GALANTAS GOLD CORPORATION

Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

(Unaudited)
For the Three and Nine Months Ended September 30, 2009

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements of Galantas Gold Corporation were prepared by management in accordance with Canadian generally accepted accounting principles. The most significant of these accounting principles have been set out in the December 31, 2008 audited consolidated financial statements. Only changes in accounting policies have been disclosed in these unaudited interim consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

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

The Board of Directors is responsible for reviewing and approving the unaudited interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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

	September 30, 2009	December 31, 2008
Assets		
Current		
Cash	**$ 112,074**	$ 587,489
Accounts receivable and advances	**561,427**	330,467
Inventory (Note 6)	**620,706**	652,306
	1,294,207	1,570,262
Property, plant and equipment (Note 7)	**5,716,618**	6,152,874
Long-term deposit	**101,900**	101,900
Deferred development and exploration costs (Note 8)	**10,276,609**	10,601,856
Future income taxes	**2,094,043**	2,094,043
	$ 19,483,377	$ 20,520,935
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 1,920,268**	$ 2,298,303
Current portion of financing facility (Note 9)	**84,441**	309,043
Due to related party (Note 11)	**3,081,278**	2,504,275
	5,085,987	5,111,621
Asset retirement obligation	**447,400**	447,400
Due to related party (Note 11)	**-**	418,161
Long-term portion of financing facility (Note 9)	**47,560**	199,864
	5,580,947	6,177,046
Shareholders' Equity		
Share capital (Note 10(a))	**26,530,787**	26,435,998
Warrants (Note 10(b))	**227,650**	180,640
Contributed surplus	**3,754,356**	3,648,288
	30,512,793	30,264,926
Deficit	**(16,610,363)**	(15,921,037)
	13,902,430	14,343,889
	$ 19,483,377	$ 20,520,935

Going concern (Note 1)

GALANTAS GOLD CORPORATION

See accompanying notes to unaudited interim consolidated financial statements

GALANTAS GOLD CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
Revenues				
Gold sales	**$ 950,950**	$ 1,175,104	**$ 3,742,197**	$ 2,447,456
Cost and expenses of operations				
Cost of sales	**808,622**	619,832	**2,611,291**	1,754,019
Amortization and depreciation	**397,181**	360,520	**1,026,620**	1,057,601
	1,205,803	980,352	**3,637,911**	2,811,620
(Loss) income before the undernoted	**(254,853)**	194,752	**104,286**	(364,164)
Other expenses and (income)				
Other operating expenses	**159,532**	225,284	**474,974**	806,746
Accounting and corporate	**13,554**	33,029	**40,547**	62,058
Legal and audit	**30,238**	26,713	**68,827**	55,659
Stock-based compensation (Note 10(c))	**32,834**	105,859	**106,068**	354,567
Shareholder communication and public relations	**27,332**	8,525	**97,254**	76,668
Transfer agent	**2,058**	2,240	**14,710**	14,899
General office	**1,553**	6,602	**22,628**	31,940
Bank interest and fees	**69,921**	63,066	**134,263**	190,958
Foreign exchange gain	**(426,887)**	(389,736)	**(165,659)**	(212,342)
Interest income	**-**	-	**-**	(295)
	(89,865)	81,582	**793,612**	1,380,858
Net (loss) income and comprehensive (loss) income for the period	**$ (164,988)**	$ 113,170	**$ (689,326)**	$ (1,745,022)
Basic and diluted (loss) income per share	**$ (0.00)**	$ 0.00	**$ (0.00)**	$ (0.01)
Weighted average number of shares outstanding - basic	**190,100,055**	175,675,855	**189,931,180**	175,675,855
Dilutive effect of stock options and warrants	**-**	-	**-**	-
Weighted average number of shares outstanding - diluted	**190,100,055**	175,675,855	**189,931,180**	175,675,855

See accompanying notes to unaudited interim consolidated financial statements

GALANTAS GOLD CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF DEFICIT
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	**2008**	**2009**	**2008**
Deficit, beginning of period	**$ (16,445,375)**	$ (15,818,135)	**$ (15,921,037)**	$ (13,959,943)
Net (loss) income for the period	**(164,988)**	113,170	**(689,326)**	(1,745,022)
Deficit, end of period	**$ (16,610,363)**	$ (15,704,965)	**$ (16,610,363)**	$ (15,704,965)

See accompanying notes to unaudited interim consolidated financial statements

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

	Share Capital	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2007	$ 26,134,279	$ 2,417,700	$ 844,247	$ (13,959,943)	$ 15,436,283
Shares issued under private placements	496,760	-	-	-	496,760
Warrants issued	(180,640)	180,640	-	-	-
Share issue costs	(14,401)	-	-	-	(14,401)
Warrants expired	-	(2,417,700)	2,417,700	-	-
Stock-based compensation	-	-	386,341	-	386,341
Net loss	-	-	-	(1,961,094)	(1,961,094)
Balance, December 31, 2008	26,435,998	180,640	3,648,288	(15,921,037)	14,343,889
Shares issued for debt (Note 10(a))	141,799	-	-	-	141,799
Warrants issued	(47,010)	47,010	-	-	-
Stock-based compensation (Note 10(c))	-	-	106,068	-	106,068
Net loss	-	-	-	(689,326)	(689,326)
Balance, September 30, 2009	$ 26,530,787	$ 227,650	$ 3,754,356	$ (16,610,363)	$ 13,902,430

See accompanying notes to unaudited interim consolidated financial statements

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

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Net (loss) income for the period	**$ (164,988)**	$ 113,170	**$ (689,326)**	$ (1,745,022)
Adjustments for non-cash items:				
Amortization and depreciation	**397,181**	360,520	**1,026,620**	1,057,601
Stock-based compensation (Note 10(c))	**32,834**	105,859	**106,068**	354,567
Foreign exchange	**(34,625)**	(11,879)	**(4,724)**	(8,546)
Net change in non-cash working capital (Note 12(a))	**4,228**	(165,612)	**(435,596)**	181,892
	234,630	402,058	**3,042**	(159,508)
INVESTING ACTIVITIES				
(Purchase) sale of property, plant and equipment	**(2,140)**	(399,766)	**1,946**	(749,417)
Deferred development and exploration costs	**(247,092)**	-	**(267,063)**	-
	(249,232)	(399,766)	**(265,117)**	(749,417)
FINANCING ACTIVITIES				
Net repayments of financing facility	**(221,649)**	(164,090)	**(376,906)**	(372,005)
(Repayments) advances from related party	**(174,654)**	266,003	**158,842**	1,480,355
	(396,303)	101,913	**(218,064)**	1,108,350
NET CHANGE IN CASH	**(410,905)**	104,205	**(480,139)**	199,425
Effect of exchange rate changes on cash held in foreign currencies	**34,625**	11,879	**4,724**	8,546
CASH, BEGINNING OF PERIOD	**488,354**	113,195	**587,489**	21,308
CASH, END OF PERIOD	**$ 112,074**	$ 229,279	**$ 112,074**	$ 229,279

SUPPLEMENTAL CASH FLOW INFORMATION (Note 12)

1. GOING CONCERN

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

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

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

2. INCORPORATION AND NATURE OF OPERATIONS

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

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

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

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

3. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian GAAP for annual consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2009 may not necessarily be indicative of the results that may be expected for the year ending December 31, 2009.

The consolidated balance sheet at December 31, 2008 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by Canadian GAAP for annual consolidated financial statements. The unaudited interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual audited consolidated financial statements for the year ended December 31, 2008, except as noted below. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended December 31, 2008.

New Accounting Policies

Goodwill and Intangible Assets

Effective January 1, 2009, the Company adopted Section 3064, "Goodwill and Intangible Assets" which replaced the Canadian Institute of Chartered Accountants' Handbook ("CICA Handbook") sections 3062 and 3450, EIC-27 and part of Accounting Guideline 11. Under previous Canadian standards, more items were recognized as assets than under International Financial Reporting Standards (“IFRS”). The objectives of CICA 3064 are to reinforce the principle based approach to the recognition of assets only in accordance with the definition of an asset and the criteria for asset recognition and to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing asset items that do not meet the definition and recognition criteria is eliminated. The portions in the new standard with respect to Goodwill remain unchanged. The provisions relating to the definition and initial recognition of intangible assets intends to reduce the differences with IFRS in the accounting for intangible assets. The new standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets.

The adoption of this standard had no impact on the Company’s presentation of its financial position or results of operations as at September 30, 2009.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the Emerging Issues Committee of the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", which applies to interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this standard had no impact on the Company’s presentation of its financial position or results of operations as at September 30, 2009.

3. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

Future Accounting Pronouncements

IFRS

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will be required to have prepared, in time for its first quarter of fiscal 2011 filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2010. While the Company has begun assessing the impact of the adoption of IFRS on its consolidated financial statements, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non- Controlling interests". These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. Sections 1601 and 1602 together replace section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - Consolidated and Separate Financial Statements. The Company is in the process of evaluating the requirements of the new standards.

4. CAPITAL MANAGEMENT

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

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

There were no changes in the Company's approach to capital management during the three and nine months ended September 30, 2009. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

5. FINANCIAL RISK FACTORS

(a) Property risk

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

(b) Financial risk

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

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, accounts receivable and long-term deposit. Cash and long-term deposit are held with reputable financial institutions and the United Kingdom Crown, respectively, from which management believes the risk of loss to be minimal. Accounts receivable consist mainly of a trade account receivable from one customer and Value Added Tax receivable. The Company is exposed to concentration of credit risk with one of its customers. Management believes that the credit risk is minimized due to the financial worthiness of this Company. Value Added Tax receivable is collectable from the Government of Northern Ireland. The Company does not have derivative financial instruments. No trade accounts receivable balances are past due or impaired.

Liquidity Risk
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 related to 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, 2009, the Company had negative working capital. All of the Company's financial liabilities have contractual maturities of less than 30 days other than the financing facility and certain related party loans. The Company is using operating cash flows to manage and is seeking additional capital to increase liquidity.

Market Risk

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has minimal cash balances and significant interest-bearing debt. The Company is exposed to interest rate risk on the term loan facility and certain related party loans which bear interest at variable rates.

5. FINANCIAL RISK FACTORS (Continued)

(b) Financial risk (Continued)

Market Risk (Continued)

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

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

Sensitivity Analysis

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

(i) The term loan facility and certain related party loans are subject to interest rate risk. As at September 30, 2009, if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the nine months ended September 30, 2009 would have been approximately $23,000 lower/higher, as a result of lower/higher interest rates from the term loan facility and certain related party loans. Similarly, as at September 30, 2009, shareholders' equity would have been approximately $23,000 higher/lower as a result of a 1% decrease/increase in interest rates from the term loan facility and certain related party loans.

(ii) The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable and advances, long-term deposit, accounts payable and accrued liabilities, due to related party and financing facility that are denominated in British pounds. As at September 30, 2009, had the British pound weakened/strengthened by 5% against the Canadian dollar with all other variables held constant, the Company’s loss for the nine months ended September 30, 2009 would have been approximately $221,000 higher/lower as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments. Similarly, as at September 30, 2009, shareholders' equity would have been approximately $221,000 lower/higher had the British pound weakened/strengthened by 5% against the Canadian dollar as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments.

(iii) Commodity price risk could adversely affect the Company. In particular, the Company’s future profitability and viability of development depends upon the world market price of gold. Gold prices have fluctuated widely in recent years. There is no assurance that, even as commercial quantities of gold may be produced in the future, a profitable market will exist for them. A decline in the market price of gold may also require the Company to reduce production of its mineral resources, which could have a material and adverse effect on the Company’s value. Net loss would be impacted by changes in average realized gold prices. Sensitivity to a plus or a minus 10% change in average realized gold prices would affect net loss and shareholders' equity by approximately $328,000.

(Expressed in Canadian Dollars)

6. INVENTORY

	September 30, 2009	December 31, 2008
Concentrate inventory	**$ 31,771**	$ 12,796
Finished goods	**588,935**	639,510
	$ 620,706	$ 652,306

7. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2009		
	Cost	Accumulated Amortization	Net
Freehold land and buildings	$ 3,020,913	$ 432,725	$ 2,588,188
Plant and machinery	5,584,828	2,498,787	3,086,041
Motor vehicles	65,724	48,401	17,323
Office equipment	81,715	56,649	25,066
Moulds	81,802	81,802	-
	$ 8,834,982	$ 3,118,364	$ 5,716,618

	December 31, 2008		
	Cost	Accumulated Amortization	Net
Freehold land and buildings	$ 3,020,913	$ 393,941	$ 2,626,972
Plant and machinery	5,589,818	2,110,532	3,479,286
Motor vehicles	64,820	45,395	19,425
Office equipment	79,575	52,384	27,191
Moulds	81,802	81,802	-
	$ 8,836,928	$ 2,684,054	$ 6,152,874

(Expressed in Canadian Dollars)

8. DEFERRED DEVELOPMENT AND EXPLORATION COSTS

	September 30, 2009		
	Cost	**Accumulated Amortization**	**Net**
Deferred development and exploration costs	$ 11,713,753	$ 1,437,144	$ 10,276,609

	December 31, 2008		
	Cost	**Accumulated Amortization**	**Net**
Deferred development and exploration costs	$ 11,446,690	$ 844,834	$ 10,601,856

9. FINANCING FACILITY

Amounts payable on the long term debt are as follows:

	Interest	**September 30, 2009**	**December 31, 2008**
Financing facility (238,700 GBP)	3.71 %	**$ -**	$ 44,659
Financing facility (180,000 GBP)	3.97 %	**-**	29,602
Financing facility (199,160 GBP)	4.03 %	**132,001**	194,735
Term loan facility (250,000 GBP)	Bank rate + 2%	**-**	239,911
		132,001	508,907
Less current portion		**84,441**	309,043
		$ 47,560	$ 199,864

Principal repayments over the next three years are as follows:

2009/2010	$ 84,441
2010/2011	47,560
	$ 132,001

(Expressed in Canadian Dollars)

10. SHARE CAPITAL

(a) Authorized and issued

Authorized
Unlimited number of common and preference shares issuable in Series

Issued common shares

	Number of Shares	Stated Value
Balance, December 31, 2008	186,965,855	$ 26,435,998
Shares issued for debt (i)	3,134,200	141,799
Warrants issued	-	(47,010)
Balance, September 30, 2009	190,100,055	$ 26,530,787

(i) On January 14, 2009, the Company has received consent from the TSX Venture Exchange for the issue of Company shares for debt. The creditor, who supplied drilling services, has exchanged $141,799 (78,355 GBP) of debt for 3,134,200 units. Each unit comprises one common share and one warrant, such warrant being exercisable for one year at a price of $0.09 (0.05 GBP). The shares exchanged for debt are subject to a four month hold period, which expired May 15, 2009.

The fair value of the 3,134,200 warrants was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; volatility - 153%; risk-free interest rate - 0.92% and an expected life of 1 year. The fair value attributed to the warrants was $47,010.

(b) Warrants

The following table shows the continuity of warrants for the period ended September 30, 2009:

	Number of Warrants	Weighted Average Price
Balance, December 31, 2008	11,290,000	$ 0.09
Issued (Note 10(a)(i))	3,134,200	0.09
Balance, September 30, 2009	14,424,200	$ 0.09

As at September 30, 2009, the following warrants were outstanding:

Number of Warrants	Fair Value ($)	Exercise Price ($)	Expiry Date
11,290,000	180,640	0.09	December 29, 2009
3,134,200	47,010	0.09	January 14, 2010
14,424,200	227,650		

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (Continued)

(c) Stock options

The following table shows the continuity of options for the period ended September 30, 2009:

	Number of Options	Weighted Average Price
Balance, December 31, 2008 and September 30, 2009	8,650,000	$ 0.14

Stock-based compensation expense includes $32,834 and $106,068, respectively ($105,859 and $354,567, respectively for the three and nine months ended September 30, 2008) relating to stock options granted in previous years that vested during the three and nine months ended September 30, 2009.

The following table reflects the Company's stock options outstanding and exercisable as at September 30, 2009:

Options Outstanding	Weighted Average Remaining Contractual Life (years)	Exercise Price ($)	Options Exercisable	Weighted Average Remaining Contractual Life (years)	Exercise Price ($)	Expiry Date
200,000	0.62	0.10	200,000	0.62	0.10	May 13, 2010
500,000	1.70	0.26	500,000	1.70	0.26	June 14, 2011
500,000	2.71	0.23	500,000	2.71	0.23	June 15, 2012
5,700,000	3.23	0.14	3,800,000	3.23	0.14	December 24, 2012
250,000	3.39	0.16	166,667	3.39	0.16	February 20, 2013
1,500,000	4.00	0.10	500,000	4.00	0.10	October 2, 2013
8,650,000	3.19	0.14	5,666,667	3.03	0.15	

11. RELATED PARTY TRANSACTIONS

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

The Company has the following transactions with related parties:

Director fees of $nil and $18,000, respectively ($9,000 and $27,000, respectively for the three and nine months ended September 30, 2008) were paid or accrued during the three and nine months ended September 30, 2009.

During the period, the Company signed an agreement for the rent of mining equipment with G&F Phelps Limited ("G&F Phelps"), a Company controlled by a director of the Company. The Company can decide to purchase the mining equipment within the next year. If the Company decides to purchase the mining equipment, the Company may deduct from the purchase price 50% of the charges that it has paid to rent the equipment. During the three and nine months ended September 30, 2009, the Company accrued charges of $40,943 and $81,018, respectively payable to G&F Phelps for the rent of the mining equipment.

During the period, G&F Phelps and the Company entered into the following agreement:

- G&F Phelps amalgamated it’s UK loans to the Company and took over all loans from Welsh Gold plc and the President and Chief Executive Officer of the Company to Galantas. The amalgamated loans bear interest at 2% above UK base rate, are repayable on demand and are secured by a mortgage debenture over all the Company’s assets;
- G&F Phelps extended this loan arrangement with the Company by repaying the balance of $ 140,012 (UK£ 82,126) on the Company’s UK£ term loan facility;
- the Company have accrued a fee of $42,895 (UK£ 25,000) payable to G&F Phelps arising from the provision of limited support by them on certain financial obligations of the Company. This fee has been added to the outstanding loan of G&F Phelps; and
- the Company to repay to G&F Phelps any costs incurred by G&F Phelps as a result of it entering into these agreements.

Interest accrued on related party loans is included under accounts payable and accrued liabilities. As at September 30, 2009, the amount of interest accrued is $197,399 (UK£ 115,048) (December 31, 2008 - $140,620 (UK£ 78,576)).

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS (Continued)

	September 30, 2009		December 31, 2008	
	GBP	**CDN$**	**GBP**	**CDN$**
Amount owing to the President and companies controlled by the President of the Company. As at September 30, 2009, $nil (December 31, 2008 - $481,011 (268,781 GBP)) of the loan is secured by a second charge on the land owned by Omagh and the balance of the loan is unsecured. The loan bears interest at a base rate plus 2% and the balance is due on demand.	**-**	**-**	869,801	1,556,597
Amount owing to the company controlled by a director of the Company for financing of mining equipment. As at September 30, 2009, $nil (December 31, 2008 - $738,496 (412,660 GBP)) of the loan is for a period of 4.25 years, interest bearing at 4.04% and is secured by all of the equipment owned by the Company's wholly-owned subsidiary Omagh.	-	-	647,660	1,159,052
Amount owing to the President and Chief Executive Officer of the Company who agreed to lend up to a total of $857,900 (500,000 GBP) to the Company for a period of 6 months. The loan is secured by the Company's inventory with cross guarantees provided by the Company's subsidiaries. The loan bears interest at a base rate of 4.5% per annum, such interest to be calculated monthly and compounded until repaid.	**-**	**-**	115,549	206,787
G&F Phelps amalgamated loans, a Company controlled by a director of the Company, bearing interest at 2% above UK base rates, repayable on demand and secured by a mortgage debenture over all of the Company's assets.	**1,686,552**	**2,893,783**	-	-
Directors current account	**109,277**	**187,495**	-	-
	1,795,829	**3,081,278**	1,633,010	2,922,436
Less: Current portion		**(3,081,278)**		(2,504,275)
Long-term portion		**-**		418,161

(Expressed in Canadian Dollars)

12. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Net change in non-cash working capital

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
Accounts receivable and advances	**$ 132,919**	$ 329,699	**$ (230,960)**	$ 346,240
Inventory	**60,152**	(89,315)	**31,600**	(808,565)
Accounts payable and accrued liabilities	**(188,843)**	(552,300)	**(236,236)**	96,639
Deferred revenue	**-**	146,304	**-**	547,578
	$ 4,228	$ (165,612)	**$ (435,596)**	$ 181,892

(b) Supplemental information

Interest paid	**$ 18,805**	$ 19,229	**$ 67,541**	$ 50,079
Shares issued for debt payment	**$ -**	$ -	**$ 141,799**	$ -

Interest paid includes $18,805 and $67,541, respectively (comparable periods - $19,229 and $50,079, respectively) of interest paid on the financing facility during the three and nine months ended September 30, 2009, which was expensed to the statements of operations.

13. 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.

GALÁNTAS GOLD CORPORATION