NOTICE TO SHAREHOLDERS
FOR THE THREE AND SIX MONTHS
ENDED JUNE 30, 2006

GALANTAS GOLD CORPORATION
(A Development Stage Company)

Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements for Galantas Gold Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the December 31, 2005 audited consolidated financial statements. Only changes in accounting information have been disclosed in these consolidated financial statements. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the consolidated financial statements, management is satisfied that these consolidated financial statements have been fairly presented.

Auditors' involvement

The auditors of Galantas Gold Corporation have not performed a review of the unaudited consolidated financial statements for the three and six months ended June 30, 2006 and June 30, 2005.

GALANTAS GOLD CORPORATION
(A Development Stage Company)

CONSOLIDATED BALANCE SHEETS (PREPARED BY MANAGEMENT)

	June 30, 2006 (Unaudited)	December 31, 2005 (Audited)
Assets		
Current		
Cash	$ 321,659	$ 1,121,985
Accounts receivable and advances	243,849	144,727
Inventory	98,516	101,363
Future income taxes	302,900	302,900
	966,924	1,670,975
Property, plant and equipment (Note 2(a))	4,426,734	2,903,165
Deferred development costs (Note 2(b))	5,619,033	4,314,368
Future income taxes	466,900	466,900
	$ 11,479,591	$ 9,355,408
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 536,456	$ 297,785
Current portion of financing facility (Note 3)	218,706	99,207
Due to directors	-	253,103
	755,162	650,095
Long-term portion of financing facility (Note 3)	444,533	271,664
	1,199,695	921,759
Shareholders' Equity		
Share capital (Note 4)	21,203,528	18,400,862
Warrants (Note 5)	-	175,166
Contributed surplus (Note 7)	820,324	656,658
	22,023,852	19,232,686
Deficit	(11,743,956)	(10,799,037)
	10,279,896	8,433,649
	$ 11,479,591	$ 9,355,408

GALANTAS GOLD CORPORATION
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(PREPARED BY MANAGEMENT)

(UNAUDITED)

	Cumulative since development stage on January 1, 2003	Three Months Ended June 30,		Six Months Ended June 30,	
	June 30, 2006	2006	2005	2006	2005
Sales	$ 468,438	$ 11,047	$ 15,623	$ 14,892	$ 36,120
Cost of goods sold	519,208	4,277	18,671	5,900	43,166
	(50,770)	6,770	(3,048)	8,992	(7,046)
Expenses					
Accounting and corporate	90,931	10,575	11,100	22,855	19,630
Bank charges and interest	21,564	1,563	3,553	3,334	3,553
Consulting	64,757	14,007	16,250	14,007	19,500
Foreign exchange (gain) loss	(101,629)	13,036	33,675	22,191	20,236
Legal and audit	378,296	123,176	36,384	180,434	66,018
Management fees	247,500	-	25,000	-	50,000
Operating expenses	1,230,475	26,407	157,914	51,049	231,953
Shareholder communication and public relations	679,519	172,261	-	448,073	-
Stock-based compensation	686,266	51,666	214,200	163,666	214,200
Transfer agent	80,732	11,419	7,496	16,954	8,750
Travel and general office	186,764	(6,325)	10,396	31,348	30,157
	3,565,175	417,785	515,968	953,911	663,997
Loss before income taxes	(3,615,945)	(411,015)	(519,016)	(944,919)	(671,043)
Income tax recovery	769,800	(9,200)	-	-	-
Loss for the period	(2,846,145)	(420,215)	(519,016)	(944,919)	(671,043)
DEFICIT, beginning of period	(8,897,811)	(11,323,741)	(10,912,632)	(10,799,037)	(10,760,605)
DEFICIT, end of period	$ (11,743,956)	$ (11,743,956)	$ (11,431,648)	$ (11,743,956)	$ (11,431,648)
Loss per share		$ 0.00	$ 0.00	$ 0.01	$ 0.01
Weighted average number of shares outstanding		143,177,902	123,293,089	135,744,586	107,297,472

GALANTAS GOLD CORPORATION
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS (PREPARED BY MANAGEMENT)

(UNAUDITED)

	Cumulative since development stage on January 1, 2003	Three Months Ended June 30,		Six Months Ended June 30,	
	June 30, 2006	2006	2005	2006	2005
CASH (USED IN) PROVIDED BY					
OPERATING ACTIVITIES					
Net loss for the period	$ (2,846,145)	$ (420,215)	$ (519,016)	$ (944,919)	$ (671,043)
Adjustment for					
Amortization	165,975	1,599	24,479	3,017	41,025
Stock-based compensation	686,266	51,666	214,200	163,666	214,200
Future income taxes	(769,800)	9,200	-	-	-
Net change in non-cash working capital (Note 10)	143,864	(143,605)	(97,301)	142,396	(25,445)
	(2,619,840)	(501,355)	(377,638)	(635,840)	(441,263)
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(2,871,582)	(1,133,957)	(545,932)	(1,664,350)	(545,932)
Deferred development costs	(2,165,794)	(731,563)	-	(1,166,901)	-
Marketable securities	2,096	-	-	-	-
	(5,035,280)	(1,865,520)	(545,932)	(2,831,251)	(545,932)
FINANCING ACTIVITIES					
Issue of common shares for cash	7,764,053	1,757,583	2,413,783	2,627,500	3,279,283
Share issue costs	(360,400)	-	-	-	-
Advances from financing facility	920,400	-	461,498	365,400	454,168
Repayments of financing facility	(313,303)	(51,989)	-	(73,032)	-
Advances to directors	(127,140)	(104,303)	(387,482)	(253,103)	(318,861)
	7,883,610	1,601,291	2,487,799	2,666,765	3,414,590
NET CHANGE IN CASH	228,490	(765,584)	1,564,229	(800,326)	2,427,395
CASH, beginning of period	93,169	1,087,243	996,922	1,121,985	133,756
CASH, end of period	$ 321,659	$ 321,659	$ 2,561,151	$ 321,659	$ 2,561,151

GALANTAS GOLD CORPORATION
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (PREPARED BY MANAGEMENT)

(UNAUDITED)

	Shares issued and subscribed		Warrant	Contributed		
	# of Shares	Share Value	Value	Surplus	Deficit	Total
Balance at January 1, 2003	71,115,222	$ 13,082,493	$ -	$ 1,420	$ (8,897,811)	$ 4,186,102
Shares issued on exercise of warrants	250,000	27,461	-	-	-	27,461
Common shares issued, net of issue costs	8,707,860	1,048,524	-	-	-	1,048,524
Common shares issued for debt settlement	7,416,395	741,640	-	-	-	741,640
Valuation of agents options	-	-	-	20,751	-	20,751
Valuation of warrants issued	-	(78,537)	78,537	-	-	-
Loss for the year	-	-	-	-	(676,142)	(676,142)
Balance at December 31, 2003	87,489,477	14,821,581	78,537	22,171	(9,573,953)	5,348,336
Shares issued on exercise of warrants	945,554	159,089	-	-	-	159,089
Common shares issued, net of issue costs	2,866,825	395,318	-	-	-	395,318
Valuation of stock options granted	-	-	-	287,649	-	287,649
Valuation of warrants issued	-	(71,671)	71,671	-	-	-
Valuation of warrants exercised or expired	-	17,570	(78,537)	60,967	-	-
Loss for the year	-	-	-	-	(1,186,652)	(1,186,652)
Balance at December 31, 2004	91,301,856	15,321,887	71,671	370,787	(10,760,605)	5,003,740
Common shares issued, net of issue costs	35,033,333	3,254,141	-	-	-	3,254,141
Valuation of warrants issued	-	(175,166)	175,166	-	-	-
Valuation of warrants expired	-	-	(71,671)	71,671	-	-
Valuation of stock options granted	-	-	-	214,200	-	214,200
Loss for the year	-	-	-	-	(38,432)	(38,432)
Balance at December 31, 2005	126,335,189	18,400,862	175,166	656,658	(10,799,037)	8,433,649
Shares issued on exercise of warrants	17,516,666	2,627,500	-	-	-	2,627,500
Valuation of warrants exercised	-	175,166	(175,166)	-	-	-
Valuation of stock options granted	-	-	-	163,666	-	163,666
Loss for the period	-	-	-	-	(944,919)	(944,919)
Balance at June 30, 2006	143,851,855	$ 21,203,528	$ -	$ 820,324	$ (11,743,956)	$ 10,279,896

1. NATURE OF OPERATIONS AND GOING CONCERN

These 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. The recoverability of these consolidated amounts, 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. The Company is considered to be in the development stage as it has yet to earn substantial revenues and it is devoting substantially all of its efforts toward the development of this process.

As at December 31, 2001, studies performed on Omagh's mineral property confirmed the existence of economically recoverable reserves. The mineral property is currently in the development stage of operation 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. These development expenditures will be amortized over the estimated life of the ore body.

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 of subject to a number of factors including market conditions. These 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.

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. Its first exploration project was a property in Portugal. 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").

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

The unaudited 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 (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six month periods ended June 30, 2006 may not necessarily be indicative of the results that may be expected for the year ending December 31, 2006.

1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

The consolidated balance sheet at December 31, 2005 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 complete consolidated financial statements. The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual consolidated financial statements for the year ended December 31, 2005. For further information, refer to the consolidated financial statements and notes for the year ended December 31, 2005.

New accounting pronouncement

In January 2005, the Canadian Institute of Chartered Accountants issued four new accounting standards: Handbook Section 1530, Comprehensive Income, Handbook Section 3251, Equity, Handbook Section 3855, Financial Instruments – Recognition and Measurement and Handbook Section 3865, Hedges. These standards are effective for interim and annual consolidated financial statements for the Company's fiscal years beginning January 1, 2007. As of June 30, 2006, the impact of implementing these new standards is not yet determinable.

2. PROPERTY, PLANT AND EQUIPMENT AND DEFERRED DEVELOPMENT COSTS

(a) Property, plant and equipment

	2006			2005
	Cost	Accumulated Amortization	Net	Net
Freehold land and buildings	$ 3,009,697	$ 36,243	$ 2,973,454	$ 1,743,967
Plant and machinery	1,885,322	470,850	1,414,472	1,115,756
Motor vehicles	34,511	28,124	6,387	7,214
Office equipment	71,275	38,854	32,421	36,228
Moulds	81,802	81,802	-	-
	$ 5,082,607	$ 655,873	$ 4,426,734	$ 2,903,165

2. PROPERTY, PLANT AND EQUIPMENT AND DEFERRED DEVELOPMENT COSTS (Continued)

(b) Deferred development costs

	Three months ended June 30, 2006	Six months ended June 30, 2006
Opening balance	$ 4,811,687	$ 4,314,368
Additions during the period:		
Leases	153,375	153,527
Consultants	53,809	124,218
Fuel	53,147	80,441
Wages	174,385	364,530
Interest	12,883	19,889
Travelling	41,699	68,676
Repairs and maintenance	25,750	72,582
Construction	194,510	246,301
General	22,003	36,737
Amortization of plant equipment	75,785	137,764
	807,346	1,304,665
Total deferred development costs	$ 5,619,033	$ 5,619,033

3. FINANCING FACILITY

On March 17, 2006, the Company received a loan from Barclays Mercantile Business Finance Ltd. in the amount of $365,400 (180,000 GBP)(i) to assist in the purchase of certain metallurgical equipment having a cost of $728,770 (359,000 GBP). The loan is for a period of three years at 3.97% (flat interest) with monthly blended installments of $11,132 (5,578 GBP).

Amounts payable on the long term debt are as follows:

	Interest	June 30, 2006	December 31, 2005
Financing facility	3.71 %	$ 324,975	$ 370,871
Financing facility (i)	3.97 %	338,264	-
		663,239	370,871
Less current portion		218,706	99,207
		$ 444,533	$ 271,664

Principal repayments over the next three years are as follows:

2007	$ 218,706
2008	235,899
2009	208,634
	$ 663,239

4. SHARE CAPITAL

(a) AUTHORIZED

Unlimited number of common and preference shares issuable in Series

(b) COMMON SHARES ISSUED

	NUMBER OF SHARES	STATED VALUE
Balance, January 1, 2006	126,335,189	$ 18,400,862
Warrant exercise	17,516,666	2,627,500
Warrant exercise - valuation	-	175,166
Balance, June 30, 2006	143,851,855	$ 21,203,528

5. WARRANTS

During the period, 11,666,666 warrants expiring April 4, 2006 and 5,850,000 warrants expiring April 15, 2006 were exercised for gross proceeds of $2,627,500.

As of June 30, 2006, there were no warrants outstanding.

6. STOCK OPTIONS

The Company has a stock option plan as detailed in Note 7(c) of the December 31, 2005 audited consolidated financial statements.

	Number of Stock Options	Weighted Average Exercise Price $
Balance, January 1, 2006	7,900,000	0.11
Options granted	1,000,000	0.26
Expired/cancelled	(1,400,000)	0.15
Balance, June 30, 2006	7,500,000	0.14

Details of the stock options outstanding as of June 30, 2006 are:

Exercisable Options	Number of Options	Exercise Price $	Expiry Date
1,500,000	1,500,000	0.12	May 17, 2007
2,800,000	2,800,000	0.15	April 10, 2008
2,000,000	2,000,000	0.10	April 1, 2009
133,334	200,000	0.10	May 13, 2010
333,334	1,000,000	0.26	June 14, 2011
6,766,668	7,500,000		

6. STOCK OPTIONS (Continued)

During the period, 1,000,000 stock options were granted to employees of the Company to purchase common shares at a price of $0.26 per share until June 14, 2011. The fair value of these stock options was estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; volatility - 60%; risk-free interest rate - 4.26% and an estimated life of 5 years. The estimated fair value of $143,000 will be expensed in the statement of operations and deficit and credited to contributed surplus as the options vest over a three year period. Stock-based compensation includes $47,666 related to the vested portion of these stock options.

Stock-based compensation also includes $116,000 relating to 733,333 options that have vested from previous stock option grants.

On February 13, 2006, 1,000,000 stock options at an exercise price of $0.15 expired and 400,000 options at an exercise price of $0.15 expiring April 10, 2008 were cancelled.

7. CONTRIBUTED SURPLUS

The following table reflects the continuity of contributed surplus:

	Contributed Surplus
Balance, January 1, 2006	$ 656,658
Stock-based compensation charged to the statement of operations and deficit (Note 6)	163,666
Balance, June 30, 2006	$ 820,324

8. RELATED PARTY TRANSACTIONS

As at June 30, 2006, the Company was indebted to directors in the amount of $nil (2005 - $110,850). This amount represents amounts paid by the directors on behalf of the Company along with unpaid management fees. These amounts are interest-free and there are no fixed terms of repayment.

During the period, the Company was charged $nil (2005 - $50,000) by directors of the Company for management services which are in the normal course of operations and are measured at the exchange amount established and agreed to by the related parties. Accounts payable includes $nil (2005 - $50,000) owing to these directors for management services and repayment of expenses incurred on behalf of the Company.

The Company was charged $24,926 (2005 - $19,630) for accounting and corporate secretarial services by companies associated to an officer of the Company. Accounts payable includes $12,494 (2005 - $1,738) owing to these companies.

9. 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 Cavanacaw's revenues, costs and assets of the business that support these operations are derived or located in Northern Ireland.

10. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Net change in non-cash working capital

	Three months ended June 30, 2006	Three months ended June 30, 2005	Six months ended June 30, 2006	Six months ended June 30, 2005
Accounts receivable and advances	$ (12,140)	$ (81,510)	$ (99,122)	$ (48,326)
Inventory	3,006	13,925	2,847	25,837
Accounts payable and accrued liabilities	(134,471)	(29,716)	238,671	(2,956)
	$ (143,605)	$ (97,301)	$ 142,396	$ (25,445)

(b) Supplemental information

Interest paid	$ 14,447	$ 3,553	$ 23,223	$ 3,553

Interest paid includes $19,889 (2005 - $nil) of interest paid on the financing facility. This amount was charged to deferred development costs.

11. OTHER INFORMATION

Effective March 31, 2006 the Company's shares were successfully admitted to trading on the Alternative Investment Market ("AIM") of the London Stock Exchange. As a result, the Company is dual-listed on both AIM and the TSX Venture Exchange in Canada.

12. SUBSEQUENT EVENT

The Company closed a private placement (the “Offering”) for gross proceeds of $3,500,000. Pursuant to this offering, the Company issued 14,000,000 units of the Company (each a “Unit”) at the price of $0.25 per Unit (including an over-allotment of 1,200,000 Units (the “Over-Allotment”) and 2,000,000 Units for subscribers specifically identified by management (the “President’s List”). Each Unit consists of one common share of the Company and one warrant of the Company. Each warrant entitles the purchaser to purchase one common share at a price of $0.32 per share at any time until July 26, 2008. The shares will carry a 4-month minimum hold period. An application will be made to admit any new shares issued under the placing to trading on AIM on the same day that they become eligible for trading on the TSX Venture Exchange.

Union Securities Ltd., acting as agent (the “Agent”) was paid a cash fee of $260,000 representing 8% in cash commission based on Units sold under the Offering and the Over-Allotment Option (excluding Units sold pursuant to the President's List) and 4% in cash for Units sold pursuant to the President's List. In addition, the Company issued to the Agent 1,300,000 compensation options (the “Agent’s Compensation Options”) equal to 10% of all Units sold pursuant to the Offering and the Over-Allotment Option (excluding Units sold pursuant to the President’s List) and 5% of all Units sold pursuant to the President's List. Each Agent’s Compensation Option entitles the Agent to purchase one Unit of the Company at $0.25 per Unit at any time prior to July 26, 2008.