

GALANTAS GOLD CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

Three Months ending September 30, 2007

This document constitutes management's discussion and analysis (MD&A) of the financial and operational results of Galantas Gold Corporation (the company) for the three months ending September 30, 2007. This MD&A is to be read in conjunction with the un-audited financial statements for the same period. The MD&A does not form part of these un-audited 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 27th, 2007.

This MD&A is dated November 26th, 2007.

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 production from the Kearney open pit mine and processing plant to achieve planned rate of throughput.
- 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 189 square kilometre prospecting licence, with focus on the more than 50 gold targets identified to date, and
- Establish on a commercial basis the Galantas® Irish gold jewellery business once certified Irish gold from the mine becomes available.

Reserves and Resources

References

1. December, 2005: ACA Howe International Ltd. "Technical Report of the Gold Mining and Exploration Interests of the Omagh Gold Project of Galantas Gold Corporation in Counties Tyrone and Farmanagh, Noerthern Ireland" (the "Howe Report")
2. September 22, 2006: Galantas Gold Corporation Press Release: "Galantas Develops Omagh Gold Mine..."
3. January 22, 2007: Galantas Gold Corporation Press Release: "Ore Reserve and Resource Estimate".

Ore reserves and mineral resources lie within eight veins in a 5 square kilometre area at the eastern end of the Company's prospecting licence which encompasses a 20 by 6 kilometre fault-bounded inlier of Precambrian "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, to be mined first, is some 850 meters long and an average of 4.3 meters wide. It has been drilled with 40 diamond drill holes down to 137 meters and was intersected in one hole at a depth of 300 meters. Below the average 3 meters of overburden, a 359 meters long section at the southern end of the deposit had been 88% stripped and channel sampled in detail in the late 1980's by Rio Tinto (212 meters) and in 1991 by Omagh Minerals Limited (103 meters). Results together with drilling data were used in the Howe Report to calculate reserves and resources. The calculations have not been updated with surface sampling and drilling results obtained in 2006 and in 2007. The Company is in the midst of exploration and development involving diamond drilling, results of which will lead to a new estimate of reserves and resources. This new estimate and accompanying N143-101 technical report has been commissioned and is expected at the end of 2007.

On the Kearney deposit, which is the initial focus of mine development, the Company has: (i) proven ore reserves of 181,480 tonnes at a grade of 7.36 grams of gold per tonne; plus (ii) probable ore reserves of 185,830 tonnes at a grade of 7.68 grams of gold per tonne; plus (iii) an indicated resource of 1,183,680 tonnes at a grade of 7.02 grams of gold per tonne. These reserves and resources have been calculated using a cut-off grade of 1.0 gram of gold per tonne and a cut-off width of 0.5 meters. The reserves lie within the "Kearney Pit" currently being developed. The indicated resource extends from the bottom of the pit presently planned at 37 meters vertical depth to a depth of 137 meters, below which depth the deposit remains open.

Additional to the reserves and resources of the Kearney deposit, the Howe Report noted indicated and inferred resources in other deposits within the Company's mining licence. At a cut of grade and width of 1.0 gram per tonne gold and .0.5 meters, these are:

Indicated Resource (tonnes)	Grade (g/t Au)	Contained Gold (grams Au)	Inferred Resources (tonnes)	Grade (g/tAu)	Contained Gold (grams Au)
329,820	6.72	2,208.53	135,500	4.68	634,643

The estimate in the Howe Report (re-iterated January 22, 2007, press release) was carried out to the standards of the Joint Committee of the Australasian Mining Industry Council Code (JORC). A reconciliation to the mineral resources and mineral reserve categories as set out in National Instrument 43-101 was included in the Howe Report.

The Howe Report describes in section 12 a mining trial on proven reserves that produced four selectively mined samples aggregating 101.4 tonnes grading an average of 53.41 grams gold per tonne. The difference between this and the reserve grade is attributed to a) selectivity practiced in the mining trial, b) dilution inbuilt in the original sampling, and c) naturally inhomogeneous gold distribution. The sustainable mining grade will be established through sampling prior to and during the early life of the open pit. Mineralisation is tightly constrained in the sulphide veins that make up the Kearney and other deposits, making them amenable to selective mining. The processing plant has been designed to accept ore grading up to 20 grams gold per tonne.

Channel sampling of 2 vein segments aggregating 150 meters in the southern part of the Kearney deposit was completed independently in 2006 to obtain an estimate of the selective mining grade that could be sustained in that area. The results, combined with those from 124 samples taken by the Company, showed a weighted undiluted average grade, at a cut-off grade of 3.0 grams per tonne gold, for individual veins of 16.25 grams per tonne gold. Detail is contained within the press release dated September 22, 2006.

Exploration Targets

The Howe Report describes 53 targets selected from integration of geological, geochemical and geophysical data over the Dalradian inlier. The targets were grouped on a priority of 1 to 10 to reflect the likelihood of their hosting additional resources. Eight veins around Kearney were classified as very high priority resource augmentation targets with scores of 9 and 10. These have high grade channel and/or drill intercepts and have resources and/or reserves. Eight veins not drilled, or with lower grades, have scores of 5 to 8. The remaining 37 targets comprise one scoring 6, six scoring 5, four scoring 4, eleven scoring 2 and seven scoring 1.

Howe considers targets scoring 3 to 8 to represent excellent opportunities for discoveries. Howe considered it likely that exploration will add to the reserves and resources and that veins similar to Kearney may lie undiscovered. Howe considered that relatively high grades and widths and continuity of the deposits with known reserves and resources indicate the potential for underground production in the future.

Initial Mining Project

The project embraces an open pit mine capable of supplying ore to a 150-tonnes per day 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 the press release dated June 26, 2007. Improvements in terms of production quantity have been made since the end of the last quarter though concentrate quality remains variable. Inconsistencies in terms of production quantity and quality are expected to gradually reduce.

The third quarter saw continued infrastructure upgrades including; additions to access and haul roads and process building; completion of the modified paste tailings storage facility; and completion of water containment dam and reticulation and discharge systems including a channel diverting run-off water away from working places.

Galantas Irish Gold Limited

Galantas Irish Gold has carried out market trials wherein jewellery to the value of \$693,495 has been sold through retailers in Ireland and direct via the Company's e-commerce enabled website www.galantas.com, \$510,257 of the sales having been made since the company entered development stage on January 1, 2003. Manufacturing and distribution systems and an initial retailer network mainly in Ireland are in place and the business awaits production of Irish gold to enable start of regular commercial activity.

At the date of this MD&A, additional certified Galantas® Irish gold has been received in the form of dore bullion, was refined and part has been made into items of Galantas® jewellery. An arrangement has also been made whereby the Goldsmith group will purchase Galantas® jewellery to be distributed via certain shops of its large UK retail chain.

Management and Staff

Overall management is exercised by two Executive Directors along with a General Manager who is in charge of operations in Omagh where the mine, plant and administration employs 27 people. As stated in the press release dated August 7, 2007 Nicholas Hardie has assumed responsibilities as General Manager in Omagh, after M.J. Lavigne resigned as General Manager, VP and Director of the Company.

Key Performance Driver

The achievement of production and cash flow from profitably mining the deposits at Omagh.

1.2 OVERALL PERFORMANCE

After commencing site preparation in 2005 and completing the major part of plant construction and site works in 2006, the third quarter of 2007 saw production come online. Challenges remain in the achievement of consistent throughput in the plant and in a steady stream of ore from the mine. The plant was commissioned as noted in the press release dated June 26, 2007 and work continues on streamlining the process. Work also continues on adding tailings storage cells and on general site enhancements around the plant.

During the quarter a total of 371.8 (231.6 in Q2) wet tonnes of concentrate was produced. A total of 330.5 (255.7 in Q2) tonnes was produced in the two months subsequent to the end of the quarter.

Exploration

Diamond drilling continued throughout the period with focus continuing on detailing the Kearney deposit , a total of 5886.45 meters in 49 drill holes being completed since the resumption of drilling in 2006, details as tabulated:

	Kearney	Elkin's	Kerr	Cumming's	Total
Holes Drilled 2006	7	6	1	1	14
Meters	456.20	422.50	98.50	59.20	1036.40
Holes 1st Quarter 2007	7	3			10
Meters	898.90	149.00			1047.90
Holes 2nd Quarter 2007	13	3			16
Meters	1674.70	304.00			1978.70
Holes 3rd Quarter 2007	8				8
Meters	1551.45				1551.45
Subsequent Holes	1				1
Meters	252.00				252.00

The following table presents assay results received in the period. It is noted that Hole 07-41 disclosed well mineralized veins within an approximate 109-metre wide (approximate true width) zone. Three notable veins were: 22.29 grammes gold per tonne ("gAu/t") over 3.6 metres estimated true width (including a 0.50-metre section containing 68.16 gAu/t); 7.90 gAu/t over 2.52 metres estimated true width; and 8.66 gAu/t over 0.94 metres estimated true width.

Hole ID	Hole Location	From (m)	To (m)	Core Length (m)	True Width (m)	Grade (g/t gold)	Grade (g/t silver)	Grade (% Lead)
OM-DD-07-33	371325/240120	38.50	39.60	1.10	0.78	4.73	6.41	0.21
	<i>including</i>	38.85	39.60	0.75	0.53	5.56	<5	0.10
OM-DD-07-34	370873/240175	65.45	65.60	0.15	0.11	26.88	6.00	0.05
	<i>and</i>	91.25	91.85	0.60	0.42	3.47	13.38	0.03
	<i>and</i>	98.40	98.50	0.10	0.07	5.60	2.50	0.05
	<i>and</i>	113.25	113.40	0.15	0.11	7.92	7.00	0.05
OM-DD-07-35	371212/240170	130.20	130.40	0.20	0.14	1.56	2.50	0.05
OM-DD-07-36	370897/240170	85.70	86.15	0.45	0.32	1.27	2.50	0.05
	<i>and</i>	89.80	90.39	0.59	0.42	6.32	15.20	0.25
	<i>including</i>	89.90	90.00	0.10	0.07	13.28	23.67	0.09
	<i>and</i>	107.95	108.65	0.70	0.49	23.65	10.71	0.05
	<i>including</i>	108.35	108.45	0.10	0.07	165.12	59.91	<.01

		<i>and</i>	110.60	110.90	0.30	0.21	5.56	7.83	0.04
OM-DD-07-37	370924/240172		62.60	62.75	0.15	0.11	3.01	2.50	0.05
		<i>and</i>	68.80	71.50	2.70	1.91	3.72	5.07	0.22
		<i>including</i>	69.20	69.30	0.10	0.07	37.12	28.72	0.82
		<i>and</i>	73.00	73.30	0.30	0.21	7.09	16.00	1.11
		<i>and</i>	93.15	93.60	0.45	0.32	15.28	20.11	2.26
		<i>including</i>	93.40	93.50	0.10	0.07	26.88	30.22	1.72
		<i>and</i>	111.10	111.40	0.30	0.21	7.99	2.50	0.05
OM-DD-07-38	370922/240117		51.85	52.00	0.15	0.11	4.95	2.50	0.05
		<i>and</i>	86.40	87.35	0.95	0.67	2.50	0.00	0.05
		<i>and</i>	98.10	98.80	0.70	0.49	1.59	2.50	0.05
OM-DD-07-39	371145/240113		29.15	29.40	0.25	0.18	7.76	18.00	1.63
		<i>and</i>	42.00	44.00	2.00	1.41	1.89	2.50	0.02
		<i>and</i>	94.40	94.75	0.35	0.25	2.27	2.50	0.05
OM-DD-07-40	370975/240175		81.95	82.30	0.35	0.25	2.31	2.50	0.89
		<i>and</i>	84.90	89.00	4.10	2.90	18.88	41.56	0.74
		<i>including</i>	85.20	85.45	0.25	0.18	89.60	66.82	0.01
		<i>and</i>	95.40	96.90	1.50	1.06	3.21	4.97	0.03
OM-DD-07-41	371125/240225		125.35	125.45	0.10	0.07	3.34	2.50	0.05
		<i>and</i>	150.00	151.33	1.33	0.94	8.66	7.67	0.08
		<i>and</i>	176.00	176.50	0.50	0.35	3.48	2.50	0.05
		<i>and</i>	180.60	180.75	0.15	0.11	4.10	2.50	0.05
		<i>and</i>	185.30	185.90	0.60	0.42	8.16	2.50	0.05
		<i>and</i>	217.25	220.80	3.55	2.51	7.90	29.97	1.04
		<i>including</i>	218.45	218.85	0.40	0.28	22.08	17.98	0.34
		<i>and</i>	224.40	229.49	5.09	3.60	22.29	158.23	2.30
		<i>including</i>	224.40	224.90	0.50	0.35	68.16	458.80	4.06
		<i>and</i>	237.15	237.32	0.17	0.12	2.79	2.50	0.05
		<i>and</i>	248.55	248.70	0.15	0.11	18.20	14.00	2.07
		<i>and</i>	251.05	251.80	0.75	0.53	5.82	16.60	0.36
		<i>and</i>	280.95	281.05	0.10	0.07	4.04	2.50	0.05
OM-DD-07-42	370950/240140		26.80	29.05	2.25	1.59	3.09	7.02	0.95
		<i>and</i>	34.10	35.00	0.90	0.64	2.07	6.00	0.94

Subsequent to the end of the quarter, one additional hole, (OM-DD-07-49) has been drilled to complete resource definition drilling on Kearney.

1.3 THIRD QUARTER FINANCIAL RESULTS

Recognition of revenue from the sale of concentrate amounted to \$701,868 with the remaining \$13,212 in sales from jewellery (September 30, 2006 - \$2,166 all jewellery). This reflects the plant being commissioned early in the quarter and continued ramp up of operations. Previously the sale of concentrate was offset against deferred development costs and amounted to \$372,051 in the second quarter. Management expects jewellery sales to remain low for the fourth quarter as distribution of Galantas Irish gold will not be carried in the planned number of retail outlets until early in 2008. Subsequent to quarter end in the months of October and November there have been three shipments (in addition to one shipment at the end of the quarter) to the refinery in Morocco to fulfill supply requirements of certified Irish gold. The gold from two containers has been part manufactured into jewellery and manufacturing continues.

The company entered into production effectively at the beginning of the quarter and incurred a loss of \$788,481. This compares with a loss of \$238,654 in the third quarter of 2006. The higher loss this quarter over last year reflects both the expensing of development costs previously capitalized along with the amortization of those costs. Comprehensive loss from January 1, 2003 amounted to \$3,991,592.

At September 30, 2007, total assets were \$19,326,038, up \$1,384,515 from the end of the second quarter. This increase was mainly attributed to the increase in cash from the share offering at the beginning of the quarter. Development expense previously deferred in the amount of \$9,044,613 has been included in Property, Plant & Equipment consistent with the site entering into production. Exploration costs are still being incurred as part of the ongoing program of mine development.

Cash at the end of the quarter was \$991,265 (\$54,152 – end second quarter 2007), however this does not reflect the current cash position (approximately \$160,000 as at time of the MD&A) reflecting the longer than anticipated ramp up of the operation using additional working capital. Accounts receivable totaled \$597,300 at the end of the quarter, as compared with \$476,439 for the second quarter reflecting the increase in production of concentrate for sale to Falconbridge. Inventory at \$116,030 represents finished jewellery products and broken ore, up only marginally from the second quarter. Inventory is expected to increase substantially in the fourth quarter as manufactured jewellery becomes available for sale. The non-cash item of future income tax credit of \$1,172,300 remains unchanged.

Liabilities at \$3,148,103 were up from the second quarter by \$546,036 largely due to the debt financing secured from a related party at the beginning of the quarter. These amounts are expected to be paid within terms as cash is generated from operations as the mine is producing and shipments of concentrate increase.

Expenses

Development costs are now expensed as the plant has entered into production at the beginning of the

quarter. Revenue from the sale of concentrate in the third quarter was \$701,868 against cost of sales of \$900,315, a net loss of \$198,447. On a comparable basis in the second quarter revenue from the sale of concentrate was \$372,051 against cost of sales of \$1,140,117 creating a loss of \$768,066 that was capitalized as deferred development. The increase in the cost of sales arose primarily from increased excavation costs to access the ore and delays in production at the mill as crushing capacity was increased. Specific items showing material variances quarter over quarter were:

- Operating expenses increased substantially at \$290,427 from the second quarter of \$30,387 as the mill entered into production and the plant expenses are no longer deferred. The largest increase came from wages of \$373,174 in the second quarter compared with \$505,400 in the third quarter due to greater production rate.
- The foreign exchange gain of \$82,662 is an increase from the second quarter gain of \$57,669 and reflects the effect of floating currencies.
- Stock based compensation at \$24,015 was up marginally from the second quarter due to prior options vesting.
- Bank charges and interest for the period were \$21,112 up from the second quarter at \$2,022 reflecting the securing of additional debt for plant & equipment and working capital.

1.4 RESULTS OF OPERATIONS

The Company's core business is gold mining; its revenue has derived from the sale of concentrate and gold jewellery. Sales in the jewellery business remain minimal reflecting the depleted stock of certified Irish gold from the mine and this will prevail until new supplies of Galantas® jewellery are sold.

Revenue from the sale of development concentrate to Falconbridge accelerated in the quarter from a second quarter amount of \$372,051 to \$701,868 in the third quarter. There have been 20 shipments in the quarter (Q2 – 10 shipments) representing approximately 465.8 wet tonnes. One shipment aggregating approximately 23.9 tonnes was shipped for specialist processing to return certified Irish gold as feedstock for the Galantas jewellery business (with three subsequent to the end of the quarter). The remaining shipments were made to Falconbridge.

Cash from the sale of concentrate is critical to the short term viability of the operation and management has subsequently directed all future shipments in the short term to Falconbridge.

The Company has a relationship with UK Goldsmiths Group PLC whereby this quality retailer is expected to feature Galantas® products in a number of stores in its large UK chain starting early in the new year.

1.5 SUMMARY OF QUARTERLY RESULTS

Revenues and net financial results are in Canadian dollars for the third quarter of 2007 and for all

seven preceding quarters are summarized:

Quarter Ended	Total Revenue	Net Profit (Loss)	Net Profit (Loss) per share & per share diluted
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
September 30, 2006	15,673	(238,654)	0.00
June 30, 2006	11,047	(420,215)	0.00
March 31, 2006	3,845	(524,704)	0.00
December 31, 2005	8,771	498,346	0.01
September 30, 2005	7,909	134,265	0.00

The significant increase in revenue in the latest quarter reflects the mine entering production whereas the prior quarterly revenue figures were from the minimal sales of jewellery made intermittently largely via word of mouth advertising.

1.6 LIQUIDITY

As at September 30th, 2007, the Company's working capital was in a deficit of \$169,668 which compared with a deficit of \$872,952 at end of the second quarter. There has been a significant increase in shipments of concentrate (20 in Q3 compared to 10 in Q2) and the mill is operating in a much more stable and consistent capacity. However, ramp up to break even capacity has not occurred due to a back-log of pit development required to expose additional ore. Accelerated mining of country rock and surface till has taken place over the last two months, but has not yet caught up with requirement. The mining plan has been adjusted to facilitate 24hr/5 day week operation in the short term which is an increase from the current 24hr/4 day week. Full 24 hr/7 day week operation is anticipated during the first quarter of 2008. Additional mining arrangements are being put in place with the objective of achieving an interim production target sufficient for 24hr / 5 day week by the end of December.

The new schedule will increase container shipments to support the cash needs of the business and allow future growth. However, additional sources of working capital may be required in the short term until this ore supply issue is resolved.

1.7 CAPITAL RESOURCES

As at September 30, 2007, the Company had capital requirements to repay, under existing agreements with Barclays Lease Finance three financing facilities of \$194,610, \$192,808 and \$319,771 totaling \$707,189.

A term loan of \$489,105 (£250,000) for working capital use at an interest rate of 7.25% was taken from Allied Irish Banks in May, it is repayable over 3 years at a monthly payment of \$17,310 (£7,743).

In addition, Welsh Gold plc., a company controlled by a director of the company advanced a loan under the same terms as AIB (granted a second charge compared to the first charge granted to AIB) in the amount of \$544,490 (£268,050) for a period of three years at 7.75% with monthly principal and interest payments of \$18,374 (£8,369).

Principal payment over the next four years for all facilities are 2008 - \$680,310, 2009 - \$586,377, 2010 - \$409,153 and 2011 - \$64,944.

The company has no further commitments other than employment contracts with its 2 executive directors. During the quarter one director, M.J. Lavigne, resigned as stated in the press release August 7, 2007.

1.8 OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet transactions.

1.9 RELATED PARTY TRANSACTIONS

The Company was charged \$14,202 (September 30, 2006 - \$7,995) for accounting and corporate secretarial services by companies associated to the corporate secretary of the Company. Accounts payable include \$32,976 (September 30, 2006 - \$5,922) owing to these companies. The services provided are ongoing and include book-keeping for the Canadian companies.

During the period, the Company paid or accrued to management in salary \$76,240 (September 30, 2006 - \$62,700). The amounts for the third quarter were expensed whereas in the prior year the amounts were capitalized to deferred development and exploration costs and were pursuant to ongoing executive contracts with the Executive Chairman, the President & CEO and Vice President/General Manager.

Directors fees of \$4,500 (September 30, 2006 - \$10,447) were paid or accrued during the period.

Included due to related party is \$64,703 (£31,853) owing to a director of the company. The loan is unsecured and non-interest bearing with no specific terms of repayment.

CUMULATIVE RESULTS OF OPERATIONS AND DEFICIT

Since development commenced on January 1, 2003, the Company has had sales of \$1,212,125 resulting in a negative gross margin of \$495,235. Revenue came from the sale of concentrate to Falconbridge \$701,868 and as part of marketing trials on Galantas® jewellery products \$510,257.

Expenses in the same period have amounted to \$4,577,540. An overall loss of \$5,056,892 reduced to a loss of \$3,991,592 after income tax recovery of \$1,065,300. The deficit increased to \$12,889,403 at the end of the period, up from \$8,897,811 at the beginning of the development period.

SHARE CAPITAL

The Company is authorized to issue in series an unlimited number of common and preference shares. At the end of September 2007, a total of 175,675,855 shares had been issued.

On September 4, 2007 the company closed a placement of 7,640,000 units for gross proceeds of \$1,640,000 (£764,000). Each unit is priced at approximately \$0.21 (£0.10) and is comprised of one common share and one half warrant. Each warrant entitles the holder to purchase one common share within 12 months from closing at a price of approximately \$0.32 (£0.15). Total arrangement fee of \$70,838 (£33,000) was paid to the broker.

As of September 30, 2007, a total of 24,404,000 warrants were outstanding with expiry dates and exercise price noted in the following table:

Number of Warrants	Exercise Price (\$)	Expiry Date
14,000,000	0.32	July 26, 2008
1,300,000	0.25	July 26, 2008
5,284,000	0.45	September 2, 2008
3,820,000	0.32	September 4, 2008

STOCK BASED COMPENSATION

As at the end of September 30, 2007, 3,100,000 options were outstanding, as follows:

Exercisable Options	Number of Options	Exercise Price (4)	Expiry Date
1,400,000	1,400,000	0.15	April 10, 2008
200,000	200,000	0.10	May 13, 2010
666,667	1,000,000	0.26	June 14, 2011
166,667	500,000	0.23	June 15, 2012

On July 24, 2007, 500,000 stock options were exercised for total proceeds of \$50,000 at an exercise

price of \$0.10 expiring April 1, 2009.

OTHER MD&A REQUIREMENTS

Deferred exploration costs for the current quarter and second quarter are tabulated:

Expense Account	Third Quarter, 2007	Second Quarter, 2007
Wages	10,966	12,565
Drilling	389,430	418,682
Laboratory	41,489	9,775

With the mine being commissioned at the beginning of the third quarter only those costs associated with exploration of future veins are capitalized. All development costs have been recorded as assets and are no longer capitalized. These costs are now captured under Expenses on the Statement of Loss and are as follows:

Expense Account	Third Quarter, 2007	Third Quarter, 2006
Accounting & corporate	13,423	4,350
Bank charges & interest	21,112	7,780
Foreign exchange (gain) loss	(82,662)	93,784
Legal & audit	5,306	6,325
Operating expenses	290,427	32,215
Shareholder communication	46,328	64,137
Stock based compensation	24,015	15,638
Transfer agent	3,443	4,782
General Office	7,208	23,130

Significant variances were reflected in the foreign exchange compared to the prior year and reflect the nature of dealing in foreign currency. The company is paid in US dollars for the sale of concentrate to

Falconbridge and primarily conducts its business expenses in pounds sterling.

Operating expenses are primarily represented by wages (\$153,500), insurance (\$26,405), travel (\$26,100) and professional fees (\$27,800). This reflects the business no longer capitalizing these expenses as it is now in production.

The other expenses show a decline in spending as management is focusing very heavily on production only related items and requires less professional services.

Changes in Accounting Policies Including Initial Adoption

The Company adopted Accounting Guideline 11 – Enterprises in the Development Stage – as of January 1, 2006. The Company is currently assessing the impact of certain new accounting standards relating to Capital Disclosures and Financial Instruments – Disclosures and Presentation, prior to their taking effect on January 1, 2008.

TRENDS AFFECTING THE COMPANY'S BUSINESS

Metal prices remain strong after the long period of weakness which ended approximately two years ago. The sustained price recovery is attributable largely to increased metal consumption in the Far East, most notably China and India, both of which are experiencing rapid growth in their economies. Thus, the fundamentals of the metal business are once again favourable for capitalizing new mines and investors have returned to the mineral resource sector.

For junior resource companies like Galantas, there has been selective enhancement in market valuation and it has been possible to raise money from the public for mining and exploration ventures. However, markets are always uncertain and careful management of the Company's cash continues to be the guiding principle for Galantas.

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 jewellery, 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 may prove difficult or if

not impossible to mine at a consistent grade and supply the plant with sufficient ore regularly into the future. The Company has commissioned an independent re-assessment of its reserves and resources and a report is anticipated towards the end of the fourth quarter of 2007.

2. Mineral Processing The plant may not perform to design and up until subsequent to the quarter end has not. Ore from the Kearney deposit has been subjected to metallurgical trial including pilot plant studies in reputable laboratories by the Company. The previous owner, Rio Tinto, did mineralogical and bench scale metallurgical studies. The flow sheet is simple and the equipment in the plant is industry standard. Nevertheless, scale-up to sustainable commercial production may introduce unforeseen technical problems. Efforts to foresee such problems and ameliorate them have been made and an internal metallurgical audit assisted by independent professionals was carried out in advance of commissioning and production. The study concluded that, "The process selected is in accordance with the results of test work and would be expected to produce satisfactory results technically but there are mechanical and electrical concerns regarding the capability of the facility to maintain a high degree of operating time". This is primarily due to lack of spare capacity, particularly of pumps. Management considered that this situation is manageable with the addition of extra pump capacity which has been implemented. A number of modifications to equipment and operating practices have been made and have resulted in improvements in comminution section throughput. External consultants were engaged to assist in commissioning. While marked improvement was noticed subsequent to the end of the quarter, its continuation cannot yet be guaranteed. Therefore there is continued risk to 2007 cash flow and to the capital 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 will be subject to self monitoring and strict independent monitoring. One of management's priorities has been to establish and maintain a culture of environmental care on the site.
4. Permitting The Company has comprehensive 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. Remaining consents required – building regulations, archaeological supervision of excavation which is mandatory throughout Ireland, compliance with IPPC regulations – relate to operating procedures and are being addressed with the relevant authorities as the project develops. Nevertheless, as in all jurisdictions, regulatory provisions are subject to change and the Company may be faced with additional constraints in the future.
5. Title The Company owns the land in secure freehold on which the project is located. Precious metal licences and mining licences have been granted to the Company by the Crown Estate and renewed as required since the mid – 1990's when initially granted. Licences 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 licence 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 licence 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. In spite of recent private placements, the Company still may not have sufficient capital to enable the Kearney mine to be brought to full production. The delay in bringing the production up to capacity has resulted in a cash shortage. Management is actively pursuing additional working capital but until such funds are secured 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. This will become clearer as additional shipments are made this year and close contact with the smelter is maintained.
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 and may stay such or remain on a rising trend. There is risk that this trend may reverse and reduce Sterling income. Inflation is widely viewed as a threat in the United Kingdom and elsewhere and this is cause for concern. 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 The project has taken longer to build which has increased costs and deferred cash revenue. This risk is particularly acute for a new and relatively small project such as Galantas is building in Northern Ireland where there is no mining history. One is mindful that there has already been serious slippage from schedule and it cannot be ruled out that further slippage may occur given that there are uncertainties connected with factors such as the detail of environmental compliance measures, geological conditions, contractor performance, materials availability and actual outturn costs.
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. Although the company is actively seeking

to replace skilled supervisory roles within the plant operations and has several qualified candidates in review, 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.