GALANTAS GOLD CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

Three months ending March 31, 2008

This document constitutes management's discussion and analysis (MD&A) of the financial and operational results of Galantas Gold Corporation (the company) for the three months ended March 31, 2008. This MD&A is to be read in conjunction with the unaudited financial statements for the same period. The MD&A does not form part of these unaudited financial statements. The Company prepares and files its financial statements in accordance with Canadian Generally Accepted Accounting Principles (GAAP). The currency referred to in this document is the Canadian dollar. The MD&A is prepared in conformance with National Instrument 51-102F1 and was approved by the Company's Audit Committee on May 29, 2008.

This MD&A is dated May 29, 2008.

FORWARD LOOKING STATEMENTS

The information in the MD&A contains forward looking statements, including statements about anticipated operating and financial performance. Such statements are not guarantees of future performance which is subject to risks and uncertainties only some of which are within the Company's control, and any or all of which could cause the Company's performance to be materially different from what directors may believe. Given the uncertainties associated with forward looking statements, readers are cautioned not to place undue reliance on them. The Company does not undertake to update any forward looking statements contained herein.

OVERVIEW – STRATEGY - DESCRIPTION OF BUSINESS

Galantas Gold Corporation is a producing mineral resource issuer and the first to acquire planning consent to mine gold in Ireland. The Company's wholly owned Ontario holding company, Cavanacaw Corporation, owns all of the shares of two Northern Ireland companies – Omagh Minerals Limited, owner of prospecting and mining rights, planning consent plus land, buildings and equipment; and Galantas Irish Gold Limited, owner of rights to work, market and sell the Company's gold production as certified Irish gold jewellery.

The Company's strategy to increase shareholder value is to:

- Increase the production of the open pit mine and processing plant on its Kearney deposit,

- Continue to explore and develop extensions to the Kearney and nearby known deposits so as to expand minable reserves and increase gold production in stages,
- Explore its 3 prospecting licences which aggregate 653 square kilometre, focusing on the more than 50 gold targets identified to date, and
- Promote and expand on a commercial basis the Galantas®Irish gold jewellery business now that certified Irish gold from the mine has become available.

Reserves and Resources

References

1. December, 2005: ACA Howe International Ltd. "Technical Report of the Gold Mining and Exploration Interests of the Omagh Gold Project of Galantas Gold Corporation in Counties Tyrone and Farmanagh, Northern Ireland" (the "Howe Report")
2. September 22, 2006: Galantas Gold Corporation Press Release: "Galantas Develops Omagh Gold Mine..."
3. January 22, 2007: Galantas Gold Corporation Press Release: "Ore Reserve and Resource Estimate".

Ore reserves and mineral resources lie within eight veins in a 5 square kilometre area at the eastern end of the Company's prospecting licence which encompasses a 20 by 6 kilometre fault-bounded inlier of Precambrian "Daladrian" rocks. The deposits sub-outcrop beneath a few meters of glacial and recent overburden and are open to depth and usually along the strike. The steeply dipping Kearney deposit, focus of the initial mine, is some 850 meters long and an average of 4.3 meters wide. It has been drilled with 40 diamond drill holes down to 137 meters and was intersected in one hole at a depth of 300 meters. Below the average 3 meters of overburden , a 359 meters long section at the southern end of the deposit had been 88% stripped and channel sampled in detail in the late 1980's by Rio Tinto (212 meters) and in 1991 by Omagh Minerals Limited (103 meters). Results together with drilling data were used in the Howe Report to calculate reserves and resources. The calculations have not been updated with surface sampling and drilling results obtained in 2006 and in 2007. The Company has completed further exploration and development involving diamond drilling, results of which will lead to a new estimate of reserves and resources. This new estimate and accompanying N143-101 technical report has been commissioned and is currently being finalized and reviewed.

On the Kearney deposit, which is the initial focus of mine development, the Company's current resource statement notes: (i) proven ore reserves of 181,480 tonnes at a grade of 7.36 grams of gold per tonne; (ii) probable ore reserves of 185,830 tonnes at a grade of 7.68 grams of gold per tonne; plus (iii) an indicated resource of 1,183,680 tonnes at a grade of 7.02 grams of gold per tonne. These reserves and resources were calculated using a cut-off grade of 1.0 gram of gold per tonne and a cut-off width of 0.5 meters. The reserves lie within the "Kearney Pit" currently being developed. The indicated resource extends from the bottom of the pit presently planned at 37 meters vertical depth to a depth of 137 meters, below which depth the deposit remains open. Note that the reserves and resources outlined above are undergoing review the results of which, nearing completion, will replace the current resource statement and that review could affect the quantities and/or grades previously calculated.

Additional to the reserves and resources of the Kearney deposit, the Howe Report noted indicated and inferred resources in other deposits within the Company's mining licence. At a cut of grade and width of 1.0 gram per tonne gold and .0.5 meters, these are:

Indicated Resource (tonnes)	Grade (g/t Au)	Contained Gold (grams Au)	Inferred Resources (tonnes)	Grade (g/tAu)	Contained Gold (grams Au)
329,820	6.72	2,208.53	135,500	4.68	634,643

The estimate in the Howe Report (re-iterated January 22, 2007, press release) was carried out to the standards of the Joint Committee of the Australasian Mining Industry Council Code (JORC). A reconciliation to the mineral resources and mineral reserve categories as set out in National Instrument 43-101 was included in the Howe Report.

The Howe Report describes in section 12 a mining trial on proven reserves that produced four selectively mined samples aggregating 101.4 tonnes grading an average of 53.41 grams gold per tonne. The difference between this and the reserve grade is attributed to a) selectivity practiced in the mining trial, b) dilution inbuilt in the original sampling, and c) naturally inhomogeneous gold distribution. A body of sampling data is being accumulated in the early stages of production, prior to determining the sustainable mining grade that the deposit will support. Mineralisation is tightly constrained in the sulphide veins that make up the Kearney and other deposits, making them amenable to selective mining. The processing plant has been designed to accept ore grading up to 20 grams gold per tonne.

Channel sampling of 2 vein segments aggregating 150 meters in the southern part of the Kearney deposit was completed independently in 2006 to obtain an estimate of the selective mining grade that could be sustained in that area. The results, combined with those from 124 samples taken by the Company, showed a weighted undiluted average grade, at a cut-off grade of 3.0 grams per tonne gold, for individual veins of 16.25 grams per tonne gold. Detail is contained within the press release dated September 22, 2006.

Exploration Targets

The Howe Report describes 53 targets selected from integration of geological, geochemical and geophysical data over the Dalradian inlier. The targets were grouped on a priority of 1 to 10 to reflect the likelihood of their hosting additional resources. Eight veins around Kearney were classified as very high priority resource augmentation targets with scores of 9 and 10. These have high grade channel and/or drill intercepts and have resources and/or reserves. Eight veins not drilled, or with lower grades, have scores of 5 to 8. The remaining 37 targets comprise one scoring 6, six scoring 5, four scoring 4, eleven scoring 2 and seven scoring 1.

Howe considers targets scoring 3 to 8 to represent excellent opportunities for discoveries. Howe considered it likely that exploration will add to the reserves and resources and that veins similar to Kearney may lie undiscovered. Howe considered that relatively high grades and widths and continuity of the deposits with known reserves and resources indicate the potential for underground production in the future.

Initial Mining Project

The project embraces an open pit mine capable of supplying ore to a crushing-grinding-froth flotation plant. The plant is designed to produce a gold and silver rich sulphide flotation concentrate for sale to a commercial smelter. The plant was commissioned as stated in the press release dated June 26, 2007. Improvements in terms of production quantity have been made since the end of the last quarter though concentrate quality remains variable. Inconsistencies in terms of production quantity and quality are gradually being reduced.

The quarter saw continued infrastructure upgrades including addition to access and haul roads from the pit, installation of the re-grind circuit which is currently being tested and further channel construction to divert run-off water away from working places.

Galantas Irish Gold Limited

Galantas Irish Gold successfully launched its product line in 10 Goldsmiths outlets early in the quarter and also fulfilled an order with Weir's, the principal retailer in Dublin. Management is cautiously optimistic that replenishment orders will be forthcoming and there will an adequate supply of certified Galantas gold to meet demand. Management at this point in time is exploring further distribution and marketing strategies to support and grow the business within the plan established at the start of the year. Manufacturing and distribution systems are operating well.

Management and Staff

Overall management is exercised by two Executive Directors along with a General Manager who is in charge of operations in Omagh where the mine, plant and administration employs 27 people.

Key Performance Driver

The achievement of production and cash flow from profitably mining the deposits at Omagh.

1.2 OVERALL PERFORMANCE

After commencing site preparation in 2005 and completing the major part of plant construction and site works in 2006, the year of 2007 saw production come online. Ramp up challenges in the early stages of production have been mitigated but a consistent ore supply continues to be the focus of attention. The pit continues to be the main focus of management with a detailed plan now in place and being executed vigorously. Production has become much more stable in the last few months though there are still intermittent ore supply shortages.

During the quarter a total of 330.4 dry tonnes of concentrate was produced with year to date production, through May 29, at 652.5 tonnes.

Exploration

Exploration activity slowed in the first quarter due to unfavourable weather conditions together with the shift in focus to developing the pit. Activity is planned for the 3rd and 4th quarters when weather conditions permit and once the pit is supplying the plant on a more consistent basis.

1.3 FIRST QUARTER FINANCIAL RESULTS

Revenue Recognition and Expenses

Recognition of revenue from the sale of concentrate amounted to $531,658 with the remaining $90,129 in sales from jewellery for a first quarter total of $621,787. Jewellery sales were improved this quarter as the initial shipments were made to both Goldsmiths and Weir's. The initial sale to Goldsmiths is not recognized as revenue but is treated similar to consignment stock; however all replenishment orders will be recognized as revenue in the period the shipments occur. Sales to Weir's are not considered consignment and are recognized immediately. During the quarter there was one (1) concentrate shipment to a specialist processing plant to supply certified Irish gold. Further shipments are expected as replenishment stock will be required for anticipated re-ordering by retailers.

With costs no longer capitalized but instead fully expensed as incurred the company reported a loss of $1,145,919 for the quarter. This was higher than anticipated due to the continuing shortage of ore from the pit which is being actively addressed. However, costs have been kept within plan reflecting management maintaining tight controls during pit development. The loss for the comparative period last year at $171,517 is reflective of the operation not being in production hence most costs were capitalized.

At March 31, 2008, total assets were $20,649,881, up $335,570 from the year end mainly due to cash on hand, inventory of concentrate and finished jewellery. Property, Plant & Equipment dropped slightly reflecting the amortization and depreciation of this asset.

Cash at the end of the quarter was $219,829 (December 31, 2007 - $21,308). This increase was due to the increase in production which has generated greater cash inflows but is also a factor of timing and management expects this number to fluctuate quarter to quarter as financial obligations come due. Accounts receivable totaled $521,823 and is largely unchanged from year end at $578,831, but does include a receivable from jewellery sales to Weir's. Inventory at $1,328,096 is up as concentrate shipments have slowly but steadily improved during the quarter, also noticeable since the jewellery at year end has been shipped to fulfil orders at both Goldsmiths and Weir's. The non-cash item of future income tax credit of $1,602,917 remains unchanged from year end.

Liabilities at $4,767,792 were up over the prior quarter from $3,373,843 largely due to continued debt financing secured from a related party and deferred revenue. The debt financing will be retired within terms and suppliers are appraised of the company's cash position and are being paid as funds are generated from operations. Deferred revenue of $464,288 reflects the shipments from January through to March and should continue to increase quarter over quarter as shipments increase. This does not negatively affect the company's cash position but is merely a timing issue.

Expenses

Cost of operations was $720,228 compared to $172,194 in the prior year due primarily to the current period costs no longer capitalized whereas in the prior period the company was still in the development stage. Cost of sales remains higher than revenue due to the fixed nature of those costs in the near term.

- Operating expenses increased substantially to $313,880 compared to $30,262 as the mill entered into production mid year 2007 while costs this year are no longer deferred. The largest increase derived from wages of $96,576, professional and consultancy fees of $24,220 and insurance of $24,641.

- The foreign exchange loss of $155,811 is an increase from the prior period loss of $3,124 and reflects the effect of floating currencies, significantly the recent strength of the Canadian dollar.

- Stock based compensation at $131,052 reflects management's decision to reward key staff based on company performance over the long term as well as $117,613 in stock options granted in previous years that vested during the period.

- Bank charges and interest for the year were $44,178 compared to $2,544 the year before and are expected to remain at this level until the debt, which was acquired for plant & equipment and working capital, is retired.

1.4 RESULTS OF OPERATIONS

The Company's core business is gold mining with the majority of its revenue derived mainly from the sale of gold, silver and lead concentrates and small amounts of gold jewellery. Sales in the jewellery business were higher during the quarter from initial order placement at Weir's. Production has improved steadily during the past few months with a total of 16 containers shipped in the fourth quarter of 2007, 17 containers shipped in the first quarter of 2008 with 13 subsequent to the first quarter end and another 4 weeks remaining before the end of the second quarter. In terms of dry tonnage the fourth quarter of 2007 was 333.3 tonnes, first quarter was 330.4 tonnes and subsequent to quarter end saw an additional 322.1 tonnes shipped.

1.5 SUMMARY OF QUARTERLY RESULTS

Revenues and net financial results in Canadian dollars for the first quarter of 2008 and for the seven preceding quarters are summarized:

Quarter Ended	Total Revenue	Net Profit (Loss)	Net Profit (Loss) per share & per share diluted

March 31, 2008	621,787	(1,145,919)	(0.01)
December 31, 2007	(63,505)	(1,070,540)	0.00
September 30, 2007	715,080	(788,481)	0.00
June 30, 2007	1,212	(135,118)	0.00
March 31, 2007	1,355	(171,517)	0.00
December 31, 2006	15,363	188,323	0.00
September 30, 2006	15,673	(238,654)	0.00
June 30, 2006	11,047	(420,215)	0.00

There were 16 shipments during the quarter to Falconbridge with 1 shipment going to the specialty refiner for the production of Galantas Irish Gold. Subsequent shipments to the end of May 29, 2008 have totaled 13 all directed towards Falconbridge. Management anticipates supplying the specialty refiner with additional shipments during the second quarter to supply Galantas Irish Gold with additional stock for the manufacture of jewellery.

1.6 LIQUIDITY

As at March 31, 2008 the Company's working capital was in a deficit of $2,457,154 which compared with a deficit of $1,499,218 at end of the prior year. As anticipated, this deficit is expected to persist throughout the 2008 but gradually reduce as cash from operations, both from the sale of concentrates and jewellery, increases. Ore supply continues to be a challenge with management focusing heavily on the development of the pit which is making slow but steady progress. Additional working capital may be required in the short term.

To date the company has been able to draw upon additional cash resources from the President of the company for working capital and finance of plant and equipment.

1.7 CAPITAL RESOURCES

As at March 31st, 2008, the Company had capital requirements to repay, under existing agreements with Barclays Lease Finance three financing facilities of $139,150, $131,488 and $282,855 totaling $553,493.

A term loan of $397,734 (£250,000) for working capital use at an interest rate of 7.50% was taken from Allied Irish Banks in May 2007, it is repayable over 3 years at a monthly payment of $16,637 (£7,743).

In addition, Welsh Gold plc., a company controlled the President is due $1,564,536. A portion of the loan, $547,010 (£268,050) is secured with a second charge against the land in Omagh. The entire loan bears interest at base rate plus 2% with no specific terms of repayment. At March 31, 2008, interest of $30,290 was accrued and included in accounts payable and accrued liabilities.

The Company also obtained a loan facility from G&F Phelps, a company controlled by a director of the

Company, in the amount of $842,115 (£412,060) for the financing of mining equipment. The term loan is for a period of 4.25 years at 4.04% flat with monthly interest payments of $17,464 and is secured by all equipment owned by the Company's wholly-owned subsidiary Omagh Minerals.

The company has no further commitments other than employment contracts with its 2 executive directors.

1.8 OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet transactions.

1.9 RELATED PARTY TRANSACTIONS

The Company was charged $16,050 (March 31, 2007 - $6,691) for accounting and corporate secretarial services by companies associated to the corporate secretary of the Company. Accounts payable include $24,227 (December 31, 2007 - $52,385) owing to these companies. The services provided are ongoing and include book-keeping for the Canadian companies.

Directors fees of $9,000 (March 31, 2007 - $6,000) were paid or accrued during the three months ended March 31, 2008.

Directors fees of $28,750 (2006 - $25,250) were paid or accrued during the period.

SHARE CAPITAL

The Company is authorized to issue in series an unlimited number of common and preference shares. At the end of March 2008, a total of 175,675,855 shares had been issued.

As of March 31, 2008, a total of 24,404,000 warrants were outstanding with expiry dates and exercise price noted in the following table:

Number of Warrants	Exercise Price ($)	Expiry Date
14,000,000	0.32	July 26, 2008
1,300,000	0.25	July 26, 2008
5,284,000 3,820,000	0.45 0.32	September 2, 2008 September 4, 2008

STOCK BASED COMPENSATION

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 at the first anniversary and one-third on the second anniversary of grant. The fair value attributed to these options was $32,250 and will be expensed on the statement of loss and credited to the contributed surplus as they vest. Included in the stock based compensation for the period ended March

31, 2008 is $13.349 related to the vested portion of these stock options.

As at the end of March 31, 2008, 10,800,000 options were outstanding, as follows:

Exercisable Options	Number of Options	Exercise Price (4)	Expiry Date
1,400,000	1,400,000	0.15	April 10, 2008
250,000	250,000	0.26	July 31, 2008
200,000	200,000	0.10	May 13, 2010
333,333	500,000	0.26	June 14, 2011
166,667	500,000	0.23	June 15, 2012
2,566,667	7,700,000	0.14	December 24, 2012
83,333	250,000	0.16	February 20, 2013

OTHER MD&A REQUIREMENTS

Additional costs with prior year comparison are detailed as follows:

Expense Account	March 2008	March 2007
Accounting & corporate	15,460	5,511
Bank charges & interest	44,178	2,544
Foreign exchange loss	155,811	3,124
Legal & audit	14,607	35,876
Operating expenses	313,880	30,262
Shareholder communication	29,529	60,912
Stock based compensation	131,052	12,740
Transfer agent	2,873	6,124
General Office	13,100	9,664

The increase in Bank charges & interest reflects the increase in debt to finance the operations needs for capital equipment and working capital. Management expects these amounts to level off as cash from operations improves with production.

The variance in the foreign exchange compared to the prior year reflects the nature of dealing in foreign currency. The company is paid in US dollars for the sale of concentrate to Falconbridge and primarily conducts its business in pounds sterling. The large increase also is indicative of the increase in operating activity, giving rise to greater impact of foreign currency fluctuations.

Operating expenses are primarily represented by wages $96,576, insurance $26,802, travel $15,863, consultancy $72940, advertising $23,625 and professional fees $20,546. The increase in largely due to the jewellery business now operating on a consistent basis and these costs are expected to continue going forward.

Stock based compensation reflects the granting of 250,000 share option on February 20, 2008 and the vesting of options granted in previous years in the amount of $117,613.

The other expenses show a decline in spending as management is focusing very heavily on production related items and requires less professional services.

Changes in Accounting Policies Including Initial Adoption

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.

TRENDS AFFECTING THE COMPANY'S BUSINESS

Metal prices remain strong after the long period of weakness which ended approximately four years ago. The sustained price recovery is attributable largely to increased metal consumption in the Far East, most notably China and India, both of which are experiencing raid growth in their economies. Thus, the fundamentals of the metal business are once again favourable for capitalizing new mines and investors have returned to the mineral resource sector.

For junior resource companies like Galantas, there has been selective enhancement in market valuation and it has been possible to raise money from the public for mining and exploration ventures. Careful management of the Company's cash continues to be the guiding principle for Galantas.

In Northern Ireland, the widely acknowledged political agreement has consolidated the positive financial effects of peace and stability in the province.

RISKS AND UNCERTAINTIES

Galantas operates in a sector – early stage mineral production and exploration – which carries inherent risks only some of which are within management's ability to reduce or remove. The main sector risk is always metal price. The Company's other business, high value Irish gold jewellery, is dependent upon the mine consistently being able to supply reliable certified Irish gold.

The Company has assessed the risks surrounding its business. It has concluded that most if not all of the risks are standard to the industry and none of them so profound as to inhibit pursuit of the Company's strategy. The main risks identified and considered are:

1. Ore Reserves Tonnage and grade of ore may be lower than anticipated. The Kearney deposit along strike and to depth has been proven within the confines of the initial open pit and indicated well beyond. Nevertheless, the ore is variable in detail and it has proved difficult to mine at a consistent grade and supply the plant with sufficient ore regularly and this may persist into the future. The Company has commissioned an independent re-assessment of it reserves and resources and a report is anticipated in mid 2008.

2. Mineral Processing Ore from the Kearney deposit has been subjected to metallurgical trial including pilot plant studies in reputable laboratories by the Company. The previous owner, Rio Tinto, did mineralogical and bench scale metallurgical studies. The flow sheet is simple and the equipment in the plant is industry standard. Nevertheless, scale-up to sustainable commercial production may introduce unforeseen technical problems. Efforts to foresee such problems and ameliorate them have been made and an internal metallurgical audit assisted by independent professionals was carried out in advance of commissioning and production. The study concluded that, "The process selected is in accordance with the results of test work and would be expected to produce satisfactory results technically but there are mechanical and electrical concerns regarding the capability of the facility to maintain a high degree of operating time". A number of modifications to equipment and operating practices have been made and have resulted in improvements in comminution section throughput. However, there is continued risk to 2008 cash flow and to the capital budget.

3. Environmental The project was subject to one of Ireland's lengthiest public enquiries whereat its design and operating fundamentals were challenged and defended to the satisfaction of the independent assessors and industry experts representing regulators and the Company. In operation, the facilities will be subject to self monitoring and strict independent monitoring. One of management's priorities has been to establish and maintain a culture of environmental care on the site with the object of preventing accidents. Subsequent to quarter end the Company has been advised of a request to appear before a court for a spillage that occurred in July 2007 and already reported. While the spillage was from drilling activity and the discharge appears to have been a small quantity of ground rock, management is taking this request very seriously. There have been no incidents since the new General Manager took over and this case pertains to activity commissioned by Omagh Minerals (a wholly owned subsidiary of Galantas Gold Corporation) to a third party and such spillage appears to be a breach of contract by the third party. The Company will vigorously defend its practices now in place and commitment to the safe and secure environment within which it operates.

4. Permitting The Company has comprehensive permission to carry out its activities. Overall

consents were granted in 2000 after an exhaustive public inquiry and fulfillment of more than 30 pre-conditions which attached to the provisional consent granted in 1995. Remaining consents required – building regulations, archaeological supervision of excavation which is mandatory throughout Ireland, compliance with IPPC regulations – relate to operating procedures and are being addressed with the relevant authorities as the project develops. Nevertheless, as in all jurisdictions, regulatory provisions are subject to change and the Company may be faced with additional constraints in the future.

5. Title The Company owns the land in secure freehold on which the project is located. Precious metal licences and mining licences have been granted to the Company by the Crown Estate and renewed as required since the mid – 1990's when initially granted. Licences and Leases are subject in the usual way to minimum performance requirements which are set at a level so as not to inhibit development. There is a dialogue ongoing with the Northern Ireland Development of Enterprise Trade and Industry (DETI) concerning a licence to extract base metals which occur with the gold and silver in the quartz-sulphide veins and which may be recovered as a by-product of gold and silver. The licence if applicable may require a fee payable to owners of surface rights. In the case of the Company's planned mine, since the owner is the Company itself, it is thought unlikely that there will be a material impact.

6. Political Northern Ireland has achieved a stable political status conducive to business as is evidenced by the relatively large amounts of inward investment that the province has enjoyed over the past decade. The mine is well removed from areas of potential urban disturbance.

7. Financial The risk is that additional funds, if required, may not be available. In spite of recent private placements, the Company still may not have sufficient capital to enable the Kearney mine to be brought to full production. The delay in bringing the production up to capacity has resulted in a cash shortage. Management continues to actively pursue additional working capital and has implemented a very aggressive ore extraction program. Until such funds are secured and the mine produces at an increased capacity there is the uncertainty of continued operation.

8. Revenue The Company has contracted sale of its concentrate to Falconbridge. While the payment terms are specific, there is risk that unit income may fall short of forecast. This could be due to a number of factors including failure of the concentrate to be within the specification contracted as regards both value elements and penalty elements and failure to produce concentrate of consistent quantity.

9. Currency Fluctuations/Bullion Price Most of the costs to the company are incurred in British Pounds Sterling. Gold price expressed in Sterling is within approximately 15% of 5 year highs and may stay such or remain on a rising trend. There is risk that this trend may reverse and reduce Sterling income. Inflation is widely viewed as a threat in the United Kingdom and elsewhere and this is cause for concern. Results are published in Canadian dollars and there is therefore a currency risk. The Company's policy is to not sell forward its bullion.

10. Construction and Development The project has taken longer to build which has increased costs and deferred cash revenue. This risk is particularly acute for a new and relatively small project such as Galantas is building in Northern Ireland where there is no mining history. One is mindful

that there has already been serious slippage from schedule and it cannot be ruled out that further slippage may occur given that there are uncertainties connected with factors such as the detail of environmental compliance measures, geological conditions, contractor performance, materials availability and actual outturn costs.

11. Personnel   Notwithstanding the relatively small scale of the Kearney mine, a level of expertise is required in the mine, plant and ancillary activities including geology and accounting. With the world experiencing a high level of minerals industry activity, the Company foresees difficulties in recruiting additional qualified people. The general shortage of skilled people may well prevail for some time to come and the risk is that costs, operations, future expansion and indeed excellence may be impacted negatively.