GALANTAS GOLD CORPORATION

Management's Discussion and Analysis

Three and six Months Ended

June 30, 2022

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Introduction

This Management Discussion and Analysis ("MD&A"), dated August 26, 2022 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 and six months ended June 30, 2022. 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 June 30, 2022. This MD&A should be read in conjunction with the unaudited consolidated financial statements of the Company for the three and six months ended June 30, 2022 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 June 30, 2022 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 meet its working capital needs at the current level for the year ending June 30, 2023.	The operating and exploration activities of the Company for the year ending June 30, 2023 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 June 30, 2022.	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 August 26, 2022.

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:

- With the additional funding, 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, Joshua and nearby known veins so as to expand resources and increase gold production in stages;
- Explore the Company's prospecting licences, focusing on the more than 60 gold targets identified to date; these targets are the subject of further evaluation to rank and prioritise the more prospective targets.

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 block off production stopes.

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 was 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).

During the second quarter of 2021, Galantas closed a Private Placement of C$8M to increase gold production and accelerate exploration expansion. The company appointed a new CEO, Mario Stifano and COO, Brendan Morris, both of whom have extensive experience in the mining industry. Galantas also announced the commencement of a new Exploration Drilling programme comprising 4,000 metres of diamond drilling proximal to the mine site.

Mineral 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).

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 2020.

Galantas announced the commencement of a new Exploration Drilling programme comprising 4,000 metres of diamond drilling within the mine site in July 2021. The main aims of the programme were to upgrade the current resource and to target potential dilation zones. Drilling from surface focussed on the Joshua Vein; in September a second rig was brought to site to begin underground drilling of the Kearney Vein system. The surface programme concluded in November, underground exploration drilling is still in progress. The results from initial holes completed before the end of 2021 are summarised in the Table below and include significant intersections on both the Kearney and Joshua Veins e.g. 26.7 grams per tonne (g/t) gold (Au), 88.2 g/t silver (Ag) and 3.5% lead (Pb) over 2.9 metres of core (Kearney, November 24, 2021 release) and 10.1 g/t Au, 93.5 g/t Ag and 3.4% Pb over 6.5 m core (Joshua, December 13, 2021 release).

Hole ID	Vein Target	Intersect (m) (downhole)	Est. true width (m)	Intersect vertical depth (m)	Gold (g/t)	Silver (g/t)	Lead (%)	Core loss (%)
FR-DD-21-UG-172	Kearney	1.6	0.5	117	4.1	17.9	0.9	1.9
and		2.8	1.0	121	10.4	50.5	2.4	8
FR-DD-21-171	Joshua	0.5	0.3	35	4	10.3	0.6	0
and		6.5	4.3	73	10.1	93.5	3.4	12
FR-DD-21-UG-170	Kearney	2.9	1.6	134	26.7	88.2	3.5	0
including		0.9	0.5		79.5	281.4	10.6	
and		1.8	1.0	152	5.8	14.2	0.2	0
FR-DD-21-169	Joshua - No significant mineralization							
FR-DD-21-UG-168	Kearney	2.5	1.2	136.5	17.7	50.9	4.6	8.7
including		0.8	0.4		30.5	60.8	4.4	11.4
and		1.5	0.7	176.3	10.8	23.6	3.3	0
FR-DD-21-167	Joshua - No significant mineralization							
FR-DD-21-166	Joshua	0.9	0.6	88	5.3	35.5	0	0
FR-DD-21-165	Joshua	1.1	0.3	104	2.4	6.2	0	0
and		0.9	0.3	107	1.4	13.2	0	0
FR-DD-21-164	Joshua	2.7	1.8	38	7.7	24.3	0.6	3.8

Summary of drill results reported before the end of 2021

Further information is detailed in the Exploration Section.

<u>Mining Project</u>

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).

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.

On January 10, 2022, the Company provided a corporate update on development progress and production guidance for the operating mine.

2021 Project Highlights:

- A total of 2,200 metres of underground mine development have been completed to date, with rehabilitation of early mine workings ongoing.
- Upgrading work on mine electrical reticulation commenced in 2021. Additional fans and pumps have arrived on site and are being installed.
- Refurbishment and procurement of major equipment is now complete.

- Development of a secondary egress has commenced.
- The process plant is being prepared for installation of new equipment.
- Laboratory testing equipment has been procured, with partial commissioning completed in 2021.
- Key operational team members have been recruited to fill safety, mining, milling, and technical services roles. Key positions of the operational management team are now in place with ongoing recruitment of mining and processing employees to meet operational targets.
- Underground drilling at the Kearney Vein and surface drilling at the Joshua Vein have commenced for resource expansion and mine planning.
- The Company engaged JDS Energy & Mining Inc. for mine planning.

On April 27, 2022, Galantas provided an update on the Company's progress to commence production at the Omagh Project in Northern Ireland.

The Company has made significant progress in rehabilitating the underground workings, refurbishing and acquiring critical mining equipment, and installation of electrical, water and ventilation systems.

As Galantas has faced a tight labour market for experienced underground miners, the Company has focused on hiring and training local trainee miners. The UK government has now granted Galantas a Visa Licence, which will allow the Company to recruit eligible people who satisfy the labour entry requirements from outside the UK and Ireland.

The Company has delayed completion of the secondary egress and installation of the manway, which is a prerequisite for the start of production, to mid-May 2022 to enable safe rehabilitation of the ramp access and ore headings at the 1048 level. The Company has now resolved these geotechnical matters and hired an experienced contract driller to assist with the start-up of production, and expects to recommence development drilling and blasting in the first half of May. The Company now expects to begin production stoping mid to late June.

By July, the secondary egress raise was completed and commissioned and the first stope was opened and subsequently backfilled in Block 1 between the 1060 and 1072 levels. A second stoping block is now also being mined between 1072 and 1084 levels on the north end.The ramp below 1048 level has been restarted and will be driven to the 1036 level and then to lower levels,

Development drives on 1048 and 1060 levels are being mined on parallel lenses along strike. The company is currently evaluating options with a contractor to expedite the development to the Joshua vein to enable increased production from multiple working areas, which will bring significant benefit in late 2023 and onwards.

Training of local recruits in the mine continues with experienced trainers providing practical and classroom customised training, which is accredited through the Minerals Products Qualification Council (MPQC).

Mario Stifano, CEO of Galantas, commented: "Our team has made significant progress to recommence production at Galantas. The decision to delay the completion of the secondary egress prior to commencement of production by approximately six weeks is part of our commitment to best mining and operational practices for the long-term success of the Omagh Project and mining in Northern Ireland. Initial production is expected at 4,500 to 5,500 ounces for the balance of the year from mine sequencing and production commencement during the month of June. The Company is working with experienced mining contractor QME to develop engineering plans to accelerate development to the Joshua Vein by 12 months, which will enable Galantas to mine from multiple headings and veins to provide greater operational flexibility with an expected positive impact on 2023 production while also providing drilling platforms to drill both Joshua and Kearney veins from underground."

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. There is not currently any gold being sold to TJH from the mine.

Management and Staff

Overall management is exercised by one Executive Director, the Chief Executive Officer, along with two senior officers, the Chief Financial Officer, and the Chief Operating Officer, who is in charge of day to day operations in Omagh where the mine, plant, exploration and administration employ 52 personnel as of August 26, 2022.

Key Performance Driver

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

Overview of Quarter 2, 2022

Galantas incurred a net loss of $ 1,580,168 for the quarter ended June 30, 2022 compared with a net loss of $ 2,888,568 for the quarter ended June 30, 2021. The main reasons for the difference between the quarters was a decrease in the financing costs and a decrease in the value attributed to the stock based compensation during the year.

The Company had cash balances on June 30, 2022 of $ 903,435 compared to $ 1,069,751 on December 31, 2021. The working capital deficit on June 30, 2022 amounted to $ 3,687,844 which compared with a working capital deficit of $ 1,095,882 on December 31, 2021.

During the second quarter of 2021 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.

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 retired as Galantas’ President and Chief Executive Officer and as a member of the Board of Directors. His role as CEO was 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 also joined the Board of Directors.

The existing Offtake Agreement with Ocean Partners was 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 the former CEO, Mr. Roland Phelps.

An application was filed and accepted for admittance of 26,704,931 additional shares to AIM (“Admission”) in May 2021. Following Admission, Galantas Gold Corporation's issued and outstanding Common Shares totalled 73,270,468.

An amount of 1,413,333 warrants were exercised during Q2 and Q3 which brought the Galantas Gold Corporation's issued and outstanding Common Shares at December 31, 2021 to 74,683,801.

Further exercise of warrants totalling 7,838,000 occurred during Q1 2022 which brought the Galantas Gold Corporation's issued and outstanding Common Shares at March 31, 2022 to 82,521,801.

Further exercise of warrants totalling 3,848,333 occurred during Q2 2022 which brought the Galantas Gold Corporation's issued and outstanding Common Shares at June 30, 2022 to 86,370,134.

Review of Financial Results

Quarter Ended June 30, 2022

The net loss for the quarter ended June 30, 2022 amounted to $ 1,580,168 compared to a net loss of $ 2,888,568 for the quarter ended June 30, 2021 as summarized below.

	Quarter Ended June 30, 2022 $	Quarter Ended June 30, 2021 $
Revenues	**0**	**0**
Production related costs	(66,995)	(61,333)
Inventory movement	0	0
Cost and expenses of operations	**(66,995)**	**(61,333)**
(Loss) Income before the undernoted	**(66,995)**	**(61,333)**
Depreciation	(148,336)	(87,088)
General administrative expenses	(1,412,941)	(2,719,055)
Foreign exchange (loss)	(48,104)	(21,092)
Net (Loss) for the Quarter	**$ (1,580,168)**	**$ (2,888,568)**

Sales revenues for the year ended June 30, 2022 amounted to $ Nil compared to revenues of $Nil for quarter ended June 30, 2021 as sales revenues continue to be capitalised. For Q2 2022, concentrate sales provisional revenues totalled US$ Nil compared to US $ 218,000 for Q2 2021. 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 $ 66,995 for the quarter ended June 30, 2022 compared to $ 61,333 for the quarter ended June 30, 2021. Production related costs for the quarter ended June 30, 2022 amounted to $ 66,995 compared to $ 61,333 for the quarter ended June 30, 2021 and were incurred mainly in connection with ongoing care, maintenance and restoration costs at the mine site. There was no inventory movement for either the quarter ended June 30, 2022 or June 30, 2021.

This has resulted in a net operating loss of $ 66,995 before depreciation, general administrative expenses and foreign exchange loss for quarter ended June 30, 2022 compared to net operating loss of $ 61,333 for the quarter ended June 30, 2021.

Depreciation of property, plant and equipment excluding mine development assets during the quarter ended June 30, 2022 totalled $ 148,336 which compared with $ 87,088 for the quarter ended June 30, 2021. The increase results from the purchase of additional mobile mining equipment in 2021 in preparation for the commencement of stoping in 2022. 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 June 30, 2022 amounted to $ 1,412,941 compared to $ 2,719,055 for the quarter ended June 30, 2021. General administrative expenses are reviewed in more detail in Other MD&A Requirements on pages 31 to 32 of the MD&A.

There was a foreign exchange loss of $ 48,104 for quarter ended June 30, 2022 which compared with a foreign exchange loss of $ 21,092 for the quarter ended June 30, 2021.

This has resulted in a net loss of $ 1,580,168 for the quarter ended June 30, 2022 compared to a net loss of $ 2,888,568 for the quarter ended June 30, 2021. The cash outflow from operating activities before changes in non-cash working capital items, amounted to $ 1,738,055 for the six months ended June 30, 2022 compared to a cash outflow of $ 495,157 for the corresponding period of 2021.

Exchange differences on translating foreign operations, which is included in Consolidated Statements of Comprehensive Loss resulted in a loss of $ 1,218,739 for the quarter ended June 30, 2022 which compared to a loss of $ 198,369 for the quarter ended June 30, 2021. This resulted in a total comprehensive loss of $ 2,798,907 for the quarter ended June 30, 2022 compared to a total comprehensive loss of $ 3,086,937 for the quarter ended June 30, 2021. The foreign currency translation loss during Q2 arose as a result of the net assets of the Company's UK subsidiaries, the majority of which are denominated in British Pound GBP(GPB), being translated to Canadian dollars at period end exchange rates. The Canadian dollar exchange rate strengthened against GBP during Q2 2022 and this has resulted in a decrease in the Canadian dollar value of these net assets at June 30, 2022 resulting in the foreign currency translation loss for Q2 2022.

Total assets on June 30, 2022 amounted to $ 32,439,104 compared to $ 30,235,453 on December 31, 2021. Cash on June 30, 2022 was $ 903,435 compared to $ 1,069,751 on December 31, 2021. Accounts receivable consisting mainly of trade debtors, reclaimable taxes and prepayments amounted to $ 412,521 on June 30, 2022 compared to $ 1,279,935 on December 31, 2021. Concentrate inventories amounted to $ 72,856 on June 30, 2022 compared with $ 108,788 on December 31, 2021.

Property, plant, and equipment totalled $ 28,490,156 compared to $ 25,688,836 on December 31, 2021. Exploration and evaluation assets totalled $ 2,090,096 on March 31, 2022 compared to $ 1,574,183 on December 31, 2021. Long term deposit on June 30, 2022, representing funds held in trust in connection with the Company's asset retirement obligations, amounted to $ 470,040 compared to $ 513,960 on December 31, 2021.

Current liabilities on June 30, 2022 amounted to $ 3,362,962 compared to $ 3,013,999 on December 31, 2021. The working capital deficit on June 30, 2022 amounted to $ 3,687,844 compared to a working capital deficit of $ 1,095,882 on December 31, 2021. Accounts payable and other liabilities totalled $ 3,362,962 compared to $ 3,013,99 on December 31, 2021. Amounts due to related parties on June 30, 2022 amounted to $ 1,377,697 compared to $ 124,317 on December 31, 2021 as set out on Note 15 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 $ 476,762 (GBP 304,290) in connection with an aggregate levy arising from the removal of waste rock from the mine site during 2008 and early 2009. Omagh 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 $ 4,108,000 on June 30, 2022 compared to $ 4,247,488 on December 31, 2021. The decommissioning liability on June 30, 2022 amounted to $ 544,259 compared to $ 600,525 on December 31, 2021.

Capital and Reserves totalled $ 19,960,122 compared to $ 19,388,708 on December 31, 2021.

Review of Operations

2021 Financing Activities

The Company had sought strategic alternatives to its current ownership structure which included 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 is 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 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 joined the Board of Directors. Mr. Eric Sprott and Mr. Mike Gentile also participated in the Placement on May 26, 2021 and currently hold significant shareholdings of 8,333,333 (10.64%, Eric Sprott) and 5,600,000 (6.75%, Mike Gentile). 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 was filed and accepted for admittance of 26,704,931 additional shares to AIM (“Admission”). Following Admission, Galantas Gold Corporation's issued and outstanding Common Shares was total 73,270,468.

The total number of Common Shares of the Company were 86,562,134 as at the August 26 2022.

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 were agreed in Quarter 1.

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.

The initial objective following the investment in May 2021, was to re-establish the mine to facilitate future production, including priority areas such as.

- the rebuilding of the mining team and rebuilding/acquiring a 'fit for purpose' equipment fleet
- upgrading mining services such as electrical and pumping, suitable for future development
- rehabilitation of working areas to ensure safe mining
- improving safe systems of mining aligned with best practice mining
- successfully completing the period of restricted blasting with the PSNI
- facilitating the underground and surface exploration programme
- upgrade of the surface mineral processing facilities

- facilitating the upgrade of the tailings facility and the restoration programme

As part of the objective, Galantas engaged JDS to assist with a mine plan, ventilation plan and budget. An experienced Safety Manager has been recently employed to ensure that the mine works towards 'best practice' safety standards. Waste development to new ore drives will be a focus area for development mining, while at the same time starting the first production stopes in the upper Kearney zone.

Development has restarted on the Joshua decline and exploration drilling from surface which started in early August, is focused on this area. Underground exploration commenced in late August and drilling was initially focussed on the Kearney zone. In August, the PSNI agreed that the mine can blast on a daily basis with previous restrictions removed. New and refurbished 'used' equipment arrived on site and training on these units is now complete.

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.

	TABLE 1: 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.

TABLE 2: 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 GBP750 / 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 GBP 14.5m (CDN$ 26.6m) and a cash cost of production of GBP 394 per ounce (USD$ 662 at $1.68/GBP). At a gold price of GBP700 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).

Although it will not be possible to provide an updated statement of Mineral Resource and Mine Plan Inventory for this MD&A submission, we anticipate that given the current 4,000m strategic drilling programme, Galantas will be in a position to initiate a revised Mineral Resource and Mine Plan Inventory before year end.

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 in 2019 through a probing and sediment sampling programme. Initial results have helped to build a clearer picture of the location and extent of dilation zones. Follow-up 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). Results from the current 4000 m drilling programme support the theory of dilation zones (see below).

Omagh Minerals Ltd hold three Republic of Ireland licences: 3039, 3040 and 3235, the current six year term will expire in March 2024 and can be renewed after this date if required. In addition, Flintridge Resources Ltd submitted an application for two exploration licences (24th June) in the Republic of Ireland these were previously held by OML (Omagh Minerals Limited, a Galantas subsidiary) but relinquished in August 2020. The Co. Leitrim licences, PLs 3162 and 1469, sit in lithologically and structurally prospective ground south-west of the Lack inlier along the same system of regional faults. The Geoscience Regulation Office (GSRO) issued the prospecting licences over areas 1469 and 3162 to Flintridge Resources Ltd on 28th April 2022.

During the second quarter of 2021 a soil grid was completed over the Garvetagh Hill area of licence OM4 (Northern Ireland). The 63-sample high resolution grid (50m interval) was centred on a historic base metal geochemical anomaly cluster. . In April 2022 deep overburden (pionjar) sampling was carried out over the Garvetagh Hill target, as well as two other target grids within the OM4 licence. The work was contracted out to BRG and completed in Q2. Analyses of the samples is in progress

The Mineral Prospecting Licence for OM1 is due to expire in July 2022, a re-application was submitted to the Department for the Economy (Minerals and Petroleum Branch) in December 2021. A re-assessment of targets in the western half of the Lack Inlier (OM1 licence) was carried out through field mapping and sampling in July. A revision of the main lithological boundaries has been conducted, and a new Member (‘the Cavanacaw Member’ - a sub-category of the Mullaghcarn Formation) has been identified as the host for mineralisation due to its distinctive mechanical properties. This work is on-going and the outcomes will be used to target areas for deep overburden sampling.

Induced Polarization (IP) gradient array surveys and magnetic surveys were completed over two 1km^2 grids close to the mine site in September. The western grid covers an area of Pigeon Top where historic pionjar results show a cluster of gold anomalies; the eastern grid incorporates the known Elkins vein. Both sites lie within the recently constrained ‘Cavanacaw Member’. Results from the surveys were analysed in the fourth quarter. Apparent resistivity IP anomalies aligned north-south occur over both of these near-site targets, the anomalies are likely to represent fault structures in the bedrock (see press release, 1st December 2021).

<u>Drilling Programme</u>

Surface drilling began during the last week in July 2021 following Permitted Development notification to the Council on 22nd June. The surface programme targeted key areas of the Joshua vein to increase resource confidence and test the location of dilation zones. The Permitted Development allowed surface drilling to continue to the 12th November. Over the four month period a total of 1,262 metres were drilled from surface over eight holes. Three holes successfully targeted dilation zones with results of 7.7 g/t gold and 24.3 g/t silver over an estimated true width of 1.8m (2.7 m intersection) in FR-DD-21-164; 10.1 g/t gold and 93.5 g/t silver over 4.3 m (6.5 m intersection) in FR-DD-21-171; and 17.4 g/t gold, 74.6 g/t silver, over 6.9 m (13.1 m intersection) in FR-DD-21-175.

A second rig arrived on site at the end of August and underground drilling from the Kearney development began on the 6th September. The underground drill programme continues to target ‘Inferred’ areas of the Kearney main vein and will also test the continuity and grade of mineralisation running parallel. By the end of the fourth quarter, a total of 866.4 m had been completed from two levels underground. Key results include two intersections on a parallel running zone of mineralisation a few metres west of the main

Kearney vein yielding 17.7 g/t gold, 50.9 g/t silver over an estimated 1.2 m (2.5 m intersection) in FR-DD-21-UG-168, and 26.7 g/t gold, 88.2 g/t silver over 1.6m (2.9 m intersection) in FR-DD-21-UG-170. Intersections on the 'B' and 'C' Kearney lenses were also recorded in the fourth quarter, with results of 73.6 g/t gold and 93.4 g/t silver over an estimated 1.3 m (2.2 m intersection), and 23.8 g/t gold and 16.8 g/t silver over an estimated 1.5 m (2.9 m intersection), respectively.

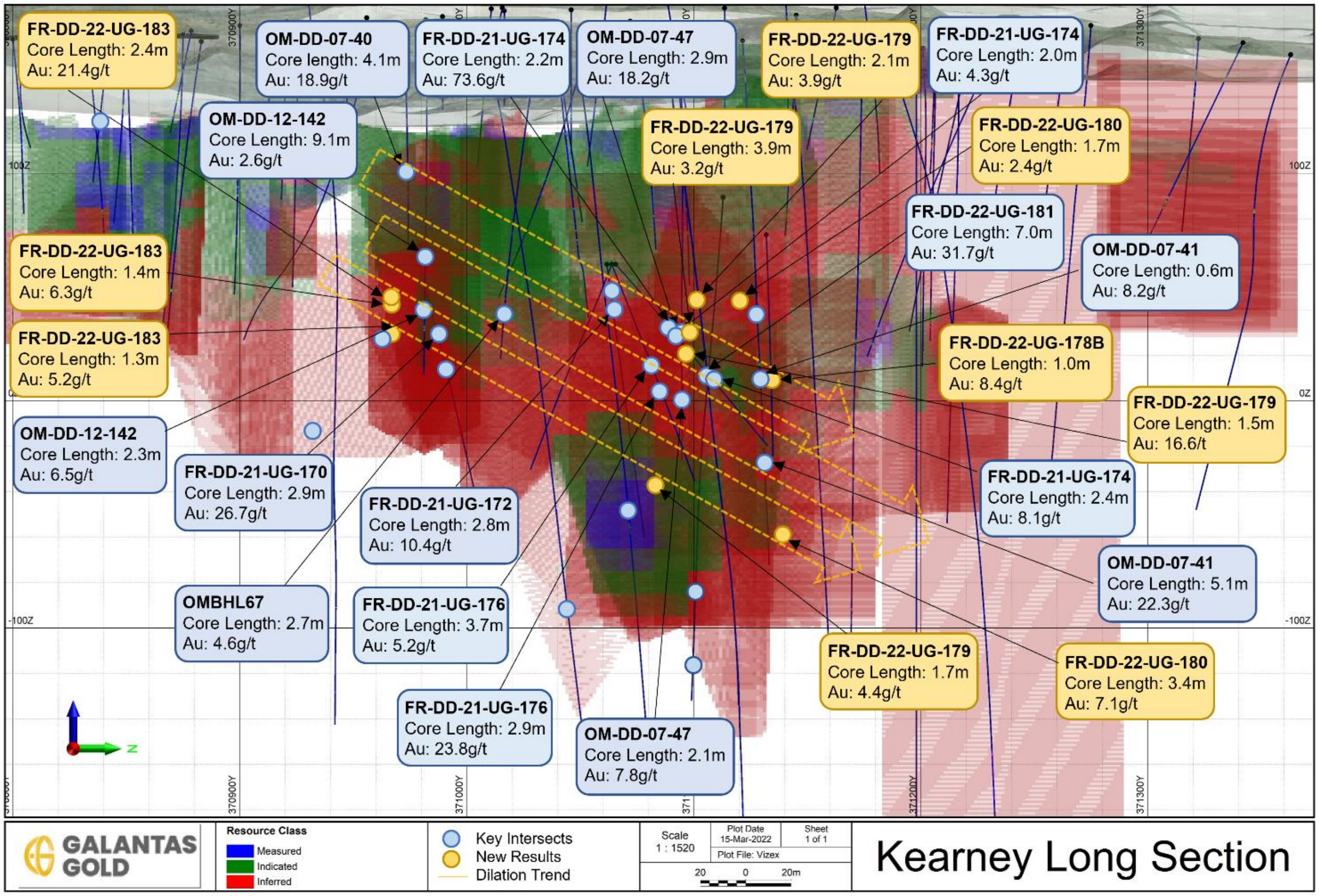
Further results of the on-going 4000m drill programme were published on 31st January,21st March and 16th May 2022 (see press releases). A total of 3,548m of drilling had been carried out by the end of the second quarter 2022.

The first quarter finished with the publication of results for three further drill holes which intersected dilation zones (see Figure below and press release 21st March 2022). Specifically, Hole FR-DD-22-UG-181 yielded 31.7 g/t gold and 58.5 g/t silver over 3.3 m (7 m intersection) at the main Kearney Vein including 106.3 g/t gold and 111 g/t silver over 0.5 m (1 m intersection). FR-DD-21-UG-174 intersected 73.6 g/t gold and 93.4 g/t silver over 1.3 m (2.2 m intersection) on a parallel-running vein known as the 'B-lens', approximately 28 metres east of the Kearney Vein. FR-DD-21-UG-176 hit 23.8 g/t gold and 16.8 g/t silver over 1.5 m (2.9 m intersection) on a further parallel zone of mineralization referred to as the 'C-lens', approximately 40 metres east of the Kearney Vein.

The results for three further holes were reported during the second quarter (see release May, 16th). Importantly, drill holes FR-DD-22-UG-180 and FR-DD-22-UG-183 have allowed interpretation of a third dilation zone in the Kearney system; in addition hole FR-DD-22-UG-179 intersected 16.6 g/t Au over 1.5 m. A summary table of drill holes reported in Q1 and Q2 2022 is shown below. The updated dilation zone image for Kearney is also shown in the Figure below.

Hole ID	Azimuth/ Dip (degrees)	Intersect (m) (downhole)	Est. true width (m)	Intersect vertical depth (m)	Gold (g/t)	Silver (g/t)	Lead (%)	Core loss (%)
FR-DD-22-UG-183	Kearney	2.4	2.2	116	21.4	32.9	0.8	0
and		1.4	1.2	118	6.3	7.4	0.5	0
and		1.3	1.1	132	5.2	4.6	0	0
FR-DD-22-UG-181	Kearney	7	3.3	150	31.7	58.5	2.8	10
including		1	0.5	155	106.3	111	3.2	0
and		1.2	0.4	244	2.2	1.5	0.1	0
and		2.3	0.7	278	7.3	5.7	0.2	22
FR-DD-22-UG-180	Kearney	1.7	1	116	2.4	7.6	0.3	0
and		3.4	1.7	219	7.1	13.2	0.8	0
FR-DD-22-UG-179	Kearney	2.1	1.1	117	3.9	6.8	0	0
and		3.9	2	130	3.2	9.8	0.5	0
and		1.5	0.8	138	16.6	26.9	0.6	0
and		1.7	1	197	4.4	5.6	0.1	19
FR-DD-21-UG-178B	Kearney	1.0	0.5	152	8.4	32.1	1.5	0
FR-DD-21-UG-176	Kearney	3.7	1.9	148	5.2	6.4	0.1	10.9
and		2.9	1.5	160	23.8	16.8	0.1	0
FR-DD-21-175	Joshua	13.1	6.9	71	17.4	74.6	1.9	8.4
including		8.7	4.5		25.3	108.4	2.9	9.2
FR-DD-21-UG-174	Kearney	2.2	1.3	134	73.6	93.4	8.9	0
and		2	1.2	137	4.3	3.9	0	0
and		2.4	1.3	153	8.1	7.7	0.2	2.1

Summary of drill holes reported during 2022 (to Q2 quarter end).



Current dilation zone image for Kearney showing key results only (see release May 16th 2022).

A second Permitted Development notification, for the drilling of on-site surface exploration holes, was submitted to the local Council on 1st October. The local Council issued a direction in pursuance of Article 7 of the General Permitted Development Order 2020, a Planning Application was submitted on 21st June for the next phase of surface drilling which is expected to take 5-6 months. Gravis Planning have been engaged in this process. Underground drilling continues on the 4,000 m programme. Management are confident we'll be in a position to move ahead with this program following the above process.

Mario Stifano, CEO of Galantas, commented: "Our drilling program continues to yield very positive results, particularly the high-grade gold intersections in parallel veins with recent results demonstrating the continuity of the lenses. These are some of our best drill results to date and point to the significant potential to expand gold resources at the Omagh Project. The Company has successfully identified dilation zones at both Kearney and Joshua veins with multiple drill intercepts, and is developing plans to advance underground development and infrastructure at Joshua to allow multiple underground drill platforms to expand our drilling program."

Summary of Quarterly Results

Revenues and financial results in Canadian dollars for Q2 of 2022 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
June 30, 2022	IFRS	$ Nil	$ (1,580,168)	$ (0.02)
March 31, 2022	IFRS	$ Nil	$ (1,415,812)	$ (0.02)
December 31, 2021	IFRS	$ Nil	$ (582,624)	$ (0.01)
September 30, 2021	IFRS	$ Nil	$ (1,173,276)	$ (0.02)
June 30, 2021	IFRS	$ Nil	$ (2,888,568)	$ (0.05)
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)

The results for the quarter ended June 30, 2022 are discussed under Review of Financial Results on page 11 of the MD&A. The net loss for the quarter ended June 30, 2022 totaling $ 1,580,168 consisted of sales revenues $ Nil, cost and expenses of operations $ 66,995, depreciation $ 148,336, general administrative expenses $ 1,412,941 and foreign exchange loss $ 48,104.

The net loss for the quarter ended March 31, 2022 totaling $ 1,415,812 consisted of sales revenues $ Nil, cost and expenses of operations $ 46,639, depreciation $ 130,531, general administrative expenses $ 1,171,170 and foreign exchange loss $ 67,472.

The net loss for the quarter ended December 31, 2021 totaling $ 582,624 consisted of sales revenues $ Nil, cost and expenses of operations $ 73,958, depreciation $ 299,687, general administrative expenses $ 194,539, foreign exchange loss $ 14,405 and gain on the disposal of equipment $ 35.

The net loss for the quarter ended September 30, 2021 totaling $ 1,173,276 consisted of sales revenues $ Nil, cost and expenses of operations $ 74,462, depreciation $ 89,151, general administrative expenses $ 914,174, foreign exchange loss $ 102,648 and gain on the disposal of equipment $ 7,159.

For the quarter ended June 30, 2021, the loss totaling $ 2,888,568 consisted of sales revenues $ Nil, cost and expenses of operations $ 61,333, depreciation $ 87,088, general administrative expenses $ 2,719,055 and foreign exchange loss $ 21,092.

For the quarter ended March 31, 2021 the loss 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 December 31, 2020 the loss totalling $ 979,040 consisted of sales revenues $ Nil, cost and expenses of operations $ 127,000, depreciation $ 101,865, general administrative expenses $ 700,467, foreign exchange loss $ 104,083 and impairment of exploration and evaluation assets.

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.

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 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 $ 3,687,844 on June 30, 2022 which compared with a working capital deficit of $ 1,095,882 on December 31, 2021. The Company had cash balances of $ 903,435 on June 30, 2022 compared with cash balances of $ 1,069,751 on December 31, 2021. Accounts receivable consisting mainly of trade debtors, reclaimable taxes and prepayments amounted to $ 412,521 on June 30, 2022 compared to $ 1,279,935 on December 31, 2021. Inventories of ores on June 30, 2022, which will be processed during 2022, amounted to $ 72,856 (subject to final assessment) compared with an inventory of $ 108,788 on December 31, 2021.

Accounts payable and other liabilities amounted to $ 3,362,962 on June 30, 2022 compared with $ 3,013,999 on December 31, 2021. Amounts due to related parties on June 30, 2022 amounted to $ 1,377,697 compared to $ 124,317 at the end of December 2021.

Due to some uncertainty around when actual mining may commence in 2022, on February 3, 2022, the company announced the closing of the loan agreement ("Loan Agreement") for US$1.06 million (the "Loan") with Ocean Partners UK Ltd. ("Ocean" or the "Lender") to provide the necessary level of finance to continue development until stoping has commenced.

Terms of the Loan Agreement, as previously announced on January 25, 2022:

- The Loan matures on July 31, 2022 (the "Maturity Date").
- The Loan will bear interest at an annual rate of 10% compounded monthly payable upon repayment of the Loan.
- US$20,000 structuring fee has been paid to Ocean.
- US$40,000 consulting fee will be paid to Ocean, to be invoiced separately by Ocean.
- 250,000 warrants (the "Bonus Warrants") have been granted to Ocean, which will be exercisable for a period of 12 months at an exercise price of CAD$0.50. The bonus Warrants are subject to a hold period under applicable securities laws and the rules of the TSX Venture Exchange, expiring on June 4, 2022.
- US$40,000 extension fee will be paid to Ocean if the Company elects to extend the Loan for a further six months from the Maturity Date.

Proceeds from the Loan will be used for further development of the Omagh Gold Project in Northern Ireland and working capital.

The condensed interim consolidated financial statements have been prepared on a going concern basis as discussed in Note 1 of the March 31, 2022 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.

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, their close family members, substantial shareholders, 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 second quarter of 2022:

Director fees totalled $ 35,000 for the three months ended June 30, 2022 ($ 9,250 for the three months ended June 30, 2021). Stock-based compensation for these directors, the CFO and COO totalled $ 383,377 for the quarter ended June 30, 2022 ($ 827,157 for the quarter ended June 30, 2021).

Remuneration for the current President/CEO totalled $ 43,750 for the quarter ended June 30, 2022. Stock-based compensation for the current President/CEO was valued at $ 202,724 for the quarter ended June 30, 2022.

Remuneration for the former President/CEO Mr. Roland Phelps totalled $ Nil for the quarter ended June 30, 2022.

Remuneration of the CFO totalled $ 26,910 for the quarter ended June 30, 2022 ($ 21,748 for the quarter ended June 30, 2021). Stock based compensation for the CFO was valued at $ 42,671 for the quarter ended June 30, 2022 ($ 72,557 for the quarter ended June 30, 2021).

As at June 30, 2022 fees due to directors totalled $ 151,667 (June 30, 2021 - $ 64,250) and due to key management, primarily for salaries and benefits accrued at June 30, 2020 amounted to $ 23,052 and are included under due to related parties (December 31, 2021 - $ 21,400).

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 is 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 was 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 retired as Galantas' President and Chief Executive Officer and as a member of the Board of Directors. His role as CEO was assumed by Mario Stifano.

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. Pursuant to AIM rules, G&F Phelps is deemed to be a related party of the Company by virtue of being controlled by Roland Phelps who has been a director of the Company in the past 12 months.

Following the private placements noted above, as at August 26 2021 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 25,473,528 represented 29.43% of the outstanding common shares and the Premier Miton Group's combined shareholdings of 4,848,243 represented 5.6% 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 4.3% of the Company's common shares. Mr. Phelps' holding of 5,354,484 resulted in him holding 6.2% of the Company's common shares. Following the participation of Mr. Eric Sprott and Mr. Mike Gentile in the Placement on May 26, 2021, they are also deemed to be Related Parties are a result of their respective shareholdings of 8,833,333 (9.6%, Eric Sprott) and 5,600,000 (6.5%, Mike Gentile).

Excluding the Melquart Ltd, Premier Miton, Mr. Beaty, Mr. Phelps, Mr. Sprott and Mr. Gentile shareholdings discussed above, the remaining 38.4% 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.

Events After The Balance Sheet Date

i) On July 11, 2022, the Company announced the appointment of SP Angel Corporate Finance LLP as its Joint Broker to support its position as an AIM-quoted company.

(ii) On August 3, 2022, the Company announced the closing of the loan agreement for US$530,000 with Ocean Partners. Terms of the loan agreement are:

- The loan matures on January 31, 2023.
- The loan will bear interest at an annual rate of 12% compounded monthly and repayable in full on the maturity date.
- US$10,000 commitment fee has been paid to Ocean Partners.
- 125,000 warrants have been granted to Ocean Partners, which will be exercisable for a period of 12 months at an exercise price of $0.48. The warrants are subject to a hold period under applicable securities laws and the rules of the TSXV, expiring on July 25, 2023.
- US$20,000 extension fee will be paid to Ocean Partners if the Company elects to extend the loan for a further six months from the maturity date.

(iii) On August 8, 2022, the Company announced that it entered into an agreement with Canaccord Genuity Corp., on behalf of itself and and a syndicate of agents including Cormark Securities Inc. and Research Capital Corporation (together, the "Agents"), in connection with a proposed private placement of up to 8,888,890 units of the Company at a price of $0.45 per unit for aggregate gross proceeds of up to approximately $4 million. Each unit will be comprised of one common share in the capital of the Company and one_half of one common share purchase warrant of the Company. Each warrant will entitle the holder thereof to purchase one common share in the capital of the Company at a price of $0.55 per warrant share for a period of 30 months following the closing of the offering.

(iv) On August 11, 2022, the Company announced that it entered into an amending agreement with the Agents, to increase the size of the Company's previously announced proposed private placement of up to 13,333,340 units of the Company.

The Company also granted the Agents an option, exercisable, in whole or in part, at any time up to 48 hours prior to closing of the offering, which will allow the Agents to sell up to an additional 2,000,001 units at the offering price.

The upsized offering is expected to close on or about August 29, 2022, or such other date as the Company and the Agents may agree, and is subject to certain closing conditions including, but not limited to, the receipt of all necessary approvals, including the conditional acceptance of the TSXV.

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, 2021. 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 June 31, 2022 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, 2022, the Company had a working capital deficit of $ 1,850,980 (December 31, 2021 working capital of deficit of $ 1,095,882). All of the Company's financial liabilities have contractual maturities of less than 30 days other than certain related party loans.

(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 GBP and expenses are incurred in GBP 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 June 30, 2022, if interest rates had decreased/increased by 1% with all other variables held constant, the net loss for the three months ended June 30, 2022 would have been approximately $ 75,000 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 June 30, 2022 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 GBP and third party loans denominated in US Dollars. As at June 30, 2022, had the GBP weakened/strengthened by 5% against the CAD$ with all other variables held constant the Company’s consolidated comprehensive loss for the three months ended June 30, 2022 would have been approximately $ 442,000 higher/lower as a result of foreign exchange losses/gains on translation of non-CAD denominated financial instruments. Similarly, as at June 30, 2022, shareholders' equity would have been approximately $ 442,000 higher/lower had the GBP 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 June 30, 2022.

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 June 30, 2022 totalled $ 19,960,122 (December 31, 2021 - $ 19,388,708). 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 June 30, 2022. 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 Quarter Ended June 30, 2022 and June 30, 2021 are detailed below:

Expense Account	Quarter Ended June 30, 2022	Quarter Ended June 30, 2021
Management & administrative wages	$ 148,105	$ 81,951
Other operating expenses	113,170	39,835
Accounting and corporate	36,482	73,273
Legal & audit	66,088	31,464
Stock-based compensation	645,438	1,230,510
Shareholder communication and investor relations	134,734	116,888
Transfer agent	17,718	9,046
Directors fees	35,000	15,500
General office	14,888	7,770
Accretion expenses	93,334	27,856
Loan interest and bank charges	107,984	80,780
Financing Costs	0	1,004,182
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Total	**$ 1,412,941**	**$ 2,719,055**

General administrative expenses for the quarter ended June 30, 2022 totaled $ 1,412,941 compared to $ 2,719,055 for the quarter ended June 30, 2021.

Management and administrative wages include payroll costs of both Galantas corporate and at the Omagh mine, totaled $ 148,105 for the quarter ended June 30, 2022 compared to $ 81,951 for Q2 2021. The level of costs for the period compared to Q2 2021 is due to changes in the senior managerial team and related costs. Other operating expenses, the majority of which are incurred in GBP and include amongst others professional fees, insurance costs, travel, and other costs, amounted to $ 113,170 for the quarter ended June 30, 2022 compared to $ 39,835 for the three months ended June 30, 2021. The increase in costs was due to an increased provision for insurance costs as a result of increased levels of employment and activity compared to the costs incurred in the second quarter of 2021. Accounting and corporate costs for the quarter ended June 30, 2022 amounted to $ 36,482 compared to $ 73,273 for the corresponding period in 2021. The decrease in costs results from a higher level in costs in the previous year due to the equity fundraise in Q2 2021. Legal and audit costs totalled $ 66,088 for the three months ended June 30, 2022 compared to $ 31,464 for the corresponding period of 2021 as a result of lower levels of activity in that period.

Stock-based compensation costs for the three months ended June 30, 2022 amounted to $ 645,438 compared to $ 1,230,510 for the same period of 2021. The stock based compensation costs resulted from a portion of the accounting valuation of the options which were issued during 2021 and 2022 being expensed. These options vest 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 $ 134,734 for the three months ended June 30, 2022 compared to $ 116,888 for the corresponding period of 2021. Shareholder communication and investor relations costs include shareholders information, investor relations, filing fees and listing fees. These fees increased during the year as a result of an increased level of active shareholder communication. Transfer agent's fees for Q2 2022 were $ 17,718 compared to $ 9,046 for the same period in the previous year. Directors' fees totalled $ 35,000 for the three months ended June 30, 2022 compared to $ 15,500 for the corresponding period of 2021. The increase results from the increase in the general level of directors fees for the year since June 2021. General office expenses amounted to $ 14,488 compared to $ 7,770 for the same period of 2021.

Accretion expenses for the three months ended June 30, 2022 amounted to $ 93,334 which compared to $ 27,856 for the same period of 2021. Accretion expenses are charged in connection with the accretion of the fair value of the bonus warrants issued in connection with the Ocean Partners loans as set out in Note 10 of the June 30, 2022 consolidated financial statements. Accretion expense also includes accretion on the decommissioning liability as set out in Note 8 of the consolidated financial statements. Loan interest and bank charges for the quarter ended June 30, 2022 were mainly in connection with interest on the G&F Phelps loan, net of deposit interest and amounted to $ 107,984 compared to $ 80,780 for the three months ended June 30, 2021.

Disclosure of Outstanding Share Data

The Company is authorized to issue in series an unlimited number of common and preference shares. On August 26, 2022 there were a total of 86,562,134 shares issued, 15,333,265 warrants with an expiry date of May 14, 2023, 1,480,000 warrants with an expiry date of December 31, 2023, 250,000 warrants with an expiry date of February 3, 2023, 125,000 warrants with an expiry date of July 25, 2023 and 6,247,514 stock options outstanding with expiry dates from February 2024 to May 2027.

Trends Affecting the Company's Business

<u>Gold Price in US Dollars and UK Sterling</u>

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, and 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 had seen the price fall to the low USD$ 1700's by the end of the first quarter 2021. However, the final three quarters of 2021 have seen gold trade in the USD$1,700 to USD$1,800 range with strong upward pressure since the year end driving the gold price into the USD$1,750 to USD$2,000 range for the first 8 months of 2022.

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

<u>The US Dollar / GBP Sterling Currency Exchange Rate</u>

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

The US Dollar had been on an upward trend against a weakening GBP Sterling since March 2019 with GBP Sterling continuing to weaken. The exchange rate had been driven by Brexit considerations and following a more positive Brexit prognosis the GBP 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. This rate again peaked at USD$1.41 during Q2 but reverted to a rate of USD$1.38 by the end of June 2021. This trajectory continued with the rate closing at USD$1.35 at the end of Q4 2021. GPB continued to decline against the UD$ into 2022 and is at USD$1.19 as at August 19, 2022.

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 / GBP Sterling Currency Exchange Rate.

The accounts of the Company are expressed in Canadian Dollars. The majority of costs at the mine are incurred in GBP 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 GBP based net assets, which are converted at period end rates, when expressed in Canadian dollars.

Although on a generally strengthening trend against GBP 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 in the third quarter of 2020. Since then sterling has generally strengthened against the Canadian dollar, reaching CAD$1.78 in mid February 2021. Since February 2021 sterling has fallen against the Canadian dollar, trading around CAD$1.72 by the end of June 2021. The final six months of 2021 saw the currency pair trade between the CAD$1.70 – CAD$1.72 range without any significant fluctuations. However, in 2022 Sterling has fallen significantly against the CAD$ and is trading at CAD$1.55 as at August 19, 2022.

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 since 2021 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. Significant Brexit related issues have not yet arisen but recruitment of skilled miners as a result of this continues to be a challenge. 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.

There is additional general risk which applies to all sectors in relation to cost and inflation pressures which are projected to increase input costs. The Comnpany is experiencing cost pressures in fuel and energy costs as well as input costs including labor and supplies. The long term impact of these macroeconomic cost pressures are difficult to accurately assess at the moment and result from supply chain issues arising from the COVID pandemic and energy cost increases resulting from the war in Ukraine.

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.

Qualified Person Statement

The financial components of this disclosure have been reviewed by Alan Buckley (Chief Financial Officer), the exploration and geological 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.