GALANTAS GOLD CORPORATION

Management's Discussion and Analysis

Three Months Ended

March 31, 2021

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Introduction

This Management Discussion and Analysis ("MD&A"), dated May 26, 2021 provides a review of the financial position and the results of operations of Galantas Gold Corporation ("Galantas" or the "Company") and constitutes management review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2021 This MD&A has been prepared in compliance with the requirements of National Instrument 51- 102 – Continuous Disclosure Obligations. The review is provided to enable the reader to assess the significant changes in the financial condition of the Company as at and for the three months ended March 31, 2020. This MD&A should be read in conjunction with the unaudited consolidated financial statements of the Company for the three months ended March 31, 2021 together with the notes thereto. The Company's consolidated financial statements and the financial information reported in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). All amounts presented are stated in Canadian dollars, unless otherwise indicated. Information contained herein is presented as of May 26, 2021 unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Galantas's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity. Additional information about the Company is available on SEDAR at ***www.sedar.com*** or at the Company's website ***www.galantas.com***.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.

Forward-looking information	Assumptions	Risk factors
Potential of the Company's properties to contain economic deposits of base metals and other metals.	Financing will be available for future exploration and development and operation of the Company's properties; the actual results of the Company's exploration activities will be favourable; operating and exploration costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions will be favourable to the Company; the price of applicable metals and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties	Metal price volatility; uncertainties involved in interpreting geological data and retaining title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; availability of financing for future exploration and development of the Company's properties; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff.

The Company's ability to obtain planning consent from the Planning Services, Northern Ireland to allow it to develop the underground mine at its Omagh property.	The Company has now received planning consent. The planning consent which is considered acceptable to the Company will allow it to bring the underground mine into production; financing will be available for development of the underground mine; development and operating costs will not exceed the Company's expectations; the Company will be able to attract skilled staff; all requisite regulatory and governmental approvals for the underground project will be received on a timely basis upon terms acceptable to the Company; applicable political and economic conditions will be favourable to the Company; the price of applicable metals and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties.	Delays in receiving operating permits (following construction) for the development of the underground mine; onerous planning conditions (currently not recognised) that will negatively impact on the development of the underground mine; availability of financing; metal price, interest rate, exchange rate volatility; uncertainties involved in interpreting geological data and retaining title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; changes in economic and political conditions; the Company's ability to attract skilled staff.
The Company's ability to meet its working capital needs at the current level for the year ending March 31, 2022.	The operating and exploration activities of the Company for the year ending March 31, 2021 and the costs associated therewith, will be dependent on raising sufficient additional capital consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions will be favourable to the Company.	Adverse changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions.

Management's outlook regarding future trends.	Financing will be available for the Company's exploration, development and operating activities; the price of applicable metals, interest rates and exchange rates will be favourable to the Company.	Metal price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions.
Asset values for the quarter ended March 31, 2021.	Management's belief that no write-down is required for its property and equipment resulting from continuing efforts to raise capital (debt or equity, or a combination of both) to implement planned work programs on the Company's projects.	If the Company does not obtain equity or debt financing on terms favorable to the Company or at all, a decline in asset values that could be deemed to be other than temporary, may result in impairment losses.
Sensitivity analysis of financial instruments.	The Company has an interest rate risk on its G&F Phelps Ltd. and Ocean Partners UK Ltd. loans. The Company has no significant deposit interest rate risk due to low interest rates on its cash balances.	Changes in debt and equity markets; interest rate and exchange rate fluctuations.
Prices and price volatility for metals.	The price of metals will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of metals will be favourable to the Company.	Changes in debt and equity markets and the spot prices of metals; interest rate and exchange rate fluctuations; changes in economic and political conditions.

Inherent in forward-looking statements are risks, uncertainties, and other factors beyond Galantas's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and

Uncertainties” section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Galantas' actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Date of MD&A

This MD&A was prepared on May 26, 2021.

Overview – Strategy - Description of Business

Galantas Gold Corporation has been a producing mineral resource issuer and the first to acquire planning consent to mine gold in Northern Ireland. Cavanacaw Corporation, a wholly owned subsidiary of Galantas, owns all of the shares of the Northern Ireland companies – Flintridge Resources Limited, Omagh Minerals Limited and Galantas Irish Gold Limited. During 2014 Cavanacaw acquired Flintridge Resources Limited, a dormant company, and following a strategic review of its business, certain assets owned by Omagh Minerals were acquired by Flintridge.

Mining at the Omagh mine had been conducted by open pit methods up to the suspension of production in 2013. The mine produced a flotation concentrate and was shipped to a smelter under an off-take agreement. The Company’s strategy to increase shareholder value has been to:

- Following the receipt of the planning permit obtain additional funding to allow it to continue the expanded exploration programme and the further development of its underground mine;
- Recommence production at the mine and processing plant;
- Continue to explore and develop extensions to the Kearney, Kerr, Joshua and nearby known deposits so as to expand minable reserves and increase gold production in stages;
- Explore the Company’s prospecting licences, focusing on the more than 60 gold targets identified to date;

Underground development of a decline tunnel, located at the base of the existing open pit, commenced in 2017. The underground gold mine at Omagh commenced limited production of gold concentrate, from feed produced in development of the Kearney vein in 2018. The processing plant uses a non-toxic flotation process to produce concentrates, without the use of cyanide or mercury. It satisfies strict environmental monitoring criteria set by the Northern Ireland regulatory authorities. The decline tunnel is planned to be extended in depth to provide access to lower levels of in vein development which will form the development necessary to demarcate production panels.

During the fourth quarter of 2019 Galantas announced a temporary suspension of blasting operations at the Omagh gold mine (see press release dated October 29, 2019). Certain underground work continued in the first quarter of 2020 but full ore production was suspended until finance is available to expand the underground operation (see press release dated May 12, 2020). Specialist safety training continued to ensure a restart is not impaired.

During the first quarter of 2021, Galantas announced that a formal agreement regarding blasting had been reached with the Police Service of Northern Ireland (PSNI). Galantas also announced during this quarter that limited blasting underground had re-commenced. (See Press Releases dated February 3rd and March 12th, 2021).

Reserves and Resources

During 2008, ACA Howe International Ltd prepared an updated estimate of mineral resources for the Omagh mine. The report, entitled Technical Report on the Omagh Gold Project was dated 28th May 2008 and published on www.sedar.com and www.galantas.com. In June 2012 ACA Howe International Ltd (Howe UK) completed an updated Mineral Resource Estimate together with a Preliminary Economic Assessment. This report, which was based on drilling results and analyses received to June 2012, identified all resources discovered at that date. The Company subsequently filed the complete Technical Report and Preliminary Economic Assessment on SEDAR in August 2012. An updated resource estimate was prepared by the Company during the second quarter of 2013 based on drilling results received to May 2013. There was a 50% increase in resources classified as measured and indicated and a 28% increase in resources classified as inferred, when compared to the resource estimate prepared in 2012. The Company subsequently updated the 2013 resource estimate to incorporate results from later drill holes not previously included and also finalised a revised NI 43-101 report.

Galantas reported the revised updated estimate of gold resources together with a Preliminary Economic Assessment (PEA) update during the third quarter of 2014 (see press release dated July 28, 2014). The revised estimate of resources is in compliance with the Pan European Reporting Code (PERC), Canadian Institute of Mining, Metallurgy and Petroleum (CIM) standards. Overall, there has been a 19% increase in resources since the Galantas June 2013 Resource Report and a 60% increase in resources since the July 2012 Resource Report by ACA Howe International Ltd. The increases since 2012 largely relate to the Kearney and Joshua veins, since this is where the drilling program has been concentrated. The drilling program was mainly designed to focus on increasing the quantity of Measured and Indicated resources on these two veins, to support potential funding opportunities for the financing of production. The Company also filed the complete updated Technical Report on SEDAR as required by NI 43-101 in September 2014.

The drilling programme, which was suspended in 2013 pending the availability of cash for future exploration, recommenced in September 2015 to target the Joshua vein at depth. In total, 3,602 metres were drilled by March 2016.

In July 2019 Galantas announced that underground development northwards on the 1072 level had discovered mineralisation outside of the resource model and was continuing to explore an extension to the resource model.

During the first quarter of 2020 an exploration report was prepared, detailing the underground geological observations and interpretations (see Press Release 6th May 2020).

The Company has determined that due to additional information being available from drilling conducted post the 2014 Technical Report and information being available from underground development on-vein, it would be appropriate to conduct a resource review and is engaged in that process (reported October 26 2020). The review is on-going and is likely to lead to amendment of defined resources.

All fieldwork was suspended in March due to the COVID-19 pandemic. Exploration was scaled down for much of the rest of the year; however, geologists were able to complete the OM4 fieldwork programme during August.

Mining Project

The project embraced an open pit mine which supplied ore to a crushing-grinding-froth flotation plant. The plant was commissioned in 2007 and designed to produce a gold and silver rich sulphide flotation concentrate for sale to a commercial smelter. In early 2013 there was a shift in operations from mining and processing ore from open pits to operating from lower grade stock already mined which impacted negatively on production levels. Later in 2013 the processing of low-grade ore was suspended awaiting planning consent for an underground operation. The underground mine utilizes the same processing methods and is the first underground gold mine, of any scale, in Ireland. The strategy is to establish the underground mine and look for further expansion of gold resources on the property, which has many undrilled targets.

The granting of planning consent during the second quarter of 2015 for an underground operation at the Omagh site permits the continuation and expansion of gold mining. This planning consent was appealed by a third party in a judicial review hearing which commenced in September 2016 and was then adjourned to and completed in February 2017. Judgement was received in September 2017 whereby the third party's request for the quashing of the planning consent was denied. However, in November 2017, Galantas received notice of an application by the third party to the Court of Appeal in relation to the positive judicial review judgment. This appeal was completed in February 2018. During the fourth quarter of 2018 the Company announced that the Court of Appeal delivered its judgement in regard to the appeal against the positive judicial review judgement in favour of the Company. The Court has determined that the appeal has failed and thus the planning consent was confirmed. Galantas had earlier been advised that its consents continue to remain valid, at least until judgement and thereafter subject to the judgement.

Galantas announced in December 2016 that it would commence the first phase of underground development and re-start concentrate shipments at its Omagh mine. Underground development of a decline tunnel, located at the base of the existing open pit, commenced in the first quarter 2017. After over-coming initial difficulties, tunnelling continued through 2017 and 2018 with the north / south Kearney vein being intersected in June 2018 as planned. During the third quarter of 2018 limited feed was provided to the mill resulting in the commencement of limited production of gold concentrate from feed produced in the development of the Kearney vein. During 2019 the decline tunnel continued to be extended in depth to provide access to lower levels of in vein development which will form the development necessary to demarcate production panels. As additional lower levels are developed on-vein, there is expected to be an enhanced supply of mill feed. Further increases in mill supply are expected when stoping commences. The phased development arrangement, in terms of mine access dimensions, is expected to allow for rapid expansion of production as additional capital becomes available. By the end of 2019, the main Kearney vein has been exposed on four levels with a fifth level at the point of intersection.

During the fourth quarter of 2019 Galantas announced a temporary suspension of blasting operations at its Omagh gold mine (see press release dated October 29, 2019). Certain underground work has continued since the first quarter of 2020, but ore production is suspended until finance is available to expand the underground operation (see press release dated May 12, 2020). Specialist safety training of key personnel continues to ensure a restart is not impaired in regard to safety matters. The processing plant continued to operate on a limited basis with feedstock for the plant being from low grade stock and recently announced (November 9th 2020) an increase in processing operations.

During the first quarter of 2021, Galantas announced that a formal agreement regarding blasting had been reached with the Police Service of Northern Ireland (PSNI). Galantas also announced during this quarter that limited blasting underground had re-commenced. (See Press Releases dated February 3rd and March 12th, 2021).

Gold Jewellery Business

During 2014 Galantas restructured its jewellery operations which involved the transfer to Flintridge Resources Limited of the trade formerly carried out by Galantas Irish Gold. Later in 2014 Galantas entered into an agreement with TJH Ltd of Dublin, Ireland for the production, marketing, and sale of a range of jewellery products, using Irish gold from the Omagh mine. The agreement has resulted in Irish gold from the Omagh Mine, being sold to TJH Ltd. The Irish gold is sold at a premium and with a reserved percentage of wholesale sales. The Irish gold so far supplied was drawn from available stocks.

Management and Staff

Overall management is exercised by one Executive Director along with a General Manager in charge of operations in Omagh where the mine, plant, exploration and administration employ 21 personnel as of May 26, 2021.

Key Performance Driver

The key performance driver is the achievement of production and cash flow from profitably mining the deposits at Omagh.

Overview of First Quarter 2021

Galantas incurred a net loss of $ 639,963 for the quarter ended March 31, 2021 compared with a net loss of $ 680,315 for the quarter ended ended March 31, 2020.

The Company had cash balances on March 31, 2021 of $ 487,193 compared to $ 612,094 on December 31, 2020. The working capital deficit on March 31, 2021 amounted to $8,532,943 which compared with a working capital deficit of $ 7,710,084 on December 31, 2020.

Certain underground work continued during 2020, but full ore production was suspended until finance is available to expand the underground operation. The processing plant continued to operate on a limited basis with feedstock for the plant being from low grade stock. In the fourth quarter of 2019 there was a temporary suspension of blasting operations at the mine due mainly to the blasting arrangement limitations imposed by the PSNI, which arrangements were not sufficient to allow for the expansion of mine operations. The Company had been working with the PSNI on an ongoing basis to agree arrangements that would increase blasting availability to normal levels for an underground mine. During the second quarter the company reported that confirmation had been received from the PSNI, regarding their satisfaction of certain secure storage and handling protocols required for an increase in blasting to a commercial level subject to financial matters being agreed. These financial matters have now been mutually agreed and the company reported on February 3, 2021 that a formal agreement had been reached with the PSNI. Specialist safety training of key personnel continued to ensure a restart was not impaired in regard to safety matters and the Company reported on March 12, 2021 that underground blasting had re-commenced on a limited basis.

The processing plant continued to operate on a limited basis, following the suspension of blasting operations, initially being fed from underground stock. In March 2020 and following UK government guidelines regarding Covid-19, processing operations temporarily ceased until later in May when the Company announced that concentrate processing had recommenced. The company carried out maintenance to the processing plant during the milling suspension, to minimise future maintenance interruptions. The restart followed a review of Northern Ireland / UK government health advice regarding Covid-19, a risk assessment and the introduction of appropriate modifications to working practices. Feedstock for the processing plant is now from low grade stock until suitable arrangements are in place to recommence development underground. Concentrate production during the year ended December 31, 2020 totalled 293 tonnes of concentrate assessed as grading 95 grams per tonne (g/t). Shipments of concentrate had commenced during the second quarter of 2019 and until the mine reaches the commencement of commercial production, the net proceeds from concentrate sales will continue to be offset against Development assets.

During the third quarter of 2020 and following the receipt of TSXV and regulatory approvals Galantas reported the closure of a fully subscribed brokered private placement of common shares and amendments to the terms of its loan facility with Ocean Partners UK Ltd. The private placement included funds raised in both UK and Canadian currency for the issue of 2,833,132 shares, at an issue price of $ 0.225 (UK£ 0.1328) per share for gross proceeds of $ 637,454 (UK£ 376,240). The net proceeds raised by the placement are to be used to support mine operations and provide general working capital for the Company (see press release dated July 20, 2020).

The Company amended the terms of its loan facility with Ocean Partners UK Ltd following an increase in the outstanding loan facility in July 2020. The amount of the loan facility increased by US$ 200,000 to a total of US$1.8 million. The interest rate applicable on the loan facility increased from US$ 12 month LIBOR + 8.75% to US$ 12 month LIBOR + 9.9% and the maturity date was extended from December 30, 2020 to December 31, 2021. Interest may be rolled into the loan facility until December 31, 2020, at the Company's option. The existing second charge debenture over mine assets will remain in place. Galantas had entered into the loan facility through a concentrate pre-payment agreement/loan agreement signed by its subsidiary Flintridge and the Lender in April 2018. Drawdown of the loan increase will take place when required. The proceeds raised by the additional Ocean Partners loan are to be used to support mine operations and provide general working capital for the Company. Drawdown of the loan increase took place on November 12, 2020.

During Q4 2020, a convertible debenture held by Melquart Ltd, as detailed in releases dated December 16 and 23, 2019 (the "Debenture") and approved by the TSX Venture Exchange, was converted into common shares of the Company. The debenture carried a 15% coupon and was exercisable at a 25% discount to the market price. The capital and interest accruing on the Debenture totals GBP£1,150,000 (CAN$ 1,991,580).

As governed by the Debenture, 11,410,933 common shares of no par value ("Common Shares") have been issued at a price of CAN$0.1725. Following the issuance, Melquart Limited now hold 20,673,528 common shares and the Debenture is satisfied in full.

The Company applied for admission of the Common Shares in connection with the Debenture to trading on the AIM market of the London Stock Exchange ("Admission") with Admission occurring on December 31, 2020.

The total number of Common Shares of the Company following issuance was 46,565,537.

The Company had sought strategic alternatives including reviewing its licenses and operations and considering the possibility of engaging in a sale, joint venture, partnership or other options with third parties and alternative financing structures and was actively engaged in that process.

On May 18, 2021, the Company announced the closing of its oversubscribed private placement (the “Placement” or “Financing”) previously announced on April 21, 2021, to fund the Galantas Gold Mine in Omagh, Northern Ireland to full production and accelerate exploration plans to expand the high-grade gold resources (See Press Release).

The Placement resulted in the issuance of 26,663,264 units at a price of C$0.30 per “Unit” for aggregate gross proceeds of C$7,998,980. Each Unit comprises one Common Share and one Common Share purchase warrant. Each warrant will be exercisable into one additional Common Share at an exercise price of C$0.40 for 24 months from the closing date of the Placement. There is a 4-month and one day hold period on the trading of securities issued in connection with this Financing. Ocean Partners also received a Finders Fee of 41,667 shares resulting in total units issued of 26,704,931.

In connection with closing, Roland Phelps has retired as Galantas’ President and Chief Executive Officer and as a member of the Board of Directors. His role as CEO has been assumed by Mario Stifano, an experienced mining executive who has raised significant capital for a number of mining and resource companies in exploration, development and production such as Lake Shore Gold Corp. (now part of Pan American Silver Corp.). Mr. Stifano is to join the Board of Directors, subject to regulatory approval.

The existing Offtake Agreement with Ocean Partners has been extended from a minimum total of 50,000 tonnes of concentrate deliveries to a minimum total of 150,000 tonnes and marketed at market rates.

The maturity date of the Ocean Partners loan due on December 31, 2021 has been extended to December 31, 2023. Interest may be deferred and added to the balance outstanding until March 31, 2022, at which point interest will be paid monthly. The 1,700,000 Ocean Partners warrants currently issued have been extended, subject to regulatory approval, by 24 months to December 31, 2023.

The maturity date of the G&F Phelps Ltd loan (the “G&F Loan”) has been extended to December 31, 2023 (the “G&F Loan Extension”). Interest may be deferred and added to the balance outstanding until March 31, 2022, at which point interest will be paid monthly. In consideration for extending the G&F Loan and deferring interest, G&F Phelps Ltd has received, subject to regulatory approval, 1,700,000 warrants exercisable into one common share at an exercise price of C$0.33, with said warrants expiring on December 31, 2023. G&F Phelps Ltd is a company controlled by Mr. Phelps.

An application has been filed for admittance of 26,704,931 additional shares to AIM (“Admission”) with Admission expected to occur on or around May 21, 2021. Following Admission, Galantas Gold Corporation's issued and outstanding Common Shares will total 73,270,468.

Review of Financial Results

Quarter Ended March 31, 2021

The net loss for the quarter ended March 31, 2021 amounted to $ 639,963 compared to a net loss of $680,315 for the quarter ended March 31, 2020 as summarized below.

	Quarter Ended March 31, 2021 $	Quarter Ended March 31, 2020 $
Revenues	**0**	**0**
Production related costs	(46,148)	(35,836)
Inventory movement	0	0
Cost and expenses of operations	**(46,148)**	**(35,836)**
(Loss) Income before the undernoted	**(46,148)**	**(35,836)**
Depreciation	(72,065)	(88,727)
General administrative expenses	(505,097)	(656,768)
Foreign exchange (loss)/gain	(16,653)	101,016
Net (Loss) for the Quarter	**$(639,963)**	**$ (680,315)**

Sales revenues for the three months ended March 31, 2021 amounted to $ Nil compared to revenues of $Nil for three months ended March 31, 2020 which consisted of jewelry sales. Shipments of concentrate commenced during the third quarter of 2019. For the first quarter 2021, concentrate sales provisional revenues totalled US$ 567,000 compared to US $ 186,000 for the first quarter of 2020. However, until the mine commences commercial production, the net proceeds from concentrate sales are being offset against Development assets.

Cost and expenses of operations include production related costs at the mine and inventory movements and totalled $ 46,148 for the quarter ended March 31, 2021 compared to $ 35,836 for the quarter ended March 31, 2020. Production related costs for the quarter ended March 31, 2021 amounted to $ 46,148 compared to $ 35,836 for the quarter ended March 31, 2020 and were incurred mainly in connection with ongoing care, maintenance and restoration costs at the mine site. There was no inventory movement for the either the quarter ended March 31, 2021 or March 31, 2020.

This has resulted in a net operating loss of $ 46,148 before depreciation, general administrative expenses and foreign exchange loss for quarter ended March 31, 2021 compared to net operating loss of $ 35,836 for the quarter ended March 31 2020.

Depreciation of property, plant and equipment excluding mine development assets during the quarter ended March 31, 2021 totalled $ 72,065 which compared with $ 88,727 for quarter ended March 31, 2020. There was no depreciation of mine development assets during both periods. Depreciation of mine development assets will commence when the mine reaches commercial production.

General administrative expenses for the quarter ended March 31, 2021 amounted to $ 505,097 compared to $ 656,768 for the quarter ended March 31, 2020. General administrative expenses are reviewed in more detail in Other MD&A Requirements on pages 29 to 30 of the MD&A.

There was a foreign exchange loss of $ 16,653 for quarter ended March 31, 2021 which compared with a foreign exchange gain of $ 101,016 for the quarter ended March 31, 2020.

This has resulted in a net loss of $ 639,963 for the quarter ended March 31, 2021 compared to a net loss of $ 680,315 for the quarter ended March 31, 2020. The cash outflow from operating activities amounted to $ 296,161 for the quarter ended March 31, 2021 compared to a cash outflow of $ 348,899 for the corresponding period of 2020.

Exchange differences on translating foreign operations, which is included in Consolidated Statements of Comprehensive Loss resulted in a loss of $ 96,925 for the three months ended March 31, 2021 which compared to a gain of $ 382,709 the quarter ended March 31, 2020. This resulted in a total comprehensive loss of $ 736,888 for the quarter ended March 31, 2021 compared to a total comprehensive loss of $ 297,606 for the quarter ended March 31, 2020. The foreign currency translation loss during 2021 arose as a result of the net assets of the Company's UK subsidiaries, the majority of which are denominated in UK£, being translated to Canadian dollars at period end exchange rates. The Canadian dollar exchange rate strenghthened against UK£ during 2021 when compared to December 31 2020 and this has resulted in an decrease in the Canadian dollar value of these net assets at March 31, 2021 when compared to December 31, 2020 resulting in the foreign currency translation loss for 2021.

Total assets on March 31, 2021 amounted to $ 23,375,368 compared to $ 23,718,497 on December 31, 2020. Cash on March 31, 2021 was $ 487,193 compared to $ 612,094 on December 31, 2020. Accounts receivable consisting mainly of trade debtors, reclaimable taxes and prepayments amounted to $ 333,136 on March 31, 2021 compared to $ 594,960 on December 31, 2020. Concentrate inventories amounted to $ 32,940 on March 31, 2021 compared with $ 81,169 on December 31, 2020.

Property, plant, and equipment totalled $ 21,205,782 compared to $ 21,158,103 on December 31, 2020. Exploration and evaluation assets totalled $ 796,207 on March 31, 2021 compared to $ 750,741 on December 31, 2020. Long term deposit on March 31, 2021, representing funds held in trust in connection with the Company's asset retirement obligations, amounted to $ 520,110 compared to $ 521,430 on December 31, 2020.

Current liabilities on March 31, 2021 amounted to $ 9,386,212 compared to $ 8,998,307 on December 31, 2020. The working capital deficit on March 31, 2021 amounted to $ 8,532,943 compared to a working capital deficit of $ 7,710,084 on December 31, 2020. Accounts payable and other liabilities totalled $ 1,366,629 compared to $ 1,350,142 on December 31, 2020. The current portion of financing facilities totalled $ 2,398,673 on March 31, 2021 compared to $ 2,186,272 on December 31, 2020. Amounts due to related parties on March 31, 2021 amounted to $ 5,620,910 compared to $ 5,461,893 on December 31, 2020 as set out on Note 14 of the Interim Consolidated Financial Statements. In addition a subsidiary of Galantas, Omagh Minerals Limited, previously had a contingent liability arising from a payment demand from Her Majesty's Revenue and Customs in the amount of $ 528,886 (UK£ 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 Minerals Limited believed this claim was without merit and had appealed the assessment. During the first quarter of 2019, the Tax Tribunals Service issued their judgement dismissing the appeal by Omagh in respect of the assessments. A provision was included in the 2018 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 Minerals Limited is unable to make a reliable estimate of the amount of the potential additional penalty that may be applied by HMRC.

The non-current portion of the financing facilities totaled $ Nil on March 31, 2021 compared to $ Nil on December 31, 2020. The decommissioning liability on March 31, 2021 amounted to $ 599,498 compared to $ 598,275 on December 31, 2020.

Capital and Reserves totalled $ 13,389,658 compared to $ 14,121,915 on December 31, 2020.

Review of Operations

2020 and 2021 Financing Activities

During the third quarter of 2020 and following the receipt of TSXV and regulatory approvals Galantas reported the closure of a fully subscribed brokered private placement of common shares and amendments to the terms of its loan facility with Ocean Partners UK Ltd. The private placement included funds raised in both UK and Canadian currency for the issue of 2,833,132 shares, at an issue price of $ 0.225 (UK£ 0.1328) per share for gross proceeds of $ 637,454 (UK£ 376,240). The net proceeds raised by the placement are to be used to support mine operations and provide general working capital for the Company (see press release dated July 20, 2020). The placement included a subscription by LF Miton UK Smaller Companies Fund, which has subscribed for 527,108 common shares and is managed by Premier Fund Managers Ltd ('Premier Miton'). Post-closing, this fund holds 3,222,330 shares, which was equivalent to 9.17% of the Company's common shares. The total number of shares controlled by Premier Miton post completion of the placement, represented 13.79% of the Company's enlarged issued and outstanding common shares. The placement also included a subscription from Melquart Limited, for 1,506,024 shares, which gave rise to an enlarged holding of 9,262,595 shares post completion of the placement, or 26.35% of the Company's enlarged issued and outstanding common shares. A four month hold period will apply to the common shares of the private placement which will expire on November 18, 2020. Commission payable to brokers in Canada and the United Kingdom in relation to the placement totalled $ 33,673 (UK£ £19,874). Premier Miton and Melquart are deemed to be related parties of the Company by virtue of being substantial shareholders of the Company (as defined in the TSXV/AIM rules for Companies). Consequently, the directors of the Company, having consulted with their nominated adviser, Grant Thornton UK LLP, considered that the terms of the private placement were fair and reasonable insofar as shareholders are concerned. As related parties of the Company have subscribed under the private placement, the transaction constitutes a related party transaction pursuant to the rules of Multilateral Instrument 61-101. The Company has relied on exemptions from formal valuation and minority approval requirements by virtue of the private placement being valued at less than 25% of the Company's market capitalization.

The Company amended the terms of its loan facility with Ocean Partners UK Ltd following an increase in the outstanding loan facility in July 2020. The amount of the loan facility increased by US$ 200,000 to a total of US$1.8 million. The interest rate applicable on the loan facility increased from US$ 12 month LIBOR + 8.75% to US$ 12 month LIBOR + 9.9% and the maturity date was extended from December 30, 2020 to December 31, 2021. Interest may be rolled into the loan facility until December 31, 2020, at the Company's option. The existing second charge debenture over mine assets will remain in place. Galantas had entered into the loan facility through a concentrate pre-payment agreement/loan agreement signed by its subsidiary Flintridge and the Lender in April 2018. Drawdown of the loan increase took place on November 12, 2020. The proceeds raised by the additional Ocean Partners loan are to be used to support mine operations and provide general working capital for the Company. Drawdown of the loan increase will take place when required.

As consideration for amending the terms of the loan facility, the Lender received, 1,700,000 bonus warrants of Galantas subject to the rules of TSXV. Each Bonus Warrant will be exercisable for one common share of Galantas at an exercise price of $0.33 per bonus share, being 110% of the TSXV closing price the day before this announcement. The bonus warrants will expire on December 31, 2021 and the bonus shares will be subject to an initial four month plus one day hold period from the date of their issuance. In the event that the weighted average closing price per common share of the Company is more than $0.4125 per share for more than five consecutive trading days, the Company shall be entitled to accelerate the expiry date to a date that is 30 days from the date on which the Company announces the accelerated expiry date by press release.

Following the completion of the private placement and the loan facility, G&F Phelps will enter into an arrangement in respect of its loans with the Company which will provide that G&F Phelps will not call for repayment of the G&F Phelps Loans (which are repayable on demand), until June 30, 2021 at the earliest, unless certain events occur including inter alia a sale or insolvency of the Company, a material liquidity event, change of control or breach of the terms of the G&F Phelps Loans. G&F Phelps is a company owned by Roland Phelps, Chief Executive Officer of Galantas.

During Q4 2020, a convertible debenture held by Melquart Ltd, as detailed in releases dated December 16 and 23, 2019 (the “Debenture”) and approved by the TSX Venture Exchange, was converted into common shares of the Company. The debenture carried a 15% coupon and was exercisable at a 25% discount to the market price. The capital and interest accruing on the Debenture totals GBP£1,150,000 (CAN$ 1,991,580).

As governed by the Debenture, 11,410,933 common shares of no par value (“Common Shares”) have been issued at a price of CAN$0.1725. Following the issuance, Melquart Limited now hold 20,673,528 common shares and the Debenture is satisfied in full.

The Company has applied for admission of the Common Shares in connection with the Debenture to trading on the AIM market of the London Stock Exchange ("Admission") with Admission occurring on December 30, 2020.

The total number of Common Shares of the Company following issuance were 46,565,537 at the end of Q1 2021.

The Company had sought strategic alternatives including reviewing its licenses and operations and considering the possibility of engaging in a sale, joint venture, partnership or other options with third parties and alternative financing structures and was actively engaged in that process.

On May 18, 2021, the Company announced the closing of its oversubscribed private placement (the “Placement” or “Financing”) previously announced on April 21, 2021, to fund the Galantas Gold Mine in Omagh, Northern Ireland to full production and accelerate exploration plans to expand the high-grade gold resources (See Press Release).

The Placement resulted in the issuance of 26,663,264 units at a price of C$0.30 per “Unit” for aggregate gross proceeds of C$7,998,980. Each Unit comprises one Common Share and one Common Share purchase warrant. Each warrant will be exercisable into one additional Common Share at an exercise price of C$0.40 for 24 months from the closing date of the Placement. There is a 4-month and one day hold period on the trading of securities issued in connection with this Financing.

In connection with closing, Roland Phelps has retired as Galantas’ President and Chief Executive Officer and as a member of the Board of Directors. His role as CEO has been assumed by Mario Stifano, an experienced mining executive who has raised significant capital for a number of mining and resource companies in exploration, development and production such as Lake Shore Gold Corp. (now part of Pan American Silver Corp.). Mr. Stifano is to join the Board of Directors, subject to regulatory approval.

The existing Offtake Agreement with Ocean Partners has been extended from a minimum total of 50,000 tonnes of concentrate deliveries to a minimum total of 150,000 tonnes and marketed at market rates.

The maturity date of the Ocean Partners loan due on December 31, 2021 has been extended to December 31, 2023. Interest may be deferred and added to the balance outstanding until March 31, 2022, at which point interest will be paid monthly. The 1,700,000 Ocean Partners warrants currently issued have been extended, subject to regulatory approval, by 24 months to December 31, 2023.

The maturity date of the G&F Phelps Ltd loan (the “G&F Loan”) has been extended to December 31, 2023 (the “G&F Loan Extension”). Interest may be deferred and added to the balance outstanding until March 31, 2022, at which point interest will be paid monthly. In consideration for extending the G&F Loan and deferring interest, G&F Phelps Ltd has received, subject to regulatory approval, 1,700,000 warrants exercisable into one common share at an exercise price of C$0.33, with said warrants expiring on December 31, 2023. G&F Phelps Ltd is a company controlled by Mr. Phelps.

An application has been filed for admittance of 26,704,931 additional shares to AIM (“Admission”) with Admission expected to occur on or around May 21, 2021. Following Admission, Galantas Gold Corporation's issued and outstanding Common Shares will total 73,270,468.

Production/Mine Development

Underground development of the decline tunnel at the Omagh gold mine, located at the base of the existing open pit, commenced in early 2017 and the mine commenced limited production of gold concentrate during the third quarter of 2018. Underground development of the decline tunnel continued to be progressed during 2018 and 2019 from feed produced in the development of the Kearney vein. The plant had continued limited production of a gold & silver concentrate using a non-toxic, froth-flotation process, run on a batch basis from a stockpile of underground vein material plus additional feed produced from on-vein development operations. Blasting operations had been limited since all blasting must be supervised by the Police Service of Northern Ireland (PSNI) and were not sufficient for the desired level of operations. The Company had been working with the PSNI during 2019 to increase blasting availability to normal levels for an underground mine. While progress had been made and substantive investment incurred in accordance with recommendations, the Company was still awaiting final approvals from the authorities to be able to implement its increased blasting protocols at the end of the third quarter of 2019. The arrangements, current at that time were not sufficient to allow for the expansion of mine operations as envisaged by the Company’s existing mine plan and until changes were agreed, the inefficiencies caused by those arrangements formed an increasing financial burden, which had proved a significant drain on the financial resources of the Company which resulted in the temporary suspension of blasting at the mine during the fourth quarter of 2019 (see press release dated October 29, 2019) resulting in the numbers employed at the operation were reduced from 46 to 21. During the second quarter of 2020 Galantas reported that confirmation has been received from PSNI, regarding their satisfaction of certain secure storage and handling protocols required for an increase in blasting to a commercial level subject to financial matters being agreed. These financial matters have now been mutually agreed.

A probe drilling campaign was carried out following the suspension of operations using the retained personnel and equipment. The results of this campaign, combined with detailed mapping of the exposed mineralisation underground suggests zones of higher width of mineralisation within the vein, linking adjacent levels. This supports an implication that such zonal mineralisation may continue at depth, with enhanced exploration potential for targeting gold resources particularly to the north and within the Company’s license area. Probe drilling does not provide samples suitable for use in mineral resource estimates but can provide strong indications where mineralisation is concentrated and is of significantly less cost than core drilling. During the second quarter, the Company reported that it had filed a short technical report in respect of the probe drilling campaign. The report is available on www.sedar.com and www.galantas.com.

Following the suspension of blasting operations at the mine, the processing plant continued to operate on a limited basis. In March 2020 and following UK government guidelines regarding Covid-19, processing operations temporarily ceased until later in May when the Company announced that concentrate processing has recommenced. The company carried out maintenance to the processing plant during the milling suspension, to minimise future maintenance interruptions. The restart follows a review of Northern Ireland / UK government health advice regarding Covid-19, a risk assessment and the introduction of appropriate modifications to working practices. Feedstock for the processing plant is from low grade stock until suitable arrangements are in place to recommence development underground. The number of employees that had been furloughed during the first quarter under a NI/UK government scheme was reduced from seven to three and then to zero. Concentrate production during 2020 totalled 293 tonnes of concentrate provisionally assessed as grading 95 g/t. Shipments of concentrate under the off-take arrangements had previously commenced during the second quarter of 2019. For the year 2020 provisional revenues from concentrate sales totalled US$ 1,654,021.

Until the mine reaches the commencement of commercial production, the net proceeds from concentrate sales will be offset against Development assets.

The Company continued to seek alternatives during the first quarter 2021 including reviewing its licenses and operations; and considering the possibility of engaging in a sale, joint venture, partnership or other options with third parties and alternative financing structures.

The Company has been working with the PSNI on an ongoing basis to agree arrangements that would increase blasting availability to normal levels for an underground mine.

During the second quarter the company reported that confirmation had been received from PSNI, regarding their satisfaction of certain secure storage and handling protocols required for an increase in blasting to a commercial level subject to financial matters being agreed. These financial matters have now been mutually agreed and, following a formal agreement, a limited re-start of underground blasting commenced late in the first quarter of 2021 and was announced March 12, 2021.

On February 3, 2021 the Company announced that a formal agreement regarding blasting was reached between the Company's operating subsidiary and the Police Service of Northern Ireland (PSNI). The PSNI have responsibilities regarding the supervision of the use of blasting materials in Northern Ireland.

The agreement provides the potential for a materially improved economic arrangement for an expansion of underground blasting, required for full production, to take place at the Omagh Mine. The agreement has followed a comprehensive review by the PSNI and regulators.

On March 12, 2021 the Company announced that limited blasting underground had re-commenced. Development mining of the Kearney gold vein has re-started on a single shift basis. It is expected to produce a feed of higher gold grade for the processing plant than the current feed, which comes from low grade stock.

Total concentrate production is expected to rise, driven by an expected higher feed grade. During the period of suspension of blasting operations at the mine, key mining skill sets were preserved by the incorporation of personnel within process plant operations.

The limited re-start was being carried out within limited cash resources, using a single existing equipment suite, which was fully operational.

On April 16, 2021, the Company provided an operational update for the operating mine.

Underground blasting (as reported March 12, 2021) continued with mining on a single shift basis. As expected, development of the Kearney vein has produced a feed of higher gold grade for the processing plant than the existing feed, which comes from low grade stock.

Safety is a high priority and the company continued to invest in safety-related training and infra-structure. The zero lost time accident rate since the start of underground operations, continues. Environmental monitoring demonstrates a high level of regulatory compliance.

Reserves and Resources

During 2014 Galantas reported a revised updated estimate of gold resources together with a Preliminary Economic Assessment (PEA) update (see press release dated July 28, 2014). The revised estimate of resources is in compliance with the Pan European Reporting Code (PERC), Canadian Institute of Mining, Metallurgy and Petroleum (CIM) standards and Canadian National Instrument (NI) 43-101 and is summarised below.

	RESOURCE ESTIMATE: GALANTAS 2014 CUT-OFF 2 g/t Au			Increase over **GAL 2013 report**
RESOURCE CATEGORY	**TONNES**	**GRADE (Au g/t)**	**Au Ozs**	
MEASURED	138,241	7.24	32,202	55%
INDICATED	679,992	6.78	147,784	21.4%
INFERRED	1,373,879	7.71	341,123	15.4%

Minerals Resources that are not Mineral Reserves do not have demonstrated economic viability.

Overall, there has been a 19% increase in resources since the Galantas June 2013 Resource Report and a 60% increase in resources since the July 2012 Resource Report by ACA Howe International Ltd. The increases since 2012 largely relate to the Kearney and Joshua veins, since this is where the drilling program has been concentrated. The drilling program was mainly designed to focus on increasing the quantity of Measured and Indicated resources on these two veins, to support potential bank funding opportunities for the financing of production.

The resource estimate for each vein is tabulated below.

RESOURCE ESTIMATE BY VEIN: GALANTAS 2014			
	MEASURED	**INDICATED**	**INFERRED**

	TONNES	GRADE Au (g/t)	Contained Au (oz)	Tonnes	GRADE Au (g/t)	Contained Au (oz)	Tonnes	GRADE Au (g/t)	Contained Au (oz)
KEARNEY	76,936	7.48	18,490	383,220	6.66	82,055	909,277	6.61	193,330
JOSHUA	54,457	7.25	12,693	216,211	7.92	55,046	291,204	10.74	100,588
KERR	6,848	4.63	1,019	12,061	4.34	1,683	23,398	3.2	2,405
ELKINS				68,500	4.24	9,000	20,000	5.84	3,800
GORMLEYS							75,000	8.78	21,000
PRINCES							10,000	38.11	13,000
SAMMY'S							27,000	6.07	5,000
KEARNEY NORTH							18,000	3.47	2,000
TOTAL	**138,241**	**7.25**	**32,202**	**679,992**	**6.78**	**147,784**	**1,373,879**	**7.71**	**341,123**

The resources are calculated at a cut-off grade of 2 g/t gold (Au), numbers are rounded, gold grades are capped at 75 g/t gold and a minimum mining width of 0.9m has been applied.

Measured and Indicated resources on Kearney vein have increased to 100,545 ounces of gold from 69,000 ounces in 2012. Measured and Indicated resources on Joshua vein have increased to 67,739 ounces of gold from 15,800 ounces in 2012. The Kearney and Joshua veins are the early targets of underground mining. Combined Measured and Indicated resource category on these two veins are estimated at 168,284 ounces of gold, with 293,918 ounces of gold in the Inferred resource category. Both vein systems are open at depth.

With regards to the Preliminary Economic Assessment a restricted portion of Inferred resources for two veins - Joshua and Kearney have been included in the mining plan with the Measured and Indicated resources. The Inferred resources (which have lower statistical support than Measured or Indicated Resources) are contiguous with Measured or Indicated resources and / or lie within scheduled mining areas. The use of Inferred resources, in a restricted qualifying manner, is permitted by the PERC code in regard to economic studies but is excluded within the standards associated with NI 43-101, except within a Preliminary Economic Assessment. PERC is an approved code in respect of NI 43-101. As part of PERC requirements, a comparative Feasibility study is included in the detailed technical report which will not include Inferred resources and will also include studies on sensitivity to gold price.

The total of scheduled Measured and Indicated ounces utilised within the mining study is 104,627 ounces. The Inferred resources scheduled in the economic study are estimated at 60,635 ounces. Total Inferred resource estimated on the Joshua and Kearney orebodies is 293,918 ounces of gold. The amount of Inferred resources included in the PEA amounts to 20.6% of the total Inferred resources estimated on these veins. Were Inferred resources excluded from the mining plan, approximately 1 year would be removed from the estimate of mine life and annual output would be reduced.

At a gold price of UK£750 / US$ 1,260 oz., the pre-tax operating surplus after capital expenditure estimates an Internal Rate of Return of 72% and, at an 8% discount rate, a net present value of approximately UK£

14.5m (CDN$ 26.6m) and a cash cost of production of UK£ 394 per ounce (USD$ 662 at $1.68/UK£). At a gold price of UK£700 per oz. the study estimated an Internal Rate of Return of 50%. The study scheduled approximately 36% of the combined resources identified on the Kearney and Joshua veins. The Company also filed the complete Technical Report on SEDAR in September 2014, as required by NI 43-101.

The Company has determined that due to additional information being available from drilling conducted post the 2014 Technical Report and information being available from underground development on-vein, it would be appropriate to conduct a resource review and is engaged in that process (reported October 26 2020).

Exploration

An exploration programme carried out between 2011 and 2013 included the drilling of 17,348 metres of core and channel sampling on the Joshua, Kearney and Kerr vein systems. Assay results from both the drilling and channel sampling programmes were encouraging with significant gold intersections encountered. A new programme commenced in September 2015 to target the Joshua vein at depth. In total, 3,602 metres were drilled by March 2016. In early 2016 Galantas reported the assay results for three holes completed in 2015 (see press release dated January 26, 2016). Most notable was hole OML-DD-15-155 which intersected a wide zone (13 m true width) of the Joshua vein at a vertical depth of 117 m grading 9.9 g/t Au. This drilling programme also identified a new vein, Kestrel, running 70 m west of Joshua. An initial shallow (42.4 m) intersect returned 35.8 g/t Au over 0.7 m true width. A further drill hole targeted the Kestrel vein ~80 metres north and hit mineralisation at a vertical depth of 73 m (3.2 g/t Au over 1.2 m true width). Two 155 m deep water monitoring holes were drilled at the beginning of 2017; these were located according to planning specifications, not with the aim of mineral recovery. However, the PQ drill core provided insight to key lithological changes with depth, north and south of the site. This information was incorporated into the site mapping project instigated during the summer of 2016.

Geologists have recorded and analysed detailed geological information underground which could not be gained through surface exposure or diamond drilling. Plan maps of mineralisation were compiled and digitised for all of the ore drives in the third quarter of 2019. Detailed maps indicated vein swelling and marginal gold grade increase in predictable zones along ore drives in the first four levels of the mine development. Zones of enhanced mineralisation appear to occur on shallow north dipping planes and may be tied in with the initial south-east directed thrusting which forced Dalradian metasediments over the Tyrone Igneous Complex. Earlier mapping by Galantas geologists in the Creevan Burn revealed evidence for a thrust stack rooted in graphitic schist. Recent spatial data analysis provides support for the continuation of this thrust stack to the north. Testing of this model began last year through a probing and sediment sampling programme. Initial results have helped to build a clearer picture of the location and extent of dilation zones. Recent work has brought together and incorporated historic surface channel data and drill core evidence in the model. Further confirmation of the apparent trends is expected to enhance targeting of future exploration and has potentially economic improvements to the underground mine plan. During the first quarter of 2020 an exploration report was prepared, detailing the underground geological observations and interpretations (see Press Release 6th May 2020).

All fieldwork was suspended in March due to the COVID-19 pandemic. Exploration was scaled down for much of the rest of the year; however, geologists were able to complete the OM4 fieldwork programme during August.

Three Republic of Ireland licences: 3039, 3040 and 3235, have been reviewed by the Minister and the licences will continue in force for a further two year period (until March 2022). Results for soil samples that were collected from the Barneslough and Ardmore targets in February were processed during the third quarter. The Ardmore grid requires further sampling as all locations were not reached before fieldwork was suspended. However, rank analysis of the soil ionic leach data for Barneslough has isolated a target zone which spans the regional fault. An application to carry out stream sediment and soil sampling within, and close to, protected areas of PL3039 was submitted to the EMD. A screening report was subsequently provided and the Company await permission to access key sites. Fieldwork in this licence area is planned for the second and third quarter of 2021. The two Co. Leitrim licences, PLs 3162 and 1469, were surrendered in August.

Notification that Flintridge Resources intend to renew option agreements on the two Northern Ireland licences was sent to the Crown Estate. The current OM4 and OM1 options expire in December 2020 and July 2021, respectively. An exploration report was sent to the Crown Estate for work carried out in the OM4 licence (May 2019- August 2020). A plan for a new programme of work beginning in January 2021 was also compiled. Annual exploration reports for OM4 and OM1 were submitted to the DfE in September and November, respectively.

All of the chip channel samples that had been collected from the underground mine faces were sent to ALS for independent analysis. The results of these were entered into the Micromine database and incorporated into a new resource modelling exercise, which is underway. The new model will take into consideration the predicted pattern of dilation zones. A provisional plan for a short (~2000 m) drilling programme has been together ahead of the next phase of underground exploration.

Summary of Quarterly Results

Revenues and financial results in Canadian dollars for the first quarter of 2021 and for the seven preceding quarters are summarized below.

Quarter Ended	Accounting Policies	Total Revenue	Net Income (Loss)	Net Income (Loss) per share & per share diluted
March 31, 2021	IFRS	$ Nil	$ (639,963)	$ (0.01)
December 31, 2020	IFRS	$ Nil	$ (979,040)	$ (0.02)
September 30, 2020	IFRS	$ Nil	$ (776,956)	$ (0.02)
June 30, 2020	IFRS	$ Nil	$ (792,141)	$ (0.02)
March 31,2020	IFRS	$ Nil	$ (680,315)	$ (0.03)
December 31, 2019	IFRS	$ Nil	$ (1,175,183)	$ (0.04)
September 30, 2019	IFRS	$ 5,788	$ (718,046)	$ (0.02)
June 30, 2019	IFRS	$ 0	$ (891,863)	$ (0.03)

The results for the quarter ended March 31, 2021 are discussed under Review of Financial Results on pages 10 to 12 of the MD&A. The net loss for the quarter ended March 31, 2021 totaling $ 639,963 consisted of sales revenues $ Nil, cost and expenses of operations $ 46,148, depreciation $ 72,065, general administrative expenses $ 505,097 and foreign exchange loss $ 16,653.

For the quarter ended September 30, 2020 the loss totaling $ 776,956 consisted of sales revenues $ Nil, cost and expenses of operations $ 115,871, depreciation $ 80,213, general administrative expenses $ 597,315 and foreign exchange loss $ 63,770.

For the quarter ended June 30, 2020 the loss totaling $ 792,141 consisted of sales revenues $ Nil, cost and expenses of operations $ 31,239, depreciation $ 84,391, general administrative expenses $ 650,727 and foreign exchange loss $ 25,784.

For the quarter ended March 31, 2020 the loss totaling $ 680,315 consisted of sales revenues $ Nil, cost and expenses of operations $ 35,836, depreciation $ 88,727, general administrative expenses $ 656,768 and foreign exchange gain $ 101,016.

For the quarter ended December 31, 2019 the loss totaling $ 1,175,183 consisted of sales revenues $ Nil, cost and expenses of operations $ 29,085, depreciation $ 176,779, general administrative expenses $ 835,607, foreign exchange gain $ 50,249, impairment of exploration and evaluation asset $ 155,482 and loss on disposal of property, plant and equipment $ 28,479.

For the quarter ended September 30, 2019 the loss totaling $ 718,046 consisted of sales revenues $ 5,788, cost and expenses of operations $ 37,098 depreciation $ 93,865, general administrative expenses $ 606,535, and foreign exchange gain $ 13,664.

For the quarter ended June 30, 2019 the loss totaling $ 891,863 consisted of sales revenues $ Nil, cost and expenses of operations $ 85,482, depreciation $ 99,085, general administrative expenses $ 646,381, and foreign exchange loss $ 60,915.

Liquidity and Financial Position

The Company, which is involved in mining and exploration activities, has had a limited source of operating revenue in the recent past, as a result of the suspension of mining activities. However, now that the blasting and production have re-started, the Company anticipates receiving substantial additional revenues as the planned underground mine advances. Presently the activities of the Company are mainly financed through equity offerings and loans.

Galantas reported a working capital deficit of $ 8,532,943 on March 31, 2021 which compared with a working capital deficit of $ 7,710,084 on December 31, 2020. The Company had cash balances of $ 487,193 on March 31, 2021 compared with cash balances of $ 612,094 on December 31, 2020. Accounts receivable consisting mainly of trade debtors, reclaimable taxes and prepayments amounted to $ 333,136 on March 31, 2021 compared to $ 594,960 on December 31, 2020. Concentrate inventories on March 31, 2021, which were shipped during the second quarter of 2021 amounted to $ 32,940 (subject to final assessment) compared with an inventory of $ 81,169 on December 31, 2020.

Accounts payable and other liabilities amounted to $ 1,366,629 on March 31, 2021 compared with $ 1,350,142 on December 31, 2020. The current portion of financing facilities totaled $ 2,398,673 on March 31, 2021 compared to $ 2,186,272 on December 31, 2020. Amounts due to related parties on March 31, 2021 amounted to $5,620,910 compared to $ 5,461,893 at the end of 2020.

During the third quarter of 2020 and following the receipt of TSXV and regulatory approvals Galantas reported the closure of a fully subscribed brokered private placement of common shares and amendments to the terms of its loan facility with Ocean Partners UK Ltd. The private placement included funds raised in both UK and Canadian currency for the issue of 2,833,132 shares, at an issue price of $ 0.225 (UK£ 0.1328) per share for gross proceeds of $ 637,454 (UK£ 376,240). The net proceeds raised by the placement are to be used to support mine operations and provide general working capital for the Company (see press release dated July 20, 2020). Galantas has also agreed on terms for an increase of US $

200,000 on the outstanding loan with Ocean Partners UK Ltd. As consideration for amending the terms of the loan, and following TSXV approval in the third quarter, Ocean received 1,700,000 bonus warrants of Galantas. Drawdown of the loan increase took place during December. The proceeds raised by the additional Ocean Partners loan are to be used to support mine operations and provide general working capital for the Company.

The condensed interim consolidated financial statements have been prepared on a going concern basis as discussed in Note 1 of the March 31, 2021 unaudited consolidated financial statements. The Company's ongoing viability has been dependent on securing sufficient financing to fund ongoing operational activity and the development of the underground mine. The going concern assumption is dependent upon forecast cash flows at the Omagh mine being met, negotiations for the extension of short-term loans being finalised, further financing currently being negotiated being completed. The blasting arrangements with the PSNI have now been resolved. The directors' assumptions in relation to future levels of production, gold prices and mine operating 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.

Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated statements of financial position.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its financial performance or financial condition, including without limitation, such considerations as liquidity, capital expenditures and capital resources that would be considered material to investors.

Related Party Transactions

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 fair value (the amount established and agreed by the related parties) and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

The Company entered the following transactions with related parties during the during the first quarter of 2021:

Director fees totalled \$ 6,250 for the three months ended March 31, 2021 (\$ 6,250 for the three months ended March 31, 2020). Stock-based compensation for these directors totalled \$ Nil for the three months ended March 31, 2021 (\$ 6,786 for the quarter ended March 31, 2020).

Remuneration accrued for the President/CEO totalled \$ 86,685 (UK£ 50,000) for the quarter ended March 31, 2021 (\$ 85,920 (UK£50,000) for the quarter ended March 31, 2020). Stock-based compensation for the President/CEO totalled \$ Nil for the quarter ended March 31, 2021 (\$ 1,264 for the quarter ended March 31, 2020).

Remuneration of the CFO totalled $ 24,884 for the quarter ended March 31, 2021 ($ 22,329 for the quarter ended March 31, 2020). Stock based compensation for the CFO totalled $ Nil for the quarter ended March 31, 2021 ($ 1,264 for the quarter ended March 31, 2020).

At March 31, 2021 G&F Phelps Limited, a company controlled by a director of the Company, had amalgamated loans to Galantas of $ 3,163,593 (UK£ 1,824,764) (December 31, 2020 $ 3,171,622 (UK£ 1,824,764)) bearing interest at USD 12 month LIBOR + 6.75% with effect from April 2018, repayable on demand and secured by a mortgage debenture on all the Company's assets. The interest charged on the loan for the quarter ended March 31, 2021 amounted to $ 78,876 (UK£ 45,182) and (quarter ended March 31, 2020 $ 86,533 (UK£ 50,357). Interest accrued on related party loans is included under due to related parties. As of March 31, 2021, the interest accrued amounted to $ 1,414,446 (UK£ 815,854) (December 31, 2020 - $ 1,339,503 (UK£ 770,671). There were no additional loan advances from G&F Phelps Ltd during the quarter ended March 31, 2021.

As at March 31, 2021 due to directors for fees totalled $ 162,000 (December 31, 2020 - $ 153,500) and due to key management, primarily for salaries and benefits accrued at March 31, 2021 amounted to $ 880,871 (UK£ 508,087) (December 31, 2020 - $ 797,268(UK£ 458,701)) and are included under due to related parties.

During the third quarter of 2019, prior to the consolidation, Galantas completed a part brokered private placement of 23,529,412 common shares, at an issue price of UK£ 0.0425 ($ 0.068) per share for gross proceeds of UK£ 1,000,000 ($ 1,600,000). Miton Asset Management Limited subscribed for 3,764,706 common shares in the Private Placement. The total number of shares controlled by Miton post completion of the Private Placement was 53,764,706 representing approximately 16.63% of the Company's enlarged issued and outstanding Common Shares. Melquart Ltd. subscribed for 15,341,174 common shares which increased their holding to 77,565,719 common shares, representing approximately 24.0% of the Company's enlarged issued and outstanding Common shares.

In December 2019 Galantas announced the issue of a Convertible Debenture for UK£1,000,000 which was fully subscribed by Melquart Limited, an insider and control person of the Company (see press releases dated December 16, 2019 and December 23, 2019). The debenture is unsecured, is for a term of one year, carries a coupon of 15% per annum and is convertible into common shares of the Company. Melquart are under no obligation to convert the debenture and should Melquart choose not to convert, the Company will need to raise further funds to repay the debenture within 12 months. The shares issued pursuant to the Debenture will rank pari passu with the existing common shares issued by the Company. It has been agreed that, following the subscription by Melquart to the debenture, G&F Phelps Ltd entered into an arrangement in respect of its loans with the Company which will provide that G&F Phelps will not call for repayment of it loans (which are repayable on demand) for a period of six months from the date of the debenture unless certain events occur including inter alia a sale or insolvency of the Company or a material liquidity event.

During the third quarter of 2020 Galantas reported the closure of a private placement which was fully subscribed of 2,833,132 common shares, at an issue price of $ 0.225 (UK£ 0.1328) per share for maximum gross proceeds of $ 637,454 (UK£ 376,240). The placement included a subscription by LF Miton UK Smaller Companies Fund, which subscribed for 527,108 common shares in the placement and is managed by Premier Fund Managers Ltd (Premier Miton). Post-closing, this fund holds 3,222,330 shares, with the total number of shares controlled by Premier Miton post completion of this being 4,848,243 of the Company's enlarged issued and outstanding common shares. The placement also included a subscription from Melquart Limited for 1,506,024 Common Shares, which gives rise to an enlarged holding of 9,262,595 shares post completion of the placement.

During Q4 2020, a convertible debenture held by Melquart Ltd, as detailed in releases dated December 16 and 23, 2019 (the "Debenture") and approved by the TSX Venture Exchange, was converted into common shares of the Company. The debenture carried a 15% coupon and was exercisable at a 25% discount to the market price. The capital and interest accruing on the Debenture totals GBP£1,150,000 (CAN$ 1,991,580).

As governed by the Debenture, 11,410,933 common shares of no par value ("Common Shares") have been issued at a price of CAN$0.1725. Following the issuance, Melquart Limited now hold 20,673,528 common shares and the Debenture is satisfied in full.

The Company has applied for admission of the Common Shares in connection with the Debenture to trading on the AIM market of the London Stock Exchange ("Admission") with Admission occuring on December 30, 2020.

The total number of Common Shares of the Company following issuance and at April 26, 2021 was 46,565,537.

Following the private placements noted above Melquart Ltd and Premier Miton were deemed to be related parties of Galantas by virtue of being substantial shareholders of the Company. Melquart Ltd's shareholding of 20,673,528 represented 44.4% of the outstanding common shares and the Premier Miton Group's combined shareholdings of 4,848,243 represented 10.4% of the outstanding common shares. In addition, Mr. Roland Phelps, President/CEO and Mr. Ross Beaty are also substantial shareholders in the Company and are deemed to be related parties of Galantas. Mr. Beaty's holding of 3,744,749 shares resulted in him holding 8% of the Company's common shares. Mr. Phelps' holding of 4,933,817 resulted in him holding 10.6% of the Company's common shares.

Excluding the Melquart Ltd, Miton Asset Management Limited, Mr. Beaty and Mr. Phelps shareholdings discussed above, the remaining 26.6% of the shares were widely held, which included various small holdings which are owned by the other directors of the Company. These holdings can change at any time at the discretion of the owner.

Proposed Transactions

Other than Events after the Reporting Period as set out on pages 31 to 32 of the MD&A there are no proposed transactions of a material nature that have been finalized by the Company.

Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reported period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are applied prospectively. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of accounts receivable that are included in the consolidated statements of financial position;
- the recoverability of property, plant and equipment incurred on the Omagh underground mine in the consolidated statements of financial position. The Omagh underground mine and the open pit mine are considered as one cash generating unit ("CGU") and were tested for impairment on December 31, 2020. The calculations of the recoverable amount of CGU require the use of methods such as the discounted cash flow method, which uses assumptions to estimate future cash flows. No additional impairment was noted.
- the estimated life of the ore body based on the estimated recoverable ounces or pounds mined from proven and probable reserves of the mine development costs which impacts the consolidated statements of financial position and the related depreciation included in the consolidated statements of loss;
- the estimated useful lives and residual value of property, plant and equipment which are included in the consolidated statements of financial position and the related depreciation included in the consolidated statements of loss;
- stock-based compensation – management is required to make a number of estimates when determining the compensation expense resulting from share-based transactions, including volatility, which is an estimate based on historical price of the Company's share, the forfeiture rate and expected life of the instruments;
- warrants – management is required to make a number of estimates when determining the fair value of the warrants, including volatility, the forfeiture rate and expected life of the instruments;
- Derivative financial liability – management is required to make a number of estimates when determining the fair value of the derivative financial liability, including volatility, the forfeiture rate and expected life of the instruments and
- Decommissioning liabilities has been created based on the estimated settlement amounts. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed quarterly and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to liability on a quarterly basis. Actual decommissioning costs will ultimately depend on actual future settlement amount for the decommissioning costs which will reflect the market condition at the time the decommissioning costs are actually incurred. The final cost of the currently recognized decommissioning provisions may be higher or lower than currently provided for.

Critical Accounting Judgments

- Functional Currency– the functional currency for the parent entity and each of its subsidiaries, is the currency of the primary economic environment in which the entity operates. The parent entity has determined its functional currency is the Canadian dollar and each subsidiary to be the UK £ Sterling. Determination of functional currency may involve certain judgements to determine the primary economic environment and the parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined primary economic environment.

- Exploration and evaluation assets – the determination of the demonstration of technical feasibility and commercial viability is subject to a significant degree of judgement and assessment of all relevant factors;

- Income taxes – measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements; and

- Going concern assumption – Going concern presentation of the consolidated financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due and

- Whether there are any indicators that the Company's property, plant and equipment assets and exploration and evaluation assets are impaired. Where an indicator of impairment exists for its non-current assets, the Company performs an analysis to estimate the recoverable amount, which includes various key estimates and assumptions as discussed above.

Accounting Policies including Initial Adoption

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The accounting policies and methods of computation followed in the Galantas March 31, 2021 consolidated financial statements and are set out in Note 4 of these annual consolidated financial statements

New accounting standards adopted

IFRS 3, Business Combinations
Amendments to IFRS 3, issued in October 2018, provide clarification on the definition of a business. The amendments permit a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The adoption of the amendments had no impact on the Company's unaudited condensed interim consolidated financial statements.

IAS 1, Presentation of Financial Statements
Amendments to IAS 1, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's unaudited condensed interim consolidated financial statements.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to IAS 8, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's unaudited condensed interim consolidated financial statements.

Financial and Property Risk Management

Property risk

The Company's significant project is the Omagh mine. Unless the Company acquires or develops additional significant projects, the Company will be solely dependent upon the Omagh mine. If no additional projects are acquired by the Company, any adverse development affecting the Omagh mine would have a material effect on the Company's consolidated financial condition and results of operations.

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and commodity and equity price risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(i) Credit risk and sales concentration
Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, accounts receivable and long-term deposit. Cash and long-term deposit are held with financial institutions and the United Kingdom Crown respectively, from which management believes the risk of loss to be minimal. All the revenues from sales are from one customer and the accounts receivable consist mainly of a trade account receivable from one customer, value added tax receivable and sales tax receivable. The Company is exposed to concentration of credit and sales risk with one of its customers. Management believes that the credit risk is minimized due to the financial worthiness of this company. Valued added tax receivable is collectable from the Government of Northern Ireland. Sales tax receivable is collectable from government authorities in Canada.

(ii) Liquidity risk
Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company manages liquidity risk by monitoring maturities of financial commitments and maintaining adequate cash reserves and available borrowing facilities to meet these commitments as they come due. As of March 31, 2021, the Company had a working capital deficit of $8,532,943 (December 31, 2020 working capital of deficit of $ 7,710,084). All of the Company's financial liabilities have contractual maturities of less than 30 days other than certain related party loans which are due on demand. As of March 31, 2021, the Company was cash flow negative.

During the third quarter Galantas reported the completion of a private placement of common shares and amendments to the terms of its loan facility with Ocean Partners UK Ltd (see press releases dated June

26, 2020 and July 3, 2020). The private placement included funds raised in both UK and Canadian currency and is for the issue of 2,833,132 shares, at an issue price of $ 0.225 (UK£ 0.1328) per share for gross proceeds of $ 637,454 (UK£ 376,240). Galantas has also agreed on terms for an increase of US $ 200,000 on the outstanding loan with Ocean Partners UK Ltd. As consideration for amending the terms of the loan and following TSXV approval Ocean received 1,700,000 bonus warrants of Galantas. The net proceeds raised by the private placement and the additional Ocean Partners loan are to be used to support mine operations and provide general working capital for the Company. Drawdown of the loan increase took place during Q4.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity price risk.

(a) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances, significant interest-bearing debt due to related parties and financing facility. The Company is exposed to interest rate risk on both certain related party loans and third-party loans which bear interest at variable rates.

(b) Foreign currency risk
Certain of the Company's assets, liabilities are designated in UK£ and expenses are incurred in UK£ which is the currency of Northern Ireland and the United Kingdom while the Company's primary revenues are received in the currency of United States and are therefore subject to gains and losses due to fluctuations in these currencies against the functional currency. The loan from third party is designated in US dollars.

(c) Commodity price risk
The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as it relates to gold to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve-month period:

(i) Certain related party loans and a loan facility with a third party are subject to interest rate risk. As at March 31, 2021, if interest rates had decreased/increased by 1% with all other variables held constant, the net loss for the three months ended March 31, 2021 would have been approximately $ 60,000 lower/higher respectively, as a result of lower/higher interest rates from certain related party loans and a loan facility with a third party. Similarly, as of March 31, 2021 decrease/increase in interest rates from certain related party loans and a loan facility with a third party.

(ii) The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable, long-term deposit, accounts payable and other liabilities, financing liability, due to related parties and convertible debenture that are denominated in UK£ and third party loans denominated in US Dollars. As at March 31, 2021, had the UK£ weakened/strengthened by 5% against the CAD$ with all other variables held constant the Company's consolidated comprehensive loss for the three months ended March 31, 2021 would have been approximately $ 279,000 higher/lower as a result of foreign exchange losses/gains on translation of non-CAD denominated financial instruments. Similarly, as at March 31, 2021, shareholders' equity would have been approximately $ 279,000 higher/lower had the UK£ weakened/strengthened by 5% against the CAD$ as a result of foreign exchange losses/gains on translation of non-CAD$ denominated financial instruments.

(iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of gold. Gold prices have fluctuated widely in recent years. There is no assurance that, even as commercial quantities of gold may be produced in the future, a profitable market will exist for them. A decline in the market price of gold may also require the Company to reduce production of its mineral resources, which could have a material and adverse effect on the Company's value. Management believes that the impact would be immaterial for the three months ended March 31, 2021.

Capital Risk Management

The Company manages its capital with the following objectives:

· to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and

· to maximize shareholder return.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, which is comprised of share capital, reserves and accumulated deficit which on March 31, 2021 totalled $ 13,389,658 (December 31, 2020 - $ 14,121,915). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on its exploration activities. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the three months ended March 31, 2021. The company is not subject to any capital requirements imposed by a lending institution or regulatory body.

Disclosure of Internal Controls

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements, and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate do not make any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Disclosure of Other MD&A Requirements

Additional Disclosure for Venture Issuers without Significant Revenue or Exploration, Disclosure of Outstanding Share Data

General Administrative Expenses for the Quarters Ended March 31, 2021 and March 31, 2020 are detailed below:

Expense Account	Quarter Ended March 31, 2021	Quarter Ended March 31, 2020
Management & administrative wages	$ 144,083	$ 141,222
Other operating expenses	32,580	94,060
Accounting and corporate	15,184	14,144
Legal & audit	49,173	42,118
Stock-based compensation	4,631	(16,288)
Shareholder communication and investor relations	59,853	47,076
Transfer agent	2,861	27,736
Directors fees	8,500	6,250
General office	3,569	2,713
Accretion expenses	104,560	146,121
Loan interest and bank charges	80,103	151,616

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Total	**$ 505,097**	**$ 656,768**

General administrative expenses for the quarter ended March 31, 2021 totaled $ 505,097 compared to $ 656,768 for the quarter ended March 31, 2020.

Management and administrative wages, the majority of which are incurred in UK£, include payroll costs of both Galantas corporate and at the Omagh mine, totaled $ 144,083 for the quarter ended March 31, 2021 compared to $ 141,222 for the first quarter of 2020. The lower level of costs for both quarters are mainly due to the reduction in additional administrative personnel during 2020 reflecting the decreased level of activity at the Omagh mine as a result of COVID and the suspension of mining activities in the earlier part of the year due to the blasting permit issues with the PSNI. Other operating expenses, the majority of which are also incurred in UK£ and include amongst others professional fees, insurance costs, travel, and other costs, amounted to $ 32,580 for the quarter ended March 31, 2021 compared to $ 94,060 for the quarter ended March 31, 2020. The decrease in costs was mainly due the reduction in insurance costs compared to the costs incurred in the first quarter of 2020. Accounting and corporate costs for the quarter ended March 31, 2021 amounted to $ 15,184 compared to $ 14,144 for the corresponding quarter in 2020. Legal and audit costs totalled $ 49,173 for the quarter ended March 31, 2021 compared to $ 42,118 for the corresponding quarter of 2020.

Stock-based compensation costs for the quarter ended March 31, 2021 amounted to $ 4,631 compared to a $ (16,288) credit for the first quarter of 2020. The credit was due to the cancellation of Stock Options granted in an earlier period. The low level of stock-based compensation costs was mainly due limited stock options being granted during 2020. These options vested as to one third on the date granted and one third on each of the following two anniversaries.

Shareholder communication and investor relations costs amounted to $ 59,853 for the quarter ended March 31, 2021 compared to $ 47,076 for the corresponding quarter of 2020. Shareholder communication and investor relations costs include shareholders information, investor relations, filing fees and listing fees. Transfer agent's fees for the first quarter of 2021 were $ 2,861 compared to $ 27,736 for the same period in the previous year. The higher fees in 2020 were due to fees incurred in the first half of 2020 in connection with the share consolidation completed in April 2020. Directors' fees totalled $ 8,500 for the first quarter of 2021 compared to $ 6,250 for the corresponding quarter of 2020. General office expenses amounted to $ 3,569 compared to $ 2,713 for the same quarter of 2020.

Accretion expenses for the first quarter of 2021 amounted to $ 104,560 which compared to $ 146,121 for the first quarter of 2020. Accretion expenses are in connection with the accretion of the fair value of the 1,700,000 bonus warrants being issued in the second quarter of 2018 in connection with the Ocean Partners US$ 1.6 million loan as set out in Note 10 of the March 31, 2021 consolidated financial statements and amended in Q3 2020 as also set out in Note 10 of the March 31, 2021 consolidated financial statements. Accretion expense also includes accretion on the decommissioning liability as set out in Note 8 of the consolidated financial statements. The reduction in accretion expenses relate to the conversion of a convertible debenture in Quarter 4 of 2020. Loan interest and bank charges for the quarter ended March 31, 2021 were mainly in connection with interest on the G&F Phelps loan, net of deposit interest and amounted to $ 80,103 compared to $ 151,616 for the quarter ended March 31, 2020. The decrease in 2021 is due to the interest on the convertible debenture which was payable in 2020 but is no longer required as the Debenture has now been converted.

Disclosure of Outstanding Share Data

The Company is authorized to issue in series an unlimited number of common and preference shares. On April 26, 2021 there were a total of 46,565,537 shares issued, 1,700,000 warrants with an expiry date of December 2021 and 570,000 stock options outstanding with expiry dates from March 2022 to June 2024.

Following the Pres Release dated May 18, 2021 relating to a Private Placement, and the Press Release dated May 20, 2021 relating to additional Stock Options granted, there are a total of 73,270,468 shares issued, 3,400,000 warrants with an expiry date of December 2023 and 4,485,000 stock options outstanding with expiry dates from March 2022 to May 2026.

Events after Reporting Period

On April 16, 2021, Galantas provided an operational update for stating that underground blasting (as reported March 12, 2021) is continuing with mining on a single shift basis.

On April 19, 2021, Galantas announced a proposed Private Placement that will provide for the financing to bring the mine into full production. Highlights of the Private Placement are summarized below.

The Private Placement consists of a minimum of 17 to 22 million "Units" at C$0.30 per Unit (the "Offering Price"), where each Unit comprises one common share and one warrant. The minimum gross proceeds expected to be raised are C$5,100,000, with maximum gross proceeds of C$6,600,000. Each warrant will be exercisable into one additional share at an exercise price of C$0.40 for 24 months from the closing date of the placement. There will be a 4-month hold period on the trading of securities issued in connection with this offering. Further details are contained in the Press Release issued on the above date.

On April 21, 2021, Galantas announced an increase in the maximum size of its proposed private placement due to strong demand and to accelerate its exploration program.

Strong demand has been received for the Private Placement, which was detailed in a press release dated April 19, 2021 and this has resulted in a potential over-subscription. The Private Placement maximum (previously a maximum of 22 million "Units" at C$0.30 per Unit (the "Offering Price"), where each Unit comprises one common share and one warrant, has been increased to a maximum of 26,666,667 Units. The minimum gross proceeds expected to be raised remain as C$5,100,000, with maximum gross proceeds of C$8,000,000 (previously C$6,600,000). Each warrant will be exercisable into one additional share at an exercise price of C$0.40 for 24 months from the closing date of the placement. There will be a 4-month hold period on the trading of securities issued in connection with this offering.

The net funds raised will be mainly used for bringing the Galantas Gold Mine into full commercial production and for exploration to expand the high-grade gold resources. An increase in the maximum gross proceeds will permit the planned exploration program to be accelerated.

On May 18, 2021, Galantas announced the closing of its oversubscribed private placement (the “Placement” or “Financing”) previously announced on April 21, 2021, to fund the Galantas Gold Mine in Omagh, Northern Ireland to full production and accelerate exploration plans to expand the high-grade gold resources.

The Placement resulted in the issuance of 26,663,264 units at a price of C$0.30 per “Unit” for aggregate gross proceeds of C$7,998,980. Each Unit comprises one Common Share and one Common Share purchase warrant. Each warrant will be exercisable into one additional Common Share at an exercise price of C$0.40 for 24 months from the closing date of the Placement. There is a 4-month and one day hold period on the trading of securities issued in connection with this Financing.

Ocean Partners UK Ltd. (“Ocean Partners”) acquired 1,666,667 Units of the Private Placement, for consideration of C$500,000 and the Company paid a finder’s fee of 41,667 Units to Ocean Partners resulting in the issuance of 1,708,334 Common Shares or 2.3% of the Company's issued and outstanding Common Shares on a non-diluted basis.

Roland Phelps, Galantas’ retiring President and Chief Executive Officer, acquired 166,667 Units for consideration of C$50,000, increasing his holding to 5,100,484 Common Shares or 7.0% of the Company's issued and outstanding Common Shares on a non-diluted basis (the “Roland Phelps Placing”).

In connection with closing, Roland Phelps has retired as Galantas’ President and Chief Executive Officer and as a member of the Board of Directors. His role as CEO has been assumed by Mario Stifano, an experienced mining executive who has raised significant capital for a number of mining and resource companies in exploration, development and production.

The Company has appointed Brendan Morris as Chief Operating Officer in a non-board role and has appointed Brent Omland to the Board of Directors, subject to regulatory approval. Mr. Omland is a Canadian Chartered Accountant with 15 years’ experience in the mining, metals and trading sectors. Ron Alexander has stepped down from the Board following many years of valued service.

In respect of an under-writing by Ocean Partners, the Company paid a commitment fee of CAN$112,500 in cash.

The maturity date of the Ocean Partners loan due on December 31, 2021 has been extended to December 31, 2023. Interest may be deferred and added to the balance outstanding until March 31, 2022, at which point interest will be paid monthly. The 1,700,000 Ocean Partners warrants currently issued have been extended, subject to regulatory approval, by 24 months to December 31, 2023.

The maturity date of the G&F Phelps Ltd loan (the “G&F Loan”) has been extended to December 31, 2023 (the “G&F Loan Extension”). Interest may be deferred and added to the balance outstanding until March 31, 2022, at which point interest will be paid monthly. In consideration for extending the G&F Loan and deferring interest, G&F Phelps Ltd has received, subject to regulatory approval, 1,700,000 warrants exercisable into one common share at an exercise price of C$0.33, with said warrants expiring on December 31, 2023. G&F Phelps Ltd is a company controlled by Mr. Phelps.

An application has been filed for admittance of 26,704,931 additional shares to AIM ("Admission") with Admission expected to occur on or around May 21, 2021. Following Admission, Galantas Gold Corporation's issued and outstanding Common Shares will total 73,270,468.

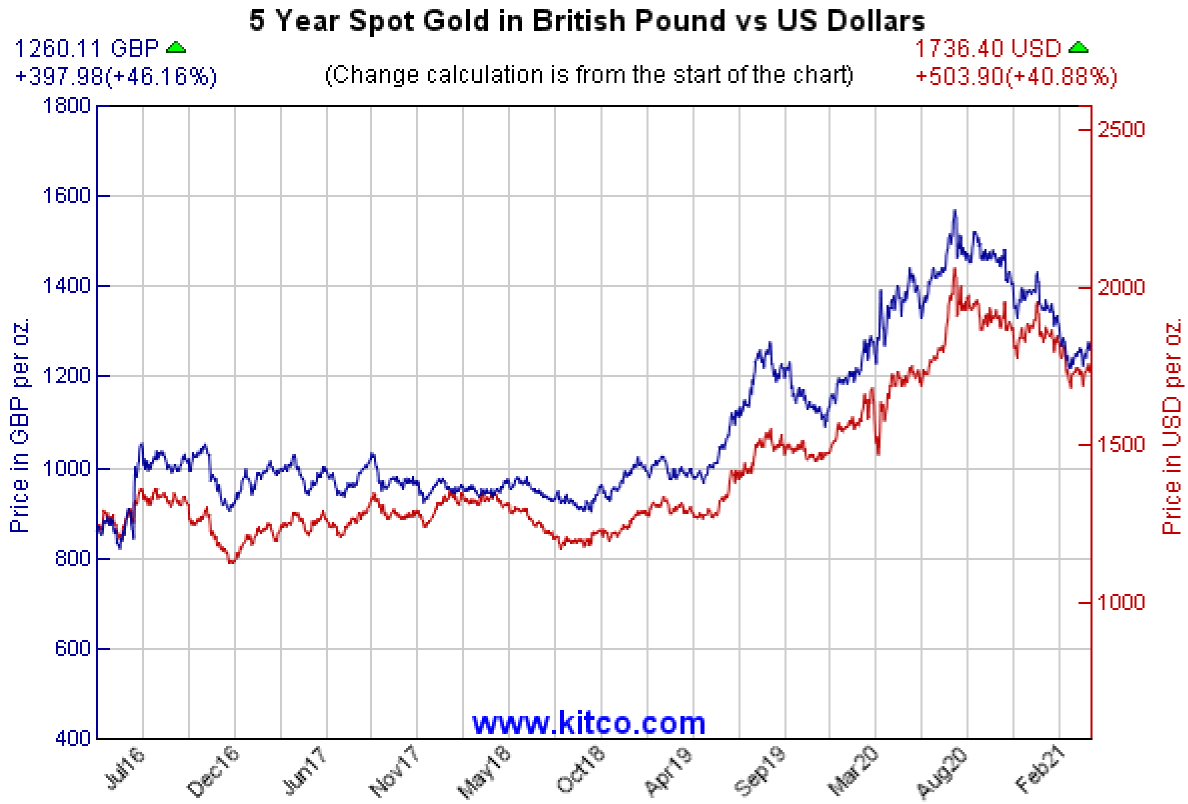
Trends Affecting the Company's Business

Gold Price in US Dollars and UK Sterling

The Gold concentrate output from the Omagh Mine is sold in US dollars. Most of the value is accrued from the gold content. The US Dollar gold price has been in a generally upward trend since June 2019, with a price above US$ 1,500 during August and September 2019 but easing back below $ 1,500 during the fourth quarter of 2019. However, during the first quarter of 2020, and following the worldwide coronavirus crisis, the gold price had firmed back up to above $ 1,600 by the end of the quarter. In the second quarter of 2020 the US $ gold price continued to increase to levels above $ 1,700 mainly on the back of the continuing worldwide economic uncertainty relating to the coronavirus crisis. The gold price continued its upward path during the third quarter and breached $ 2,000 in August 2020 on the back of the continuing fallout from the Covid 19 crisis along with the increasing tensions between the US and China before subsequently falling back to above $ 1,900 by quarter end. Continued retrenchment has seen the price fall to the low USD$ 1700's by the end of the first quarter 2021.

The UK£ Sterling gold price has also been in an upward trend since June 2019. This increase is mainly attributable to the increase in the US Dollar gold price but has been further enhanced by a fall in UK£ Sterling compared to the US Dollar. The increases seen in the third quarter of 2019 created a then all time high in Sterling terms. However, the Sterling gold price subsequently eased back in line with the US Dollar gold price during the fourth quarter of 2019. In the first quarter of 2020 the UK£ sterling gold price increased to a greater extent than the US$ gold price on the back of a fall in Sterling against the US Dollar currency. The Sterling gold price firmed up further during the second quarter in line with the US dollar gold price. During the third quarter the UK£ gold price, similar to the US$ gold price, continued its upward path and breached UK£ 1,500 in August 2020 before subsequently falling back to the mid UK£ 1,400's at quarter end. The fourth quarter of 2020 saw a continued retreat in both the dollar and sterling gold price with the price reaching the mid UK£1200's by the close of the first quarter 2021.

The following graph illustrates the price of gold over the last five years, expressed in US Dollars and UK£ Sterling. The % change is from the start of the five-year period.



Source: Kitco.com : Graph date : April 15,2021

Galantas has a policy of being un-hedged in regard to gold production.

The US Dollar / UK£ Sterling Currency Exchange Rate

Sales revenues at the Omagh mine are designated in US Dollars and are converted to UK£, as operating, exploration and capital costs are designated in UK£ Sterling. Thus, a stronger US$ / weaker UK£ is to the Company's financial benefit.

The US Dollar had been on an upward trend against a weakening UK£ Sterling since March 2019 with UK£ Sterling showing continuing weakness. The exchange rate had been driven by Brexit considerations and following a more positive Brexit prognosis the UK£ Sterling regained some ground during the fourth quarter of 2019. However, by the end of the first quarter 2020 sterling had resumed its downward trend, reaching a low of USD$1.15 in late March 2020, due to the ongoing economic impact of the coronavirus on the UK economy. However, during the third quarter sterling recovered on the back of US dollar weakness as currency markets began to focus on the ongoing economic impact of the coronavirus on the US economy. Sterling continued to generally strengthen since the third quarter rising to USD$1.36 by the end of 2020. Reaching a peak of USD$1.41 in late February, a period of retrenchment has reduced the sterling rate to USD$1.37 by mid April 2021.

A currency policy has been adopted of converting incoming payments into the currency required within a short period of receipt, thus avoiding the taking of a large currency position on either side of the market.

The Canadian Dollar / UK£ Sterling Currency Exchange Rate.

The accounts of the Company are expressed in Canadian Dollars. The majority of costs at the mine are incurred in UK£ Sterling and are converted to Canadian Dollars at the average rate for the relevant accounting period. When costs are expressed in Canadian Dollars terms within the Company's financials, there is an increase in costs when there is a fall in value or weakening of the Canadian Dollar against Sterling. A weakening/strengthening of the Canadian dollar also increases/decreases the value of UK£ based net assets, which are converted at period end rates, when expressed in Canadian dollars.

Although on a generally strengthening trend against UK£ Sterling, considered to be Brexit related, the Canadian Dollar has not shown the same strength against Sterling as the US Dollar, with retrenchment later in 2019 considered by some to be related to weaknesses in the world economy and relationships with oil prices together with a more positive Brexit prognosis during the fourth quarter of 2019 which trend continued into the first quarter of 2020. However, during the latter half of the second quarter of 2020 sterling resumed a slightly downward trend on the back of the ongoing economic impact of the coronavirus in the UK. A low of CAD$1.69 was reached early in the third quarter. Since then sterling has generally strengthened against the Canadian dollar, reaching CAD$1.78 in mid February 2021. Since February sterling has fallen against the Canadian dollar, trading around CAD$1.73 by mid April 2021.

The Financing Trends & Political Trends

Difficulties in the Western credit markets have impacted on all companies entering into banking credit arrangements. The Canadian and UK equity markets for junior mining companies appear to have weakened since 2018 and have subsequently remained weak. Whilst the remaining malaise in this market sector has restricted financing opportunities, Galantas has been able to secure funding arrangements during 2018, 2019 and 2020 based upon early cash flow expectations.

In Northern Ireland, the widely acknowledged political agreement consolidated the positive financial effects of peace and stability in the province, but there continues a low level of activity by those not allied to the peace process. There has been an increase in political antipathy against gold mining companies, based upon opinions regarding the use of cyanide reagents. Galantas does not utilise cyanide reagents and has therefore not suffered the same level of opprobrium. Potential delays related to Brexit issues have not yet arisen.No tariff issues on the company's products have arisen.

Risks and Uncertainties

Galantas operates in a sector – mineral production 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. An investment in the securities of the Company is highly speculative and involves numerous and significant risks. It should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risks and Uncertainties" in the Company's MD&A for the fiscal year ended December 31, 2019, available on SEDAR at ***www.sedar.com***. There have been no significant changes to such risk factors since the date thereof.

Qualified Person Statement

The financial components of this disclosure have been reviewed by Alan Buckley (Chief Financial Officer), the exploration components by Sarah Coulter and the production and permitting components by Brendan Morris, all Qualified Persons under the meaning of NI. 43-101 and AIM rules. The information in this disclosure is based upon local production and financial data prepared under their supervision. The statement of mineral resource estimates is based upon a Technical report announced 28th July 2014..