GALANTAS GOLD CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
Three Months ending September 30, 2006

This document presents management's discussion and analysis (MD&A) of the financial and operational results of Galantas Gold Corporation (the Company) for the 3 months ending September 30, 2006. The MD&A, to be read in conjunction with the unaudited financial statements for the same period, 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). The MD&A was approved by the company's audit committee on November 14, 2006.

This MD&A is dated November 14, 2006.

FORWARD LOOKING STATEMENTS

The information in the 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 contained herein.

OVERVIEW – STRATEGY, DESCRIPTION OF BUSINESS

Galantas Gold Corporation is a development stage mineral resource company and the first to acquire planning consent to mine gold in Ireland. Galantas Gold's wholly owned Ontario holding company, Cavanacaw Corporation, owns all of the shares of two Northern Ireland companies – Omagh Minerals Limited, owner of prospecting and mining rights, planning consents plus land, buildings and equipment; and Galantas Irish Gold Limited, owner of rights to work, market and sell the company's gold production as certified Irish gold jewellery.

The Company's strategy to increase shareholder value is to:

- Develop and operate a 150 tonnes per day open pit mine and processing plant on its Kearney deposit,
- Explore and develop extensions to the Kearney and nearby known deposits so as to expand production in stages,
- Explore its 189 square kilometre prospecting licence, focusing on the more than 50 gold targets identified to date, and
- Establish on a commercial basis the Galantas® Irish gold jewellery business once certified Irish gold from the mine becomes available in early 2007.

<u>Omagh Minerals Limited</u> is developing production at its open pit mine on proven reserves. Plant and mine construction has been the focus of development to date. However, diamond drilling with one machine has started aimed at expanding resources near the Kearney Mine. After production, the exploration programme will be expanded, targeted on the 15 known gold occurrences in the Kearney Vein Swarm as well as the more than 30 occurrences elsewhere on the 189 square kilometre licence.

Reserves and Resources

Ore reserves and mineral resources are found within eight veins in a 5 square kilometre area at the eastern end of the Company's prospecting licence which encompasses a 20 by 6 kilometre fault-bounded inlier of Precambrian "Dalradian" rocks. The deposits sub-outcrop beneath a few metres of glacial and recent overburden and are open to depth and usually along the strike. The Kearney deposit is to be mined first. 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 to a depth of 137 metres and was intersected in one hole at a depth of 300 metres. Below the average 3 metres of overburden, a 359 metres long section at the southern end of the deposit had been 88 % exposed and sampled in detail at surface in the late 1980's by Rio Tinto (212 metres) and in 1991 by Omagh Minerals (103 metres). Independent consultants used these results together with drilling data to calculate reserves and resources. Their calculations have not been updated with sample results obtained in 2006.

Using a 1.0 gramme gold per tonne cut-off grade, A.C.A.Howe International, ("Howe") reported, ** "…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 open pit to a depth of 137 metres".

In a re-assessment, Howe concluded that **, "increasing the cut-off grade from 1 gAu/t to 3 gAu/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-assessed data for the 359 metres of strike length sampled in detail and 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."

** (references – see www.SEDAR.com – 1. Geological Report on the Omagh Gold Deposits, April 15, 2003; 2. Letter to Galantas Directors dated August 20, 2004)

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

Recent channel sampling within 2 segments aggregating 150 metres within the southern portion of the Kearney vein was carried out by independent geologists to obtain an estimate in that area of the mining grade that can be sustained in keeping with selective mining. The assay results, combined with those from 124 samples earlier taken by the Company showed a weighted undiluted average grade at a cut-off grade of 3.0 g/t gold for individual veins of 16.25 g/t gold. More detail of this sampling, including references, is contained within the "Overall Performance" section of this report.

Exploration Targets

The "Technical Report",(March 29, 2006, - Phelps, Lavigne, Higgins and Gunter – see www.SEDAR.com), contains an appendix by Howe (Langlands and Bennett) entitled, "Technical Report of the Gold Mining and Exploration Interests of the Omagh Gold Project of Galantas Gold Corporation in Counties Tyrone and Fermanagh, Northern Ireland". This describes (in Appendices 1 and 2) 53 targets selected from integration of geological, geochemical and geophysical data over the approximate 20 kilometre length and 6 kilometre breadth of the Dalradian inlier. The targets were grouped on a priority of 1 to 10, scores reflecting technical merit, ie the likelihood of finding additional resources. Eight veins around the Kearney Vein were classified as very high priority resource augmentation targets with scores of 9 and 10. These exhibit high grade channel and/or drill intercepts and have resources (1995 and 2004) and/or reserves (1995). Eight veins not 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 considered targets scoring 3 to 8 to represent excellent opportunities for discoveries on or near known veins in the Kearney Vein Swarm and elsewhere on the prospecting licence. Howe considered it likely that aggressive exploration will add to the reserves and resources and that veins similar to Kearney may lie undiscovered. Howe considered that the relatively high grades and widths and continuity of the deposits with known reserves and resources indicate the potential for underground production in future.

Initial Mining Project

The project embraces an open pit mine capable of supplying approximately 50,000 tonnes of ore per year, and a crushing-grinding-froth flotation plant with a capacity of 150 tonnes per day. The plant is designed to produce a gold- and silver-rich sulphide flotation concentrate for sale to a smelter, two of which have made offers.

The plant will also have a gravity section to recover some of the free gold, possibly around 4%, as certified Irish gold for feedstock for *Galantas®* jewellery. Site infrastructure includes, in addition to access and haul roads and process building, a diesel powered electrical generating station, a modified paste tailings storage facility, water containment dam and reticulation and discharge system including a channel diverting run-off water away from site working places. This is described in "Technical Report(s)" filed on www.SEDAR.com on March 29th, 2006.

Galantas Irish Gold Limited

Galantas Irish Gold has carried out market trials wherein jewellery to the value of $675,565 has been sold through retailers in Ireland and direct via the company's e-commerce enabled website www.galantas.com. ($484,111 of these sales have been made since the company entered development stage on January 1, 2003). Manufacturing and distribution systems and an initial retailer network in Ireland are in place and the business awaits production of Irish gold in 2007 to enable the start of regular commercial activity.

Management and Staff

Executive officers appointed in mid-2005 continued unchanged:

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

Working under Mr. Lavigne on the Omagh site are; Karl Martin, since April 2006 construction and mining manager; Andrew Warburton, engaged in June 2006 as Mill Superintendent; and June Kaczmarek, financial administrator. Subsequent to the end of the period, a geologist was hired to help design and implement grade control procedures in the mine. Excluding contractors engaged on plant assembly and site preparation, 20 people were employed on the site in infra-structure construction and plant build.

Key Performance Driver

Given that the company is in the late stage of construction of a mine, there is one key performance driver – the achievement of production and cash flow from profitably mining the deposits at Omagh.

OVERALL PERFORMANCE

Mine Construction

Work was focused during the quarter on completing installation of process equipment, construction of on-site disposal and waste rock storage and effluent discharge facilities, and on preparing the initial part of the Kearney orebody for mining.

The process plant building is complete and fitted with all floors and internal partitions. All major elements of plant are installed – primary crusher, ball mill, flotation cells and concentrate filters and thickeners and water storage tanks. Plumbing and electrical wiring is nearing completion and one diesel generator remains to be brought on line. Commissioning of each of the individual plant components will commence as soon as the second generator is operable.

The first paste cell has been completed ready for lining. Installation of the lining has been delayed firstly by the insolvency of a previous contractor and secondly by the late delivery of the HDP liner from Spain. Under the supervision of a second contractor, this was to have arrived the week of 6th November but now is expected to arrive the week of 13th November. The re-circulation / polishing pond is almost complete and ready for lining. Two dry periods of 3-4 days in duration each are required to line both structures after the arrival of the lining.

After the linings are complete, trial batches of ore will be processed as part of the commissioning process. Initially low grade material, a small stockpile of which is ready, will be processed. This material is lower in sulphide and gold and is suitable for equipment run-in and necessary operator training.

Construction progress has suffered from a series of delays, most recently due to specialist sub-contractors. These have added to delays incurred early in the project due to changes in mandatory archaeological supervision and difficulties with handling large quantities of saturated peat. Management is still focused on the production of early concentrate in December though, despite mitigation measures, delays may continue to accrue until project completion.

Work remaining includes installation of the regrind mill and gravity concentration equipment consisting of a Knelson concentrator and table. These are not essential to basic plant operation and will be installed following completion and satisfactory operation of the remainder of the plant.

An internal audit of the processing plant has been carried out, assisted by professional external metallurgical engineers, prior to finalisation. The general conclusion is that the plant is in accordance with results of test work and can be expected to produce satisfactory results technically, but there are concerns about the ability of the plant to maintain a high degree of operating time, largely due to lack of duplicates including pumps. This is a reality of the plant as constructed and although some long lead time back-up components (such as flotation stems) are on site, operating budgets being prepared will include capital items to provide for duplication of some additional systems.

The Kearney vein has been exposed for approximately 390 metres of its length and wall rocks stripped back enough to enable initial mining to take place.

Exploration

Diamond Drilling The diamond drilling programme started in the second quarter continued with one machine. Hole number 12 is now in progress. The drill holes have been for the purpose of confirming earlier low core recovery drill intersections in shallow within-pit portions of the Kearney deposit, and to test potentially ore grade intersections and geophysically indicated extensions in the neighbouring Elkins vein,. Earlier drilling included sterilisation drilling related to site facilities, and to testing one geophysical anomaly.

Results of the first three drill holes were reported in a July 11, 2006, press release and in the MD&A for the second quarter of the year. A September 22nd press release announced assays received for holes 06-4, 06-5 and 06-6 all of which tested shallow portions of the Kearney Vein:

1. Hole 06-4 missed the target which is interpreted to have been displaced by a fault,
2. Hole 06-5 had three significant intercepts at down hole depths of 23.37 metres, 64.28 metres and 86.0 metres producing the following results: 12.16 g/t gold over 37 cm, 20.00 g/t gold over 35 cm, and 41.92 g/t gold over 68 cm.
3. Hole 06-6 carried an intercept of 10.05 g/t gold over 6.55 metres (interpreted as 6.3 metres true width), including 39.04 g/t gold over 1.0 metres at a down hole depth of 65.48 metres (interpreted as 45 metres vertical depth).

Detailed logs and assays for the other 5 holes completed, 06-7 through 06-11, are pending. Diamond drilling continues with one machine to follow the Elkins vein lying parallel to and 500 metres west of the Kearney.

Channel Sampling Channel sampling, being carried out on parts of the recently stripped southern portion of the Kearney deposit, has been extended into areas historically sampled by Rio Tinto. The strike length sampled to date has aggregated 150 metres and has been carried out by independent geologists. The purpose of the sampling is to obtain an estimate of the mining grade that can be sustained in that specific area in keeping with the selective mining that will be practised. The work is continuing.

A total of 119 channel samples have been taken and assayed at OMAC Laboratories in Galway, Ireland, (an independent, certified CCRMP laboratory) for gold by fire assay and a suite of other elements by ICP-ORE. These assay results were reported in the above referenced press release dated September 22nd.

These assay results, combined with those from 124 samples earlier taken by the Company and reported on in a press release dated March 17th, 2006, showed a weighted undiluted average grade at a cut-off grade of 3.0 g/t gold for individual veins of 16.25.

These results are interim as the programme is continuing. The sampling is being done in such a way as to satisfy 43-101 requirements inasmuch as the sampling and reporting was done under the supervision of Mr M. Lavigne, Professional Geologist and Vice President of Galantas and the designated Qualified Person. Sampling methodology, security and verification followed standard procedures as detailed on April 5, 2006.

Financing Activities

On July 28th, the Company announced the closing of a private placement for gross proceeds of $3,500,000. Pursuant to the terms of the offering, Galantas issued 14,000,000 Units at the price of $0.25 per Unit, including 2,000,000 Units for subscribers specifically identified by Galantas, (the "President's List"). Each Unit consisted of one common share of Galantas and one common share purchase warrant, each warrant entitling the purchaser to purchase one common share at a price of $0.32 per share at any time until July 26, 2008. The shares carry a 4 month hold period. An application has been made to admit any new shares issued under the placing to trading on AIM on the same day that they become eligible for trading on the TSX Venture Exchange.

Total costs of the share issue were $331,928 or 9.5% of the gross proceeds. Union Securities Ltd, acting as agent, was paid a cash fee of $260,000 representing 8% commission based on units sold under the offering, plus $20,000 representing 4% in cash for units sold pursuant to the President's List. Other costs amounting to $71,928 associated directly with the issue were mainly to defer the costs of Union Securities' due diligence. In addition to the cash costs associated to the private placement, Galantas issued to the agent 1,300,000 compensation options equal to 10% of all Units sold and 5% of all units sold pursuant to the President's List. Each Agent's Compensation Option entitles the Agent to purchase one Unit of Galantas at $0.25 per unit at any time prior to July 26, 2008 at the price of $0.25 per unit. The funds were used to purchase the land referred to in the Company's last MD&A and in a press release dated May 25th, 2006,($793,744) and items of plant and equipment ($115,036), fund exploration, mainly diamond drilling prior to project cash flow ($400,000), and provide working capital of $2,046,256 to fund construction.

Corporate and Project fund raising had started in mid-2005 when the Company initiated project development. Ongoing development has been financed, prior to the August 2006 private placing, in the following manner:

- Sale of equity completed March, April and May of 2005, providing cash net of fees of $3,279,283.
- Equipment lease financing from Barclay's Asset Finance, $470,000 in April, 2005 and $359,252 in March, 2006,
- Exercising of warrants in March and April 2006, providing $2,627,500

In addition in 2005, sales of Jewellery provided cash of $52,800 and in 2006 year to date, $30,565. Sales have been in decline since early 2005, as jewellery inventory has become depleted.

Cash on hand after receipt of these private placing funds is $2,006,134. This compares with cash on hand of $1,121,985 at January 1, 2006.

Galantas Irish Gold Limited will have in manufacture a new range of certified Irish gold jewellery as soon as new supplies of certified Irish gold are available from the mine. Occasional sales continue to be made from the limited inventory of products remaining. In the quarter, such sales totalled $15,673, as compared with $7,909 in the same period a year ago. A review has been held with the Company's UK sales agent and main designer/manufacturer to initiate new designs which are being prepared for a new range to be introduced in 2007 once a supply of certified Irish gold is available. Negotiations have been held and are continuing with a major premium retail jewellery chain in the UK.

LIQUIDITY AND CAPITAL RESOURCES

On September 30, 2006, the Company had working capital of $1,627,807 as compared with $211,762 at the end of the second quarter of 2006, the increase due to proceeds of the private placing completed in the second quarter. Cash at the end of the period was $2,006,134, compared with $321,659 at the end of the previous quarter, again reflecting results of the private placing.

As at September 30th, the Company had total assets of $14,647,938. This was an increase of $5,292,530 over assets at year-end 2005. Apart from cash outlined above, the main net additions to assets were deferred development costs ($6,288,438, up $1,970,00 from 2005 year-end), property, plant and equipment ($5,248,373, up $2,345,208 from 2005 year-end this reflecting mainly the increase in freehold land noted above together with additions to mining and processing equipment purchased as the project develops.

Accounts receivable at $235,215 compared with $144,727 a year ago, the increase reflecting timing differences of VAT refund. Inventory representing a combination of finished jewellery products and broken ore at $99,978 was similar to the position a year ago ($101,363).

Liabilities included $789,436 of accounts payable which compared with $297,785 a year ago. The increase reflected invoicing of project expenses, mainly incurred by contractors. The level of these expenses was high in the period due to site activity intensifying as the processing plant was being installed and connected. The current portion of the financing facilities discussed below was $226,982 at the quarter end compared with $99,207 a year ago. The increase reflected the impact of the second Barclays leaseback loan extended in 2006.

There are no off-balance sheet transactions or changes in accounting policies at either the parent company or subsidiary level.

Commitments

Two “Leaseback” loans extended by Barclays Asset Finance have time limited repayment provisions as tabled below. At current exchange rate of $2.1 CDN to the British pound, the blended monthly payment until April, 2009, is $22,363 and thereafter until June, 2010, $10,650. Both loans provide for the assets to be purchased at the end of the term for nominal consideration.

Loan	Date	Repayment Terms
$555,000 (£264,286) Mining Fleet	May 19, 2005	48 monthly payments of £5,071 from 18 June, 2005 to 18 June, 2010
$365,400 (£180,000) Mill Equipment	Mar. 17, 2006	36 monthly payments of £5,578 from 15 April, 2006 to 15 April, 2009

RESULTS OF OPERATIONS

The Company’s core business is gold mining. Its only source of revenue is from sales of gold jewellery which have been possible with test market products made from gold from earlier mined “bulk samples” from the Kearney deposit. Sales have dwindled over the past several quarters and amounted to $15,673 in the quarter ending September 30th. This compares with $11,047 in the previous quarter. Continuing low sales are from inventory, now largely depleted, of finished jewellery products. This situation will continue until supplies of certified Irish gold become available in 2007 after the start of mine production followed by production of certified Irish gold for the manufacture of new inventory.

SUMMARY OF QUARTERLY RESULTS

Revenues and net financial results in Canadian dollars for the third quarter of 2006 and for the seven preceding quarters are summarised:

Quarter ended	Revenue	Net Profit/(loss)	Per Share Diluted/Undiluted
Sept 30, 2006	15,573	(238,654)	0.00
June 30, 2006	11,047	(420,215)	0.00
March 31, 2006	3,845	(524,704)	0.00
December 31, 2005	8,771	498,346	0.01
September 30, 2005	7,909	134,265	0.00
June 30, 2005	16,623	(519,016)	(0.01)
March 31, 2005	20,497	(152,027)	0.00
December 31, 2004	42,733	(289,160)	0.00

CUMULATIVE RESULTS OF OPERATIONS AND DEFICIT

Since development commenced on January 1, 2003, the company has had sales of $484,111 resulting in a negative gross margin of $37,120. All the sales were made as part of marketing trials of *Galantas®* jewellery products. Expenses in the same period have amounted to $3,817,479. An overall loss of $3,854,599 is reduced to a loss of $3,084,799 after income tax recovery of $769,800. Deficit increased to $11,982,610 at the end of the period, up $3,084,799 from $8,897,811 at the beginning of the developmental period.

EXPENSES

Expenses were $252,304 in the third quarter, as compared with negative $106,385 in the equivalent period in 2005. The negative expense item reflected reallocation of direct project operating expenses to the development account. Specific items showing material variance in the quarter from a year ago are -

- Consulting fees were nil, (2005 - $12,500) reflecting the termination a year ago of the former president's contract.
- There was an expense (loss) in foreign exchange of $93,784 as compared with a gain of $47,659 a year ago. Expenses incurred in British pounds have cost more Canadian dollars given that currency's strength relative to a year ago.
- Legal and audit fees at $6,325 for the quarter compared with $5,003 for a year ago. Year-to-date, costs were $186,759 as compared with $71,021 a year ago, the increase reflecting expenses related to the AIM listing earlier in the year.
- Management fees were nil as opposed to $25,000 in 2005 reflecting termination payments, now expired, with the former president,
- Shareholder communications and public relations cost $64,137 in the quarter as compared with nil expenditure in the corresponding period in 2005, this reflecting residual expenditures with the AIM listing including ongoing IR commitments and attendance at a trade show in Toronto,
- Transfer Agent fees were $4,782 in the quarter, as compared with $3,638 in the corresponding quarter in 2005.
- Travel and general office expenses were $23,130 in the third quarter, compared with $21,906 a year ago. The cumulative cost of this item in the development stage since January 1, 2003, is $209,894.
- The non-cash item of stock-based compensation added $15,638 to expenses in the quarter, as compared with $nil for the same period in 2005 and $179,304 in the nine months ending September 30. The item reflects the non-cash cost to the company of the granting of employee incentive options.

CAPITAL EXPENDITURE

Property, plant and equipment were purchased for $908,780 in the quarter, as compared with 1,133,957 in the prior quarter and $184,440 in the corresponding quarter of 2005.

These expenditures were for various items connected with the development of the project and consisted mainly of costs related to the processing plant at Omagh.

Deferred development costs capitalised amounted to $6,288,430 on September 30th, up from $4,314,368 at the end of December, 2005. The capital additions were all related to construction of the mine at Omagh. The notable items included in deferred development cost were - wages at $214,699 in the quarter which was up from $174,385 in the previous quarter reflecting intensifying development on the site; construction at $109,412 compared with $194,510 in the previous quarter, all due to work related to construction of the processing plant, tailings facilities and mining preparation. Other items including consultants at $59,308, fuel at $48,837, travelling at $57,698 and repairs & maintenance at $49,711 and general expenses of $20,205 were on aggregate on budget and all related to development of the project.

SHARE CAPITAL

The company is authorised to issue in series an unlimited number of common and preference shares. At the end of September, 2006, 157,851,855 shares had been issued. This included 14,000,000 common shares issued to investors in the second quarter private placement (see "Financing Activities" above) and a further 17,516,666 shares issued upon exercise of warrants which had been attached to shares issued on a private placement in 2005.

The 157,851,855 shares on issue at the end of September, 2006, compared with 143,851,855 issued at the end of June, 2006. As of September 30, 2006, at total of 15,300,000 warrants remained outstanding, 14,000,000 exercisable at $0.32 on July 26, 2008, and 1,300,000 exercisable at $0.25 on the same date, both relating to the private placement made in the third quarter of 2006.

RELATED PARTY TRANSACTIONS

The Company was charged $32,921 (2005 - $30,133) for the business purpose of the provision of accounting and corporate secretarial services provided by companies associated to the Corporate Secretary. Accounts payable includes $5,922 (2005 - $2,242) owing to these companies. Provision of the services continues on a month to month basis.

The Executive Chairman, Chief Executive Office and Vice President have each been compensated $20,240 during the quarter for their services which are applied to developing the gold mine at Omagh and managing the Company's corporate affairs,. Their compensation has been capitalised to deferred development costs. The provision of the services is governed by contract.

There were no other related party transactions.

STOCK BASED COMPENSATION

The Company has 7,500,000 options outstanding to directors, employees, certain consultants and contractors at exercise prices ranging from 10 cents per share up to 26 cents per share. No new options were issued during the period. Details of all options outstanding as at September 30th, 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
2,000,000	2,000,000	0.10	April 1, 2009
133,334	200,000	0.10	May 13,2010
333,334	1,000,000	0.26	June 14, 2011

TRENDS AFFECTING THE COMPANY'S BUSINESS

Metal prices continued strong after the long period of price weakness which ended starting approximately 2 years ago. The sustained price recovery is thought largely due to increasing metal consumption in countries of the Far East, most notably China and India, both of which are experiencing rapid growth in manufacturing and exports. Thus, the fundamentals of the metals business are once again favourable for capitalising new mines and investors have returned to the mineral sector, particularly to large public companies.

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

In Northern Ireland, the peace has held for several years and the climate for investment remains positive.

RISKS AND UNCERTAINTIES

Galantas operates in a sector – early stage mineral project development and exploration – which carries inherent risks only some of which are within management's ability to reduce or remove. The main sector risk is always metal price. The company's other business, high value Irish Gold jewellery, is dependent upon a mine being developed to provide a reliable supply of certified Irish gold.

The Company has assessed the risks surrounding its businesses. It has concluded that most if not all of the risks are standard to the industry and none of them so profound as to inhibit pursuit of the Company's strategy. The main risks identified and considered are:

1. <u>Ore Reserves</u> Tonnage and grade of ore may be lower than anticipated. The Kearney deposit along strike and to depth has been proven within the confines of the initial open pit and indicated well beyond. Nevertheless, the ore is variable in

detail and it may prove difficult or if not impossible to mine at a consistent grade and supply the plant with sufficient ore regularly into the future.

2. Mineral Processing The plant may not perform to design. Ore from the Kearney deposit has been subjected to metallurgical trials including pilot plant studies in reputable laboratories by the Company. The previous owner, Rio Tinto, did mineralogical and bench scale metallurgical studies. The flow sheet is simple and the equipment in the plant is industry standard. Nevertheless, scale-up to commercial production may introduce unforeseen technical problems. Efforts to foresee such problems and ameliorate them have been made and an internal metallurgical audit assisted by independent professionals has been carried out in advance of commissioning and production. The study concluded that, "The process selected is in accordance with the results of test work and would be expected to produce satisfactory results technically but there are mechanical and electrical concerns regarding the capability of the facility to maintain a high degree of operating time". This is primarily due to lack of spare capacity, particularly of pumps. Management considers that this situation is manageable with the additions of extra pump capacity and a budget is under development.
3. Environmental The project was subject to one of Ireland's lengthiest public enquiries whereat its design and operating fundamentals were challenged and defended to the satisfaction of the independent assessors and industry experts representing regulators and the company. In operation, the facilities will be subject to self monitoring and strict independent monitoring. One of management's priorities has been to establish and maintain a culture of environmental care on the site with the object of preventing accidents. Such, however, cannot be ruled out.
4. Permitting The company has comprehensive permission to carry out its activities. Overall consents were granted in 2000 after an exhaustive public inquiry and fulfilment of more than 30 pre-conditions which attached to the provisional consent granted in 1995. Remaining consents required – building regulations, archaeological supervision of excavation which is mandatory throughout Ireland, compliance with IPPC regulations – relate to operating procedures and are being addressed with the relevant authorities as the project develops. Nevertheless, as in all jurisdictions, regulatory provisions are subject to change and the Company may be faced with additional constraints in future.
5. Title The Company owns the land in secure freehold on which the project is located. Precious metals licences and mining leases have been granted to the Company by the Crown Estate and renewed as required since the mid-1990's when initially granted. Licences and Leases are subject in the usual way to minimum performance requirements which are set at a level so as not to inhibit development. There is a dialogue ongoing with the Northern Ireland Department of Enterprise Trade and Industry (DETI) concerning a licence to extract base metals which occur with the gold and silver in the quartz-sulphide veins and which may be recovered as a by-product of gold and silver. The licence if applicable may require a fee paid to owners of surface rights. In the case of the Company's planned mine, since the owner is the Company itself, it is thought unlikely that there will be a material impact on the Company.

6. Political   Northern Ireland has achieved a stable political status conducive to business as is evidenced by the relatively large amounts of inward investment that the province has enjoyed over the past decade. The mine is well removed from areas of potential urban disturbance.
7. Financial   The risk is that additional funds, if required, may not be available. With the recent private placement, the company believes that it has sufficient capital to enable the Kearney mine to be brought to initial production this year. Nonetheless, any further slippage in start-up/commissioning will result in a cash shortage. Steps have been taken aimed at having additional working capital available if required.
8. Revenue   The Company has received initial terms for the sale of its concentrate from two smelters. There is risk that final terms to be agreed may turn out less favourable than forecast. This could be due to a number of factors including failure of the concentrate to be within the specification contracted as regards both value elements and penalty elements and failure to produce concentrate of consistent quantity,   However, close contact with the smelters is maintained and management considers revenue risk to be manageable.
9. Currency Fluctuations/Bullion Price   Most of the costs to the company are incurred in British Pounds Sterling. Gold price expressed in Sterling is within approximately 15% of 5 year highs and may stay such or remain on a rising trend. There is risk that this trend may reverse and reduce Sterling income. Inflation is widely viewed as a threat in the United Kingdom and elsewhere and this is cause for concern. Results are published in Canadian dollars and there is therefore a currency risk. The Company's policy is to not sell forward its bullion.
10. Construction and Development   The project may take longer to build than forecast with increased cost and deferment of future revenue. This risk is particularly acute for a new and relatively small project such as Galantas is building in Northern Ireland where there is no mining history. One is mindful that there has already been slippage from schedule and it cannot be ruled out that further slippage may occur given that there are uncertainties connected with factors such as the detail of environmental compliance measures, geological conditions, contractor performance, materials availability and actual outturn costs. At the date of this report, the plant is still not able to be commissioned due to inability to discharge paste tailings consequent on delay in delivery of the paste cell liner material. While this is now expected to arrive shortly, this is not guaranteed.
11. Personnel   Notwithstanding the relatively small scale of the Kearney mine, a level of expertise is required in the mine, plant and ancillary activities including geology and accounting. With the world experiencing a high level of minerals industry activity, the Company foresees difficulties in recruiting additional qualified people. Already, the Company was short a geologist for most of the summer and this has caused a delay in logging and sampling drill cores. While a geologist is now engaged, the general shortage of skilled people may well prevail for some time to come and the risk is that costs, operations, future expansion and indeed excellence may be impacted negatively.