GALANTAS GOLD CORPORATION

Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)

(Unaudited)
Three Months Ended March 31, 2012

NOTICE TO READER

The accompanying condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of management. The condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

Galantas Gold Corporation
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at March 31, 2012	As at December 31, 2011
ASSETS		
Current assets		
Cash (note 4)	**$ 2,924,890**	$ 4,240,081
Accounts receivable and advances (note 5)	**897,304**	1,056,573
Inventory (note 6)	**392,769**	347,016
Total current assets	**4,214,963**	5,643,670
Non-current assets		
Property, plant and equipment (note 7)	**3,926,290**	3,547,393
Long-term deposit (note 4)	**391,265**	371,277
Deferred development and exploration costs (note 8)	**5,131,158**	4,507,753
Total assets	**$ 13,663,676**	$ 14,070,093
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and other liabilities (note 9)	**$ 1,680,017**	$ 1,683,142
Due to related parties (note 14)	**2,546,045**	2,517,067
Convertible debenture (note 10)	**2,061,876**	1,979,603
Total current liabilities	**6,287,938**	6,179,812
Non-current liabilities		
Asset retirement obligation	**399,250**	394,975
Total liabilities	**6,687,188**	6,574,787
Capital and reserves		
Share capital (note 11)	**27,808,316**	27,808,316
Reserves	**5,382,601**	5,258,030
Deficit	**(26,214,429)**	(25,571,040)
Total equity	**6,976,488**	7,495,306
Total equity and liabilities	**$ 13,663,676**	$ 14,070,093

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

Going concern (note 1)
Contingent liability (note 16)

Approved on behalf of the Board:

"Roland Phelps" , Director   "Lionel J. Gunter" , Director

Galantas Gold Corporation
Condensed Consolidated Interim Statements of Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Revenues		
Gold sales	**$ 1,025,146**	$ 1,202,141
Cost and expenses of operations		
Cost of sales (note 13)	**1,020,507**	1,028,862
Amortization and depreciation	**184,565**	140,133
	1,205,072	1,168,995
(Loss) income before the undernoted	**(179,926)**	33,146
Other expense		
Loss on disposal of property, plant and equipment	**1,506**	1,264
General administrative expenses		
Management and administration wages (note 14)	**152,231**	123,470
Other operating expenses	**70,234**	35,078
Accounting and corporate	**13,167**	17,481
Legal and audit	**24,631**	72,880
Stock-based compensation (note 11(d))	**47,566**	21,540
Shareholder communication and investor relations	**58,789**	30,313
Transfer agent	**2,687**	2,779
Director fees (note 14)	**7,350**	9,750
General office	**2,447**	2,080
Accretion expenses (note 10)	**45,529**	10,151
Bank interest and fees	**29,325**	21,347
	453,956	346,869
Foreign exchange loss	**8,001**	4,998
	461,957	351,867
Net loss for the period	**$ (643,389)**	$ (319,985)
Basic net income per share (note 12)	**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding - basic	**235,650,055**	235,650,055
Diluted net loss per share (note 12)	**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding - diluted	**235,650,055**	235,650,055

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

Galantas Gold Corporation
Condensed Consolidated Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended March 31, 2012		Three Months Ended March 31, 2011	
Net loss for the period	**$**	**(643,389)**	$	(319,985)
Other comprehensive income				
Foreign currency translation differences		**77,005**		11,496
Total comprehensive loss	**$**	**(566,384)**	$	(308,489)

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

Galantas Gold Corporation
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Operating activities		
Net loss for the period	**$ (643,389)**	$ (319,985)
Adjustment for:		
Amortization and depreciation	**184,565**	140,133
Stock-based compensation (note 11(d))	**47,566**	21,540
Foreign exchange	**60,905**	(2,913)
Loss on disposal of property, plant and equipment	**1,506**	1,264
Accretion expenses	**45,529**	10,151
Non-cash working capital items:		
Accounts receivable and advances	**159,269**	(607,330)
Inventory	**(45,753)**	24,735
Accounts payable and other liabilities	**(3,125)**	731,827
Net cash used in operating activities	**(192,927)**	(578)
Investing activities		
Purchase of property, plant and equipment	**(505,428)**	(716,848)
Proceeds from sale of property, plant and equipment	**32,100**	18,714
Deferred development and exploration costs	**(631,353)**	(113,196)
Long-term deposit	**(15,970)**	-
Net cash used in investing activities	**(1,120,651)**	(811,330)
Financing activities		
Net repayments of financing facility	**-**	(18,681)
Repayments to related parties	**(94,392)**	(20,080)
Advances from related parties	**123,370**	-
Proceeds from convertible debenture	**-**	1,953,750
Financing charges related to convertible debenture	**-**	(14,594)
Net cash provided by financing activities	**28,978**	1,900,395
Net change in cash	**(1,284,600)**	1,088,487
Effect of exchange rate changes on cash held in foreign currencies	**(30,591)**	(17,638)
Cash, beginning of period	**4,240,081**	2,661,798
Cash, end of period	**$ 2,924,890**	$ 3,732,647

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

Galantas Gold Corporation

Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

		Reserves					
	Share capital	Equity settled share-based payments reserve	Warrant reserve	Foreign currency translation reserve	Equity portion of convertible debenture	Deficit	Total
Balance, December 31, 2010	**$ 27,808,316**	**$ 4,069,045**	**$ 976,414**	**$ (264,020)**	**$ -**	**$ (27,182,030)**	**$ 5,407,725**
Convertible debenture	-	-	-	-	168,082	-	168,082
Stock-based compensation	-	21,540	-	-	-	-	21,540
Net loss and comprehensive income for the period	-	-	-	11,496	-	(319,985)	(308,489)
Balance, March 31, 2011	**27,808,316**	**4,090,585**	**976,414**	**(252,524)**	**168,082**	**(27,502,015)**	**5,288,858**
Balance, December 31, 2011	**27,808,316**	**4,320,247**	**976,414**	**(206,713)**	**168,082**	**(25,571,040)**	**7,495,306**
Stock-based compensation	-	47,566	-	-	-	-	47,566
Net loss and comprehensive income for the period	-	-	-	77,005	-	(643,389)	(566,384)
Balance, March 31, 2012	**$ 27,808,316**	**$ 4,367,813**	**$ 976,414**	**$ (129,708)**	**$ 168,082**	**$ (26,214,429)**	**$ 6,976,488**

The notes to the condensed consolidated interim financial statements are an integral part of these statements.

1. Going Concern

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

As at December 31, 2001, studies performed on Omagh's mineral property confirmed the existence of economically recoverable reserves. As at July 1, 2007, the mineral property was in the production stage and the directors believe that the capitalized development expenditures will be fully recovered by the future operation of the mine. The recoverability of Omagh's capitalized development costs is thus dependent on the ability to secure financing, future profitable production or proceeds from the disposition of the mineral property. While the Company is expending its best efforts in this regard, the outcome of these matters can not be predicted at this time.

As at March 31, 2012, the Company had a deficit of $26,214,429 (December 31, 2011 - $25,571,040). Management is confident that it will be able to secure the required financing to enable the Company to continue as a going concern. However, this is subject to a number of factors including market conditions. These condensed consolidated interim financial statements do not reflect adjustments to the carrying values of assets and liabilities, the reported expenses and financial position classifications used that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

2. Incorporation and Nature of Operations

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

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

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

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

The Company’s common shares are listed on the TSX Venture Exchange (the "Exchange") and London Stock Exchange AIM under the symbol GAL. The primary office is located at 360 Bay Street, Suite 500, Toronto, Ontario, Canada, M5H 2V6.

(Expressed in Canadian Dollars)

3. Basis of Preparation

(a) Statement of compliance

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 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 required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of May 25, 2012, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2011. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2012 could result in restatement of these condensed interim financial statements.

New standards not yet adopted and interpretations issued but not yet effective

There are no relevant changes in accounting standards applicable to future periods other than as disclosed in the most recent annual consolidated statements as at and for the year ended December 31, 2011.

4. Cash Position

	As at March 31, 2012	As at December 31, 2011
Cash	**$ 2,924,890**	$ 4,240,081
Long-term deposit	**391,265**	371,277
Total cash position	**$ 3,316,155**	$ 4,611,358

5. Accounts Receivable and Advances

	As at March 31, 2012	As at December 31, 2011
Sales tax receivable - Canada	**$ 30,700**	$ 24,680
Sales tax receivable - Ireland	**254,184**	248,348
Accounts receivable	**500,222**	690,433
Prepaid expenses	**112,198**	93,112
	$ 897,304	$ 1,056,573

(Expressed in Canadian Dollars)

6. Inventory

	As at March 31, 2012	As at December 31, 2011
Concentrate inventory	**$ 78,614**	$ 32,159
Finished goods	**314,155**	314,857
	$ 392,769	$ 347,016

7. Property, Plant and Equipment

	March 31, 2012		
	Cost	Accumulated amortization	Net
Freehold land and buildings	$ 2,671,974	$ 1,212,519	**$ 1,459,455**
Plant and machinery	6,050,642	3,663,219	**2,387,423**
Motor vehicles	64,982	47,552	**17,430**
Office equipment	99,245	37,263	**61,982**
Moulds	58,088	58,088	**-**
	$ 8,944,931	$ 5,018,641	**$ 3,926,290**

	December 31, 2011		
	Cost	Accumulated amortization	Net
Freehold land and buildings	$ 2,246,768	$ 1,195,684	**$ 1,051,084**
Plant and machinery	5,968,298	3,549,698	**2,418,600**
Motor vehicles	63,338	45,928	**17,410**
Office equipment	94,788	34,489	**60,299**
Moulds	57,466	57,466	**-**
	$ 8,430,658	$ 4,883,265	**$ 3,547,393**

(Expressed in Canadian Dollars)

8. Deferred Development and Exploration Costs

	March 31, 2012		
	Cost	**Accumulated amortization**	**Net**
Deferred development and exploration costs	$ 10,909,613	$ 5,778,455	**$ 5,131,158**

	December 31, 2011		
	Cost	**Accumulated amortization**	**Net**
Deferred development and exploration costs	$ 10,168,806	$ 5,661,053	**$ 4,507,753**

9. Accounts Payable and Other Liabilities

	As at March 31, 2012	**As at December 31, 2011**
Falling due within the year		
Trade payables	**$ 1,680,017**	$ 1,683,142

10. Convertible Debenture

	Convertible debenture	**Equity portion of convertible debenture**
Balance, December 31, 2010	**$ -**	**$ -**
Proceeds from issuance	1,953,750	-
Fair value of conversion option	(169,347)	169,347
Financing charges	(13,329)	(1,265)
Accretion charges - effective interest rate	10,151	-
Accretion charges - financing charges	613	-
Interest expenses	2,938	-
Foreign exchange	(3,996)	-
Balance, March 31, 2011	**$ 1,780,780**	**$ 168,082**
Balance, December 31, 2011	**$ 1,979,603**	**$ 168,082**
Accretion charges - effective interest rate	45,529	-
Accretion charges - financing charges	2,538	-
Interest expenses	12,725	-
Foreign exchange	21,481	-
Balance, March 31, 2012	**$ 2,061,876**	**$ 168,082**

(Expressed in Canadian Dollars)

11. Share Capital and Reserves

a) Authorized share capital

At March 31, 2012, the authorized share capital consisted of unlimited number of common and preference shares issuable in Series. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

At March 31, 2012, the issued share capital amounted to $27,808,316. The change in issued share capital for the periods presented:

	Number of common shares	Amount
Balance, December 31, 2010, March 31, 2011, December 31, 2011 and March 31, 2012	**235,650,055**	**$ 27,808,316**

c) Warrant reserve

The following table shows the continuity of warrants for the periods presented:

	Number of warrants	Weighted average price
Balance, December 31, 2010, March 31, 2011, December 31, 2011 and March 31, 2012	**45,550,000**	**$ 0.10**

As at March 31, 2012, the following warrants were outstanding:

Expiry date	Number of warrants	Fair value ($)	Exercise price ($)
June 8, 2012	21,000,000	411,764	0.10
July 22, 2012	24,550,000	564,650	0.10
	45,550,000	976,414	0.10

(Expressed in Canadian Dollars)

11. Share Capital and Reserves (Continued)

(d) Stock options

The following table shows the continuity of stock options for the periods presented:

	Number of options	Weighted average price
Balance, December 31, 2010	**10,800,000**	**$ 0.13**
Granted (i)	4,950,000	0.10
Balance, March 31, 2011	**15,750,000**	**$ 0.13**
December 31, 2011 and March 31, 2012	**15,750,000**	**$ 0.12**

Stock-based compensation expense includes $47,566 (three months ended March 31, 2011 - $16,625) relating to stock options granted in previous years that vested during the three months ended March 31, 2012.

(i) On January 28, 2011, 250,000 stock options were granted to a consultant of the Company to purchase common shares at a price of $0.10 per share until January 28, 2016. The options vest one-third upon grant, one-third on the first anniversary of grant and one-third on the second anniversary of grant. The fair value attributed to these options was $11,750 and will be expensed in the consolidated statements of income and credited to equity settled share-based payments reserve as the options vest. During the three months ended March 31, 2011, included in stock-based compensation is $4,915 related to the vested portion of these options.

The fair value of the options was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; volatility - 141.25%; risk-free interest rate - 2.53% and an expected life of 5 years.

(ii) On April 5, 2011, 500,000 stock options were granted to a consultant of the Company to purchase common shares at a price of $0.10 per share until April 5, 2013. The options vest one quarter equally over 3, 6, 9, and 12 months from the date of the grant. The fair value attributed to these options was $27,500 and will be expensed in the consolidated statements of income and credited to equity settled share-based payments reserve as the options vest. During the three months ended March 31, 2012, included in stock-based compensation is $1,846 related to the vested portion of these options.

The fair value of the options was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; volatility - 151.35%; risk-free interest rate - 1.81% and an expected life of 2 years.

(Expressed in Canadian Dollars)

11. Share Capital and Reserves (Continued)

(d) Stock options (Continued)

(iii) On September 7, 2011, 4,200,000 stock options were granted to certain directors, officers and employees to purchase common shares at a price of $0.10 per share until September 6, 2016. The options vest one-third upon grant, one-third on the first anniversary of grant and one-third on the second anniversary of grant. The fair value attributed to these options was $315,000 and will be expensed in the consolidated statements of income and credited to equity settled share-based payments reserve as the options vest. During the three months ended March 31, 2012, included in stock-based compensation is $39,375 related to the vested portion of these options.

The fair value of the options was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; volatility - 142.95%; risk-free interest rate - 1.30% and an expected life of 5 years.

The following table reflects the actual stock options issued and outstanding as of March 31, 2012:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
June 15, 2012	0.23	0.21	500,000	500,000	-
December 24, 2012	0.14	0.73	5,300,000	5,300,000	-
April 5, 2013	0.10	1.01	500,000	375,000	125,000
October 2, 2013	0.10	1.51	1,500,000	1,500,000	-
November 23, 2015	0.10	3.65	3,500,000	2,333,333	1,166,667
January 28, 2016	0.10	3.83	250,000	166,667	83,333
September 6, 2016	0.10	4.44	4,200,000	1,400,000	2,800,000
	0.12	2.48	15,750,000	11,575,000	4,175,000

12. Net Loss per Common Share

The calculation of basic and diluted loss per share for the three months ended March 31, 2012 and 2011 was based on the loss attributable to common shareholders of $643,389 (three months ended March 31, 2011 - $319,985) and the weighted average number of common shares outstanding of 235,650,055 (March 31, 2011 - 235,650,055) for basic loss per share. Diluted loss did not include the effect of warrants and options for the three months ended March 31, 2012 and 2011 as they are anti-dilutive.

(Expressed in Canadian Dollars)

13. Cost of Sales

	Three months ended March 31, 2012	2011
Production wages	$ **360,898**	$ 335,081
Oil and fuel	**369,324**	271,399
Repairs and servicing	**137,653**	167,751
Equipment hire	**89,643**	105,768
Consumable	**51,511**	68,742
Royalties	**21,235**	23,460
Carriage	**11,168**	12,267
Other costs	**23,324**	19,659
Production costs	**1,064,756**	1,004,127
Inventory movement	**(44,249)**	24,735
Cost of sales	$ **1,020,507**	$ 1,028,862

14. Related Party Balances and Transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Related parties include the Board of Directors, close family members 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 exchange value (the amount established and agreed to by the related parties).

(a) The Company entered into the following transactions with related parties:

	Notes	Three Months Ended March 31, 2012	2011
Interests on related party loans	(i)	$ **10,330**	$ 16,425

(i) G&F Phelps, a company controlled by a director of the Company, had amalgamated loans to Galantas of $1,639,404 (GBP 1,026,552) (December 31, 2011 - $1,716,643 - GBP 1,086,552) bearing interest at 2% above UK base rates, repayable on demand and secured by a mortgage debenture on all the Company's assets. Interest accrued on related party loans is included with due to related parties. As at March 31, 2012, the amount of interest accrued is $54,038 (GBP 33,837) (December 31, 2011 - $43,085 - GBP 27,271).

(Expressed in Canadian Dollars)

14. Related Party Balances and Transactions (Continued)

(b) Remuneration of Directors and key management of the Company was as follows:

	Three Months Ended March 31, 2012	2011
Salaries and benefits [1]	**$ 94,820**	$ 97,240
Stock-based compensation	**25,781**	-
	$ 120,601	$ 97,240

[1] Salaries and benefits include director fees. As at March 31, 2012, due to directors for fees amounted to $7,350 (December 31, 2011 - $nil) and due to directors for salaries and benefits amounted to $845,253 (GBP 529,277) (December 31, 2011 - $757,339 - GBP 479,277), and is included with due to related parties.

15. Segment Disclosure

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

16. Contingent Liability

During the year ended December 31, 2010, the Company’s subsidiary Omagh received a payment demand from Her Majesty’s Revenue and Customs in the amount of $532,042 (GBP 333,151) 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. An appeal has been lodged and the Company’s subsidiary Omagh intends to vigorously defend itself against this claim. No provision has been made for the claim in the audited consolidated annual financial statements.