GALANTAS GOLD CORPORATION

Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

(Unaudited)

Three and Nine Months Ended September 30, 2008

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, 2007 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

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

	September 30, 2008	December 31, 2007
Assets		
Current		
Cash	$ 229,279	$ 21,308
Accounts receivable and advances	232,591	578,831
Inventory (Note 6)	1,842,161	1,033,596
Future income taxes	240,890	240,890
	2,544,921	1,874,625
Property, plant and equipment (Note 7)	16,769,475	17,077,659
Future income taxes	1,362,027	1,362,027
	$ 20,676,423	$ 20,314,311
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 2,220,953	$ 2,124,314
Current portion of financing facility (Note 8)	382,390	495,217
Due to related party (Note 10)	2,513,776	552,569
Deferred revenue	749,321	201,743
	5,866,440	3,373,843
Due to related party (Note 10)	490,930	971,782
Long-term portion of financing facility (Note 8)	273,225	532,403
	6,630,595	4,878,028
Shareholders' Equity		
Share capital (Note 9(a))	26,134,279	26,134,279
Warrants (Note 9(b))	-	2,417,700
Contributed surplus	3,616,514	844,247
	29,750,793	29,396,226
Deficit	(15,704,965)	(13,959,943)
	14,045,828	15,436,283
	$ 20,676,423	$ 20,314,311

Going concern (Note 1)

See accompanying notes to unaudited interim consolidated financial statements

GALANTAS GOLD CORPORATION

INTERIM CONSOLIDATED STATEMENTS OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Revenues				
Gold sales	**$ 1,175,104**	$ 715,080	**$ 2,447,456**	$ 717,647
Cost and expenses of operations				
Cost of sales	**619,832**	909,123	**1,754,019**	910,415
Amortization	**360,520**	266,449	**1,057,601**	267,933
	980,352	1,175,572	**2,811,620**	1,178,348
Income (loss) before the undernoted	**194,752**	(460,492)	**(364,164)**	(460,701)
Other expenses and (income)				
Other operating expenses	**225,284**	290,427	**800,560**	349,592
Accounting and corporate	**33,029**	13,423	**62,058**	26,737
Legal and audit	**26,713**	5,306	**55,659**	55,354
Stock-based compensation (Note 9(c))	**105,859**	24,015	**354,567**	85,110
Shareholder communication and public relations	**8,525**	46,328	**76,668**	172,873
Transfer agent	**2,240**	3,443	**14,899**	19,638
Consulting fees	**-**	-	**6,186**	5,489
General office	**6,602**	7,208	**31,940**	31,951
Bank charges and interest	**63,066**	21,112	**190,958**	25,678
Foreign exchange (gain) loss	**(389,736)**	(82,662)	**(212,342)**	(137,207)
Interest income	**-**	(611)	**(295)**	(800)
	81,582	327,989	**1,380,858**	634,415
Net income (loss) and comprehensive income (loss) for the period	**$ 113,170**	$ (788,481)	**$ (1,745,022)**	$ (1,095,116)
Basic and diluted income (loss) per share	**$ 0.00**	$ (0.00)	**$ (0.01)**	$ (0.01)
Weighted average number of shares outstanding - basic	**175,675,855**	170,190,978	**175,675,855**	166,525,784
Dilutive effect of stock options	**-**	-	**-**	-
Weighted average number of shares outstanding - diluted	**175,675,855**	170,190,978	**175,675,855**	166,525,784

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)

	September 30, 2008	December 31, 2007
Share Capital		
Balance, beginning of period	**$ 26,134,279**	$ 22,458,500
Issued under private placements	**-**	3,342,036
Warrants issued	**-**	(504,600)
Stock options exercised	**-**	590,000
Stock options exercised - valuation	**-**	434,000
Warrants exercised - valuation	**-**	(185,657)
Balance, end of period	**$ 26,134,279**	$ 26,134,279
Warrants		
Balance, beginning of period	**$ 2,417,700**	$ 1,913,100
Issued	**-**	504,600
Expired	**(2,417,700)**	-
Balance, end of period	**$ -**	$ 2,417,700
Contributed Surplus		
Balance, beginning of period	**$ 844,247**	$ 848,985
Stock options vested (Note 9(c))	**354,567**	429,262
Stock options exercised	**-**	(434,000)
Warrants expired	**2,417,700**	-
Balance, end of period	**$ 3,616,514**	$ 844,247
Deficit		
Balance, beginning of period	**$ (13,959,943)**	$ (11,794,287)
Net loss	**(1,745,022)**	(2,165,656)
Balance, end of period	**$ (15,704,965)**	$ (13,959,943)
Total	**$ 14,045,828**	$ 15,436,283

GALANTAS GOLD CORPORATION

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, 2008	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Net income (loss) for the period	**$ 113,170**	$ (788,481)	**$ (1,745,022)**	$ (1,095,116)
Adjustments for non-cash items:				
Amortization	**360,520**	266,449	**1,057,601**	267,933
Stock-based compensation (Note 9(c))	**105,859**	24,015	**354,567**	85,110
Foreign exchange	**(11,879)**	51,349	**(8,546)**	51,807
Net change in non-cash working capital (Note 11(a))	**(165,612)**	43,606	**181,892**	(371,600)
	402,058	(403,062)	**(159,508)**	(1,061,866)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(399,766)**	(589,806)	**(749,417)**	(3,063,799)
FINANCING ACTIVITIES				
Issue of common shares	**-**	1,690,000	**-**	3,947,300
Share issue costs	**-**	(87,055)	**-**	(185,657)
Advances from financing facility	**-**	498,674	**-**	1,456,869
Repayments of financing facility	**(164,090)**	(184,992)	**(372,005)**	(349,387)
Advances from related party	**266,003**	64,703	**1,480,355**	64,703
	101,913	1,981,330	**1,108,350**	4,933,828
NET CHANGE IN CASH	**104,205**	988,462	**199,425**	808,163
Effect of exchange rate changes on cash held in foreign currencies	**11,879**	(51,349)	**8,546**	(51,807)
CASH, BEGINNING OF PERIOD	**113,195**	54,152	**21,308**	234,909
CASH, END OF PERIOD	**$ 229,279**	$ 991,265	**$ 229,279**	$ 991,265

SUPPLEMENTAL CASH FLOW INFORMATION (Note 11)

GALANTAS GOLD CORPORATION

See accompanying notes to unaudited interim consolidated financial statements

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 which includes the consolidated results of the Company's wholly-owned subsidiary Cavanacaw Corporation ("Cavanacaw"), is dependent on 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 for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian generally accepted accounting principles 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, 2008 may not necessarily be indicative of the results that may be expected for the year ending December 31, 2008.

The consolidated balance sheet at December 31, 2007 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 generally accepted accounting principles 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, 2007, except as noted below. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended December 31, 2007.

Property, Plant and Equipment

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

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the Canadian Institute of Chartered Accountants (the "CICA") issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on January 1, 2008.

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

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

3. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

Inventories

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

Overburden removal costs (CICA EIC-160)

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

General standard of financial statement presentation

In June 2007, the CICA amended Handbook Section 1400, Going Concern, to assess an entity's ability to continue as a going concern and disclose any material uncertainties that cast doubt on its ability to continue as a going concern. Section 1400 is effective for interim and annual reporting periods beginning on or after January 1, 2008. The application of this new standard had no impact on the Company's unaudited interim consolidated financial statements as at and for the three and nine months ended September 30, 2008.

Future Accounting Pronouncements

International Financial Reporting Standards (“IFRS”)
In January 2006, the CICA’s Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. 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 is currently assessing the impact of IFRS on its consolidated financial statements.

Goodwill and Intangible Assets
In November 2007, the CICA approved Handbook Section 3064, “Goodwill and Intangible Assets” which replaces the existing Handbook Sections 3062, “Goodwill and Other Intangible Assets” and 3450 “Research and Development Costs”. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009, with earlier application encouraged. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. The Company is currently assessing the impact of this new accounting standard on its consolidated financial statements.

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, 2008. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

5. FINANCIAL RISK FACTORS

(a) Property risk

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

(b) Financial risk

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

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

Credit risk

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

5. FINANCIAL RISK FACTORS (Continued)

(b) Financial risk (Continued)

Liquidity Risk
The Company manages liquidity risk by monitoring maturities of financial commitments and maintaining adequate cash reserves and available borrowing facilities to meet these commitments as they come due. As at September 30, 2008 and December 31, 2007, the Company had negative working capital. All of the Company's financial liabilities have contractual maturities of less than 30 days other than the financing facility and certain related party loans. The Company is using operating cash flows to manage and is seeking additional capital to increase liquidity.

Market Risk

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

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

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

Sensitivity Analysis

The Company designated, for accounting purposes, its cash as held-for-trading, which is measured at fair value. Accounts receivable and advances are classified for accounting purposes as loans and receivables, which are measured at amortized cost and is equal to fair value. Accounts payable and accrued liabilities, financing facility and due to related party are classified for accounting purposes as other financial liabilities, which are measured at amortized cost and is also equal to fair value.

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, 2008, if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the nine months ended September 30, 2008 would have been approximately $15,000 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, 2008, shareholders' equity would have been approximately $15,000 higher/lower as a result of a 1% decrease/increase in interest rates from the term loan facility and certain related party loans.

(Expressed in Canadian Dollars)

5. FINANCIAL RISK FACTORS (Continued)

(b) Financial risk (Continued)

Sensitivity Analysis (Continued)

(ii) The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable and advances, accounts payable and accrued liabilities, due to related party and financing facility that are denominated in U.K. pound sterling. As at September 30, 2008, had the U.K. pound sterling 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, 2008 would have been approximately $259,000 higher/lower as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments. Similarly, as at September 30, 2008, shareholders' equity would have been approximately $259,000 lower/higher had the U.K. pound sterling 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 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 $382,000.

6. INVENTORY

	September 30, 2008	December 31, 2007
Concentrate inventory	**$ 1,104,809**	$ 703,606
Finished goods	**737,352**	329,990
	$ 1,842,161	$ 1,033,596

(Expressed in Canadian Dollars)

7. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2008		
	Cost	**Accumulated Amortization**	**Net**
Deferred development and exploration costs	$ 10,698,636	$ 578,922	$ 10,119,714
Freehold land and buildings	3,020,912	352,886	2,668,026
Plant and machinery	5,507,869	1,896,357	3,611,512
Deferred till stripping costs	343,671	23,019	320,652
Motor vehicles	64,820	43,696	21,124
Office equipment	79,575	51,128	28,447
Moulds	81,802	81,802	-
	$ 19,797,285	$ 3,027,810	$ 16,769,475

	December 31, 2007		
	Cost	**Accumulated Amortization**	**Net**
Deferred development and exploration costs	$ 10,539,905	$ 209,216	$ 10,330,689
Freehold land and buildings	3,019,588	227,324	2,792,264
Plant and machinery	5,264,958	1,364,589	3,900,369
Motor vehicles	62,040	39,420	22,620
Office equipment	79,575	47,858	31,717
Moulds	81,802	81,802	-
	$ 19,047,868	$ 1,970,209	$ 17,077,659

8. FINANCING FACILITY

Amounts payable on the long term debt are as follows:

	Interest	**September 30, 2008**	**December 31, 2007**
Financing facility (238,700 GBP)	3.71 %	**$ 74,730**	$ 160,949
Financing facility (180,000 GBP)	3.97 %	**61,875**	156,448
Financing facility (199,160 GBP)	4.03 %	**224,444**	290,314
Term loan facility (250,000 GBP)	7.50 %	**294,566**	419,909
		655,615	1,027,620
Less current portion		**382,390**	495,217
		$ 273,225	$ 532,403

(Expressed in Canadian Dollars)

8. FINANCING FACILITY (Continued)

Principal repayments over the next three years are as follows:

2009	$	382,390
2010		212,900
2011		60,325
	$	655,615

9. 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, 2007 and September 30, 2008	175,675,855	$ 26,134,279

(b) Warrants

The following table shows the continuity of warrants for the period ended September 30, 2008:

	Number of Warrants	Weighted Average Price
Balance, December 31, 2007	24,404,000	$ 0.34
Expired	(24,404,000)	(0.34)
Balance, September 30, 2008	-	$ -

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (Continued)

(c) Stock options

The following table shows the continuity of options for the nine months ended September 30, 2008:

	Number of Options	Weighted Average Price
Balance, December 31, 2007	10,550,000	$ 0.15
Expired	(1,650,000)	0.17
Granted (i)	250,000	0.16
Balance, September 30, 2008	9,150,000	$ 0.15

Stock-based compensation expense includes $101,857 and $333,125 relating to stock options granted in previous years that vested during the three and nine months ended September 30, 2008, respectively.

(i) On February 20, 2008, 250,000 stock options were granted to an employee of the Company to purchase common shares at a price of $0.16 per share until February 20, 2013. The options vest one-third upon grant, one-third on the first anniversary of grant and one-third on the second anniversary of grant. The fair value attributed to these options was $32,250 and will be expensed in the statement of operations and credited to contributed surplus as the options vest. Included in stock-based compensation for the three and nine months ended September 30, 2008 is $4,002 and $21,442, respectively related to the vested portion of these stock options.

As at September 30, 2008, the following stock options were outstanding:

Weighted Average Remaining Contractual Life (years)	Exercisable Options	Number of Options	Exercise Price ($)	Expiry Date
1.62	200,000	200,000	0.10	May 13, 2010
2.70	500,000	500,000	0.26	June 14, 2011
3.71	333,333	500,000	0.23	June 15, 2012
4.24	2,566,667	7,700,000	0.14	December 24, 2012
4.39	83,333	250,000	0.16	February 20, 2013
4.07	3,683,333	9,150,000		

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS

The Company was charged $15,108 and $49,781 for the three and nine months ended September 30, 2008, respectively ($14,202 and $33,546 for the three and nine months ended September 30, 2007, respectively) for accounting and corporate secretarial services by companies associated to an officer of the Company. Accounts payable includes $41,585 (September 30, 2007 - $32,976) owing to these companies.

Director fees of $9,000 and $27,000 ($4,500 and $23,000 for the three and nine months ended September 30, 2007, respectively) were paid or accrued during the three and nine months ended September 30, 2008, respectively.

Included in due to related party is $1,741,116 (922,788 GBP) owing to a director and companies controlled by a director of the Company. $507,137 (268,781 GBP) of the loan is secured against a second charge on the land owned by Omagh and the balance of the loan is unsecured. The loans bear interest at base rate plus 2%. $739,312 (391,781 GBP) is due over a period of 3 years. At September 30, 2008, interest of $105,173 (55,742 GBP) was accrued and included in accounts payable and accrued liabilities.

Also, included in due to related party, the Company obtained a loan facility from G&F Phelps, a company controlled by a director of the Company, in the amount of $1,222,005 (647,660 GBP) for the financing of mining equipment. $778,607 (412,660 GBP) of the term loan is for a period of 4.25 years interest bearing at 4.04% flat with monthly payments of $16,591 (8,793 GBP) and is secured by all equipment owned by the Company's wholly-owned subsidiary Omagh.

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

11. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Net change in non-cash working capital

	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Accounts receivable and advances	**$ 329,699**	$ (120,861)	**$ 346,240**	$ (199,347)
Inventory	**(89,315)**	(3,183)	**(808,565)**	(15,191)
Accounts payable and accrued liabilities	**(552,300)**	167,650	**96,639**	(157,062)
Deferred revenue	**146,304**	-	**547,578**	-
	$ (165,612)	$ 43,606	**$ 181,892**	$ (371,600)

(b) Supplemental information

	Three Months 2008	Three Months 2007	Nine Months 2008	Nine Months 2007
Amortization capitalized to deferred development costs	**$ -**	$ -	**$ -**	$ 406,955
Interest paid	**$ 19,229**	$ 27,324	**$ 50,079**	$ 49,839

Interest paid includes $50,079 (September 30, 2007 - $49,839) of interest paid on the financing facility. Of these amounts, $nil (September 30, 2007 - $22,515) were charged to deferred development costs and $50,079 (September 30, 2007 - $27,324) was expensed to the statement of operations.

12. SEGMENT DISCLOSURE

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

13. SUBSEQUENT EVENTS

(i) On October 2, 2008, 1,500,000 stock options were granted to an employee and an officer of the Company to purchase common shares at a price of $0.10 per share until October 2, 2013. The options vest one-third upon grant, one-third on the first anniversary of grant and one-third on the second anniversary of grant.

(ii) On November 4, 2008, the President and Chief Executive Officer of the Company agreed to lend up to a total amount of $943,400 (500,000 GBP) to the Company for a period of six months. The loan facility is secured by the Company's inventory with cross guarantees provided by the Company's subsidiaries. The loan bears interest at a base rate plus 4.5% per annum, such interest to be calculated monthly and compounded until repaid.