NOTICE TO SHAREHOLDERS
FOR THE THREE AND NINE MONTHS
ENDED SEPTEMBER 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 nine months ended September 30, 2006 and September 30, 2005.

GALANTAS GOLD CORPORATION
(A Development Stage Company)

CONSOLIDATED BALANCE SHEETS

(PREPARED BY MANAGEMENT- UNAUDITED)

	September 30, 2006	December 31, 2005
Assets		
Current		
Cash	**$ 2,006,134**	$ 1,121,985
Accounts receivable and advances	**235,215**	144,727
Inventory	**99,978**	101,363
Future income taxes	**302,900**	302,900
	2,644,227	1,670,975
Property, plant and equipment (Note 2(a))	**5,248,373**	2,903,165
Deferred development costs (Note 2(b))	**6,288,438**	4,314,368
Future income taxes	**466,900**	466,900
	$ 14,647,938	$ 9,355,408
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 789,438**	$ 297,785
Current portion of financing facility (Note 3)	**226,982**	99,207
Due to directors	**-**	253,103
	1,016,420	650,095
Long-term portion of financing facility (Note 3)	**406,566**	271,664
	1,422,986	921,759
Shareholders' Equity		
Share capital (Note 4)	**21,954,200**	18,400,862
Warrants (Note 5)	**2,417,400**	175,166
Contributed surplus (Note 7)	**835,962**	656,658
	25,207,562	19,232,686
Deficit	**(11,982,610)**	(10,799,037)
	13,224,952	8,433,649
	$ 14,647,938	$ 9,355,408

Going concern (Note 1)

GALANTAS GOLD CORPORATION
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(PREPARED BY MANAGEMENT - UNAUDITED)

	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2005	Cumulative since development stage on January 1, 2003 to September 30, 2006
Sales	**$ 15,673**	$ 7,909	**$ 30,565**	$ 44,029	$ 484,111
Cost of goods sold	**2,023**	(19,971)	**7,923**	23,195	521,231
	13,650	27,880	**22,642**	20,834	(37,120)
Expenses					
Accounting and corporate	**4,350**	4,650	**27,205**	24,280	95,281
Bank charges and interest	**7,780**	12,403	**11,114**	15,956	29,344
Consulting	**-**	12,500	**14,007**	32,000	64,757
Foreign exchange (gain) loss	**93,784**	(47,559)	**115,975**	(27,323)	(7,845)
Legal and audit	**6,325**	5,003	**186,759**	71,021	384,621
Management fees	**-**	25,000	**-**	75,000	247,500
Operating expenses	**32,378**	(143,926)	**83,427**	88,027	1,262,853
Shareholder communication and public relations	**64,137**	-	**512,210**	-	743,656
Stock-based compensation	**15,638**	-	**179,304**	214,200	701,904
Transfer agent	**4,782**	3,638	**21,736**	12,388	85,514
Travel and general office	**23,130**	21,906	**54,478**	52,063	209,894
	252,304	(106,385)	**1,206,215**	557,612	3,817,479
(Loss) income before income taxes	**(238,654)**	134,265	**(1,183,573)**	(536,778)	(3,854,599)
Income tax recovery	**-**	-	**-**	-	769,800
(Loss) income for the period	**(238,654)**	134,265	**(1,183,573)**	(536,778)	(3,084,799)
DEFICIT, beginning of period	**(11,743,956)**	(11,431,648)	**(10,799,037)**	(10,760,605)	(8,897,811)
DEFICIT, end of period	**$ (11,982,610)**	$ (11,297,383)	**$ (11,982,610)**	$ (11,297,383)	$ (11,982,610)
(Loss) income per share	$ (0.00)	$ 0.00	$ (0.01)	$ (0.00)	
Weighted average number of shares outstanding	153,977,882	126,335,189	141,870,343	113,568,888	

GALANTAS GOLD CORPORATION
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(PREPARED BY MANAGEMENT - UNAUDITED)

	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2005	Cumulative since development stage on January 1, 2003 to September 30, 2006
CASH (USED IN) PROVIDED BY					
OPERATING ACTIVITIES					
Net (loss) income for the period	**$ (238,654)**	$ 134,265	**$ (1,183,573)**	$ (536,778)	$ (3,084,799)
Adjustment for					
Amortization	**163**	(21,679)	**3,180**	19,346	166,138
Stock-based compensation	**15,638**	-	**179,304**	214,200	701,904
Future income taxes	**-**	-	**-**	-	(769,800)
Net change in non-cash working capital (Note 10)	**260,154**	186,590	**402,550**	161,145	404,018
	37,301	299,176	**(598,539)**	(142,087)	(2,582,539)
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	**(908,780)**	(184,440)	**(2,573,130)**	(730,372)	(3,780,362)
Deferred development costs	**(582,427)**	(792,226)	**(1,749,328)**	(792,226)	(2,748,221)
Marketable securities	**-**	-	**-**	-	2,096
	(1,491,207)	(976,666)	**(4,322,458)**	(1,522,598)	(6,526,487)
FINANCING ACTIVITIES					
Issue of common shares for cash	**3,500,000**	-	**6,127,500**	3,503,333	11,264,053
Share issue costs	**(331,928)**	(25,142)	**(331,928)**	(249,192)	(692,328)
Advances from financing facility	**-**	-	**365,400**	398,696	920,400
Repayments of financing facility	**(29,691)**	(55,472)	**(102,723)**	-	(342,994)
Advances to directors	**-**	(7,610)	**(253,103)**	(326,471)	(127,140)
	3,138,381	(88,224)	**5,805,146**	3,326,366	11,021,991
NET CHANGE IN CASH	**1,684,475**	(765,714)	**884,149**	1,661,681	1,912,965
CASH, beginning of period	**321,659**	2,561,151	**1,121,985**	133,756	93,169
CASH, end of period	**$ 2,006,134**	$ 1,795,437	**$ 2,006,134**	$ 1,795,437	$ 2,006,134

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
Common shares issued, net of issue costs	14,000,000	3,168,072	-	-	-	3,168,072
Valuation of warrants issued	-	(2,417,400)	2,417,400	-	-	-
Valuation of warrants exercised	-	175,166	(175,166)	-	-	-
Valuation of stock options granted	-	-	-	179,304	-	179,304
Loss for the period	-	-	-	-	(1,183,573)	(1,183,573)
Balance at September 30, 2006	**157,851,855**	**$ 21,954,200**	**$ 2,417,400**	**$ 835,962**	**$ (11,982,610)**	**$ 13,224,952**

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 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 nine month periods ended September 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 pronouncements

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, 2006.

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	$ 3,877,314	$ 45,659	$ 3,831,655	$ 1,743,967
Plant and machinery	1,896,868	546,873	1,349,995	1,115,756
Motor vehicles	61,438	29,562	31,876	7,214
Office equipment	75,782	40,935	34,847	36,228
Moulds	81,802	81,802	-	-
	$ 5,993,204	$ 744,831	$ 5,248,373	$ 2,903,165

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

(b) Deferred development costs

	Three months ended September 30, 2006	Nine months ended September 30, 2006
Opening balance	$ 5,619,033	$ 4,314,368
Additions during the period:		
Leases	10,436	163,963
Consultants	59,308	183,526
Fuel	48,837	129,278
Wages	214,699	579,229
Interest	12,121	32,010
Travelling	57,698	126,374
Repairs and maintenance	49,711	122,293
Construction	109,412	355,713
General	20,205	56,942
Amortization of plant equipment	86,978	224,742
	669,405	1,974,070
Total deferred development costs	$ 6,288,438	$ 6,288,438

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	September 30, 2006	December 31, 2005
Financing facility	3.71 %	$ 317,993	$ 370,871
Financing facility (i)	3.97 %	315,555	-
		633,548	370,871
Less current portion		226,982	99,207
		$ 406,566	$ 271,664

Principal repayments over the next three years are as follows:

2007	$ 226,982
2008	245,473
2009	161,093
	$ 633,548

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
Private Placement, net of issue cash (1)	14,000,000	3,168,072
Warrant valuation (2)	-	(2,417,400)
Warrant exercise	17,516,666	2,627,500
Warrant exercise - valuation	-	175,166
Balance, September 30, 2006	**157,851,855**	**$ 21,954,200**

(1) 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.

Union Securities Ltd., acting as agent (the "Agent") was paid a cash fee of $240,000 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 $20,000 representing 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.

Other costs associated directly to the private placement amounted to $71,928.

(2) The fair value of the 14,000,000 warrants and 1,300,000 compensation options were estimated using the Black-Scholes option pricing model with the following assumptions: dividend yield - 0%; volatility - 144%; risk-free interest rate - 4.15% and an expected life of 2 years. The fair value attributed to the warrants and compensation options were $2,417,400.

5. WARRANTS

The following summarizes the warrant activity for the period:

	Number of warrants	Weighted average price	
Balance, December 31, 2006	17,516,666	$	0.15
Exercised (1)	(17,516,666)		0.15
Issued	15,300,000		0.31
Balance, September 30, 2006	**15,300,000**	**$**	**0.31**

(1) 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 September 30, 2006, the following warrants were outstanding:

Number of Warrants	Fair Value $	Exercise Price $	Expiry Date
14,000,000	2,212,000	0.32	July 26, 2008
1,300,000	205,400	0.25	July 26, 2008
15,300,000	2,417,400		

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, September 30, 2006	**7,500,000**	**0.14**

Details of the stock options outstanding as of September 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		

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 $61,771 related to the vested portion of these stock options.

Stock based compensation also includes $117,534 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)		179,304
Balance, September 30, 2006	**$**	**835,962**

8. RELATED PARTY TRANSACTIONS

As at September 30, 2006, the Company was indebted to directors in the amount of $nil (2005 - $103,240). 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 - $75,000) 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 $32,921 (2005 - $30,133) for accounting and corporate secretarial services by companies associated to an officer of the Company. Accounts payable includes $5,922 (2005 - $2,242) 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 September 30, 2006	Three months ended September 30, 2005	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Accounts receivable and advances	$ 8,634	$ (36,154)	$ (90,488)	$ (84,480)
Inventory	(1,462)	16,909	1,385	42,746
Accounts payable and accrued liabilities	252,982	205,835	491,653	202,879
	$ 260,154	$ 186,590	$ 402,550	$ 161,145

(b) Supplemental information

Interest paid	$ 19,901	$ 12,403	$ 43,124	$ 15,956

Interest paid includes $32,010 (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.