



GALANTAS GOLD CORPORATION

Management's Discussion and Analysis

Three and Six Months Ended

June 30, 2023

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Introduction

This Management Discussion and Analysis (“MD&A”), dated August 28, 2023 provides a review of the financial position and the results of operations of Galantas Gold Corporation (“Galantas” or the “Company”) and constitutes management review of the factors that affected the Company’s financial and operating performance for the three and six months ended June 30, 2023. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. The review is provided to enable the reader to assess the significant changes in the financial condition of the Company as at and for the three and six months ended June 30, 2023. This MD&A should be read in conjunction with the unaudited consolidated financial statements of the Company for the three and six months ended June 30, 2023 together with the notes thereto. The Company’s consolidated financial statements and the financial information reported in this MD&A have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”). All amounts presented are stated in Canadian dollars, unless otherwise indicated. Information contained herein is presented as of June 30, 2023 unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Galantas’ common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity. Additional information about the Company is available on SEDAR at www.sedar.com or at the Company’s website www.galantas.com.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.

Forward-looking information	Assumptions	Risk factors
<p>Potential of the Company's properties to contain economic deposits of base metals and other metals.</p>	<p>Financing will be available for future exploration and development and operation of the Company's properties; the actual results of the Company's exploration activities will be favourable; operating and exploration costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions will be favourable to the Company; the price of applicable metals and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties</p>	<p>Metal price volatility; uncertainties involved in interpreting geological data and retaining title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; availability of financing for future exploration and development of the Company's properties; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff.</p>
<p>The Company's ability to meet its working capital needs at the current level for the year ending June 30, 2024.</p>	<p>The operating and exploration activities of the Company for the year ending June 30, 2024 and the costs associated therewith, will be dependent on raising sufficient additional capital consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions will be favourable to the Company.</p>	<p>Adverse changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions.</p>

<p>Management's outlook regarding future trends.</p>	<p>Financing will be available for the Company's exploration, development and operating activities; the price of applicable metals, interest rates and exchange rates will be favourable to the Company.</p>	<p>Metal price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions.</p>
<p>Asset values for the quarter ended June 30, 2023.</p>	<p>Management's belief that no write-down is required for its property and equipment resulting from continuing efforts to raise capital (debt or equity, or a combination of both) to implement planned work programs on the Company's projects.</p>	<p>If the Company does not obtain equity or debt financing on terms favorable to the Company or at all, a decline in asset values that could be deemed to be other than temporary, may result in impairment losses.</p>
<p>Sensitivity analysis of financial instruments.</p>	<p>The Company has an interest rate risk on its G&F Phelps Ltd. and Ocean Partners UK Ltd. loans. The Company has no significant deposit interest rate risk due to low interest rates on its cash balances.</p>	<p>Changes in debt and equity markets; interest rate and exchange rate fluctuations.</p>
<p>Prices and price volatility for metals.</p>	<p>The price of metals will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of metals will be favourable to the Company.</p>	<p>Changes in debt and equity markets and the spot prices of metals; interest rate and exchange rate fluctuations; changes in economic and political conditions.</p>

Inherent in forward-looking statements are risks, uncertainties, and other factors beyond Galantas' ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and Uncertainties" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Galantas' actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Date of MD&A

This MD&A was prepared on August 28, 2023.

Overview – Strategy - Description of Business

Galantas Gold Corporation has been a producing mineral resource issuer and the first to acquire planning consent to mine gold in Northern Ireland. Cavanacaw Corporation, a wholly owned subsidiary of Galantas, owns all of the shares of the Northern Ireland companies – Flintridge Resources Limited, Omagh Minerals Limited and Galantas Irish Gold Limited. During 2014 Cavanacaw acquired Flintridge Resources Limited, a dormant company, and following a strategic review of its business, certain assets owned by Omagh Minerals were acquired by Flintridge.

Mining at the Omagh mine had been conducted by open pit methods up to the suspension of production in 2013. The mine produced a flotation concentrate and was shipped to a smelter under an off-take agreement. The Company's strategy to increase shareholder value has been to:

- With the additional funding, continue the expanded exploration programme and the further development of its underground mine;
- Recommence production at the mine and processing plant;
- Continue to explore and develop extensions to the Kearney, Joshua and nearby known veins so as to expand resources and increase gold production in stages;
- Explore the Company's prospecting licences, focusing on the more than 60 gold targets identified to date; these targets are the subject of further evaluation to rank and prioritise the more prospective targets.

Underground development of a decline tunnel, located at the base of the existing open pit, commenced in 2017. The underground gold mine at Omagh commenced limited production of gold concentrate, from feed produced in development of the Kearney vein in 2018. The processing plant uses a non-toxic flotation process to produce concentrates, without the use of cyanide or mercury. It satisfies strict environmental monitoring criteria set by the Northern Ireland regulatory authorities. The decline tunnel is planned to be

extended in depth to provide access to lower levels of in vein development which will form the development necessary to block off production stopes.

Mineral Resources

During 2008, ACA Howe International Ltd prepared an updated estimate of mineral resources for the Omagh mine. The report, entitled Technical Report on the Omagh Gold Project was dated 28th May 2008 and published on www.sedar.com and www.galantas.com. In September 2012 ACA Howe International Ltd (Howe UK) completed an updated Mineral Resource Estimate together with a Preliminary Economic Assessment. This report, which was based on drilling results and analyses received to September 2012, identified all resources discovered at that date. The Company subsequently filed the complete Technical Report and Preliminary Economic Assessment on SEDAR in August 2012. An updated resource estimate was prepared by the Company during the second quarter of 2013 based on drilling results received to May 2013. There was a 50% increase in resources classified as measured and indicated and a 28% increase in resources classified as inferred, when compared to the resource estimate prepared in 2012. The Company subsequently updated the 2013 resource estimate to incorporate results from later drill holes not previously included and also finalised a revised NI 43-101 report.

Galantas reported the revised updated estimate of gold resources together with a Preliminary Economic Assessment (PEA) update during the third quarter of 2014 (see press release dated July 28, 2014). The revised estimate of resources is in compliance with the Pan European Reporting Code (PERC), Canadian Institute of Mining, Metallurgy and Petroleum (CIM) standards. Overall, there has been a 19% increase in resources since the Galantas September 2013 Resource Report and a 60% increase in resources since the July 2012 Resource Report by ACA Howe International Ltd. The increases since 2012 largely relate to the Kearney and Joshua veins, since this is where the drilling program has been concentrated. The drilling program was mainly designed to focus on increasing the quantity of Measured and Indicated resources on these two veins, to support potential funding opportunities for the financing of production. The Company also filed the complete updated Technical Report on SEDAR as required by NI 43-101 in September 2014.

The drilling programme, which was suspended in 2013 pending the availability of cash for future exploration, recommenced in September 2015 to target the Joshua vein at depth. In total, 3,602 metres were drilled by March 2016.

In July 2019 Galantas announced that underground development northwards on the 1072 level had discovered mineralisation outside of the resource model and was continuing to explore an extension to the resource model.

During the first quarter of 2020 an exploration report was prepared, detailing the underground geological observations and interpretations (see Press Release 6th May 2020).

All fieldwork was suspended in March due to the COVID-19 pandemic. Exploration was scaled down for much of the rest of the year; however, geologists were able to complete the OM4 fieldwork programme during August 2020.

Galantas announced the commencement of a new Exploration Drilling programme comprising 4,000 metres of diamond drilling within the mine site in July 2021. The main aims of the programme were to upgrade the current resource and to target potential dilation zones. Drilling from surface focussed on the Joshua Vein; in September a second rig was brought to site to begin underground drilling of the Kearney Vein system. The surface programme concluded in November, underground exploration drilling is still in progress. The results from initial holes completed before the end of 2021 are summarised in the Table below and include significant intersections on both the Kearney and Joshua Veins e.g. 26.7 grams per tonne (g/t) gold (Au), 88.2 g/t silver (Ag) and 3.5% lead (Pb) over 2.9 metres of core (Kearney, November 24, 2021 release) and 10.1 g/t Au, 93.5 g/t Ag and 3.4% Pb over 6.5 m core (Joshua, December 13, 2021 release).

Hole ID	Vein Target	Intersect (m) (downhole)	Est. true width (m)	Intersect vertical depth (m)	Gold (g/t)	Silver (g/t)	Lead (%)	Core loss (%)
FR-DD-21-UG-172	Kearney	1.6	0.5	117	4.1	17.9	0.9	1.9
and		2.8	1.0	121	10.4	50.5	2.4	8
FR-DD-21-171	Joshua	0.5	0.3	35	4	10.3	0.6	0
and		6.5	4.3	73	10.1	93.5	3.4	12
FR-DD-21-UG-170	Kearney	2.9	1.6	134	26.7	88.2	3.5	0
including		0.9	0.5		79.5	281.4	10.6	
and		1.8	1.0	152	5.8	14.2	0.2	0
FR-DD-21-169	Joshua - No significant mineralization							
FR-DD-21-UG-168	Kearney	2.5	1.2	136.5	17.7	50.9	4.6	8.7
including		0.8	0.4		30.5	60.8	4.4	11.4
and		1.5	0.7	176.3	10.8	23.6	3.3	0
FR-DD-21-167	Joshua - No significant mineralization							
FR-DD-21-166	Joshua	0.9	0.6	88	5.3	35.5	0	0
FR-DD-21-165	Joshua	1.1	0.3	104	2.4	6.2	0	0
and		0.9	0.3	107	1.4	13.2	0	0
FR-DD-21-164	Joshua	2.7	1.8	38	7.7	24.3	0.6	3.8

Summary of drill results reported before the end of 2021

Further information is detailed in the Exploration Section.

In November 2022, Micon International were appointed to produce a NI 43-101 compliant Mineral Resource Estimate for the Cavanacaw project. This process completed at the end of Q2 2023 and is summarised in press release on 18th July, 2023 and on Pages 24 to 26 of this document.

Mining Project

The project embraced an open pit mine which supplied ore to a crushing-grinding-froth flotation plant. The plant was commissioned in 2007 and designed to produce a gold and silver rich sulphide flotation concentrate for sale to a commercial smelter. In early 2013 there was a shift in operations from mining and processing ore from open pits to operating from lower grade stock already mined which impacted negatively on production levels. Later in 2013 the processing of low-grade ore was suspended awaiting planning consent for an underground operation. The underground mine utilizes the same processing methods and is the first underground gold mine, of any scale, in Ireland. The strategy is to establish the underground mine and look for further expansion of gold resources on the property, which has many undrilled targets.

The granting of planning consent during the second quarter of 2015 for an underground operation at the Omagh site permits the continuation and expansion of gold mining. This planning consent was appealed by a third party in a judicial review hearing which commenced in September 2016 and was then adjourned

to and completed in February 2017. Judgement was received in September 2017 whereby the third party's request for the quashing of the planning consent was denied. However, in November 2017, Galantas received notice of an application by the third party to the Court of Appeal in relation to the positive judicial review judgment. This appeal was completed in February 2018. During the fourth quarter of 2018 the Company announced that the Court of Appeal delivered its judgement in regard to the appeal against the positive judicial review judgement in favour of the Company. The Court has determined that the appeal has failed and thus the planning consent was confirmed. Galantas had earlier been advised that its consents continue to remain valid, at least until judgement and thereafter subject to the judgement.

Galantas announced in December 2016 that it would commence the first phase of underground development and re-start concentrate shipments at its Omagh mine. Underground development of a decline tunnel, located at the base of the existing open pit, commenced in the first quarter 2017. After overcoming initial difficulties, tunnelling continued through 2017 and 2018 with the north / south Kearney vein being intersected in June 2018 as planned. During the third quarter of 2018 limited feed was provided to the mill resulting in the commencement of limited production of gold concentrate from feed produced in the development of the Kearney vein. During 2019 the decline tunnel continued to be extended in depth to provide access to lower levels of in vein development which will form the development necessary to demarcate production panels. As additional lower levels are developed on-vein, there is expected to be an enhanced supply of mill feed. Further increases in mill supply are expected when stoping commences. The phased development arrangement, in terms of mine access dimensions, is expected to allow for rapid expansion of production as additional capital becomes available. By the end of 2019, the main Kearney vein has been exposed on four levels with a fifth level at the point of intersection.

During the fourth quarter of 2019 Galantas announced a temporary suspension of blasting operations at its Omagh gold mine (see press release dated October 29, 2019). Certain underground work has continued since the first quarter of 2020, but ore production is suspended until finance is available to expand the underground operation (see press release dated May 12, 2020). Specialist safety training of key personnel continues to ensure a restart is not impaired in regard to safety matters. The processing plant continued to operate on a limited basis with feedstock for the plant being from low grade stock and recently announced (November 9th 2020) an increase in processing operations.

During the first quarter of 2021, Galantas announced that a formal agreement regarding blasting had been reached with the Police Service of Northern Ireland (PSNI). Galantas also announced during this quarter that limited blasting underground had re-commenced. (See Press Releases dated February 3rd and March 12th, 2021).

On April 16, 2021, the Company provided an operational update for the operating mine. Underground blasting (as reported March 12, 2021) continued with mining on a single shift basis. As expected, development of the Kearney vein has produced a feed of higher gold grade for the processing plant than the existing feed, which comes from low grade stock.

On January 10, 2022, the Company provided a corporate update on development progress and production guidance for the operating mine.

2021 Project Highlights:

- A total of 2,200 metres of underground mine development have been completed to date, with rehabilitation of early mine workings ongoing.

- Upgrading work on mine electrical reticulation commenced in 2021. Additional fans and pumps have arrived on site and are being installed.
- Refurbishment and procurement of major equipment is now complete.
- Development of a secondary egress has commenced.
- The process plant is being prepared for installation of new equipment.
- Laboratory testing equipment has been procured, with partial commissioning completed in 2021.
- Key operational team members have been recruited to fill safety, mining, milling, and technical services roles. Key positions of the operational management team are now in place with ongoing recruitment of mining and processing employees to meet operational targets.
- Underground drilling at the Kearney Vein and surface drilling at the Joshua Vein have commenced for resource expansion and mine planning.
- The Company engaged JDS Energy & Mining Inc. for mine planning.

On April 27, 2022, Galantas provided an update on the Company's progress to commence production at the Omagh Project in Northern Ireland.

The Company has made significant progress in rehabilitating the underground workings, refurbishing and acquiring critical mining equipment, and installation of electrical, water and ventilation systems.

As Galantas has faced a tight labour market for experienced underground miners, the Company has focused on hiring and training local trainee miners. The UK government has now granted Galantas a Visa Licence, which will allow the Company to recruit eligible people who satisfy the labour entry requirements from outside the UK and Ireland.

The Company delayed completion of the secondary egress and installation of the manway, which is a prerequisite for the start of production, to mid-May 2022 to enable safe rehabilitation of the ramp access and ore headings at the 1048 level. The Company resolved these geotechnical matters and hired an experienced contract driller to assist with the start-up of production and recommenced development drilling and blasting in the first half of May 2023.

By July 2022, the secondary egress raise was completed and commissioned and the first stope was opened and subsequently backfilled in Block 1 between the 1060 and 1072 levels. A second stoping block is now also being mined between 1072 and 1084 levels on the north end. The ramp below 1048 level has been restarted and will be driven to the 1036 level and then to lower levels,

Development drives on 1048 and 1060 levels are being mined on parallel lenses along strike. The company is currently evaluating options with a contractor to expedite the development to the Joshua vein to enable increased production from multiple working areas, which will bring significant benefit in late 2023 and onwards.

Training of local recruits in the mine continues with experienced trainers providing practical and classroom customised training, which is accredited through the Minerals Products Qualification Council (MPQC).

Mario Stifano, CEO of Galantas, commented: “Our team has made significant progress to recommence production at Galantas. The decision to delay the completion of the secondary egress prior to commencement of production by approximately six weeks is part of our commitment to best mining and operational practices for the long-term success of the Omagh Project and mining in Northern Ireland. The Company is working with experienced mining contractor QME to develop engineering plans to accelerate development to the Joshua Vein by 12 months, which will enable Galantas to mine from multiple headings and veins to provide greater operational flexibility with an expected positive impact on 2023 production while also providing drilling platforms to drill both Joshua and Kearney veins from underground.”

On July 5, 2022, Galantas provided an update on the Company’s progress to commence production at the Omagh Project in Northern Ireland.

Longhole drilling has commenced in the first series of stopes, marking the start of the production process. Installation of the secondary egress from the 1,096 to 1,052 level is in the final stage of completion and is expected to be commissioned in approximately two weeks followed by the blasting of the stopes. The mine has a series of five stopes which will be mined in the first block, using the longhole open-stoping method, with cemented rockfill as the method of backfill. The stopes will be mined between the 1,072 and 1,060 levels on the Kearney Vein.

The first series of accredited training courses through the Mineral Products Qualification Council (MPQC) has been completed and a group of miners from the project have received their certificates. This training meets with the requirement by the Health and Safety Executive for Northern Ireland (HSENI) to implement a formalized training course in all mines. Training course accreditations include shottfiring, jumbo drilling, operation of load-haul-dump (LHD) equipment, truck driving, services installation and shotcreting.

However, given the potentially high grade and thicker widths within dilation zones below the current underground development, the Company is proceeding with a sustainable mine that will allow the Company to develop at these lower levels in order to optimize production. The mine plan will determine the suitability of targeting initially 10,000 gold ounces a year, with the potential for this to increase to 20,000 ounces a year, followed by staged expansions. The plan is expected to include development options for mining at the lower levels of the Kearney Vein and to the north and south extensions of the vein’s existing workings.

The recruitment and retention of underground mining crews at the Omagh Project has continued to be a challenge due to the consequences of only being able to recruit miners from the UK and Ireland, greatly impacting productivity. A core group of experienced miners is now focused on plans for mine and waste development, prioritizing access to the high-grade dilation zones below the current underground workings as the Company looks to transition to contract mining with Q.M.E. Mining Services (NI) Ltd. as a potential manpower, mining and development solution. The Company will establish a new mine optimization plan to develop to the high-grade dilation zones at depth to maximize productivity.

QME was founded in 1985 and is an experienced mining services provider engaged in mine development and the supply of new and re-manufactured equipment for underground and open pit use. QME is currently engaged in mining contracts in Ireland and Portugal and has prior experience in mining projects in the Republic of Ireland, Northern Ireland and Scotland. Current and past clients include Tara Mines, Dalradian Gold, Lundin Mining and Barrick Gold.

Management and Staff

Overall management is exercised by one Executive Director, the Chief Executive Officer, along with two senior officers, the Chief Financial Officer, and the Chief Operating Officer, who is in charge of day to day operations in Omagh where the mine, plant, exploration and administration employ 17 personnel as of August 28, 2023.

Key Performance Driver

The key performance driver is the achievement of production and cash flow from profitably mining the deposits at Omagh.

Overview of Q2 2023

Galantas incurred a net loss of \$ 1,355,516 for the quarter ended June 30, 2023 compared with a net loss of \$ 1,580,168 for the quarter ended June 30, 2022. The main reasons for the difference between the years was the combination of a reduction in the stock based compensation and an increase in the shareholder communications costs and loan interest costs during the quarter. All other cost categories remained reasonably consistent between the quarters.

The Company had cash balances on June 30, 2023 of \$ 586,464 compared to \$ 1,038,643 on December 31, 2022. The working capital deficit on June 30, 2023 amounted to \$ 12,059,946 which compared with a working capital deficit of \$ 11,027,964 on December 31, 2022. This includes loans outstanding to G&F Phelps and Ocean Partners which are currently being re-negotiated.

Review of Financial Results

Quarter Ended June 30, 2023

The net loss for the quarter ended June 30, 2023 amounted to \$ 1,355,516 which compares to a net loss of \$ 1,580,168 for the quarter ended June 30, 2022 as summarized below.

	Quarter Ended June 30, 2022 \$	Quarter Ended June 30, 2022 \$
Revenues	0	0
Production related costs	(72,881)	(66,995)
Inventory movement	0	0
Cost and expenses of operations	(72,881)	(66,995)
(Loss) Income before the undernoted	(72,881)	(66,995)
Depreciation	(128,989)	(148,336)
General administrative expenses	(1,187,896)	(1,412,941)
Foreign exchange (loss) / gain	(34,250)	(48,104)
Net (Loss) for the Year	\$ (1,355,516)	\$ (1,580,168)

Sales revenues for the quarter ended June 30, 2023 amounted to \$ Nil compared to revenues of \$Nil for quarter ended June 30, 2022 as sales revenues continue to be capitalised. For Q2 2023, concentrate sales provisional revenues totalled US\$ 262,000 compared to US\$ Nil for Q2 2022. However, until the mine commences commercial production, the net proceeds from concentrate sales are being offset against development assets.

Cost and expenses of operations include production related costs at the mine and inventory movements and totalled \$ 72,881 for the quarter ended June 30, 2023 compared to \$ 66,995 for the quarter ended June 30, 2022. Production related costs were incurred mainly in connection with ongoing care, maintenance and restoration costs at the mine site. There was no inventory movement for either the quarter ended June 30, 2023 or Q2 2022.

This has resulted in a net operating loss of \$ 72,881 before depreciation, general administrative expenses and foreign exchange loss for the quarter ended June 30, 2023 compared to net operating loss of \$ 66,995 for the quarter ended June 30, 2022.

Depreciation of property, plant and equipment excluding mine development assets during the quarter ended June 30, 2023 totalled \$ 128,989 which compared with \$ 148,336 for the quarter ended June 30, 2022. There was no depreciation of mine development assets during both periods. Depreciation of mine development assets will commence when the mine reaches commercial production.

General administrative expenses for the quarter ended June 30, 2023 amounted to \$ 1,187,896 compared to \$ 1,412,941 for the quarter ended June 30, 2022. General administrative expenses are reviewed in more detail in Other MD&A Requirements on pages 42 and 43 of the MD&A.

There was a foreign exchange loss of \$ 34,250 for quarter ended June 30, 2023 which compared with a foreign exchange loss of \$ 48,104 for the quarter ended June 30, 2022.

This has resulted in a net loss of \$ 1,355,516 for the quarter ended June 30, 2023 compared to a net loss of \$ 1,580,168 for the quarter ended June 30, 2022. The cash outflow from operating activities before changes in non-cash working capital items, amounted to \$ 793,674 for the quarter ended June 30, 2023 compared to a cash outflow of \$ 1,738,055 for the corresponding period of 2022.

Exchange differences on translating foreign operations, which is included in Consolidated Statements of Comprehensive Loss resulted in a gain of \$ 172,343 for the quarter ended June 30, 2023 which compared to a loss of \$ 1,218,739 for the quarter ended June 30, 2022. This resulted in a total comprehensive loss of \$ 1,183,173 for the quarter ended June 30, 2023 compared to a total comprehensive loss of \$ 2,798,907 for the quarter ended June 30, 2022. The foreign currency translation gain during the quarter arose as a result of the net assets of the Company's UK subsidiaries, the majority of which are denominated in British Pound GBP(GPB), being translated to Canadian dollars at period end exchange rates. The Canadian dollar exchange rate weakened against GBP during Q2 2023 and this has resulted in a increase in the Canadian dollar value of these net assets at June 30, 2023 resulting in the foreign currency translation gain for Q2 2023.

Total assets on June 30, 2023 amounted to \$ 33,396,210 compared to \$ 30,343,700 on December 31, 2022. Cash on June 30, 2023 was \$ 586,464 compared to \$ 1,038,643 on December 31, 2022. Accounts receivable consisting mainly of trade debtors, reclaimable taxes and prepayments amounted to \$ 1,549,543 on June 30, 2023 compared to \$ 1,810,993 on December 31, 2021. Concentrate inventories amounted to \$ 63,905 on June 30, 2023 compared with \$ 83,242 on December 31, 2022.

Property, plant, and equipment totalled \$ 26,279,319 compared to \$ 24,255,849 on December 31, 2022. Exploration and evaluation assets totalled \$ 4,412,469 on June 30, 2023 compared to \$ 2,665,313 on December 31, 2022. Long term deposit on June 30, 2023, representing funds held in trust in connection with the Company's asset retirement obligations, amounted to \$ 504,510 compared to \$ 489,680 on December 31, 2022.

Current liabilities on June 30, 2023 amounted to \$ 14,259,558 compared to \$ 13,960,842 on December 31, 2022. The working capital deficit on June 30, 2023 amounted to \$ 12,059,946 compared to a working capital deficit of \$ 11,027,964 on December 31, 2022. Accounts payable and other liabilities totalled \$ 3,374,426 compared to \$ 4,052,041 on December 31, 2022. Amounts due to related parties on June 30, 2023 amounted to \$ 5,403,934 compared to \$ 5,072,534 on December 31, 2022 as set out on Note 14 of the Interim Consolidated Financial Statements. In addition, a subsidiary of Galantas, Omagh Minerals Limited, previously had a contingent liability arising from a payment demand from Her Majesty's Revenue and Customs 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 Minerals Limited believed this claim was without merit and had appealed the assessment. During the first quarter of 2019, the Tax Tribunals Service issued their judgement dismissing the appeal by Omagh in respect of the assessments. A provision was included in the 2018 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 Minerals Limited is unable to make a reliable estimate of the amount of the potential additional penalty that may be applied by HMRC.

The non-current portion of the financing facilities totaled \$ 595,886 on June 30, 2023 compared to \$ Nil on December 31, 2021. The decommissioning liability on June 30, 2023 amounted to \$ 605,415 compared to \$ 582,441 on December 31, 2022.

Capital and Reserves totalled \$ 16,933,039 on June 30, 2023 compared to \$ 14,714,991 on December 31, 2022.

Review of Operations

2021 Financing Activities

The Company had sought strategic alternatives to its current ownership structure which included reviewing its licenses and operations and considering the possibility of engaging in a sale, joint venture, partnership or other options with third parties and alternative financing structures and was actively engaged in that process.

On May 18, 2021, the Company announced the closing of its oversubscribed private placement (the "Placement" or "Financing") previously announced on April 21, 2021, to fund the Galantas Gold Mine in Omagh, Northern Ireland to full production and accelerate exploration plans to expand the high-grade gold resources (See Press Release).

The Placement resulted in the issuance of 26,663,264 units at a price of C\$0.30 per "Unit" for aggregate gross proceeds of C\$7,998,980. Each Unit comprises one Common Share and one Common Share purchase warrant. Each warrant is exercisable into one additional Common Share at an exercise price of C\$0.40 for 24 months from the closing date of the Placement. There is a 4-month and one day hold period on the trading of securities issued in connection with this Financing.

In connection with closing, Roland Phelps retired as Galantas' President and Chief Executive Officer and as a member of the Board of Directors. His role as CEO has been assumed by Mario Stifano, an experienced mining executive who has raised significant capital for a number of mining and resource companies in exploration, development and production such as Lake Shore Gold Corp. (now part of Pan American Silver Corp.). Mr. Stifano joined the Board of Directors. Mr. Eric Sprott and Mr. Mike Gentile also participated in the Placement on May 26, 2021 and currently hold significant shareholdings of 8,333,333 (10.64%, Eric Sprott) and 5,600,000 (6.75%, Mike Gentile). The existing Offtake Agreement with Ocean Partners has been extended from a minimum total of 50,000 tonnes of concentrate deliveries to a minimum total of 150,000 tonnes and marketed at market rates.

The maturity date of the Ocean Partners loan 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 Ocean Partners warrants currently issued have been extended, subject to regulatory approval, by 24 months to December 31, 2023.

The maturity date of the G&F Phelps Ltd loan (the "G&F Loan") has been extended to December 31, 2023 (the "G&F Loan Extension"). 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 Ltd has received, subject to regulatory approval, 1,700,000 warrants exercisable into one common share at an exercise price of C\$0.33, with said warrants expiring on December 31, 2023. G&F Phelps Ltd is a company controlled by Mr. Phelps.

An application was filed and accepted for admittance of 26,704,931 additional shares to AIM ("Admission"). Following Admission, Galantas Gold Corporation's issued and outstanding Common Shares was total 73,270,468.

2022 Financing Activities

Due to some uncertainty around when actual mining may commence in 2022, on February 3, 2022, the company announced the closing of the loan agreement ("Loan Agreement") for US\$1.06 million (the "Loan") with Ocean Partners UK Ltd. ("Ocean" or the "Lender") to provide the necessary level of finance to continue development until stoping has commenced.

Terms of the Loan Agreement, as previously announced on January 25, 2022:

- 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.
- US\$40,000 consulting fee will be paid to Ocean, to be invoiced separately by Ocean.
- 250,000 warrants (the "Bonus Warrants") have been granted to Ocean, which will be exercisable for a period of 12 months at an exercise price of CAD\$0.50. The bonus Warrants are subject to a hold period under applicable securities laws and the rules of the TSX Venture Exchange, expiring on June 4, 2022.
- US\$40,000 extension fee was paid to Ocean as the Company elected to extend the Loan for a further six months from the Maturity Date.

Proceeds from the Loan were used for further development of the Omagh Gold Project in Northern Ireland and working capital.

The condensed interim consolidated financial statements have been prepared on a going concern basis as discussed in Note 1 of the December 31, 2022 audited consolidated financial statements. The

Company's ongoing viability has been dependent on securing sufficient financing to fund ongoing operational activity and the development of the underground mine. The going concern assumption is dependent upon forecast cash flows at the Omagh mine being met.

The blasting arrangements with the PSNI have now been resolved. The directors' assumptions in relation to future levels of production, gold prices and mine operating 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.

Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated statements of financial position.

On July 26, 2022, Galantas announced that it has entered into a further loan agreement ("Loan Agreement") for US\$530,000 (the "Loan") with Ocean Partners UK Ltd. ("Ocean" or the "Lender"). The Loan is to be used to fund the development of the underground mining operations at the Omagh Gold Project in Northern Ireland and working capital.

The Loan was repayable six months from the date of closing of the issue of the Loan (the "Closing") and will bear interest at an annual rate of 12% compounded monthly and repayable in full on maturity of the Loan.

As consideration for providing the Loan, Ocean will receive, upon the Closing, 125,000 warrants of Galantas (the "Bonus Warrants"), subject to acceptance by the TSX Venture Exchange.

On Closing, each Bonus Warrant will be exercisable into one common share of Galantas for a period of 12 months. The exercise price will be determined by reference to the closing price of the Company's common shares on the TSX Venture Exchange on July 26, 2022.

In connection with the Loan Agreement, Galantas will also pay Ocean a commitment fee of US\$10,000 which will be deducted from the initial proceeds of the Loan. Galantas may, at its option extend the Loan for a further six months by paying Ocean an additional structuring fee of US\$20,000.

The above terms are subject to TSX Venture Exchange approval under the TSXV Policy 5.1 – Loans, Loan Bonuses, Finder's Fees and Commissions.

The Company also confirmed that it exercised its option to extend the US\$1.06 million loan entered into with Ocean on January 31, 2022 (see announcement on January 25, 2022) for a further six months, to January 31, 2023, by paying Ocean an additional structuring fee of US\$40,000 in accordance with the terms of that loan.

On August 30, 2022, Galantas announced that it has closed its previously announced private placement, pursuant to which the Company sold an aggregate of (i) 14,826,674 units of the Company ("Units") at a price of C\$0.45 per Unit (the "Offering Price") on a "best efforts" brokered private placement basis (the "Brokered Offering") for gross proceeds of C\$6,672,003.30 and (ii) 506,667 Units at the Offering Price on a non-brokered private placement basis (the "Non-Brokered Offering" and, together with the Brokered Offering, the "Offering") for gross proceeds of C\$228,000.15, for aggregate gross proceeds to the Company of approximately C\$6.9 million, including full exercise of the agents' option. Each Unit was comprised of one common share in the capital of the Company (each, a "Common Share") and one-half of one common share purchase warrant of the Company (each whole common share purchase warrant, a

"Warrant"). Each Warrant entitled the holder thereof to purchase one Common Share (a "Warrant Share") at a price of C\$0.55 per Warrant Share until February 28, 2025.

Canaccord Genuity Corp., Cormark Securities Inc. and Research Capital Corporation acted as agents (the "Agents") in connection with the Brokered Offering pursuant to the terms of an agency agreement dated August 30, 2022. In consideration for their services in connection with the Brokered Offering, the Company paid the Agents a cash commission equal to C\$355,320, being 6% of the aggregate gross proceeds from the sale of Units under the Brokered Offering, and a reduced cash commission equal to 3% of the aggregate gross proceeds from the sale of Units under the Brokered Offering to certain purchasers identified by the Company's management to the Agents (the "President's List"). As additional consideration for their services in connection with the Brokered Offering, the Company issued the Agents 789,600 non-transferable broker warrants of the Company ("Broker Warrants"), being 6% of the aggregate number of Units issued pursuant to the Brokered Offering, and a reduced number of Broker Warrants equal to 3% of the number of Units issued pursuant to the Brokered Offering to certain purchasers on the President's List. Each Broker Warrant is exercisable to acquire one Common Share at an exercise price of C\$0.45 per share until August 30, 2024. In addition, the Company also paid the Agents a cash advisory fee equal to C\$13,680 and issued the Agents an additional 30,400 Broker Warrants.

The Company used the net proceeds of the Offering for exploration and development at the Joshua Target as well as for working capital and general corporate purposes.

Melquart Limited, a London-based investment firm and an existing shareholder, acquired 2,666,667 Units for consideration of C\$1,200,000.15. Following the Offering, Melquart Limited held 28,140,195 Common Shares, representing approximately 27.36% of the issued and outstanding Common Shares on a non-diluted basis.

Eric Sprott, through 2176423 Ontario Ltd., a corporation that is beneficially owned by Mr. Sprott, acquired 1,333,334 Units for consideration of C\$600,000.30. Following the Offering, Eric Sprott held 10,166,667 Common Shares, representing approximately 9.88% of the issued and outstanding Common Shares on a non-diluted basis. Mr. Sprott is a renowned and respected leader in the investment community and one of the world's premier gold and silver investors.

Michael Gentile acquired 222,222 Units for consideration of C\$99,999.90. Following the Offering, Michael Gentile held 6,217,222 Common Shares, representing approximately 6.04% of the issued and outstanding Common Shares on a non-diluted basis. Mr. Gentile is a retired professional money manager with over 20 years' experience investing in the mining and natural resource sector. Currently, Mr. Gentile is an active investor in the junior mining space with significant positions in a number of companies.

Ocean Partners UK Ltd. acquired 461,112 Units for consideration of C\$207,500.40. Following the Offering, Ocean Partners UK Ltd. held 2,869,446 Common Shares, representing approximately 2.80% of the issued and outstanding Common Shares on a non-diluted basis.

Mario Stifano, a director of the Company, acquired 55,556 Units for consideration of C\$25,000.20. Following the Offering, Mario Stifano held 547,388 Common Shares, representing approximately 0.53% of the issued and outstanding Common Shares on a non-diluted basis.

As indicated above, Melquart Limited, an insider of the Company, Eric Sprott, an insider of the Company, and Mario Stifano, an officer and a director of the Company, subscribed for 2,666,667 Units, 1,333,334

Units and 55,556 Units, respectively, under the Offering on the same terms as arm's length investors. The participation of Melquart Limited, Mr. Sprott and Mr. Stifano in the Offering constituted a "related party transaction" for the purposes of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company is exempt from the requirements to obtain a formal valuation or minority shareholder approval in connection with the Offering in reliance on sections 5.5(b) and 5.7(1)(a), respectively, of MI 61-101, as no securities of the Company are listed or quoted on the specified markets and neither the fair market value of the securities to be received by the related parties nor the fair market value of the consideration for the securities exceeds 25% of the Company's market capitalization as calculated in accordance with MI 61-101. The Company did not file a material change report more than 21 days before the expected closing date of the Offering as the aforementioned insider participation had not been confirmed at that time and the Company wished to close the Offering as expeditiously as possible.

Melquart Limited and Eric Sprott were deemed to be related parties of the Company by virtue of being Substantial Shareholders of the Company and Mario Stifano is deemed to be a related party of the Company by virtue of being a director of the Company as defined in the AIM Rules for Companies (together the "Related Parties"). As a consequence, the Directors of the Company (excluding Mr. Stifano for the purposes of considering his involvement in the placing) consider, having consulted with their nominated adviser, Grant Thornton UK LLP, that the terms of the Related Parties' involvement in the Offering were fair and reasonable insofar as shareholders are concerned.

The Offering was made by way of private placement in each of the provinces of Canada pursuant to applicable exemptions from the prospectus requirements and in certain other jurisdictions, in each case in accordance with all applicable laws. The securities issued under the Offering were subject to a four month hold period under applicable Canadian securities laws which expired on December 31, 2022. The Offering was subject to final acceptance of the TSX Venture Exchange.

On October 31, 2022, Galantas Gold Corporation provided an update on the Company's private placement of units of the Company ("Units") as announced by way of news release on August 8, 2022, August 11, 2022 and August 30, 2022. The Company wishes to correct its disclosure to clarify that a portion of the closing of such private placement represented "Shares for Services" under TSX Venture Exchange Policy 4.3.

Pursuant to the private placement, on August 30, 2022, the Company sold an aggregate of (i) 12,604,452 Units at a price of C\$0.45 per Unit (the "Offering Price") on a "best efforts" brokered private placement basis (the "Brokered Offering") for gross proceeds of C\$5,672,003.40 and (ii) 506,667 Units at the Offering Price on a non-brokered private placement basis (together with the Brokered Offering, the "Offering") for gross proceeds of C\$228,000.15, for aggregate gross proceeds to the Company of approximately C\$5.9 million, including full exercise of the agents' option.

The balance of 2,222,222 Units were sold to QME Mining Services (NI) Limited, a wholly owned subsidiary of Quarry & Mining Equipment Limited, a third-party service provider on the same terms as the Brokered Offering. The aggregate subscription price for such Units, being \$999,999.90, was offset against certain fees payable to the third-party service provider by the Company pursuant to a service agreement between the third-party service provider and the Company dated August 30, 2022 (the "Shares for Services Arrangement"), for the underground development towards the Joshua Vein at the Omagh Gold Project. On September 15, 2022, the Company announced the engagement of QME for this work.

The securities issued under the Offering and the Shares for Services Arrangement were subject to a four-month hold period under applicable Canadian securities laws which expired on December 31, 2022. The

Offering and the Shares for Services Arrangement were subject to final acceptance of the TSX Venture Exchange which was received on November 18, 2022.

An amount of 7,838,000 warrants were exercised during Q1 2022 which brought the Galantas Gold Corporation's issued and outstanding Common Shares at March 31, 2022 to 82,521,801.

Further exercise of warrants totalling 3,848,333 occurred during Q2 2022 which brought the Galantas Gold Corporation's issued and outstanding Common Shares at June 30, 2022 to 86,370,134.

There was an additional 1,939,700 warrants exercised during Q3 and Q4 which brought the Galantas Gold Corporation's issued and outstanding Common Shares at December 31, 2022 to 103,518,509.

On December 8, Galantas announced that it entered into an agreement with Ocean Partners UK Ltd. ("Ocean"), whereby Ocean 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 are being used to fund development of the underground mining operations at the Omagh Gold Project in Northern Ireland and working capital.

The Terms of the Trading Agreement were as follows:

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. Ocean has agreed to maintain all margin requirements through its existing credit lines on behalf of Galantas and provide additional financial support.

Pursuant to the Trading Agreement, and in return for Ocean 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 CAD\$150,000, Galantas agreed to grant 500,000 warrants (the "Warrants") to Ocean at an exercise price of CAD\$0.55 expiring on January 31, 2025. The Warrants are subject to a hold period under applicable securities laws and the rules of the TSX Venture Exchange.

2023 Financing Activities

On January 26, 2023, Galantas announced that it entered into an agreement to acquire a 100% interest and the exclusive rights to explore and develop the Gairloch Project, a 217 km² mineral licence area in Scotland that covers the Gairloch Schist Belt from the owners of the Gairloch Estate lands (the "Lessor"). The Company has acquired exploration and developments rights for an initial payment of £347,000 and annual payments of £69,000 beginning in year 6 (see the Lease Agreement Terms).

Historical Exploration Highlights at Gairloch Project :

- Drill hole GBH39 intersect of 11.29 grams per tonne (g/t) gold (Au), 2.44 g/t silver (Ag), 0.58% copper (Cu) and 0.19% zinc (Zn) over 16 metres (80 to 96 metres downhole).
- Drill hole GBH30 intersect of 3.16 g/t Au, 3.39 g/t Ag, 0.90% Cu and 0.51% Zn over 18 metres (32.82 to 50.82 metres downhole).
- Drill hole GBH68 intersect of 1.5 g/t Au, 16.5 g/t Ag, 5.92% Cu and 0.54% Zn over 6 metres (261.88 to 267.88 metres downhole).
- District-scale potential with an outcrop tested by the British Geological Survey (BGS) 10 km from historical drilling returning 4 g/t Au, 1.5% Cu and 2.3% Zn.

- Elevated levels of cobalt identified in stream sampling and in outcrop up to 410 g/t.

On February 13, 2023, Galantas announced that it has entered into a loan agreement for £347,000 (approximately C\$562,930) (the "Loan") with London-based family office Melquart Ltd. ("Melquart" or the "Lender"). The Loan is to be used for the initial lease payment for the Gairloch Project in Scotland (see Galantas' news release dated January 26, 2023).

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 consideration for providing the Loan, Melquart will receive upon closing of the Loan Agreement, 100,000 warrants of Galantas (the "Bonus Warrants"), subject to acceptance by the TSX Venture Exchange. Each Bonus Warrant will be exercisable into one common share of Galantas for a period of 24 months from the Closing at an exercise price equal to the closing price of the Company's common shares on the TSX Venture Exchange on February 10, 2023.

On March 27, 2023, Galantas Gold Corporation announced that it closed its previously announced non-brokered private placement (the "Offering"), pursuant to which the Company sold an aggregate of 8,230,951 units of the Company ("Units") at a price of C\$0.36 per Unit for aggregate gross proceeds of C\$2,963,142.36. Each Unit was comprised of one common share of the Company (a "Common Share") and one Common Share purchase warrant (a "Warrant"), with each Warrant entitling the holder thereof to purchase one Common Share at a price of C\$0.55 per share until March 27, 2028. The Offering was oversubscribed.

In addition, the Company announced it agreed to the terms of a proposed shares-for-debt transaction with several additional arm's length creditors of the Company. In connection with the debt settlement, the Company agreed to settle a total of approximately \$749,020 of indebtedness through the issuance of an aggregate of 2,080,609 units at a deemed price of \$0.36 per unit on substantially in the same terms as the units issued under the offering. The securities pursuant to the debt settlement will be subject to a four-month hold period under applicable Canadian securities laws.

The net proceeds of the Offering are expected to be used for exploration, including follow-up drilling targeting the high-grade dilation zones to depth at the Joshua Vein and the recently identified Kerr Vein target, development at Galantas' gold project in Northern Ireland, as well as exploration at the recently announced gold-rich volcanogenic massive sulphide project in Scotland, and for general working capital purposes.

Canaccord Genuity Corp., Sprott Capital Partners LP, Echelon Wealth Partners Inc., Haywood Securities Inc., Research Capital Corporation, Apex GT Capital Corp. and Red Cloud Securities Inc. (collectively, the "Finders") acted as finders in connection with the Offering. In consideration for their services, the Company paid the Finders cash finder's fees in the aggregate amount of C\$130,966.41, representing 7% of the gross proceeds generated by such Finders pursuant to the Offering. In addition, the Company also issued an aggregate of 237,162 non-transferable compensation warrants (the "Finder's Warrants") to the Finders, representing 7% of the number of Units sold to subscribers identified by such Finders pursuant to the Offering. Each Finder's Warrant entitles the holder thereof to purchase one Common Share at a price of C\$0.36 per share until March 27, 2025. In consideration for providing certain advisory services to the Company in connection with the Offering, the Company also paid an advisory fee to Research Capital Corporation in the amount of C\$16,000.

Existing shareholder Ross Beaty acquired 1,000,000 Units for consideration of C\$360,000. Ocean Partners UK Ltd. acquired 691,666 Units for consideration of approximately C\$249,000. Following the Offering, Ocean Partners UK Ltd. will hold 3,561,113 Common Shares representing approximately 3.19% of the issued and outstanding Common Shares on a non-diluted basis.

Brendan Morris, an officer of the Company, subscribed for 468,416 Units under the Offering on the same terms as arm's length investors. The participation of Mr. Morris in the Offering constitutes a "related party transaction" for the purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The Company is exempt from the requirements to obtain a formal valuation or minority shareholder approval in connection with the Offering in reliance on sections 5.5(b) and 5.7(1)(a), respectively, of MI 61-101, as no securities of the Company are listed or quoted on the specified markets and neither the fair market value of the securities to be received by the related party nor the fair market value of the consideration for the securities exceeds 25% of the Company's market capitalization as calculated in accordance with MI 61-101.

Production/Mine Development

Underground development of the decline tunnel at the Omagh gold mine, located at the base of the existing open pit, commenced in early 2017 and the mine commenced limited production of gold concentrate during the third quarter of 2018. Underground development of the decline tunnel continued to be progressed during 2018 and 2019 from feed produced in the development of the Kearney vein. The plant had continued limited production of a gold & silver concentrate using a non-toxic, froth-flotation process, run on a batch basis from a stockpile of underground vein material plus additional feed produced from on-vein development operations. Blasting operations had been limited since all blasting must be supervised by the Police Service of Northern Ireland (PSNI) and were not sufficient for the desired level of operations. The Company had been working with the PSNI during 2019 to increase blasting availability to normal levels for an underground mine. While progress had been made and substantive investment incurred in accordance with recommendations, the Company was still awaiting final approvals from the authorities to be able to implement its increased blasting protocols at the end of the third quarter of 2019. The arrangements, current at that time were not sufficient to allow for the expansion of mine operations as envisaged by the Company's existing mine plan and until changes were agreed, the inefficiencies caused by those arrangements formed an increasing financial burden, which had proved a significant drain on the financial resources of the Company which resulted in the temporary suspension of blasting at the mine during the fourth quarter of 2019 (see press release dated October 29, 2019) resulting in the numbers employed at the operation were reduced from 46 to 21. During the second quarter of 2020 Galantas reported that confirmation has been received from PSNI, regarding their satisfaction of certain secure storage and handling protocols required for an increase in blasting to a commercial level subject to financial matters being agreed. These financial matters have since been agreed.

A probe drilling campaign was carried out following the suspension of operations using the retained personnel and equipment. The results of this campaign, combined with detailed mapping of the exposed mineralisation underground suggests zones of higher width of mineralisation within the vein, linking adjacent levels. This supports an implication that such zonal mineralisation may continue at depth, with enhanced exploration potential for targeting gold resources particularly to the north and within the Company's license area. Probe drilling does not provide samples suitable for use in mineral resource estimates but can provide strong indications where mineralisation is concentrated and is of significantly less cost than core drilling. During the second quarter of 2021, the Company reported that it had filed a short technical report in respect of the probe drilling campaign. The report is available on www.sedar.com and www.galantas.com.

Following the suspension of blasting operations at the mine, the processing plant continued to operate on a limited basis. In March 2020 and following UK government guidelines regarding Covid-19, processing operations temporarily ceased until later in May when the Company announced that concentrate processing has recommenced. The company carried out maintenance to the processing plant during the milling suspension, to minimise future maintenance interruptions. The restart follows a review of Northern Ireland / UK government health advice regarding Covid-19, a risk assessment and the introduction of appropriate modifications to working practices. Feedstock for the processing plant is from low grade stock until suitable arrangements are in place to recommence development underground. The number of employees that had been furloughed during the first quarter under a NI/UK government scheme was reduced from seven to three and then to zero. Concentrate production during 2020 totalled 293 tonnes of concentrate provisionally assessed as grading 95 g/t. Shipments of concentrate under the off-take arrangements had previously commenced during the second quarter of 2019. For the year 2020 provisional revenues from concentrate sales totalled US\$ 1,654,021.

Until the mine reaches the commencement of commercial production, the net proceeds from concentrate sales will be offset against Development assets.

The Company continued to seek alternatives during the first quarter 2021 including reviewing its licenses and operations; and considering the possibility of engaging in a sale, joint venture, partnership or other options with third parties and alternative financing structures.

The Company has been working with the PSNI on an ongoing basis to agree arrangements that would increase blasting availability to normal levels for an underground mine.

During the second quarter the company reported that confirmation had been received from PSNI, regarding their satisfaction of certain secure storage and handling protocols required for an increase in blasting to a commercial level subject to financial matters being agreed. These financial matters have now been mutually agreed and, following a formal agreement, a limited re-start of underground blasting commenced late in the first quarter of 2021 and was announced March 12, 2021.

On February 3, 2021 the Company announced that a formal agreement regarding blasting was reached between the Company's operating subsidiary and the Police Service of Northern Ireland (PSNI). The PSNI have responsibilities regarding the supervision of the use of blasting materials in Northern Ireland.

The agreement provides the potential for a materially improved economic arrangement for an expansion of underground blasting, required for full production, to take place at the Omagh Mine. The agreement has followed a comprehensive review by the PSNI and regulators.

On March 12, 2021 the Company announced that limited blasting underground had re-commenced. Development mining of the Kearney gold vein has re-started on a single shift basis. It is expected to produce a feed of higher gold grade for the processing plant than the current feed, which comes from low grade stock.

Total concentrate production is expected to rise, driven by an expected higher feed grade. During the period of suspension of blasting operations at the mine, key mining skill sets were preserved by the incorporation of personnel within process plant operations.

The limited re-start was being carried out within limited cash resources, using a single existing equipment suite, which was fully operational.

On April 16, 2022, the Company provided an operational update for the operating mine.

Underground blasting (as reported March 12, 2021) continued with mining on a single shift basis. As expected, development of the Kearney vein has produced a feed of higher gold grade for the processing plant than the existing feed, which comes from low grade stock.

Safety is a high priority and the company continued to invest in safety-related training and infra-structure. The zero lost time accident rate since the start of underground operations, continues. Environmental monitoring demonstrates a high level of regulatory compliance.

The initial objective following the investment in May 2021, was to re-establish the mine to facilitate future production, including priority areas such as.

- the rebuilding of the mining team and rebuilding/acquiring a 'fit for purpose' equipment fleet
- upgrading mining services such as electrical and pumping, suitable for future development
- rehabilitation of working areas to ensure safe mining
- improving safe systems of mining aligned with best practice mining
- successfully completing the period of restricted blasting with the PSNI
- facilitating the underground and surface exploration programme
- upgrade of the surface mineral processing facilities
- facilitating the upgrade of the tailings facility and the restoration programme

As part of the objective, Galantas engaged JDS to assist with a mine plan, ventilation plan and budget. An experienced Safety Manager has been recently employed to ensure that the mine works towards 'best practice' safety standards. Waste development to new ore drives will be a focus area for development mining, while at the same time starting the first production stopes in the upper Kearney zone.

Development has restarted on the Joshua decline and exploration drilling from surface which started in early August 2022, is focused on this area. Underground exploration commenced in late August and drilling was initially focused on the Kearney zone. In August 2022, the PSNI agreed that the mine can blast on a daily basis with previous restrictions removed. New and refurbished 'used' equipment arrived on site and training on these units is now complete.

On February 23, 2023, the company announced that the recruitment and retention of underground mining crews at the Omagh Project has continued to be a challenge due to the consequences of only being able to recruit miners from the UK and Ireland, greatly impacting productivity. A core group of experienced miners is now focused on plans for mine and waste development, prioritizing access to the high-grade dilation zones below the current underground workings as the Company looks to transition to contract mining with Q.M.E. Mining Services (NI) Ltd. as a potential manpower, mining and development solution. The Company will establish a new mine optimization plan to develop to the high-grade dilation zones at depth to maximize productivity.

On April 11, 2023, Galantas announced an extension to its drilling program at the Omagh Gold Project in Northern Ireland. An initial 600 metres of diamond drilling is planned from the underground development to target the Kerr zone and deeper extensions of the Joshua Vein.

The underground drive between the Kearney and Joshua veins (see Figure 1) provides an opportunity to drill the under-explored area between these two main veins, approximately >300 metres north, and on strike of the Kerr surface exposures. It also allows for deeper targeting of the Joshua Vein. Specifically,

new drill holes will test the down-dip potential of a deep dilation zone* and also target areas outside of the current model (see Figure 2).

Earlier results for drill holes within the deeper dilation zone on the Joshua Vein include:

- 8.4 grams per tonne (g/t) gold (Au) over a 26.6-metre intersection (see Galantas news release dated June 11, 2012).
- 12.4 g/t Au over a 5.6-metre intersection (see Galantas news release dated August 27, 2013).

On April 18, 2023, Galantas announced that drilling at the newly acquired Gairloch Project will commence by the end of Q2 2023. Drill mobilization has commenced for an initial 800-metre program targeting the Kerry Road deposit, including testing the depth potential of near surface mineralization.

On June 14, 2023, the Company announced that mining contractor QME Mining Services (NI) Ltd. Ireland (“QME”) has successfully concluded its due diligence process at the Company’s Omagh Gold Project in Northern Ireland, as part of its work on a sustainable mine plan.

It is envisioned that the mine plan, targeted for completion in July 2023, will allow the Company to further develop and mine the ore zones down to the existing lower levels of the Omagh Mine. The mine plan is aimed to optimize production from the dilation zones, which have potential for higher grades and thicker widths of mineralization. The mine plan will outline a staged production plan, estimating the initial production levels, followed by staged expansions of production. The Company believes this will be a lower capital cost pathway of de-risking the growth in production, while the Company continues its focus on exploration and expanding its mineral resources at Omagh. The forthcoming mine plan will involve mining both the Joshua and Kearney veins, leveraging QME's highly skilled workforce and state-of-the-art original equipment manufacturer (OEM) mining equipment.

QME was founded in 1985 and is an experienced mining services provider engaged in mine development and the supply of new and re-manufactured equipment for underground and open pit use. QME is currently engaged in mining contracts in Ireland and Portugal and has prior experience in mining projects in the Republic of Ireland, Northern Ireland and Scotland. Current and past clients include Tara Mines, Dalradian Gold, Lundin Mining and Barrick Gold.

Reserves and Resources

During 2014 Galantas reported a revised updated estimate of gold resources together with a Preliminary Economic Assessment (PEA) update (see press release dated July 28, 2014). The revised estimate of resources is in compliance with the Pan European Reporting Code (PERC), Canadian Institute of Mining, Metallurgy and Petroleum (CIM) standards and Canadian National Instrument (NI) 43-101 and is summarised below.

TABLE 1: RESOURCE ESTIMATE: GALANTAS 2014				Increase over GAL 2013 report
CUT-OFF 2 g/t Au				
RESOURCE CATEGORY	TONNES	GRADE (Au g/t)	Au Ozs	
MEASURED	138,241	7.24	32,202	55%
INDICATED	679,992	6.78	147,784	21.4%
INFERRED	1,373,879	7.71	341,123	15.4%

Minerals Resources that are not Mineral Reserves do not have demonstrated economic viability.

Overall, there has been a 19% increase in resources since the Galantas June 2013 Resource Report and a 60% increase in resources since the July 2012 Resource Report by ACA Howe International Ltd. The increases since 2012 largely relate to the Kearney and Joshua veins, since this is where the drilling program has been concentrated. The drilling program was mainly designed to focus on increasing the quantity of Measured and Indicated resources on these two veins, to support potential bank funding opportunities for the financing of production.

The resource estimate for each vein is tabulated below.

TABLE 2: RESOURCE ESTIMATE BY VEIN: GALANTAS 2014									
	MEASURED			INDICATED			INFERRED		
	TONNES	GRADE Au (g/t)	Contained Au (oz)	Tonnes	GRADE Au (g/t)	Contained Au (oz)	Tonnes	GRADE Au (g/t)	Contained Au (oz)
KEARNEY	76,936	7.48	18,490	383,220	6.66	82,055	909,277	6.61	193,330
JOSHUA	54,457	7.25	12,693	216,211	7.92	55,046	291,204	10.74	100,588

KERR	6,848	4.63	1,019	12,061	4.34	1,683	23,398	3.2	2,405
ELKINS				68,500	4.24	9,000	20,000	5.84	3,800
GORMLEYS							75,000	8.78	21,000
PRINCES							10,000	38.11	13,000
SAMMY'S							27,000	6.07	5,000
KEARNEY NORTH							18,000	3.47	2,000
TOTAL	138,241	7.25	32,202	679,992	6.78	147,784	1,373,879	7.71	341,123

The resources are calculated at a cut-off grade of 2 g/t gold (Au), numbers are rounded, gold grades are capped at 75 g/t gold and a minimum mining width of 0.9m has been applied.

Measured and Indicated resources on Kearney vein have increased to 100,545 ounces of gold from 69,000 ounces in 2012. Measured and Indicated resources on Joshua vein have increased to 67,739 ounces of gold from 15,800 ounces in 2012. The Kearney and Joshua veins are the early targets of underground mining. Combined Measured and Indicated resource category on these two veins are estimated at 168,284 ounces of gold, with 293,918 ounces of gold in the Inferred resource category. Both vein systems are open at depth.

With regards to the Preliminary Economic Assessment a restricted portion of Inferred resources for two veins - Joshua and Kearney have been included in the mining plan with the Measured and Indicated resources. The Inferred resources (which have lower statistical support than Measured or Indicated Resources) are contiguous with Measured or Indicated resources and / or lie within scheduled mining areas. The use of Inferred resources, in a restricted qualifying manner, is permitted by the PERC code in regard to economic studies but is excluded within the standards associated with NI 43-101, except within a Preliminary Economic Assessment. PERC is an approved code in respect of NI 43-101. As part of PERC requirements, a comparative Feasibility study is included in the detailed technical report which will not include Inferred resources and will also include studies on sensitivity to gold price.

The total of scheduled Measured and Indicated ounces utilised within the mining study is 104,627 ounces. The Inferred resources scheduled in the economic study are estimated at 60,635 ounces. Total Inferred resource estimated on the Joshua and Kearney orebodies is 293,918 ounces of gold. The amount of Inferred resources included in the PEA amounts to 20.6% of the total Inferred resources estimated on these veins. Were Inferred resources excluded from the mining plan, approximately 1 year would be removed from the estimate of mine life and annual output would be reduced.

At a gold price of GBP750 / US\$ 1,260 oz., the pre-tax operating surplus after capital expenditure estimates an Internal Rate of Return of 72% and, at an 8% discount rate, a net present value of approximately GBP 14.5m (CDN\$ 26.6m) and a cash cost of production of GBP 394 per ounce (USD\$ 662 at \$1.68/GBP). At a gold price of GBP700 per oz. the study estimated an Internal Rate of Return of 50%. The study scheduled approximately 36% of the combined resources identified on the Kearney and Joshua veins. The Company also filed the complete Technical Report on SEDAR in September 2014, as required by NI 43-101.

The Company has determined that due to additional information being available from drilling conducted post the 2014 Technical Report and information being available from underground development on-vein,

it would be appropriate to conduct a resource review and is engaged in that process (reported October 26 2020).

In November 2022, Micon International were appointed to produce a NI 43-101 compliant Mineral Resource Estimate for the Cavanacaw project. This process completed at the end of Q2 2023 and is summarised in press release on 18th July, 2023. The Mineral Resource estimate (see Table below) is the most robust estimate for the Kearney and Joshua Veins demonstrating reasonable prospects for eventual economic extraction (RPEEE).

Classification	Vein	Tonnage (tonnes)	Gold Grade (grams/tonne)	Contained Gold (ounces)
Measured	Kearney	94,131	6.73	20,371
	Joshua	18,381	6.59	3,897
Indicated	Kearney	402,924	6.50	84,258
	Joshua	247,217	7.39	58,730
Measured + Indicated	Kearney	497,055	6.54	104,629
	Joshua	265,598	7.33	62,627
	Total Measured + Indicated	762,653	6.82	167,256
Inferred	Kearney	402,479	5.33	69,020
	Joshua	283,925	6.21	56,648
	Total Inferred	686,404	5.69	125,668

Mineral Resources of the Kearney and Joshua vein system, effective June 22, 2023.

Notes:

1. *The Mineral Resource Estimate has been prepared in accordance with National Instrument 43-101 (NI 43-101) Standards of Disclosure for Mineral Projects.*
2. *To demonstrate Reasonable Prospects for Eventual Economic Extraction (RPEEE), underground Mineral Resources were constrained by Mineable Shape Optimizer (MSO) shapes of 1.2 m minimum stope width optimized to a cut-off of 2.25 g/t Au to demonstrate RPEEE.*
3. *Economic parameters for cut-off grade determination: US\$1,800 oz Au price, 92% process recovery, 90% payability, 4% royalty, US\$120 t mining cost, US\$30.72 t processing cost, US\$13 t general and administration.*
4. *Diluted tonnages and grades are reported based on minimum stope widths.*
5. *Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the estimated Mineral Resources will be converted into Mineral Reserves.*
6. *Average density values: mineralized veins = 2.98 t/m³, waste = 2.70 t/m³.*
7. *Grade interpolation by 2D inverse distance cubed (ID³) using a block size of 5 m (X) by 5 m (Y).*
8. *Grade capping for outliers at 80 g/t Au.*
9. *Mineral Resource Classification:*
 - a. *Measured - within 20 m of channel samples used in the Mineral Resource estimate or volumes where the average distance to the nearest drill hole is <30 m and the majority of intercepts are from recent underground drill holes.*
 - b. *Indicated - volumes where the average distance to the nearest drill hole is <30 m.*

- c. *Inferred - all other interpolated blocks inside the vein wireframes.*
 10. *Mineral Resources are inclusive of Mineral Reserves.*

The 2023 MRE for the Omagh Project is set out in the table below. It includes the results of the Mineral Resource Estimate for the Kearney and Joshua vein systems by Micon, effective June 22, 2023 (above). All other veins were not updated during this process and therefore remain unchanged from the 2014 PEA.

Vein	Measured			Indicated			Inferred		
	Tonnage (t)	Gold Grade (g/t)	Contained Gold (oz)	Tonnage (t)	Gold Grade (g/t)	Contained Gold (oz)	Tonnage (t)	Gold Grade (g/t)	Contained Gold (oz)
Kearney	94,131	6.73	20,371	402,924	6.50	84,258	402,479	5.33	69,020
Joshua	18,381	6.59	3,897	247,217	7.39	58,730	283,925	6.21	56,648
Kerr	6,848	4.63	1,019	12,061	4.34	1,683	23,398	3.20	2,405
Elkins	-	-	-	68,500	4.24	9,000	20,000	5.84	3,800
Gormleys	-	-	-	-	-	-	75,000	8.78	21,000
Princes	-	-	-	-	-	-	10,000	38.11	13,000
Sammy's	-	-	-	-	-	-	27,000	6.07	5,000
Kearney North	-	-	-	-	-	-	18,000	3.47	2,000
TOTAL	119,360	6.59	25,287	730,702	6.56	153,671	859,802	6.24	172,873

Notes:

1. *Updated Mineral Resource Estimate for the Kearney and Joshua vein was completed by Micon in June 2023.*
2. *All other veins were not updated during 2023 and therefore remain unchanged from the 2014 Mineral Resource estimate by Galantas as stated in the technical report "Resource Estimate, Preliminary Economic Assessment & Detailed Feasibility Study on the Omagh Gold Project, County Tyrone, Northern Ireland" dated July 26, 2014 and filed on September 4, 2014.*
3. *Reported Contained Gold (oz) for veins from the 2014 Mineral Resource Estimate have used an inconsistent factor to convert from grams to ounces.*
4. *Mineral Resources are inclusive of Mineral Reserves.*

Exploration

An exploration programme carried out between 2011 and 2013 included the drilling of 17,348 metres of core and channel sampling on the Joshua, Kearney and Kerr vein systems. Assay results from both the drilling and channel sampling programmes were encouraging with significant gold intersections encountered. A new programme commenced in September 2015 to target the Joshua vein at depth. In total, 3,602 metres were drilled by March 2016. In early 2016 Galantas reported the assay results for three holes completed in 2015 (see press release dated January 26, 2016). Most notable was hole OML-DD-15-155 which intersected a wide zone (13 m true width) of the Joshua vein at a vertical depth of 117 m grading 9.9 g/t Au. This drilling programme also identified a new vein, Kestrel, running 70 m west of Joshua. An initial shallow (42.4 m) intersect returned 35.8 g/t Au over 0.7 m true width. A further drill hole targeted the Kestrel vein ~80 metres north and hit mineralisation at a vertical depth of 73 m (3.2 g/t Au over 1.2 m true width). Two 155 m deep water monitoring holes were drilled at the beginning of 2017; these were located according to planning specifications, not with the aim of mineral recovery. However, the PQ drill core provided insight to key lithological changes with depth, north and south of the site. This information was incorporated into the site mapping project instigated during the summer of 2016.

Geologists have recorded and analysed detailed geological information underground which could not be gained through surface exposure or diamond drilling. Plan maps of mineralisation were compiled and digitised for all of the ore drives in the third quarter of 2019. Detailed maps indicated vein swelling and marginal gold grade increase in predictable zones along ore drives in the first four levels of the mine development. Zones of enhanced mineralisation appear to occur on shallow north dipping planes and may be tied in with the initial south-east directed thrusting which forced Dalradian metasediments over the Tyrone Igneous Complex. Earlier mapping by Galantas geologists in the Creevan Burn revealed evidence for a thrust stack rooted in graphitic schist. Recent spatial data analysis provides support for the continuation of this thrust stack to the north. Testing of this model began in 2019 through a probing and sediment sampling programme. Initial results have helped to build a clearer picture of the location and extent of dilation zones. Follow-up work has brought together and incorporated historic surface channel data and drill core evidence in the model. Further confirmation of the apparent trends is expected to enhance targeting of future exploration and has potentially economic improvements to the underground mine plan. During the first quarter of 2020 an exploration report was prepared, detailing the underground geological observations and interpretations (see Press Release 6th May 2020). Results from the current 4000 m drilling programme support the theory of dilation zones (see below).

Omagh Minerals Ltd hold three Republic of Ireland licences: 3039, 3040 and 3235, the current six year term will expire in March 2024 and can be renewed after this date if required. In addition, Flintridge Resources Ltd submitted an application for two exploration licences (24th June 2021) in the Republic of Ireland these were previously held by OML (Omagh Minerals Limited, a Galantas subsidiary) but relinquished in August 2020. The Co. Leitrim licences, PLs 3162 and 1469, sit in lithologically and structurally prospective ground south-west of the Lack inlier along the same system of regional faults. The Geoscience Regulation Office (GSRO) issued the prospecting licences over areas 1469 and 3162 to Flintridge Resources Ltd on 28th April 2022.

During the second quarter of 2021 a soil grid was completed over the Garvetagh Hill area of licence OM4 (Northern Ireland). The 63-sample high resolution grid (50m interval) was centred on a historic base metal geochemical anomaly cluster. In April 2022 deep overburden (pionjar) sampling was carried out over the Garvetagh Hill target, as well as two other target grids within the OM4 licence. The work was contracted out to BRG and completed in Q2. Analyses of the samples is in progress

The Mineral Prospecting Licence for OM1 expired in July 2022, a re-application was submitted to the Department for the Economy (Minerals and Petroleum Branch) in December 2021 and granted by the Department at the end of the third quarter. The new licence (OM1/22) commences on 1st October 2022. A re-assessment of targets in the western half of the Lack Inlier (OM1 licence) was carried out through field mapping and sampling in July 2021. A revision of the main lithological boundaries has been conducted, and a new Member ('the Cavanacaw Member' - a sub-category of the Mullaghcarn Formation) has been identified as the host for mineralisation due to its distinctive mechanical properties. This work is on-going and the outcomes will be used to target areas for deep overburden sampling.

Induced Polarization (IP) gradient array surveys and magnetic surveys were completed over two 1km² grids close to the mine site in September 2021. The western grid covers an area of Pigeon Top where historic pionjar results show a cluster of gold anomalies; the eastern grid incorporates the known Elkins vein. Both sites lie within the recently constrained 'Cavanacaw Member'. Results from the surveys were analysed in the fourth quarter. Apparent resistivity IP anomalies aligned north-south occur over both of these near-site targets, the anomalies are likely to represent fault structures in the bedrock (see press release, 1st December 2021).

Drilling Programme

Surface drilling began during the last week in July 2021 following Permitted Development notification to the Council on 22nd June. The surface programme targeted key areas of the Joshua vein to increase resource confidence and test the location of dilation zones. The Permitted Development allowed surface drilling to continue to the 12th November. Over the four month period a total of 1,262 metres were drilled from surface over eight holes. Three holes successfully targeted dilation zones with results of 7.7 g/t gold and 24.3 g/t silver over an estimated true width of 1.8m (2.7 m intersection) in FR-DD-21-164; 10.1 g/t gold and 93.5 g/t silver over 4.3 m (6.5 m intersection) in FR-DD-21-171; and 17.4 g/t gold, 74.6 g/t silver, over 6.9 m (13.1 m intersection) in FR-DD-21-175.

A second rig arrived on site at the end of August and underground drilling from the Kearney development began on the 6th September. The underground drill programme targeted 'Inferred' areas of the Kearney main vein and also tested the continuity and grade of mineralisation running parallel. By the end of the fourth quarter, a total of 866.4 m had been completed from two levels underground. Key results include two intersections on a parallel running zone of mineralisation a few metres west of the main Kearney vein yielding 17.7 g/t gold, 50.9 g/t silver over an estimated 1.2 m (2.5 m intersection) in FR-DD-21-UG-168, and 26.7 g/t gold, 88.2 g/t silver over 1.6m (2.9 m intersection) in FR-DD-21-UG-170. Intersections on the 'B' and 'C' Kearney lenses were also recorded in the fourth quarter, with results of 73.6 g/t gold and 93.4 g/t silver over an estimated 1.3 m (2.2 m intersection), and 23.8 g/t gold and 16.8 g/t silver over an estimated 1.5 m (2.9 m intersection), respectively.

Further results for the 4000m drill programme were published on 31st January, 21st March, 16th May, 4th August & 24th October 2022 (see press releases). A total of 4,232 m of drilling had been carried out by the end of 2022.

Drilling highlights for 2022 include: Hole FR-DD-22-UG-181 which yielded 31.7 g/t gold and 58.5 g/t silver over 3.3 m (7 m intersection) at the main Kearney Vein including 106.3 g/t gold and 111 g/t silver over 0.5 m (1 m intersection). FR-DD-21-UG-174 which intersected 73.6 g/t gold and 93.4 g/t silver over 1.3 m (2.2 m intersection) on a parallel-running vein known as the 'B-lens', FR-DD-21-UG-176 which hit 23.8 g/t gold and 16.8 g/t silver over 1.5 m (2.9 m intersection) on the 'C-lens'.

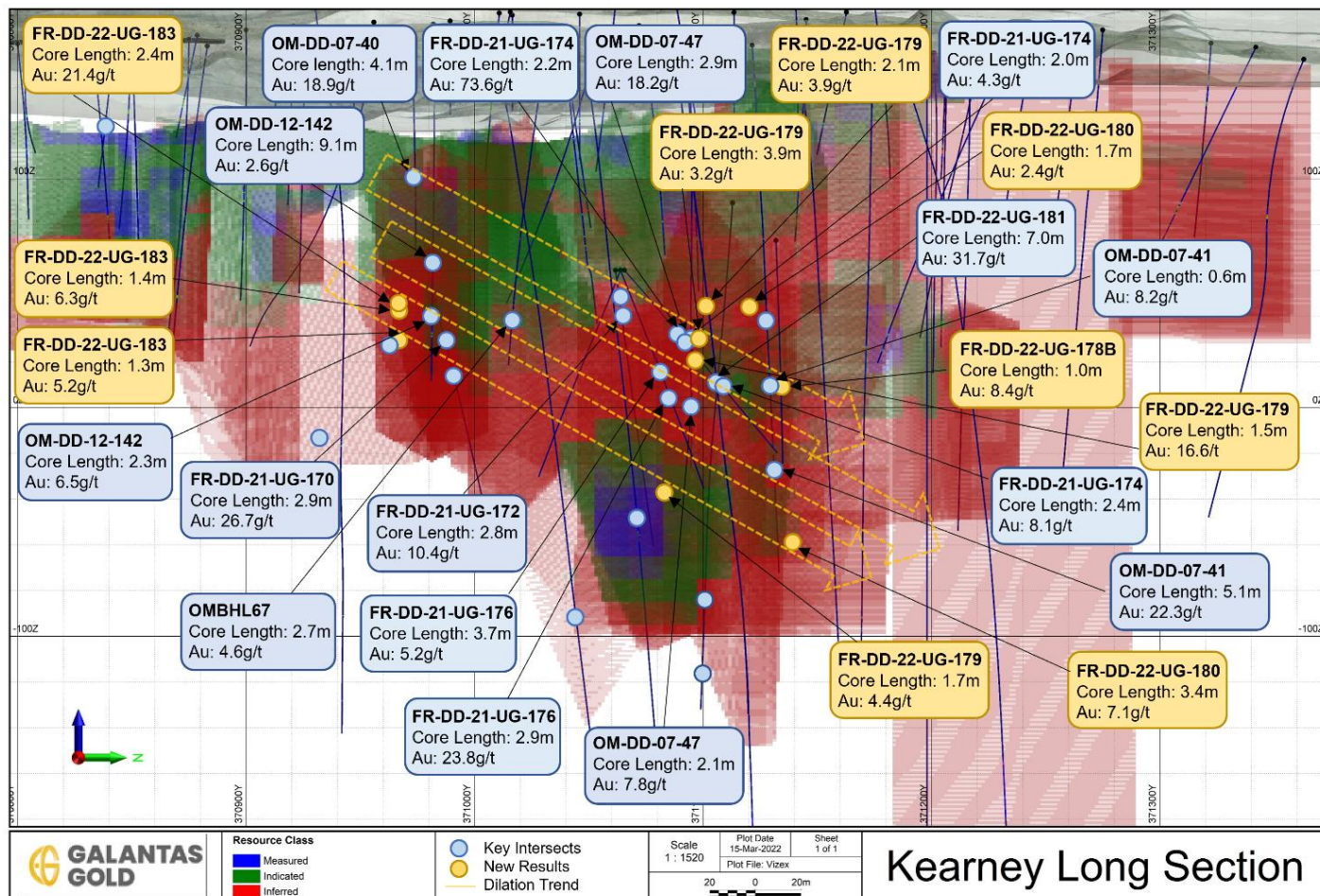
Hole FR-DD-22-UG-186 which targeted a dilation zone within the Kearney Vein and intersected 31.8 g/t gold and 39.2 g/t silver over 4.4 metres. A summary table of drill holes reported in 2022 is shown below. The dilation zone image for Kearney is also shown in the Figure below.

Hole ID	Azimuth/ Dip (degrees)	Intersect (m) (downhole)	Est. true width (m)	Intersect vertical depth (m)	Gold (g/t)	Silver (g/t)	Lead (%)	Core loss (%)
FR-DD-22-UG-191	277.2/74	11	3	169	6.3	32.1	0.9	3.3
Including		4.5	1.2		14.2	59.3	1.5	6.9
FR-DD-22-UG-188	121.5/63	2.9	1.1	170	9.3	23.3	2.6	0
FR-DD-22-UG-187	073/49	2.4	1.5	128	13.2	27.7	1	3
And	073/49	1.8	1.1	133	5.5	5	0	23.5
And	72.5/52	1.8	1.1	152	6.7	8.6	0.3	6.9
FR-DD-22-UG-186	039/37	3.3	2.5	140	10.4	29.4	1.6	0
and	039/37	4.4	3.0	143	31.8	39.2	4.0	0
including		1.4	1.0		69.6	86.6	9.6	0
and	038/37	1.2	0.7	156	6.7	6.8	0	0
FR-DD-22-UG-185	158.4/28	2.3	0.5	141	3.8	4.8	0.2	22.0
and	160.4/33	2.0	0.5	184	2.2	2.8	0.1	7.4
FR-DD-22-UG-183	90/24	2.4	2.2	116	21.4	32.9	0.8	0
and	90/24	1.4	1.2	118	6.3	7.4	0.5	0
and	93/26	1.3	1.1	132	5.2	4.6	0	0
FR-DD-22-UG-182	122.2/55.3	2.1	1.0	158	8.9	36.4	0.9	36.8
FR-DD-22-UG-181	99/60	7	3.3	150	31.7	58.5	2.8	10
including		1	0.5	155	106.3	111	3.2	0
and	95/67	1.2	0.4	244	2.2	1.5	0.1	0
and	95/69	2.3	0.7	278	7.3	5.7	0.2	22
FR-DD-22-UG-180	77/54	1.7	1	116	2.4	7.6	0.3	0
and	75/57	3.4	1.7	219	7.1	13.2	0.8	0
FR-DD-22-UG-179	106/50	2.1	1.1	117	3.9	6.8	0	0
and		3.9	2	130	3.2	9.8	0.5	0
and	107/50	1.5	0.8	138	16.6	26.9	0.6	0
and	106/52	1.7	1	197	4.4	5.6	0.1	19
FR-DD-21-UG-178B	87/58	1.0	0.5	152	8.4	32.1	1.5	0
FR-DD-21-UG-176	54.7/56.6	3.7	1.9	148	5.2	6.4	0.1	10.9
and	54.5/57.2	2.9	1.5	160	23.8	16.8	0.1	0
FR-DD-21-175	275.5/58.2	13.1	6.9	71	17.4	74.6	1.9	8.4
including		8.7	4.5		25.3	108.4	2.9	9.2
FR-DD-21-UG-174	35.6/44.6	2.2	1.3	134	73.6	93.4	8.9	0
and	35.6/44.6	2	1.2	137	4.3	3.9	0	0
and	35.9/44.3	2.4	1.3	153	8.1	7.7	0.2	2.1

Summary of drill holes reported during 2022

Three further holes were published during the first half of 2023, results from these are presented in the Table below (see press releases 9th February 2023 and 19th July 2023).

Hole ID	Azimuth/ Dip (degrees)	Intersect (m) (downhole)	Est. true width (m)	Intersect vertical depth (m)*	Gold (g/t)	Silver (g/t)	Lead (%)	Core loss (%)
FR-DD-23-UG-193	52.9/44.3	1.7	1.1	102	19.8	11.3	0	0
FR-DD-22-UG-192	261/69.1	11.1	4.0	156	6.2	46.6	1.2	1.8
Including		2.7	1.0	163	22.5	170.8	4.6	3.9
And	261/69.1	1.1	0.4	179	14.4	13.6	0.4	0
FR-DD-22-UG-190	110.8/43.4	1.4	1.0	128	4.0	3.5	0	28
And		1.7	1.2	142	5.0	2.7	0	3.2
FR-DD-22-UG-189	129.4/26.1	1.9	1.3	131	4.7	8.8	1	8.3



Current dilation zone image for Kearney showing key results only (see release May 16th 2022).

A second Permitted Development notification, for the drilling of on-site surface exploration holes, was submitted to the local Council on 1st October 2021. The local Council issued a direction in pursuance of Article 7 of the General Permitted Development Order 2020, a Planning Application was submitted on 21st June for this phase of surface drilling which is now completed. Gravis Planning have been engaged in this process. Underground drilling continued until June and at the beginning of July 2023 the rig was moved to surface following a successful Permitted Development notification. .

Mario Stifano, CEO of Galantas, commented: “Our drilling program continues to yield very positive results, particularly the high-grade gold intersections in parallel veins with recent results demonstrating the continuity of the lenses. These are some of our best drill results to date and point to the significant potential to expand gold resources at the Omagh Project. The Company has successfully identified dilation zones at both Kearney and Joshua veins with multiple drill intercepts, and is developing plans to advance underground development and infrastructure at Joshua to allow multiple underground drill platforms to expand our drilling program.”

Micon International were appointed to produce a NI 43-101 compliant Mineral Resource Estimate for the Cavanacaw project and this process began in the fourth Quarter (see post quarter end press release November 22nd 2022). The results of this were published in a press release on 18th July 2023 and are summarised in the 'Reserves and Resources' section above.

Summary of Quarterly Results

Revenues and financial results in Canadian dollars for Q2 of 2023 and for the seven preceding quarters are summarized below.

Quarter Ended	Accounting Policies	Total Revenue	Net Income (Loss)	Net Income (Loss) per share & per share diluted
June 30, 2023				
March 31, 2023	IFRS	\$ Nil	\$ (1,393,614)	\$ (0.01)
December 31, 2022	IFRS	\$ Nil	\$ (12,082,135)	\$ (0.13)
September 30, 2022	IFRS	\$ Nil	\$ (1,555,824)	\$ (0.02)
June 30, 2022	IFRS	\$ Nil	\$ (1,580,168)	\$ (0.02)
March 31, 2022	IFRS	\$ Nil	\$ (1,415,812)	\$ (0.02)
December 31, 2021	IFRS	\$ Nil	\$ (582,624)	\$ (0.01)
September 30, 2021	IFRS	\$ Nil	\$ (1,173,276)	\$ (0.02)
June 30, 2021	IFRS	\$ Nil	\$ (2,888,568)	\$ (0.05)

The results for the quarter ended June 30, 2023 are discussed under Review of Financial Results on pages 10-12 of the MD&A. The net loss for the quarter ended June 30, 2023 totaling \$ 1,355,516 consisted of sales revenues \$ Nil, cost and expenses of operations \$ 72,881, depreciation \$ 128,989, general administrative expenses \$ 1,187,896 and foreign exchange loss of \$ 34,250.

The net loss for the quarter ended March 31, 2023 totaling \$ 1,393,614 consisted of sales revenues \$ Nil, cost and expenses of operations \$ 50,215, depreciation \$ 126,105, general administrative expenses \$ 1,242,764 and foreign exchange loss of \$ 25,470.

The net loss for the quarter ended December 31, 2022 totaling \$ 12,082,135 consisted of an Impairment cost of \$ 10,124,920 sales revenues \$ Nil, cost and expenses of operations \$ 84,185, depreciation \$ 149,575, general administrative expenses \$ 1,637,251 and foreign exchange loss of \$ 83,293.

The net loss for the quarter ended September 30, 2022 totaling \$ 1,555,824 consisted of sales revenues \$ Nil, cost and expenses of operations \$ 86,442, depreciation \$ 196,178, general administrative expenses \$ 1,179,927 and foreign exchange loss \$ 93,277.

The net loss for the quarter ended June 30, 2022 totaling \$ 1,580,168 consisted of sales revenues \$ Nil, cost and expenses of operations \$ 66,995, depreciation \$ 148,336, general administrative expenses \$ 1,412,941 and foreign exchange loss \$ 48,104.

The net loss for the quarter ended March 31, 2022 totaling \$ 1,415,812 consisted of sales revenues \$ Nil, cost and expenses of operations \$ 46,639, depreciation \$ 130,531, general administrative expenses \$ 1,171,170 and foreign exchange loss \$ 67,472.

The net loss for the quarter ended December 31, 2021 totaling \$ 582,624 consisted of sales revenues \$ Nil, cost and expenses of operations \$ 73,958, depreciation \$ 299,687, general administrative expenses \$ 194,539, foreign exchange loss \$ 14,405 and gain on the disposal of equipment \$ 35.

The net loss for the quarter ended September 30, 2021 totaling \$ 1,173,276 consisted of sales revenues \$ Nil, cost and expenses of operations \$ 74,462, depreciation \$ 89,151, general administrative expenses \$ 914,174, foreign exchange loss \$ 102,648 and gain on the disposal of equipment \$ 7,159.

For the quarter ended June 30, 2021, the loss totaling \$ 2,888,568 consisted of sales revenues \$ Nil, cost and expenses of operations \$ 61,333, depreciation \$ 87,088, general administrative expenses \$ 2,719,055 and foreign exchange loss \$ 21,092.

Liquidity and Financial Position

The Company, which is involved in mining and exploration activities, has had a limited source of operating revenue in the recent past, as a result of the suspension of mining activities. The Company anticipates receiving additional revenues when the planned underground mine advances. Until the mine ramps up to the point where the funds generated from operating activities will cover normal operating expenses, the activities of the Company will continue to be financed through equity offerings and loans.

Galantas reported a working capital deficit of \$ 12,059,946 on June 30, 2023 which compared with a working capital deficit of \$ 11,027,964 on December 31, 2022. Current liabilities include financing facilities and loans. 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 December 31, 2023 (see notes 10 and 14 in Consolidated Financial Statements).

The Company had cash balances of \$ 586,464 on June 30, 2023 compared with cash balances of \$ 1,038,643 on December 31, 2022. Accounts receivable consisting mainly of trade debtors, reclaimable taxes and prepayments amounted to \$ 1,549,543 on June 30, 2023 compared to \$ 1,810,993 on December 31, 2022. The accounts receivable total also includes a prepayment of C\$1M to QME for mobilisation costs which is detailed further in Note 4 to the Q2 2023 unaudited Financial Statements. Inventories of ores on June 30, 2023, which were processed during 2023, amounted to \$ 63,905 compared with an inventory of \$ 83,242 on December 31, 2022.

Accounts payable and other liabilities amounted to \$ 3,374,426 on June 30, 2023 compared with \$ 4,052,041 on December 31, 2022. Amounts due to related parties on June 30, 2023 amounted to \$ 5,403,934 compared to \$ 5,072,534 at the end of December 2022.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its financial performance or financial condition, including without limitation, such considerations as liquidity, capital expenditures and capital resources that would be considered material to investors.

Related Party Transactions

Related parties include the board of directors, their close family members, substantial shareholders, 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 (the amount established and agreed by the related parties) and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

The Company entered the following transactions with related parties during the during the first quarter of 2023:

Director fees totalled \$ 35,000 for the quarter ended June 30, 2023 (\$ 35,000 for the quarter ended June 30, 2022). Stock-based compensation for these directors, the CFO and COO totalled \$ 80,118 for the quarter ended June 30, 2023 (\$ 383,377 for the quarter ended June 30, 2022).

Remuneration for the President/CEO totalled \$ 43,750 for the quarter ended June 30, 2023. This compared to \$ 43,750 for same period of 2022. Stock-based compensation for the current President/CEO was valued at \$ 43,435 for the quarter ended June 30, 2023 (\$ 202,724 for the quarter ended June 30, 2022).

Remuneration of the CFO totalled \$ 25,185 for the quarter ended June 30, 2023 compared to \$ 26,910 for Q2 2022. Stock based compensation for the CFO was valued at \$ 8,782 for the quarter ended June 30, 2023 (\$ 42,671 for Q2, 2022).

As at June 30, 2023 fees due to directors totalled \$ 70,000 (June 30, 2022 - \$ 151,667) and due to key management, primarily for salaries and benefits accrued at June 30, 2022 amounted to \$ 25,094 and are included under due to related parties (June 30, 2022 - \$ 23,052).

As at June 30, 2023, the issued shares of Galantas total 114,841,403. Ross Beaty owns 3,744,747 common shares of the Company or approximately 3.3% of the outstanding common shares. Premier Miton owns 4,848,243 common shares of the Company or approximately 4.2%. Melquart owns, directly and indirectly, 28,140,195 common shares of the Company or approximately 24.5% of the outstanding common shares of the Company. G&F Phelps owns 5,353,818 common shares of the Company or approximately 4.7%. Eric Sprott owns 10,166,667 common shares of the Company or approximately 8.9%. Mike Gentile owns 6,217,222 common shares of the Company or approximately 5.4%.

Excluding the Melquart Ltd, Premier Miton, Mr. Beaty, Mr. Phelps, Mr. Sprott and Mr. Gentile shareholdings discussed above, the remaining 55.2% 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 of the owner.

Events After The Balance Sheet Date

On July 10, 2023, the Company announced the results of the first exploration drill hole at the Gairloch Project in Scotland.

Drilling highlights:

- Cobalt and vanadium, which are part of the UK's list of critical minerals¹, have been discovered, in addition to other minerals that are important raw materials enabling the transition to clean energy, including copper, silver, titanium and zinc.
- Hole 23-GL-01 intersected 2.87% copper (Cu), 0.77 grams per tonne (g/t) gold (Au), 0.46% zinc (Zn), 0.03% cobalt (Co) and 7.52 g/t silver (Ag) over 17.90 metres, including 5.08% Cu, 0.46 g/t Au, 0.35% Zn, 12.93 g/t Ag, 0.01% Co, 0.23% titanium (Ti) and 176 g/t vanadium (V) over 1.68 metres.
- Four holes have been completed over the main deposit area totaling 190.4 metres, with another two holes planned by August.

Hole	From (m)	To (m)	Width (m)	Gold (g/t)	Copper (%)	Zinc (%)	Cobalt (%)	Silver (g/t)	Titanium (%)	Vanadium (g/t)	Copper Equivalent (%)
23-GL-01	4.78	22.68	17.90	0.77	2.87	0.46	0.03	7.52	0.02	19.93	3.77
<i>including</i>	21.00	22.68	1.68	0.46	5.08	0.35	0.01	12.93	0.23	175.48	5.66

Notes:

1. Reported intervals are downhole widths.
2. The copper equivalent values are estimated using approximate metal prices of \$8,350/t copper, \$2,480/t zinc, \$1,900/oz gold, \$23/oz silver and \$33,140/t cobalt and are presented for ease of interval comparison only. Metallurgical factors are assumed to be 100% although recovery factors and smelter returns may vary significantly.
3. True width is estimated at 17.7 metres, based on historical information that the unit dips at approximately 50 degrees. Galantas drilled down dip at 45 degrees intersecting the mineralization at 85 degrees.

While the titanium and vanadium grades are low in this first hole, it indicates their presence within the system and the potential to discover higher grades.

Drill program

This drill hole is part of a program of six holes aiming to test the Kerry Road deposit which has seen limited historical drilling and has never had a resource estimate. The mineralized horizon intercepted in the first hole 23-GL-01 was observed within a quartz carbonate rich unit sandwiched between hornblende schist. The sulphide within this horizon was predominantly massive and semi-massive pyrrhotite and chalcopyrite.

Two further holes are planned – one which will test the mineralization at a deeper level and a deep hole to test below the current deposit.

On July 18, 2023, the Company announced an updated NI 43-101-compliant Mineral Resource Estimate for the Company’s Omagh Gold Project in Northern Ireland, effective June 22, 2023 (the “2023 MRE”).

The MRE, prepared by Micon International Limited (“Micon”), includes the main Kearney and Joshua vein systems which have been updated on the basis of 42 additional drill holes and a complete review of the previous vein wireframe interpretations.

Highlights of the Omagh Project 2023 MRE include:

Increased strike and depth continuity of modelled veins in the Kearney and Joshua vein systems.

The Mineral Resources are the most robust estimate of the Kearney and Joshua veins demonstrating reasonable prospects for eventual economic extraction (RPEEE).

53% of Mineral Resources are reported in the Measured and Indicated categories.

Total contained gold ounces have increased by 77% from the previous 2014 estimate (announced on July 28, 2014).

Deposit remains open along strike and to depth with downdip drilling planned on the Joshua Vein under Permitted Development following a meeting of the Fermanagh and Omagh District Council (FODC).

On July 27, 2023, the Company announced the results of the second exploration drill hole at the Gairloch Project in Scotland.

Drilling highlights:

- Hole 23-GL-02 intersected 1.88 grams per tonne (g/t) gold (Au), 1.23% copper (Cu), 0.51% zinc (Zn), 0.01% cobalt (Co) and 4.64 g/t silver (Ag) over 33 metres, including 2.55 g/t Au, 1.72% Cu, 0.80% Zn, 5.59 g/t Ag and 0.01% Co over 19.33 metres.
- Four holes have been completed so far over the main deposit area totaling 190.4 metres.
- The company is currently drilling a deep hole through the centre of the deposit to understand the local stratigraphy and to explore for further mineralization at depth.

Hole	From (m)	To (m)	Width (m)	Gold (g/t)	Copper (%)	Zinc (%)	Cobalt (%)	Silver (g/t)	Copper Equivalent (%)
23-GL-02	17.00	50.00	33.00	1.88	1.23	0.51	0.01	4.64	2.83
<i>including</i>	30.00	49.33	19.33	2.55	1.72	0.80	0.01	5.59	3.92

1. Reported intervals are downhole widths.

2. The copper equivalent values are estimated using approximate metal prices of \$8,350/t copper, \$2,480/t zinc, \$1,900/oz gold, \$23/oz silver and \$33,140/t cobalt and are presented for ease of interval comparison only. Metallurgical factors are assumed to be 100% although recovery factors and smelter returns may vary significantly.
3. True width estimated at 99.6% of intersect width (32.87 metres and 19.26 metres respectively), based on historical information that the unit dips at approximately 50 degrees. Galantas drilled down dip at 45 degrees intersecting the mineralization at 85 degrees.

Drill program

This drill hole was a 50-metre step back from hole 23-GL-01 (see Galantas' news release dated July 10, 2023) and is part of a program of six holes aiming to test the Kerry Road deposit. The mineralized horizon intercepted in this hole 23-GL-02 was observed within a quartz-carbonate-rich unit between hornblende schist, much like the first hole 23-GL-01. The sulphide within this horizon was predominantly massive and semi-massive pyrrhotite and chalcopyrite.

A total of 494 metres has been drilled to date, with the results of holes 3 and 4 expected in the coming weeks. Hole 5 is a deep hole currently drilling below the known deposit.

On August 10, 2023, the Company announced that mining contractor QME Mining Services (NI) Ltd. Ireland ("**QME**") has provided a contract mining plan for the Company's Omagh Gold Project ("**Omagh**") in Northern Ireland, leveraging QME's highly skilled workforce and state-of-the-art original equipment manufacturer (OEM) mining equipment.

QME's extensive mining experience across Europe, including its notable involvement in the development and bulk sampling of Dalradian's nearby gold project located just 20 km from Omagh, positions them as an ideal partner for this endeavour. QME would begin with development mining at the Kearney and Joshua veins for an expected period of 9 months, before anticipated ramp up to approximately 5,000 tonnes per month of both development and production (stope) mineralized material within 12 months of start-up. QME estimates the cost of development prior to achieving steady-state production is approximately US\$12 million.

The Company anticipates mining the high-grade dilation zones and has the goal of monthly production of 1,200 to 1,400 gold ounces after completion of development. With multiple mine levels developed at both Joshua and Kearney veins, and the experienced QME underground workforce, the Company along with QME are scoping an expansion to the existing permitted mill to increase targeted annual production of 30,000 to 35,000 gold ounces per annum.

Update on exploration drilling at Joshua Vein

Galantas has successfully intersected massive sulphides in drill hole FR-DD-23-196, a projected dilation zone at the Joshua Vein. This is the first exploration hole to be drilled from surface in 19 months, filling in a large gap in the earlier resource model. Assay results for this hole are pending.

High-grade dilation zones at the Joshua Vein remain open along strike and down-plunge. Previously at Joshua, the Company successfully identified multiple wide high-grade intersections (see Figure 1) including: 9.9 grams per tonne (g/t) gold (Au) over a 21.6-metre intersection with hole OM-DD-15-155, 8.4

g/t Au over 26.6 metres with hole OM-DD-12-103, and 17.4 g/t Au over 13.1 metres with hole FR-DD-21-175. For additional information, see Galantas' news releases dated June 11, 2012, January 25, 2016 and January 31, 2022.

Critical Accounting Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reported period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are applied prospectively. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of accounts receivable that are included in the consolidated statements of financial position;
- the recoverability of property, plant and equipment incurred on the Omagh underground mine in the consolidated statements of financial position. The Omagh underground mine and the open pit mine are considered as one cash generating unit ("CGU") and were tested for impairment on December 31, 2022 and an impairment in the asset value was recorded in the accounts. The calculations of the recoverable amount of CGU require the use of methods such as the discounted cash flow method, which uses assumptions to estimate future cash flows.
- the estimated life of the ore body based on the estimated recoverable ounces or pounds mined from proven and probable reserves of the mine development costs which impacts the consolidated statements of financial position and the related depreciation included in the consolidated statements of loss;
- the estimated useful lives and residual value of property, plant and equipment which are included in the consolidated statements of financial position and the related depreciation included in the consolidated statements of loss;
- stock-based compensation – management is required to make a number of estimates when determining the compensation expense resulting from share-based transactions, including volatility, which is an estimate based on historical price of the Company's share, the forfeiture rate and expected life of the instruments;
- warrants – management is required to make a number of estimates when determining the fair value of the warrants, including volatility, the forfeiture rate and expected life of the instruments;
- Derivative financial liability – management is required to make a number of estimates when determining the fair value of the derivative financial liability, including volatility, the forfeiture rate and expected life of the instruments and
- Decommissioning liabilities has been created based on the estimated settlement amounts. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take

into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed quarterly and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to liability on a quarterly basis. Actual decommissioning costs will ultimately depend on actual future settlement amount for the decommissioning costs which will reflect the market condition at the time the decommissioning costs are actually incurred. The final cost of the currently recognized decommissioning provisions may be higher or lower than currently provided for.

Critical Accounting Judgments

- Functional Currency– the functional currency for the parent entity and each of its subsidiaries, is the currency of the primary economic environment in which the entity operates. The parent entity has determined its functional currency is the Canadian dollar and each subsidiary to be the UK £ Sterling. Determination of functional currency may involve certain judgements to determine the primary economic environment and the parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined primary economic environment.
- Exploration and evaluation assets – the determination of the demonstration of technical feasibility and commercial viability is subject to a significant degree of judgement and assessment of all relevant factors;
- Income taxes – measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements; and
- Going concern assumption – Going concern presentation of the consolidated financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.
- Whether there are any indicators that the Company's property, plant and equipment assets and exploration and evaluation assets are impaired. Where an indicator of impairment exists for its non-current assets, the Company performs an analysis to estimate the recoverable amount, which includes various key estimates and assumptions as discussed above.

Accounting Policies including Initial Adoption

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").

The accounting policies and methods of computation followed in the Galantas September 31, 2022 consolidated financial statements and are set out in Note 4 of these annual consolidated financial statements

New accounting standards adopted

IFRS 3, Business Combinations

Amendments to IFRS 3, issued in October 2018, provide clarification on the definition of a business. The amendments permit a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The adoption of the amendments had no impact on the Company's unaudited condensed interim consolidated financial statements.

IAS 1, Presentation of Financial Statements

Amendments to IAS 1, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's unaudited condensed interim consolidated financial statements.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

Amendments to IAS 8, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's unaudited condensed interim consolidated financial statements.

Financial and Property Risk Management

Property risk

The Company's significant project is the Omagh mine. Unless the Company acquires or develops additional significant projects, the Company will be solely dependent upon the Omagh mine. If no additional projects are acquired by the Company, any adverse development affecting the Omagh mine would have a material effect on the Company's consolidated financial condition and results of operations.

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and commodity and equity price risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(i) Credit risk and sales concentration

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, accounts receivable and long-term deposit. Cash and long-term deposit are held with financial institutions and the United Kingdom Crown respectively, from which management believes the risk of loss to be minimal. All the revenues from sales are from one customer and the accounts receivable consist mainly of a trade account receivable from one customer, value added tax receivable and sales tax receivable. The Company is exposed to concentration of credit and sales risk with one of its customers. Management believes that the credit risk is minimized due to the financial worthiness of this company. Value added tax receivable is collectable from the Government of Northern Ireland. Sales tax receivable is collectable from government authorities in Canada.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company manages liquidity risk by monitoring maturities of financial commitments and maintaining adequate cash reserves and available borrowing facilities to meet these commitments as they come due. As of June 30, 2023, the Company had a working capital deficit of \$ 12,059,946 (December 31, 2022 working capital of deficit of \$ 11,027,882). All of the Company's financial liabilities have contractual maturities of less than 30 days other than certain related party loans.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity price risk.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances, significant interest-bearing debt due to related parties and financing facility. The Company is exposed to interest rate risk on both certain related party loans and third-party loans which bear interest at variable rates.

(b) Foreign currency risk

Certain of the Company's assets, liabilities are designated in GBP and expenses are incurred in GBP which is the currency of Northern Ireland and the United Kingdom while the Company's primary revenues are received in the currency of United States and are therefore subject to gains and losses due to fluctuations in these currencies against the functional currency. The loan from third party is designated in US dollars.

(c) Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as it relates to gold to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve-month period:

(i) Certain related party loans and a loan facility with a third party are subject to interest rate risk. As at June 30, 2023, if interest rates had decreased/increased by 1% with all other variables held constant, the net loss for the three months ended June 30, 2023 would have been approximately \$ 75,000 lower/higher respectively, as a result of lower/higher interest rates from certain related party loans and a loan facility with a third party. Similarly, as of June 30, 2023 decrease/increase in interest rates from certain related party loans and a loan facility with a third party.

(ii) The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable, long-term deposit, accounts payable and other liabilities, financing liability, due to related parties and convertible debenture that are denominated in GBP and third party loans denominated in US Dollars. As at June 30, 2023, had the GBP weakened/strengthened by 5% against the CAD\$ with all other variables held constant the Company's consolidated comprehensive loss for the three months ended June 30, 2023 would have been approximately \$ 442,000 higher/lower as a result of foreign exchange losses/gains on translation of non-CAD denominated financial instruments. Similarly, as at June 30, 2023, shareholders' equity would have been approximately \$ 442,000 higher/lower had the GBP weakened/strengthened by 5% against the CAD\$ as a result of foreign exchange losses/gains on translation of non-CAD\$ denominated financial instruments.

(iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of gold. Gold prices have fluctuated widely in recent years. There is no assurance that, even as commercial quantities of gold may be produced in the future, a profitable market will exist for them. A decline in the market price of gold may also require the Company to reduce production of its mineral resources, which could have a material and adverse effect on the Company's value. Management believes that the impact would be immaterial for the three months ended June 30, 2023.

Capital Risk Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, which is comprised of share capital, reserves and accumulated deficit which on June 30, 2023 totalled \$ 16,933,039 (December 31, 2022 - \$ 14,714,991). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on its exploration activities. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the Quarter ended June 30, 2023. The company is not subject to any capital requirements imposed by a lending institution or regulatory body.

Disclosure of Internal Controls

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements, and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate do not make any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Disclosure of Other MD&A Requirements

Additional Disclosure for Venture Issuers without Significant Revenue or Exploration, Disclosure of Outstanding Share Data

General Administrative Expenses for the Quarter Ended June 30, 2023 and June 30, 2022 are detailed below:

Expense Account	Quarter Ended June 30, 2023	Quarter Ended June 30, 2022
Management & administrative wages	\$ 160,761	\$ 148,105
Other operating expenses	55,441	113,170
Accounting and corporate	71,785	36,482
Legal & audit	46,051	66,088
Stock-based compensation	116,658	645,438

Shareholder communication and investor relations	219,057	134,734
Transfer agent	44,711	17,718
Directors fees	35,000	35,000
General office	24,533	14,888
Accretion expenses	94,615	93,334
Loan interest and bank charges	319,254	107,984
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Total	\$ 1,187,896	\$ 1,412,941

General administrative expenses for the quarter ended June 30, 2023 totaled \$ 1,187,896 compared to \$ 1,412,941 for the quarter ended June 30, 2022.

Management and administrative wages include payroll costs of both Galantas corporate and at the Omagh mine, totaled \$ 160,761 for the quarter ended June 30, 2023 compared to \$ 148,105 for Q2 2022. Other operating expenses, the majority of which are incurred in GBP and include amongst others professional fees, insurance costs, travel, and other costs, amounted to \$ 55,441 for the quarter ended June 30, 2023 compared to \$ 113,170 for the quarter ended June 30, 2022. The decrease in this quarter is as a result of the reduction of staff numbers during the previous quarter.

Accounting and corporate costs for the quarter ended June 30, 2023 amounted to \$ 71,785 which is an increase on the figure of \$ 36,482 for the corresponding period in 2022. This increase is a result of the timing of certain payments during the quarter. Legal and audit costs totalled \$ 46,051 for the three months ended June 30, 2023 was lower than the figure of \$ 66,088 for the corresponding period of 2022 as a result of increased legal costs associated with an increased level of legal cover in Q2 2022.

Stock-based compensation costs for the three months ended June 30, 2023 amounted to \$ 116,658 compared to \$ 645,438 for the same period of 2022. The stock based compensation costs resulted from a portion of the accounting valuation of the options which were issued during 2021 and 2022 being expensed. These options vest as to one third on the date granted and one third on each of the following two anniversaries.

Shareholder communication and investor relations costs amounted to \$ 219,087 for the three months ended June 30, 2023 compared to \$ 134,734 for the corresponding period of 2022. Shareholder communication and investor relations costs include shareholders information, investor relations, filing fees and listing fees. Transfer agent's fees for Q2 2023 were \$ 44,711 compared to \$ 17,718 for the same period in the previous year. Directors' fees totalled \$ 35,000 for the three months ended June 30, 2023 which were in line with the corresponding period of 2022. General office expenses amounted to \$ 24,533 compared to \$ 14,888 for the same period of 2022.

Accretion expenses for the three months ended June 30, 2023 amounted to \$ 94,615 which compared to \$ 93,334 for the same period of 2022. Accretion expenses are charged in connection with the accretion of the fair value of the bonus warrants issued in connection with the Ocean Partners loans as set out in Note 10 of the June 30, 2023 consolidated financial statements. Accretion expense also includes accretion on the decommissioning liability as set out in Note 8 of the consolidated financial statements. Loan interest and bank charges for the quarter ended June 30, 2023 were mainly in connection with interest on the G&F Phelps and Ocean Partners loans, net of deposit interest and amounted to \$ 319,254 compared to \$ 107,984 for the three months ended June 30, 2022.

Disclosure of Outstanding Share Data

The Company is authorized to issue in series an unlimited number of common and preference shares. On August 28, 2022 there were a total of 114,841,403 shares issued, 780,000 warrants with an expiry date of December 31, 2023, 125,000 warrants with an expiry date of July 25, 2023, 820,000 warrants with an expiry date of August 30, 2024, 7,666,669 warrants with an expiry date of February 28, 2025, 8,230,951 warrants with an expiry date of March 27, 2028, 237,162 warrants with an expiry date of March 27, 2025, 500,000 warrants with an expiry date of January 31, 2025, 100,000 warrants with an expiry date of February 13, 2025, 2,080,609 warrants with an expiry date of April 26, 2025 and 5,787,500 stock options outstanding with expiry dates from February 2024 to May 2027. 14,332,231 warrants expired on May 14, 2023.

Trends Affecting the Company's Business

Gold Price in US Dollars and GBP Sterling

The Gold concentrate from the Omagh Mine is sold in US Dollars. Most of the value is accrued from the gold content. The US Dollar gold price was at its highest in Q3 2020 after being on a generally upward trend since 2019 impacted by worldwide economic uncertainty relating to the Coronavirus Pandemic. August 2020 average prices were at a record high with average price at \$1,968.56. Prices in 2021 remained high with the average over the whole year at approx. \$1,800. Prices have been on an upward trend in 2023 from a low of \$1,620 in Q3 2022. Historically during times of high inflation, the gold price has increased, as it is viewed as a physical investment that can serve as a store of value. However, after the price increased in March 2022 amid fears over the consequences of Russia's invasion of Ukraine, other market dynamics have outweighed the global rise in inflation. Increasing opportunity costs of purchasing gold such as the substantial rise in interest rates together with the strongest US Dollar in over 20 years are the main offsetting factors. Given the magnitude of the increasing opportunity costs, gold has performed, and continues to perform well.

Galantas has a policy of being un-hedged in regard to gold production.

5 Year Gold London Fix PM Daily with 60 and 200-day moving averages



The US Dollar/GBP Sterling Currency Exchange Rate

Sales revenue at the Omagh mine are designated in US dollars and are converted to GBP Sterling, as operating, exploration and capital costs are designated in GBP Sterling. Thus, a stronger US\$/weaker GBP Sterling is to the Company's financial benefit. A currency policy has been adopted of converting incoming payments into the currency required within a short period of receipt, thus avoiding the taking of a large currency position on either side of the market.

The GBP Sterling has been on a downward trend against the US Dollar since mid 2021. 2022 Q3 saw the GBP USD exchange rate fall to its lowest level since the 1980's. As at the end of Q3 2022 the exchange rate sat at 1.1169, with the lowest rate of 1.0849 reached on 23 September 2022. This decline was caused by a combination of excessive government spending, record high inflation and economic uncertainty. Inflation has risen significantly throughout 2022 due to residual supply chain issues from the coronavirus pandemic and the impact of the Russia-Ukraine conflict on energy and food markets. GBP Sterling has been hit particularly hard due to previous UK government policy announcements which proposed to cut taxes and borrow from international debt markets in an attempt to stimulate the UK economy. Bond markets reacted negatively to this news, causing a large sell off in sterling-denominated assets and downward pressure on market value of Sterling relative to major currencies. This policy was

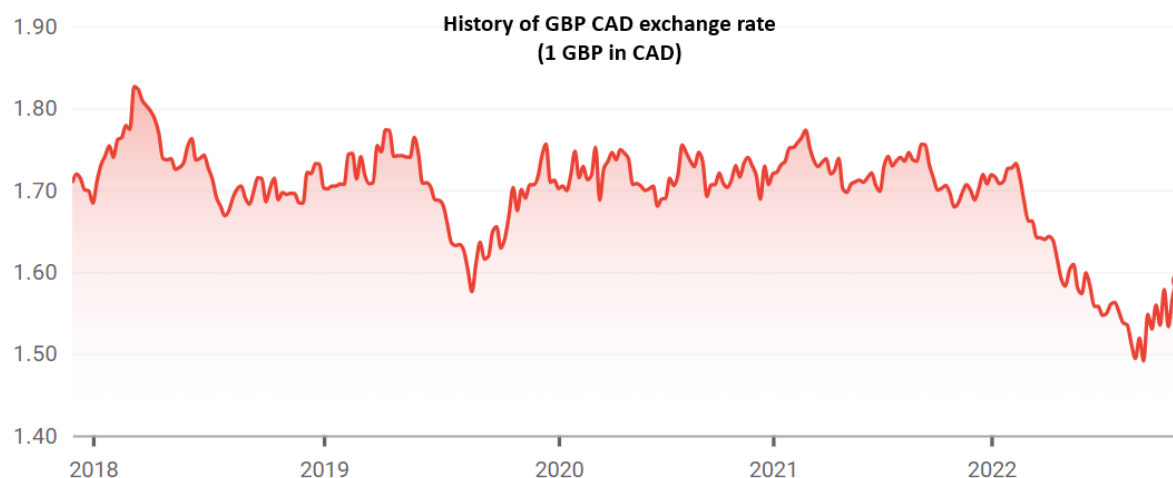
later retracted, and GBP Sterling has been slowly recovering since. Sterling has increased steadily against the USD in Q4 2022, was at 1.21 at year end and is at 1.27 on August 21.



The Canadian Dollar/GBP Sterling Currency Exchange Rate

The accounts of the company are expressed in Canadian Dollars. The majority of costs at the mine are incurred in GBP Sterling and are converted to Canadian Dollars at the average rate for the relevant accounting period. When costs are expressed in Canadian Dollar terms within the Company's financials, there is an increase in costs when there is a fall in value or weakening of the Canadian Dollar against GBP Sterling. A weakening/strengthening of the Canadian Dollar also increases/decreases the value of GBP Sterling based net assets, which are converted at period end rates, when expressed in Canadian Dollars.

Although on a generally strengthening trend against GBP Sterling over the past 3 years, considered to be Brexit related, the Canadian Dollar has not shown the same strength against GBP Sterling as the US Dollar, with retrenchment later in 2019 considered by some to be related to weakness in the world economy and relationships with oil prices together with a more positive Brexit prognosis during the fourth quarter of 2019. The currency pair traded between 1.6887 and 1.773 for 2020 and 2021 without too many major fluctuations. As with the US Dollar, there has been a downward trend in 2022 impacted by the same factors of economic uncertainty and high levels of inflation. Again, the lowest point was reached after the UK government policy announcement to cut taxes on September 25th with a rate of 1.4665. This has since recovered back to 1.63 at year end and 1.73 at August 21 but remains weaker than the starting year rate of 1.7185.



The Financing Trends and Political Trends

Difficulties in the Western credit markets have impacted on all companies entering banking credit arrangements. The Canadian and UK equity markets for junior mining companies appear to have weakened since 2018 and have subsequently remained weak. Whilst the remaining malaise in this market sector has restricted financing opportunities, Galantas has been able to secure funding arrangements since 2021 based on early cash flow expectations. It is expected that the precious metals market is carving out a bottom from this substantial gains can be expected in the following 3 to 5 years.

In Northern Ireland, the widely acknowledged political agreement consolidated the positive financial effects of peace and stability in the province, but there continues a low level of activity by those not allied to the peace process. There has been an increase in political antipathy against gold mining companies, based upon opinions regarding the use of cyanide reagents. Galantas does not utilise cyanise reagents and has therefore not suffered the same level of opprobrium.

Significant Brexit related issues have not yet arisen but recruitment of skilled miners as a result of this continues to be a challenge. No tariff issues on the company's products have arisen.

Risks and Uncertainties

Galantas operates in a sector – mineral production and exploration – which carries inherent risks only some of which are within management's ability to reduce or remove. The main sector risk is always metal price. An investment in the securities of the Company is highly speculative and involves numerous and significant risks. It should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment.

There is additional general risk which applies to all sectors in relation to cost and inflation pressures which are projected to increase input costs. The Company is experiencing cost pressures in fuel and energy costs as well as input costs including labor and supplies. The long term impact of these macroeconomic cost pressures are difficult to accurately assess at the moment and result from supply chain issues arising from the COVID pandemic and energy cost increases resulting from the war in Ukraine.

Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

Qualified Person Statement

The financial components of this disclosure have been reviewed by Alan Buckley (Chief Financial Officer), the exploration and geological components by Sarah Coulter and the production and permitting components by Brendan Morris, all Qualified Persons under the meaning of NI. 43-101 and AIM rules. The information in this disclosure is based upon local production and financial data prepared under their supervision. The statement of mineral resource estimates is based upon a Technical report announced 18th July 2023.