GALANTAS GOLD CORPORATION

Management's Discussion and Analysis

Three and Nine Months Ended

September 30, 2017

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Introduction

The Management's Discussion and Analysis ("MD&A"), dated November 15, 2017, provides a review of the financial condition and results of the operations of Galantas Gold Corporation ("Galantas" or the "Company") and constitutes management's review of the factors that affected the Company's financial and operating performance for the three and nine months ended September 30, 2017. This MD&A was written to comply 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 nine months ended September 30, 2017.This discussion should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2017 together with the notes thereto and the audited annual consolidated financial statements of the Company for the years ended December 31, 2016 and 2015, together with the notes thereto. The Company's consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). All amounts presented are stated in Canadian dollars, unless otherwise indicated. Information contained herein is presented as of November 15, 2017 unless otherwise indicated.

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

Cautionary Note Regarding Forward-Looking Information

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

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

The Company's ability to obtain planning consent from the Planning Services, Northern Ireland to allow it develop the underground mine at its Omagh property.	The Company has received planning consent, subject to a judicial review hearing which judgement has now been received with the third party's request for a quashing of the planning consent being denied. However this positive judicial review judgement is now under appeal. The planning consent which is currently considered acceptable to the Company will allow it to bring the underground mine into production; financing will be available for development of the underground mine; development and operating costs will not exceed the Company's expectations; the Company will be able to attract skilled staff; all requisite regulatory and governmental approvals for the underground project will be received on a timely basis upon terms acceptable to the Company; applicable political and economic conditions will be favourable to the Company; the price of applicable metals and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties.	Delays in receiving operating permits (following construction) for the development of the underground mine; onerous planning conditions (currently not recognised) that will negatively impact on the development of the underground mine; availability of financing; metal price, interest rate, exchange rate volatility; uncertainties involved in interpreting geological data and retaining title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; changes in economic and political conditions; the Company's ability to attract skilled staff; the potential for a third party to have planning consent quashed by judicial review.

The Company's ability to meet its working capital needs at the current level for the year ending September 30, 2018.	The operating and exploration activities of the Company for the year ending September 30, 2018 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 third quarter of fiscal year 2017.	Management's belief that no write-down is required for its property and equipment resulting from continuing efforts to raise capital (debt or equity, or a combination of both) to implement planned work programs on the Company's projects.	If the Company does not obtain equity or debt financing on terms favorable to the Company or at all, a decline in asset values that could be deemed to be other than temporary, may result in impairment losses.
Sensitivity analysis of financial instruments.	The Company has no significant interest rate risk due to low interest rates on its cash balances.	Changes in debt and equity markets; interest rate and exchange rate fluctuations.

Prices and price volatility for metals.	The price of metals will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of metals will be favourable.	Changes in debt and equity markets and the spot prices of metals; interest rate and exchange rate fluctuations; changes in economic and political conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Galantas's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and Uncertainties" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

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

Date of MD&A

This MD&A was prepared on November 15, 2017.

Overview – Strategy - Description of Business

Company Overview

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 in Canada under a life of mine off-take agreement. The Company's strategy to increase shareholder value is to:

- Following the receipt of the planning permit obtain additional funding to allow it to continue the expanded exploration programme and the further development of its underground mine;

- Recommence production at the mine and processing plant
- Continue to explore and develop extensions to the Kearney, Kerr, Joshua and nearby known deposits so as to expand minable reserves and increase gold production in stages;
- Explore the Company's prospecting licences which aggregate 766.5 square kilometres, focusing on the more than 60 gold targets identified to date;

Reserves and Resources

During 2008, ACA Howe International Ltd prepared an updated estimate of mineral resources for the Omagh mine. The report, entitled Technical Report on the Omagh Gold Project 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 NI 43-101 compliant Mineral Resource Estimate together with a Preliminary Economic Assessment. This report, which was based on drilling results and analyses received to June 2012, identified all resources discovered at that date. The Company subsequently filed the complete Technical Report and Preliminary Economic Assessment on SEDAR in August 2012. An updated resource estimate was prepared by the Company during the second quarter of 2013 based on drilling results received to May 2013. 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 and Canadian National Instrument (NI) 43-101. 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 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.

Mining Project

The project embraced an open pit mine which supplied ore to a crushing-grinding-froth flotation plant. The plant was commissioned in 2007 and designed to produce a gold and silver rich sulphide flotation concentrate for sale to a commercial smelter. In early 2013 there was a shift in operations from mining and processing ore from open pits to operating from lower grade stock already mined which impacted negatively on production levels. Later in 2013 the processing of low grade ore was suspended.

The granting of planning consent during the second quarter of 2015 for an underground operation at the Omagh site will permit 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. During the current quarter judgement was received whereby the third party's request for the quashing of the planning consent was denied. However, subsequent to September 30, 2017, Galantas reported that it had received notice of an application by a third party to the Court of Appeal in relation to the positive judicial review judgment. Galantas had earlier been advised that its consents continue to remain valid, at least until judgement and thereafter subject to the judgement. The underground mine will utilize the same processing methods and will be the first underground gold mine, of any scale, in Ireland. The strategy is to establish the underground mine as soon as finance is available and look for further expansion of gold resources on the property, which has many undrilled targets.

Galantas had announced in December 2016 that subject to suitable financing, it would commence the first phase of underground development and re-start concentrate shipments at its Omagh mine. Following the closure of a part-brokered private placement during the first quarter of 2017 the Company commenced underground development on the Omagh gold property. The initial works were completed and include the formation of a portal (initial tunnel entry area) in the western side wall at the base of the Kearney open pit. Initial difficulties with police blasting arrangements during the second quarter were subsequently resolved and formed the basis for the PSNI and the Company to subsequently formalise improved arrangements on blasting matters which, as expected, has resulted in an acceleration of development at the mine during the third quarter with underground development now totalling over 119 metres (announced November 3, 2017).

Underground Mine Plan

In June 2015 the Minister of Environment, Northern Ireland granted planning consent for the underground gold mine at the Omagh site. This planning consent will permit the continuation and expansion of gold mining. The positive decision is the result of 3 years of examination of environmental and other factors regarding the application. Included were environmental studies by NIEA (Northern Ireland Environment Agency) and independent specialists. The consent includes operating and environmental conditions, which the Company has reviewed. A number of conditions precedent to development are required to be satisfied and the Company has carried those out. During the first quarter of 2016 Galantas confirmed that a third party had obtained leave from Belfast High Court to bring a judicial review challenging the actions of the Department of Environment Northern Ireland (DOENI) in granting planning permission for underground mining beneath the existing open pit. The judicial review hearing commenced in September 2016 and adjourned to February 2017 when the judicial review hearing was completed. During the current quarter judgement was received whereby the third party's request for the quashing of the planning consent was denied. Galantas has earlier been advised that its consents would continue to remain valid, at least until judgement and thereafter subject to the judgement. However, subsequent to September 30, 2017, Galantas reported that it had received notice of an application by a third party to the Court of Appeal in relation to the positive judicial review judgment.

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 supplied was drawn from available stocks.

Management and Staff

Overall management is exercised by one Executive Director along with a General Manager in charge of operations in Omagh where the mine, plant, exploration and administration employed 22 personnel as of September 30, 2017.

Key Performance Driver

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

Overview of Third Quarter 2017

There was minimal production at, or shipments from, the Omagh mine during the three months ended September 30, 2017 following the suspension of the processing of low grade ore during in late 2013. Galantas incurred a net loss of $ 452,756 for the three months ended September 30, 2017 compared with a net loss of $ 257,214 for the three months ended September 30, 2016. When the net loss is adjusted for non-cash items before changes in non-cash working capital items the cash loss from operating activities amounted to $ 296,961 for the three months ended September 30, 2017 compared with a cash loss from operations of $ 156,571 for the corresponding period of 2016.

The Company had cash balances at September 30, 2017 of $ 735,325 compared to $ 557,005 at December 31, 2016. The working capital deficit at September 30, 2017 amounted to $ 3,266,538 which compared with a working capital deficit of $ 3,095,124 at December 31, 2016.

During the current quarter Galantas reported a positive outcome to the judicial review into the planning consent granted in July 2015 for underground development at the Omagh Mine. The consent permitted the underground mining of gold veins that were recently worked in upper levels within an open pit. A third party brought a judicial review in Belfast High Court to challenge the DOENI decision to grant the Consent. Judgement in the case has now been received whereby the third party's request for a quashing of the planning consent was denied. However, subsequent to September 30, 2017, Galantas reported that it had received notice of an application by a third party to the Court of Appeal in relation to the positive judicial review judgment.

Underground development continued to progress during the third quarter and Galantas has a detailed plan to accelerate progress in line with the planning consent. The underground mine, now in active development, will utilize the same processing methods as the previously operated open pit mine. The strategy is to expand the ongoing development of the underground mine as soon as soon as additional finance is available and also to seek further expansion of the gold resources on the property, which has many undrilled targets.

Subsequent to September 30, 2017 Galantas announced a proposed private placement of shares. The proposed placement is for a maximum of 20,000,000 shares, at an issue price of CDN$ 0.07 (UK£ 0.041) per share for maximum gross proceeds of CDN$ 1,400,000 (UK£820,000). A four month hold period will apply to the shares and issuance will be subject to TSX Venture Exchange and regulatory approval.

Review of Financial Results

Three Months Ended June 30, 2017

The net loss for the three months ended September 30, 2017 amounted to $ 452,756 compared to a net loss of $ 257,214 for the three months ended September 30, 2016 as summarized below.

	Quarter Ended September 30,2017 $	Quarter Ended September 30,2016 $
Revenues	**15,861**	**(1,006)**
Production costs	(38,995)	(46,237)
Inventory movement	80	457
Cost of sales	**(38,915)**	**(45,780)**
Loss before the undernoted	**(23,054)**	**(46,786)**
Depreciation	(52,415)	(37,932)
General administrative expenses	(367,257)	(174,816)
Unrealized gain on fair value of derivative financial liability	6,000	1,000
Foreign exchange (loss) / gain	(16,030)	1,320
Net Loss for the Quarter	**$ (452,756)**	**$ (257,214)**

Revenues for the three months ended September 30, 2017 consisting of jewellery sales, amounted to $ 15,861 compared to revenues of $ 1,006 credit for three months ended September 30, 2016. Following the suspension of production during the fourth quarter of 2013 there were no concentrate sales from the mine during both quarters.

Cost of sales include production costs at the mine and inventory movements and totalled $ 38,915 for the three months ended September 30, 2017 compared to $ 45,780 for corresponding quarter of 2016. A summary of cost of sales is set out on Note 13 of the September 30, 2017 consolidated financial statements.

Production costs for the three months ended September 30, 2017 amounted to $ 38,995 compared to $ 43,267 for the three months ended September 30, 2016. Production costs during the quarter, the majority of which are incurred in UK£, include wages, oil and fuel, repairs and servicing, equipment hire, environmental monitoring and royalties. Production costs were incurred mainly in connection with ongoing care, maintenance and restoration costs at the mine site.

The inventory movement credit of $ 80 for the third quarter of 2017 compared to an inventory movement credit of $ 457 credit for the third quarter of 2016.

This has resulted in a net operating loss of $ 23,054 before depreciation, general administrative expenses, unrealized gain on fair value of derivative financial liability, and foreign exchange loss/gain for three months ended September 30, 2017 compared to a net operating loss of $ 46,786 for the three months ended September 30, 2016.

Depreciation of property, plant and equipment excluding mine development costs during the three months ended September 30, 2017 totalled $ 52,415 which compared with $ 37,932 for the corresponding period of 2016.

General administrative expenses for the three months ended September 30, 2017 amounted to $ 367,257 compared to $ 174,813 for 2016. General administrative expenses for the three months ended

September 30, 2017 include stock–based compensation costs of $ 81,361 ($ Nil 2016). General administrative expenses are reviewed in more detail in Other MD&A Requirements on pages 28 and 29 of the MD&A.

The unrealized gain on fair value of derivative financial liability for the three months ended September 30, 2017 amounted to $ 6,000 compared to an unrealized gain of $ 1,000 for 2016. The unrealized gain/loss arose as a result of the exercise price of the warrants issued in 2014 and 2015 being denominated in a currency other than the functional currency, resulting in these warrants being considered a derivative financial liability. The warrants are revalued at each period end with any gain or loss in the fair value being recorded in the consolidated statements of loss as an unrealized gain or loss on fair value of derivative financial liability.

There was a foreign exchange loss of $ 16,030 for three months ended September 30, 2017 which compared with a foreign exchange gain of $ 1,320 for 2016.

This has resulted in a net loss of $ 452,756 for the three months ended September 30, 2017 compared to a net loss of $ 257,214 for three months ended September 30, 2016. The cash outflow from operating activities amounted to $ 296,961 for the three months ended September 30, 2017 compared to a cash outflow of $ 156,571 for the corresponding period of 2016. The cash outflow from operating activities after changes in non-cash working capital items amounted to $ 289,407 for the three months ended September 30, 2017 compared to a cash outflow of $ 219,646 for the corresponding period of 2016.

Foreign currency translation loss, which is included in Condensed Interim Consolidated Statements of Comprehensive Loss amounted to $ 63,060 for the three months ended September 30, 2017 which compared to a foreign currency translation loss of $ 55,715 for 2016. This resulted in a Total comprehensive loss of $ 515,816 for the three months ended September 30, 2017 compared to a Total comprehensive loss of $ 312,929 for the three months ended September 30, 2016. The foreign currency translation loss during the third quarter of 2017 and 2016 arose as a result of the net assets of the Company's UK subsidiaries, all of which are denominated in UK£, being translated to Canadian dollars at period end exchange rates. The Canadian dollar exchange rate strengthened against UK£ at September 30, 2017 and 2016 when compared to June 30, 2017 and 2016 which has resulted in an decrease in the Canadian dollar value of these net assets at September 30, 2017 and 2016 when compared to June 30, 2017 and 2016 resulting in the foreign currency translation loss in both quarters.

Total assets at September 30, 2017 amounted to 12,483,369 compared to $ 10,928,754 at December 31, 2016. Cash at September 30, 2017 was $ 735,325 compared to $ 557,005 at December 31, 2016. Accounts receivable and advances consisting mainly of trade debtors, reclaimable taxes and prepayments amounted to $ 228,591 at September 30, 2017 compared to $ 106,732 December 31, 2016. Inventories at September 30, 2017 amounted to $ 14,877 compared with an inventory of $ 23,852 at December 31, 2016.

Property, plant and equipment totalled $ 7,943,450 compared to $ 7,449,991 at December 31, 2016. Exploration and evaluation assets, consisting of exploration and development expenditures for the underground mine, totalled $ 3,059,646 at September 30, 2017 compared to $ 2,294,254 at the end of 2016. Long term deposit at September 30, 2017, representing funds held in trust in connection with the Company's asset retirement obligations, amounted to $ 501,480 compared to $ 496,920 at December 31, 2016.

Current liabilities at September 30, 2017 amounted to $ 4,245,331compared to $ 3,782,713 at the end of 2016. The working capital deficit at September 30, 2017 amounted to $ 3,266,538 compared to a working capital deficit of $ 3,095,124 at December 31, 2016. Accounts payable and other liabilities totalled $ 1,028,108 compared to $ 893,570 at December 31, 2016. The current portion of a financing facility totaled $ 5,821 at September 30, 2017 compared to $ 4,956 at December 31, 2016. Amounts due to related parties at September 30, 2017 amounted to $ 3,211,402 compared to $ 2,884,187 at the end of 2016.

The decommissioning liability at September 30, 2017 amounted to $ 541,072 compared to $ 528,305 at December 31, 2016. The non-current portion of the financing facility totaled $ 21,028 at September 30, 2017 compared to $ 25,265 at December 31, 2016. The derivative financial liability at September 30, 2017 amounted to $ 12,000 compared to $ 24,000 at the end of 2016. The derivative financial liability arose as a result of the exercise price of the warrants issued in 2014 and 2015 being denominated in a currency other than the functional currency, resulting in these warrants being considered a derivative financial liability as set out in Note 11(c) of the consolidated financial statements.

Nine Months Ended September 30, 2017

The net loss for the nine months ended September 30, 2017 amounted to $ 1,648,866 compared to a net loss of $ 1,276,388 for the nine months ended September 30, 2016 as summarized below.

	Nine Months Ended September 30, 2017 $	**Nine Months Ended September 30, 2016 $**
Revenues	**35,202**	**28,715**
Production costs	(204,017)	(242,810)
Inventory movement	(9,919)	(13,073)
Cost of sales	**(213,936)**	**(255,883)**
Loss before the undernoted	**(178,734)**	**(227,168)**
Depreciation	(143,357)	(128,215)
General administrative expenses	(1,366,608)	(930,433)
Gain on disposal of property, plant and equipment	0	5,479
Unrealized gain on fair value of derivative financial liability	12,000	81,000
Foreign exchange gain / (loss)	27,833	(77,051)
Net Loss for the Period	**$ (1,648,866)**	**$ (1,276,388)**

Revenues for the nine months ended September 30, 2017 consisting of jewelry sales amounted to $ 35,202 compared to revenues of $ 28,715 for nine months ended September 30, 2016. Following the suspension of production during the fourth quarter of 2013 there were no concentrate sales from the mine during both periods.

Cost of sales include production costs at the mine and inventory movements and totalled $ 213,936 for the nine months ended September 30, 2017 compared to $ 255,883 for corresponding period of 2016. A summary of cost of sales is set out on Note 13 of the September 30, 2017 consolidated financial statements.

Production costs for the nine months ended September 30, 2017 amounted to $ 204,017 compared to $ 242,810 for the nine months ended September 30, 2016. Production costs at the mine, the majority of which are incurred in UK£, include wages, oil and fuel, equipment hire, repairs and servicing, environmental monitoring and royalties. Production costs were incurred mainly in connection with ongoing care, maintenance and restoration costs at the mine site. Production costs were lower in the first nine months of 2017 due mainly to lower payroll costs being charged to production.

The inventory movement of $ 9,919 for the first nine months of 2017 compared to $ 13,073 for the first nine months of 2016 reflecting a reduction in inventory at September 30, 2017 and 2016 when compared to inventory at the beginning of the respective periods.

This has resulted in a net operating loss of $ 178,734 before depreciation, general administrative expenses, gain on disposal of property, plant and equipment, unrealized gain on fair value of derivative financial liability and foreign exchange gain/loss for nine months ended September 30, 2017 compared to a net operating loss of $ 227,168 for the nine months ended September 30, 2016.

Depreciation of property, plant and equipment excluding mine development costs during the nine months ended September 30, 2017 totalled $ 143,357 which compared with $ 128,215 for the corresponding period of 2016. Following the suspension of production there was no depreciation of mine development costs during both periods.

General administrative expenses for the nine months ended September 30, 2017 amounted to $ 1,366,608 compared to $ 930,433 for 2016. General administrative expenses for the nine months ended September 30, 2017 include stock-based compensation costs of $ 382,478 ($ Nil 2016). General administrative expenses are reviewed in more detail in Other MD&A Requirements on pages 29 and 30 of the MD&A.

The gain on disposal of property, plant and equipment during the nine months ended September 30, 2017 amounted to $ Nil compared to a gain of $ 5,479 for the corresponding period of 2016.

The unrealized gain on fair value of derivative financial liability for the nine months ended September 30, 2017 amounted to $ 12,000 compared to $ 81,000 for 2016. The unrealized gain arose as a result of the exercise price of the warrants issued in 2014 and 2015 being denominated in a currency other than the functional currency, resulting in these warrants being considered a derivative financial liability. The warrants are revalued at each period end with any gain or loss in the fair value being recorded in the consolidated statements of loss as an unrealized gain or loss on fair value of derivative financial liability.

There was a Foreign exchange gain of $ 27,833 for nine months ended September 30, 2017 which compared with a Foreign exchange loss of $ 77,051 for 2016.

This has resulted in a net loss of $ 1,648,866 for the nine months ended September 30, 2017 compared to a net loss of $ 1,276,388 for nine months ended September 30, 2016. When the Net Loss is adjusted for non-cash items before changes in non-cash working capital items the cash loss from operating activities amounted $ 1,096,343 for the nine months ended September 30, 2017 compared to a cash loss from operating activities of $ 1,088,621 for the corresponding period of 2016 as per the Consolidated Statements of Cash Flows. The cash loss from operating activities after changes in non-cash working capital items amounted to $ 819,943 for the nine months ended September 30, 2017 compared to a cash loss of $ 1,383,579 for the corresponding period of 2016.

Foreign currency translation gain, which is included in Condensed Interim Consolidated Statements of Other Comprehensive Loss amounted to $ 50,410 for the nine months ended September 30, 2017 and compared to a foreign currency translation loss of $ 1,228,439 for 2016. This resulted in a Total comprehensive loss of $ 1,598,456 for the nine months ended September 30, 2017 compared to a Total comprehensive loss of $ 2,504,827 for the nine months ended September 30, 2016. The foreign currency translation gain during the first nine months of 2017 arose as a result of the net assets of the Company's UK subsidiaries, all of which are denominated in UK£, being translated to Canadian dollars at period end exchange rates. The Canadian dollar exchange rate weakened against UK£ at September

30, 2017 when compared to December 31, 2016 which has resulted in an increase in the Canadian dollar value of these net assets at September 30, 2017 when compared to December 31, 2016 resulting in the foreign currency translation gain. Conversely, during the first nine months of 2016, the Canadian dollar exchange rate strengthened against UK£ at September 30, 2016 when compared to December 31, 2015 which resulted in a decrease in the Canadian dollar value of these net assets at September 30, 2016 resulting in the foreign currency translation loss.

Review of Operations

2017 Financing Activities

There were no financing activities during the third quarter of 2017.

During the first quarter of 2017 Galantas completed a part brokered private placement in two parts for aggregate gross proceeds of $ 2,446,299 (approximately UK£1,482,875). The placement comprised of the issue of 33,093,258 common shares. United Kingdom placees subscribed for a total of 27,087,778 shares at a price of UK£ 0.045 per share. Canadian placees subscribed for a total of 6,005,480 shares at a price of $ 0.0725 per shares. The shares will rank pari passu with the existing shares in issue of the Company.

Subsequent to September 30, 2017 Galantas announced a proposed private placement of shares. The proposed placement is for a maximum of 20,000,000 shares, at an issue price of CDN$ 0.07 (UK£ 0.041) per share for maximum gross proceeds of CDN$ 1,400,000 (UK£ 820,000). A four month hold period will apply to the shares and issuance will be subject to TSX Venture Exchange and regulatory approval. The shares will rank pari passu with the existing shares in issue of the Company. The net proceeds are intended to be used for working capital purposes and to continue development of an underground mine on the Omagh property. The placing is expected to be on a part brokered basis.

The Company is also in the process of negotiating additional finance on a debt related basis, to provide additional funds to enable the development of the mine to be completed.

Production/Mine Development

Production at the Omagh mine remains suspended since the fourth quarter of 2013. The main production focus during 2013 had been on the processing of ore from the low grade stockpile as mining from the Kearney pit had become totally restricted as a result of the surplus rock stockpile on the site having reached capacity levels arising from the quashing of the planning consent for the removal of surplus rock. This ongoing limitation resulted in production being from low grade sources up until the suspension of production later in 2013 which resulted in further cost reduction measures being implemented at the Omagh mine including the laying off of the majority of its operatives. However the granting of planning consent during the second quarter of 2015 for an underground operation at the Omagh site will permit the continuation and expansion of gold mining. The underground mine will utilize the same processing methods and will be the first underground gold mine, of any scale, in Ireland. The strategy is to establish the underground mine as soon as additional finance is available and look for further expansion of gold resources on the property, which has many undrilled targets.

Galantas announced in December 2016 that subject to suitable financing, it would commence the first phase of underground development and re-start concentrate shipments at its Omagh mine. The Company, under the planning consent which it can implement, has been carrying out pre-conditions attaching to the planning consent and is ready for the next phase of implementation. On the basis of legal advice received, the Board of Directors decided to press ahead with immediate implementation of underground mining, to a plan as outlined in a NI 43-101 economic study (reported 4th September

2014). It is anticipated that a phased start-up of that plan will deliver early positive cash flow for a relatively modest capital expenditure. The phased arrangement, in terms of mine access dimensions, will allow for rapid expansion of production as additional capital becomes available. The mill has now been re-commissioned in anticipation of a restarting of concentrate shipments, subject to suitable financing. A budget of £ 2,000,000 (excluding lease finance) for the first phase of underground mining has been estimated. During the first quarter of 2017 and following the closure of a part-brokered private placement for aggregate gross proceeds of $ 2,446,299 (approximately UK£ 1,482,875) the Company announced that underground development had commenced on the Omagh gold property. The initial works were for the formation of a portal (initial tunnel entry area) in the western side wall at the base of the Kearney open pit. The portal works were completed in mid-April 2017, the underground development continued in order to access ore beneath a crown pillar retained in the base of the open pit.

During the second quarter Galantas reported that the underground development at the Omagh mine was put on hold for a short period following the receipt of notification that the PSNI were not in a position to provide the required anti-terrorism cover in regard to blasting operations required for mine development due to PSNI resource constraints and competing priorities (see press release dated April 24, 2017). The Company subsequently reported in mid-May that underground mine development operations recommenced following notification that the PSNI had agreed to cover blasting operations at the mine for 3 days per week, 2 hours per day. Whilst insufficient to sustain the development or operation of the Omagh mine on more than a short term basis, it formed the basis for the PSNI and the Company to subsequently formalise improved arrangements on blasting matters which, as expected, has resulted in an acceleration of development at the mine during the third quarter with underground development now totalling over 119 metres (announced November 3, 2017).

The stringer vein intersected earlier in the third quarter (see press release dated August 1, 2017) has been accessed from the main decline tunnel. Mineralisation is approximately 0.5m wide and will be split-fired (a process where the vein is blasted separately to the surrounding country rock to minimise dilution). A narrow width loader has been acquired to operate short term on the splinter vein. This is expected to cover the delivery period for new specialist vein mining equipment. After sampling, it is anticipated that a stockpile of suitable material will be made underground until there is sufficient to operate batch processing in the flotation plant whilst the tunnel development continues to progress towards accessing the principal target, which are the main Kearney veins.

The underground development is being carried out by an in-house crew which is fully trained in safety and operating procedures. An in-house, mines rescue team has also been trained and equipped. The present drilling and loading equipment, which was purchased for training and early tunnel development purposes, is performing above expectations but has lower productivity than is expected with current technology. New drilling equipment is being acquired on a rental basis with options to purchase, and is expected to improve advance rates by over 40%. Shotcreting equipment is being similarly acquired. This is expected to cut costs and allow integration of shotcreting with the mining cycle. The rental purchase arrangements cover equipment to the value of approximately one million pounds sterling (£1,000,000). Included in the rental arrangements are various time-dependent options to purchase, for instance if the purchase option is exercised within one year with a rebate of 92% of rental amounts paid expected to be applied against the final purchase price. Additional personnel have been added to the workforce, which now totals 22 on the Omagh site. Safety and environmental matters remains a high priority for Galantas. The Company is pleased to continue to report zero lost time accidents since the start of underground operations and routine water monitoring continues to be compliant.

Permitting

In June 2015 the Company reported that the Minister of Environment, Northern Ireland had granted planning consent for an underground gold mine at the Omagh site. The planning consent permits the continuation and expansion of gold mining and is expected to create hundreds of jobs locally. The positive decision was the result of 3 years of examination of environmental and other factors regarding the application. Included were environmental studies by NIEA (Northern Ireland Environment Agency) and independent specialists. The consent includes operating and environmental conditions, which the Company has reviewed. A number of conditions precedent to development are required to be satisfied which the Company has carried out.

During the first quarter of 2016 Galantas reported that a third party had obtained leave from Belfast High Court to bring a judicial review challenging the actions of the DOENI in granting planning permission for underground mining beneath the existing open pit. The judicial review hearing commenced in September when it was adjourned to February 2017 and then concluded. In the second half of September Galantas reported a positive outcome to the judicial review into the planning consent for underground development at the Omagh mine with the third party's request for the quashing of the consent being denied. However, subsequent to September 30, 2017, Galantas reported that it had received notice of an application, by a third party, to the Court of Appeal, in relation to the positive judicial review judgment, given by Madam Justice McBride, regarding the grant of planning permission at the Omagh gold mine in July 2015.

Reserves and Resources

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

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

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

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

RESOURCE ESTIMATE BY VEIN : GALANTAS 2014									
	MEASURED			INDICATED			INFERRED		
	TONNES	GRADE Au (g/t)	Contained Au (oz)	Tonnes	GRADE Au (g/t)	Contained Au (oz)	Tonnes	GRADE Au (g/t)	Contained Au (oz)
KEARNEY	76,936	7.48	18,490	383,220	6.66	82,055	909,277	6.61	193,330
JOSHUA	54,457	7.25	12,693	216,211	7.92	55,046	291,204	10.74	100,588
KERR	6,848	4.63	1,019	12,061	4.34	1,683	23,398	3.2	2,405
ELKINS				68,500	4.24	9,000	20,000	5.84	3,800
GORMLEYS							75,000	8.78	21,000
PRINCES							10,000	38.11	13,000
SAMMY'S							27,000	6.07	5,000
KEARNEY NORTH							18,000	3.47	2,000
TOTAL	**138,241**	**7.25**	**32,202**	**679,992**	**6.78**	**147,784**	**1,373,879**	**7.71**	**341,123**

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

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

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

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

At a gold price of UK£750 / US$ 1,260 oz, the pre-tax operating surplus after capital expenditure estimates an Internal Rate of Return of 72% and, at an 8% discount rate, a net present value of approximately UK£ 14.5m (CDN$ 26.6m) and a cash cost of production of UK£394 per ounce (USD$ 662 at $1.68/UK£). At a gold price of UK£700 per oz. the study estimated an Internal Rate of Return of 50%. The study scheduled approximately 36% of the combined resources identified on the Kearney and Joshua veins. The Company also filed the complete Technical Report on SEDAR in September 2014, as required by NI 43-101. It is noted that, subsequent to the report, UK£ sterling has weakened materially. The UK£ 750 per ounce gold price quoted above has been exceeded for most of the first quarter of 2016, with a price of approx. £850 per ounce for the end of quarter.

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 last summer.

The recording of key structural measurements continues as development of the underground decline, storage and ore drives advance. This data is used to assist tunnel support design considerations.

Projections of the Kearney stringer vein, from drill core and a bench exposure (press release 7th September 2016), indicated that the development was likely to intersect this mineralisation at 47 m from the portal entrance. The intersect was later confirmed in the decline (reported 12th July 2017). Ore drive development began at the end of September.

Regional exploration data for PL 3162, in the Manorhamilton region of Co Leitrim, Republic Of Ireland, was reviewed towards the end of the second quarter and two high priority target areas were selected. In the first target, stream sediment samples that OML geologists had collected as part of the Tellus funded project (2013) showed elevated Au, Ag, Sb, Pb and Cu downstream of a major NE trending fault, separating Carboniferous and Slishwood Division lithologies. The contacts have been recently examined for surface exposures and boulders. Sulphide rich serpentinite float rocks with fuchsite and talc were identified and sampled along with boulders of quartz breccia, along the margin of Ox Mountain fault. Stream sediments and heavy mineral concentrates were also collected from first order streams draining the northern side of Benbo mountain. The second target area is associated with a wealth of historic exploration data and references to small scale base metal mining within the Ballyshannon Limestone. Several hundred metres of drill core, a remnant of exploration by Brancote in the 1990's, had been stored by a local farmer. Sections of core previously analysed for base metals, and found to contain appreciable concentrations of Zn (up to 3.2%), were sub-sampled. The site of an old mine shaft was also investigated and large dolomitic rocks rich in galena and pyrite were collected around the margins.
All prospecting samples from both targets in PL3162 await geochemical analysis.

Summary of Quarterly Results

Revenues and financial results in Canadian dollars for the second quarter of 2017 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
September 30,2017	IFRS	$ 15,861	$ (452,756)	$ (0.00)
June 30, 2017	IFRS	$ 16,607	$ (511,876)	$ (0.00)
March 31,2017	IFRS	$ 2,734	$ (684,234)	$ (0.00)
December 31, 2016	IFRS	$ 45,353	$ (336,910)	$ (0.00)
September 30, 2016	IFRS	$ (1,006)	$ (257,214)	$ (0.00)
June 30, 2016	IFRS	$ 1,648	$ (645,829)	$ (0.01)
March 31, 2016	IFRS	$ 28,073	$ (373,345)	$ (0.00)
December 31, 2015	IFRS	$ 28,830	$ (260,341)	$ (0.00)

The results for the quarter ended September 30, 2017 are discussed under Review of Financial Results on pages 8 to 11 of the MD&A. Revenues are primarily from the sale of jewellery. The net loss for the quarter ended September 30, 2017 totaling $ 452,756 consisted of sales revenues $ 15,861, cost of sales $ 38,915, depreciation $ 52,415, general administrative expenses $ 367,257, unrealized gain on fair value of derivative financial liability $ 6,000 and foreign exchange loss $ 16,030.

For the quarter ended June 30, 2017 the net loss of $ 511,876 consisted of sales revenues $ 16.607, cost of sales $ 111,605, depreciation $ 50,887, general administrative expenses $ 497,235, unrealized gain on fair value of derivative financial liability $ 28,000 and foreign exchange gain $ 103,244.

For the quarter ended March 31, 2017 the net loss of $ 684,234 consisted of sales revenues $ 2,734, cost of sales $ 63,416, depreciation $ 40,055, general administrative expenses $ 502,116, unrealized loss on fair value of derivative financial liability $ 22,000 and foreign exchange loss $ 59,381.

For the quarter ended December 31, 2016 the net loss of $ 336,910 consisted of sales revenues $ 45,353, cost of sales $ 89,174, depreciation $ 40,521, general administrative expenses $ 268,590, unrealized gain on fair value of derivative financial liability $ 27,000 and foreign exchange loss $ 10,978.

For the quarter ended September 30, 2016 the net loss of $ 257,214 consisted of sales revenues credit $ (1,006), cost of sales $ 45,780, depreciation $ 37,932, general administrative expenses $ 174,816, unrealized gain on fair value of derivative financial liability $ 1,000 and foreign exchange gain $ 1,320.

For the quarter ended June 30, 2016 the net loss of $ 645,829 consisted of sales revenues $ 1,648, cost of sales $ 88,572, depreciation $ 42,732, general administrative expenses $ 419,506, gain on disposal of property, plant and equipment $ 5,479, unrealized gain on fair value of derivative financial liability $ 1,000 and foreign exchange loss $ 103,146.

For the quarter ended March 31, 2016 the net loss of $ 373,345 consisted of sales revenues $ 28,073, cost of sales $ 121,531, depreciation $ 47,551, general administrative expenses $ 336,111, unrealized gain on fair value of derivative financial liability $ 79,000 and foreign exchange gain $ 24,775.

For the quarter ended December 31, 2015 the net loss of $ 260,341 consisted of sales revenues $ 28,830, cost of sales $ 70,312, depreciation $ 51,571, general administrative expenses $ 284,450, unrealized gain on fair value of derivative financial liability $ 95,000, foreign exchange gain $ 3,473 and sundry income $ 18,689.

Liquidity and Financial Position

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

Galantas reported a working capital deficit of $ 3,266,539 at September 30, 2017 which compared with a working capital deficit of $ 3,095,124 at December 31, 2016. The Company had cash balances of $ 735,325 at September 30, 2017 compared with cash balances of $ 557,005 at December 31, 2016. Accounts receivable and advances consisting mainly of trade debtors, reclaimable taxes and prepayments amounted to $ 228,591 at September 30, 2017 compared to $ 106,732 at December 31, 2016. Inventory at September 30, 2017 amounted to $ 14,877 compared with an inventory of $ 23,852 at December 31, 2016.

Accounts payable and other liabilities amounted to $ 1,028,108 at September 30, 2017 compared with $ 893,570 at December 31, 2016. The current portion of a financing facility totaled $ 5,821 at September 30, 2017 compared to $ 4,956 at December 31, 2016. Amounts due to related parties at September 30, 2017 amounted to $ 3,211,402 compared to $ 2,884,187 at the end of 2016. In addition Galantas has a contingent liability arising from a payment demand from Her Majesty's Revenue and Customs in the amount of $ 508,651 (UK£ 304,290) in connection with an aggregate levy arising from the removal of waste rock from the mine site during 2008 and early 2009. The Company believes this claim is without merit and had appealed the assessment. This appeal hearing commenced in March 2017 and was adjourned. A further two day hearing has now been scheduled for January 2018. No provision has been made for the claim in the consolidated financial statements.

The Company is reliant on obtaining additional funding to allow it to continue the expanded exploration programme and the further development of its underground mine and is actively seeking additional funding. The relative weakness of the Canadian and UK equity markets for junior mining companies continues and has restricted financing opportunities from this area.

During the first quarter Galantas completed a part brokered private placement in two parts for aggregate gross proceeds of $ 2,446,299 (approximately UK£1,482,875). The placement comprised of the issue of 33,093,258 common shares. United Kingdom placees subscribed for a total of 27,087,778 shares at a price of UK £0.045 per share. Canadian placees subscribed for a total of 6,005,480 shares at a price of $ 0.0725 per shares.

Subsequent to September 30, 2017 Galantas announced a proposed private placement of shares. The proposed placement is for a maximum of 20,000,000 shares, at an issue price of CDN$ 0.07 (UK£ 0.041) per share for maximum gross proceeds of CDN$ 1,400,000 (UK£ 820,000). A four month hold period will apply to the shares and issuance will be subject to TSX Venture Exchange and regulatory approval. The shares will rank pari passu with the existing shares in issue of the Company. The net proceeds are intended to be used for working capital purposes and to continue development of an underground mine on the Omagh property. The placing is expected to be on a part brokered basis. The Company is also in the process of negotiating additional finance on a debt related basis, to provide additional funds to enable the development of the mine to be completed.

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

The unaudited condensed interim consolidated financial statements have been prepared on a going concern basis as discussed in Note 1 of the September 30, 2017 consolidated financial statements. The Company's ongoing viability has been dependent on obtaining planning consent for the development of an underground mine at Omagh and in securing sufficient financing to fund ongoing operational activity and the development of the underground mine.

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

Off-Balance Sheet Arrangements

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

Related Party Transactions

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

Related party transactions conducted in the normal course of operations are measured at the fair value (the amount established and agreed by the related parties) and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

The Company has entered into the following transactions with related parties:

Director fees of $ 6,500 and $ 20,000 were accrued for the three and nine months ended September 30, 2017 ($ 6,500 and $ 19,750 for the three and nine months ended September 30, 2016). Stock-based compensation for these directors totalled $ 8,305 and $ 39,029 for the three and nine months ended September 30, 2017 ($ Nil for the three and nine months ended September 30, 2016).

Remuneration accrued for the President/CEO totalled $ 82,000 (UK£ 50,000) and $ 250,050 (UK£150,000) for the three and nine months ended September 30, 2017 ($ 85,610 (UK£ 50,000) and $ 276,180 (UK£150,000) for the three and nine months ended September 30, 2016). Stock-based compensation for the President/CEO totalled $ 8,305 and $ 39,018 for the three and nine months ended September 30, 2017 ($ Nil for the three and nine months ended September 30, 2016).

Remuneration of the CFO totalled $ 18,610 and $ 56,376 for the three and nine months ended September 30, 2017 ($17,939 and $ 54,179 for the three and nine months ended September 30, 2016). Stock based compensation for the CFO totalled $ 3,322 and $ 15,611 for the three and nine months ended September 30, 2017 ($ Nil for the three and nine months ended September 30, 2016).

At September 30, 2017 G&F Phelps Limited, a company controlled by a director of the Company, had amalgamated loans to Galantas of $ 2,203,761 (UK£1,318,354) (December 31, 2016 $ 2,183,722 (UK £ 1,318,354)) bearing interest at 2% above UK base rates, repayable on demand and secured by a mortgage debenture on all the Company's assets. The interest charged on the loan for the three and nine months ended September 30, 2017 amounted to $ 14,094 (UK£ 8,591) and $ 42,378 (UK£ 25,422 respectively (three and nine months ended September 30, 2016 14,875 (UK£ 8,727) and $ 50,125 (UK£ 27,227 respectively). Interest accrued on related party loans is included under due to related parties. As at September 30, 2017, the interest accrued amounted to $ 363,792 (UK£ 217,631) (December 31, 2016 - $ 318,375 (UK£ 192,209)).

As at September 30, 2017 amounts due to directors for fees totalled $ 130,250 (December 31, 2016 $ 110,250) and due to key management, mainly for salaries and benefits accrued at September 30, 2017 amounted to $ 513,599 (UK£ 307,250) (December 31, 2016 - $ 271,840 (UK£ 164,115)) and are included under due to related parties.

During 2015 Galantas completed a non-brokered private placement for aggregate gross proceeds of $ 2,400,000 (approximately UK£ 1,189,000). The majority of the placement was taken up by Mr. Ross Beaty who acquired 16,000,000 common shares resulting in an interest of 14.91% of Galantas issued and outstanding shares in 2015.

During 2016 Galantas completed a non-brokered private placement for aggregate gross proceeds of $1,466,312. The majority of the placement was taken up by Mr. Ross Beaty, who acquired 12,825,397 common shares. As a consequence of the placing, Mr. Beaty had an interest in 28,825,397 Common Shares.

In addition to this private placement, Roland Phelps, President & CEO, Galantas Gold Corporation, entered into a shares for debt exchange on the same terms as the placement. Mr. Phelps exchanged debt accruing to him, as of March 31, 2016, of $ 935,852 for 11,883,835 common shares. Shareholder consent was received for the debt exchange by means of a written resolution, with a majority of disinterested shareholder votes consenting. Following the debt exchange, Mr. Phelps holds 33,356,750 common share or 19.5% of the Company's issued common shares.

During the first quarter of 2017 Galantas completed a part brokered private placement in two parts for aggregate gross proceeds of $ 2,446,299 (approximately UK£1,482,875). The placement comprised of the issue of 33,093,258 common shares. Melquart Ltd, a UK based investment institution, subscribed for 22,222,222 Common Shares, which has resulted in a holding of 13% of the Company's issued common shares. In addition Mr. Ross Beaty subscribed for an additional 3,326,170 common shares in the placing. As a consequence of the placing, Mr. Beaty now has an interest in 32,151,567 common shares or 18.8% of the Company's issued common shares.

Excluding the Roland Phelps, Ross Beaty and Melquart Ltd. shareholdings discussed above, the remaining 48.67% of the shares are widely held, which include 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.

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

Proposed Transactions

There are no proposed transactions of a material nature that have been finalized by the Company.

Critical Accounting Estimates

The preparation of the unaudited condensed interim 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 unaudited condensed interim 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 exploration and evaluation assets incurred on the Omagh underground mine is dependent upon the ability to obtain planning permission and secure sufficient funding for the development of the underground mine. Following a strategic review of its business by the Company during 2014 certain assets owned by Omagh were acquired by Flintridge. This process involved a revaluation of the Company's assets to its recoverable amount based on its fair value, determined using a number of factors including liquidity and market participants view. During the year ended December 31, 2014, an aggregate impairment loss of $ 3,170,202 was recorded in the consolidated statements of loss. The Omagh underground mine and the open pit mine are considered as one Cash generating unit ("CGU") and were tested for impairment at December 31, 2016. 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 and management is exploring opportunities to secure financing in anticipation of approval of planning permission;
- the estimated life of the ore body based on the estimated recoverable ounces or pounds mined from proven and probable reserves of the mine development costs which impacts the consolidated statements of financial position and the related depreciation included in the consolidated statements of loss;
- the estimated useful lives and residual value of property, plant and equipment which are included in the consolidated statements of financial position and the related depreciation included in the consolidated statements of loss;
- 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;
- 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 annual audited 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.

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). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of November xx, 2017 the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as set out on Note 4 of the most recent annual consolidated financial statements as at and for the year ended December 31, 2016. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2017 could result in restatement of these unaudited condensed interim consolidated financial statements.

Recent Accounting Pronouncements

(i) IFRS 9 – Financial instruments was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses an incurred loss approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the expected loss approach in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. In July 2014, the IASB issued the final version of IFRS 9. The final amendments made in the new version include guidance for the classification and measurement of financial assets and a third measurement category for financial assets, fair value through other comprehensive income. The standard also contains a new expected loss impairment model for debt instruments measured at amortized cost or fair value through other comprehensive income, lease receivables, contract assets and certain written loan commitments and financial guarantee contracts. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. IFRS 9 will be effective for accounting periods beginning January 1, 2018. The Company is currently assessing the impact of this pronouncement.

(ii) In May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") to replace IAS 18 - Revenue and IAS 11 - Construction Contracts and the related interpretations on revenue recognition. The new revenue standard introduces a single, principles based, five-step model for the recognition of revenue when control of a good or service is transferred to the customer. The five steps are identify the contract(s) with the customer, identify the performance obligations in the contract, determine transaction price, allocate the transaction price and recognize revenue when the performance obligation is satisfied. IFRS 15 also requires enhanced disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers and improves the comparability of revenue from contracts with customers. IFRS 15 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

(iii) IFRS 16 - Leases (“IFRS 16”) was issued on January 13, 2016 to require lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 - Leases.

The IASB issued its standard as part of a joint project with the Financial Accounting Standards Board (FASB). The FASB has not yet issued its new standard, but it is also expected to require lessees to recognize most leases on their statement of financial position.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 - Revenue from Contracts with Customers, has been applied or is applied at the same time as IFRS 16.

Financial Instruments and Related Risks

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

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

(i) Credit risk and sales concentration
Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, accounts receivable and long-term deposit.

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

(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 at September 30, 2017 the Company had a working capital deficit of $ 3,266,538 (December 31, 2016 - $ 3,095,124). All of the Company's financial liabilities have contractual maturities of less than 30 days other than certain related party loans which are due on demand. The Company is seeking additional capital to meet its current and ongoing commitments. As at September 30, 2017, the Company was cash flow negative. The Company's ongoing viability has been dependent on obtaining planning consent for the development of an underground mine at Omagh and securing sufficient financing to fund ongoing operational activity and the development of the underground mine. Subsequent to September 30, 2017 Galantas announced a proposed private placement of shares. The proposed placement is for a maximum of 20,000,000 shares, at an issue price of CDN$ 0.07 (UK£ 0.041) per share for maximum gross proceeds of CDN$ 1,400,000 (UK£ 820,000). A four month hold period will apply to the shares and issuance will be subject to TSX Venture Exchange and regulatory approval. The Company is also in the process of negotiating additional finance on a debt related basis, to provide additional funds to enable the development of the mine to be completed.

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

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

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

Sensitivity analysis

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

(i) Certain related party loans are subject to interest rate risk. As at September 30, 2017, if interest rates had decreased/increased by 1% with all other variables held constant, the net loss for the three and six months ended September 30, 2017 would have been approximately $ 25,000 lower/higher respectively, as a result of lower/higher interest rates from certain related party loans. Similarly, as at September 30, 2017 shareholders' equity would have been approximately $ 25,000 higher/lower as a result of a 1% decrease/increase in interest rates from certain related party loans.
(ii) The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable, long-term deposit, accounts payable and other liabilities, financing liability and due to related parties that are denominated in UK£. As at September 30, 2017, had the UK£ weakened/strengthened by 5% against the CAD with all other variables held constant the Company's consolidated other comprehensive income for the three and nine months ended September 30, 2017 would have been approximately $ 133,000 higher/lower as a result of foreign exchange losses/gains on translation of non-CAD denominated financial instruments. Similarly, as at September 30, 2017, shareholders' equity would have been approximately $ 133,000 higher/lower had the UK£ weakened/strengthened by 5% against the CAD as a result of foreign exchange losses/gains on translation of non-CAD denominated financial instruments.
(iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of gold. Gold prices have fluctuated widely in recent years. There is no assurance that, even as commercial quantities of gold may be produced in the future, a profitable market will exist for them. A decline in the market price of gold may also require the Company to reduce production of its mineral resources, which could have a material and adverse effect on the Company's value. Management believes that the impact would be immaterial for the three and nine months ended September 30, 2017.

Capital Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return.

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

The Company considers its capital to be equity, which is comprised of share capital, reserves and accumulated deficit which at September 30, 2017 totalled $ 7,663,938 (December 31, 2016 - $ 6,568,471). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on its exploration activities. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the three and nine months ended September 30, 2017.

Disclosure of Internal Controls

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

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

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

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

Disclosure of Other MD&A Requirements

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

General Administrative Expenses for the Quarters ended September 30, 2017 and September 30, 2016 are detailed below:

Expense Account	Quarter Ended September 30, 2017 $	Quarter Ended September 30, 2016 $
Management & administrative wages	149,938	153,178
Other operating expenses	37,300	20,067
Accounting & corporate	14,490	14,627
Legal & audit	21,585	(82,304)
Stock-based compensation	81,391	0
Shareholder communication and investor relations	34,433	40,482
Transfer agent	1,579	1,599
Directors fees	6,500	6,500
General office	1,944	1,947
Accretion expenses	2,590	2,704
Loan interest and bank charges	15,507	16,016
Total	**$ 367,257**	**$ 174,816**

General administrative expenses for the quarter ended September 30, 2017 totalled $ 367,257 compared to $ 174,816 for the quarter ended September 30, 2016.

Management and administrative wages, the majority of which are incurred in UK£, include payroll costs of both Galantas corporate and at the Omagh mine which totalled $ 149,938 for the quarter ended September 30, 2017 compared to $ 153,178 for the third quarter of 2016. Other operating expenses, the majority of which are also incurred in UK£ and include amongst others professional fees, insurance costs, health and safety training costs and travel amounted to $ 37,300 for the quarter ended September 30, 2017 compared to $ 20,067 for the corresponding period of 2016. The increase in the current quarter was mainly due to increased insurance costs reflecting the increased level of activity at the Omagh mine during the quarter. Accounting and corporate costs for the quarter amounted to $ 14,490 compared to $ 14,627 for the corresponding quarter of 2016. Legal and audit costs totalled $ 21,585 for the quarter compared to $ (82,304) credit for the third quarter of 2016. Legal costs for the third quarter which were mainly in connection with the aggregates appeal hearing referred to in Note 16 of the financials amounted to $ 8,927 and compared with $ (98,374) credit for the third quarter of 2016**.** The 2016 legal fees credit was due to a reversal of legal costs that had been included in the Consolidated Statement of Loss during the first half of 2016 which reversal resulted in the aforementioned credit in the third quarter of 2016. These fees were in connection with the judicial review hearing regarding the planning consent and are now included with Mine Development Costs in the Statement of Financial Position. Audit fees for the third quarter amounted to $ 12,658 compared to $ 16,070 for the third quarter of 2016. The lower level of audit fees during the current quarter is due to the correction of an overprovision in earlier quarters.

Stock-based compensation costs for the third quarter of 2017 amounted to $ 81,391 compared to $ Nil for the corresponding quarter of 2016. Stock based compensation costs were in connection with stock options granted during the first quarter of 2017. 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 $ 34,433 for the third quarter of 2017 compared to $ 40,482 for the corresponding quarter of 2016. Shareholder communication costs include investor relations, shareholders information, filing fees and listing fees. Shareholder communication costs and investor relations costs were lower in the third quarter of 2017 due mainly to lower investor relations costs.

Transfer agents fees for the third quarter of 2017 amounted to $ 1,579 compared to $ 1,599 incurred in the corresponding quarter of 2016. Directors' fees for the second quarter of 2017 totalled $ 6,500 compared to $ 6,500 for 2016. General office expenses for the third quarter of 2017 amounted to $ 1,944 compared to $ 1,947 for 2016. Accretion expenses for the third quarter of 2017 amounted to $ 2,590 which compared to $ 2,704 for the third quarter of 2016. The accretion charge is in connection with the Company's decommissioning liability. Loan interest and bank charges for the third quarter of 2017 were mainly in connection with interest on the G&F Phelps UK£ loan and amounted to $ 15,507 compared to $ 16,016 for the quarter ended September 30, 2016.

General Administrative Expenses for the Nine Months ended September 30, 2017 and September 30, 2016 are detailed below:

Expense Account	Nine Months Ended September 30, 2017 $	Nine Months Ended September 30, 2016 $
Management & administrative wages	454,680	496,671
Other operating expenses	158,561	64,214
Accounting & corporate	44,580	45,860
Legal & audit	102,322	65,162
Stock-based compensation	382,478	0
Shareholder communication and investor relations	134,605	158,560
Transfer agent	9,159	10,831
Directors fees	20,000	19,750
General office	5,854	5,829
Accretion expenses	7,897	8,722
Loan interest and bank charges	46,472	54,834
Total	**$ 1,366,608**	**$ 930,433**

General administrative expenses for the nine months ended September 30, 2017 totalled $ 1,366,608 compared to $ 930,433 for the nine months ended September 30, 2016.

Management and administrative wages, the majority of which are incurred in UK£, include payroll costs of both Galantas corporate and the Omagh mine which totalled $ 454,680 for the nine months ended September 30, 2017 compared to $ 496,671 for the first nine months of 2016. The lower costs in 2017 are mainly due to the stronger Can$: UK£ exchange rate prevailing during the nine months when compared to the corresponding period of 2016.Other operating expenses, the majority of which are also incurred in UK£ at the Omagh mine, and include amongst others professional fees, insurance costs, health and safety training and travel amounted to $ 158,561 for the nine months ended September 30, 2017 compared to $ 64,214 for the corresponding period of 2016. The increase in the current period was mainly due to increased professional fees, insurance costs and health and safety training costs reflecting the increased level of activity at the Omagh mine during the period. Accounting and corporate costs for the first nine months of 2017 amounted to $ 44,580 compared to $ 45,860 for the corresponding period of 2016. Legal and audit costs totalled $ 102,322 for the nine months compared to $ 65,162 for the first nine months of 2016. Legal costs which were mainly in connection with the aggregates appeal hearing referred to in Note 16 of the financials amounted to $ 53,337 which compared with $ 9,459 for the first nine months of 2016**.** Audit fees for the nine months amounted to $ 48,985 compared to $ 55,703 for the corresponding period of 2016. The higher level of audit fees in 2016 was due to an under provision of the 2015 annual audit fees which under provision is now reflected in 2016 audit fee costs.

Stock-based compensation costs for the first nine months of 2017 amounted to $ 382,478 compared to $ Nil for the corresponding period of 2016. Stock based compensation costs were in connection with stock options granted during the first quarter of 2017. 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 $ 134,605 for the first nine months of 2017 compared to $ 158,560 for 2016. Shareholder communication and investor relations costs include investor relations, shareholders information, filing fees, listing fees and certain costs in connection with the holding of the Company's AGM. Shareholder communication costs and investor relations costs were lower in the first nine months of 2017 due mainly to lower investor relations costs and costs in connection with the holding of the Company's AGM.Transfer agents fees amounted to $ 9,159 compared to $ 10,831 incurred in the first nine months of 2016. Directors' fees totalled $ 20,000 compared to $ 19,750 for the first nine months of 2016. General office expenses for the nine months of 2017 amounted to $ 5,854 compared to $ 5,829 for 2016.

Accretion expenses for the first nine months of 2017 amounted to $ 7,897 which compared to $ 8,722 for the corresponding period of 2016. The accretion charge is in connection with the Company's decommissioning liability. Loan interest and bank charges for the first nine months of 2017 which was mainly in connection with interest on the G&F Phelps UK£ loan and amounted to $ 46,472 compared to $ 54,834 for the corresponding period of 2016.The lower interest charge for the first nine months of 2017 was mainly due to the stronger Can$: UK£ exchange rate that prevailed during the period when compared to the average Can$: UK£ exchange rate for the corresponding period of 2016.

Disclosure of Outstanding Share Data

At November 15, 2017 there were a total of 170,894,087 shares issued, warrants to purchase 636,000 common shares with an expiry date of February 2018 and 8,600,000 stock options with expiry dates from June 2020 to March 2022.

Events after the Reporting Period

On November 3, 2017, the Company announced that it received notice of an application, by a third party, to the Court of Appeal, in relation to the positive judicial review judgment, given by Madam Justice McBride, regarding the grant of planning permission at the Omagh gold mine in July 2015. In a detailed and comprehensive judgement, delivered on September 29, 2017, Madam Justice McBride confirmed the planning consent granted by Department of Environment, Northern Ireland (now Department for Infrastructure), for underground development. Refer to note 7 of the Financial Statements.

On November 15, 2017, the Company announced a proposed private placement of shares. The proposed placement is for a maximum of 20,000,000 shares, at an issue price of $ 0.07 (UK£ 0.041) per share for maximum gross proceeds of $ 1,400,000 (UK£ 820,000). A four month old period will apply to the shares and issuance will be subject to TSX Venture Exchange and regulatory approval. The net proceeds to be raised by the Placing are intended to be used for working capital purposes and to continue development of an underground mine on the Omagh property. The Placing is expected to be on a part brokered basis.

Trends Affecting the Company's Business

Gold Price in US Dollars and UK Sterling

The Gold concentrate output from the Omagh Mine, when operational, is sold in US dollars. Most of the value is accrued from the gold content. The following table was partly composed from data published by the Bank of England (BOE) of average monthly gold price in US$ and UK £ (Sterling) per troy ounce. The gold price data from May 2017 onwards was drawn from LBMA data due to unavailability of BOE data.

The fourth quarter of 2016 showed a US$ gold price trend which weakened in the last two months of the year, a trend which reversed early in 2017. The UK£ average quarterly gold price, which had been earlier buoyed by sterling weakness, also weakened in the closing months of 2016. Similarly to the US$ gold price, the weakening UK£ gold price trend reversed in the first four months of 2017. US$ gold prices strengthened to an average of $1316 /oz in September, and reached UK £989.24 the same month. Whilst this was the highest average monthly gold price in US$ to date in 2017, the highest average monthly gold price in UK£ remains that of April 2017 at £1001.23. For the period May to October 2017, the average monthly price in UK£ has fallen in the range £951 to £ 990.

The average gold price for the three months ended September 30, 2017 averaged US$ 1,278 and UK£ 977 compared to US$ 1,335 and UK£ 1,0177 for the three months ended September 30, 2016. The average gold price for the nine months ended September 30, 2017 averaged US$ 1,251 and UK£ 981 compared to US$ 1,259 and UK£ 907 for the nine months ended September 30, 2016.

MONTH	Gold Price US $ per oz.	Gold Price UK£ per oz.	Quarterly Average US$	Quarterly Average UK£
OCTOBER 2016	1266.57	1027.38		
NOVEMBER 2016	1235.98	994.66		
DECEMBER 2016	1150.13	920.54	1217.56	925.39
JANUARY 2017	1192.62	966.79		
FEBRUARY 2017	1234.36	989.28		
MARCH 2017	1231.09	997.33	1219.36	984.47
APRIL 2017	1265.63	1001.23		
MAY 2017	1245.13	963.18		
JUNE 2017	1260.77	984.95	1257.17	983.12
JULY 2017	1235.66	951.32		
AUGUST 2017	1282.64	990.55		
SEPT 2017	1316.01	989.24	1278.10	977.04
OCTOBER 2017	1280.19	970.42		

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

The US Dollar / UK£ Sterling Currency Exchange Rate

The following table is drawn from Bank of England data that gives the monthly average spot exchange rate of US $ to UK£ Sterling. Sales revenues at the Omagh mine (when active) are designated in US Dollars and are converted to UK£, as operating, exploration and capital costs are designated in UK £ (Sterling). Thus a stronger US$ / weaker UK£ is to the Company's financial benefit.

Sterling weakened against the US$ at the beginning of 2016 and remained at these lower levels during the first half of the year. Concerns regarding the strength of the UK economy and potential for exit for UK from the European Union in the upcoming referendum were attributed by economic commentators as cause for this decline. Following the result of the British referendum in mid-2016 sterling weakened further and remained at the weaker levels during the second half of 2016. The dramatic post Brexit weakening of UK£ Sterling against the US$ has been explained by economic commentators as due to concerns regarding the strength of the UK economy, the effect of Brexit and a weakening UK interest rate trend.

The weaker trend in Sterling versus the US dollar continued into the first quarter of 2017. Since the end of the first quarter of 2017, Sterling has gained back a little of its lost ground, rising to $1.33 in September 2017. Into October 2017, Sterling has remained close to September's average, possibly on expectations of an interest rate increase in the Bank of England base rate.

The US dollar averaged $ 1.31 and $ 1.28 against sterling for the third quarter and first nine months of 2017 compared to $ 1.31 and $ 1.39 for the third quarter and first nine months of 2016.

MONTH	Average US $:£	Quarterly Average US$:£	Average Can$:£	Quarterly Average Can$:£
OCTOBER 2016	1.23		1.63	
NOVEMBER 2016	1.24		1.67	
DECEMBER 2016	1.25	1.24	1.66	1.66
JANUARY 2017	1.24		1.63	
FEBRUARY 2017	1.25		1.64	
MARCH 2017	1.23	1.24	1.65	1.64
APRIL 2017	1.27		1.70	
MAY 2017	1.29		1.76	
JUNE 2017	1.28	1.28	1.70	1.72
JULY 2017	1.30		1.65	
AUGUST 2017	1.30		1.63	
SEPT 2017	1.33	1.31	1.64	1.64

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

The Canadian Dollar / UK£ Sterling Currency Exchange Rate.

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

The Canadian Dollar has been on a strengthening trend which commenced in February 2016. That trend was increased further in July 2016 following the results of Brexit. The Canadian dollar strengthened further into the fourth quarter and the early months of 2017. The strengthening trend against Sterling appears to have reversed during the second quarter of 2017. Strengthening in the third quarter to $1.64, the Canadian dollar has weakened since quarter end, with daily levels of around $1.70 in evidence.

The US dollar averaged $ 1.64 and $ 1.67 against sterling for the third quarter and first nine months of 2017 compared to $ 1.71 and $ 1.84 for the third quarter and first nine months of 2016.

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 appears to have marginally strengthened. Whilst the remaining malaise in this market sector has restricted financing opportunities, there is some evidence that funding difficulties are easing.

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 remains some uncertainty about a return to the power sharing agreement, which is further complicated by arrangements made with one of the political parties in Northern Ireland lending its support to the UK governing party.

Risks and Uncertainties

Galantas operates in a sector – mineral production and exploration – which carries inherent risks only some of which are within management's ability to reduce or remove. The main sector risk is always metal price. An investment in the securities of the Company is highly speculative and involves numerous and significant risks. It should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risks and Uncertainties" in the Company's MD&A for the fiscal year ended December 31, 2016, available on SEDAR at ***www.sedar.com***. There have been no significant changes to such risk factors since the date thereof.

Qualified Person Statement

The technical aspects of this MD&A, including the statement of mineral resource estimates (announced by Galantas 28 July, 2014) was prepared by the Galantas Gold Corporation Geological and Mining Team under the supervision of R. Phelps C.Eng MIMMM (President & CEO, Galantas Gold Corporation), a Qualified Person for the purposes of NI 43-101 and the AIM Rules, who has reviewed and approved this release.