GALANTAS GOLD CORPORATION

(A Development Stage Company)

Consolidated Financial Statements

For the Three Months Ended March 31, 2007

Responsibility for Consolidated Financial Statements

The accompanying unaudited consolidated interim financial statements for Galantas Gold Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the audited December 31, 2006 consolidated financial statements. Only changes in accounting information have been disclosed in these unaudited interim consolidated financial statements. These unaudited interim consolidated financial statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of these unaudited interim consolidated financial statements, management is satisfied that these unaudited interim consolidated financial statements have been fairly presented.

The independent auditor of Galantas Gold Corporation has not performed a review of the unaudited consolidated interim financial statements for the three months ended March 31, 2007 and March 31, 2006.

GALANTAS GOLD CORPORATION
(A Development Stage Company)

CONSOLIDATED BALANCE SHEETS

(Unaudited)	**March 31, 2007**	December 31, 2006
Assets		
Current		
Cash	**$ 522,166**	$ 234,909
Accounts receivable and advances	**265,978**	397,953
Inventory	**99,551**	100,839
Future income taxes	**213,366**	213,366
	1,101,061	947,067
Property, plant and equipment (Note 4)	**6,192,718**	6,110,357
Deferred development and exploration costs (Note 5)	**8,502,535**	7,542,920
Future income taxes	**958,934**	958,934
	$ 16,755,248	$ 15,559,278
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 757,404**	$ 1,499,678
Current portion of financing facility (Note 6)	**256,858**	253,529
	1,014,262	1,753,207
Long-term portion of financing facility (Note 6)	**311,130**	379,773
	1,325,392	2,132,980
Shareholders' Equity		
Share capital (Note 7(a))	**24,246,927**	22,458,500
Warrants (Note 7(b))	**2,637,008**	1,913,100
Contributed surplus	**511,725**	848,985
	27,395,660	25,220,585
Deficit	**(11,965,804)**	(11,794,287)
	15,429,856	13,426,298
	$ 16,755,248	$ 15,559,278

Going concern (Note 1)

See accompanying notes to unaudited consolidated financial statements

GALANTAS GOLD CORPORATION
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited)	**Three Months Ended March 31, 2007**	Three Months Ended March 31, 2006	Cumulative from January 1, 2003
Sales	**$ 1,355**	$ 3,845	$ 495,833
Cost of goods sold	**678**	1,623	531,174
	677	2,222	(35,341)
Interest income	**52**	-	15,746
	729	2,222	(19,595)
Expenses			
Accounting and corporate	**5,511**	12,280	112,642
Bank charges and interest	**2,544**	1,771	35,102
Consulting fees	**5,489**	-	62,489
Foreign exchange loss (gain)	**3,124**	9,155	(44,448)
Legal and audit	**35,876**	57,258	457,487
Management fees	**-**	-	247,500
Operating expenses	**30,262**	24,642	1,334,677
Shareholder communication and public relations	**60,912**	275,812	883,949
Stock-based compensation (Note 7(c))	**12,740**	112,000	727,667
Transfer agent	**6,124**	5,535	71,634
General office	**9,664**	37,673	224,999
	172,246	536,126	4,113,698
Loss before income taxes	**(171,517)**	(533,904)	(4,133,293)
Future income tax recovery	**-**	9,200	1,065,300
Net loss and comprehensive loss	**$ (171,517)**	$ (524,704)	$ (3,067,993)
Basic and diluted loss per share	**$ 0.00**	$ 0.00	
Weighted average number of shares outstanding	**161,797,455**	128,327,160	

See accompanying notes to unaudited consolidated financial statements

GALANTAS GOLD CORPORATION
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)	**Three Months Ended March 31, 2007**	Three Months Ended March 31, 2006	Cumulative from January 1, 2003
Share Capital			
Balance, beginning of period	**$ 22,458,500**	$ 18,400,862	$ 13,082,493
Issued under private placements, net of issue costs	**1,622,335**	-	9,488,390
Warrants issued	**(723,908)**	-	(2,962,382)
Common shares issued for debt settlement	**-**	-	741,640
Stock options exercised	**540,000**	-	540,000
Stock options exercised - valuation	**350,000**	-	350,000
Warrants exercised	**-**	869,917	2,814,050
Warrants exercised - valuation	**-**	57,994	192,736
Balance, end of period	**$ 24,246,927**	$ 19,328,773	$ 24,246,927
Warrants			
Balance, beginning of period	**$ 1,913,100**	$ 175,166	$ -
Issued	**723,908**	-	2,962,382
Exercised	**-**	(57,994)	(192,736)
Expired	**-**	-	(132,638)
Balance, end of period	**$ 2,637,008**	$ 117,172	$ 2,637,008
Contributed Surplus			
Balance, beginning of period	**$ 848,985**	$ 656,658	$ 1,420
Stock options granted	**12,740**	112,000	727,667
Stock options exercised	**(350,000)**	-	(350,000)
Warrants expired	**-**	-	132,638
Balance, end of period	**$ 511,725**	$ 768,658	$ 511,725
Deficit			
Balance, beginning of period	**$ (11,794,287)**	$ (10,799,037)	$ (8,897,811)
Net loss	**(171,517)**	(524,704)	(3,067,993)
Balance, end of period	**$ (11,965,804)**	$ (11,323,741)	$ (11,965,804)

See accompanying notes to unaudited consolidated financial statements

GALANTAS GOLD CORPORATION
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)	**Three Months Ended March 31, 2007**	Three Months Ended March 31, 2006	Cumulative from January 1, 2003
CASH PROVIDED BY (USED IN)			
OPERATING ACTIVITIES			
Net loss	**$ (171,517)**	$ (524,704)	$ (3,067,993)
Adjustments for non-cash items:			
Amortization	**742**	1,418	167,940
Stock-based compensation (Note 7(c))	**12,740**	112,000	727,667
Future income tax recovery	**-**	(9,200)	(1,065,300)
Foreign exchange loss (gain)	**2,717**	-	(104,283)
Net change in non-cash working capital (Note 9)	**(609,011)**	286,001	341,648
	(764,329)	(134,485)	(3,000,321)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	**(280,289)**	(530,393)	(5,025,944)
Deferred development and exploration costs	**(762,429)**	(435,338)	(4,662,883)
Marketable securities	**-**	-	2,096
	(1,042,718)	(965,731)	(9,686,731)
FINANCING ACTIVITIES			
Issue of common shares	**2,257,300**	869,917	13,521,353
Share issue costs	**(94,965)**	-	(787,293)
Advances from financing facility	**-**	365,400	920,400
Repayments of financing facility	**(65,314)**	(21,043)	(408,554)
Advances to directors	**-**	(148,800)	(127,140)
	2,097,021	1,065,474	13,118,766
NET CHANGE IN CASH	**289,974**	(34,742)	431,714
Effect of exchange rate changes on cash held in foreign currencies	**(2,717)**	**-**	(2,717)
CASH, BEGINNING OF PERIOD	**234,909**	1,121,985	93,169
CASH, END OF PERIOD	**$ 522,166**	$ 1,087,243	$ 522,166

Supplemental information (Note 9)

See accompanying notes to unaudited consolidated financial statements

1. GOING CONCERN

These 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. 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. The mineral property is currently in the development stage of operation 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 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. The Company is developing an open pit mine to extract the Company's gold deposit near Omagh, Northern Ireland. The Company also has developed a premium jewelry business founded on the gold produced under the name Galántas Irish Gold Limited (Galántas).

The Company's operations include the consolidated results of Cavanacaw and its wholly-owned subsidiaries Omagh and Galántas.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited 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, 2007 may not necessarily be indicative of the results that may be expected for the year ended December 31, 2007.

The consolidated balance sheet at December 31, 2006 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, 2006, except as noted below. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended December 31, 2006.

Financial instruments, comprehensive income (loss) and hedges

In January 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Sections 3855, “Financial Instruments – Recognition and Measurement”, 1530, “Comprehensive Income”, and 3865, “Hedges”. These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 on a prospective basis; accordingly, comparative amounts for prior periods have not been restated. The Company has adopted these new standards effective January 1, 2007.

(a) Financial instruments - recognition and measurement

Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. This Section requires that:

- All financial assets be measured at fair value on initial recognition and certain financial assets to be measured at fair value subsequent to initial recognition;
- All financial liabilities be measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method; and
- All derivative financial instruments be measured at fair value on the balance sheet, even when they are part of an effective hedging relationship.

(b) Comprehensive income (loss)

Section 1530 introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in the currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments, comprehensive income (loss) and hedges (Continued)

(c) Hedges

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13 “Hedging Relationships”, and the hedging guidance in Section 1650 “Foreign Currency Translation” by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

(d) Impact upon adoption of Sections 1530, 3855 and 3865

The Company has evaluated the impact of these new standards on its consolidated financial statements and determined that no adjustments are currently required.

The adoption of these Handbook Sections had no impact on opening deficit.

Future accounting changes

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These new standards are effective for interim and annual consolidated financial statements for the Company's reporting period beginning on January 1, 2008.

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

4. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2007		
	Cost	Accumulated Amortization	Net
Freehold land and buildings	$ 2,978,393	$ 59,812	$ 2,918,581
Plant and machinery	4,038,507	825,461	3,213,046
Motor vehicles	61,438	33,832	27,606
Office equipment	77,303	43,818	33,485
Moulds	81,802	81,802	-
	$ 7,237,443	$ 1,044,725	$ 6,192,718

	December 31, 2006		
	Cost	Accumulated Amortization	Net
Freehold land and buildings	$ 2,962,629	$ 32,999	$ 2,929,630
Plant and machinery	3,773,982	657,702	3,116,280
Motor vehicles	61,438	31,851	29,587
Office equipment	77,303	42,443	34,860
Moulds	81,802	81,802	-
	$ 6,957,154	$ 846,797	$ 6,110,357

Freehold land and buildings includes an asset retirement obligation of $101,900.

5. DEFERRED DEVELOPMENT AND EXPLORATION COSTS

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Opening balance	$ 7,542,920	$ 4,314,368
Additions during the period:		
Consultants	63,707	70,409
Leases	11,452	152
Fuel	79,080	27,294
Wages	312,665	190,145
Interest	10,875	7,006
Travelling	29,643	26,977
Repairs and maintenance	100,884	46,832
Construction	184,581	51,791
General	12,056	14,734
Amortization	197,186	61,979
Drilling	(15,618)	-
Laboratory	12,310	-
Other income	(39,206)	-
	959,615	497,319
Total deferred development and exploration costs	$ 8,502,535	$ 4,811,687

6. FINANCING FACILITY

Amounts payable on the long term debt are as follows:

	Interest	March 31, 2007	December 31, 2006
Financing facility (238,700 GBP)	3.71 %	$ 287,817	$ 319,201
Financing facility (180,000 GBP)	3.97 %	280,171	314,101
		567,988	633,302
Less current portion		256,858	253,529
		$ 311,130	$ 379,773

Principal repayments over the next three years are as follows:

2007	$ 256,858
2008	276,964
2009	34,166
	$ 567,988

7. SHARE CAPITAL

(a) Authorized and issued

Authorized
Unlimited number of common and preference shares issuable in Series

Issued common shares

	Number of Shares	Stated Value
Balance, December 31, 2006	157,851,855	$ 22,458,500
Issued under private placement (i)	5,284,000	1,717,300
Warrants issued (i)	-	(723,908)
Stock options exercised	4,400,000	540,000
Stock options exercised - valuation	-	350,000
Share issue costs (i)	-	(94,965)
Balance, March 31, 2007	167,535,855	$ 24,246,927

(i) On March 2, 2007, the Company closed a placement of 5,284,000 units for gross proceeds of $1,717,300. Each unit is priced at $0.325 and is comprised of one common share and one warrant. Each warrant entitles the holder to purchase one common share within 18 months from closing at a price of $0.45. An arrangement fee of 5% ($85,865) was paid to the broker.

Other costs associated directly with the placing amounted to $9,100.

The placing shares are subject to a 4 month hold period which will expire July 3, 2007.

The fair value of the 5,284,000 warrants was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; volatility - 115%; risk-free interest rate - 3.91% and an expected life of 1.5 years. The fair value attributed to the warrants was $723,908.

(b) Warrants

The following table shows the continuity of warrants for the period ended March 31, 2007:

	Number of Warrants	Weighted Average Price
Balance, December 31, 2006	15,300,000	$ 0.32
Issued (Note 7(a)(i))	5,284,000	0.45
Balance, March 31, 2007	20,584,000	$ 0.35

7. SHARE CAPITAL (Continued)

(b) Warrants (Continued)

As at March 31, 2007, 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	723,908	0.45	September 2, 2009
20,584,000	2,637,008		

(c) Stock options

The following table shows the continuity of options for the three months ended March 31, 2007:

	Number of Options	Weighted Average Price
Balance, December 31, 2006	7,500,000	$ 0.14
Exercised	(4,400,000)	0.12
Balance, March 31, 2007	3,100,000	$ 0.17

Stock-based compensation expense includes $12,740 relating to stock options granted in previous years that vested during the three months ended March 31, 2007.

As at March 31, 2007, 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
500,000	500,000	0.10	April 1, 2009
133,334	200,000	0.10	May 13, 2010
333,334	1,000,000	0.26	June 14, 2011
2,366,668	3,100,000		

8. RELATED PARTY TRANSACTIONS

The Company was charged $6,691 (March 31, 2006 - $20,640) for accounting and corporate secretarial services by companies associated to an officer of the Company. Accounts payable includes $5,769 (March 31, 2006 - $4,984) owing to these companies.

During the period, the Company paid or accrued to management in salary $68,700 (March 31, 2006 - $62,700). These amounts were capitalized to deferred development and exploration costs.

Director fees of $6,000 (March 31, 2006 - $7,000) were paid or accrued during the period.

9. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Net change in non-cash working capital

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Accounts receivable and advances	$ 131,975	$ (86,982)
Inventory	1,288	(159)
Accounts payable and accrued liabilities	(742,274)	373,142
	$ (609,011)	$ 286,001

(b) Supplemental information

	2007	2006
Interest paid	$ 10,875	$ 8,776

Interest paid includes $10,875 (March 31, 2006 - $7,006) of interest paid on the financing facility and charged to deferred development costs.

10. 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 and its subsidiaries, Omagh and Galantas. Substantially all of the Company's revenues, costs and assets of the business that support these operations are derived or located in Northern Ireland.