



GALANTAS GOLD CORPORATION

Management's Discussion and Analysis

Three Months Ended

March 31, 2014

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Introduction

The Management's Discussion and Analysis ("MD&A") of the financial condition and results of the operations of Galantas Gold Corporation ("Galantas" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2014. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended December 31, 2013 and 2012, together with the notes thereto and the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2014 together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). Accordingly, they do not contain all of the information required for full annual financial statements required by IFRS. Information contained herein is presented as of May 22, 2014, 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; (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
<p>Potential of the Company's properties to contain economic deposits of base metals and other metals.</p>	<p>Financing will be available for future exploration and development 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.</p>	<p>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</p>
<p>The Company's ability to obtain planning consent from the Planning Services, Northern Ireland to allow it develop the underground mine at its Omagh property</p>	<p>The Company will receive full planning consent acceptable to the Company on a timely basis to allow it 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</p>	<p>Delays in obtaining planning permission for the development of the underground mine; onerous planning conditions 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;</p>

	<p>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</p>	<p>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</p>
<p>The Company's ability to meet its working capital needs at the current level for the year ending December 31, 2014</p>	<p>The operating and exploration activities of the Company for the year ending December 31, 2014, 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</p>	<p>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</p>
<p>The Company's ability to carry out anticipated exploration on its property interests</p>	<p>The exploration activities of the Company for the fiscal year ending December 31, 2014, and the costs associated therewith, will be 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</p>	<p>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; receipt of applicable permits</p>

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 first quarter of fiscal year 2014	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 no significant 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	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 22, 2014.

Overview – Strategy - Description of Business

Company Overview

Galantas is a producing mineral resource issuer and the first to acquire planning consent to mine gold in Northern Ireland. The Company's wholly owned Ontario holding company, Cavanacaw Corporation, owns all of the shares of two Northern Ireland companies – Omagh Minerals Limited, owner of prospecting and mining rights, planning consent plus land, buildings and equipment; and Galantas Irish Gold Limited a jewellery business which is no longer being pursued and for which the Company is examining the availability of a joint venture opportunity.

Mining at the Omagh mine has been conducted by open pit methods. The mine produces a flotation concentrate which is shipped to a smelter in Canada under a life of mine off-take agreement. The Company's strategy to increase shareholder value is to:

- Obtain additional funding to allow it to continue the expanded exploration programme and the further development of its underground mine plans;
- Obtain the necessary planning permits for an underground development;
- Continue 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 which, following recent additions, aggregate 766.5 square kilometres, focusing on the more than 60 gold targets identified to date;

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 is dated 28th May 2008 and is published on www.sedar.com and www.galantas.com. In June 2012 ACA Howe International Ltd (Howe UK) completed an updated NI 43-101 compliant 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 (see press release dated June 12, 2013). There has been 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 is continuing work on updating the 2013 resource estimate to incorporate results from later drill holes not previously included. Work is also well advanced on the drafting of a revised NI 43-101 report. The work is expected to allow the delineation of mining reserves, following the completion of a detailed mining plan, mining schedule and comprehensive cost estimates, based upon underground working of the Joshua and Kearney veins.

Mining Project

The project currently embraces an open pit mine capable of supplying ore to a crushing-grinding-froth flotation plant. The plant was commissioned in 2007 and is designed to produce a gold and silver rich sulphide flotation concentrate for sale to a commercial smelter. Since early 2013 year there had been 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 as a result of a reduction in the concentrate gold grade coupled with falling gold prices. Subsequently the Company commenced tests, which are ongoing, with regards to continuing production on a limited scale through the processing of tailing cells filled during the earlier operation of the mine.

Underground Mine Plan

During 2012 the planning application for an underground mine was submitted to the Planning Services of Northern Ireland. Discussions have continued with the planning services with regards to the underground mine plan and a planning determination is now not anticipated until the second half of 2014 though it should be noted that the timeline for delivery of the determination is not within the control of the Company.

Galantas Irish Gold Limited

Galantas has been reviewing joint venture opportunities related to its gold jewellery business as management focus is now entirely on the mine operation.

Management and Staff

Overall management is exercised by one Executive Director along with a Deputy General Manager and Production Manager in charge of operations in Omagh where the mine, plant and administration employed 7 personnel as of March 31, 2014.

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 2014

There was no production at, or shipments from, the Omagh mine during the three months ended March 31 2014 following the suspension of the processing of low grade ore as a result of a reduction in the concentrate gold grade coupled with lower gold prices during the fourth quarter of 2013. Tests are ongoing with regards to continuing production on a limited scale through the processing of tailing cells filled during the earlier operation of the mine.

Galantas incurred a net loss of \$ 502,100 for the three months ended March 31, 2014 compared with a net loss of \$ 440,554 for the three months ended March 31, 2013. When the net loss is adjusted for non cash items before changes in non-cash working capital the cash loss from operating activities amounted to \$ 519,533 for three months ended March 31, 2014 compared with a cash loss from operations of \$ 239,907 for the corresponding period of 2013. The cash loss from operating activities after changes in non-cash

working capital items amounted to \$ 62,262 for the three months ended March 31, 2014 compared to a cash loss of \$ 85,235 for 2013.

The Company had cash balances at March 31, 2014 of \$ 59,616 compared to \$ 166,617 at December 31, 2013. The working capital deficit at March 31, 2014 amounted to \$ 4,468,576 which compared with a working capital deficit of \$ 3,904,304 at December 31, 2013.

A special meeting of shareholders took place in January which approved the implementation of a share consolidation together with an exchange of shares for debt. Subsequent to March 31, 2014 the TSX Venture Exchange approved the share consolidation on the basis the existing issued share capital was cancelled and replaced by the new common shares in consolidated form on the basis of one post-consolidated common shares for five pre-consolidated common shares. In addition and subsequent to March 31, 2014 an application for a share for debt exchange of 15,125,140 common shares for \$ 756,257 of the Company's debt, as approved by shareholders, was made to the TSX Venture Exchange.

There were no financings during the first quarter. Subsequent to March 31, 2014 Galantas completed a private placement financing for aggregate gross proceeds of approximately UK£ 516,500. Pursuant to the offering, an aggregate of 10,330,000 units were sold at a price of UK£ 0.05/ \$0.09375 per common share. Each unit is comprised of one common share and one common share purchase warrant.

Work continued during the first quarter of 2014 on updating the resource estimate to incorporate results from later drill holes not included previously. Also the main veins were re-strung to incorporate the new drill data and accommodate a revised cut-off grade and minimum mining width parameters. This update is expected to allow some category upgrading in that portion of the resource affected. Work is also well advanced on the drafting of a revised NI 43-101 report.

Review of Financial Results

The net loss for the three months ended March 31, 2014 amounted to \$ 502,100 compared to a net loss of \$ 440,554 for the three months ended March 31, 2013 as summarized below.

	Quarter Ended March 31, 2014 \$	Quarter Ended March 31, 2013 \$
Revenues	0	364,676
Production costs	77,234	424,439
Inventory movement	0	(26,851)
Cost of sales	77,234	397,588
(Loss) Income before the undernoted	(77,234)	(32,912)
Depreciation	65,092	124,606
General administrative expenses	272,181	297,059
Loss (Gain) on disposal of property plant and equipment	(548)	-
Foreign exchange (gain) loss	88,141	(14,023)
Net Loss for the Quarter	\$ (502,100)	\$ (440,554)

Sales revenues from for the three months ended March 31, 2014 amounted to \$ Nil compared with revenues of \$ 364,676 for the three months ended March 31, 2013. Following the suspension of production during the fourth quarter of 2013 there were no concentrate sales from the mine during the first quarter.

Cost of sales includes production costs at the mine and inventory movements and totalled \$ 77,234 for the three months ended March 31, 2014 compared to \$ 397,588 for the three months ended March 31, 2013. A summary of cost of sales is set out on Note 13 of the March 31, 2014 consolidated financial statements.

Production costs for the three months ended March 31, 2014 amounted to \$ 77,234 compared to \$ 424,439 for the three months ended March 31, 2013. Production costs at the mine, the majority of which are incurred in UK£, include production wages, oil and fuel, equipment hire, repairs and servicing, consumables and royalties. There was no production during the first quarter of 2014 and this is reflected in the lower production costs for the quarter. These lower production costs included decreases in Production wages of \$ 111,123 to \$ 40,463 reflecting the reduced cost of production personnel following the redundancies that were effected during 2013, Oil and fuel decreases of \$ 162,287 to \$ 11,558 due primarily to reduced usage following the suspension of production, Repairs and servicing cost decreases of \$ 39,441 to \$ 6,234 due primarily to the much reduced level of maintenance charges in the mill, Equipment hire decreases of \$ 14,713 to \$ 319 arising from the off-hire of machinery, Consumable costs decreases of \$ 32,098 to \$ Nil due to there being no throughput in the mill and Carriage costs decreases of \$ 6,058 to \$ Nil arising from there being no shipments during the first quarter. Royalty costs for the quarter amounted to \$8,978. The royalty charge is a fixed minimum charge irrespective of there being no sales revenues during the quarter.

The inventory movement of \$ Nil compared to an inventory movement credit \$ (26,851) for the quarter ended March 31, 2013 which movement reflected an increase in inventory at March 31, 2013 when compared to January 1, 2013 inventory levels.

This has resulted in a net operating loss of \$ 77,234 before depreciation, general administrative expenses, gain on disposal of property, plant and equipment and foreign exchange loss for the three months ended March 31, 2014 compared to a net operating loss of \$ 32,912 for the corresponding period of 2013.

Depreciation of property, plant and equipment excluding mine development costs during the first quarter totalled \$ 65,092 which compared with \$ 104,155 for the first quarter of 2013. This decrease is due to both the disposal of property, plant and equipment in 2013 together with the depreciation charge being calculated on the reducing balance basis. Depreciation of mine development costs for the three months ended March 31, 2014, which is calculated on the unit of production basis, amounted to \$ Nil compared to \$ 20,451 for the quarter ended March 31, 2013. Following the suspension of production there was no depreciation of mine development costs during the first quarter of 2014.

General administrative expenses for the quarter ended March 31, 2014 amounted to \$ 272,181 compared to \$ 297,059 for the first quarter of 2013. General administrative expenses are reviewed in more detail in Other MD&A Requirements on pages 21 and 22 of the MD&A.

The gain on disposal of property, plant and equipment during the first quarter amounted to \$ 548 compared to \$ Nil for the first quarter of 2013.

There was a Foreign exchange loss of \$ 88,141 for the first quarter of 2014 which compared with a Foreign exchange gain of \$ 14,023 for the first quarter of 2013.

This has resulted in a net loss of \$ 502,100 for the quarter ended March 31, 2014 compared to a net loss of \$ 440,554 for the corresponding period of 2013. When the Net Loss is adjusted for non-cash items before changes in non-cash working capital the cash loss generated from operating activities amounted to \$ 519,533 for the quarter ended March 31, 2014 compared to a cash loss of \$ 239,907 for the quarter ended March 31, 2013 as per Statements of Cash Flows. The cash loss generated from operating activities after changes in non-cash working capital items amounted to \$ 62,262 for the first quarter of 2014 compared to a cash loss \$ 85,235 for the first quarter of 2013.

Foreign currency translation gain, which is included in Condensed Interim Consolidated Statements of Comprehensive Loss amounted to \$ 451,759 for the quarter ended March 31, 2014 which compared to a foreign currency translation loss of \$ 430,811 for the first quarter of 2013. This resulted in a Total comprehensive loss of \$ 50,341 for the quarter ended March 31, 2014 compared to a Total comprehensive

loss of \$ 871,365 for the quarter ended March 31, 2013. The foreign currency translation gain during the first quarter of 2014 arose as a result of the net assets of the Company's UK subsidiaries, all of which are denominated in UK, being translated to Canadian dollars at period end exchange rates. The Canadian dollar exchange rate weakened against UK£ at March 31, 2014 when compared to January 1, 2014 which has resulted in an increase in the Canadian dollar value of these net assets at March 31, 2014 when compared to January 1, 2014 resulting in the foreign currency translation gain. Conversely, during the first quarter of 2013, the Canadian dollar exchange rate strengthened against UK£ at March 31, 2013 when compared to January 1, 2013 which has resulted in a decrease in the Canadian dollar value of these net assets at March 31, 2013 when compared to January 1, 2013 resulting in the foreign currency translation loss.

Total assets at March 31, 2014 amounted to 13,651,973 compared to \$ 13,353,812 at December 31, 2013. Cash at March 31, 2014 was \$ 59,616 compared to \$ 166,617 at December 31, 2013. Accounts receivable and advances consisting mainly of trade debtors, reclaimable taxes and prepayments amounted to \$ 253,918 at March 31, 2014 compared to \$ 405,124 at December 31, 2013. The decrease in accounts receivable and advances is mainly due to a reduction concentrate sales receivables. Inventory at March 31, 2014 amounted to \$ 354,302 compared with an inventory of \$ 338,865 at December 31, 2013. Inventory mainly consists of jewellery products and unworked gold belonging to the jewellery business. The increase in inventory during the quarter is currency exchange rate related.

Property, plant and equipment totalled \$ 10,527,989 compared to \$ 10,100,319 at December 31, 2013. Exploration and evaluation assets totalled \$ 1,967,753 at March 31, 2014 compared to \$ 1,875,771 at the end of 2013. Long term deposit at March 31, 2014, representing funds held in trust in connection with the Company's asset retirement obligations, amounted to \$ 488,395 compared to \$ 467,116 at December 31, 2013. Following the transition to International Financial Reporting Standards (IFRS), property, plant and equipment, exploration and evaluation assets and long term deposit at the Company's Omagh mine, all of which are denominated in UK are now translated to Canadian dollars at period end exchange rates. The Canadian dollar exchange rate weakened against UK£ at March 31, 2014 when compared to December 31, 2013 which has resulted in an increase in the Canadian dollar value of these assets at March 31, 2014 when compared to December 31, 2013.

Current liabilities at March 31, 2014 amounted to \$ 5,136,412 compared to \$ 4,814,910 at the end of 2013. The working capital deficit at March 31, 2014 amounted to \$ 4,468,576 compared to a working capital deficit of \$ 3,904,304 at December 31, 2013. Accounts payable and other liabilities totalled \$ 1,123,509 compared to \$ 1,217,360 at December 31, 2013. Amounts due to related parties at March 31, 2014 amounted to \$ 4,012,903 compared to \$ 3,597,550 at the end of 2013. The decommissioning liability at March 31, 2014 amounted to \$ 555,810 compared to \$ 528,810 at December 31, 2013.

Review of Operations

2013 Production

There was no production at the Omagh mine during the three months ended March 31 2014 as summarized in the table below.

	Quarter Ended March 31, 2014	Quarter Ended March 31, 2013
Tonnes Milled	0	11,753
Average Grade g/t gold	0	1.05
Concentrate Dry Tonnes	0	145
Gold Grade	0	85.3
Gold Produced (oz)	0	397.5
Gold Produced (kg)	0	12.3
Silver Grade	0	111.5
Silver Produced (oz)	0	519.9
Silver Produced (kg)	0	16.2
Lead Produced tonnes	0	4.1
Gold Equivalent (oz)	0	413

Production at the Omagh mine was suspended during the fourth quarter of 2013 following a fall in the concentrate gold grade together with weakening gold prices. The main production focus during 2013 had been on the processing of ore from the low grade stockpile. Earlier in 2013 there had been some limited open pit mining on the Kerr vein which ceased during the first quarter when the pit met its planned design limit. From the second half of 2012 mining from the Kearney pit had become totally restricted as a result of the surplus rock stockpile on the site reaching capacity levels. This surplus rock was due to be transported from the site in 2012 with the Omagh mine having completed construction of public road improvements at its own cost to comply with the conditions of the planning consent. However, following a judicial review brought by a private individual on the grounds of procedural failings by Planning Services, the planning consent was quashed with the surplus rock remaining on site. This ongoing limitation resulted in production continuing to be from low grade sources up until the suspension of production later in 2013 which resulted in further cost reduction measures being implemented at the Omagh mine including the laying off of the majority of its operatives.

Later in 2013 and during the first quarter of 2014 the Company commenced pilot tests with regards to the processing of tailing cells filled during the earlier operation of the mine. The results confirm pre-existing data that indicated the tailings contain between 0.5g/t gold and 1 g/t gold and meet European Union standards for definition as inert material. A low energy cost processing solution, based upon a Knelson CD12 centrifugal gravity concentrator, which was already utilised in the gold processing plant in a secondary role, was successfully pilot tested as a prime re-treatment component for flotation tailings. The tailings do not require comminution (crushing and grinding) for re-processing by this method. Concentrate grades produced by the pilot study were higher than grades for flotation concentrate from mined vein material. Further test-work has produced anomalous results regarding percentage recovery and this is to be further investigated. The Company is presently reviewing the economics of continuing production through the processing of tailings cells as the size of the existing Knelson concentrator, whilst large enough to test the process, is not large enough to satisfactorily operate the process at scale required for robust economics at present gold prices. The economics of acquiring a larger concentrator unit and ancillary equipment is

subject to satisfactory recoveries being confirmed and the parallel assessment of other low power treatment methodologies is also being carried out.

During 2012 the Environmental Impact Study in connection with the proposed underground development together with the planning application for an underground mine were submitted to the Planning Services. Discussions with the planning services in Northern Ireland have continued since then with regards to the underground mine plan and accompanying Environmental Statement. Consultations with statutory consultees continues to progress, with additional information requested now filed with the Planning Services for consideration by consultees. A planning determination was anticipated during the first half of 2014. However following some further delays of a bureaucratic nature subsequent to the quarter end the planning determination may now drift into the second half of 2014. It should be noted that the timeline for delivery of the determination is not within the control of the Company.

Exploration

The Company did not carry out any exploration drilling during the first quarter of 2014. This followed the suspension of drilling in the third quarter of 2014 pending the availability of cash for future exploration. Once additional funding becomes available the programme will continue and up to a further 1,000 metres of drilling are planned following up the recently reported gold intersects on the Joshua vein.

The major focus of exploration activities in 2012 and 2013 had been the continuation of the successful drilling programme. In total, 17,348 metres were drilled following the commencement of the programme in March 2011 with significant gold intersects being reported. Six rigs were operational during the first half of 2012. The second half of the year saw the number of rigs progressively reduce with one rig, owned by the Company, remaining in operation by the end of 2012. The main objectives were to extend the depth and extent of the Joshua vein and provide data for a potential underground operation based upon the Joshua and Kearney veins. During 2011 and 2012 ninety five holes were drilled totalling 16,347 metres. Channel sampling was also carried out, during this period, on the Joshua, Kearney and Kerr vein systems. On Joshua, a total strike length of 213 metres was sampled. On Kerr, an increase in average vein width and gold grade was identified within depth over a 30 metre strike length.

Drilling continued at a reduced rate in 2013 with the completion of four holes— one in North Kearney and three around central Joshua. The drilling locations were defined with the aim of upgrading areas of inferred resource to the indicated category. During the first quarter of 2013, assay results were received showing a grade of 9 ppm gold over a vein width of 1 m for hole OM-DD-12-144. This is a significant result as the location is 100 m south of where the Joshua vein appears to narrow, suggesting that the vein continues south of the property. Drilling was then suspended during the third quarter pending the availability of cash for future exploration. Following the scale back of drilling in 2013, more time was dedicated to logging remaining drill cores, the sealing off of all accessible drill holes, updating databases and progressing towards a resource estimate using the Micromine geological modelling computer program.

Assay results released to date from both the drilling and channel sampling programmes have been encouraging with significant gold intersections being identified. The updated resource estimate (Technical Report July 2013) contains all data related to the programme with the exception of two drill holes detailed in a disclosure subsequent to June 30, 2013. Results to date have been positive, in particular the assays from the ten drill holes on Joshua released in January 2013 with thirteen significant mineral intersects. During the third quarter Galantas reported positive assay results from the first of two drill holes completed on the Joshua vein during the third quarter of 2013. This drill hole is the second deepest intersect yet drilled on Joshua vein and averaged 12.4 g/t gold, over a true width of vein of 2.8 metres. The top of the mineralised intersect is estimated to be at a vertical depth of 137.2 metres. The hole was terminated at a down-hole length of 171.8 metres (see press release dated August 27, 2013). Once additional funding becomes available this drilling programme will continue.

During 2012 ACA Howe International Ltd (Howe UK) completed an Interim Resource to Canadian National Instrument NI 43-101 compliant mineral resource estimate and a Preliminary Economic Assessment for the

Omagh Gold Project (see press release dated July 3, 2012). 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 a complete Technical Report 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 5, 2013 (see press release dated June 12, 2013). The drilling programme, subsequent to June 2012, was targeted to increase the amount of measured and indicated resources related to the potential development of an underground mine. When compared to the resource estimate prepared in 2012 there has been a 50% increase in resources classified as measured and indicated from a total of 95,300 troy ounces gold (2012) to 142,533 troy ounces gold and a 28% increase in resources classified as inferred, from 231,000 troy ounces gold (2012) to 295,599 troy ounces gold (2013). The overall increase is 34%. Galantas subsequently filed an updated Technical Report on SEDAR in July 2013. Work continued during the first quarter of 2014 on updating the resource estimate to incorporate results from later drill holes not included previously. Also the main veins were re-strung to incorporate the new drill data and accommodate the revised cut-off grade and minimum mining width parameters. Importantly, the Joshua and Kearney drill intersects were strung to individual historic channels, this time consuming process has incorporated all of the available assay data in order to make a more informed assessment of grade continuity and vein geometry. The improved statistical assessment is expected to allow some category upgrading in that portion of the resource affected. Based upon the updated technical analysis, work is also well advanced on the drafting of a revised NI 43-101 report. The work is expected to allow the delineation of mining reserves, following the completion of a detailed mining plan, mining schedule and comprehensive cost estimates, based upon underground working of the Joshua and Kearney veins.

Three new licence areas in the Republic of Ireland (ROI), covering 121.1 km², were granted earlier in 2013. These join, and extend south-westwards, the existing four ROI licences. Data revealed earlier in 2013 by the Tellus Border Project, a cross border initiative funded by the EU regional development fund, indicated the continuation of a trend established on licence OM4, into the OML-held ROI licences, with anomalously high concentrations of gold pathfinder elements. This data had assisted in the design of a field programme which was carried out during the third quarter of 2013. Nineteen float, outcrop and stream sediment samples were collected from areas closely associated with major fault systems. Sample results were received during the first quarter. The largest gold anomaly was identified for a stream sediment sample taken from a NE tributary to Lough Derg; watercourses entering the Lough in this area drain much of the OM4 catchment. The results for key pathfinder elements and precious metals were added to layers in GIS for effective spatial display. Further samples collected in the vicinity of those yielding anomalous Au have been sent for analysis along with samples from an adjoining ROI licence.

Further sampling work is planned on the OM4 licence area in Northern Ireland following the discovery of gold and key pathfinder element anomalies in float, outcrop and soil samples collected within the Magheranageeragh target area during 2013.

Confirmation was received during the first quarter that Omagh Minerals had been successful in their application for a further two prospecting licences in the ROI. This brings the total number of licences held by Omagh Minerals to eleven and the total area to 766.5 square kilometres.

Summary of Quarterly Results

Revenues and financial results in Canadian dollars for the first quarter of 2014 and for the seven preceding quarters are summarized below. As part of the share consolidation completed in April 2014, the calculation of basic and diluted Net income (loss) per share has been restated to reflect this share consolidation.

Quarter Ended	Accounting Policies	Total Revenue	Net Income (Loss)	Net Income (Loss) per share & per share diluted
March 31, 2014	IFRS	\$ 0	\$ (502,100)	\$ (0.01)
December 31, 2013	IFRS	\$ 169,273	\$ (782,394)	\$ (0.01)
September 30, 2013	IFRS	\$ 473,668	\$ (363,744)	\$ (0.01)
June 30, 2013	IFRS	\$ 523,856	\$ (357,663)	\$ (0.01)
March 31, 2013	IFRS	\$ 364,676	\$ (440,554)	\$ (0.01)
December 31, 2012	IFRS	\$ 875,391	\$ 1,449	\$ 0.00
September 30, 2012	IFRS	\$ 855,813	\$ (495,660)	\$ (0.01)
June 30, 2012	IFRS	\$ 1,902,980	\$ 543,734	\$ 0.01

The results for the Quarter ended March 31, 2014 are discussed under Review of Financial Results on pages 7 to 9 of the MD&A. Revenues prior to the current quarter are primarily from the sales of concentrates. There were no shipments of concentrate nor sales of jewelry during the current quarter. A fall in metal production during the third quarter of 2012, at a time of high gold prices, resulted in a loss being incurred in that quarter. The net income of \$ 1,449 for the fourth quarter 2012 is attributable to the capitalisation of certain production costs totalling \$ 327,000 in the fourth quarter which costs had been included in production costs in the financials to the nine months ended September 30, 2012. The production costs capitalised were in connection with the creation of a number of paste cells in 2012 in preparation for their future utilisation when underground mining at the Omagh mine commences. A further fall in metal production together with weakening gold prices during the first, second, third and fourth quarters of 2013 resulted in significant losses for those quarters.

Liquidity and Financial Position

The Company, which is involved in mining and exploration activities, has currently a limited source of operating revenue as a result of the recent suspension of mining activities and does not anticipate receiving substantial additional revenues until such time as the planned underground mine is in operation. Presently the activities of the Company are financed through equity offerings.

Galantas reported a working capital deficit of \$ 4,468,576 at March 31, 2014 which compared with a deficit of \$ 3,904,304 at December 31, 2013. The Company had cash balances of \$ 59,616 at March 31, 2014 compared with a cash balance of \$ 166,617 at December 31, 2013. Accounts receivable and advances consisting mainly of trade debtors, reclaimable taxes and prepayments amounted to \$ 253,918 at March 31, 2014 compared to \$ 405,124 at December 31, 2013. Inventory at March 31, 2014 amounted to \$ 354,302 compared with an inventory of \$ 338,865 at December 31, 2013. Inventory mainly consists of jewellery products and unworked gold belonging to the jewellery business.

Accounts payable and other liabilities amounted to \$ 1,123,509 at March 31, 2014 compared with \$ 1,217,360 at December 31, 2013. Amounts due to related parties at March 31, 2014 amounted to \$ 4,012,903 compared to \$ 3,597,550 at the end of 2013. The asset retirement obligation at March 31, 2014 amounted to \$ 555,810 compared to \$ 528,810 at December 31, 2013. In addition Galantas has a contingent liability arising from a payment demand from Her Majesty's Revenue and Customs in the amount of \$ 560,806 (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. The Company believes this claim is without merit.

There were no financings during the first quarter of 2014. The Company is reliant on obtaining additional funding to allow it to continue the expanded exploration programme and the further development of its underground mine plans and has been actively seeking additional funding. The relative weakness of the Canadian and UK equity markets for junior mining companies continues and has restricted financing opportunities from this area.

Subsequent to March 31, 2014 Galantas completed a private placement financing for aggregate gross proceeds of approximately UK£ 516,500. Pursuant to the offering, an aggregate of 10,330,000 units were sold at a price of UK£ 0.05/\$ 0.09375 per common share. Each unit comprised of one common share and one common share purchase warrant. Each warrant will entitle the holder to acquire a further common share of the Company at a price of UK£ 0.10 per share for a period two years from the date the subscription was closed. Commissions of \$ 8,126 were paid in connection with the placing.

The funds raised are to be applied to the following purposes:

- The examination and implementation of a cost effective processing route for re-treatment of low grade tailings sands;
- Continued work on cost reduction within a detailed feasibility study and updating resource / reserve assessment at the Omagh property
- Progression of underground planning permits, on which the Company expects substantive progress during the second quarter of 2014.
- Ongoing working capital requirements.

In addition and subsequent to March 31, 2014 an application for a share for debt exchange of 15,125,140 common shares for \$ 756,257 of the Company's debt, as approved by shareholders on 16th January 2014, was made to the TSX Venture Exchange.

Arising from its current commitments, the Company will continue in its efforts to raise equity capital in amounts sufficient to fund both exploration and the development of the underground mine, its ongoing operating expenses commitments in addition to its working capital requirements. There is however, no assurance that the Company will be successful in its efforts, in which case, the Company may not be able to meet its obligations.

The consolidated financial statements have been prepared on a going concern basis as discussed in Note 1 of the March 31, 2014 consolidated financial statements. The Company's ongoing viability is dependent on obtaining planning consent for the development of an underground mine at Omagh and securing sufficient financing to fund ongoing operational activity and the development of the underground mine.

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 into the following transactions with related parties:

Director fees accrued for the three months ended March 31, 2014 amounted to \$ 5,000 (\$ 5,000 for the three months ended March 31, 2013). Stock based compensation for these directors for the three months ended March 31, 2013 amounted to \$ Nil (three months ended March 31, 2013 - \$ 3,852).

Remuneration accrued for the President and CEO totalled \$ 91,280 (UK£ 50,000) for the three months ended March 31, 2014 (\$ 78,205 (UK£ 50,000) for the three months ended March 31, 2013). Stock based compensation for the President and CEO totalled \$ Nil for the three months ended March 31, 2014 (\$ 3,082 for the three months ended March 31, 2013).

Remuneration of the CFO totalled \$ 18,518 for the three months ended March 31, 2014 (\$ 16,300 for the three months ended March 31, 2013). Stock based compensation for the CFO totalled \$ Nil for the three months ended March 31, 2014 (\$ 771 for the three months ended March 31, 2013).

At March 31, 2014 G&F Phelps Limited, a company controlled by a director of the Company, had amalgamated loans to Galantas of \$ 2,237,896 (UK£ 1,214,268) (December 31, 2013 \$ 2,017,000 (UK £ 1,144,268)) bearing interest at 2% above UK base rates, repayable on demand and secured by a mortgage debenture on all the Company's assets. The interest charged on the loan for the three months ended March 31, 2014 amounted to \$ 13,592 (UK£ 7,445) (three months ended March 31, 2013 \$ 9,788 (UK£ 6,258)). Interest accrued on related party loans is included under due to related parties. As at March 31, 2014, the interest accrued amounted to \$ 180,113 (UK£ 97,728) (December 31, 2013 - \$ 159,144 (UK£ 90,284)). During the year ended December 31, 2013, G&F Phelps acquired a container from the Company for \$ 2,057 (UK£ 1,300) which has been offset against the G&F Phelps loan.

As at March 31, 2014 due to directors for fees totalled \$ 32,750 (December 31, 2013 \$ 27,750) and due to key management, mainly for salaries and benefits accrued at March 31, 2014, amounted to \$ 1,562,144 (UK£ 847,609) (December 31, 2013 - \$ 1,393,656 (UK£ 790,637)) and are included with due to related parties.

Subsequent to March 31, 2014 Galantas completed a private placement financing for aggregate gross proceeds of approximately UK£ 516,500. Pursuant to the offering, an aggregate of 10,330,000 units were sold at a price of UK£ 0.05/\$ 0.09375 per common share. Kenglo subscribed for 5,000,000 units for a sum of £250,000. Post the closing of the transaction and the proposed share for debt exchange detailed below, the Company is advised that Kenglo will hold 13,222,068 shares and 5,000,000 warrants in Galantas representing 20.9% of the enlarged Galantas issued share capital, on a diluted basis.

As of March 31, 2014 and subsequent to share consolidation Roland Phelps, Chief Executive Officer and director, owned, directly and indirectly, 7,107,796 common shares or approximately 13.9% of the outstanding common shares. Lionel J. Gunter, Executive Chairman and director of the Company, owned 3,393,098 common shares or approximately 6.5% of the outstanding common shares. Excluding the Kenglo One Limited shareholdings discussed below, the remaining shares are widely held, which includes various small holdings which are owned by the other directors of the Company.

Subsequent to March 31, 2014 Galantas completed a private placement financing for aggregate gross proceeds of approximately UK£ 516,500. Pursuant to the offering, an aggregate of 10,330,000 units were

sold at a price of UK£ 0.05/\$ 0.09375 per common share. Kenglo, a related party, subscribed for 5,000,000 units for a sum of £250,000. Post the closing of the transaction and the proposed share for debt exchange detailed below, the Company is advised that Kenglo will hold 13,222,068 shares and 5,000,000 warrants in Galantas representing 20.9% of the enlarged Galantas issued share capital, on a diluted basis. These holdings can change at any time at the discretion of the owner.

Subsequent to March 31, 2014, and following the share consolidation and completion of the private placement, an application for a shares for debt exchange, as approved by shareholders on 16th January 2014, was made to the TSX Venture Exchange. Roland Phelps (President & Chief Executive) has agreed to exchange a loan of UK £718,256 for 14,365,120 new common shares and Leo O'Shaughnessy (Chief Financial Officer) has agreed to exchange a loan of UK £16,025 for 320,500 new common shares. Following the proposed debt exchange and the placing, Mr. Phelps and Mr. O'Shaughnessy will hold 24.7 per cent and 0.4 per cent of the Galantas enlarged issued share capital respectively.

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

Proposed Transactions

The Company presently has no planned or proposed business or asset acquisitions.

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 recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. 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 exploration and evaluation assets incurred on the Omagh underground mine is dependent upon the ability to obtain planning permission and secure sufficient funding for the development of the underground mine. Drilling has now been suspended, pending the availability of cash for future exploration. The Omagh underground mine and the open pit mine are considered as one Cash generating unit ("CGU") and were tested for impairment at December 31, 2013. No impairment was noted and management is exploring opportunities to secure financing in anticipation of approval of planning permission;
- 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;

- Share-based payments – management is required to make a number of estimates when determining the compensation expense resulting from share-based transactions, including the forfeiture rate and expected life of the instruments;
- 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 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

- 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 annual audited consolidated financial statements;
- 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.

Accounting Policies including Initial Adoption

The Company applies IFRS as issued by the IASB and interpretations issued by the IFRIC. The accounting policies and methods of computation followed in Cadillac's consolidated financial statements are set out in detail on Note 4 of the December 31, 2013 consolidated financial statements. The relevant changes in accounting policies applicable to the current period are set out below.

Changes in Accounting Policies

Certain pronouncements were issued by the International Accounting Standards Board or International Financial Reporting Interpretations Committee that are mandatory for accounting periods beginning January 1, 2014. The following new standards have been adopted.

IAS 32 –Financial Instruments Presentation

IAS 32 - Financial Instruments, Presentation was effective for annual periods beginning on or after January 1, 2014. IAS 32 was amended to clarify that the right of offset must be available on the current date and cannot be contingent on a future date. At January 1, 2013 the Company adopted this pronouncement and there was no impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements

IFRS 9 - Financial instruments - classification and measurement

IFRS 9 – Financial instruments was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective for annual periods on or after January 1, 2018. Early adoption is permitted. The Company is in the process of assessing the impact of this pronouncement.

Financial Instruments and Related Risks

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. The Company does not have derivative financial instruments.

(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 a March 31, 2014, the Company had a working capital deficit of \$ 4,468,576. 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. The Company is seeking additional capital to meet its current and ongoing commitments. As at March 31, 2014, the Company was cash flow negative. The Company's ongoing viability is dependent on obtaining planning consent for the

development of an underground mine at Omagh and securing sufficient financing to fund ongoing operational activity and the development of the underground mine.

Subsequent to March 31, 2014 Galantas completed a private placement financing for aggregate gross proceeds of approximately UK£ 516,500. Pursuant to the offering, an aggregate of 10,330,000 units were sold at a price of UK£ 0.05/\$ 0.09375 per common share.

A special meeting of shareholders took place in January 2014 which approved the implementation of a share consolidation together with an exchange of shares for debt. Subsequent to March 31, 2014 the share consolidation was effected and an application for a shares for debt exchange of 15,125,140 common shares for \$ 756,257 of the Company's debt was made to the TSX Venture Exchange.

(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 and equity prices.

(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 and significant interest-bearing debt due to related parties. The Company is exposed to interest rate risk on certain related party loans which bear interest at variable rates.

(b) Foreign currency risk

Certain of the Company's expenses are incurred in UK£ which is the currency of Northern Ireland and the United Kingdom while the Company's 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.

(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 are subject to interest rate risk. As at March 31, 2014, if interest rates had decreased/increased by 1% with all other variables held constant, the net loss on an annualized basis would have been approximately \$ 20,000 lower/higher respectively, as a result of lower/higher interest rates from certain related party loans. Similarly, as at March 31, 2014, shareholders' equity would have been approximately \$ 20,000 higher/lower as a result of a 1% decrease/increase in interest rates from certain related party loans.

(ii) The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable and advances, long-term deposit, accounts payable and other liabilities and due to related parties that are denominated in UK£. As at March 31, 2014, had the UK£ weakened/strengthened by 5% against the CAD with all other variables held constant, the Company's other consolidated comprehensive income for the year ended December 31, 2013 would have been approximately \$ 200,000 higher/lower as a result of foreign exchange losses/gains on translation of non-CAD denominated financial instruments. Similarly, as at March 31, 2014, shareholders' equity would have been approximately \$ 200,000 lower/higher 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. Net income would be impacted by changes in average realized gold prices. Sensitivity to a plus or a minus 10% change in average realized gold prices on the inventories would affect net loss/income and shareholders' equity by approximately \$ 30,000.

Capital 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 at March 31, 2014 totaled \$ 7,959,751 (December 31, 2013 - \$ 8,010,092). 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 quarter ended March 31, 2014. The Company is not subject to any capital requirements imposed by a lending institution.

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 unaudited condensed interim 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.

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, 2014 and March 31, 2013 are detailed below:

Expense Account	Quarter Ended March 31, 2014 \$	Quarter Ended March 31, 2013 \$
Management & administrative wages	138,033	125,648
Other operating expenses	36,904	70,378
Accounting & corporate	14,627	10,730
Legal & audit	28,942	26,913
Stock-based compensation	0	13,090
Shareholder communication and investor relations	25,604	29,750
Transfer agent	3,076	2,017
Directors fees	5,000	5,000
General office	2,322	2,113
Accretion expenses	2,883	-
Loan interest and bank charges	14,790	11,420
Total	\$ 272,181	\$ 297,059

General administrative expenses for the quarter ended March 31, 2014, totalled \$ 272,181 compared to \$ 297,059 for the quarter ended March 31, 2013.

Management and administrative wages, the majority of which are incurred in UK£, include payroll costs of both Galantas corporate and the Omagh mine which totalled \$ 138,033 for the quarter ended March 31, 2014 compared to \$ 125,648 for the corresponding quarter of 2013. Costs in UK£ were unchanged during both quarters but a weaker Canadian dollar exchange rate during the quarter resulted in higher management and administrative wages when expressed in Canadian dollars. Other operating expenses, the majority of which are also incurred in UK£, and include amongst others professional fees, insurance costs,

training, health and safety, travel at the Omagh mine together with the ongoing expenses of the Company's jewellery business amounted to \$ 36,904 for the quarter ended March 31, 2014 compared to \$ 70,378 for the corresponding period of 2013. Other operating costs were lower in the first quarter of 2014 following the suspension of production during the fourth quarter of 2013. Accounting and corporate costs for the quarter amounted to \$ 14,627 compared to \$ 10,730 for the corresponding period of 2013. The lower level of costs in the first quarter of 2013 was mainly due to the reversal of a prior period accounting cost overprovision in 2013. Legal and audit costs totalled \$ 28,942 for the quarter compared to \$ 26,913 for the first quarter of 2013. Legal costs for the first quarter amounted to \$ 14,365 which compared with \$ 6,951 for the first quarter of 2013. The higher level of legal fees in the current quarter was due to increased legal costs of a corporate nature both at the Omagh mine and Galantas Gold Corporation. Audit fees for the first quarter amounted to \$ 14,577 compared to \$ 19,962 for the first quarter of 2013. The lower fees for the first quarter of 2014 reflect the reversal of a prior period audit fee overprovision in the first quarter of 2014 together with an overall reduction in audit fees.

Stock based compensation costs for the first quarter of 2014 amounted to \$ Nil compared to \$ 13,090 for the corresponding period of 2013. Stock based compensation costs were \$ Nil in first quarter of 2014 due to all options being fully vested at the beginning of the current quarter when compared to 2013.

Shareholder communication costs amounted to \$ 25,604 for the first quarter of 2014 compared to \$ 29,750 for the corresponding period of 2013. Shareholder communication costs include investor relations, shareholders information, filing fees and listing fees. Shareholder communications costs were lower in the first quarter of 2014 mainly due to reduced investor relations costs which reductions were partially offset by increased filing and listing fees in the first quarter. Transfer agents fees for the first quarter of 2014 amounted to \$ 3,076 compared to \$ 2,017 incurred in the corresponding period of 2013. The increase in fees was due to costs incurred in connection with the special shareholders meeting held in January 2014. Directors' fees for the first quarter of 2014 totalled \$ 5,000 compared to \$ 5,000 for the corresponding quarter of 2013. General office expenses for the first quarter of 2014 amounted to \$ 2,322 compared to \$ 2,113 for 2013.

Accretion expenses for the first quarter of 2014 amounted to \$ 2,883 which compared to \$ Nil for the corresponding period of 2013. The accretion charge relates to the Company's decommissioning liability. Loan interest and charges for the first quarter of 2014 amounted to \$ 14,790 compared to \$ 11,420 for the quarter ended March 31, 2013. The higher level of loan interest reflected the increased level of borrowings in 2014.

This has resulted in General administrative expenses totalling \$ 272,181 and \$ 297,059 for the respective quarters.

Disclosure of Outstanding Share Data

The Company is authorized to issue in series an unlimited number of common and preference shares. At May 22, 2014, and following the share consolidation, the proposed shares for debt exchange and the private placement, there were a total of 61,572,016 shares issued, warrants to purchase 10,330,000 common shares with an expiry date of May 2016 and 940,000 stock options with expiry dates from November 2015 to September 2016.

Events after the Reporting Period

(i) On April 8, 2014, the Company announced that the Board is seeking regulatory approval of documents relating to the consolidation of the Company's issued and outstanding share capital, exchange of shares for debt and the private placement of shares.

The TSX Venture Exchange has approved the consolidation and effective at opening on the TSX Venture Exchange and AIM on April 14, 2014, the existing issued share capital was cancelled and replaced by the new common shares in consolidated form on the basis of one post-consolidated common shares for five pre-consolidated common shares.

(ii) On May 8, 2014, the Company announced the completion of the private placement of 10,330,000 units at UK£ 0.05 per unit for gross proceeds of UK£ 516,500. Each unit is comprised of one new ordinary share and one warrant. Each warrant will entitle the holder to purchase one further new ordinary share at UK£ 0.10 per share for a period of two years from the date on which the subscription is closed. The new ordinary shares issued pursuant to the placement are subject to a four month hold period. Commissions of \$ 8,156 were paid in connection with the placement. Final documentation in respect of the placement has been submitted to the TSX Venture Exchange.

Kenglo has subscribed for 5,000,000 units for a sum of £250,000. Post the closing of the transaction and the share for debt exchange detailed below, the Company is advised that Kenglo will hold 13,222,068 shares and 5,000,000 warrants in Galantas representing 20.9% of the enlarged Galantas issued share capital, on a diluted basis. As a result, Kenglo is deemed to be a related party of Galantas by virtue of being a substantial shareholder in the Company (as defined in the AIM Rules for Companies). As a consequence, the directors consider, having consulted with their nominated adviser, Charles Stanley Securities, that the terms of the subscription by Kenglo, are fair and reasonable insofar as shareholders are of concerned.

An application for a shares for debt exchange, as approved by shareholders on January 16, 2014, is being made to the TSX Venture Exchange. As announced previously, Roland Phelps (President & CEO) has agreed to exchange a loan of UK£ 716,256 for 14,365,120 new ordinary shares. Leo O'Shaughnessy (Chief Financial Officer) has agreed to exchange a loan of €16,025 for 320,500 new ordinary shares. Amounts due to certain other third party creditors have also agreed to settlement of amounts owed totalling UK£ 21,976, through the issue of 439,520 new ordinary shares. Following the Debt Exchange and the Placement, Mr. Phelps and Mr. O'Shaughnessy will hold 24.7% and 0.4% of the Galantas enlarged issued share capital respectively. No warrants will be attached to the new ordinary shares issued in relation to any of the Debt Exchange. This debt exchange remains subject to the final approval of the TSX Venture Exchange.

Subject to TSX Venture Exchange approval of the transactions, application has been made for the 10,330,000 common shares, subject to the Placement, and 15,125,140 common shares, subject to the Debt Exchange, to trading on AIM and admission is expected during May 2014.

Trends Affecting the Company's Business

Gold Price in US Dollars and UK Sterling

The Gold concentrate output from the Omagh Mine, which also contains silver and lead credits, is sold in US dollars. Most of the value is accrued from the gold content. The following table is composed from data published by the Bank of England of average monthly gold price in US\$ and UK £ (Sterling) per troy ounce. During the first quarter of 2014 there was a strengthening trend in the gold price which appears to have flattened out since the end of the quarter. The average gold price for the first quarter of 2014 was USD\$ 1,294 / UK£ 782 which was well below prices for the first quarter of 2013 which averaged US\$ 1,630 / UK£ 1,052.

MONTH	Gold Price US \$ per oz	Gold Price UK£ per oz	Quarterly Average US\$	Quarterly Average UK£
JANUARY 2014	1244.80	755.98		
FEBRUARY 2014	1300.98	785.45		
MARCH 2014	1336.08	803.81	1293.95	781.74

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

The US Dollar / UK£ Sterling Currency Exchange Rate

The following table is drawn from Bank of England data that gives the monthly average spot exchange rate of US \$ to UK£ Sterling. 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£. Thus a stronger US\$ weaker UK£ is to the Company's financial benefit. The US\$ weakened against UK£ during the quarter, continuing a trend evident since March 2013. This trend has continued beyond the first quarter of 2014. The US\$ averaged 1.66 against the UK£ during the first quarter of 2014 compared to US\$ 1.55 during the first quarter of 2013.

MONTH	Average US \$:£	Quarterly Average US\$:£
JANUARY 2014	1.65	
FEBRUARY 2014	1.66	
MARCH 2014	1.66	1.66

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.

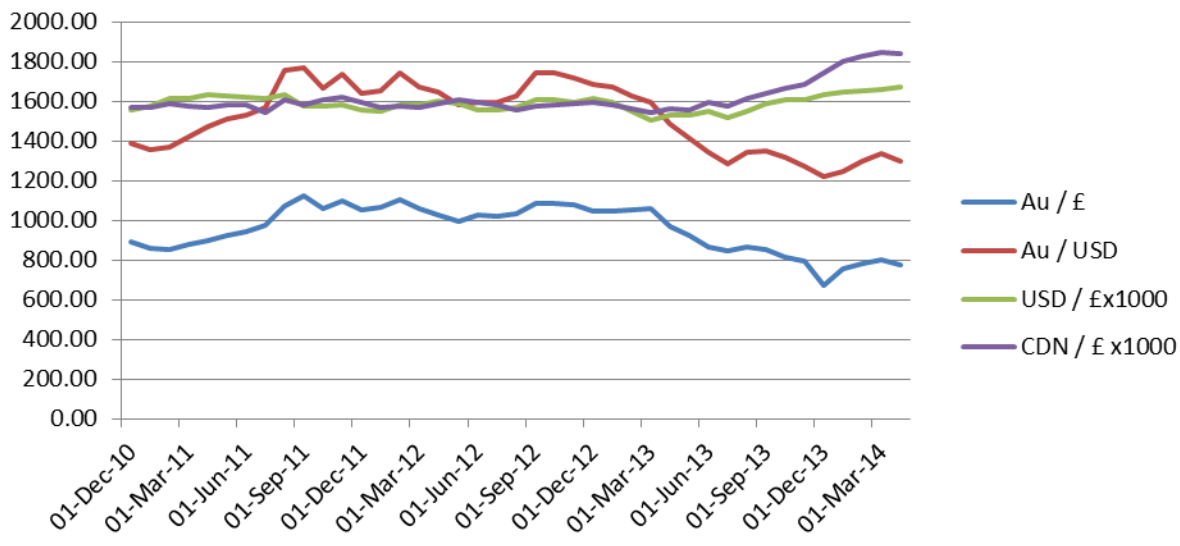
The Canadian Dollar / UK£ Sterling Currency Exchange Rate.

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 of the Canadian dollar also increases the value of UK£ based net assets which are converted at period end rates, when expressed in Canadian dollars.

The Canadian Dollar has weakened further against UK Sterling during the first quarter of 2014, continuing a trend established in early 2013. The Canadian Dollar averaged 1.83 against the UK£ during the first quarter of 2014 compared to US\$ 1.56 during the first quarter of 2013.

MONTH	Average Can\$:£	Quarterly Average Can\$:£
JANUARY 2014	1.80	
FEBRUARY 2014	1.83	
MARCH 2014	1.85	1.83

Trends for Gold Price in USD & UK£ with USD/£ & CDN/£ currency pairs



Financing Trends

Difficulties in the Western credit markets have impacted on all companies entering into banking credit arrangements. However, the Company has entered into scoping discussions with banking lenders and other institutions as to the availability of suitable finance in regard to underground mine development.

The relative weakness of the Canadian and UK equity markets for junior mining companies continues and although the Company has met with some success, the malaise in this market sector has restricted financing opportunities.

Political Trends

In Northern Ireland, the widely acknowledged political agreement has 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 appears to be a growing appreciation of the employment opportunities within the Company's operations. This has been strengthened by continued dialogue with political representatives at local and senior level.

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, 2013, available on SEDAR at www.sedar.com. There have been no significant changes to such risk factors since the date thereof.

