GALANTAS GOLD CORPORATION
TSX Venture Exchange: GAL
London Stock Exchange AIM: GAL

GALANTAS ANNOUNCES 2008 ANNUAL RESULTS

29 April 2009

Galantas Gold Corporation ('Galantas' or the 'Company') (GAL – TSXV, GAL-AIM), which has a 100% interest in Ireland's only gold mine, reports audited annual results for the year ending December 31,2008.

Highlights of the 2008 annual results, which are expressed in Canadian Dollars, are :

	2008	2007
Revenue :	$ 4,402,965	$ 654,142
Cost of Sales	$ 3,909,656	$ 972,022
Amortization	$ 1,558,679	$ 736,226
Income (loss) before Other Costs/Income	$(1,065,370)	$ (1,054,106)
Other Costs/(Income)	$ 1,386,850	$ 1,766,401
Future income tax recovery	$ 491,126	$ 654,851
Net Income (loss) for the year	$(1,961,094)	$ (2,165,656)

The detailed results and Management Discussion and Analysis (MD&A) are available on www.sedar.com and www.galantas.com and the highlights in this release should be read in conjunction with the detailed results and MD&A. The MD&A provides an analysis of comparisons with previous periods, trends affecting the business and risk factors.

Galantas's operational open pit mine is situated near Omagh, County Tyrone, Northern Ireland. The mine produces a flotation concentrate containing gold, silver and lead, which is exported and sold to a Canadian smelter. Some gold from the mine is down-streamed into certified Irish gold jewellery which is sold on-line at www.galantas.com and via leading UK & Irish retailers.

Commenting on the results, Roland Phelps, (President & CEO, Galantas Gold Corporation) said, "The latter half of 2008 saw significant production improvements. Two additional Volvo 40C articulated dump-trucks were delivered this month and are operational. An extra excavator remains to be added with a view to obtaining additional production from a second vein (Kerr) covered by the current planning permission. My thanks go to the whole team for their hard work in what has been a very challenging year."

The financial information within this press release has been reviewed by Mr, L. O'Shaughnessy, Chief Financial Officer of Galantas Gold Corporation, who is a qualified person for the purposes of this disclosure.

Galantas Gold Corporation Issued and Outstanding Shares, at 29th April 2009, total 190,100,055.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS: This press release contains forward-looking statements within the meaning of ***the United States Private Securities Litigation Reform Act of 1995*** *and applicable Canadian securities laws, including cost and production estimates, for the Omagh Gold project. Forward-looking statements are based on estimates and assumptions made by Galantas in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that Galantas believes are appropriate in the circumstances. Many factors could cause Galantas' actual results, performance or achievements to differ materially from those expressed or implied by the forward looking statements, including: gold price volatility; discrepancies between actual and estimated production, between actual and estimated reserves, and between actual and estimated metallurgical recoveries; mining operational risk; regulatory restrictions, including environmental regulatory restrictions and liability; risks of sovereign involvement; speculative nature of gold exploration; dilution; competition; loss of key employees; additional funding requirements; and defective title to mineral claims or property. These factors and others that could affect Galantas's forward-looking statements are discussed in greater detail in the section entitled "Risk Factors" in Galantas' Management Discussion & Analysis of the financial statements of Galantas and elsewhere in documents filed from time to time with the Canadian provincial securities regulators and other regulatory authorities. These factors should*

be considered carefully, and persons reviewing this press release should not place undue reliance on forward-looking statements. Galantas has no intention and undertakes no obligation to update or revise any forward-looking statements in this press release, except as required by law.

Enquiries

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GALANTAS GOLD CORPORATION
CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian Dollars)

AS AT DECEMBER 31,	2008	2007
Assets		
Current		
Cash	**$ 587,489**	$ 21,308
Accounts receivable and advances	**330,467**	578,831
Inventory (Note 6)	**652,306**	1,033,596
Future income taxes (Note 11(b))	**-**	240,890
	1,570,262	1,874,625
Property, plant and equipment (Note 7)	**6,152,874**	6,746,970
Long-term deposit	**101,900**	101,900
Deferred development and exploration costs (Note 8)	**10,601,856**	10,330,689
Future income taxes (Note 11(b))	**2,094,043**	1,362,027
	$ 20,520,935	$ 20,416,211
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 2,298,303**	$ 2,124,314
Current portion of financing facility (Note 9)	**309,043**	495,217
Due to related party (Note 12)	**2,504,275**	552,569
Deferred revenue	**-**	201,743
	5,111,621	3,373,843
Asset retirement obligation (Note 8)	**447,400**	101,900
Due to related party (Note 12)	**418,161**	971,782
Long-term portion of financing facility (Note 9)	**199,864**	532,403
	6,177,046	4,979,928

Shareholders' Equity

Share capital (Note 10(a))	**26,435,998**	26,134,279
Warrants (Note 10(b))	**180,640**	2,417,700
Contributed surplus	**3,648,288**	844,247
	30,264,926	29,396,226
Deficit	**(15,921,037)**	(13,959,943)
	14,343,889	15,436,283
	$ 20,520,935	$ 20,416,211

Going concern (Note 1)

SIGNED ON BEHALF OF THE BOARD:

(Signed) "L.J. Gunter"	(Signed) "Roland Phelps"
Director	Director

GALANTAS GOLD CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

YEARS ENDED DECEMBER 31,	2008	2007
Revenues		
Gold sales	**$ 4,402,965**	$ 654,142
Cost and expenses of operations		
Cost of sales	**3,909,656**	972,022
Amortization	**1,558,679**	736,226
	5,468,335	1,708,248
Loss before the undernoted	**(1,065,370)**	(1,054,106)
Other expenses and (income)		
Other operating expenses	**517,524**	448,132
Wages	**489,325**	311,895
Accounting and corporate	**70,109**	46,579
Legal and audit	**114,599**	109,024
Stock-based compensation (Note 10(c))	**386,341**	429,262
Shareholder communication and public relations	**163,233**	203,110
Transfer agent	**15,335**	22,892
Consulting fees	**6,186**	5,490
General office	**43,301**	50,785
Bank charges and interest	**209,437**	64,307
Foreign exchange (gain) loss	**(628,391)**	42,598
Loss on disposal of property, plant and equipment	**-**	33,507
Interest income	**(149)**	(1,180)
	1,386,850	1,766,401
Loss before income taxes	**(2,452,220)**	(2,820,507)
Future income tax recovery (Note 11(a))	**491,126**	654,851
Net loss and comprehensive loss for the year	**$ (1,961,094)**	$ (2,165,656)
Basic and diluted loss per share	**$ (0.01)**	$ (0.01)
Weighted average number of shares outstanding - basic	**175,737,718**	168,849,926
Dilutive effect of stock options and warrants	**-**	-
Weighted average number of shares outstanding - diluted	**175,737,718**	168,849,926

CONSOLIDATED STATEMENTS OF DEFICIT
(Expressed in Canadian Dollars)

YEARS ENDED DECEMBER 31,	2008	2007
Deficit, beginning of year	**$ (13,959,943)**	$ (11,794,287)
Net loss for the year	**(1,961,094)**	(2,165,656)
Deficit, end of year	**$ (15,921,037)**	$ (13,959,943)

GALANTAS GOLD CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Share Capital	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2006	$ 22,458,500	$ 1,913,100	$ 848,985	$ (11,794,287)	$ 13,426,298
Shares issued under private placements	3,342,036	-	-	-	3,342,036
Warrants issued	(504,600)	504,600	-	-	-
Stock options exercised	590,000	-	-	-	590,000
Stock options exercised - valuation	434,000	-	(434,000)	-	-
Share issue costs	(185,657)	-	-	-	(185,657)
Stock-based compensation	-	-	429,262	-	429,262
Net loss	-	-	-	(2,165,656)	(2,165,656)
Balance, December 31, 2007	26,134,279	2,417,700	844,247	(13,959,943)	15,436,283
Shares issued under private placements	496,760	-	-	-	496,760
Warrants issued	(180,640)	180,640	-	-	-
Share issue costs	(14,401)	-	-	-	(14,401)
Warrants expired	-	(2,417,700)	2,417,700	-	-
Stock-based compensation	-	-	386,341	-	386,341
Net loss	-	-	-	(1,961,094)	(1,961,094)
Balance, December 31, 2008	$ 26,435,998	$ 180,640	$ 3,648,288	$ (15,921,037)	$ 14,343,889

GALANTAS GOLD CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

YEARS ENDED DECEMBER 31,	2008	2007
CASH (USED IN) PROVIDED BY		
OPERATING ACTIVITIES		
Net loss for the year	**$ (1,961,094)**	$ (2,165,656)
Adjustments for non-cash items:		
Amortization	**1,558,679**	736,226
Stock-based compensation (Note 10(c))	**386,341**	429,262
Future income tax recovery	**(491,126)**	(654,851)
Foreign exchange	**(55,030)**	224,234
Loss on disposal of property, plant and equipment	**-**	33,507
Net change in non-cash working capital (Note 13(a))	**601,900**	(287,256)
	39,670	(1,684,534)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(328,965)**	(952,975)
Deferred development and exploration costs	**(561,285)**	(3,241,140)
	(890,250)	(4,194,115)
FINANCING ACTIVITIES		
Issue of common shares	**496,760**	3,932,036
Share issue costs	**(14,401)**	(185,657)
Net (repayments) advances of financing facility	**(518,713)**	394,318
Advances from related party	**1,398,085**	1,524,351
	1,361,731	5,665,048
NET CHANGE IN CASH	**511,151**	(213,601)
Effect of exchange rate changes on cash held in foreign currencies	**55,030**	-
CASH, BEGINNING OF YEAR	**21,308**	234,909
CASH, END OF YEAR	**$ 587,489**	$ 21,308

SUPPLEMENTAL CASH FLOW INFORMATION (Note 13)

1. GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis which contemplates that Galantas Gold Corporation (the "Company") will be able to realize assets and discharge liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. The Company's future viability depends on the consolidated results of the Company's wholly-owned subsidiary Cavanacaw Corporation ("Cavanacaw"), the ability of the Company to obtain future financing and to recover its investment in Omagh Minerals Limited ("Omagh"). Cavanacaw has a 100% shareholding in Omagh which is engaged in the acquisition, exploration and development of gold properties, mainly in Omagh, Northern Ireland.

As at December 31, 2001, studies performed on Omagh's mineral property confirmed the existence of economically recoverable reserves. As at July 1, 2007, the mineral property was in the production stage and the directors believe that the capitalized development expenditures will be fully recovered by the future operation of the mine. The recoverability of Omagh's capitalized development costs is thus dependent on the ability to secure financing, future profitable production or proceeds from the disposition of the mineral property.

Management is confident that it will be able to secure the required financing to enable the Company to continue as a going concern. However, this is subject to a number of factors including market conditions. These consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities, the reported expenses and balance sheet classifications used that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

2. INCORPORATION AND NATURE OF OPERATIONS

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

The Company entered into an agreement on April 17, 2000, approved by shareholders on June 26, 2000, whereby Cavanacaw, a private Ontario corporation, acquired Omagh. Cavanacaw has established an open pit mine to extract the Company's gold deposit near Omagh. Cavanacaw also has developed a premium jewellery business founded on the gold produced under the name Galántas Irish Gold Limited ("Galántas").

As at July 1, 2007, the Company's Omagh mine began production.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

These consolidated financial statements include the accounts of the Company, Cavanacaw and its wholly-owned subsidiaries Omagh and Galántas. All material intercompany balances have been eliminated. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. The most significant estimates and assumptions include the recovery of the deferred development and exploration costs, the valuation of stock-based compensation and other stock-based payments and the ability of the Company to continue as a going concern (Note 1). Actual results could differ from those estimates.

Foreign Currency Translation

The Company's operations expose it to significant fluctuations in foreign exchange rates. Cavanacaw, Omagh and Galántas are denominated in British pounds and are, therefore, subject to exchange variations against the reporting currency, the Canadian dollar. They are integrated foreign operations, and as such their consolidated financial statements have been translated into Canadian dollars using the temporal method. All assets and liabilities are translated at exchange rates effective at the end of each year and all non-monetary assets and liabilities are translated at their historical rates. Income and expenses are translated at the average exchange rate for the year. The foreign currency translation gains and losses are included in the determination of net loss.

Inventory

Inventories are comprised of finished goods, concentrate inventory, work-in-process amounts and stockpiled ore.

All inventories are recorded at the lower of production costs on a first-in, first-out basis, and net realizable value. Production costs include costs related to mining, crushing, mill processing, as well as depreciation on production assets and certain allocations of mine-site overhead expenses attributable to the manufacturing process.

Effective January 1, 2008, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants' Handbook ("CICA Handbook") Section 3031, Inventories. The revised inventories section brings the CICA standard in line with International Financial Reporting Standards and allows for the upward revaluation of inventory that was previously written down to net realizable value. The adoption of this standard had no impact on the Company's financial results.

Property, Plant and Equipment

The cost of property, plant and equipment is their purchase cost, together with any related costs of acquisition. Amortization is calculated at the following rates:

Buildings	4 % straight line
Plant and machinery	20 % declining balance
Motor vehicles	25 % declining balance
Office equipment	15 % declining balance
Moulds	25 % straight line
Deferred development and exploration costs	units of production
Deferred till stripping costs	units of production

Prior to commencing production, the Company capitalized interest related to financing of equipment.

Deferred Development and Exploration Costs

Deferred development and exploration costs are capitalized until results of the related projects, based on geographic areas, are known. If a project is successful, the related expenditures will be amortized using the units-of-production method over the estimated life of the ore body based on estimated recoverable ounces or pounds mined from proven and probable reserves. Provision for loss is made where a project is abandoned or considered to be of no further interest to the company, or where the directors consider such a provision to be prudent. As of July 1, 2007, the Company started production at the Omagh mine and has begun amortization.

Overburden Removal Costs (CICA EIC-160)

CICA Emerging Issues Committee Abstract 160 (“EIC-160”), “Stripping Costs Incurred in the Production Phase of a Mining Operation”, requires stripping costs are accounted for as variable production costs to be included in the costs of inventory produced, unless the stripping activity can be shown to be a betterment of the mineral property, in which case the stripping costs are capitalized. Betterment occurs when stripping activity increases future output of the mine by providing access to additional sources of reserves. Capitalized stripping costs are amortized on a unit-of-production basis over the proven and probable reserves to which they relate.

Deferred Till Stripping Costs
Till stripping costs involving the removal of overburden are capitalized where the underlying ore will be extracted in future periods. The Company defers these till stripping costs and amortizes them on a unit of production basis as the underlying ore is extracted.

Asset Retirement Obligation

The Company is subject to the provisions of CICA Handbook Section 3110, "Asset Retirement Obligations", which require the estimated fair value of any asset retirement obligations are recognized as a liability in the period in which the related environmental disturbance occurs and the present value of the associated future costs can be reasonably estimated. As of December 31, 2008 and 2007, the Company has capitalized any asset retirement obligations in respect of its mineral exploration property.

Long-Lived Assets

Long-lived assets, which comprise property, plant and equipment, are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. If the sum of the undiscounted future cash flows expected from use and residual value is less than carrying amount, the long-lived asset is considered impaired. An impairment loss is measured as the amount by which the carrying value of the long-lived assets exceeds its fair value.

Income Taxes

The asset and liability method is used for determining income taxes. Under this method, future tax assets and liabilities are recognized for the estimated taxes recoverable or payable that would arise if assets and liabilities were recovered and settled at the financial statement carrying amounts. Future tax assets and liabilities are measured using the substantively enacted tax rates expected to be in effect when the tax assets or liabilities are recovered or settled, respectively. Changes to these rates are recognized in income in the year in which the changes occur. Future income tax assets are recognized to the extent that it is more likely than not that the Company will realize the benefit from the asset.

Stock-Based Compensation

The fair value of any stock options granted to directors, officers, employees and consultants is recorded as an expense over the vesting period with a corresponding increase recorded to contributed surplus. The fair value of the stock-based compensation is determined using the Black-Scholes option pricing model and management's assumptions. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

Other Stock-based Payments

The Company accounts for other stock-based payments based on the fair value of the equity instruments issued in exchange for the receipt of goods and services from non-employees or the fair value of the goods and services received, whichever is the more reliable basis, by using the stock price and other measurement assumptions as at the measurement date.

Per Share Information

Per share information is computed using the weighted average number of common shares outstanding during the year. Diluted per share information is calculated using the treasury stock method for options and warrants. The treasury stock method assumes that any proceeds obtained upon exercise of options and warrants would be used to purchase common shares at the average market price during the year. For the purpose of calculating diluted earnings per share, no adjustment to basic earnings per share is made if the result of these calculations is anti-dilutive.

Financial Instruments, Comprehensive Income (Loss) and Hedges

The Canadian Institute of Chartered Accountants ("CICA") issued Handbook Sections 3855, “Financial Instruments – Recognition and Measurement”, 1530, “Comprehensive Income”, 3861 "Financial Instruments - Disclosure and Presentation" and 3865, “Hedges”. These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 and are adopted retrospectively without restatement; accordingly, comparative amounts for prior periods have not been restated. The Company adopted these new standards effective January 1, 2007.

Effective December 1, 2006, the CICA issued Handbook Sections 3862 and 3863 which replaced Section 3861, "Financial Instruments - Disclosure and Presentation", and which became effective for the Company on January 1, 2008.

(a) Financial Instruments - Recognition and Measurement

Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. This Section requires that:

- All financial assets be measured at fair value on initial recognition and certain financial assets to be measured at fair value subsequent to initial recognition;
- All financial liabilities be measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method; and
- All derivative financial instruments be measured at fair value on the balance sheet, even when they are part of an effective hedging relationship.

(b) Comprehensive Income (loss)

Section 1530 introduces a requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in the currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations.

The Company had no other comprehensive income or loss transactions during the years ended December 31, 2007 and 2008. Accordingly, a statement of comprehensive income has not been presented.

(c) Financial Statements and Non-Financial Derivatives

Handbook Sections 3862 and 3863 replace Handbook Section 3861, "Financial Instruments – Disclosure and Presentation", revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook sections in Note 5(b) to these consolidated financial statements.

(d) Impact upon adoption of Sections 1530, 3855, 3862, 3863 and 3865

Upon adoption of these new standards, the Company designated its cash as held-for-trading, which is measured at fair value. Accounts receivable and advances are classified as loans and receivables, which is measured at amortized cost. Accounts payable and accrued liabilities, financing facility and due to related party are classified as other financial liabilities, which are measured at amortized cost.

Capital Disclosures

On December 1, 2006, the CICA issued Section 1535, "Capital Disclosures" (Handbook Section 1535). This new standard became effective for the Company on January 1, 2008.

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such noncompliance. The Company has included disclosures recommended by the new Handbook section in Note 4 to these consolidated financial statements.

Accounting Policy Choice for Transaction Costs

On June 1, 2007, the Emerging Issues Committee of the CICA issued Abstract No. 166, Accounting Policy Choice for Transaction Costs (EIC-166). This EIC addresses the accounting policy choice of expensing or adding transaction costs related to the acquisition of financial assets and financial liabilities that are classified as other than held-for-trading. Specifically, it requires that the same accounting policy choice be applied to all similar financial instruments classified as other than held-for-trading, but permits a different policy choice for financial instruments that are not similar. The Company has adopted EIC-166 effective September 30, 2007 and requires retroactive application to all transaction costs accounted for in accordance with CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement. Transaction costs are expensed as incurred for financial instruments. The Company has evaluated the impact of EIC-166 and determined that no adjustments are currently required.

General standard of financial statement presentation

In June 2007, the CICA amended Handbook Section 1400, "Going Concern", to include additional requirements to assess and disclose an entity's ability to continue as a going concern. This standard became effective for the Company on January 1, 2008. The adoption of this new standard had no impact on the Company's consolidated financial statements as at and for the year ended December 31, 2008.

Mining Exploration Costs

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The Company will apply this new abstract for the year ended December 31, 2009.

Change in Accounting Policy

In July 2006, The Accounting Standards Board ("AcSB") issued a replacement of the CICA Handbook Section 1506, "Accounting Changes". The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The impact that the adoption of section 1506 will have on the Company's results of operations and financial condition will depend on the nature of future accounting changes.

Revenue Recognition

Revenue from sales of finished goods is recognized at the time of shipment when significant risks and benefits of ownership are considered to be transferred, the terms are fixed or determinable, and collection is reasonably assured.

Revenue from sales of gold concentrate is recognized at the time of shipment when significant risks and benefits of ownership are considered to be transferred, the terms are fixed or determinable, and collection is reasonably assured. The final revenue figure is subject to adjustments as a result of final assay results and metal prices at the date of ultimate settlement.

The Company changed its revenue recognition accounting policy for sales of concentrates in Quarter 4, 2008 whereby sales for 2008 are now recognized at the time of shipment when title passes and significant risks and benefits of ownership are considered to be transferred. The final revenue figure at the end of any given period will be subject to adjustment at the date of ultimate settlement as a result of final assay agreement and metal prices changes. As the Company was in the early stages of commercial production in 2007 appropriate estimates of this final settlement were not able to be made. Accordingly, for year ended December 31, 2007 revenues were not recognized until final settlement and any payments received prior to settlement were included as deferred revenue on the balance sheet. This had the effect that shipments for the final quarter of 2007 were excluded from sales and included in inventories. The change in policy in 2008 has resulted in 2008 sales revenues including shipments for all of 2008 together with shipments for the fourth quarter of 2007. The changes in accounting policy did not impact on the net income for either year as concentrate inventories were valued at net realizable value at the end of 2007 and 2008 – reflecting the accounting policy for inventories of being the lower of cost or net realizable value.

Future Accounting Pronouncements

International Financial Reporting Standards ("IFRS")
In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. On February 13, 2008 the AcSB confirmed that publicly accountable profit-oriented enterprises will be required to use IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently assessing the impact of IFRS on its consolidated financial statements.

Goodwill and Intangible Assets
CICA Handbook Section 3064, Goodwill and Intangible Assets ("CICA 3064"), results in withdrawal of CICA 3450, Research and Developmental Costs, and amendments to Accounting Guideline 11, Enterprises in the Development Stage and CICA 1000, Financial Statement Concepts. The standard intends to reduce the differences with IFRS in the accounting for intangible assets and results. Under current Canadian standards, more items are recognized as assets than under IFRS. The objectives of CICA 3064 are to reinforce the principle-based approach to the recognition of assets only in accordance with the definition of an asset and the criteria for asset recognition and to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing asset items that do not meet the definition and recognition criteria is eliminated. The new standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets. The new standard takes effect for fiscal years beginning on or after October 1, 2008, with early adoption encouraged. The Company is evaluating the effects of adopting this standard.

Business Combinations. Consolidated Financial Statements and Non-Controlling Interests
The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling interests". These new standards will be effective for fiscal years beginning on or after January 1, 2011.

Sections 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. Sections 1601 and 1602 together replace section 1600, Consolidated Financial Statements. Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - Consolidated and Separate Financial Statements. The Company is in the process of evaluating the requirements of the new standards.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities
In January 2009, the CICA approved EIC-173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 20, 2009. The Company is continually evaluating its counterparties and their credit risks. The Company is evaluating the effects of adopting this standard.

4. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, in order to support continued production and maintenance at the Omagh Mine and to acquire, explore and develop other precious and base metal deposits in Northern Ireland.

The Company manages its capital structure and makes adjustments to it, based on the level of funds available to the Company to manage its operations. In order to maintain or adjust the capital structure, the Company expects that it will be able to obtain equity financing and generate positive cash flow from operations to maintain and expand its operations. There are no assurances that these initiatives will be successful. Management reviews its capital management approach on an ongoing basis.

There were no changes in the Company's approach to capital management during the year ended December 31, 2008. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

5. FINANCIAL RISK FACTORS

(a) 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 financial condition and results of operations.

(b) Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate, foreign exchange rate and commodity 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.

Credit risk
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 and accounts receivable. Cash is held with reputable financial institutions, from which management believes the risk of loss to be minimal. Accounts receivable consist mainly of a trade account receivable from one customer and Value Added Tax receivable. The Company is exposed to concentration of credit risk with one of its customers. Management believes that the credit risk is minimized due to the financial worthiness of this Company. Value Added Tax receivable is collectable from the Government of Northern Ireland. The Company does not have derivative financial instruments. No trade accounts receivable balances are past due or impaired.

Liquidity Risk
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 at December 31, 2008 and 2007, the Company had negative working capital. All of the Company's financial liabilities have contractual maturities of less than 30 days other than the financing facility and certain related party loans. The Company is using operating cash flows to manage and is seeking additional capital to increase liquidity.

Market Risk

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 minimal cash balances and significant interest-bearing debt. The Company is exposed to interest rate risk on the term loan facility and certain related party loans which bear interest at variable rates.

Foreign currency risk
Certain of the Company's expenses and revenues are incurred and received in the currencies of Northern Ireland and the United Kingdom and are therefore subject to gains and losses due to fluctuations in these currencies against the Canadian dollar.

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) The term loan facility and certain related party loans are subject to interest rate risk. As at December 31, 2008, if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the year ended December 31, 2008 would have been approximately $32,000 lower/higher, as a result of lower/higher interest rates from the term loan facility and certain related party loans. Similarly, as at December 31, 2008, shareholders' equity would have been approximately $32,000 higher/lower as a result of a 1% decrease/increase in interest rates from the term loan facility and certain related party loans.

(ii) The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable and advances, accounts payable and accrued liabilities, due to related party and financing facility that are denominated in British pounds. As at December 31, 2008, had the British pound weakened/strengthened by 5% against the Canadian dollar with all other variables held constant, the Company's loss for the year ended December 31, 2008 would have been approximately $244,000 higher/lower as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments. Similarly, as at December 31, 2008, shareholders' equity would have been approximately $244,000 lower/higher had the British pound weakened/strengthened by 5% against the Canadian dollar as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments.

(iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of gold. Gold prices have fluctuated widely in recent years. There is no assurance that, even as commercial quantities of gold may be produced in the future, a profitable market will exist for them. A decline in the market price of gold may also require the Company to reduce production of its mineral resources, which could have a material and adverse effect on the Company's value. Net loss would be impacted by changes in average realized gold prices. Sensitivity to a plus or a minus 10% change in average realized gold prices would affect net loss and shareholders' equity by approximately $375,000.

6. INVENTORY

	2008	2007
Concentrate inventory	**$ 12,796**	$ 703,606
Finished goods	**639,510**	329,990
	$ 652,306	$ 1,033,596

7. PROPERTY, PLANT AND EQUIPMENT

	2008		
	Cost	Accumulated Amortization	Net
Freehold land and buildings	$ 3,020,913	$ 393,941	$ 2,626,972
Plant and machinery	5,589,818	2,110,532	3,479,286
Motor vehicles	64,820	45,395	19,425
Office equipment	79,575	52,384	27,191
Moulds	81,802	81,802	-
	$ 8,836,928	$ 2,684,054	$ 6,152,874

	2007		
	Cost	Accumulated Amortization	Net
Freehold land and buildings	$ 3,019,588	$ 227,324	$ 2,792,264
Plant and machinery	5,264,958	1,364,589	3,900,369
Motor vehicles	62,040	39,420	22,620
Office equipment	79,575	47,858	31,717
Moulds	81,802	81,802	-
	$ 8,507,963	$ 1,760,993	$ 6,746,970

Since June 2005, the Company has held a Crown Mining Lease which grants the Company the right to extract gold and silver from its property at Omagh, County Tyrone, Northern Ireland. The Lease requires the Company to pay $46,000 (GBP 20,000) per year for the first three years with additional rent payable calculated on gold output after the first three years. In July 2007, the Company renewed its prospecting licenses for another two years expiring July 18, 2009 in respect to gold, silver and other metals. The Lease and licenses contain certain rights as to renewal providing that certain rent and royalty payments, exploration expenditure and other terms have been met, including the provision of a restoration bond.

In 2006, the Company purchased an adjoining property at a cost of $781,182 (GBP 377,073). The purchase includes only surface rights as rights to gold and silver are already held by the Company through its Crown Mining Lease.

8. DEFERRED DEVELOPMENT AND EXPLORATION COSTS

	2008		
	Cost	Accumulated Amortization	Net
Deferred development and exploration costs	$ 11,446,690	$ 844,834	$ 10,601,856

	2007		
	Cost	Accumulated Amortization	Net
Deferred development and exploration costs	$ 10,539,905	$ 209,216	$ 10,330,689

Deferred development and exploration costs includes an asset retirement obligation of $447,400 (2007 - $101,900).

Included in deferred development and exploration costs are $412,555 (2007 - $298,584) in stripping costs related to the Omagh mine. These costs have been amortized using the units of production basis. The related amortization is $75,078 (2007 - $6,419).

9. FINANCING FACILITY

(i) On May 27, 2005, the Company obtained financing from Barclays Mercantile Business Finance Ltd. in the amount of $555,000 (238,700 GBP) for the purchase of mining equipment. The loan is for a period of four years at 3.71% with monthly principal and interest payments of $10,172 (5,071 GBP). The loan is secured by certain plant and machinery.

(ii) On March 17, 2006, the Company obtained financing from Barclays Mercantile Business Finance Ltd. in the amount of $365,400 (180,000 GBP) to assist in the purchase of certain metallurgical equipment having a cost of $728,770 (359,000 GBP). The loan is for a period of three years at 3.97% with monthly principal and interest payments of $11,658 (5,578 GBP).

(iii) In June 2007, the Company obtained financing from Barclays Mercantile Business Finance Ltd. in the amount of $390,345 (199,160 GBP) for the purchase of mining equipment. The loan is for a period of four years at 4.03% with monthly principal and interest payments of $8,812 (4,101 GBP), except for the third payment, which was paid for the amount of $72,549 (33,764 GBP). The loan is secured by certain plant and machinery.

(iv) In June 2007, the Company obtained a loan facility from Allied Irish Bank plc in the amount of $490,000 (250,000 GBP). The term loan is for a period of three years at bank base rate plus 2%.

Borrowings are secured by a legal mortgage charge over the land with a letter of guarantee.

Amounts payable on the long term debt are as follows:

	Interest	2008	2007
Financing facility (238,700 GBP) (i)	3.71%	**$ 44,659**	$ 160,949
Financing facility (180,000 GBP) (ii)	3.97%	**29,602**	156,448
Financing facility (199,160 GBP) (iii)	4.03%	**194,735**	290,314
Term loan facility (250,000 GBP) (iv)	Bank rate + 2%	**239,911**	419,909
		508,907	1,027,620
Less current portion		**309,043**	495,217
		$ 199,864	$ 532,403

Principal repayments over the next three years are as follows:

2009	$ 309,043
2010	163,791
2011	36,073
	$ 508,907

10. SHARE CAPITAL

(a) Authorized and issued

Authorized
Unlimited number of common and preference shares issuable in Series

Issued common shares

	Number of Shares	Stated Value
Balance, December 31, 2006	157,851,855	$ 22,458,500
Issued under private placements (i)(ii)	12,924,000	3,342,036
Warrants issued	-	(504,600)
Stock options exercised	4,900,000	590,000
Stock options exercised - valuation	-	434,000
Share issue costs	-	(185,657)
Balance, December 31, 2007	175,675,855	26,134,279
Issued under private placement (iii)	11,290,000	496,760
Warrants issued (iii)	-	(180,640)
Share issue costs	-	(14,401)
Balance, December 31, 2008	186,965,855	$ 26,435,998

(i) On March 2, 2007, the Company closed a placement of 5,284,000 units for gross proceeds of $1,717,300. Each unit was priced at $0.325 and was comprised of one common share and one warrant. Each warrant entitles the holder to purchase one common share within 18 months from closing at a price of $0.45. An arrangement fee of 5% for $85,865 was paid to the broker.

   Other costs associated directly with the placement amounted to $12,737.

   The shares were subject to a 4 month hold period which expired on July 3, 2007.

   The fair value of the 5,284,000 warrants was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; volatility - 79%; risk-free interest rate - 3.91% and an expected life of 1.5 years. The fair value attributed to the warrants was $453,420.

(ii) On September 4, 2007, the Company closed a placement of 7,640,000 units for gross proceeds of $1,624,736 (764,000 GBP). Each unit was priced at approximately $0.21 (0.10 GBP) and was comprised of one common share and one half warrant. Each warrant entitles the holder to purchase one common share within 12 months from closing at a price of approximately $0.32 (0.15 GBP). Total arrangement fee of $70,838 (33,000 GBP) was paid to the broker.

   Other costs associated directly with the placement amounted to $16,217.

   The shares were subject to a 4 month hold period that expired January 4, 2008.

   The fair value of the 3,820,000 warrants was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; volatility - 54%; risk-free interest rate - 4.36% and an expected life of 1 year. The fair value attributed to the warrants was $51,180.

(iii) On December 29, 2008, the Company closed a placement of 11,290,000 units for gross proceeds of $496,760 (282,250 GBP). Each unit was priced at approximately $0.044 (0.025 GBP) and was comprised of one common share and one warrant. Each warrant entitles the holder to purchase one common share within 12 months from closing at a price of approximately $0.09 (0.05 GBP). Total arrangement fee of $14,401 (8,113 GBP) was paid to the broker.

   The shares were subject to a 4 month hold period that will expire on April 30, 2009.

   The fair value of the 11,290,000 warrants was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; volatility - 143%; risk-free interest rate - 1.10% and an expected life of 1 year. The fair value attributed to the warrants was $180,640.

(b) Warrants

The following table shows the continuity of warrants for the years ended December 31, 2008 and 2007:

	Number of Warrants	Weighted Average Price
Balance, December 31, 2006	15,300,000	$ 0.32
Issued (Note 10(a)(i) and Note 10(a)(ii))	9,104,000	0.40
Balance, December 31, 2007	24,404,000	0.34
Issued (Note 10(a)(iii))	11,290,000	0.09
Expired	(24,404,000)	(0.34)
Balance, December 31, 2008	11,290,000	$ 0.09

As at December 31, 2008, the following warrants were outstanding:

Number of Warrants	Fair Value ($)	Exercise Price ($)	Expiry Date
11,290,000	180,640	0.09	December 29, 2009

(c) Stock options

The Company has a stock option plan ("the Plan"), the purpose of which is to attract, retain and compensate qualified persons as directors, senior officers and employees of, and consultants to the Company and its affiliates and subsidiaries by providing such persons with the opportunity, through share options, to acquire an increased proprietary interest in the Company. The number of shares reserved for issuance under the Plan cannot be more than a maximum of 10% of the issued and outstanding shares at the time of any grant of options. The period for exercising an option shall not extend beyond a period of five years following the date the option is granted.

Insiders of the Company are restricted on an individual basis from holding options which when exercised would entitle them to receive more than 5% of the total issued and outstanding shares at the time the option is granted. The exercise price of options granted in accordance with the Plan must not be lower than the closing price of the shares on the TSX Venture Exchange ("the Exchange") immediately preceding the date on which the option is granted and in no circumstances may it be less than the permissible discounting in accordance with the Corporate Finance Policies of the Exchange.

The following table shows the continuity of options for the years ended December 31, 2008 and 2007:

	Number of Options		Weighted Average Price
Balance, December 31, 2006	7,500,000	$	0.14
Granted (i)(ii)	8,200,000		0.12
Exercised	(4,900,000)		0.12
Cancelled	(250,000)		0.26
Balance, December 31, 2007	10,550,000		0.15
Expired	(1,400,000)		0.15
Cancelled	(2,250,000)		0.15
Granted (iii)(iv)	1,750,000		0.11
Balance, December 31, 2008	8,650,000	$	0.14

Stock-based compensation expense includes $333,310 (2007 - $49,124) relating to stock options granted in previous years that vested during the year.

(i) On June 15, 2007, 500,000 stock options were granted to an employee of the Company to purchase common shares at a price of $0.23 per share until June 15, 2012. The options vest one-third upon grant, one-third on the first anniversary of grant and one-third on the second anniversary of grant. The fair value attributed to these options was $96,000 and will be expensed in the statements of operations and credited to contributed surplus as the options vest. Included in the stock-based compensation for 2008 is $29,331 (2007 - $60,000) related to the vested portion of these stock options.

(ii) On December 24, 2007, 7,700,000 stock options were granted to employees, directors and officers of the Company to purchase common shares at a price of $0.14 per share until December 24, 2012. The options vest one-third upon grant, one-third on the first anniversary of grant and one-third on the second anniversary of grant. The fair value attributed to these options was $793,000 and will be expensed in the statements of operations and credited to contributed surplus as the options vest. Included in the stock-based compensation for 2008 is $289,761 (2007 - $271,938) related to the vested portion of these stock options.

(iii) On February 20, 2008, 250,000 stock options were granted to an employee of the Company to purchase common shares at a price of $0.16 per share until February 20, 2013. The options vest one-third upon grant, one-third on the first anniversary of grant and one-third on the second anniversary of grant. The fair value attributed to these options was $32,250 and will be expensed in the statements of operations and credited to contributed surplus as the options vest. Included in stock-based compensation for 2008 is $25,531 related to the vested portion of these stock options.

(iv) On October 2, 2008, 1,500,000 stock options were granted to an employee and an officer of the Company to purchase common shares at a price of $0.10 per share until October 2, 2013. The options vest one-third upon grant, one-third on the first anniversary of grant and one-third on the second anniversary of grant. The fair value attributed to these options was $60,000 and will be expensed in the statements of operations and credited to contributed surplus as the options vest. Included in stock-based compensation for 2008 is $27,500 related to the vested portion of these stock options.

All granted stock options were valued on the date of grant using the Black-Scholes options pricing model with the following weighted average assumptions:

	2008	2007
Risk-free interest rate	3.11% - 3.50%	3.98% - 4.63%
Expected life of options	5 years	5 years
Annualized volatility	112% - 126%	94% - 107%
Dividend rate	0%	0%

The following table reflects the Company's stock options outstanding and exercisable as at December 31, 2008:

Options Outstanding	Weighted Average Remaining Contractual Life (years)	Exercise Price ($)	Options Exercisable	Weighted Average Remaining Contractual Life (years)	Exercise Price ($)	Expiry Date
200,000	1.37	0.10	200,000	1.37	0.10	May 13, 2010
500,000	2.45	0.26	500,000	2.45	0.26	June 14, 2011
500,000	3.46	0.23	333,333	3.46	0.23	June 15, 2012
5,700,000	3.98	0.14	3,800,000	3.98	0.14	December 24, 2012
250,000	4.14	0.16	83,333	4.14	0.16	February 20, 2013
1,500,000	4.75	0.10	500,000	4.75	0.10	October 2, 2013
8,650,000	3.94	0.14	5,416,666	3.78	0.15	

11. INCOME TAXES

(a) Provision for income taxes

A reconciliation of the expected tax recovery to actual is provided as follows:

	2008	2007
Loss before income taxes	**$ (2,452,220)**	$ (2,820,507)
Expected tax recovery at statutory rate of 33.5% (2007 - 36.12%)	**$ (821,500)**	$ (1,018,767)
Difference resulting from:		
Stock-based compensation	**129,400**	133,500
Foreign exchange	**(71,100)**	(682,451)
Foreign tax rate differential	**80,932**	147,067
Expiry of warrants	**168,800**	-
Non-capital losses not recognized	**22,342**	765,800
	$ (491,126)	$ (654,851)

(b) Future tax balances

The tax effects of temporary differences that give rise to future income tax assets and future income tax liabilities are as follows:

	2008	2007
Future income tax assets (liabilities)		
Non-capital losses	**$ 5,154,000**	$ 4,825,700
Share issue costs	**84,200**	131,800
Property, plant and equipment and deferred development costs	**(1,844,200)**	(1,878,500)
Valuation allowance	**(1,299,957)**	(1,476,083)
	2,094,043	1,602,917
Current portion	**-**	240,890
	$ 2,094,043	$ 1,362,027

(c) Losses carried forward

As at December 31, 2008, the Company had non-capital losses carried forward of $17,278,992 (2007 - $16,203,052) for income tax purposes as follows:

Expires	2010	$ 249,460
	2014	426,803
	2015	568,540
	2026	1,064,484
	2027	598,595
	2028	56,733
Indefinite		14,314,377
		$ 17,278,992

A future tax asset for non-capital losses of $2,094,043 has been recognized as at December 31, 2008, as it has been determined that it is more likely than not that the benefit will be realized in the future.

12. RELATED PARTY TRANSACTIONS

The Company has the following transactions with related parties:

Director fees of $48,065 (2007 - $28,750) were paid or accrued during the year ended December 31, 2008.

	2008		2007	
	GBP	**CDN$**	**GBP**	**CDN$**
Amount owing to the President and companies controlled by the President of the Company. $481,011 (268,781 GBP) of the loan is secured by a second charge on the land owned by Omagh and the balance of the loan is unsecured. The loan bears interest at a base rate plus 2%. $701,132 (391,781 GBP) is due over a period of 3 years and the balance due on demand.	**869,801**	**1,556,597**	365,670	716,713
Amount owing to the company controlled by a director of the Company for financing of mining equipment. $738,496 (412,660 GBP) of the loan is for a period of 4.25 years, interest bearing at 4.04% and is secured by all of the equipment owned by the Company's wholly-owned subsidiary Omagh.	**647,660**	**1,159,052**	412,600	807,638
Amount owing to the President and Chief Executive Officer of the Company who agreed to lend up to a total of $943,000 (500,000 GBP) to the Company for a period of 6 months. The loan is secured by the Company's inventory with cross guarantees provided by the Company's subsidiaries. The loan bears interest at a base rate of 4.5% per annum, such interest to be calculated monthly and compounded until repaid.	**115,549**	**206,787**	-	-
	1,633,010	**2,922,436**	778,270	1,524,351
Less: Current portion		**(2,504,275)**		(552,569)
Long-term portion		**418,161**		971,782

Transactions with related parties were in the normal course of operations and were measured at the exchange amounts.

13. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Net change in non-cash working capital

	2008	2007
Accounts receivable and advances	**$ 248,364**	$ (180,878)
Inventory	**381,290**	(932,757)
Accounts payable and accrued liabilities	**173,989**	624,636
Deferred revenue	**(201,743)**	201,743
	$ 601,900	$ (287,256)

(b) Supplemental information

	2008	2007
Amortization capitalized to deferred development costs	**$ -**	$ 407,839
Interest paid	**$ 191,251**	$ 65,261

Interest paid includes $33,984 (2007 - $65,261) of interest paid on the financing facility. Of these amounts, $Nil (2007 - $22,515) was charged to deferred development costs and $33,984 (2007 - $42,746) was expensed to the statements of operations.

14. SEGMENT DISCLOSURE

The Company, after reviewing its reporting systems, has determined that it has one reportable segment. The Company's operations are substantially all related to its investment in Cavanacaw Corporation and its subsidiaries, Omagh and Galantas. Substantially all of the Company's revenues, costs and assets of the business that support these operations are derived or located in Northern Ireland.

15. SUBSEQUENT EVENTS

On January 15, 2009, the Company announced that it has received consent from the Exchange for the issue of Company shares for debt. The creditor, who supplied drilling services, has exchanged $140,224 (78,355 GBP) of debt for 3,134,200 units. Each unit comprises one common share and one warrant, such warrant being exercisable for one year at a price of $0.09 (0.05 GBP). The shares exchanged for debt are subject to a four month hold period, which will expire May 15, 2009.