



GALANTAS GOLD CORPORATION

**Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)**

**(Unaudited)
Three Months Ended March 31, 2022**

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of Galantas Gold Corporation (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Galantas Gold Corporation

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	As at March 31, 2022	As at December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,417,152	\$ 1,069,751
Accounts receivable and prepaid expenses (note 4)	731,709	1,279,935
Inventories (note 5)	13,626	108,788
Total current assets	3,162,487	2,458,474
Non-current assets		
Property, plant and equipment (note 6)	27,300,093	25,688,836
Long-term deposit (note 8)	492,510	513,960
Exploration and evaluation assets (note 7)	1,934,312	1,574,183
Total non-current assets	29,726,915	27,776,979
Total assets	\$ 32,889,402	\$ 30,235,453
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and other liabilities (notes 9 and 17)	\$ 3,026,740	\$ 3,013,999
Due to related parties (note 15)	1,440,977	124,317
Leases (note 11)	545,750	416,040
Total current liabilities	5,013,467	3,554,356
Non-current liabilities		
Non-current portion of financing facilities (note 10)	4,199,285	4,247,488
Due to related parties (note 15)	2,462,530	2,444,376
Decommissioning liability (note 8)	575,462	600,525
Total non-current liabilities	7,237,277	7,292,389
Total liabilities	12,250,744	10,846,745
Equity		
Share capital (note 12(a)(b))	61,876,670	57,783,570
Reserves	14,008,031	15,435,369
Deficit	(55,246,043)	(53,830,231)
Total equity	20,638,658	19,388,708
Total equity and liabilities	\$ 32,889,402	\$ 30,235,453

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Going concern (note 1)

Incorporation and nature of operations (note 2)

Contingency (note 17)

Event after the reporting period (note 18)

Galantas Gold Corporation
Condensed Interim Consolidated Statements of Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended	
	March 31,	
	2022	2021
Revenues		
Sales of concentrate (note 14)	\$ -	\$ -
Cost and expenses of operations		
Cost of sales	46,639	46,148
Depreciation (note 6)	130,531	72,065
	177,170	118,213
Loss before general administrative and other expenses	(177,170)	(118,213)
General administrative expenses		
Management and administration wages (note 15)	117,640	144,083
Other operating expenses	78,788	32,580
Accounting and corporate	152,979	15,184
Legal and audit	63,640	49,173
Stock-based compensation (note 12(d))	350,539	4,631
Shareholder communication and investor relations	135,787	59,853
Transfer agent	4,015	2,861
Director fees (note 15)	35,000	8,500
General office	21,187	3,569
Accretion expenses (notes 8, 10 and 15)	120,487	104,560
Loan interest and bank charges less deposit interest (notes 10 and 15)	91,108	80,103
	1,171,170	505,097
Other expenses		
Foreign exchange loss	67,472	16,653
	67,472	16,653
Net loss for the period	\$ (1,415,812)	\$ (639,963)
Basic and diluted net loss per share (note 13)	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding		
- basic and diluted	78,556,743	46,565,537

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Galantas Gold Corporation

Condensed Interim Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
Net loss for the period	\$ (1,415,812)	\$ (639,963)
Other comprehensive loss		
Items that will be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(870,977)	(96,925)
Total comprehensive loss	\$ (2,286,789)	\$ (736,888)

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Galantas Gold Corporation

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
Operating activities		
Net loss for the period	\$ (1,415,812)	\$ (639,963)
Adjustment for:		
Depreciation (note 6)	130,531	72,065
Stock-based compensation (note 12(d))	350,539	4,631
Accrued interest (notes 10 and 15)	171,614	78,874
Foreign exchange loss	93,714	79,672
Accretion expenses (notes 8, 10 and 15)	91,810	104,560
Non-cash working capital items:		
Accounts receivable and prepaid expenses	567,842	260,990
Inventories	95,585	48,145
Accounts payable and other liabilities	(82,217)	19,284
Due to related parties	(129,249)	91,762
Net cash and cash equivalents (used in) provided by operating activities	(125,643)	120,020
Investing activities		
Net purchase of property, plant and equipment	(2,458,074)	(172,550)
Exploration and evaluation assets	(425,831)	(47,366)
Lease payments (note 11)	(137,145)	-
Net cash and cash equivalents used in investing activities	(3,021,050)	(219,916)
Financing activities		
Proceeds from exercise of warrants	3,135,200	-
Advances from related parties	1,380,477	-
Repayment of financing facilities	-	(23,802)
Net cash and cash equivalents provided by (used in) financing activities	4,515,677	(23,802)
Net change in cash and cash equivalents	1,368,984	(123,698)
Effect of exchange rate changes on cash held in foreign currencies	(21,583)	(1,203)
Cash and cash equivalents, beginning of period	1,069,751	612,094
Cash and cash equivalents, end of period	\$ 2,417,152	\$ 487,193
Cash	\$ 2,417,152	\$ 487,193
Cash equivalents	-	-
Cash and cash equivalents	\$ 2,417,152	\$ 487,193

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Galantas Gold Corporation

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Reserves					
	Share capital	Warrants reserve	Equity settled share-based payments reserve	Foreign currency translation reserve	Deficit	Total
Balance, December 31, 2020	\$ 52,933,594	\$ 340,000	\$ 8,381,382	\$ 1,012,739	\$(48,545,800)	\$ 14,121,915
Stock-based compensation (note 12(d))	-	-	4,631	-	-	4,631
Exchange differences on translating foreign operations	-	-	-	(96,925)	-	(96,925)
Net loss for the period	-	-	-	-	(639,963)	(639,963)
Balance, March 31, 2021	\$ 52,933,594	\$ 340,000	\$ 8,386,013	\$ 915,814	\$(49,185,763)	\$ 13,389,658
Balance, December 31, 2021	\$ 57,783,570	\$ 4,130,200	\$ 10,417,260	\$ 887,909	\$(53,830,231)	\$ 19,388,708
Warrants issued (note 15(a)(ii))	-	51,000	-	-	-	51,000
Stock-based compensation (note 12(d))	-	-	350,539	-	-	350,539
Exercise of warrants	4,093,100	(957,900)	-	-	-	3,135,200
Exchange differences on translating foreign operations	-	-	-	(870,977)	-	(870,977)
Net loss for the period	-	-	-	-	(1,415,812)	(1,415,812)
Balance, March 31, 2022	\$ 61,876,670	\$ 3,223,300	\$ 10,767,799	\$ 16,932	\$(55,246,043)	\$ 20,638,658

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

1. Going Concern

These unaudited condensed interim consolidated 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. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of uncertainties related to events or conditions that may cast doubt on the Company's ability to continue as a going concern. The Company's future viability depends on the consolidated results of the Company's wholly-owned subsidiary Cavanacaw Corporation ("Cavanacaw"). Cavanacaw has a 100% shareholding in both Flintridge Resources Limited ("Flintridge") who are engaged in the acquisition, exploration and development of gold properties, mainly in Omagh, Northern Ireland and Omagh Minerals Limited ("Omagh") who are engaged in the exploration of gold properties, mainly in the Republic of Ireland. The Omagh mine has an open pit mine, which was in production until 2013 when production was suspended and is reported as property, plant and equipment and as an underground mine which having established technical feasibility and commercial viability in December 2018 has resulted in associated exploration and evaluation assets being reclassified as an intangible development asset and reported as property, plant and equipment.

The going concern assumption is dependent upon forecast cash flows being met and further financing currently being negotiated. The management's assumptions in relation to future levels of production, gold prices and mine operating and capital costs are crucial to forecast cash flows being achieved. Should production be significantly delayed, revenues fall short of expectations or operating costs and capital costs increase significantly, there may be insufficient cash flows to sustain day to day operations without seeking further finance.

Negotiations with current finance providers to extend short-term loans have progressed positively and the maturity dates for both the G&F Phelps Ltd. ("G&F Phelps") and Ocean Partners UK Ltd. ("Ocean Partners") loans have now been extended to December 31, 2023 (see notes 10 and 15). During the year ended December 31, 2021, the Company raised gross proceeds of \$8M through the issuance of shares to new and current investors to meet the financial requirements of the Company for the foreseeable future. During the three months ended March 31, 2022, the Company raised gross proceeds of \$3M through the exercise of warrants. Based on the financial projections prepared, the directors believe it's appropriate to prepare the unaudited condensed interim consolidated financial statements on the going concern basis.

As at March 31, 2022, the Company had a deficit of \$55,246,043 (December 31, 2021 - \$53,830,231). Comprehensive loss for the three months ended March 31, 2022 was \$2,286,789 (three months ended March 31, 2021 - \$736,888). These conditions raise material uncertainties which may cast significant doubt as to whether the Company will be able to continue as a going concern. However, management is confident that it will continue as a going concern. However, this is subject to a number of factors including market conditions.

These unaudited condensed interim consolidated financial statements do not reflect adjustments to the carrying values of assets and liabilities, the reported expenses and financial position classifications used that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

2. Incorporation and Nature of Operations

The Company was formed on September 20, 1996 under the name Montemor Resources Inc. on the amalgamation of 1169479 Ontario Inc. and Consolidated Deer Creek Resources Limited. The name was changed to European Gold Resources Inc. by articles of amendment dated July 25, 1997. On May 5, 2004, the Company changed its name from European Gold Resources Inc. to Galantas Gold Corporation. The Company was incorporated to explore for and develop mineral resource properties, principally in Europe. In 1997, it purchased all of the shares of Omagh which owns a mineral property in Northern Ireland, including a delineated gold deposit. Omagh obtained full planning and environmental consents necessary to bring its property into production.

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

2. Incorporation and Nature of Operations (Continued)

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, Northern Ireland. Cavanacaw also has developed a premium jewellery business founded on the gold produced under the name Galántas Irish Gold Limited ("Galántas"). As at July 1, 2007, the Company's Omagh mine began production and in 2013 production was suspended. On April 1, 2014, Galántas amalgamated its jewelry business with Omagh.

On April 8, 2014, Cavanacaw acquired Flintridge. Following a strategic review of its business by the Company during 2014 certain assets owned by Omagh were acquired by Flintridge.

On April 17, 2020, the Company completed a share consolidation of its share capital on the basis of ten existing common shares for one new common share consolidation.

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

The Company's common shares are listed on the TSX Venture Exchange ("TSXV") and London Stock Exchange AIM under the symbol GAL. On September 1, 2021, the Company's common shares started trading under the symbol GALKF on the OTCQX in the United States. The primary office is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, Canada, M5C 1P1.

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

3. Basis of Preparation

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of May 30, 2022 the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2021. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2022 could result in restatement of these unaudited condensed interim consolidated financial statements.

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

4. Accounts Receivable and Prepaid Expenses

	As at March 31, 2022	As at December 31, 2021
Sales tax receivable - Canada	\$ 9,181	\$ 4,471
Valued added tax receivable - Northern Ireland	257,653	239,774
Accounts receivable	293,503	594,071
Prepaid expenses	171,372	281,207
Other debtors	-	160,412
	\$ 731,709	\$ 1,279,935

Prepaid expenses includes advances for consumables and for construction of the passing bays in the Omagh mine.

The following is an aged analysis of receivables:

	As at March 31, 2022	As at December 31, 2021
Less than 3 months	\$ 538,614	\$ 884,550
3 to 12 months	13,432	105,526
More than 12 months	8,291	8,652
Total accounts receivable	\$ 560,337	\$ 998,728

5. Inventories

	As at March 31, 2022	As at December 31, 2021
Concentrate inventories	\$ 13,626	\$ 108,788

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

6. Property, Plant and Equipment

Cost	Freehold land and buildings	Plant and machinery (i)	Motor vehicles	Office equipment	Development assets (ii)	Assets under construction	Total
Balance, December 31, 2020	\$ 2,398,171	\$ 6,951,208	\$ 162,571	\$ 191,422	\$ 19,345,676	\$ -	\$ 29,049,048
Additions	-	1,263,168	38,975	27,973	4,898,703	556,273	6,785,092
Disposals	-	(6,289)	-	-	-	-	(6,289)
Cash receipts from concentrate sales	-	-	-	-	(1,412,329)	-	(1,412,329)
Foreign exchange adjustment	(34,357)	(99,099)	(2,329)	(2,742)	(270,376)	-	(408,903)
Balance, December 31, 2021	2,363,814	8,108,988	199,217	216,653	22,561,674	556,273	34,006,619
Additions	-	415,434	-	1,212	2,354,523	-	2,771,169
Disposals	-	-	-	-	-	(29,499)	(29,499)
Foreign exchange adjustment	(98,652)	(337,016)	(8,315)	(9,042)	(874,573)	(22,242)	(1,349,840)
Balance, March 31, 2022	\$ 2,265,162	\$ 8,187,406	\$ 190,902	\$ 208,823	\$ 24,041,624	\$ 504,532	\$ 35,398,449

Accumulated depreciation	Freehold land and buildings	Plant and machinery	Motor vehicles	Office equipment	Development assets	Assets under construction	Total
Balance, December 31, 2020	\$ 1,986,461	\$ 5,648,586	\$ 130,107	\$ 125,791	\$ -	\$ -	\$ 7,890,945
Depreciation	6,347	507,731	19,776	13,992	-	-	547,846
Disposals	-	(4,801)	-	-	-	-	(4,801)
Foreign exchange adjustment	(28,499)	(83,818)	(1,995)	(1,895)	-	-	(116,207)
Balance, December 31, 2021	1,964,309	6,067,698	147,888	137,888	-	-	8,317,783
Depreciation	1,250	122,656	3,650	2,975	-	-	130,531
Foreign exchange adjustment	(82,021)	(255,791)	(6,293)	(5,853)	-	-	(349,958)
Balance, March 31, 2022	\$ 1,883,538	\$ 5,934,563	\$ 145,245	\$ 135,010	\$ -	\$ -	\$ 8,098,356

Carrying value	Freehold land and buildings	Plant and machinery	Motor vehicles	Office equipment	Development assets	Assets under construction	Total
Balance, December 31, 2021	\$ 399,505	\$ 2,041,290	\$ 51,329	\$ 78,765	\$ 22,561,674	\$ 556,273	\$ 25,688,836
Balance, March 31, 2022	\$ 381,624	\$ 2,252,843	\$ 45,657	\$ 73,813	\$ 24,041,624	\$ 504,532	\$ 27,300,093

(i) Right-of-use assets of \$680,520 is included in additions of the plant and machinery for the year ended December 31, 2021. Right-of-use assets of \$283,596 is included in additions of the plant and machinery for the three months ended March 31, 2022.

(ii) Development assets are expenditures for the underground mining operations in Omagh.

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

7. Exploration and Evaluation Assets

Cost	Exploration and evaluation assets
Balance, December 31, 2020	\$ 750,741
Additions	834,193
Foreign exchange adjustment	(10,751)
Balance, December 31, 2021	1,574,183
Additions	425,831
Foreign exchange adjustment	(65,702)
Balance, March 31, 2022	\$ 1,934,312
Carrying value	
Balance, December 31, 2021	\$ 1,574,183
Balance, March 31, 2022	\$ 1,934,312

8. Decommissioning Liability

The Company's decommissioning liability is a result of mining activities at the Omagh mine in Northern Ireland. The Company estimated its decommissioning liability at March 31, 2022 based on a risk-free discount rate of 1% (December 31, 2021 - 1%) and an inflation rate of 1.50% (December 31, 2021 - 1.50%). The expected undiscounted future obligations allowing for inflation are GBP 330,000 and based on management's best estimate the decommissioning is expected to occur over the next 5 to 10 years. On March 31, 2022, the estimated fair value of the liability is \$575,462 (December 31, 2021 - \$600,525). Changes in the provision during the three months ended March 31, 2022 are as follows:

	As at March 31, 2022	As at December 31, 2021
Decommissioning liability, beginning of period	\$ 600,525	\$ 598,275
Accretion	2,681	10,892
Foreign exchange	(27,744)	(8,642)
Decommissioning liability, end of period	\$ 575,462	\$ 600,525

As required by the Crown in Northern Ireland, the Company is required to provide a bond for reclamation related to the Omagh mine in the amount of GBP 300,000 (December 31, 2021 - GBP 300,000), of which GBP 300,000 was funded as of March 31, 2022 (GBP 300,000 was funded as of December 31, 2021) and reported as long-term deposit of \$492,510 (December 31, 2021 - \$513,960).

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

9. Accounts Payable and Other Liabilities

Accounts payable and other liabilities of the Company are principally comprised of amounts outstanding for purchases relating to exploration costs on exploration and evaluation assets, general operating activities and professional fees activities.

	As at March 31, 2022	As at December 31, 2021
Accounts payable	\$ 1,760,640	\$ 1,463,316
Accrued liabilities	1,266,100	1,550,683
Total accounts payable and other liabilities	\$ 3,026,740	\$ 3,013,999

The following is an aged analysis of the accounts payable and other liabilities:

	As at March 31, 2022	As at December 31, 2021
Less than 3 months	\$ 2,292,383	\$ 2,246,440
3 to 12 months	93,132	98,415
More than 24 months	641,225	669,144
Total accounts payable and other liabilities	\$ 3,026,740	\$ 3,013,999

10. Financing Facilities

Amounts payable on the Company's financial facilities are as follow:

	As at March 31, 2022	As at December 31, 2021
Ocean Partners		
Financing facilities, beginning of period	\$ -	\$ 2,186,272
Repayment of financing facilities	-	(23,802)
Accretion	-	126,949
Interest	-	86,820
Foreign exchange adjustment	-	200,898
Financing facility reallocated to due to related parties	-	(2,577,137)
	-	-
G&F Phelps		
Financing facility reallocated from due to related parties	4,247,488	4,578,039
Less bonus warrants issued	-	(670,000)
Accretion	64,839	151,290
Interest	85,874	164,197
Foreign exchange adjustment	(198,916)	23,962
	4,199,285	4,247,488
Financing facilities - non-current portion	\$ 4,199,285	\$ 4,247,488

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

11. Leases

Balance, December 31, 2020	\$ -
Addition (i)	680,520
Interest expense	36,706
Lease payments	(297,450)
Foreign exchange	(3,736)
Balance, December 31, 2021	416,040
Addition (ii)	283,596
Interest expense	13,513
Lease payments	(137,145)
Foreign exchange	(30,254)
Balance, March 31, 2022	\$ 545,750

(i) During the year ended 2021, the Company entered into lease agreements in respect to rent of equipments which will expire between February 2022 to July 2022.

(ii) During the three months ended 2022, the Company entered into lease agreements in respect to rent of equipments which will expire June 2022.

12. Share Capital and Reserves

a) Authorized share capital

At March 31, 2022, the authorized share capital consisted of an unlimited number of common and preference shares issuable in Series.

The common shares do not have a par value. All issued shares are fully paid.

No preference shares have been issued. The preference shares do not have a par value.

b) Common shares issued

At March 31, 2022, the issued share capital amounted to \$61,876,670. The continuity of issued share capital for the periods presented is as follows:

	Number of common shares	Amount
Balance, December 31, 2020 and March 31, 2021	46,565,537	\$ 52,933,594
Balance, December 31, 2021	74,683,801	\$ 57,783,570
Exercise of warrants	7,838,000	4,093,100
Balance, March 31, 2022	82,521,801	\$ 61,876,670

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements
 Three Months Ended March 31, 2022
 (Expressed in Canadian Dollars)
 (Unaudited)

12. Share Capital and Reserves (Continued)

c) Warrant reserve

The following table shows the continuity of warrants for the periods presented:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2020 and March 31, 2021	1,700,000	\$ 0.33
Balance, December 31, 2021	28,691,598	\$ 0.39
Issued (notes 15(a)(ii))	250,000	0.50
Exercised	(7,838,000)	0.40
Balance, March 31, 2022	21,103,598	\$ 0.39

The following table reflects the actual warrants issued and outstanding as of March 31, 2022:

Expiry date	Number of warrants	Grant date fair value (\$)	Exercise price (\$)
February 3, 2023	250,000	51,000	0.50
May 14, 2023	18,453,598	2,258,947	0.40
December 31, 2023	2,400,000	913,353	0.33
	21,103,598	3,223,300	0.39

d) Stock options

The following table shows the continuity of stock options for the periods presented:

	Number of options	Weighted average exercise price
Balance, December 31, 2020 and March 31, 2021	570,000	\$ 1.16
Balance, December 31, 2021	4,885,000	\$ 0.88
Expired	(255,000)	1.35
Cancelled	(205,000)	0.96
Balance, March 31, 2022	4,425,000	\$ 0.85

The portion of the estimated fair value of options granted in the prior years and vested during the three months ended March 31, 2022, amounted to \$350,539 (three months ended March 31, 2021 - \$4,631).

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

12. Share Capital and Reserves (Continued)

d) Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of March 31, 2022:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
April 19, 2023	1.10	1.05	25,000	25,000	-
February 13, 2024	0.90	1.87	85,000	85,000	-
June 27, 2024	0.90	2.24	100,000	100,000	-
May 19, 2026	0.86	4.14	3,770,000	1,256,667	2,513,333
June 21, 2026	0.73	4.23	425,000	141,667	283,333
August 27, 2026	0.86	4.41	20,000	6,667	13,333
	0.85	4.04	4,425,000	1,615,001	2,809,999

13. Net Loss per Common Share

The calculation of basic and diluted loss per share for the three months ended March 31, 2022 was based on the loss attributable to common shareholders of \$1,415,812 (three months ended March 31, 2021 - \$639,963) and the weighted average number of common shares outstanding of 78,556,743 (three months ended March 31, 2021 - 46,565,537) for basic and diluted loss per share. Diluted loss did not include the effect of 21,103,598 warrants (three months ended March 31, 2021 - 1,700,000) and 4,425,000 options (three months ended March 31, 2021 - 570,000) for the three months ended March 31, 2022, as they are anti-dilutive.

14. Revenues

Shipments of concentrate under the off-take arrangements commenced during the second quarter of 2019. Concentrate sales provisional revenues during the three months ended March 31, 2022 totaled approximately US\$219,000 (three months ended March 31, 2021 - US\$567,000). However, until the mine reaches the commencement of commercial production, the net proceeds from concentrate sales will be offset against Development assets.

15. Related Party Disclosures

Related parties include the Board of Directors, close family members, other key management individuals and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange amount and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(a) The Company entered into the following transactions with related parties:

		Three Months Ended March 31,	
		2022	2021
Interest on related party loans	(i)	\$ 74,695	\$ 78,876

(i) Refer to note 10(i)(ii).

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

15. Related Party Disclosures (Continued)

(a) The Company entered into the following transactions with related parties (continued):

(ii) On February 3, 2022, the Company announced the closing of the loan agreement for US\$1.06 million with Ocean Partners. Ocean Partners and the Company have a common director. Terms of the loan agreement are:

- The loan matures on July 31, 2022 (the "Maturity Date").
- The loan will bear interest at an annual rate of 10% compounded monthly payable upon repayment of the loan.
- US\$20,000 structuring fee has been paid to Ocean Partners.
- US\$40,000 consulting fee will be paid to Ocean Partners, to be invoiced separately by Ocean Partners.
- 250,000 warrants have been granted to Ocean Partners, which will be exercisable for a period of 12 months at an exercise price of \$0.50. The bonus warrants are subject to a hold period under applicable securities laws and the rules of the TSXV, expiring on June 4, 2022. The fair value of the 250,000 warrants was valued at \$51,000 using the following Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 107%, risk-free interest rate - 1.22% and an expected average life of 1 year.
- US\$40,000 extension fee will be paid to Ocean Partners if the Company elects to extend the loan for a further six months from the Maturity Date.

Proceeds from the loan will be used for further development of the Omagh mine in Northern Ireland and working capital.

As at March 31, 2022, financial liabilities due to the Lender and recorded as due to related parties on the unaudited condensed interim consolidated statement of financial position is \$3,826,322 (December 31, 2021 - \$2,444,376).

	March 31, 2022	December 31, 2021
Balance, beginning of period	\$ 2,444,376	\$ -
Financing facility reallocated to due to related parties	-	2,577,137
Loan received	1,380,477	-
Less bonus warrants	(51,000)	(251,000)
Repayment	(5,979)	-
Accretion	24,290	57,338
Interest	72,227	27,506
Foreign exchange adjustment	(38,069)	33,395
Balance, end of period	3,826,322	2,444,376
Less current balance	(1,363,792)	-
Due to related parties - non-current balance	\$ 2,462,530	\$ 2,444,376

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

15. Related Party Disclosures (Continued)

(b) Remuneration of officer and directors of the Company was as follows:

	Three Months Ended March 31,	
	2022	2021
Salaries and benefits ⁽¹⁾	\$ 107,583	\$ 117,606
Stock-based compensation	250,310	2,258
	\$ 357,893	\$ 119,864

⁽¹⁾ Salaries and benefits include director fees. As at March 31, 2022, due to directors for fees amounted to \$55,500 (December 31, 2021 - \$102,917) and due to officers, mainly for salaries and benefits accrued amounted to \$21,685 (December 31, 2021 - \$21,400), and is included with due to related parties.

(c) As at March 31, 2022, Ross Beaty owns 3,744,747 common shares of the Company or approximately 4.54% of the outstanding common shares. Premier Miton owns 4,848,243 common shares of the Company or approximately 5.88%. Melquart owns, directly and indirectly, 24,273,528 common shares of the Company or approximately 29.41% of the outstanding common shares of the Company. Eric Sprott owns 8,833,333 common shares of the Company or approximately 10.70%. Mike Gentile owns 5,600,000 common shares of the Company or approximately 6.79%. The remaining 42.68% of the shares are widely held, which includes various small holdings which are owned by directors of the Company. These holdings can change at anytime at the discretion of the owner.

The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company.

16. Segment Disclosure

The Company 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 Flintridge. Substantially all of the Company's revenues, costs and assets of the business that support these operations are derived or located in Northern Ireland. Segmented information on a geographic basis is as follows:

March 31, 2022	United Kingdom	Canada	Total
Current assets	\$ 1,029,940	\$ 2,132,547	\$ 3,162,487
Non-current assets	\$ 29,600,351	\$ 126,564	\$ 29,726,915
Revenues	\$ -	\$ -	\$ -
December 31, 2021	United Kingdom	Canada	Total
Current assets	\$ 1,379,742	\$ 1,078,732	\$ 2,458,474
Non-current assets	\$ 27,714,667	\$ 62,312	\$ 27,776,979
Revenues	\$ -	\$ -	\$ -

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

17. Contingency

During the year ended December 31, 2010, the Company's subsidiary Omagh received a payment demand from Her Majesty's Revenue and Customs ("HMRC") in the amount of \$499,553 (GBP 304,290) in connection with an aggregate levy arising from the removal of waste rock from the mine site during 2008 and early 2009. Omagh believed this claim to be without merit. An appeal was lodged with the Tax Tribunals Service and the hearing started at the beginning of March 2017 and following a number of adjournments was completed in August 2018. During the year ended December 31, 2019, the Tax Tribunals Service issued their judgement dismissing the appeal by Omagh in respect of the assessments. A provision has now been included in the unaudited condensed interim consolidated financial statements in respect of the aggregates levy plus interest and penalty.

There is a contingent liability in respect of potential additional interest which may be applied in respect of the aggregates levy dispute. Omagh is unable to make a reliable estimate of the amount of the potential additional interest that may be applied by HMRC.

18. Event After the Reporting Period

On May 3, 2022, the Company granted 1,742,500 stock options to directors, officers, employees and consultants of the Company to purchase common shares at \$0.60 per share until May 3, 2027. The options will vest as to one third immediately and one third on each of May 3, 2023 and May 3, 2024.