



# **GALANTAS GOLD CORPORATION**

**Condensed Interim Consolidated Financial Statements  
(Expressed in Canadian Dollars)**

**(Unaudited)**

**Three and Nine Months Ended September 30, 2021**

## **NOTICE TO READER**

The accompanying unaudited condensed interim consolidated financial statements of Galantas Gold Corporation (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

# Galantas Gold Corporation

Condensed Interim Consolidated Statements of Financial Position  
(Expressed in Canadian Dollars)  
(Unaudited)

	As at September 30, 2021	As at December 31, 2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 3,881,674	\$ 612,094
Accounts receivable and prepaid expenses (note 4)	997,048	594,960
Inventories (note 5)	83,047	81,169
<b>Total current assets</b>	<b>4,961,769</b>	<b>1,288,223</b>
<b>Non-current assets</b>		
Property, plant and equipment (note 6)	23,295,499	21,158,103
Long-term deposit (note 8)	513,690	521,430
Exploration and evaluation assets (note 7)	1,142,300	750,741
<b>Total non-current assets</b>	<b>24,951,489</b>	<b>22,430,274</b>
<b>Total assets</b>	<b>\$ 29,913,258</b>	<b>\$ 23,718,497</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and other liabilities (notes 9 and 16)	\$ 2,398,887	\$ 1,350,142
Current portion of financing facilities (note 10)	-	2,186,272
Due to related parties (note 14)	108,301	5,461,893
<b>Total current liabilities</b>	<b>2,507,188</b>	<b>8,998,307</b>
<b>Non-current liabilities</b>		
Non-current portion of financing facilities (note 10)	4,680,784	-
Due to related parties (note 14)	2,693,097	-
Decommissioning liability (note 8)	597,505	598,275
<b>Total non-current liabilities</b>	<b>7,971,386</b>	<b>598,275</b>
<b>Total liabilities</b>	<b>10,478,574</b>	<b>9,596,582</b>
<b>Equity</b>		
Share capital (note 11(a)(b))	57,783,570	52,933,594
Reserves	14,898,721	9,734,121
Deficit	(53,247,607)	(48,545,800)
<b>Total equity</b>	<b>19,434,684</b>	<b>14,121,915</b>
<b>Total equity and liabilities</b>	<b>\$ 29,913,258</b>	<b>\$ 23,718,497</b>

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Going concern (note 1)  
Incorporation and nature of operations (note 2)  
Contingency (note 16)

# Galantas Gold Corporation

Condensed Interim Consolidated Statements of Loss  
(Expressed in Canadian Dollars)  
(Unaudited)

	Three Months September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>Revenues</b>				
Sales of concentrate (note 13)	\$ -	\$ -	\$ -	\$ -
<b>Cost and expenses of operations</b>				
Cost of sales	74,462	35,658	181,943	102,733
Depreciation (note 6)	89,151	80,213	248,304	253,331
	<b>163,613</b>	<b>115,871</b>	<b>430,247</b>	<b>356,064</b>
<b>Loss before general administrative and other expenses</b>	<b>(163,613)</b>	<b>(115,871)</b>	<b>(430,247)</b>	<b>(356,064)</b>
<b>General administrative expenses</b>				
Management and administration wages (note 14)	112,997	141,068	339,031	425,404
Other operating expenses	65,327	37,042	137,742	188,462
Accounting and corporate	48,891	14,319	137,348	43,572
Legal and audit	32,487	21,299	113,124	92,251
Stock-based compensation (note 11(d))	404,064	6,791	1,639,205	2,567
Shareholder communication and investor relations	133,522	42,816	310,263	135,774
Transfer agent	3,084	3,718	14,991	58,192
Director fees (note 14)	19,500	11,250	43,500	26,000
General office	8,648	4,097	19,987	9,586
Accretion expenses (notes 8 and 10)	2,742	170,698	135,158	481,616
Loan interest and bank charges less deposit interest (notes 10 and 14)	82,912	144,217	243,795	441,386
Financing costs (note 10)	-	-	1,004,182	-
	<b>914,174</b>	<b>597,315</b>	<b>4,138,326</b>	<b>1,904,810</b>
<b>Other expenses</b>				
Foreign exchange loss (gain)	102,648	63,770	140,393	(11,462)
Gain on disposal of property, plant and equipment	(7,159)	-	(7,159)	-
	<b>95,489</b>	<b>63,770</b>	<b>133,234</b>	<b>(11,462)</b>
<b>Net loss for the period</b>	<b>\$ (1,173,276)</b>	<b>\$ (776,956)</b>	<b>\$ (4,701,807)</b>	<b>\$ (2,249,412)</b>
<b>Basic and diluted net loss per share (note 12)</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>	<b>\$ (0.08)</b>	<b>\$ (0.07)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>74,488,086</b>	<b>34,675,875</b>	<b>60,565,996</b>	<b>33,099,093</b>

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

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## **Galantas Gold Corporation**

### **Condensed Interim Consolidated Statements of Comprehensive Loss**

(Expressed in Canadian Dollars)

(Unaudited)

	<b>Three Months September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Net loss for the period</b>	<b>\$ (1,173,276)</b>	<b>\$ (776,956)</b>	<b>\$ (4,701,807)</b>	<b>\$ (2,249,412)</b>
<b>Other comprehensive income (loss)</b>				
<b>Items that will be reclassified subsequently to profit or loss</b>				
Exchange differences on translating foreign operations	<b>30,489</b>	<b>96,618</b>	<b>(264,805)</b>	<b>(190,804)</b>
<b>Total comprehensive loss</b>	<b>\$ (1,142,787)</b>	<b>\$ (680,338)</b>	<b>\$ (4,966,612)</b>	<b>\$ (2,440,216)</b>

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

# Galantas Gold Corporation

Condensed Interim Consolidated Statements of Cash Flows  
(Expressed in Canadian Dollars)  
(Unaudited)

Nine Months Ended  
September 30,  
2021 2020

## Operating activities

Net loss for the period	\$ (4,701,807)	\$ (2,249,412)
Adjustment for:		
Depreciation (note 6)	248,304	253,331
Stock-based compensation (note 11(d))	1,639,205	2,567
Accrued interest (notes 10 and 14)	158,404	360,840
Foreign exchange loss	407,470	143,273
Accretion expenses (notes 8 and 10)	135,158	481,616
Financing costs (note 10)	1,004,182	-
Gain on disposal of property, plant and equipment	(7,159)	-
Non-cash working capital items:		
Accounts receivable and prepaid expenses	(415,954)	90,929
Inventories	(3,129)	(858)
Accounts payable and other liabilities	137,074	(717,760)
Due to related parties	75,638	334,647
<b>Net cash and cash equivalents used in operating activities</b>	<b>(1,322,614)</b>	<b>(1,300,827)</b>

## Investing activities

Purchase of property, plant and equipment	(2,696,746)	(436,519)
Proceeds from sale of property, plant and equipment	8,561	-
Exploration and evaluation assets	(402,702)	(95,900)
<b>Net cash and cash equivalents used in investing activities</b>	<b>(3,090,887)</b>	<b>(532,419)</b>

## Financing activities

Proceeds of private placements (note 11(b)(i)(ii))	7,998,980	637,454
Share issue costs	(775,137)	(54,980)
Proceeds from exercise of warrants	495,333	-
Repayment of financing facilities (note 10)	(23,802)	(25,023)
<b>Net cash and cash equivalents provided by financing activities</b>	<b>7,695,374</b>	<b>557,451</b>

<b>Net change in cash and cash equivalents</b>	<b>3,281,873</b>	<b>(1,275,795)</b>
Effect of exchange rate changes on cash held in foreign currencies	(12,293)	808
<b>Cash and cash equivalents, beginning of period</b>	<b>612,094</b>	<b>1,913,420</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 3,881,674</b>	<b>\$ 638,433</b>
Cash	\$ 3,881,674	\$ 638,433
Cash equivalents	-	-
<b>Cash and cash equivalents</b>	<b>\$ 3,881,674</b>	<b>\$ 638,433</b>

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

**Galantás Gold Corporation**  
**Condensed Interim Consolidated Statements of Changes in Equity**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	Reserves							Total
	Share capital	Warrants reserve	Equity settled share-based payments reserve	Foreign currency translation reserve	Equity component of convertible debenture	Deficit		
<b>Balance, December 31, 2019</b>	<b>\$ 50,123,910</b>	<b>\$ 786,000</b>	<b>\$ 7,585,580</b>	<b>\$ 796,754</b>	<b>\$ 248,078</b>	<b>\$ (45,317,348)</b>	<b>\$ 14,222,974</b>	
Shares issued in private placement (note 11(b)(i))	637,454	-	-	-	-	-	637,454	
Warrants issued (note 10(i))	-	340,000	-	-	-	-	340,000	
Share issue costs	(54,980)	-	-	-	-	-	(54,980)	
Expiry of warrants	-	(786,000)	786,000	-	-	-	-	
Stock-based compensation (note 11(d))	-	-	2,567	-	-	-	2,567	
Exchange differences on translating foreign operations	-	-	-	(190,804)	-	-	(190,804)	
Net loss for the period	-	-	-	-	-	(2,249,412)	(2,249,412)	
<b>Balance, September 30, 2020</b>	<b>\$ 50,706,384</b>	<b>\$ 340,000</b>	<b>\$ 8,374,147</b>	<b>\$ 605,950</b>	<b>\$ 248,078</b>	<b>\$ (47,566,760)</b>	<b>\$ 12,707,799</b>	
<b>Balance, December 31, 2020</b>	<b>\$ 52,933,594</b>	<b>\$ 340,000</b>	<b>\$ 8,381,382</b>	<b>\$ 1,012,739</b>	<b>\$ -</b>	<b>\$ (48,545,800)</b>	<b>\$ 14,121,915</b>	
Shares issued in private placement (note 11(b)(ii))	7,998,980	-	-	-	-	-	7,998,980	
Warrants issued (note 11(b)(ii))	(3,258,578)	3,258,578	-	-	-	-	-	
Warrants issued (note 10(ii))	-	670,000	-	-	-	-	670,000	
Share issue costs (note 11(b)(ii))	(783,920)	8,783	-	-	-	-	(775,137)	
Warrant extension (note 10(i))	-	251,000	-	-	-	-	251,000	
Stock-based compensation (note 11(d))	-	-	1,639,205	-	-	-	1,639,205	
Exercise of warrants	893,494	(398,161)	-	-	-	-	495,333	
Exchange differences on translating foreign operations	-	-	-	(264,805)	-	-	(264,805)	
Net loss for the period	-	-	-	-	-	(4,701,807)	(4,701,807)	
<b>Balance, September 30, 2021</b>	<b>\$ 57,783,570</b>	<b>\$ 4,130,200</b>	<b>\$ 10,020,587</b>	<b>\$ 747,934</b>	<b>\$ -</b>	<b>\$ (53,247,607)</b>	<b>\$ 19,434,684</b>	

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.



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# Galantas Gold Corporation

## Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 1. Going Concern

These unaudited condensed 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 uncertainties related to events or conditions that may cast doubt on the Company's ability to continue as a going concern. The Company's future viability depends on the consolidated results of the Company's wholly-owned subsidiary Cavanacaw Corporation ("Cavanacaw"). Cavanacaw has a 100% shareholding in both Flintridge Resources Limited ("Flintridge") who are engaged in the acquisition, exploration and development of gold properties, mainly in Omagh, Northern Ireland and Omagh Minerals Limited ("Omagh") who are engaged in the exploration of gold properties, mainly in the Republic of Ireland. The Omagh mine has an open pit mine, which was in production until 2013 when production was suspended and is reported as property, plant and equipment and as an underground mine which having established technical feasibility and commercial viability in December 2018 has resulted in associated exploration and evaluation assets being reclassified as an intangible development asset and reported as property, plant and equipment.

The going concern assumption is dependent upon forecast cash flows being met, further financing currently being negotiated. The directors assumptions in relation to future levels of production, gold prices and mine operating and capital costs are crucial to forecast cash flows being achieved. Should production be significantly delayed, revenues fall short of expectations or operating costs and capital costs increase significantly, there may be insufficient cash flows to sustain day to day operations without seeking further finance.

Negotiations with current finance providers to extend short-term loans have progressed positively and the maturity dates for both the G&F Phelps Ltd. ("G&F Phelps") and Ocean Partners loans have now been extended to December 31, 2023. The Company also raised gross proceeds of \$8M through the issuance of shares to new and current investors to meet the financial requirements of the Company for the foreseeable future. Based on the financial projections prepared, the directors believe it's appropriate to prepare the unaudited condensed interim consolidated financial statements on the going concern basis.

As at September 30, 2021, the Company had a deficit of \$53,247,607 (December 31, 2020 - \$48,545,800). Comprehensive loss for the nine months ended September 30, 2021 was \$4,966,612 (nine months ended September 30, 2020 - \$2,440,216). These conditions raise material uncertainties which may cast significant doubt as to whether the Company will be able to continue as a going concern. However, management is confident that it will continue as a going concern. However, this is subject to a number of factors including market conditions.

These unaudited condensed interim consolidated financial statements do not reflect adjustments to the carrying values of assets and liabilities, the reported expenses and financial position classifications used that would be necessary if the going concern assumption was not appropriate. These 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.

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# Galantas Gold Corporation

## Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 2. Incorporation and Nature of Operations (Continued)

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, Northern Ireland. 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 and in 2013 production was suspended. On April 1, 2014, Galántas amalgamated its jewelry business with Omagh.

On April 8, 2014, Cavanacaw acquired Flintridge. Following a strategic review of its business by the Company during 2014 certain assets owned by Omagh were acquired by Flintridge.

On April 17, 2020, the Company completed a share consolidation of its share capital on the basis of ten existing common shares for one new common share consolidation.

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

The Company's common shares are listed on the TSX Venture Exchange ("TSXV") and London Stock Exchange AIM under the symbol GAL. On September 1, 2021, the Company announced that its common shares are now qualified for trading under the symbol GALKF on the OTCQX in the United States. The primary office is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, Canada, M5C 1P1.

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

### 3. Basis of Preparation

#### **Statement of compliance**

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of November 26, 2021 the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2020. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2021 could result in restatement of these unaudited condensed interim consolidated financial statements.



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## **Galantas Gold Corporation**

**Notes to Condensed Interim Consolidated Financial Statements**  
**Three and Nine Months Ended September 30, 2021**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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### **4. Accounts Receivable and Prepaid Expenses**

	<b>As at September 30, 2021</b>	<b>As at December 31, 2020</b>
Sales tax receivable - Canada	\$ 6,086	\$ 3,987
Valued added tax receivable - Northern Ireland	197,024	56,422
Accounts receivable	340,527	295,510
Prepaid expenses	453,411	239,041
	<b>\$ 997,048</b>	<b>\$ 594,960</b>

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Prepaid expenses includes advances for consumables and for construction of the passing bays in the Omagh mine.

The following is an aged analysis of receivables:

	<b>As at September 30, 2021</b>	<b>As at December 31, 2020</b>
Less than 3 months	\$ 290,405	\$ 120,085
3 to 12 months	244,585	117,615
More than 12 months	8,647	118,219
Total accounts receivable	<b>\$ 543,637</b>	<b>\$ 355,919</b>

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### **5. Inventories**

	<b>As at September 30, 2021</b>	<b>As at December 31, 2020</b>
Concentrate inventories	\$ 83,047	\$ 81,169

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## Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements  
Three and Nine Months Ended September 30, 2021  
(Expressed in Canadian Dollars)  
(Unaudited)

### 6. Property, Plant and Equipment

Cost	Freehold land and buildings	Plant and machinery	Motor vehicles	Office equipment	Development assets (i)	Total
Balance, December 31, 2019	\$ 2,369,610	\$ 6,866,075	\$ 160,637	\$ 189,142	\$ 19,016,904	\$ 28,602,368
Additions	-	2,781	-	-	1,892,995	1,895,776
Cash receipts from concentrate sales	-	-	-	-	(1,792,209)	(1,792,209)
Foreign exchange adjustment	28,561	82,352	1,934	2,280	227,986	343,113
Balance, December 31, 2020	2,398,171	6,951,208	162,571	191,422	19,345,676	29,049,048
Additions	-	467,953	16,181	16,174	2,196,438	2,696,746
Disposals	-	(6,289)	-	-	-	(6,289)
Foreign exchange adjustment	(35,597)	(102,680)	(2,413)	(2,841)	(285,659)	(429,190)
Balance, September 30, 2021	\$ 2,362,574	\$ 7,310,192	\$ 176,339	\$ 204,755	\$ 21,256,455	\$ 31,310,315

### Accumulated depreciation

	Freehold land and buildings	Plant and machinery	Motor vehicles	Office equipment	Development assets (i)	Total
Balance, December 31, 2019	\$ 1,954,907	\$ 5,259,569	\$ 115,325	\$ 112,851	\$ -	\$ 7,442,652
Depreciation	7,910	322,574	13,252	11,460	-	355,196
Foreign exchange adjustment	23,644	66,443	1,530	1,480	-	93,097
Balance, December 31, 2020	1,986,461	5,648,586	130,107	125,791	-	7,890,945
Depreciation	4,548	227,978	8,075	7,703	-	248,304
Disposal	-	(4,801)	-	-	-	(4,801)
Foreign exchange adjustment	(29,541)	(86,104)	(2,028)	(1,959)	-	(119,632)
Balance, September 30, 2021	\$ 1,961,468	\$ 5,785,659	\$ 136,154	\$ 131,535	\$ -	\$ 8,014,816

### Carrying value

	Freehold land and buildings	Plant and machinery	Motor vehicles	Office equipment	Development assets (i)	Total
Balance, December 31, 2020	\$ 411,710	\$ 1,302,622	\$ 32,464	\$ 65,631	\$ 19,345,676	\$ 21,158,103
Balance, September 30, 2021	\$ 401,106	\$ 1,524,533	\$ 40,185	\$ 73,220	\$ 21,256,455	\$ 23,295,499

(i) Development assets are expenditures for the underground mining operations in Omagh.

# Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements  
Three and Nine Months Ended September 30, 2021  
(Expressed in Canadian Dollars)  
(Unaudited)

## 7. Exploration and Evaluation Assets

<b>Cost</b>	<b>Exploration and evaluation assets</b>
Balance, December 31, 2019	\$ 661,726
Additions	129,031
Impairment	(47,490)
Foreign exchange adjustment	7,474
Balance, December 31, 2020	750,741
Additions	402,702
Foreign exchange adjustment	(11,143)
Balance, September 30, 2021	\$ 1,142,300

  

<b>Carrying value</b>	
Balance, December 31, 2020	\$ 750,741
Balance, September 30, 2021	\$ 1,142,300

## 8. Decommissioning Liability

The Company's decommissioning liability is a result of mining activities at the Omagh mine in Northern Ireland. The Company estimated its decommissioning liability at September 30, 2021 based on a risk-free discount rate of 1% (December 31, 2020 - 1%) and an inflation rate of 1.50% (December 31, 2020 - 1.50%). The expected undiscounted future obligations allowing for inflation are GBP 330,000 and based on management's best estimate the decommissioning is expected to occur over the next 5 to 10 years. On September 30, 2021, the estimated fair value of the liability is \$597,505 (December 31, 2020 - \$598,275). Changes in the provision during the nine months ended September 30, 2021 are as follows:

	<b>As at September 30, 2021</b>	<b>As at December 31, 2020</b>
Decommissioning liability, beginning of period	\$ 598,275	\$ 580,303
Accretion	8,209	10,863
Foreign exchange	(8,979)	7,109
Decommissioning liability, end of period	\$ 597,505	\$ 598,275

As required by the Crown in Northern Ireland, the Company is required to provide a bond for reclamation related to the Omagh mine in the amount of GBP 300,000 (December 31, 2020 - GBP 300,000), of which GBP 300,000 was funded as of September 30, 2021 (GBP 300,000 was funded as of December 31, 2020) and reported as long-term deposit of \$513,690 (December 31, 2020 - \$521,430).

# **Galantas Gold Corporation**

**Notes to Condensed Interim Consolidated Financial Statements**  
**Three and Nine Months Ended September 30, 2021**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

## **9. Accounts Payable and Other Liabilities**

Accounts payable and other liabilities of the Company are principally comprised of amounts outstanding for purchases relating to exploration costs on exploration and evaluation assets, general operating activities and professional fees activities.

	<b>As at September 30, 2021</b>	<b>As at December 31, 2020</b>
Accounts payable	\$ 953,249	\$ 423,630
Accrued liabilities	1,445,638	926,512
<b>Total accounts payable and other liabilities</b>	<b>\$ 2,398,887</b>	<b>\$ 1,350,142</b>

The following is an aged analysis of the accounts payable and other liabilities:

	<b>As at September 30, 2021</b>	<b>As at December 31, 2020</b>
Less than 3 months	\$ 1,632,845	\$ 432,946
3 to 12 months	95,642	76,800
12 to 24 months	-	161,327
More than 24 months	670,400	679,069
<b>Total accounts payable and other liabilities</b>	<b>\$ 2,398,887</b>	<b>\$ 1,350,142</b>

## **10. Financing Facilities**

Amounts payable on the Company's financial facilities are as follow:

	<b>As at September 30, 2021</b>	<b>As at December 31, 2020</b>
Financing facilities, beginning of period (i)	\$ 2,186,272	\$ 1,440,185
Financing facility received (i)	-	262,460
Financing facility reallocated from due to related parties (ii)	4,578,039	-
Financing facility reallocated to due to related parties (i)	(2,577,137)	-
Less bonus warrants issued (i)	-	(340,000)
Less current portion	-	(2,186,272)
Repayment of financing facilities (i)	(23,802)	(49,705)
Accretion (i)	126,949	360,452
Interest (i)(ii)	168,074	214,377
Foreign exchange adjustment	222,389	298,503
<b>Financing facilities - long term portion</b>	<b>\$ 4,680,784</b>	<b>\$ -</b>

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# Galantas Gold Corporation

## Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 10. Financing Facilities (Continued)

(i) In April 2018, the Company signed a concentrate pre-payment agreement and loan facility for US\$1.6 million with a United Kingdom based company (the "Lender"), with a maturity date of December 31, 2020. The interest was set at US\$ 12 month LIBOR + 8.75% and payable monthly. No interest shall be charged for 6 months and repayments commenced against deliveries in 2019. There was a US\$25,000 arrangement fee.

In respect of the loan facility, a fixed and floating security, subordinated to an existing security to G&F Phelps, is being put in place over Flintridge assets. G&F Phelps has a first charge on Flintridge assets in respect of its loan facility and the Lender required an intercreditor agreement between G&F Phelps and the Lender.

As consideration for the loan facility, the United Kingdom based company received 1,500,000 bonus warrants of the Company. Each bonus warrant is exercisable into one common share of the Company and is subject to an initial four months plus one day hold period from the date of issuance of the bonus warrants. The bonus warrants have a maximum life of two years (the "Expiry Time"). On April 19, 2018, the 1,500,000 bonus warrants were granted. In the event that the weighted average closing price per common share of the Company is more than \$2.00 per share for more than five consecutive trading days, the Company shall be entitled to accelerate the Expiry Time to a date that is 30 days from the date on which the Company announces the accelerated Expiry Time by press release.

The fair value of the 1,500,000 bonus warrants was estimated at \$786,000 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 113.55%, risk-free interest rate - 1.91% and an expected average life of 2 years.

On July 9, 2020, the Company amended the terms of its loan facility of an increase in the outstanding loan facility. The amount of the loan facility increased by US\$200,000 to a total of US\$1.8 million. On November 12, 2020, the additional US\$200,000 loan facility was drawn down by the Company. The interest rate applicable on the loan facility increased from US\$ 12 month LIBOR + 8.75% to US\$ 12 month LIBOR + 9.9% and the maturity date was extended from December 31, 2020 to December 31, 2021. Interest could be rolled into the loan facility until December 31, 2021, at the Company's option.

As consideration for amending the terms of the loan facility, the Lender received on August 14, 2020, 1,700,000 bonus warrants of Galantas ("Bonus Warrants"). Each Bonus Warrant will be exercisable for one common share of Galantas (a "Bonus Share") at an exercise price of \$0.33 per Bonus Share. The Bonus Warrants will expire on December 31, 2021 (the "Expiry Date") and the Bonus Shares will be subject to an initial four month plus one day hold period from the date of their issuance. In the event that the weighted average closing price per common share of the Company is more than \$0.4125 per share for more than five consecutive trading days, the Company shall be entitled to accelerate the Expiry Date to a date that is 30 days from the date on which the Company announces the accelerated Expiry Date by press release.

The fair value of the 1,700,000 bonus warrants was estimated at \$340,000 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 165.75%, risk-free interest rate - 0.27% and an expected average life of 1.38 years.

#### 2021 activities

On May 14, 2021, the maturity date of the loan facility due on December 31, 2021 has been extended to December 31, 2023. Interest may be deferred and added to the balance outstanding until March 31, 2022, at which point interest will be paid monthly. The 1,700,000 Bonus Warrants issued have been extended.

The Company recorded the incremental difference of \$251,000 as financing costs based on the fair value of these warrants immediately prior to and after the modification. The fair value of the 1,700,000 Bonus Warrants was valued immediately prior to the subsequent extension using the following Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 123.98% to 144.48%, risk-free interest rate - 0.32% and an expected average life of 0.63 to 2.63 years.

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# Galantas Gold Corporation

## Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 10. Financing Facilities (Continued)

(i) (continued)

#### 2021 activities

This amendment to the loan facility is considered to be a modification of debt, accordingly, the fair value variances originated by the amendment of \$83,182 was immediately recorded under financing costs in the unaudited condensed interim consolidated statements of a loss.

During the three and nine months ended September 30, 2021, the Company recorded accretion expense of \$nil and \$126,949, respectively in the unaudited condensed interim consolidated statements of loss in regards with this loan facility (year ended December 31, 2020 - \$360,452).

During the three and nine months ended September 30, 2021, the Company recorded interest expense of \$nil and \$86,820, respectively in the unaudited condensed interim consolidated statements of loss in regards with this loan facility (year ended December 31, 2020 - \$214,377).

During the three and nine months ended September 30, 2021, the Company recorded a repayment of \$nil and \$23,802, respectively in regards with this loan facility (year ended December 31, 2020 - \$49,705).

As at June 30, 2021, the Lender and the Company have a common director. As a result, the balance due to the Lender was reallocated from financing facilities to due to related parties. Total balance reallocated consisted of \$2,577,137. Refer to note 14(a)(iii).

(ii) In connection with the closing of the private placement completed on May 14, 2021 (refer to note 11(b)(ii)), Roland Phelps has retired as the Company's President and Chief Executive Officer and as a member of the Board of Directors. As a result, the balance due to G&F Phelps, a company controlled by Roland Phelps was reallocated from due to related parties to financing facilities. Total balance reallocated consisted of \$3,163,593 (GBP 1,824,764) amalgamated loans balance and \$1,414,446 (GBP 815,854) interest accrued balance. Refer to note 14(a)(ii).

As at September 30, 2021, G&F Phelps had amalgamated loans to the Company of \$3,124,560 (GBP 1,824,774) (December 31, 2020 - \$3,171,622 - GBP 1,824,764) included with financing liabilities (December 31, 2020 - due to related parties) bearing interest at 2% above UK base rates, repayable on demand and secured by a mortgage debenture on all the Company's assets. In April 2018, the interest increased to 6.75% + US\$ 12 month LIBOR. Interest accrued on G&F Phelps loan is included with financing liabilities (December 31, 2020 - included with due to related parties). As at September 30, 2021, the amount of interest accrued is \$1,556,224 (GBP 908,850) (December 31, 2020 - \$1,339,503 - GBP 770,671).

The maturity date of the G&F Phelps loan has been extended to December 31, 2023. Interest may be deferred and added to the balance outstanding until March 31, 2022, at which point interest will be paid monthly. In consideration for extending the G&F loan and deferring interest, G&F Phelps has received, subject to regulatory approval, 1,700,000 warrants exercisable into one common share at an exercise price of \$0.33, with said warrants expiring on December 31, 2023.

The fair value of the 1,700,000 warrants was estimated at \$670,000 using the following Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 123.98% to 144.48%, risk-free interest rate - 0.32% and an expected average life of 2.63 years. The \$670,000 was recorded as financing costs in the unaudited condensed interim consolidated statements of a loss.

During the three and nine months ended September 30, 2021, the Company recorded interest expense of \$81,254 in the unaudited condensed interim consolidated statements of loss in regards with this loan facility (year ended December 31, 2020 - \$214,377).

# **Galantas Gold Corporation**

**Notes to Condensed Interim Consolidated Financial Statements**  
**Three and Nine Months Ended September 30, 2021**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

## **11. Share Capital and Reserves**

### **a) Authorized share capital**

At September 30, 2021, the authorized share capital consisted of an unlimited number of common and preference shares issuable in Series.

The common shares do not have a par value. All issued shares are fully paid.

No preference shares have been issued. The preference shares do not have a par value.

### **b) Common shares issued**

At September 30, 2021, the issued share capital amounted to \$57,783,570. The continuity of issued share capital for the periods presented is as follows:

	<b>Number of common shares</b>	<b>Amount</b>
<b>Balance, December 31, 2019</b>	<b>32,321,472</b>	<b>\$ 50,123,910</b>
Shares issued in private placement (i)	2,833,132	637,454
Share issue costs	-	(54,980)
<b>Balance, September 30, 2020</b>	<b>35,154,604</b>	<b>\$ 50,706,384</b>
<b>Balance, December 31, 2020</b>	<b>46,565,537</b>	<b>\$ 52,933,594</b>
Shares issued in private placement (ii)	26,663,264	7,998,980
Warrants issued (ii)	-	(3,258,578)
Share issue costs (ii)	41,667	(783,920)
Exercise of warrants	1,413,333	893,494
<b>Balance, September 30, 2021</b>	<b>74,683,801</b>	<b>\$ 57,783,570</b>

(i) On July 17, 2020, the Company completed a private placement for 2,833,132 common shares at an issue price of \$0.225 (UK£0.1328) per share for gross proceeds of \$637,454 (GBP 376,240). The net proceeds to be raised by the private placement are intended to be used to support mine operations and provide general working capital of the Company.

The private placement included a subscription by LF Miton UK Smaller Companies Fund, which has subscribed for 527,108 common shares in the private placement and is managed by Premier Fund Managers Ltd ("Premier Miton"). Post-closing, this fund holds 3,222,330 shares, equivalent to 9.17% of the Company's common shares. The total number of shares controlled by Premier Miton post completion of the private placement is 4,848,243, representing 13.89% of the Company's enlarged issued and outstanding common shares.

The private placement also included a subscription from Melquart, for 1,506,024 common shares, which gives rise to an enlarged holding of 9,262,595 common shares post completion of the private placement, or 26.35% of the Company's enlarged issued and outstanding common shares.

Commission payable to brokers in Canada and the United Kingdom in relation to the private placement totals \$33,673 (GBP 19,874).



# Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements  
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## 11. Share Capital and Reserves (Continued)

### b) Common shares issued (Continued)

(ii) On May 14, 2021, Galantas completed a private placement of 26,663,264 units at a price of \$0.30 per unit for aggregate gross proceeds of \$7,998,980. Each unit comprises one common share and one common share purchase warrant. Each warrant will be exercisable into one additional common share at an exercise price of \$0.40 for 24 months from the closing date of the private placement. There is a four-month and one day hold period on the trading of securities issued in connection with this private placement.

The fair value of the 26,663,264 warrants was estimated at \$3,258,578 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 155.08%, risk-free interest rate - 0.32% and an expected average life of 2 years.

Ocean Partners acquired 1,666,667 units of the private placement, for consideration of \$500,000 and the Company paid a finder's fee of 41,667 units to Ocean Partners resulting in the issuance of 1,708,334 common shares or 2.3% of the Company's issued and outstanding common shares on a non-diluted basis.

The 41,667 units paid as a finder's fee were valued at \$20,417. The fair value of the 41,667 warrants was estimated at \$8,783 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 155.08%, risk-free interest rate - 0.32% and an expected average life of 2 years.

Roland Phelps, the Company's retired President and Chief Executive Officer, acquired 166,667 units for consideration of \$50,000, increasing his holding to 5,100,484 common shares or 6.9% of the Company's issued and outstanding common shares on a non-diluted basis.

In respect of an under-writing by Ocean Partners, the Company paid a commitment fee of \$112,500 in cash.

### c) Warrant reserve

The following table shows the continuity of warrants for the periods presented:

	Number of warrants	Weighted average exercise price
<b>Balance, December 31, 2019</b>	<b>1,500,000</b>	<b>\$ 1.58</b>
Issued (note 10(i))	1,700,000	0.33
Expired	(1,500,000)	1.58
<b>Balance, September 30, 2020</b>	<b>1,700,000</b>	<b>\$ 0.33</b>
<b>Balance, December 31, 2020</b>	<b>1,700,000</b>	<b>\$ 0.33</b>
Issued (notes 10(ii) and 11(b)(ii))	28,404,931	0.40
Exercised	(1,413,333)	0.35
<b>Balance, September 30, 2021</b>	<b>28,691,598</b>	<b>\$ 0.39</b>



# Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements  
Three and Nine Months Ended September 30, 2021  
(Expressed in Canadian Dollars)  
(Unaudited)

## 11. Share Capital and Reserves (Continued)

### c) Warrant reserve (continued)

The following table reflects the actual warrants issued and outstanding as of September 30, 2021:

Expiry date	Number of warrants	Grant date fair value (\$)	Exercise price (\$)
May 14, 2023	26,291,598	3,216,847	0.40
December 31, 2023	2,400,000	913,353	0.33
	28,691,598	4,130,200	0.39

### d) Stock options

The following table shows the continuity of stock options for the periods presented:

	Number of options	Weighted average exercise price
<b>Balance, December 31, 2019</b>	<b>1,395,000</b>	<b>\$ 0.92</b>
Expired	(285,000)	1.05
Cancelled (iv)	(540,000)	1.01
<b>Balance, September 30, 2020</b>	<b>570,000</b>	<b>\$ 1.16</b>
<b>Balance, December 31, 2020</b>	<b>570,000</b>	<b>\$ 1.16</b>
Granted (i)(ii)(iii)	4,360,000	0.85
<b>Balance, September 30, 2021</b>	<b>4,930,000</b>	<b>\$ 0.88</b>

(i) On May 19, 2021, the Company granted 3,915,000 stock options to directors, employees and consultants of the Company to purchase common shares at \$0.86 per share until May 19, 2026. The options will vest as to one third immediately and one third on each of May 19, 2022 and May 19, 2023. The fair value attributed to these options was \$2,907,000 and was expensed in the unaudited condensed interim consolidated statements of loss and credited to equity settled share-based payments reserve. During the three and nine months ended September 30, 2021, included in stock-based compensation is \$366,362 and \$1,502,614, respectively related to the vested portion of these options.

(ii) On June 21, 2021, the Company granted 425,000 stock options to consultants and officers of the Company to purchase common shares at \$0.73 per share until June 21, 2026. The options will vest as to one third immediately and one third on each of June 21, 2022 and June 21, 2023. The fair value attributed to these options was \$266,000 and was expensed in the unaudited condensed interim consolidated statements of loss and credited to equity settled share-based payments reserve. During the three and nine months ended September 30, 2021, included in stock-based compensation is \$33,523 and \$125,469, respectively related to the vested portion of these options.

# Galantas Gold Corporation

## Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

### 11. Share Capital and Reserves (Continued)

#### d) Stock options (continued)

(iii) On August 27, 2021, the Company granted 20,000 stock options to an employee of the Company to purchase common shares at \$0.86 per share until August 27, 2026. The options will vest as to one third immediately and one third on each of August 27, 2022 and August 27, 2023. The fair value attributed to these options was \$11,000 and was expensed in the unaudited condensed interim consolidated statements of loss and credited to equity settled share-based payments reserve. During the three and nine months ended September 30, 2021, included in stock-based compensation is \$4,179 related to the vested portion of these options.

(iv) The portion of the estimated fair value of options granted in the prior years and vested during the three and nine months ended September 30, 2021, amounted to \$nil and \$6,943, respectively (three and nine months ended September 30, 2020 - \$7,235 and \$60,521, respectively). In addition, during the three and nine months ended September 30, 2021, nil options granted in the prior years were cancelled (three and nine months ended September 30, 2020 - 25,000 and 540,000 options cancelled) and therefore, \$nil (three and nine months ended September 30, 2020 - \$444 and \$57,954, respectively) of stock-based compensation was reversed related to the unvested portion of the options cancelled.

The following table reflects the actual stock options issued and outstanding as of September 30, 2021:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
March 25, 2022	1.35	0.48	320,000	320,000	-
April 19, 2023	1.10	1.55	25,000	25,000	-
February 13, 2024	0.90	2.37	125,000	125,000	-
June 27, 2024	0.90	2.74	100,000	100,000	-
May 19, 2026	0.86	4.64	3,915,000	1,305,000	2,610,000
June 21, 2026	0.73	4.73	425,000	141,667	283,333
August 27, 2026	0.86	4.91	20,000	6,667	13,333
	0.88	4.26	4,930,000	2,023,334	2,906,666

### 12. Net Loss per Common Share

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2021 was based on the loss attributable to common shareholders of \$1,173,276 and \$4,701,807, respectively (three and nine months ended September 30, 2020 - \$776,956 and \$2,249,412, respectively) and the weighted average number of common shares outstanding of 74,488,086 and 60,565,996, respectively (three and nine months ended September 30, 2020 - 34,675,875 and 33,099,093, respectively) for basic and diluted loss per share. Diluted loss did not include the effect of 28,691,598 warrants (three and nine months ended September 30, 2020 - 1,700,000) and 4,930,000 options (three and nine months ended September 30, 2020 - 570,000) for the three and nine months ended September 30, 2021, as they are anti-dilutive.

# **Galantas Gold Corporation**

## **Notes to Condensed Interim Consolidated Financial Statements Three and Nine Months Ended September 30, 2021 (Expressed in Canadian Dollars) (Unaudited)**

### **13. Revenues**

Shipments of concentrate under the off-take arrangements commenced during the second quarter of 2019. Concentrate sales provisional revenues during the three and nine months ended September 30, 2021 totaled approximately US\$329,000 and US\$1,114,000, respectively (three and nine months ended September 30, 2020 - US\$690,000 and US\$876,000, respectively). However, until the mine reaches the commencement of commercial production, the net proceeds from concentrate sales will be offset against Development assets.

### **14. Related Party Disclosures**

Related parties include the Board of Directors, close family members, other key management individuals and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the fair value and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(a) The Company entered into the following transactions with related parties:

	<b>Note</b>	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
		<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Interest on related party loans	(i)	\$ 40,861	\$ 77,614	\$ 159,397	\$ 244,019

(i) Refer to note 10(i)(ii).

(ii) Refer to note 11(b)(i)(ii).

(iii) As at September 30, 2021, the Lender and the Company have a common director. As a result, the balance due to the Lender was reallocated from financing facilities to due to related parties. Total balance reallocated consisted of \$2,577,137. Refer to note 10(i).

As at September 30, 2021, financial liabilities due to the Lender and recorded as due to related parties on the unaudited condensed interest consolidated statement of financial position is \$2,693,097.

(b) Remuneration of officer and directors of the Company was as follows:

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Salaries and benefits <sup>(1)</sup>	\$ 93,305	\$ 120,899	\$ 261,291	\$ 352,626
Stock-based compensation	267,570	4,389	1,098,008	20,115
	\$ 360,875	\$ 125,288	\$ 1,359,299	\$ 372,741

<sup>(1)</sup> Salaries and benefits include director fees. As at September 30, 2021, due to directors for fees amounted to \$83,750 (December 31, 2020 - \$126,536) and due to officers, mainly for salaries and benefits accrued amounted to \$24,551 (December 31, 2020 - \$782,145 - GBP 458,701), and is included with due to related parties.

# Galantas Gold Corporation

## Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

### 14. Related Party Disclosures (Continued)

(c) As of September 30, 2021, Ross Beaty owns 3,744,747 common shares of the Company or approximately 5.01% of the outstanding common shares. Roland Phelps, former Chief Executive Officer and former director, owns, directly and indirectly, 5,100,484 common shares of the Company or approximately 6.83% of the outstanding common shares of the Company. Premier Miton owns 4,848,243 common shares of the Company or approximately 6.49%. Melquart owns, directly and indirectly, 23,073,528 common shares of the Company or approximately 30.89% of the outstanding common shares of the Company. Eric Sprott owns 6,333,333 common shares of the Company or approximately 8.48%. Mike Gentile owns 4,000,000 common shares of the Company or approximately 5.36%. The remaining 36.94% of the shares are widely held, which includes various small holdings which are owned by directors of the Company. These holdings can change at anytime at the discretion of the owner.

The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company.

### 15. Segment Disclosure

The Company 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 Flintridge. Substantially all of the Company's revenues, costs and assets of the business that support these operations are derived or located in Northern Ireland. Segmented information on a geographic basis is as follows:

<b>September 30, 2021</b>	<b>United Kingdom</b>	<b>Canada</b>	<b>Total</b>
Current assets	\$ 1,683,030	\$ 3,278,739	\$ 4,961,769
Non-current assets	\$ 24,894,466	\$ 57,023	\$ 24,951,489
Revenues	\$ -	\$ -	\$ -

  

<b>December 31, 2020</b>	<b>United Kingdom</b>	<b>Canada</b>	<b>Total</b>
Current assets	\$ 1,232,744	\$ 55,479	\$ 1,288,223
Non-current assets	\$ 22,373,581	\$ 56,793	\$ 22,430,374
Revenues	\$ -	\$ -	\$ -

### 16. Contingency

During the year ended December 31, 2010, the Company's subsidiary Omagh received a payment demand from Her Majesty's Revenue and Customs ("HMRC") in the amount of \$521,036 (GBP 304,290) in connection with an aggregate levy arising from the removal of waste rock from the mine site during 2008 and early 2009. Omagh Minerals believed this claim to be without merit. An appeal was lodged with the Tax Tribunals Service and the hearing started at the beginning of March 2017 and following a number of adjournments was completed in August 2018. During the year ended December 31, 2019, the Tax Tribunals Service issued their judgement dismissing the appeal by Omagh in respect of the assessments. A provision has now been included in the unaudited condensed interim consolidated financial statements in respect of the aggregates levy plus interest and penalty.

There is a contingent liability in respect of potential additional interest which may be applied in respect of the aggregates levy dispute. Omagh is unable to make a reliable estimate of the amount of the potential additional interest that may be applied by HMRC.