



# **GALANTAS GOLD CORPORATION**

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

**(Unaudited)  
Three Months Ended March 31, 2023**

## **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 March 31, 2023	As at December 31, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,516,822	\$ 1,038,643
Accounts receivable and prepaid expenses (note 4)	1,570,518	1,810,993
Inventories (note 5)	80,285	83,242
<b>Total current assets</b>	<b>4,167,625</b>	<b>2,932,878</b>
<b>Non-current assets</b>		
Property, plant and equipment (note 6)	25,910,707	24,255,849
Long-term deposit (note 8)	501,780	489,660
Exploration and evaluation assets (note 7)	3,660,664	2,665,313
<b>Total non-current assets</b>	<b>30,073,151</b>	<b>27,410,822</b>
<b>Total assets</b>	<b>\$ 34,240,776</b>	<b>\$ 30,343,700</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and other liabilities (notes 9 and 16)	\$ 4,608,751	\$ 4,052,041
Current portion of financing facilities (note 10)	5,252,499	4,836,267
Due to related parties (note 14)	5,381,365	5,072,534
<b>Total current liabilities</b>	<b>15,242,615</b>	<b>13,960,842</b>
<b>Non-current liabilities</b>		
Non-current portion of financing facilities (note 10)	571,910	-
Decommissioning liability (note 8)	599,498	582,441
Other liability (note 14)	1,021,819	1,085,426
<b>Total non-current liabilities</b>	<b>2,193,227</b>	<b>1,667,867</b>
<b>Total liabilities</b>	<b>17,435,842</b>	<b>15,628,709</b>
<b>Equity</b>		
Share capital (note 11(a)(b))	71,104,535	69,664,056
Reserves	17,558,183	15,515,105
Deficit	(71,857,784)	(70,464,170)
<b>Total equity</b>	<b>16,804,934</b>	<b>14,714,991</b>
<b>Total equity and liabilities</b>	<b>\$ 34,240,776</b>	<b>\$ 30,343,700</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)  
Events after the reporting period (note 17)

# **Galantas Gold Corporation**

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
Sales of concentrate (note 13)	\$ -	\$ -
<b>Cost and expenses of operations</b>		
Cost of sales	<b>50,215</b>	46,639
Depreciation (note 6)	<b>126,105</b>	130,531
	<b>176,320</b>	177,170
<b>Loss before general administrative and other expenses</b>	<b>(176,320)</b>	(177,170)
<b>General administrative expenses</b>		
Management and administration wages (note 14)	<b>124,198</b>	117,640
Other operating expenses	<b>94,763</b>	78,788
Accounting and corporate	<b>146,611</b>	152,979
Legal and audit	<b>43,393</b>	63,640
Stock-based compensation (note 11(d))	<b>183,723</b>	350,539
Shareholder communication and investor relations	<b>162,595</b>	135,787
Transfer agent	<b>6,345</b>	4,015
Director fees (note 14)	<b>35,000</b>	35,000
General office	<b>41,946</b>	21,187
Accretion expenses (notes 8, 10 and 14)	<b>111,132</b>	120,487
Loan interest and bank charges less deposit interest (notes 10 and 14)	<b>293,058</b>	91,108
	<b>1,242,764</b>	1,171,170
<b>Other expenses</b>		
Foreign exchange gain (loss)	<b>(25,470)</b>	67,472
	<b>(25,470)</b>	67,472
<b>Net loss for the period</b>	<b>\$ (1,393,614)</b>	\$ (1,415,812)
<b>Basic and diluted net loss per share (note 12)</b>	<b>\$ (0.01)</b>	\$ (0.02)
<b>Weighted average number of common shares outstanding</b>		
- basic and diluted	<b>103,893,399</b>	78,556,743

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)**

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**Three Months Ended  
March 31,  
2023                      2022**

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**Net loss for the period** **\$ (1,393,614) \$ (1,415,812)**

**Other comprehensive income (loss)**

**Items that will be reclassified subsequently to profit or loss**

Exchange differences on translating foreign operations **453,574                      (870,977)**

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**Total comprehensive loss** **\$ (940,040) \$ (2,286,789)**

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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)

	Three Months Ended March 31,	
	2023	2022
<b>Operating activities</b>		
Net loss for the period	\$ (1,393,614)	\$ (1,415,812)
Adjustment for:		
Depreciation (note 6)	126,105	130,531
Stock-based compensation (note 11(d))	183,723	350,539
Accrued interest (notes 10 and 14)	395,054	171,614
Foreign exchange loss	102,070	93,714
Accretion expenses (notes 8, 10 and 14)	111,132	91,810
Non-cash working capital items:		
Accounts receivable and prepaid expenses	251,144	567,842
Inventories	4,896	95,585
Accounts payable and other liabilities	461,212	(82,217)
Due to related parties	-	(129,249)
<b>Net cash and cash equivalents provided by (used in) operating activities</b>	<b>241,722</b>	<b>(125,643)</b>
<b>Investing activities</b>		
Net purchase of property, plant and equipment	(1,187,334)	(2,458,074)
Exploration and evaluation assets	(921,853)	(425,831)
Lease payments	-	(137,145)
<b>Net cash and cash equivalents used in investing activities</b>	<b>(2,109,187)</b>	<b>(3,021,050)</b>
<b>Financing activities</b>		
Proceeds of private placements (note 11(b)(i))	2,963,142	-
Share issue costs	(204,993)	-
Proceeds from exercise of warrants	5,600	3,135,200
Advances from related parties	-	1,380,477
Repayments to related parties	(6,500)	-
Proceeds from financing facilities (note 10)	580,392	-
<b>Net cash and cash equivalents provided by financing activities</b>	<b>3,337,641</b>	<b>4,515,677</b>
<b>Net change in cash and cash equivalents</b>	<b>1,470,176</b>	<b>1,368,984</b>
Effect of exchange rate changes on cash held in foreign currencies	8,003	(21,583)
<b>Cash and cash equivalents, beginning of period</b>	<b>1,038,643</b>	<b>1,069,751</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 2,516,822</b>	<b>\$ 2,417,152</b>
Cash	\$ 2,516,822	\$ 2,417,152
Cash equivalents	-	-
<b>Cash and cash equivalents</b>	<b>\$ 2,516,822</b>	<b>\$ 2,417,152</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 Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Reserves					Deficit	Total
	Share capital	Warrants reserve	Equity settled share-based payments reserve	Foreign currency translation reserve			
<b>Balance, December 31, 2021</b>	<b>\$ 57,783,570</b>	<b>\$ 4,130,200</b>	<b>\$ 10,417,260</b>	<b>\$ 887,909</b>	<b>\$ (53,830,231)</b>	<b>\$ 19,388,708</b>	
Warrants issued	-	51,000	-	-	-	51,000	
Stock-based compensation (note 11(d))	-	-	350,539	-	-	350,539	
Exercise of warrants	4,093,100	(957,900)	-	-	-	3,135,200	
Exchange differences on translating foreign operations	-	-	-	(870,977)	-	(870,977)	
Net loss for the period	-	-	-	-	(1,415,812)	(1,415,812)	
<b>Balance, March 31, 2022</b>	<b>\$ 61,876,670</b>	<b>\$ 3,223,300</b>	<b>\$ 10,767,799</b>	<b>\$ 16,932</b>	<b>\$ (55,246,043)</b>	<b>\$ 20,638,658</b>	
<b>Balance, December 31, 2022</b>	<b>\$ 69,664,056</b>	<b>\$ 3,903,004</b>	<b>\$ 11,887,678</b>	<b>\$ (275,577)</b>	<b>\$ (70,464,170)</b>	<b>\$ 14,714,991</b>	
Shares issued in private placement (note 11(b)(i))	2,963,142	-	-	-	-	2,963,142	
Warrants issued (note 11(b)(i))	(1,284,806)	1,284,806	-	-	-	-	
Warrants issued (notes 10(i) and 14(a)(iv))	-	82,511	-	-	-	82,511	
Share issue costs (note 11(b)(i))	(245,168)	40,175	-	-	-	(204,993)	
Stock-based compensation (note 11(d))	-	-	183,723	-	-	183,723	
Exercise of warrants	7,311	(1,711)	-	-	-	5,600	
Warrants expired	-	(51,000)	51,000	-	-	-	
Exchange differences on translating foreign operations	-	-	-	453,574	-	453,574	
Net loss for the period	-	-	-	-	(1,393,614)	(1,393,614)	
<b>Balance, March 31, 2023</b>	<b>\$ 71,104,535</b>	<b>\$ 5,257,785</b>	<b>\$ 12,122,401</b>	<b>\$ 177,997</b>	<b>\$ (71,857,784)</b>	<b>\$ 16,804,934</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 Months Ended March 31, 2023

(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 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 commenced, are progressing positively and the maturity dates for both the G&F Phelps Ltd. ("G&F Phelps") and Ocean Partners UK Ltd. ("Ocean Partners") loans are expected to be extended beyond March 31, 2023 (see notes 10 and 14).

During the year ended December 31, 2022, the Company raised gross proceeds of \$11M through the issuance of shares to investors and the exercise of warrants to meet the financial requirements of the Company for the foreseeable future. During the three months ended March 31, 2023, the Company raised gross proceeds of \$3M through the issuance of shares to investors. 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 March 31, 2023, the Company had a deficit of \$71,857,784 (December 31, 2022 - \$70,464,170). Comprehensive loss for the three months ended March 31, 2023 was \$940,040 (three months ended March 31, 2022 - \$2,286,789). 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 believes 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 Months Ended March 31, 2023

(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.

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.

### 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 May 29, 2023 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, 2022. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2023 could result in restatement of these unaudited condensed interim consolidated financial statements.



# Galantas Gold Corporation

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023

(Expressed in Canadian Dollars)

(Unaudited)

### 4. Accounts Receivable and Prepaid Expenses

	As at March 31, 2023	As at December 31, 2022
Sales tax receivable - Canada	\$ 38,583	\$ 22,971
Valued added tax receivable - Northern Ireland	136,290	281,308
Accounts receivable	154,510	116,374
Prepaid expenses	1,241,135	1,390,340
	<b>\$ 1,570,518</b>	<b>\$ 1,810,993</b>

Prepaid expenses includes advances for consumables and for construction of the passing bays in the Omagh mine. Prepaid expenses includes also \$1,000,000 pursuant to services agreement for the underground development at the Omagh Gold Project.

The following is an aged analysis of receivables:

	As at March 31, 2023	As at December 31, 2022
Less than 3 months	\$ 210,130	\$ 343,381
3 to 12 months	65,392	51,868
More than 12 months	53,861	25,404
Total accounts receivable	<b>\$ 329,383</b>	<b>\$ 420,653</b>

### 5. Inventories

	As at March 31, 2023	As at December 31, 2022
Concentrate inventories	\$ 80,285	\$ 83,242

## **Galantas Gold Corporation**

### **Notes to Condensed Interim Consolidated Financial Statements**

**Three Months Ended March 31, 2023**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

#### **6. Property, Plant and Equipment**

<b>Cost</b>	<b>Freehold land and buildings</b>	<b>Plant and machinery (i)</b>	<b>Motor vehicles</b>	<b>Office equipment</b>	<b>Development assets (ii)</b>	<b>Assets under construction</b>	<b>Total</b>
Balance, December 31, 2021	\$ 2,363,814	\$ 8,108,988	\$ 199,217	\$ 216,653	\$ 22,561,674	\$ 556,273	\$ 34,006,619
Additions	-	464,632	45,599	9,619	11,008,120	-	11,527,970
Disposals	-	-	(14,531)	-	-	-	(14,531)
Transfer	-	529,972	-	-	-	(529,972)	-
Cash receipts from concentrate sales	-	-	-	-	(823,475)	-	(823,475)
Impairment	-	-	-	-	(10,124,920)	-	(10,124,920)
Foreign exchange adjustment	(111,761)	(381,794)	(9,419)	(10,243)	(1,219,359)	(26,301)	(1,758,877)
Balance, December 31, 2022	2,252,053	8,721,798	220,866	216,029	21,402,040	-	32,812,786
Additions	-	-	-	-	1,187,334	-	1,187,334
Foreign exchange adjustment	55,743	215,044	5,467	5,347	525,221	-	806,822
Balance, March 31, 2023	\$ 2,307,796	\$ 8,936,842	\$ 226,333	\$ 221,376	\$ 23,114,595	\$ -	\$ 34,806,942

#### **Accumulated depreciation**

Balance, December 31, 2021	\$ 1,964,309	\$ 6,067,698	\$ 147,888	\$ 137,888	\$ -	\$ -	\$ 8,317,783
Depreciation	4,734	587,131	20,676	12,510	-	-	625,051
Disposals	-	-	(3,268)	-	-	-	(3,268)
Foreign exchange adjustment	(92,801)	(276,816)	(6,681)	(6,331)	-	-	(382,629)
Balance, December 31, 2022	1,876,242	6,378,013	158,615	144,067	-	-	8,556,937
Depreciation	968	118,046	4,374	2,717	-	-	126,105
Foreign exchange adjustment	46,457	159,121	4,002	3,613	-	-	213,193
Balance, March 31, 2023	\$ 1,923,667	\$ 6,655,180	\$ 166,991	\$ 150,397	\$ -	\$ -	\$ 8,896,235

#### **Carrying value**

Balance, December 31, 2022	\$ 375,811	\$ 2,343,785	\$ 62,251	\$ 71,962	\$ 21,402,040	\$ -	\$ 24,255,849
Balance, March 31, 2023	\$ 384,129	\$ 2,281,662	\$ 59,342	\$ 70,979	\$ 23,114,595	\$ -	\$ 25,910,707

(i) Right-of-use assets of \$282,041 is included in additions of the plant and machinery for the year ended December 31, 2022.

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

# Galantas Gold Corporation

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023

(Expressed in Canadian Dollars)

(Unaudited)

### 7. Exploration and Evaluation Assets

<b>Cost</b>	<b>Exploration and evaluation assets</b>
Balance, December 31, 2021	\$ 1,574,183
Additions	1,165,561
Foreign exchange adjustment	(74,431)
Balance, December 31, 2022	2,665,313
Additions	921,853
Foreign exchange adjustment	73,498
Balance, March 31, 2023	\$ 3,660,664
<b>Carrying value</b>	
Balance, December 31, 2022	\$ 2,665,313
Balance, March 31, 2023	\$ 3,660,664

(i) On January 26, 2023, the Company announced that it entered into an agreement to acquire a 100% interest and the exclusive rights to explore and develop the Gairloch Project from the owners of the Gairloch Estate lands. The Company has acquired exploration and developments rights for an initial payment of GBP 347,000 and annual payments of GBP 69,000 beginning in year 6.

The lease agreement will continue for 30 years and will be renewable at the election of Galantas, upon 90 days' prior written notice and upon the approval of the lessor, not to be unreasonably withheld, for a further 20-year period, assuming all conditions of this agreement have been met satisfactorily according to the Lessor, acting reasonably, in respect of the Galantas' conduct and operations. Galantas may terminate the agreement with 18 months' notice.

Galantas made a payment of \$580,392 (GBP 347,000) representing payment for the first five years of the lease. If the exploration phase continues past the fifth anniversary of the effective date of the agreement, Galantas will pay the lessor GBP 69,400 index linked per lease year for each such lease year following the fifth anniversary of the effective date, with such payment to be made at the commencement of each such lease year.

During any mining phase, Galantas will pay the lessor GBP 50,000 index linked per lease year, with such payment to be made at the commencement of each such lease year. Galantas will grant a 5% net profits interest royalty (the "NPI"), calculated according to standard industry terms and practices with the option by the Lessor to convert the NPI to a 2% net smelter returns royalty, calculated according to standard industry terms and practices.

## Galantas Gold Corporation

### Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023

(Expressed in Canadian Dollars)

(Unaudited)

#### 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 March 31, 2023 based on a risk-free discount rate of 1% (December 31, 2022 - 1%) and an inflation rate of 1.50% (December 31, 2022 - 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 March 31, 2023, the estimated fair value of the liability is \$599,498 (December 31, 2022 - \$582,441). Changes in the provision during the three months ended March 31, 2023 are as follows:

	As at March 31, 2023	As at December 31, 2022
Decommissioning liability, beginning of period	\$ 582,441	\$ 600,525
Accretion	2,596	10,154
Foreign exchange	14,461	(28,238)
Decommissioning liability, end of period	\$ 599,498	\$ 582,441

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, 2022 - GBP 300,000), of which GBP 300,000 was funded as of March 31, 2023 (GBP 300,000 was funded as of December 31, 2022) and reported as long-term deposit of \$501,780 (December 31, 2022 - \$489,660).

#### 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 March 31, 2023	As at December 31, 2022
Accounts payable	\$ 3,292,487	\$ 2,528,245
Accrued liabilities	1,316,264	1,523,796
Total accounts payable and other liabilities	\$ 4,608,751	\$ 4,052,041

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

	As at March 31, 2023	As at December 31, 2022
Less than 3 months	\$ 3,084,128	\$ 2,939,972
3 to 12 months	712,969	412,168
12 to 24 months	157,196	61,247
More than 24 months (see also note 16)	654,458	638,654
Total accounts payable and other liabilities	\$ 4,608,751	\$ 4,052,041

# Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements  
Three Months Ended March 31, 2023  
(Expressed in Canadian Dollars)  
(Unaudited)

## 10. Financing Facilities

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

	As at March 31, 2023	As at December 31, 2022
<b>Melquart Limited</b>		
Financing facilities, beginning of period	\$ -	\$ -
Financing facility received (i)	580,392	-
Less bonus warrants issued (i)	(16,984)	-
Interest	8,502	-
	<b>571,910</b>	<b>-</b>
<b>G&amp;F Phelps</b>		
Financing facility, beginning of period	4,836,267	4,247,488
Accretion	64,839	269,512
Interest	221,389	618,903
Repayment	-	(24,120)
Foreign exchange adjustment	130,004	(275,516)
	<b>5,252,499</b>	<b>4,836,267</b>
<b>Less current portion</b>	<b>(5,252,499)</b>	<b>(4,836,267)</b>
<b>Financing facilities - non-current portion</b>	<b>\$ 571,910</b>	<b>\$ -</b>

(i) On February 13, 2023, the Company announced that it entered into a loan agreement for \$580,392 (GBP 347,000) with London-based family office Melquart Limited ("Melquart"). The loan is to be used for the initial lease payment for the Gairloch Project in Scotland. The loan is payable 24 months from the date of the loan agreement and will bear interest at an annual rate of 12% payable upon repayment of the loan. As at March 31, 2023, the amount of interest accrued is \$8,502 (GBP 5,083).

As consideration for providing the loan, Melquart received 100,000 warrants of Galantas. Each bonus warrant are exercisable into one common share of Galantas at an exercise price of \$0.41, with said warrants expiring on February 13, 2025. The fair value of the 100,000 warrants was estimated at \$16,984 using the following Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 97.54%, risk-free interest rate - 3.47% and an expected average life of 1.90 years.

# Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements  
Three Months Ended March 31, 2023  
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## 11. Share Capital and Reserves

### a) Authorized share capital

At March 31, 2023, 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 March 31, 2023, the issued share capital amounted to \$71,104,535. The continuity of issued share capital for the periods presented is as follows:

	Number of common shares	Amount
<b>Balance, December 31, 2021</b>	<b>74,683,801</b>	<b>\$ 57,783,570</b>
Exercise of warrants	7,838,000	4,093,100
<b>Balance, March 31, 2022</b>	<b>82,521,801</b>	<b>\$ 61,876,670</b>
<b>Balance, December 31, 2022</b>	<b>103,518,509</b>	<b>\$ 69,664,056</b>
Shares issued in private placement (i)	8,230,951	2,963,142
Warrants issued (i)	-	(1,284,806)
Share issue costs (i)	-	(245,168)
Exercise of warrants	14,000	7,311
<b>Balance, March 31, 2023</b>	<b>111,763,460</b>	<b>\$ 71,104,535</b>

(i) On March 27, 2023, the Company closed a non-brokered private placement of 8,230,951 units at a price of \$0.36 per unit for gross proceeds of \$2,963,142. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to purchase an additional common share at a price of \$0.55 per share until March 27, 2028. The fair value of the 8,230,951 warrants was estimated at \$1,284,806 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 126.22%, risk-free interest rate - 2.96% and an expected average life of 5 years.

The Company paid the agents a cash commission equal to \$130,966 and issued 237,162 non-transferable broker warrants of the Company. Each broker warrant is exercisable to acquire one common share at an exercise price of \$0.36 until March 27, 2025. The fair value of the 237,162 warrants was estimated at \$40,175 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 99.18%, risk-free interest rate - 3.61% and an expected average life of 2 years.

There is a 4-month hold period on the trading of securities issued in connection with this offering.

Ocean Partners acquired 691,666 units for consideration of \$249,000 and Brendan Morris, and officer of the Company, acquired 468,416 units for consideration of \$168,630.



# **Galantas Gold Corporation**

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## **11. 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
<b>Balance, December 31, 2021</b>	<b>28,691,598</b>	<b>\$</b>	<b>0.39</b>
Issued	250,000		0.50
Exercised	(7,838,000)		0.40
<b>Balance, March 31, 2022</b>	<b>21,103,598</b>	<b>\$</b>	<b>0.39</b>
<b>Balance, December 31, 2022</b>	<b>24,051,900</b>	<b>\$</b>	<b>0.45</b>
Issued (notes 10(i), 11(b)(i) and 14(a)(iv))	9,068,113		0.54
Exercised	(14,000)		0.40
Expired	(250,000)		0.50
<b>Balance, March 31, 2023</b>	<b>32,856,013</b>	<b>\$</b>	<b>0.47</b>

The following table reflects the actual warrants issued and outstanding as of March 31, 2023:

Expiry date	Number of warrants	Grant date fair value (\$)	Exercise price (\$)
May 14, 2023	14,396,231	1,763,087	0.40
July 25, 2023	125,000	23,000	0.48
December 31, 2023	780,000	274,883	0.33
August 30, 2024	820,000	144,464	0.45
January 31, 2025	500,000	65,527	0.55
February 13, 2025	100,000	16,984	0.41
February 28, 2025	7,666,669	1,644,859	0.55
March 27, 2025	237,162	40,175	0.36
March 27, 2027	8,230,951	1,284,806	0.55
	<b>32,856,013</b>	<b>5,257,785</b>	<b>0.47</b>

# Galantas Gold Corporation

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## 11. Share Capital and Reserves (Continued)

### 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, 2021</b>	<b>4,885,000</b>	<b>\$ 0.88</b>
Expired	(255,000)	1.35
Cancelled	(205,000)	0.96
<b>Balance, March 31, 2022</b>	<b>4,425,000</b>	<b>\$ 0.85</b>
<b>Balance, December 31, 2022</b>	<b>6,152,500</b>	<b>\$ 0.78</b>
Cancelled (i)	(177,500)	0.71
<b>Balance, March 31, 2023</b>	<b>5,975,000</b>	<b>\$ 0.78</b>

(i) The portion of the estimated fair value of options granted in the current and prior years and vested during the three months ended March 31, 2023, amounted to \$183,723 (three months ended March 31, 2022 - \$350,539). In addition, during the three months ended March 31, 2023, 177,500 options granted in the prior years were cancelled (three months ended March 31, 2022 - 205,000 options cancelled).

The following table reflects the actual stock options issued and outstanding as of March 31, 2023:

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	0.05	25,000	25,000	-
February 13, 2024	0.90	0.87	85,000	85,000	-
June 27, 2024	0.90	1.24	100,000	100,000	-
May 19, 2026	0.86	3.14	3,685,000	2,456,667	1,228,333
June 21, 2026	0.73	3.23	425,000	283,333	141,667
August 27, 2026	0.86	3.41	20,000	13,333	6,667
May 3, 2027	0.60	4.09	1,635,000	545,000	1,090,000
	0.78	3.33	5,975,000	3,508,333	2,466,667



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# Galantas Gold Corporation

## Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023

(Expressed in Canadian Dollars)

(Unaudited)

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### 12. Net Loss per Common Share

The calculation of basic and diluted loss per share for the three months ended March 31, 2023 was based on the loss attributable to common shareholders of \$1,393,614 (three months ended March 31, 2022 - \$1,415,812) and the weighted average number of common shares outstanding of 103,893,399 (three months ended March 31, 2022 - 78,556,743) for basic and diluted loss per share. Diluted loss did not include the effect of 32,856,013 warrants (three months ended March 31, 2022 - 21,103,598) and 5,975,000 options (three months ended March 31, 2022 - 4,425,000) for the three months ended March 31, 2023, as they are anti-dilutive.

### 13. Revenues

Shipments of concentrate under the off-take arrangements commenced during the second quarter of 2019. Concentrate sales provisional revenues during the three months ended March 31, 2023 totalled approximately US\$255,000 (CAD\$419,169) (three months ended March 31, 2022 - US\$219,000). 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 pursuant to IFRS 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 March 31,	
		2023	2022
Interest on related party loans	(i)	\$ 173,665	\$ 74,695

(i) Refer to note 14(a)(iii).

(ii) Refer to note 11(b).

# Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements  
 Three Months Ended March 31, 2023  
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## 14. Related Party Disclosures (Continued)

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

(iii) As at March 31, 2023, the Company owes Ocean Partners \$5,189,693 (December 31, 2022 - \$4,978,069) which is recorded as due to related parties on the unaudited condensed interim consolidated statement of financial position.

	March 31, 2023	December 31, 2022
Balance, beginning of period	\$ 4,978,069	\$ 2,444,376
Loan received	-	2,062,693
Less bonus warrants	-	(74,000)
Share issue costs	-	(93,444)
Advance	-	93,284
Repayment	(6,500)	(524,255)
Accretion	43,697	391,128
Interest	173,665	554,073
Foreign exchange adjustment	762	124,214
Balance, end of period	5,189,693	4,978,069
<b>Less current balance</b>	<b>(5,189,693)</b>	<b>(4,978,069)</b>
<b>Due to related parties - non-current balance</b>	<b>\$ -</b>	<b>\$ -</b>

(iv) In December 2022, the Company entered into an agreement (the "Trading Agreement") with Ocean Partners, whereby Ocean Partners has sold on behalf of Galantas call options on 6,000 ounces of gold at 500 ounces per month from February 2024 to January 2025 at a strike price of US\$1,775 per ounce for proceeds of US\$804,000 to Galantas (an option premium of US\$134 per gold ounce). Proceeds from the sale will be used to fund development of the underground mining operations at the Omagh Gold Project in Northern Ireland and working capital.

If the gold price during February 2024 to January 2025 is at or below US\$1,775 per ounce, Galantas will receive the price of gold at the time for the sale of its gold produced. If the gold price is above US\$1,775 per ounce, Galantas will receive US\$1,775 per ounce in revenue for the sale of its gold.

Pursuant to the Trading Agreement, and in return for Ocean Partners facilitating the call option sale and agreeing to maintain all margin requirements on Galantas' behalf, which Galantas has determined has a value of at least \$150,000, Galantas has agreed to grant 500,000 warrants to Ocean Partners at an exercise price of \$0.55 expiring on January 31, 2025. The warrants are subject to a hold period under applicable securities laws and the rules of the TSXV. The fair value of the 500,000 warrants was valued at \$65,527 using the following Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 97.85%, risk-free interest rate - 3.73% and an expected average life of 1.9 year.

As at March 31, 2023, balance related to the Trading Agreement is recorded as other liability on the unaudited condensed interim consolidated statement of financial position is \$1,021,819 (December 31, 2022 - \$1,085,426).

# Galantas Gold Corporation

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## 14. Related Party Disclosures (Continued)

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

	Three Months Ended March 31,	
	2023	2022
Salaries and benefits <sup>(1)</sup>	\$ 113,334	\$ 107,583
Stock-based compensation	141,231	250,310
	<b>\$ 254,565</b>	<b>\$ 357,893</b>

<sup>(1)</sup> Salaries and benefits include director fees. As at March 31, 2023, due to directors for fees amounted to \$105,000 (December 31, 2022 - \$70,000) and due to officers, mainly for salaries and benefits accrued amounted to \$86,672 (December 31, 2022 - \$24,465), and is included with due to related parties.

(c) As at March 31, 2023, Ross Beaty owns 3,744,748 common shares of the Company or approximately 3.4% of the outstanding common shares. Premier Miton owns 4,848,243 common shares of the Company or approximately 4.3%. Melquart owns, directly and indirectly, 28,140,195 common shares of the Company or approximately 25.2% of the outstanding common shares of the Company. G&F Phelps owns 5,353,818 common shares of the Company or approximately 4.8%. Eric Sprott owns 10,166,667 common shares of the Company or approximately 9.1%. Mike Gentile owns 6,217,222 common shares of the Company or approximately 5.6%. The remaining 47.6% 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:

March 31, 2023	United Kingdom	Canada	Total
Current assets	\$ 853,269	\$ 3,314,356	\$ 4,167,625
Non-current assets	\$ 29,189,571	\$ 883,580	\$ 30,073,151
Revenues	\$ -	\$ -	\$ -
December 31, 2022	United Kingdom	Canada	Total
Current assets	\$ 1,659,045	\$ 1,273,833	\$ 2,932,878
Non-current assets	\$ 27,271,081	\$ 139,741	\$ 27,410,822
Revenues	\$ -	\$ -	\$ -

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# **Galantas Gold Corporation**

## **Notes to Condensed Interim Consolidated Financial Statements**

**Three Months Ended March 31, 2023**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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### **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 \$508,955 (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.

### **17. Events After the Reporting Period**

(i) The Company has entered into an agreement to acquire the historical Gairloch drill and exploration database for (i) a payment of \$420,000 (approximately GBP 252,153), to be satisfied through the issuance of common shares of the Company based on the 5-day volume weighted average price at the time of signing (subject to the approval of the TSXV) and (ii) GBP 50,000 in cash. On April 13, 2023, the Company issued 933,334 common shares per terms of the agreement.

(ii) On April 19, 2023, 25,000 stock options with exercise price of \$1.10 expired unexercised.

(iii) On April 26, 2023, the Company agreed to the terms of a proposed shares-for-debt transaction with several additional arm's length creditors of the Company and agreed to settle a total of approximately \$749,020 of indebtedness through the issuance of an aggregate of 2,080,609 units a deemed price of \$0.36 per unit. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to purchase an additional common share at a price of \$0.55 per share until April 26, 2028. The securities pursuant to the debt settlement will be subject to a four-month hold period under applicable Canadian securities laws.

(iv) On May 14, 2023, 14,332,231 warrants with an exercise price of \$0.40 expired unexercised.

(v) Subsequent to March 31, 2023, 64,000 warrants were exercised for gross proceeds of \$25,600.