GALANTAS GOLD CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

Year ending December 31st, 2005

This document presents management's discussion and analysis (MD&A) of the operational and financial results of Galantas Gold Corporation for the 2005 calendar year. The MD&A is to be read in conjunction with the audited consolidated financial statements for the same period. It supplements but does not form part of these financial statements. The company prepares and files its financial statements in accordance with Canadian generally accepted accounting principles (GAAP). This MD&A is prepared in conformance with National Instrument 51-102 F1 and was approved by the company's audit committee on April 26th 2006.

FORWARD LOOKING STATEMENTS

The information contained in this MD&A contains forward-looking statements, including statements regarding anticipated operational and financial performance. Such statements are not guarantees of the Company's 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, the reader is cautioned not to place undue reliance on them. The Company does not undertake to update any forward-looking statement that is contained herein.

INTRODUCTION – DESCRIPTION OF BUSINESS & STRATEGY

Galantas Gold Corporation is a Canadian resource company and the first to acquire mining rights, prospecting licences and planning consent to mine gold in Ireland. Ownership is through Galantas Gold's wholly owned Ontario holding company, Cavanacaw Corporation, which is sole owner of all the shares of two Northern Ireland companies – Omagh Minerals Limited, owner of the core business's prospecting and mining rights and planning consents, and Galantas Irish Gold Limited, owner of rights to work, market and sell the Company's gold production as certified Irish jewellery.

Galantas Gold Corporation aims to increase shareholder value by establishing and operating a gold mine on its property, by exploring to realise the full potential of the geology of its holdings, and by adding value to its gold production by using some of it in the manufacture, marketing and selling of *Galantas*® certified Irish gold jewellery products.

The Company's strategy in summary is to –

- Operate an initial 150 tonnes-per-day open pit mine and construct a processing plant on its Kearney deposit to achieve production in 2006;

- Explore and develop on extensions to the Kearney deposit and on nearby known deposits so as to expand production in stages;
- Explore its 189 sq km prospecting licence, focusing on the targets identified from integration of all exploration data including that generated by the 2005 helicopter-borne VTEM survey;
- Establish and expand the Galantas Irish Gold jewellery business once certified Irish gold from the mine becomes available.

SUBSEQUENT EVENTS

1. The company's shares were admitted to trading on the London Stock Exchange's AIM market effective March 31, 2006.
2. In early April all the outstanding share purchase warrants were exercised generating cash in the amount of $CDN. 2,627,500.
3. To further production a lease purchase equipment loan with Barclays Mercantile Finance Ltd. was arranged in March in the amount of $CDN. 359,252 to assist in the purchase of metallurgical equipment.

Omagh Minerals Limited is proceeding to develop an initial open pit mine on proven reserves on its Omagh property and is continuing to explore with the aim of developing and mining known gold deposits close to the initial mine. In parallel, it is exploring identified targets elsewhere on its 189 square kilometre prospecting licence, all with the object of increasing the reserve and resource base with a view to future expansion.

Reserve and Resource Base

The Company's ore reserves and resources are contained within eight lode deposits in a 5 sq km area at the eastern extremity of its prospecting licence. All of the deposits sub-outcrop beneath a few metres of glacial and recent overburden and they are open to depth and most of them along the strike. The main one is the Kearney Deposit which is the focus of initial open pit mining. This steeply dipping deposit is approximately 850 metres long and an average of 4.3 metres wide. It has been drilled with 40 diamond drill holes down to 137 metres and was intersected in one hole at a depth of 300 metres. Below the average of 3 metres of glacial overburden cover, the uppermost 40 metres of the southernmost 441 metres of the strike length have been 70% stripped of overburden and mapped and sampled in detail. Using all of the resultant data, independent consultants have reported reserves and resources on the Kearney Deposit.

Using a 1.0 gAu/t cut-off grade, A.C.A. Howe International, geological consultants, ("Howe") reported (references available on SEDAR: 1. Geological Report on the Omagh Gold Deposits….April 15, 2003; 2. Letter to Galantas directors dated August 20, 2004) "…a proven and probable reserve of 367,310 tonnes grading 7.52 gAu/t over a width of 4.43 metres was estimated for the main Kearney Deposit within the 850 metres strike length of the proposed Kilborn open pit to a depth of 37 metres. A further indicated reserve of 1,183,680 tonnes at a grade of 7.02 gAu/t over a width of 4.43 metres was estimated from the base of the proposed pit to a depth of 137 metres".

Howe re-assessed grade and tonnage estimates and concluded that, "increasing the cut-off grade from 1 gAu/t to 3 g/Au/t, the minable grade of the Kearney resource increases by 56% to 12.4 gAu/t and the contained gold declines only about 10%. The total tonnage is also reduced by 42%. This relatively minor reduction (in contained gold) illustrates that gold distribution is tightly constrained to the lode structures and is thereby amenable to selective mining techniques, an approach which will optimise grade and minimise dilution in the pit…".

Howe re-analysed the data pertaining to the 441 metres of strike length that had been subjected to most detailed sampling. They concluded that, "Using a 3 gAu/t cut-off grade and a density of 2.93 the measured resource to 20 metres over a strike length of 441 metres is 56,414 tonnes at a grade of 11.03 gAu/t and the indicated resource to 37 metres over the same strike length is 58,363 tonnes at 11.03 gAu/t. This partial evaluation of the Kearney deposit confirmed that higher grades can be maintained in a mining operation.".

This conclusion is supported by comparison with the grade obtained from a selective mining trial ("bulk sampling") wherein four selectively mined samples aggregating 101.4 tonnes from the Kearney deposit contained an average of 53.41 gAu/t. The discrepancy between the gold content of the bulk samples and the grade estimate for the Kearney Deposit derived from surface channel samples is partly attributed to dilution created by original sampling, partly to gold loss during sampling and likely affected by inhomogeneous gold distribution. Ultimately, this discrepancy can only be resolved during full scale mining and processing although additional sampling prior to plant commissioning will be instructive in the early life of the mine. Gold mineralization is tightly constrained in the veins and lodes that make up the Kearney and other deposits, making them amenable to selective mining. In the expectation that mining grade will be consistently higher than the resource grade, the processing plant has been designed to accept ore grading 20 gAu/t.

Exploration Targets

Subsequent to year-end, a report was filed (reference: SEDAR – Appendix to "Technical Report", March 29, 2006) describing 53 specific targets on the Company's prospecting licence. The targets derive from integration of data describing soil and stream sediment geochemistry, geological, geophysical including VTEM anomalies, and results of historical exploration including diamond drilling and trenching largely carried out by Rio Tinto in the 1980's.

The report, prepared by independent consultants A.C.A.Howe International, groups the 53 targets on a priority of 1 to 10. Scores were assigned which reflect technical merit and the likelihood of enhancing resources in the short term. Eight gold-rich veins of the Kearney Vein Swarm were classified as very high priority resource augmentation targets with scores of 9 and 10. These contain relatively high grade channel sample and/or drill intercepts and reserves (1995) and resources (1995 and 2004). Eight other veins not yet drilled or drilled with lower grades have target scores of 5 to 8. The remaining 37 targets comprise one target scoring 6, 6 targets scoring 5, 4 targets scoring 4, 11 targets scoring 2 and 7 targets scoring 1.

Howe considers targets scoring 3 to 8 present some excellent opportunities for new discoveries on or near known vein structures of the Kearney Swarm and elsewhere in the greater part of the prospecting licence. Howe also considers it likely that aggressive exploration will add substantially to the reserves and resources and that it is possible that structures similar to the Kearney vein lie undiscovered. Further, Howe considers that the high gold grades and the widths and continuity of the present reserves and resources indicate that there is potential for underground production in the future.

Plans are being laid to begin to test the priority targets in 2006.

Initial Mine Construction

Sufficient funds were raised in April, 2005, through equity financing and in May 2005 and March 2006 from equipment lease financing to enable an initial open pit mine and processing plant to be constructed and put into operation. An exploration programme was also initiated. Mining and processing equipment and buildings have been purchased, and key staff engaged. Site development was initiated in mid-2005 and continues to date (15/04/'06). At the time of writing (mid-April) preparation of site roads was advanced, clearing of peat and glacial till from paste tailings storage area was in progress, the water control system was under construction, the processing plant building steelwork erected, clad and the initial mining area of the Kearney deposit was stripped.

The project embraces an open pit mine capable of supplying approximately 50,000 tonnes of ore per year, a crush-grind-flotation plant with a capacity of 150 tonnes per day. The site infrastructure encompasses a paste tailings storage facility, containment dam and water reticulation and discharge system, including a channel diverting run-off water around the working places. These elements are described in "Technical Report(s)" filed on SEDAR on March 29, 2006.

Galantas Irish Gold Limited will continue to develop its nascent *Galantas*® jewellery business by test marketing 18ct jewellery made from gold produced from bulk samples taken by Omagh Minerals Limited once gold becomes available in late 2006. Jewellery sales of $CDN 453,546 have been achieved during trial marketing.

Management and Staff

The following executive appointments were made further to the Company's annual general meeting held on June 6:

Mr. Roland Phelps as President and Chief Executive Officer,
Mr. M. J. (Moe) Lavigne as Vice President,
Mr. L. J. (Jack) Gunter as Executive Chairman, and
Mr. George Duguay as Secretary.

At the Omagh site, senior staff includes Mr. Karl Martin, hired at the beginning of April as construction manager and project engineer. Mr. Steven Higgins has completed his assignment as site engineer and has left to resume his consultancy practise. He remains as a consultant with particular respect to tailings disposal facilities. Ms. June Kaczmarek is financial controller. Candidates for the post of processing plant manager are being screened.

OVERALL PERFORMANCE

During the second quarter of 2005, Galantas Gold Corporation completed an equity financing and arranged debt financing to accomplish the objective of achieving initial production from the Kearney Deposit. The Company immediately placed orders for processing equipment, purchased mobile open pit equipment, engaged key staff and made arrangements with third parties including the N. Ireland planning authorities to enable commencement of site development in the third quarter of 2005. This duly got underway and has continued to date (April 15, 2006) with a target date of mid-summer for initial production.

Revitalized exploration of the Company's prospecting licence was initiated by the awarding of a contract to have a helicopter-borne VTEM electromagnetic survey flown. Subsequently, this survey was completed early in the third quarter. An analysis and integration of the results with pre-existing body of geological, geochemical, and other data has been done and an independent report has been produced (refer to SEDAR - March 16 "Technical Report").

Sales of jewellery were $52,800 in the year, corresponding with $175,831 in 2004. The reason for the lower volume of sales was the shortage of certified Irish gold metal available. Prior to regular mine production, this shortage will persist. Current sales are deriving from a nearly depleted jewellery inventory.

The equity financing arranged in the first quarter was completed early in April resulting in cash to the Company of $3,279,283. This was after paying aggregate finders' fees and other costs amounting to $224,050. A loan of $470,000 repayable after 4 years was obtained from Barclays Mercantile Business Finance Ltd. for the purchase of trucks, loaders and other mining equipment.

Subsequent to the end of the period, on March 17, 2006, Barclays advanced a second loan in the amount of $359,252 being approximately one-half of the purchase cost of certain metallurgical equipment. Monthly lease payments are $11,132 for 36 months and Galantas has the right to purchase the equipment for a nominal sum at the end of the 3 year term.

Also subsequent to the period, all of the 17,516,666 warrants outstanding as of the end of 2004 were exercised by the beginning of April. This has produced $CDN 2,627,500 for the treasury. The warrants were all exercised at the price of $CDN 0.15 and related to the equity financing completed in April of 2005.

LIQUIDITY AND CAPITAL RESOURCES

On December 31, 2005, the Company had working capital of $1,020,880 as compared with a working capital deficit of $115,635 at year-end, 2004. Cash at December 31, 2005 totalled $1,121,985. The increase in working capital resulted from cash derived from the issuance of common shares in the equity financing completed during the year.

Funds available are considered by management to be adequate to get the initial mine and plant operating next year and to complete initial follow-up of the airborne survey.

As at December 31, 2005, the Company had total assets of $9,355,408 as compared with $5,575,356 at 2004 year-end. The increase was mainly due to the cash raised in the financing. Total liabilities at December 31 were $921,759, compared with $571,616 in the previous year. The increase was due to the increase in debt related to the Barclays equipment lease finance and increased payables and accruals due to the development of the mine. The increase was partly offset by the reduction in directors' loans resulting from converting their debt to equity in the financing.

RESULTS OF OPERATIONS

The Company's core business is gold mining. Its only source of revenue derives from sales of gold jewellery which have been possible hitherto with test market products made from gold derived from bulk samples previously taken from the "Kearney Deposit". Such sales in 2005 amounted to $52,800. This compares with $175,831 in 2004, the decrease due to depleted inventories of both certified Irish gold and manufactured product. This situation will prevail until supplies of certified Irish gold become steadily available and this will be when Omagh Minerals Limited has established production from the Kearney mine, projected for mid-2006.

SUMMARY OF ANNUAL RESULTS

Selected Annual Information	**2005**	**2004**	**2003**
Net sales and total revenues	52,800	175,831	224,915
Loss before extraordinary items	-808,232	-1,186,652	-676,142
Basic and diluted loss per share before extraordinary items	-0.01	-0.01	-0.01
Loss for the year	-38,432	-1,186,652	-676,142
Basic and diluted loss per share	0.00	0.01	0.01

Total assets	9,355,408	5,575,356	6,167,193
Long-term financial liabilities	271,664	0	9,715
Cash dividends	0.00	0.00	0.00

Sales revenues decreased from 2003 to 2004 to 2005 as less gold remained from bulk sampling to supply jewellery marketing trials.
The loss increased in 2004 from 2003 due to management fees, allowances for stock-based compensation, travel and general office costs. The loss decreased in 2005 due to reductions in management fees, travel and office costs, following closure of the Vancouver office.
In 2005, the loss for the year is further reduced because of recognition that the company is likely to benefit from future income tax recovery in the amount of $769,800. The recovery has been included to the extent of $302,900 in current assets and $406,900 in long term assets.
Long term financial liabilities have increased in 2005 mainly due to equipment leasing commitments.

SUMMARY OF QUARTERLY RESULTS

The Company's revenue and net financial result for the fourth quarter of 2005 and the seven preceding quarters is summarised ($CDN).

Quarter ended	Revenue	Net Profit/(loss)	Net Profit/(loss) per Share
Dec 31, 2005	$ 8,771	$498,346	$0.01
Sept 30, 2005	7,909	134,265	0.00
June 30, 2005	15,623	(519,016)	(0.01)
March 31, 2005	20,497	(152,027)	(0.00)
Dec. 31, 2004	42,733	(289,160)	(0.00)
Sept. 30, 2004	20,561	(364,150)	(0.00)
June 30, 2004	69,213	(299,410)	(0.00)
March 31, 2004	43,324	(233,932)	(0.00)

OPERATING EXPENSES

Cash disbursements for expenses in the 12 months ended December 31, 2005 were $547,919, a decrease of $305,389 from the previous year's expenditure of $853,308. This decrease can be attributed to the following;

- the closure of the Vancouver office resulting in a decrease in operating costs of $312,386 and in travel costs of $74,386.
- An increase in the exchange gain due to the strong Canadian dollar in the amount of $71,635

These savings were partially offset by;

- Increase in management fees attributable to Messrs Gunter and Phelps assuming executive roles of $80,500.
- Consulting fees of $50,750 paid to the past president.
- Increase in legal and audit fees, related to the financing, of $19,150
- Miscellaneous other cost increases of $2,385.

CAPITAL EXPENDITURES

Purchase of plant and machinery related to the mine and processing plant at Omagh in the amount of $1,139,959 and office equipment totalling $21,229. This compares to $39,718 spent in 2004.

Deferred development costs capitalised were $1,095,557 and included plant and site construction($791,510),travel($88,369), wages ($119,800), maintenance ($47,594), mining lease payments ($19,522) and general expense ($28,762).

SHARE CAPITAL

The Company is authorised to issue in Series an unlimited number of common and preference shares. At the end of 2004, a total of 91,301,856 common shares had been issued. The Company issued an additional 35,033,333 shares under private placements on April 4 and 14, 2005. The private placements were completed at a price of $0.10 per unit, the units comprising one common share and one-half of a common share purchase warrant exercisable before April 4 and 14, 2006, at a price of $0.15 per common share. Thus, at the end of 2005, a total of 126,335,189 common shares had been issued and 17,516,666 common share purchase warrants remained outstanding.

Subsequent Event

Between the end of December, 2005, and April 14, 2006, all of the outstanding warrants had been exercised, and an additional 17,516,666 common shares issued. This brings the total issued and outstanding common shares to 143,851,855. No warrants remain to be exercised.

RELATED PARTY TRANSACTIONS

At 2005 year-end, the Company was indebted to directors in the amount of $253,103 (2004 - $429,711). The indebtedness represented unpaid management fees and, subsequent to the end of the period, the fees have been paid.

During the year, $47,000 (2004 - $58,500) was paid to a company controlled by the former president of the Company (Andrew Smith) and $164,000 (2004 - $25,000) was paid or accrued to directors of the Company for management services.
During the year, $35,183 (2004 - $29,193) was paid to a corporate services company in which an officer (George Duguay) was a partner.

STOCK BASED COMPENSATION

The Company has 7,900,000 stock options outstanding to directors, employees and certain consultants at exercise prices ranging from 10 cents per share up to 22 cents per share.

Number of Options	Exercisable Options	Exercise Price ($)	Expiry Date
1,000,000	1,000,000	0.15	Feb. 16, 2006
1,500,000	1,500,000	0.12	May 17, 2007
3,200,000	3,200,000	0.15	Apr. 10, 2008
2,000,000	1,333,334	0.22	Apr. 01, 2009
200,000	66,667	0.10	May 13, 2010
7,900,000	**7,100,001**		

As at publication date of this MD&A the number of options has reduced to 6,500,000 due to the expiry of 1,400,000 options.

TRENDS AFFECTING THE COMPANY'S BUSINESS

From a global perspective, metal prices including precious metal prices, have recovered after a long period of depression. This is thought to be due in the main to increasing consumption of metals in countries in the Far East, most notably China and India, which are experiencing rapid growth in manufacturing and resultant domestic economic buoyancy. Thus the fundamentals of the metals business once again are favourable for capitalising new mines. Investors, perhaps predominantly through funds, have returned to the mineral sector, selectively investing in mines through large public companies.

For junior public resource companies such as Galantas, recovery in market valuation has improved the climate for raising funds for new projects particularly as the year has progressed. Increasing metal prices should fuel the demand for the shares of junior resource companies. Since markets are always uncertain, careful management of company resources continues to be the guiding principle for Galantas.

In Northern Ireland, the climate for investment is positive as the province settles in to existence without the threat of violence acting as an inhibitor to building for the future.

RISKS AND UNCERTAINTIES

The Company currently operates in an industrial sector – early-stage mine development and exploration – which carries inherent risks, frequently not within the abilities of management to reduce or remove. The main risk in this category is always metal price. Its other business – high value "Irish Gold" jewellery – is dependent upon a mine being developed to provide a steady supply of certified Irish gold.

Management has made a conscious effort to assess the risk environment that its business will have to operate within. It has concluded that all of the risks are standard to the industry, none of them so profound as to inhibit pursuit of the Company's strategy as outlined. The main risks for a new mining project normally are –

1. Ore Reserves: The general risk is that the tonnage and grade of ore available may be lower than anticipated. The persistence of the Kearney Deposit along strike and to depth has been proven within the confines of the initial pit and indicated well beyond that. The gold content has been estimated independently at 11.03 g/t. The Company carried out selective mining trials prior to committing to raising the finance and proceeding to build the mine. These trials returned a grade of over 53 gAu/t in the 100 tonnes sampled. As a result, the plant has been designed to accept ore at a grade of 20 gAu/t which is considered achievable in normal operating mode.
2. Mineral Processing: The risk is that the plant may not perform to design specifications. Ore from the Kearney Deposit has been subjected to extensive trials in industry-standard testing laboratories and pilot plants by the previous owner, Rio Tinto, and by Galantas. The flow sheet is simple and all technology is proven.
3. Environmental Risk: The mining project was subject to one of Northern Ireland's lengthiest public inquiries whereat the project was challenged and defended to the satisfaction of the independent assessors and industry experts representing the Company and the regulating authority as well as objectors. Therefore it is considered that there is not any inherent environmental risk in the project. In operation, the facility will be subject to strict self-monitoring and independent monitoring and management has been working to establish a culture of environmental care at the operation.
4. Permitting Risk: The Company has comprehensive environmental permission to carry out its business. The permission was gained in 2000 after an exhaustive public inquiry and fulfilment of more than 30 pre-conditions which accompanied the conditional planning consent granted in 1995. Remaining consents required – building regulations, archaeological supervision of excavation sites (mandatory in Ireland), compliance with IPPC regulations, review of effluent discharge consent - relate to operating procedures and are being addressed with the appropriate regulators as the project develops. IPPC authorisation has been received on 3rd November 2005.
5. Title Risks: The Company owns the land in secure freehold on which the processing plant and initial mine are located. Precious Metals licences and mining leases are owned by the Crown Estate and have been granted to the Company, renewed as required, since the mid-1980's. Both licences and leases are subject in the usual way to minimum performance requirements which are designed to encourage development.
6. Political Risk: Northern Ireland has achieved a stable political status conducive to business and the mine site is well removed from areas of potential urban disturbance.

7. Financial: The risk is that additional funds, if required, may not be forthcoming. The Company believes that it has sufficient capital to bring the Kearney mine to initial production. It is conducting the capitalisation of the project exercising the most stringent cost control regime.
8. Revenue: The Company has initial terms for sale of its concentrates from two mainline smelter/refiners. There is a risk that final terms may turn out to be less favourable than anticipated. Close contact with the smelters has been established and is being maintained and the Company considers revenue risk to be manageable.
9. Currency/Bullion Price: Most of the Costs to the Company are in Sterling. Gold price expressed in Sterling is close to 5 year highs and appears to be in a rising trend. There is a risk that this trend may reverse and reduce Sterling income. Results are published in Canadian dollars and there is therefore a currency risk. It is the Company's policy not to forward sell its bullion.
10. Construction Risk: The general risk is that the project takes longer to build than expected, with increased costs and or loss of revenue. This can be due to environmental, geological, materials, contractor or other related factors.
