CORPORATION**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**3. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)**

**Future Accounting Pronouncements**

***International Financial Reporting Standards ("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. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. 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.

***Goodwill and Intangible Assets***

Section 3064, Goodwill and intangible assets, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and expenses during the pre-operating period. As a result of the withdrawal of EIC 27, the Company will no longer be able to defer costs and revenues incurred prior to commercial production at new operations. The new standard is effective as of January 1, 2009.

The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

**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, 2008. 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)**  
**THREE MONTHS ENDED MARCH 31, 2008**

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**5. FINANCIAL RISK FACTORS**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

**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 accounts receivable. 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 representing 50% of the accounts receivable. 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 Ireland. The Company does not have derivative financial instruments. No trade accounts receivable balances are past due or impaired.

**Liquidity Risk**

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, 2008 and December 31, 2007, 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**

Market risk is the risk of material loss that may arise from changes in market factors including, interest rates, foreign exchange rates, commodity and equity prices.

**(a) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has 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.

**(b) 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.

**(c) Price risk**

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. 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 of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

**GALANTAS GOLD CORPORATION**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
(Unaudited)  
**THREE MONTHS ENDED MARCH 31, 2008**

**5. FINANCIAL RISK FACTORS (Continued)**

**Sensitivity Analysis**

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

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 risks. Sensitivity to a plus or minus 1% change in interest rates would affect net loss by approximately \$4,900.
- ii) The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable and advances, accounts payable and accrued liabilities, due to related party and financing facility that are denominated in U.K. pound sterling. Sensitivity to a plus or minus 5% change in the foreign exchange rates would affect net loss by approximately \$241,000.
- iii) 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 by approximately \$57,000.

**6. INVENTORY**

	March 31, 2008	December 31, 2007
Concentrate inventory	\$ 858,061	\$ 703,606
Finished goods	470,035	329,990
	<b>\$ 1,328,096</b>	<b>\$ 1,033,596</b>

**7. PROPERTY, PLANT AND EQUIPMENT**

	March 31, 2008		
	Cost	Accumulated Amortization	Net
Deferred development and exploration costs	\$ 10,611,985	\$ 327,586	\$ 10,284,399
Freehold land and buildings	3,019,588	269,207	2,750,381
Plant and machinery	5,434,654	1,546,686	3,887,968
Motor vehicles	64,820	40,927	23,893
Office equipment	79,575	49,000	30,575
Moulds	81,802	81,802	-
	<b>\$ 19,292,424</b>	<b>\$ 2,315,208</b>	<b>\$ 16,977,216</b>

**GALANTAS GOLD CORPORATION**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
(Unaudited)  
**THREE MONTHS ENDED MARCH 31, 2008**

**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

	<b>December 31, 2007</b>		
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net</b>
Deferred development and exploration costs	\$ 10,539,905	\$ 209,216	\$ 10,330,689
Freehold land and buildings	3,019,588	227,324	2,792,264
Plant and machinery	5,264,958	1,364,589	3,900,369
Motor vehicles	62,040	39,420	22,620
Office equipment	79,575	47,858	31,717
Moulds	81,802	81,802	-
	<b>\$ 19,047,868</b>	<b>\$ 1,970,209</b>	<b>\$ 17,077,659</b>

**8. FINANCING FACILITY**

Amounts payable on the long term debt are as follows:

	<b>Interest</b>	<b>March 31, 2008</b>	<b>December 31, 2007</b>
Financing facility (238,700 GBP)	3.71 %	\$ 139,150	\$ 160,949
Financing facility (180,000 GBP)	3.97 %	131,488	156,448
Financing facility (199,160 GBP)	4.03 %	282,855	290,314
Term loan facility (250,000 GBP)	7.50 %	397,734	419,909
		<u>951,227</u>	<u>1,027,620</u>
Less current portion		<u>521,858</u>	<u>495,217</u>
		<b>\$ 429,369</b>	<b>\$ 532,403</b>

Principal repayments over the next four years are as follows:

2009	\$ 521,858
2010	299,123
2011	<u>130,246</u>
	<b>\$ 951,227</b>

**9. SHARE CAPITAL**

**(a) Authorized and issued**

**Authorized**

Unlimited number of common and preference shares issuable in Series

**Issued common shares**

	<b>Number of Shares</b>	<b>Stated Value</b>
Balance, December 31, 2007 and March 31, 2008	175,675,855	\$ 26,134,279



**GALANTAS GOLD CORPORATION**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
(Unaudited)  
**THREE MONTHS ENDED MARCH 31, 2008**

**9. SHARE CAPITAL (Continued)**

**(b) Warrants**

The following table shows the continuity of warrants for the period ended March 31, 2008:

	Number of Warrants	Weighted Average Price
Balance, December 31, 2007 and March 31, 2008	24,404,000	\$ 0.34

As at March 31, 2008, the following warrants were outstanding:

	Number of Warrants	Fair Value (\$)	Exercise Price (\$)	Expiry Date
	14,000,000	1,735,000	0.32	July 26, 2008
	1,300,000	178,100	0.25	July 26, 2008
	5,284,000	453,420	0.45	September 2, 2008
	3,820,000	51,180	0.32	September 4, 2008
	24,404,000	2,417,700		

**(c) Stock options**

The following table shows the continuity of options for the period ended March 31, 2008:

	Number of Options	Weighted Average Price
Balance, December 31, 2007	10,550,000	\$ 0.15
Granted (i)	250,000	0.16
Balance, March 31, 2008	10,800,000	\$ 0.15

Stock-based compensation expense includes \$117,613 relating to stock options granted in previous years that vested during the year.

- (i) 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 on the first anniversary of grant and one-third on the second anniversary of grant. The fair value attributed to these options was \$32,250 and will be expensed in the statements of loss and credited to contributed surplus as the options vest. Included in the stock-based compensation for the period ended March 31, 2008 is \$13,439 related to the vested portion of these stock options.

**GALANTAS GOLD CORPORATION**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
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**9. SHARE CAPITAL (Continued)**

**(c) Stock options (Continued)**

As at March 31, 2008, the following stock options were outstanding:

Exercisable Options	Number of Options	Exercise Price (\$)	Expiry Date
1,400,000	1,400,000	0.15	April 10, 2008
250,000	250,000	0.26	July 31, 2008
200,000	200,000	0.10	May 13, 2010
333,333	500,000	0.26	June 14, 2011
166,667	500,000	0.23	June 15, 2012
2,566,667	7,700,000	0.14	December 24, 2012
83,333	250,000	0.16	February 20, 2013
5,000,000	10,800,000		

**10. RELATED PARTY TRANSACTIONS**

The Company was charged \$16,050 (March 31, 2007 - \$6,691) for accounting and corporate secretarial services by companies associated to an officer of the Company in the normal course of business at the exchange amount. Accounts payable includes \$24,227 (December 31, 2007 - \$52,385) owing to these companies.

Director fees of \$9,000 (March 31, 2007 - \$6,000) were paid or accrued during the three months ended March 31, 2008.

Included in due to related party is \$1,564,536 (766,666 GBP) owing to a director and companies controlled by a director of the Company. \$547,010 (268,050 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%. \$798,016 (391,050 GBP) is due over a period of 3 years. At March 31, 2008, interest of \$30,290 (14,843 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 \$842,115 (412,660 GBP) for the financing of mining equipment. The term loan is for a period of 4.25 years interest bearing at 4.04% flat with monthly payments of \$17,464 (8,793 GBP) and is secured by all equipment owned by the Company's wholly-owned subsidiary Omagh.

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

**GALANTAS GOLD CORPORATION**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
(Unaudited)  
**THREE MONTHS ENDED MARCH 31, 2008**

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**11. SUPPLEMENTAL CASH FLOW INFORMATION**

	<b>Three Months Ended March 31, 2008</b>	<b>Three Months Ended March 31, 2007</b>
<b>(a) Net change in non-cash working capital</b>		
Accounts receivable and advances	\$ 57,008	\$ 131,975
Inventory	(294,500)	1,288
Accounts payable and accrued liabilities	281,985	(742,274)
Deferred revenue	<u>262,545</u>	<u>-</u>
	<u>\$ 307,038</u>	<u>\$ (609,011)</u>
<b>(b) Supplemental information</b>		
Amortization capitalized to deferred development costs	<u>\$ -</u>	<u>\$ 197,186</u>
Interest paid	<u>\$ 10,769</u>	<u>\$ 10,875</u>

Interest paid includes \$10,769 (March 31, 2007 - \$10,875) of interest paid on the financing facility. Of these amounts, \$nil (March 31, 2007 - \$10,875) were charged to deferred development costs and \$10,769 (March 31, 2007 - \$nil) was expensed to the statements of loss.

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**12. 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 Corporation ("Cavanacaw") and its subsidiaries, Omagh and Galantas. Substantially all of Cavanacaw's revenues, costs and assets of the business that support these operations are derived or located in Northern Ireland.