



GALANTAS GOLD CORPORATION

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

(Unaudited)

Three and Six Months Ended June 30, 2022

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 June 30, 2022	As at December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 903,435	\$ 1,069,751
Accounts receivable and prepaid expenses (note 4)	412,521	1,279,935
Inventories (note 5)	72,856	108,788
Total current assets	1,388,812	2,458,474
Non-current assets		
Property, plant and equipment (note 6)	28,490,156	25,688,836
Long-term deposit (note 8)	470,040	513,960
Exploration and evaluation assets (note 7)	2,090,096	1,574,183
Total non-current assets	31,050,292	27,776,979
Total assets	\$ 32,439,104	\$ 30,235,453
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and other liabilities (notes 9 and 17)	\$ 3,362,962	\$ 3,013,999
Due to related parties (note 15)	1,377,697	124,317
Leases (note 11)	335,997	416,040
Total current liabilities	5,076,656	3,554,356
Non-current liabilities		
Non-current portion of financing facilities (note 10)	4,108,000	4,247,488
Due to related parties (note 15)	2,750,067	2,444,376
Decommissioning liability (note 8)	544,259	600,525
Total non-current liabilities	7,402,326	7,292,389
Total liabilities	12,478,982	10,846,745
Equity		
Share capital (note 12(a)(b))	64,072,069	57,783,570
Reserves	12,714,264	15,435,369
Deficit	(56,826,211)	(53,830,231)
Total equity	19,960,122	19,388,708
Total equity and liabilities	\$ 32,439,104	\$ 30,235,453

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 17)
Events after the reporting period (note 18)



Galantas Gold Corporation

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues				
Sales of concentrate (note 14)	\$ -	\$ -	\$ -	\$ -
Cost and expenses of operations				
Cost of sales	66,995	61,333	113,634	107,481
Depreciation (note 6)	148,336	87,088	278,867	159,153
	215,331	148,421	392,501	266,634
Loss before general administrative and other expenses	(215,331)	(148,421)	(392,501)	(266,634)
General administrative expenses				
Management and administration wages (note 15)	148,105	81,951	265,745	226,034
Other operating expenses	113,170	39,835	191,958	72,415
Accounting and corporate	36,482	73,273	189,461	88,457
Legal and audit	66,088	31,464	129,728	80,637
Stock-based compensation (note 12(d))	645,438	1,230,510	995,977	1,235,141
Shareholder communication and investor relations	134,734	116,888	270,521	176,741
Transfer agent	17,718	9,046	21,733	11,907
Director fees (note 15)	35,000	15,500	70,000	24,000
General office	14,888	7,770	36,075	11,339
Accretion expenses (notes 8, 10 and 15)	93,334	27,856	213,821	132,416
Loan interest and bank charges less deposit interest (notes 10 and 15)	107,984	80,780	199,092	160,883
Financing costs	-	1,004,182	-	1,004,182
	1,412,941	2,719,055	2,584,111	3,224,152
Other expenses				
Foreign exchange (gain) loss	(48,104)	21,092	19,368	37,745
	(48,104)	21,092	19,368	37,745
Net loss for the period	\$ (1,580,168)	\$ (2,888,568)	\$ (2,995,980)	\$ (3,528,531)
Basic and diluted net loss per share (note 13)	\$ (0.02)	\$ (0.05)	\$ (0.04)	\$ (0.07)
Weighted average number of common shares outstanding - basic and diluted	84,140,878	60,494,975	81,353,664	53,501,436

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 Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Net loss for the period	\$ (1,580,168)	\$ (2,888,568)	\$ (2,995,980)	\$ (3,528,531)
Other comprehensive loss				
Items that will be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(1,218,739)	(198,369)	(2,089,716)	(295,294)
Total comprehensive loss	\$ (2,798,907)	\$ (3,086,937)	\$ (5,085,696)	\$ (3,823,825)

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)

	Six Months Ended June 30,	
	2022	2021
Operating activities		
Net loss for the period	\$ (2,995,980)	\$ (3,528,531)
Adjustment for:		
Depreciation (note 6)	278,867	159,153
Stock-based compensation (note 12(d))	995,977	1,235,141
Accrued interest (notes 10 and 15)	375,855	158,239
Foreign exchange (gain) loss	(573,713)	344,243
Accretion expenses (notes 8, 10 and 15)	180,939	132,416
Financing costs	-	1,004,182
Non-cash working capital items:		
Accounts receivable and prepaid expenses	811,072	(168,600)
Inventories	34,717	(64,831)
Accounts payable and other liabilities	621,711	124,053
Due to related parties	(16,255)	(67,781)
Net cash and cash equivalents used in by operating activities	(286,810)	(672,316)
Investing activities		
Net purchase of property, plant and equipment	(4,891,767)	(1,194,831)
Exploration and evaluation assets	(650,437)	(87,456)
Lease payments (note 11)	(339,470)	-
Net cash and cash equivalents used in investing activities	(5,881,674)	(1,282,287)
Financing activities		
Proceeds of private placements (note 12(b)(i))	-	7,998,980
Share issue costs	-	(783,262)
Proceeds from exercise of warrants	4,610,133	330,000
Advances from related parties	1,465,792	-
Repayment of financing facilities	-	(23,802)
Net cash and cash equivalents provided by financing activities	6,075,925	7,521,916
Net change in cash and cash equivalents	(92,559)	5,567,313
Effect of exchange rate changes on cash held in foreign currencies	(73,757)	(36,930)
Cash and cash equivalents, beginning of period	1,069,751	612,094
Cash and cash equivalents, end of period	\$ 903,435	\$ 6,142,477
Cash	\$ 903,435	\$ 6,142,477
Cash equivalents	-	-
Cash and cash equivalents	\$ 903,435	\$ 6,142,477

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	Deficit	
Balance, December 31, 2020	\$ 52,933,594	\$ 340,000	\$ 8,381,382	\$ 1,012,739	\$(48,545,800)	\$ 14,121,915
Shares issued in private placement (note 12(b)(i))	7,998,980	-	-	-	-	7,998,980
Warrants issued (note 12(b)(i))	(3,258,578)	3,258,578	-	-	-	-
Warrants issued (note 10(i))	-	670,000	-	-	-	670,000
Share issue costs (note 12(b)(i))	(792,045)	8,783	-	-	-	(783,262)
Warrant extension (note 15(a)(iii))	-	251,000	-	-	-	251,000
Stock-based compensation (note 12(d))	-	-	1,235,141	-	-	1,235,141
Exercise of warrants	677,647	(347,647)	-	-	-	330,000
Exchange differences on translating foreign operations	-	-	-	(295,294)	-	(295,294)
Net loss for the period	-	-	-	-	(3,528,531)	(3,528,531)
Balance, June 30, 2021	\$ 57,559,598	\$ 4,180,714	\$ 9,616,523	\$ 717,445	\$(52,074,331)	\$ 19,999,949
Balance, December 31, 2021	\$ 57,783,570	\$ 4,130,200	\$ 10,417,260	\$ 887,909	\$(53,830,231)	\$ 19,388,708
Warrants issued (note 15(a)(iii))	-	51,000	-	-	-	51,000
Stock-based compensation (note 12(d))	-	-	995,977	-	-	995,977
Exercise of warrants	6,288,499	(1,678,366)	-	-	-	4,610,133
Exchange differences on translating foreign operations	-	-	-	(2,089,716)	-	(2,089,716)
Net loss for the period	-	-	-	-	(2,995,980)	(2,995,980)
Balance, June 30, 2022	\$ 64,072,069	\$ 2,502,834	\$ 11,413,237	\$ (1,201,807)	\$(56,826,211)	\$ 19,960,122

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

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

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 and further financing currently being negotiated. The management's 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 UK Ltd. ("Ocean Partners") loans have now been extended to December 31, 2023 (see notes 10 and 15). During the year ended December 31, 2021, the Company 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. During the six months ended June 30, 2022, the Company raised gross proceeds of \$4.6M through the exercise of warrants. 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 June 30, 2022, the Company had a deficit of \$56,826,211 (December 31, 2021 - \$53,830,231). Comprehensive loss for the six months ended June 30, 2022 was \$5,085,696 (six months ended June 30, 2021 - \$3,823,825). 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.

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

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's common shares started 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 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 August 25, 2022 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, 2021. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2022 could result in restatement of these unaudited condensed interim consolidated financial statements.

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Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

4. Accounts Receivable and Prepaid Expenses

	As at June 30, 2022	As at December 31, 2021
Sales tax receivable - Canada	\$ 12,588	\$ 4,471
Valued added tax receivable - Northern Ireland	240,526	239,774
Accounts receivable	50,529	594,071
Prepaid expenses	108,878	281,207
Other debtors	-	160,412
	\$ 412,521	\$ 1,279,935

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:

	As at June 30, 2022	As at December 31, 2021
Less than 3 months	\$ 253,114	\$ 884,550
3 to 12 months	42,617	105,526
More than 12 months	7,912	8,652
Total accounts receivable	\$ 303,643	\$ 998,728

5. Inventories

	As at June 30, 2022	As at December 31, 2021
Concentrate inventories	\$ 72,856	\$ 108,788

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Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2022
(Expressed in Canadian Dollars)
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6. Property, Plant and Equipment

Cost	Freehold land and buildings	Plant and machinery (i)	Motor vehicles	Office equipment	Development assets (ii)	Assets under construction	Total
Balance, December 31, 2020	\$ 2,398,171	\$ 6,951,208	\$ 162,571	\$ 191,422	\$ 19,345,676	\$ -	\$ 29,049,048
Additions	-	1,263,168	38,975	27,973	4,898,703	556,273	6,785,092
Disposals	-	(6,289)	-	-	-	-	(6,289)
Cash receipts from concentrate sales	-	-	-	-	(1,412,329)	-	(1,412,329)
Foreign exchange adjustment	(34,357)	(99,099)	(2,329)	(2,742)	(270,376)	-	(408,903)
Balance, December 31, 2021	2,363,814	8,108,988	199,217	216,653	22,561,674	556,273	34,006,619
Additions	-	969,503	15,037	9,233	4,704,518	-	5,698,291
Disposals	-	-	-	-	-	(535,784)	(535,784)
Foreign exchange adjustment	(201,998)	(690,057)	(17,024)	(18,514)	(1,856,288)	(20,489)	(2,804,370)
Balance, June 30, 2022	\$ 2,161,816	\$ 8,388,434	\$ 197,230	\$ 207,372	\$ 25,409,904	\$ -	\$ 36,364,756

Accumulated depreciation	Freehold land and buildings	Plant and machinery	Motor vehicles	Office equipment	Development assets	Assets under construction	Total
Balance, December 31, 2020	\$ 1,986,461	\$ 5,648,586	\$ 130,107	\$ 125,791	\$ -	\$ -	\$ 7,890,945
Depreciation	6,347	507,731	19,776	13,992	-	-	547,846
Disposals	-	(4,801)	-	-	-	-	(4,801)
Foreign exchange adjustment	(28,499)	(83,818)	(1,995)	(1,895)	-	-	(116,207)
Balance, December 31, 2021	1,964,309	6,067,698	147,888	137,888	-	-	8,317,783
Depreciation	2,368	262,644	7,863	5,992	-	-	278,867
Foreign exchange adjustment	(167,977)	(528,952)	(13,035)	(12,086)	-	-	(722,050)
Balance, June 30, 2022	\$ 1,798,700	\$ 5,801,390	\$ 142,716	\$ 131,794	\$ -	\$ -	\$ 7,874,600

Carrying value	Freehold land and buildings	Plant and machinery	Motor vehicles	Office equipment	Development assets	Assets under construction	Total
Balance, December 31, 2021	\$ 399,505	\$ 2,041,290	\$ 51,329	\$ 78,765	\$ 22,561,674	\$ 556,273	\$ 25,688,836
Balance, June 30, 2022	\$ 363,116	\$ 2,587,044	\$ 54,514	\$ 75,578	\$ 25,409,904	\$ -	\$ 28,490,156

(i) Right-of-use assets of \$680,520 is included in additions of the plant and machinery for the year ended December 31, 2021. Right-of-use assets of \$270,740 is included in additions of the plant and machinery for the six months ended June 30, 2022.

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



Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements
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 (Expressed in Canadian Dollars)
 (Unaudited)

7. Exploration and Evaluation Assets

Cost	Exploration and evaluation assets
Balance, December 31, 2020	\$ 750,741
Additions	834,193
Foreign exchange adjustment	(10,751)
Balance, December 31, 2021	1,574,183
Additions	650,437
Foreign exchange adjustment	(134,524)
Balance, June 30, 2022	\$ 2,090,096
Carrying value	
Balance, December 31, 2021	\$ 1,574,183
Balance, June 30, 2022	\$ 2,090,096

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 June 30, 2022 based on a risk-free discount rate of 1% (December 31, 2021 - 1%) and an inflation rate of 1.50% (December 31, 2021 - 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 June 30, 2022, the estimated fair value of the liability is \$544,259 (December 31, 2021 - \$600,525). Changes in the provision during the six months ended June 30, 2022 are as follows:

	As at June 30, 2022	As at December 31, 2021
Decommissioning liability, beginning of period	\$ 600,525	\$ 598,275
Accretion	5,211	10,892
Foreign exchange	(61,477)	(8,642)
Decommissioning liability, end of period	\$ 544,259	\$ 600,525

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, 2021 - GBP 300,000), of which GBP 300,000 was funded as of June 30, 2022 (GBP 300,000 was funded as of December 31, 2021) and reported as long-term deposit of \$470,040 (December 31, 2021 - \$513,960).

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements
 Three and Six Months Ended June 30, 2022
 (Expressed in Canadian Dollars)
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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.

	As at June 30, 2022	As at December 31, 2021
Accounts payable	\$ 2,168,056	\$ 1,463,316
Accrued liabilities	1,194,906	1,550,683
Total accounts payable and other liabilities	\$ 3,362,962	\$ 3,013,999

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

	As at June 30, 2022	As at December 31, 2021
Less than 3 months	\$ 2,518,766	\$ 2,246,440
3 to 12 months	227,225	98,415
12 to 24 months	5,001	-
More than 24 months	603,747	669,144
Total accounts payable and other liabilities	\$ 3,362,962	\$ 3,013,999

10. Financing Facilities

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

	As at June 30, 2022	As at December 31, 2021
Ocean Partners		
Financing facilities, beginning of period	\$ -	\$ 2,186,272
Repayment of financing facilities	-	(23,802)
Accretion	-	126,949
Interest	-	86,820
Foreign exchange adjustment	-	200,898
Financing facility reallocated to due to related parties	-	(2,577,137)
	-	-
G&F Phelps		
Financing facility, beginning of period	4,247,488	-
Financing facility reallocated from due to related parties	-	4,578,039
Less bonus warrants issued (i)	-	(670,000)
Accretion	129,678	151,290
Interest	194,973	164,197
Foreign exchange adjustment	(464,135)	23,962
	4,108,004	4,247,488
Financing facilities - non-current portion	\$ 4,108,004	\$ 4,247,488



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Notes to Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars)

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10. Financing Facilities (Continued)

(i) During the six months ended June 30, 2021, the maturity date of the G&F Phelps loan was 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 received 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.

11. Leases

Balance, December 31, 2020	\$ -
Addition (i)	680,520
Interest expense	36,706
Lease payments	(297,450)
Foreign exchange	(3,736)
Balance, December 31, 2021	416,040
Addition (ii)	270,740
Interest expense	18,133
Lease payments	(339,470)
Foreign exchange	(29,446)
Balance, June 30, 2022	\$ 335,997

(i) During the year ended 2021, the Company entered into lease agreements in respect to rent of equipments which will expire between February 2022 to July 2022.

(ii) During the six months ended June 30, 2022, the Company entered into lease agreements in respect to rent of equipments, all of which will expire July 2022 with the exception of a Scissors lift which will continue for a further 12 months.

12. Share Capital and Reserves

a) Authorized share capital

At June 30, 2022, 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.

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Notes to Condensed Interim Consolidated Financial Statements
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(Expressed in Canadian Dollars)
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12. Share Capital and Reserves (Continued)

b) Common shares issued

At June 30, 2022, the issued share capital amounted to \$64,072,069. The continuity of issued share capital for the periods presented is as follows:

	Number of common shares	Amount
Balance, December 31, 2020	46,565,537	\$ 52,933,594
Shares issued in private placement (i)	26,663,264	7,998,980
Warrants issued (i)	-	(3,258,578)
Share issue costs (i)	41,667	(792,045)
Exercise of warrants	1,000,000	677,647
Balance, June 30, 2021	74,270,468	\$ 57,559,598
Balance, December 31, 2021	74,683,801	\$ 57,783,570
Exercise of warrants	11,686,333	6,288,499
Balance, June 30, 2022	86,370,134	\$ 64,072,069

(i) 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.

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12. Share Capital and Reserves (Continued)

c) Warrant reserve

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

	Number of warrants		Weighted average exercise price
Balance, December 31, 2020	1,700,000	\$	0.33
Issued (notes 10(i), 12(b)(i) and 15(a)(iii))	28,404,931		0.40
Expired	(1,000,000)		0.33
Balance, June 30, 2021	29,104,931	\$	0.39
Balance, December 31, 2021	28,691,598	\$	0.39
Issued (notes 15(a)(iii))	250,000		0.50
Exercised	(11,686,333)		0.39
Balance, June 30, 2022	17,255,265	\$	0.40

The following table reflects the actual warrants issued and outstanding as of June 30, 2022:

Expiry date	Number of warrants	Grant date fair value (\$)	Exercise price (\$)
February 3, 2023	250,000	51,000	0.50
May 14, 2023 (notes 15(a)(iii)(1))	15,525,265	1,901,069	0.40
December 31, 2023	1,480,000	550,765	0.33
	17,255,265	2,502,834	0.40

d) Stock options

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

	Number of options		Weighted average exercise price
Balance, December 31, 2020	570,000	\$	1.16
Granted (i)(ii)	4,340,000		0.85
Balance, June 30, 2021	4,910,000	\$	0.88

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12. Share Capital and Reserves (Continued)

d) Stock options (continued)

	Number of options	Weighted average exercise price
Balance, December 31, 2021	4,885,000	\$ 0.88
Granted (iii)	1,742,500	0.60
Expired	(255,000)	1.35
Cancelled	(205,000)	0.96
Balance, June 30, 2022	6,167,500	\$ 0.85

(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 six months ended June 30, 2022, included in stock-based compensation is \$241,587 and \$557,975, 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 six months ended June 30, 2022, included in stock-based compensation is \$30,973 and \$63,768, respectively related to the vested portion of these options.

(iii) On May 3, 2022, the Company granted 1,742,500 stock options to directors, officers, employees and consultants of the Company to purchase common shares at \$0.60 per share until May 3, 2027. The options will vest as to one third immediately and one third on each of May 3, 2023 and May 3, 2024. The fair value attributed to these options was \$900,000 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 six months ended June 30, 2022, included in stock-based compensation is \$371,507 related to the vested portion of these options.

The portion of the estimated fair value of options granted in the prior years and vested during the three and six months ended June 30, 2022, amounted to \$1,371 and \$22,727, respectively (three and six months ended June 30, 2021 - \$1,230,510 and \$1,235,141, respectively).

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12. Share Capital and Reserves (Continued)

d) Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of June 30, 2022:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
April 19, 2023	1.10	0.80	25,000	25,000	-
February 13, 2024	0.90	1.62	85,000	85,000	-
June 27, 2024	0.90	1.99	100,000	100,000	-
May 19, 2026	0.86	3.89	3,770,000	2,513,333	1,256,667
June 21, 2026	0.73	3.98	425,000	283,333	141,667
August 27, 2026	0.86	4.16	20,000	6,667	13,333
May 3, 2023	0.60	4.84	1,742,500	580,833	1,161,667
	0.78	4.09	6,167,500	3,594,166	2,573,334

13. Net Loss per Common Share

The calculation of basic and diluted loss per share for the three and six months ended June 30, 2022 was based on the loss attributable to common shareholders of \$1,580,168 and \$2,995,980, respectively (three and six months ended June 30, 2021 - \$2,888,568 and \$3,528,531, respectively) and the weighted average number of common shares outstanding of 84,140,878 and 81,353,664, respectively (three and six months ended June 30, 2021 - 60,494,975 and 53,501,436, respectively) for basic and diluted loss per share. Diluted loss did not include the effect of 17,255,265 warrants (three and six months ended June 30, 2021 - 29,104,931) and 6,167,500 options (three and six months ended June 30, 2021 - 4,910,000) for the three and six months ended June 30, 2022, as they are anti-dilutive.

14. Revenues

Shipments of concentrate under the off-take arrangements commenced during the second quarter of 2019. Concentrate sales provisional revenues during the three and six months ended June 30, 2022 totaled approximately US\$nil and US\$219,000, respectively (three and six months ended June 30, 2021 - US\$218,000 and US\$785,000, respectively). However, until the mine reaches the commencement of commercial production, the net proceeds from concentrate sales will be offset against Development assets.

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15. 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 exchange amount 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:

		Three Months Ended June 30,		Six Months Ended June 30,	
		2022	2021	2022	2021
Interest on related party loans	(i)	\$ 88,054	\$ 39,660	\$ 162,749	\$ 118,536

(i) Refer to note 10(i).

(ii) Refer to note 12(b)(i).

(iii) On February 3, 2022, the Company announced the closing of the loan agreement for US\$1.06 million with Ocean Partners. Ocean Partners and the Company have a common director. Terms of the loan agreement are:

- The loan matures on July 31, 2022 (the "Maturity Date").
- The loan will bear interest at an annual rate of 10% compounded monthly payable upon repayment of the loan.
- US\$20,000 structuring fee has been paid to Ocean Partners.
- US\$40,000 consulting fee will be paid to Ocean Partners, to be invoiced separately by Ocean Partners.
- 250,000 warrants have been granted to Ocean Partners, which will be exercisable for a period of 12 months at an exercise price of \$0.50. The bonus warrants are subject to a hold period under applicable securities laws and the rules of the TSXV, expiring on June 4, 2022. The fair value of the 250,000 warrants was valued at \$51,000 using the following Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 107%, risk-free interest rate - 1.22% and an expected average life of 1 year.
- US\$40,000 extension fee will be paid to Ocean Partners if the Company elects to extend the loan for a further six months from the Maturity Date.

Proceeds from the loan will be used for further development of the Omagh mine in Northern Ireland and working capital.

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15. Related Party Disclosures (Continued)

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

(iii) (continued) As at June 30, 2022, financial liabilities due to the Lender and recorded as due to related parties on the unaudited condensed interim consolidated statement of financial position is \$4,029,998 (December 31, 2021 - \$2,444,376).

	June 30, 2022	December 31, 2021
Balance, beginning of period	\$ 2,444,376	\$ -
Financing facility reallocated to due to related parties	-	2,577,137
Loan received	1,380,477	-
Less bonus warrants ⁽¹⁾	(51,000)	(251,000)
Repayment	(5,979)	-
Accretion	48,580	57,338
Interest	162,749	27,506
Foreign exchange adjustment	50,795	33,395
Balance, end of period	4,029,998	2,444,376
Less current balance	(1,279,932)	-
Due to related parties - non-current balance	\$ 2,750,066	\$ 2,444,376

⁽¹⁾ During the six months ended June 30, 2022, 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.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Salaries and benefits ⁽¹⁾	\$ 145,551	\$ 50,380	\$ 253,134	\$ 167,986
Stock-based compensation	383,377	828,180	633,687	830,438
	\$ 528,928	\$ 878,560	\$ 886,821	\$ 998,424

⁽¹⁾ Salaries and benefits include director fees. As at June 30, 2022, due to directors for fees amounted to \$70,000 (December 31, 2021 - \$102,917) and due to officers, mainly for salaries and benefits accrued amounted to \$27,766 (December 31, 2021 - \$21,400), and is included with due to related parties.

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15. Related Party Disclosures (Continued)

(c) As at June 30, 2022, Ross Beaty owns 3,744,747 common shares of the Company or approximately 4.3% of the outstanding common shares. Premier Miton owns 4,848,243 common shares of the Company or approximately 5.6%. Melquart owns, directly and indirectly, 24,473,528 common shares of the Company or approximately 29.5% of the outstanding common shares of the Company. G&F Phelps owns 5,354,484 common shares of the Company or approximately 6.2%. Eric Sprott owns 8,833,333 common shares of the Company or approximately 10.2%. Mike Gentile owns 6,100,000 common shares of the Company or approximately 7.1%. The remaining 37.1% 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.

16. 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:

June 30, 2022	United Kingdom	Canada	Total
Current assets	\$ 880,194	\$ 508,618	\$ 1,388,812
Non-current assets	\$ 30,921,720	\$ 128,572	\$ 31,050,292
Revenues	\$ -	\$ -	\$ -

December 31, 2021	United Kingdom	Canada	Total
Current assets	\$ 1,379,742	\$ 1,078,732	\$ 2,458,474
Non-current assets	\$ 27,714,667	\$ 62,312	\$ 27,776,979
Revenues	\$ -	\$ -	\$ -

17. 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 \$476,762 (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 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.

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18. Events After the Reporting Period

(i) On July 11, 2022, the Company announced the appointment of SP Angel Corporate Finance LLP as its Joint Broker to support its position as an AIM-quoted company.

(ii) On August 3, 2022, the Company announced the closing of the loan agreement for US\$530,000 with Ocean Partners. Terms of the loan agreement are:

- The loan matures on January 31, 2023.
- The loan will bear interest at an annual rate of 12% compounded monthly and repayable in full on the maturity date.
- US\$10,000 commitment fee has been paid to Ocean Partners.
- 125,000 warrants have been granted to Ocean Partners, which will be exercisable for a period of 12 months at an exercise price of \$0.48. The warrants are subject to a hold period under applicable securities laws and the rules of the TSXV, expiring on July 25, 2023.
- US\$20,000 extension fee will be paid to Ocean Partners if the Company elects to extend the loan for a further six months from the maturity date.

(iii) On August 8, 2022, the Company announced that it entered into an agreement with Canaccord Genuity Corp., on behalf of itself and a syndicate of agents including Cormark Securities Inc. and Research Capital Corporation (together, the "Agents"), in connection with a proposed private placement of up to 8,888,890 units of the Company at a price of \$0.45 per unit for aggregate gross proceeds of up to approximately \$4 million. Each unit will be comprised of one common share in the capital of the Company and one half of one common share purchase warrant of the Company. Each warrant will entitle the holder thereof to purchase one common share in the capital of the Company at a price of \$0.55 per warrant share for a period of 30 months following the closing of the offering.

(iv) On August 11, 2022, the Company announced that it entered into an amending agreement with the Agents, to increase the size of the Company's previously announced proposed private placement of up to 13,333,340 units of the Company.

The Company also granted the Agents an option, exercisable, in whole or in part, at any time up to 48 hours prior to closing of the offering, which will allow the Agents to sell up to an additional 2,000,001 units at the offering price.

The upsized offering is expected to close on or about August 30, 2022, or such other date as the Company and the Agents may agree, and is subject to certain closing conditions including, but not limited to, the receipt of all necessary approvals, including the conditional acceptance of the TSXV.