GALANTAS GOLD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
Three months ending March 31, 2006

This document presents management's discussion and analysis (MD&A) of the operational and financial results of Galantas Gold Corporation for the 3 months ending March 31, 2006. The MD&A is to be read in conjunction with the unaudited financial statements for the same period. The MD&A 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 May 12th, 2006.

The first quarter report and accounts and related MD&A form important reference documents for the Company's annual meeting of shareholders. This year, the meeting will be held in the offices of the Company's solicitors, McMillan Binch at BCE Place in Toronto at 14hrs00 on June 14th.

FORWARD LOOKING STATEMENTS

The information 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, readers are 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 AND STRATEGY

Galantas Gold Corporation is a Canadian development stage 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 gold 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:

- Develop and operate an initial 150 tonnes-per-day open pit mine and processing plant on its Kearney deposit, achieving 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 more than 50 targets identified from integration of the Company's large body of geological, geochemical and geophysical data,
- Establish and expand the Galantas Irish gold jewellery business once certified Irish gold from the mine becomes available.

Omagh Minerals Limited is developing 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 sq km prospecting licence, all with the object of increasing the reserve and resource base with a view to future expansion.

Reserves and Resources

Ore reserves and resources are contained within eight lode deposits in a 5 sq km area at the eastern extremity of the Company's prospecting licence which encompasses a 20 km long segment of prospective Precambrian "Dalradian" rocks. The deposits sub-outcrop beneath a few metres of glacial and recent overburden and are open to depth and most of them along strike. The Kearney deposit is the focus of initial open pit mining. This steeply dipping deposit is some 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 3 metres of overburden cover, the uppermost 40 metres of the southernmost 441 metres of the strike length have been 70% stripped of overburden and sampled in detail. Independent consultants have calculated reserves and resources.

Using a 1.0 gAu/t cut-off grade, A.C.A.Howe International, ("Howe") reported (references on www.SEDAR.com - 1. Geological Report on the Omagh Gold Deposits, April 15, 2003; 2. Letter to Galantas Directors dated Aug. 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 grading 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 and concluded that, "increasing the cut-off grade from 1gAu/t to 3gAu/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 ….".

Howe re-analysed the data for the 442 metres of strike length that had been sampled in most detail. 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 comparing the grade obtained from a mining trial in the Kearney Deposit wherein four selectively mined samples aggregating 101.4 tonnes contained an average of 53.41 gAu/t. The difference between the gold content of these large samples and the grade estimates for the Kearney Deposit is attributed to dilution inbuilt into original sampling, to gold loss during sampling, and to naturally inhomogeneous gold distribution. Ultimately, the sustainable mining grade will be established through additional sampling prior to plant commissioning and in the early life of the open pit. Gold mineralisation is tightly constrained in the veins and lodes that make up the Kearney and other deposits, making them amenable to selective mining, and thus the processing plant has been designed to accept ore grading 20 gAu/t.

Exploration Targets

A "Technical Report" report dated March 29, 2006, and filed on www.SEDAR.com contains an appendix prepared by Howe describing 53 targets selected from integration of existing extensive geological, geochemical and geophysical data. The targets are grouped 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 exhibit high grade channel sample and/or drill intercepts and have calculated resources (1995 and 2004) and/or reserves (1995). Eight other veins not yet drilled or drilled with lower grades have target scores of 5 to 8. The remaining 37 targets comprise one scoring 6, 6 scoring 5, 4 scoring 4, 11 scoring 2, and 7 scoring 1.

Howe considers targets scoring 3 to 8 to constitute excellent opportunities for discoveries on or near known veins in 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 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.

Funds required will be made available to enable a diamond drill follow-up programme to start early in the second quarter of 2006.

Initial Mine Construction

The project embraces an open pit mine capable of supplying approximately 50,000 tonnes of ore per year, and a crush-grind-flotation plant with a capacity of 150 tonnes per day. Site infrastructure includes a diesel powered electrical generating station, a paste tailings storage facility, containment dam and water reticulation and discharge system including a channel diverting run-off water around working places. This is described in some detail in "Technical Report(s)" filed on www.SEDAR.com on March 29, 2006.

Sufficient funds were raised in April, 2005, through sale of equity and in May, 2005, and March, 2006, from equipment lease finance and from exercise of warrants in March and April, 2006, to enable an initial open pit mine and processing plant to be constructed and put into operation. Mining and processing equipment and buildings have been purchased and key staff engaged. Site development initiated in mid-2005 has continued throughout the period. At the time of writing (May, 2006), preparation of site roads was well advanced, clearing of peat and glacial till from paste tailings storage areas was in progress, the processing plant building was erected and installation of crushing, grinding and flotation equipment in process. The initial mining areas of the Kearney orebody were being stripped in readiness for grade control sampling and initial mining.

Galantas Irish Gold Limited will continue to develop its *Galantas®* jewellery business once gold becomes available in late 2006. Jewellery sales in the quarter were low at $3,845 ($20,497 in first quarter, 2005) due to lack of product pending new supplies of certified Irish gold from the mine.

Management and Staff

Executive appointments made in the middle of 2005 included: Roland Phelps as President and Chief Executive Officer, L.J.(Jack) Gunter as Executive Chairman, M.J. (Moe) Lavigne as Vice President Exploration and Development, and George Duguay as Secretary.

At the Omagh site, senior staff includes Karl Martin, hired at the beginning of April, 2006, as construction manager and project engineer. Mr. Steven Higgins has completed his assignment as site engineer in the period and remains as consultant with particular respect to tailings disposal. Ms June Kaczmarek is financial controller. Candidates for the post of processing plant manager are being screened. On the site, excluding contractors, 12 people including equipment and plant operators, a mechanic, and a geologist are employed.

OVERALL PERFORMANCE

In early 2005, equity and debt finance was raised to accomplish the main objective of achieving initial production from the Kearney Deposit. Site development got underway in the third quarter and is continuing with a target of production in mid-2006.

Revitalised exploration of the Company's prospecting licence was initiated in the third quarter of 2005 with the completion of a helicopter-borne "VTEM" electromagnetic survey. An independent analysis of results including their integration with the pre-existing large body of geological, geochemical, geophysical and other technical data was completed under the direction of Howe whose report was filed on March 16, 2006. (Refer to the appendix to the March 16th Technical Report filed on www.SEDAR.com).

The *Galantas*® jewellery business was essentially dormant.

The equity financing completed in April, 2005, brought $3,279,283 into treasury after costs of $224,050. By the end of April, 2006, all of 17,516,666 warrants (15 cents) associated with this financing had been exercised, producing net cash of $2,627,500.

The mining fleet "leaseback" loan of $470,000 extended by Barclays Asset Finance in 2006 was followed on March 17, 2006, by a second loan from Barclays of $365,400 for the purchase of metallurgical equipment. This second loan has monthly lease payments of $11,132 for 36 months, Galantas having the right to purchase the equipment at the end of the period for a nominal sum.

LIQUIDITY AND CAPITAL RESOURCES

On March 31, 2006, the Company had working capital of $775,946 compared with $1,020,880 at December 31, 2005. Cash at the end of the period was $1,087,243 compared with $1,121,985 at year end. The decease in working capital reflected expenditure on remaining capital items mainly for the processing plant.

Subsequent to the end of the period cash and working capital increased upon the exercise of the remaining warrants which produced $1,757,583 cash. Funds available are considered by management to be adequate to get the initial mine and plant operational this year and to complete an initial exploration drilling programme.

As at March 31, 2006, the Company had total assets of $10,381,320. This compared with $9,355,408 at the end of December 2005, the increase reflecting the cash raised from warrants being exercised during the quarter.

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 selectively mined "bulk samples" previously taken from the Kearney Deposit. Such sales have dwindled over the past several quarters and amounted to $3,845 in the current quarter, compared with $20,497 in the first quarter of 2005. The decrease has been due to depleted inventories of both certified Irish gold and manufactured product. Low sales will continue until supplies of certified Irish gold become available upon production being established later this year.

SUMMARY OF QUARTERLY RESULTS

The Company's revenues and net financial results for the first quarter of 2006 and the seven preceding quarters is summarised ($CDN):

Quarter ended	Revenue	Net Profit/(loss)	Net Profit/(loss) per Share
Mar. 31, 2006	3,845	(524,704)	0.00
Dec. 31, 2005	8,771	498,346	0.01
Sep. 30, 2005	7,909	134,265	0.00
June 30, 2005	16,623	(519,016)	(0.01)
Mar.31, 2005	20,497	(152,027)	(0.00)
Dec. 31, 2004	42,733	(289,160)	(0.00)
Sep. 30, 2004	20,561	(364,150)	(0.00)
June 30, 2004	69,213	(299,410)	(0.00)

CUMULATIVE OPERATIONS AND DEFICIT

Since January 1, 2003, the Company has had sales of $457,391 resulting in a negative gross margin of $57,540. All the sales were done as part of the market trial of *Galantas*® jewellery products. Expenses in the same period have amounted to $3,147,390. An overall loss of $3,204,930 reduced to a loss of $2,425,930 after income tax recovery of $779,000. Deficit increased to $11,323,741 from $8,897,811 at the beginning of the period.

EXPENSES

Expenses in the 3 months ending March 31, 2006, were $536,126, an increase from $148,029 for the same period in 2005. The increase is attributed mainly to the direct and indirect costs of having the Company's shares listed for trading on the London Stock Exchange's AIM list, where trading began on March 31st. Specific items are as follows:

- Direct costs of $275,812 (represented in the accounts as 'Shareholder Communications') associated with the AIM listing.
- Legal and audit fees of $57,258 as compared with $29,634 in the corresponding quarter of 2005
- Transfer agent fees of $5,535 compared with $1,254 in 2005
- Accounting fees of $12,280 compared with $8,530.

Travel and general costs were $37,673 as compared with $19,761 last year. Most of this increase was attributable to increased activity on the site at Omagh. Stock option compensation (a non cash expense) was $112,000 for the quarter compared to nil for the first quarter of 2005.

These cost increases were partially offset by reduced consulting fees (nil as against $3,250 in 2005; a foreign exchange loss of $9,155 compared to a gain of $13,438 in the corresponding quarter, nil management fees as compared with $25,000 charged a year earlier and operating expenses reduced from $74,039 in the first quarter of 2005 to $24,642 in the present quarter.

CAPITAL EXPENDITURE

Plant and machinery related to the mine and processing plant at Omagh in the amount of $530,393 was purchased, compared with nil expenditure in the corresponding quarter of 2005.

Deferred development costs capitalized amounted to $4,811,687 at the end of the period, up $497,319 in the quarter from $4,314,368 at December 31, 2005. The capital additions were all related to development of the project at Omagh and included wages and consultants at $260,554, depreciation at $61,979, construction, fuel, maintenance at $140,651 and traveling at $26,977.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common and preference shares in series. At the end of March 31, 2006, a total of 132,134,635 common shares had been issued. This compared with 126,335,189 common shares issued at the end of the prior year. The increase over the 3 months represented 5,799,446 shares issued on the exercise of warrants.

Subsequent to the end of the first quarter, 2006, all of the remaining warrants were exercised and an additional 11,717,220 shares were issued, bringing the total number of shares on issue to 143,851,855. No warrants remain to be exercised.

RELATED PARTY TRANSACTIONS

As at March 31, 2006, the Company was indebted to directors in the amount of $104,303 compared to $253,103 at December 31, 2005. The indebtedness 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 for repayment.

During the quarter, the Company was charged $20,640 for accounting and corporate secretarial services performed by Duguay and Ringler Limited, a principal of which is an officer of the Company.

The President, Chief Executive Officer and Vice President Exploration and Development have each been compensated $20,240 during the quarter for their services. Compensation to these individuals have been capitalized to deferred development costs.

STOCK BASED COMPENSATION

The Company has 6,500,000 stock options outstanding to directors, employees and certain consultants at exercise prices ranging from 10 cents per share up to 15 cents per share. This compares with 7,900,000 options outstanding at end 2005, the decrease representing the cancellation or expiry of 1,400,000 options. Details of the options outstanding as 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

No stock options were granted during the period.

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 largely due 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 economic buoyancy. Thus, the fundamentals of the metals business once again are favourable for capitalizing new mines and investors have returned to the mineral sector,

For junior resource companies like Galantas, increasing metal prices has begun to be reflected in increasing demand for shares. 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 remains positive.

RISKS AND UNCERTAINTIES

The Company operates in a sector – early-stage mine development and exploration – which carries inherent risks which are frequently not within the abilities of management 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 a mine being developed to provide a steady supply of certified Irish gold.

Management has made a conscious effort to assess the risk environment surrounding its business. It has concluded that all of the risks are standard to the industry and none of them so profound as to inhibit pursuit of the Company 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 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. The gold content has been estimated independently at 11.03 gAu/t. Selective mining trials returned a grade of over 53 gAu/t in the approximately 100 tonnes mined. As a result, the plant has been designed to accept ore at a grade of 20gAu/t which is considered achievable in normal operating mode.

2. Mineral Processing: The risk is that the plant may not perform to design. 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: The project was subject to one of Northern Ireland's lengthiest public inquiries whereat its design and operating fundamentals were challenged and defended to the satisfaction of the independent assessors and industry experts representing the Company and the regulating authorities as well as objectors. In operation, the facilities will be subject to strict self-monitoring and independent monitoring. Management has been working to establish from the outset a culture of environmental care.
4. Permitting: The Company has comprehensive permission to carry out its business. The overall consents were were granted in 2000 after an exhaustive public inquiry and fulfillment of more than 30 pre-conditions which accompanied the conditional planning consent earlier granted. Remaining consents required – building regulations, archaeological supervision of excavation which is mandatory in Ireland, compliance with IPPC regulations – relate to operating procedures and are being addressed with the relevant regulators as the project develops.
5. Title: The Company owns the land in secure freehold on which the project is 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-1990's when initially granted. Both licences and leases are subject in the usual way to minimum performance requirements which are set at a level to encourage development.
6. Political: 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 available. The Company believes that it has sufficient capital to bring the Kearney mine to initial production. It is conducting the capitalization of the project exercising stringent cost control measures.
8. Revenue: The Company has initial terms for sale of its concentrates from two mainline smelter/refiners. There is risk that final terms may turn out to be less favourable than anticipated. Close contact with the smelters has been maintained and management 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 or at 5 year highs and appears to be rising. There is 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 sell forward its bullion.

10. Construction and Development: The general risk is that the project will take longer to build than expected with increased cost and/or loss of revenue. This can be due to environmental, geological, contractor performance, materials availability and cost and other related factors.
