NOTICE TO SHAREHOLDERS
FOR THE THREE MONTHS ENDED MARCH 31, 2006

GALANTAS GOLD CORPORATION
(A Development Stage Company)

<u>Responsibility for Consolidated Financial Statements</u>

The accompanying consolidated 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 December 31, 2005 audited consolidated financial statements. Only changes in accounting information have been disclosed in these consolidated financial statements. These 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 the consolidated financial statements, management is satisfied that these consolidated financial statements have been fairly presented.

GALANTAS GOLD CORPORATION
(A Development Stage Company)

CONSOLIDATED BALANCE SHEETS (PREPARED BY MANAGEMENT)

	March 31, 2006 (Unaudited)	December 31, 2005 (Audited)
Assets		
Current		
Cash	$ 1,087,243	$ 1,121,985
Accounts receivable and advances	231,709	144,727
Inventory	101,522	101,363
Future income taxes (Note 10)	306,520	302,900
	1,726,994	1,670,975
Property, plant and equipment (Note 2(a))	3,370,159	2,903,165
Deferred development costs (Note 2(b))	4,811,687	4,314,368
Future income taxes (Note 10)	472,480	466,900
	$ 10,381,320	$ 9,355,408
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 670,927	$ 297,785
Current portion of financing facility (Note 3)	175,818	99,207
Due to directors (Note 7)	104,303	253,103
	951,048	650,095
Long-term portion of financing facility (Note 3)	539,410	271,664
	1,490,458	921,759
Shareholders' Equity		
Share capital (Note 4)	19,328,773	18,400,862
Warrants (Note 5)	117,172	175,166
Contributed surplus	768,658	656,658
	20,214,603	19,232,686
Deficit	(11,323,741)	(10,799,037)
	8,890,862	8,433,649
	$ 10,381,320	$ 9,355,408

GALANTAS GOLD CORPORATION
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(PREPARED BY MANAGEMENT)

(UNAUDITED)

	Cumulative since development stage on January 1, 2003 March 31, 2006	Three Months Ended March 31, 2006	Three Months Ended March 31, 2005
Sales	$ 457,391	$ 3,845	$ 20,497
Cost of goods sold	514,931	1,623	24,495
	(57,540)	2,222	(3,998)
Expenses			
Accounting and corporate	80,356	12,280	8,530
Bank charges and Interest	20,001	1,771	-
Consulting	50,750	-	3,250
Foreign exchange (gain) loss	(114,665)	9,155	(13,439)
Legal and audit	255,120	57,258	29,634
Management fees	247,500	-	25,000
Operating expenses	1,204,068	24,642	74,039
Shareholder communications	507,258	275,812	-
Stock option compensation	634,600	112,000	-
Transfer agent	69,313	5,535	1,254
Travel and general office	193,089	37,673	19,761
	3,147,390	536,126	148,029
Loss before income taxes	(3,204,930)	(533,904)	(152,027)
Future income tax recovery	779,000	9,200	-
Loss for the period	(2,425,930)	(524,704)	(152,027)
DEFICIT, beginning of period	(8,897,811)	(10,799,037)	(10,760,605)
DEFICIT, end of period	$ (11,323,741)	$ (11,323,741)	$ (10,912,632)

GALANTAS GOLD CORPORATION
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS (PREPARED BY MANAGEMENT)

(UNAUDITED)

	Cumulative since development stage on January 1, 2003 March 31, 2006	Three Months Ended March 31, 2006	Three Months Ended March 31, 2005
CASH (USED IN) PROVIDED BY			
OPERATING ACTIVITIES			
Net loss for the period	$ (2,425,930)	$ (524,704)	$ (152,027)
Adjustment for			
Amortization	164,376	1,418	16,546
Stock option compensation	634,600	112,000	-
Future income taxes	(779,000)	(9,200)	-
Net change in non-cash working capital	287,469	286,001	71,856
	(2,118,485)	(134,485)	(63,625)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(1,737,625)	(530,393)	-
Deferred development costs	(1,434,231)	(435,338)	-
Marketable securities	2,096	-	-
	(3,169,760)	(965,731)	-
FINANCING ACTIVITIES			
Issue of common shares for cash	6,006,470	869,917	-
Share issue costs	(360,400)	-	-
Cash received on shares to be issued, net of issue costs	-	-	865,500
Advances from financing facility	920,400	365,400	(7,330)
Repayments of financing faciltiy	(261,314)	(21,043)	-
Advances from (to) directors	(22,837)	(148,800)	68,621
	6,282,319	1,065,474	926,791
NET CHANGE IN CASH	994,074	(34,742)	863,166
CASH, beginning of period	93,169	1,121,985	133,756
CASH, end of period	$ 1,087,243	$ 1,087,243	$ 996,922

GALANTAS GOLD CORPORATION
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(PREPARED BY MANAGEMENT)
(Unaudited)

	Shares issued and subscribed		Warrant	Contributed	Accumulated	
	# of Shares	Share Value	Value	Surplus	deficit	Total
Balance at January 1, 2003	**71,115,222**	**$ 13,082,493**	$ -	$ 1,420	**$ (8,897,811)**	$ 4,186,102
Shares issued on exercise of warrants	**250,000**	**27,461**	-	-	**-**	27,461
Common shares issued net of issue costs	**8,707,860**	**1,048,524**	-	-	**-**	1,048,524
Common shares issued for debt settlement	**7,416,395**	**741,640**	-	-	**-**	741,640
Valuation of agents options	**-**	**-**	-	20,751	**-**	20,751
Valuation of warrants issued	**-**	**(78,537)**	78,537	-	**-**	-
Loss for the year	**-**	**-**	-	-	**(676,142)**	(676,142)
Balance at December 31, 2003	**87,489,477**	**14,821,581**	78,537	22,171	**(9,573,953)**	5,348,336
Shares issued on exercise of warrants	**945,554**	**159,089**	-	-	**-**	159,089
Common shares issued net of issue costs	**2,866,825**	**395,318**	-	-	**-**	395,318
Valuation of stock options granted	**-**	**-**	-	287,649	**-**	287,649
Shares issued on exercise of stock options	**-**	**-**	-	-	**-**	-
Valuation of warrants issued	**-**	**(71,671)**	71,671	-	**-**	-
Valuation of warrants exercised or expired	**-**	**17,570**	(78,537)	60,967	**-**	-
Loss for the year	**-**	**-**	-	-	**(1,186,652)**	(1,186,652)
Balance at December 31, 2004	**91,301,856**	**15,321,887**	71,671	370,787	**(10,760,605)**	5,003,740
Common shares issued, net of issue costs	**35,033,333**	**3,254,141**	-	-	**-**	3,254,141
Valuation of warrants issued	**-**	**(175,166)**	175,166	-	**-**	-
Valuation of warrants expired	**-**	**-**	(71,671)	71,671	**-**	-
Valuation of stock options granted	**-**	**-**	-	214,200	**-**	214,200
Loss for the year	**-**	**-**	-	-	**(38,432)**	(38,432)
Balance at Decermber 31, 2005	**126,335,189**	**18,400,862**	175,166	656,658	**(10,799,037)**	8,433,649
Shares issued on exercise of warrants	**5,799,446**	**869,917**	-	-	**-**	869,917
Valuation of warrants exercised	**-**	**57,994**	(57,994)	-	**-**	-
Valuation of stock options granted	**-**	**-**	-	112,000	**-**	112,000
Loss for the period	**-**	**-**	-	-	**(524,704)**	(524,704)
Balance at March 31, 2006	**132,134,635**	**$ 19,328,773**	$ 117,172	$ 768,658	**$ (11,323,741)**	$ 8,890,862

1. ACCOUNTING POLICIES, GOING CONCERN, INCORPORATION AND NATURE OF OPERATIONS

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. The Company is considered to be in the development stage as it has yet to earn substantial revenues and it is devoting substantially all of its efforts toward the development of this process.

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. These development expenditures will be amortized over the estimated life of the ore body.

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 of 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.

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. Its first exploration project was a property in Portugal. 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).

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

The unaudited 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 financial statements required by Canadian generally accepted accounting principles for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month periods ended March 31, 2006 may not be necessarily indicative of the results that may be expected for the year ending December 31, 2006.

1. ACCOUNTING POLICIES, GOING CONCERN, INCORPORATION AND NATURE OF OPERATIONS (continued)

The balance sheet at December 31, 2005 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for complete financial statements. The interim financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual financial statements for the year ended December 31, 2005. For further information, refer to the financial statements and notes thereto included in the Company's annual financial statements for the year ended December 31, 2005.

New accounting pronouncement

In January 2005, the Canadian Institute of Chartered Accountants issued four new accounting standards: Handbook Section 1530, Comprehensive Income, Handbook Section 3251, Equity, Handbook Section 3855, Financial Instruments – Recognition and Measurement and Handbook Section 3865, Hedges. These standards are effective for interim and annual consolidated financial statements for the Company's fiscal years beginning January 1, 2007. As of March 31, 2006, the impact of implementing these new standards is not yet determinable.

2. PROPERTY, PLANT AND EQUIPMENT AND DEFERRED DEVELOPMENT COSTS

(a) Property, Plant and Equipment

	2006			2005
	Cost	Accumulated Amortization	Net	Net
Freehold land and buildings	$ 1,955,035	$ 29,898	$ 1,925,137	$ 1,743,967
Plant and machinery	1,806,160	402,137	1,404,023	1,115,756
Motor vehicles	34,511	27,706	6,805	7,214
Office equipment	70,783	36,589	34,194	36,228
	$ 3,866,489	$ 496,330	$ 3,370,159	$ 2,903,165

(b) Deferred Development Costs

	2006
Opening balance	$ 4,314,368
Additions during the period:	
Consultants	70,409
Mining lease	152
Fuel	27,294
Wages	190,145
Interest	7,006
Travelling	26,977
Repairs and maintenance	46,832
Construction	51,791
General	14,734
Amortization of plant equipment	61,979
	497,319
Total deferred development costs	$ 4,811,687

3. FINANCING FACILITY

On March 17, 2006, the Company received a loan from Barclays Mercantile Business Finance Ltd in the amount of $365,400 (180,000 GBP) to assist in the purchase of certain metallurgical equipment having a cost of $728,770 (359,000 GBP). The loan is for a period of three years at 3.97% (flat interest) with monthly blended installments of $11,323 (5,578 GBP).

Amounts payable on the long term debt are as follows:

	Interest	2006	2005
Financing facility (172,329 GBP)	3.71 %	$ 349,828	$ 370,871
Financing facility (180,000 GBP)	3.97 %	365,400	-
		715,228	370,871
Less current portion (86,610 GBP)		175,818	99,207
		$ 539,410	$ 271,664

Principal repayments over the next three years are as follows:

2007	$ 214,408
2008	231,600
2009	269,220
	$ 715,228

4. SHARE CAPITAL

(a) AUTHORIZED

Unlimited number of common and preference shares issuable in Series

(b) COMMON SHARES ISSUED

	NUMBER OF SHARES	STATED VALUE
Balance, January 1, 2006	126,335,189	$ 18,400,862
Warrant exercise	5,799,446	869,917
Warrant exercise - valuation	-	57,994
Balance, March 31, 2006	132,134,635	$ 19,328,773

5. WARRANTS

As at March 31, 2006 the following warrants were outstanding:

Number of Warrants	Fair Value $	Exercise Price $	Expiry Date
5,867,220	58,672	0.15	April 4, 2006
5,850,000	58,500	0.15	April 15, 2006
11,717,220	117,172		

During the period, 5,799,446 warrants expiring April 4, 2006 were exercised.

6. STOCK OPTIONS

The Company has a stock option plan as detailed in Note 7(c) of the December 31, 2005 audited financial statements.

	NUMBER OF STOCK OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE $
Balance, January 1, 2006	7,900,000	0.11
Expired/cancelled	(1,400,000)	0.15
Balance, March 31, 2006	6,500,000	0.10

Details of the stock options outstanding at March 31, 2006 are:

Exercisable Options	Number of Options	Exercise Price $	Expiry Date
1,500,000	1,500,000	0.12	May 17, 2007
2,800,000	2,800,000	0.15	April 10, 2008
1,333,334	2,000,000	0.10	April 01, 2009
66,667	200,000	0.10	May 13, 2010
5,700,001	6,500,000		

On February 13, 2006, 1,000,000 stock options at an exercise price of $0.15 expired and 400,000 options at an exercise price of $0.15 expiring April 10, 2008 were cancelled.

No stock options were granted during the period.

7. RELATED PARTY TRANSACTIONS

As at March 31, 2006, the Company was indebted to directors in the amount of $104,303 (2005 - $498,332). This amount represents amounts paid by the directors on behalf of the Company along with unpaid management fees. These amounts are interest-free and there are no fixed terms of repayment.

During the period, the Company was charged $nil (2004 - $25,000) by directors of the Company for management services which are in the normal course of operations and are measured at the exchange amount established and agreed to by the related parties. Accounts payable includes $nil (2004 - $25,000) owing to these directors for management services and repayment of expenses incurred on behalf of the Company.

The Company was charged $20,640 (2005 - $nil) for accounting and corporate secretarial services by companies associated to an officer of the Company. Accounts payable includes $4,984 (2005 - $nil) owing to these companies.

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

9. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated in a manner similar to basic loss per share, except the weighted average shares outstanding are increased to include potential common shares from the assumed exercise of options and warrants, if dilutive. Stock options and warrants were not included in the diluted loss per share calculation since the calculation would be anti-dilutive.

The following table sets out the computation for basic and diluted loss per share:

	2006	2005
Numerator:		
Loss for the period	$ 524,704	$ 152,027
Denominator:		
Average number of common shares outstanding	128,327,160	91,301,856
Basic and diluted loss per share	$ 0.00	$ 0.00

10. INCOME TAXES

Estimated taxable income for the period ended is $nil. Based on the level of historical taxable income, it cannot be reasonably estimated at this time if it is more likely than not that the Company will realize the benefits from future income tax assets or the amounts owing from future income tax liabilities.

Consequently, the future recovery or loss arising from differences in tax values and accounting values have been reduced by an equivalent estimated taxable temporary difference valuation allowance.

The estimated taxable temporary difference valuation allowance will be adjusted in the period that it is determined that it is more likely than not that some portion or all of the future tax assets or future tax liabilities will be realized.

11. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Net change in non-cash working capital

	2006	2005
Accounts receivable	$ (86,982)	$ 33,184
Inventory	(159)	11,912
Accounts payable	373,142	26,760
	$ 286,001	$ 71,856

(b) Supplemental information

Interest paid	$ 8,776	$ -

Interest paid includes $7,005 of interest paid on the financing facility and charged to deferred development costs

12. OTHER INFORMATION

Effective March 31, 2006 the Company's shares were successfully admitted to trading on the Alternative Investment Market ("AIM") of the London Stock Exchange. As a result, the Company is dual-listed on both AIM and the TSX Venture Exchange in Canada.

13. SUBSEQUENT EVENT

Subsequent to March 31, 2006, 11,717,220 warrants were exercised for gross proceeds of $1,757,583, representing the total warrants outstanding at March 31, 2006.