



GALANTAS GOLD CORPORATION

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

(Unaudited)

Three and Nine Months Ended September 30, 2023

NOTICE TO READER

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

Galantas Gold Corporation

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

| | As at September 30, 2023 | As at December 31, 2022 |
|---|--------------------------------|-------------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 609,047 | \$ 1,038,643 |
| Accounts receivable and prepaid expenses (note 4) | 1,375,524 | 1,810,993 |
| Inventories (note 5) | 14,859 | 83,242 |
| Total current assets | 1,999,430 | 2,932,878 |
| Non-current assets | | |
| Property, plant and equipment (note 6) | 26,454,660 | 24,255,849 |
| Long-term deposit (note 8) | 495,300 | 489,660 |
| Exploration and evaluation assets (note 7) | 4,777,844 | 2,665,313 |
| Total non-current assets | 31,727,804 | 27,410,822 |
| Total assets | \$ 33,727,234 | \$ 30,343,700 |
| EQUITY AND LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and other liabilities (notes 9 and 16) | \$ 4,614,630 | \$ 4,052,041 |
| Current portion of financing facilities (note 10) | 5,684,764 | 4,836,267 |
| Due to related parties (note 14) | 5,710,807 | 5,072,534 |
| Total current liabilities | 16,010,201 | 13,960,842 |
| Non-current liabilities | | |
| Non-current portion of financing facilities (note 10) | 605,020 | - |
| Decommissioning liability (note 8) | 596,970 | 582,441 |
| Other liability (note 14) | 1,020,712 | 1,085,426 |
| Total non-current liabilities | 2,222,702 | 1,667,867 |
| Total liabilities | 18,232,903 | 15,628,709 |
| Equity | | |
| Share capital (note 11(a)(b)) | 71,982,149 | 69,664,056 |
| Reserves | 18,038,837 | 15,515,105 |
| Deficit | (74,526,655) | (70,464,170) |
| Total equity | 15,494,331 | 14,714,991 |
| Total equity and liabilities | \$ 33,727,234 | \$ 30,343,700 |

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

Going concern (note 1)

Incorporation and nature of operations (note 2)

Contingency (note 16)

Event after the reporting period (note 17)

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

| | Three Months Ended | | Nine Months Ended | |
|---|---------------------------|-----------------------|--------------------------|-----------------------|
| | September 30, | | September 30, | |
| | 2023 | 2022 | 2023 | 2022 |
| Revenues | | | | |
| Sales of concentrate (note 13) | \$ - | \$ - | \$ - | \$ - |
| Cost and expenses of operations | | | | |
| Cost of sales | 24,728 | 86,442 | 147,824 | 200,076 |
| Depreciation (note 6) | 135,597 | 196,178 | 390,691 | 475,045 |
| | 160,325 | 282,620 | 538,515 | 675,121 |
| Loss before general administrative and other expenses | | | | |
| | (160,325) | (282,620) | (538,515) | (675,121) |
| General administrative expenses | | | | |
| Management and administration wages (note 14) | 136,117 | 220,289 | 421,076 | 486,034 |
| Other operating expenses | 60,368 | 66,676 | 210,572 | 258,634 |
| Accounting and corporate | 26,658 | 33,705 | 245,054 | 223,166 |
| Legal and audit | 51,117 | 70,190 | 140,561 | 199,918 |
| Stock-based compensation (note 11(d)) | 29,277 | 236,623 | 329,658 | 1,232,600 |
| Shareholder communication and investor relations | 63,126 | 128,889 | 444,808 | 399,410 |
| Transfer agent | 10,614 | 17,394 | 61,670 | 39,127 |
| Director fees (note 14) | 35,000 | 35,000 | 105,000 | 105,000 |
| General office | 7,724 | 13,468 | 74,203 | 49,543 |
| Accretion expenses (notes 8, 10 and 14) | 94,043 | 138,144 | 299,790 | 351,965 |
| Loan interest and bank charges less deposit interest (notes 10 and 14) | 344,556 | 219,549 | 956,868 | 418,641 |
| | 858,600 | 1,179,927 | 3,289,260 | 3,764,038 |
| Other expenses | | | | |
| Foreign exchange loss | 294,430 | 93,277 | 234,710 | 112,645 |
| | 294,430 | 93,277 | 234,710 | 112,645 |
| Net loss for the period | | | | |
| | \$ (1,313,355) | \$ (1,555,824) | \$ (4,062,485) | \$ (4,551,804) |
| Basic and diluted net loss per share (note 12) | | | | |
| | \$ (0.01) | \$ (0.02) | \$ (0.04) | \$ (0.05) |
| Weighted average number of common shares outstanding - basic and diluted | | | | |
| | 114,841,403 | 92,115,467 | 110,976,336 | 84,788,729 |

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

Galantas Gold Corporation

Condensed Interim Consolidated Statements of Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|-----------------------|------------------------------------|-----------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net loss for the period | \$ (1,313,355) | \$ (1,555,824) | \$ (4,062,485) | \$ (4,551,804) |
| Other comprehensive (loss) income | | | | |
| Items that will be reclassified subsequently to profit or loss | | | | |
| Exchange differences on translating foreign operations | (154,630) | (1,101,693) | 471,287 | (3,191,409) |
| Total comprehensive loss | \$ (1,467,985) | \$ (2,657,517) | \$ (3,591,198) | \$ (7,743,213) |

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

Galantas Gold Corporation

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

| | Nine Months Ended September 30, | |
|---|------------------------------------|---------------------|
| | 2023 | 2022 |
| Operating activities | | |
| Net loss for the period | \$ (4,062,485) | \$ (4,551,804) |
| Adjustment for: | | |
| Depreciation (note 6) | 390,691 | 475,045 |
| Stock-based compensation (note 11(d)) | 329,658 | 1,232,600 |
| Accrued interest (notes 10 and 14) | 1,209,383 | 704,919 |
| Foreign exchange loss (gain) | 744,867 | (1,139,442) |
| Accretion expenses (notes 8, 10 and 14) | 299,790 | 275,022 |
| Non-cash working capital items: | | |
| Accounts receivable and prepaid expenses | 439,346 | 346,959 |
| Inventories | 68,552 | 71,611 |
| Accounts payable and other liabilities | 1,171,840 | 1,068,811 |
| Due to related parties | - | 246,714 |
| Net cash and cash equivalents provided by (used in) operating activities | 591,642 | (1,269,565) |
| Investing activities | | |
| Net purchase of property, plant and equipment | (2,301,514) | (7,065,758) |
| Exploration and evaluation assets | (2,074,404) | (893,830) |
| Lease payments | - | (668,534) |
| Net cash and cash equivalents used in investing activities | (4,375,918) | (8,628,122) |
| Financing activities | | |
| Proceeds of private placements (note 11(b)(i)(ii)) | 2,963,142 | 5,900,003 |
| Share issue costs | (204,993) | (601,932) |
| Proceeds from exercise of warrants | 31,200 | 5,074,467 |
| Advances from related parties | - | 2,044,133 |
| Repayments to related parties | (21,552) | - |
| Proceeds from financing facilities (note 10) | 580,392 | - |
| Net cash and cash equivalents provided by financing activities | 3,348,189 | 12,416,671 |
| Net change in cash and cash equivalents | (436,087) | 2,518,984 |
| Effect of exchange rate changes on cash held in foreign currencies | 6,491 | (21,539) |
| Cash and cash equivalents, beginning of period | 1,038,643 | 1,069,751 |
| Cash and cash equivalents, end of period | \$ 609,047 | \$ 3,567,196 |
| Cash | \$ 609,047 | \$ 3,567,196 |
| Cash equivalents | - | - |
| Cash and cash equivalents | \$ 609,047 | \$ 3,567,196 |

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

Galantas Gold Corporation

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited)

| | Reserves | | | | | |
|---|----------------------|---------------------|---|--------------------------------------|-----------------------|----------------------|
| | Share capital | Warrants reserve | Equity settled share-based payments reserve | Foreign currency translation reserve | Deficit | Total |
| Balance, December 31, 2021 | \$ 57,783,570 | \$ 4,130,200 | \$ 10,417,260 | \$ 887,909 | \$(53,830,231) | \$ 19,388,708 |
| Shares issued in private placement (note 11(b)(i)) | 5,900,003 | - | - | - | - | 5,900,003 |
| Shares issued for services arrangement (note 11(b)(i)) | 1,000,000 | - | - | - | - | 1,000,000 |
| Warrants issued (note 11(b)(i)) | (2,320,000) | 2,320,000 | - | - | - | - |
| Warrants issued (note 14(a)(iii)) | - | 74,000 | - | - | - | 74,000 |
| Share issue costs (note 11(b)(i)) | (813,932) | 212,000 | - | - | - | (601,932) |
| Stock-based compensation (note 11(d)) | - | - | 1,232,600 | - | - | 1,232,600 |
| Exercise of warrants | 7,100,006 | (2,025,539) | - | - | - | 5,074,467 |
| Exchange differences on translating foreign operations | - | - | - | (3,191,409) | - | (3,191,409) |
| Net loss for the period | - | - | - | - | (4,551,804) | (4,551,804) |
| Balance, September 30, 2022 | \$ 68,649,647 | \$ 4,710,661 | \$ 11,649,860 | \$ (2,303,500) | \$(58,382,035) | \$ 24,324,633 |
| Balance, December 31, 2022 | \$ 69,664,056 | \$ 3,903,004 | \$ 11,887,678 | \$ (275,577) | \$(70,464,170) | \$ 14,714,991 |
| Shares issued in private placement (note 11(b)(ii)) | 2,963,142 | - | - | - | - | 2,963,142 |
| Shares issue for services arrangement (note 11(b)(iii)) | 420,000 | - | - | - | - | 420,000 |
| Shares issue for debt settlement (note 11(b)(iv)) | 749,020 | - | - | - | - | 749,020 |
| Warrants issued (note 11(b)(ii)(iv)) | (1,609,634) | 1,609,634 | - | - | - | - |
| Warrants issued (notes 10(i) and 14(a)(iv)) | - | 82,511 | - | - | - | 82,511 |
| Share issue costs (note 11(b)(ii)) | (245,168) | 40,175 | - | - | - | (204,993) |
| Stock-based compensation (note 11(d)) | - | - | 329,658 | - | - | 329,658 |
| Exercise of warrants | 40,733 | (9,533) | - | - | - | 31,200 |
| Warrants expired | - | (1,829,245) | 1,829,245 | - | - | - |
| Exchange differences on translating foreign operations | - | - | - | 471,287 | - | 471,287 |
| Net loss for the period | - | - | - | - | (4,062,485) | (4,062,485) |
| Balance, September 30, 2023 | \$ 71,982,149 | \$ 3,796,546 | \$ 14,046,581 | \$ 195,710 | \$(74,526,655) | \$ 15,494,331 |

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



Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2023
(Expressed in Canadian Dollars)
(Unaudited)

1. Going Concern

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis which contemplates that Galantas Gold Corporation (the "Company") will be able to realize assets and discharge liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of uncertainties related to events or conditions that may cast doubt on the Company's ability to continue as a going concern. The Company's future viability depends on the consolidated results of the Company's wholly-owned subsidiary Cavanacaw Corporation ("Cavanacaw"). Cavanacaw has a 100% shareholding in both Flintridge Resources Limited ("Flintridge") who are engaged in the acquisition, exploration and development of gold properties, mainly in Omagh, Northern Ireland and Omagh Minerals Limited ("Omagh") who are engaged in the exploration of gold properties, mainly in the Republic of Ireland. The Omagh mine has an open pit mine, which was in production until 2013 when production was suspended and is reported as property, plant and equipment and as an underground mine which having established technical feasibility and commercial viability in December 2018 has resulted in associated exploration and evaluation assets being reclassified as an intangible development asset and reported as property, plant and equipment.

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

Negotiations with current finance providers to extend short-term loans have commenced, are progressing positively and the maturity dates for both the G&F Phelps Ltd. ("G&F Phelps") and Ocean Partners UK Ltd. ("Ocean Partners") loans are expected to be extended beyond March 31, 2023 (see notes 10 and 14).

During the year ended December 31, 2022, the Company raised gross proceeds of \$11M through the issuance of shares to investors and the exercise of warrants to meet the financial requirements of the Company for the foreseeable future. During the nine months ended September 30, 2023, the Company raised gross proceeds of \$3M through the issuance of shares to investors. Based on the financial projections prepared, the directors believe it's appropriate to prepare the unaudited condensed interim consolidated financial statements on the going concern basis.

As at September 30, 2023, the Company had a deficit of \$74,526,655 (December 31, 2022 - \$70,464,170). Comprehensive loss for the nine months ended September 30, 2023 was \$3,591,198 (nine months ended September 30, 2022 - \$7,743,213). These conditions raise material uncertainties which may cast significant doubt as to whether the Company will be able to continue as a going concern. However, management believes that it will continue as a going concern. However, this is subject to a number of factors including market conditions. These unaudited condensed interim consolidated financial statements do not reflect adjustments to the carrying values of assets and liabilities, the reported expenses and financial position classifications used that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

2. Incorporation and Nature of Operations

The Company was formed on September 20, 1996 under the name Montemor Resources Inc. on the amalgamation of 1169479 Ontario Inc. and Consolidated Deer Creek Resources Limited. The name was changed to European Gold Resources Inc. by articles of amendment dated July 25, 1997. On May 5, 2004, the Company changed its name from European Gold Resources Inc. to Galantas Gold Corporation. The Company was incorporated to explore for and develop mineral resource properties, principally in Europe. In 1997, it purchased all of the shares of Omagh which owns a mineral property in Northern Ireland, including a delineated gold deposit. Omagh obtained full planning and environmental consents necessary to bring its property into production.

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars)

(Unaudited)

2. Incorporation and Nature of Operations (Continued)

The Company entered into an agreement on April 17, 2000, approved by shareholders on June 26, 2000, whereby Cavanacaw, a private Ontario corporation, acquired Omagh. Cavanacaw has established an open pit mine to extract the Company's gold deposit near Omagh, Northern Ireland. Cavanacaw also has developed a premium jewellery business founded on the gold produced under the name Galántas Irish Gold Limited ("Galántas"). As at July 1, 2007, the Company's Omagh mine began production and in 2013 production was suspended. On April 1, 2014, Galántas amalgamated its jewelry business with Omagh.

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

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

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

3. Basis of Preparation

Statement of compliance

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

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of November 28, 2023 the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2022. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2023 could result in restatement of these unaudited condensed interim consolidated financial statements.

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars)

(Unaudited)

4. Accounts Receivable and Prepaid Expenses

| | As at September 30, 2023 | As at December 31, 2022 |
|--|--------------------------------|-------------------------------|
| Sales tax receivable - Canada | \$ 6,666 | \$ 22,971 |
| Valued added tax receivable - Northern Ireland | 173,353 | 281,308 |
| Accounts receivable | 91,791 | 116,374 |
| Prepaid expenses | 1,103,714 | 1,390,340 |
| | \$ 1,375,524 | \$ 1,810,993 |

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

The following is an aged analysis of receivables:

| | As at September 30, 2023 | As at December 31, 2022 |
|---------------------------|--------------------------------|-------------------------------|
| Less than 3 months | \$ 215,252 | \$ 343,381 |
| 3 to 12 months | 44,450 | 51,868 |
| More than 12 months | 12,108 | 25,404 |
| Total accounts receivable | \$ 271,810 | \$ 420,653 |

5. Inventories

| | As at September 30, 2023 | As at December 31, 2022 |
|-------------------------|--------------------------------|-------------------------------|
| Concentrate inventories | \$ 14,859 | \$ 83,242 |

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars)

(Unaudited)

6. Property, Plant and Equipment

| Cost | Freehold land and buildings | Plant and machinery (i) | Motor vehicles | Office equipment | Development assets (ii) | Assets under construction | Total |
|--------------------------------------|-----------------------------|-------------------------|----------------|------------------|-------------------------|---------------------------|---------------|
| Balance, December 31, 2021 | \$ 2,363,814 | \$ 8,108,988 | \$ 199,217 | \$ 216,653 | \$ 22,561,674 | \$ 556,273 | \$ 34,006,619 |
| Additions | - | 464,632 | 45,599 | 9,619 | 11,008,120 | - | 11,527,970 |
| Disposals | - | - | (14,531) | - | - | - | (14,531) |
| Transfer | - | 529,972 | - | - | - | (529,972) | - |
| Cash receipts from concentrate sales | - | - | - | - | (823,475) | - | (823,475) |
| Impairment | - | - | - | - | (10,124,920) | - | (10,124,920) |
| Foreign exchange adjustment | (111,761) | (381,794) | (9,419) | (10,243) | (1,219,359) | (26,301) | (1,758,877) |
| Balance, December 31, 2022 | 2,252,053 | 8,721,798 | 220,866 | 216,029 | 21,402,040 | - | 32,812,786 |
| Additions | - | - | - | - | 1,971,314 | 330,200 | 2,301,514 |
| Foreign exchange adjustment | 25,940 | 100,070 | 2,544 | 2,488 | 244,409 | - | 375,451 |
| Balance, September 30, 2023 | \$ 2,277,993 | \$ 8,821,868 | \$ 223,410 | \$ 218,517 | \$ 23,617,763 | \$ 330,200 | \$ 35,489,751 |
| Accumulated depreciation | | | | | | | |
| Balance, December 31, 2021 | \$ 1,964,309 | \$ 6,067,698 | \$ 147,888 | \$ 137,888 | \$ - | \$ - | \$ 8,317,783 |
| Depreciation | 4,734 | 587,131 | 20,676 | 12,510 | - | - | 625,051 |
| Disposals | - | - | (3,268) | - | - | - | (3,268) |
| Foreign exchange adjustment | (92,801) | (276,816) | (6,681) | (6,331) | - | - | (382,629) |
| Balance, December 31, 2022 | 1,876,242 | 6,378,013 | 158,615 | 144,067 | - | - | 8,556,937 |
| Depreciation | 3,000 | 365,721 | 13,552 | 8,418 | - | - | 390,691 |
| Foreign exchange adjustment | 21,528 | 63,052 | 1,455 | 1,428 | - | - | 87,463 |
| Balance, September 30, 2023 | \$ 1,900,770 | \$ 6,806,786 | \$ 173,622 | \$ 153,913 | \$ - | \$ - | \$ 9,035,091 |
| Carrying value | | | | | | | |
| Balance, December 31, 2022 | \$ 375,811 | \$ 2,343,785 | \$ 62,251 | \$ 71,962 | \$ 21,402,040 | \$ - | \$ 24,255,849 |
| Balance, September 30, 2023 | \$ 377,223 | \$ 2,015,082 | \$ 49,788 | \$ 64,604 | \$ 23,617,763 | \$ 330,200 | \$ 26,454,660 |

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

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



Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars)

(Unaudited)

7. Exploration and Evaluation Assets

| Cost | Exploration and evaluation assets |
|-----------------------------|--|
| Balance, December 31, 2021 | \$ 1,574,183 |
| Additions | 1,165,561 |
| Foreign exchange adjustment | (74,431) |
| Balance, December 31, 2022 | 2,665,313 |
| Additions | 2,074,404 |
| Foreign exchange adjustment | 38,127 |
| Balance, September 30, 2023 | \$ 4,777,844 |
| Carrying value | |
| Balance, December 31, 2022 | \$ 2,665,313 |
| Balance, September 30, 2023 | \$ 4,777,844 |

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

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

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

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

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements Three and Nine Months Ended September 30, 2023 (Expressed in Canadian Dollars) (Unaudited)

8. Decommissioning Liability

The Company's decommissioning liability is a result of mining activities at the Omagh mine in Northern Ireland. The Company estimated its decommissioning liability at September 30, 2023 based on a risk-free discount rate of 1% (December 31, 2022 - 1%) and an inflation rate of 1.50% (December 31, 2022 - 1.50%). The expected undiscounted future obligations allowing for inflation are GBP 330,000 and based on management's best estimate the decommissioning is expected to occur over the next 5 to 10 years. On September 30, 2023, the estimated fair value of the liability is \$596,970 (December 31, 2022 - \$582,441). Changes in the provision during the nine months ended September 30, 2023 are as follows:

| | As at September 30, 2023 | As at December 31, 2022 |
|--|--------------------------------|-------------------------------|
| Decommissioning liability, beginning of period | \$ 582,441 | \$ 600,525 |
| Accretion | 7,932 | 10,154 |
| Foreign exchange | 6,597 | (28,238) |
| Decommissioning liability, end of period | \$ 596,970 | \$ 582,441 |

As required by the Crown in Northern Ireland, the Company is required to provide a bond for reclamation related to the Omagh mine in the amount of GBP 300,000 (December 31, 2022 - GBP 300,000), of which GBP 300,000 was funded as of September 30, 2023 (GBP 300,000 was funded as of December 31, 2022) and reported as long-term deposit of \$495,300 (December 31, 2022 - \$489,660).

9. Accounts Payable and Other Liabilities

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

| | As at September 30, 2023 | As at December 31, 2022 |
|--|--------------------------------|-------------------------------|
| Accounts payable | \$ 2,635,478 | \$ 2,528,245 |
| Accrued liabilities | 1,300,112 | 1,523,796 |
| Advance private placement | 679,040 | - |
| Total accounts payable and other liabilities | \$ 4,614,630 | \$ 4,052,041 |

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

| | As at September 30, 2023 | As at December 31, 2022 |
|--|--------------------------------|-------------------------------|
| Less than 3 months | \$ 2,703,877 | \$ 2,939,972 |
| 3 to 12 months | 1,145,242 | 412,168 |
| 12 to 24 months | 128,254 | 61,247 |
| More than 24 months (see also note 16) | 637,257 | 638,654 |
| Total accounts payable and other liabilities | \$ 4,614,630 | \$ 4,052,041 |

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements
 Three and Nine Months Ended September 30, 2023
 (Expressed in Canadian Dollars)
 (Unaudited)

10. Financing Facilities

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

| | As at September 30, 2023 | As at December 31, 2022 |
|---|--------------------------------|-------------------------------|
| Melquart Limited | | |
| Financing facilities, beginning of period | \$ - | \$ - |
| Financing facility received (i) | 580,392 | - |
| Less bonus warrants issued (i) | (16,984) | - |
| Accretion | 4,954 | - |
| Interest | 44,153 | - |
| Foreign exchange adjustment | (7,495) | - |
| | 605,020 | - |
| G&F Phelps | | |
| Financing facility, beginning of period | 4,836,267 | 4,247,488 |
| Accretion | 194,517 | 269,512 |
| Interest | 681,150 | 618,903 |
| Repayment | (100,000) | (24,120) |
| Foreign exchange adjustment | 72,830 | (275,516) |
| | 5,684,764 | 4,836,267 |
| Less current portion | (5,684,764) | (4,836,267) |
| Financing facilities - non-current portion | \$ 605,020 | \$ - |

(i) On February 13, 2023, the Company announced that it entered into a loan agreement for \$580,392 (GBP 347,000) with London-based family office Melquart Limited ("Melquart"). The loan is to be used for the initial lease payment for the Gairloch Project in Scotland. The loan is payable 24 months from the date of the loan agreement and will bear interest at an annual rate of 12% payable upon repayment of the loan. As at September 30, 2023, the amount of interest accrued is \$44,153 (GBP 26,743).

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

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars)

(Unaudited)

11. Share Capital and Reserves

a) Authorized share capital

At September 30, 2023, the authorized share capital consisted of an unlimited number of common and preference shares issuable in Series.

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

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

b) Common shares issued

At September 30, 2023, the issued share capital amounted to \$71,982,149. The continuity of issued share capital for the periods presented is as follows:

| | Number of common shares | Amount |
|--|-------------------------------|----------------------|
| Balance, December 31, 2021 | 74,683,801 | \$ 57,783,570 |
| Shares issued in private placement (i) | 13,111,119 | 5,900,003 |
| Shares issued for services arrangement (i) | 2,222,222 | 1,000,000 |
| Warrants issued (i) | - | (2,320,000) |
| Share issue costs | - | (813,932) |
| Exercise of warrants | 12,969,667 | 7,100,006 |
| Balance, September 30, 2022 | 102,986,809 | \$ 68,649,647 |
| Balance, December 31, 2022 | 103,518,509 | \$ 69,664,056 |
| Shares issued in private placement (ii) | 8,230,951 | 2,963,142 |
| Shares issued for services arrangement (iii) | 933,334 | 420,000 |
| Shares issued for debt settlement (iv) | 2,080,609 | 749,020 |
| Warrants issued (ii)(iv) | - | (1,609,634) |
| Share issue costs (ii) | - | (245,168) |
| Exercise of warrants | 78,000 | 40,733 |
| Balance, September 30, 2023 | 114,841,403 | \$ 71,982,149 |

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

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(Unaudited)

11. Share Capital and Reserves (Continued)

b) Common shares issued (continued)

(i) On August 30, 2022, Galantas completed a private placement of 13,111,119 units at a price of \$0.45 per unit for aggregate gross proceeds of \$5,900,003.

In addition, 2,222,222 units were sold to a third-party service provider on the same term as the offering. The gross proceeds being \$1,000,000 was offset against certain fees to be paid 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, for the underground development at the Omagh Gold Project.

Each unit comprises one common share and one-half common share purchase warrant. Each warrant will be exercisable into one additional common share at an exercise price of \$0.55 until February 28, 2025.

The fair value of the 7,666,669 warrants was estimated at \$2,320,000 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 128.35%, risk-free interest rate - 3.64% and an expected average life of 2.5 years.

The Company paid the agents a cash commission equal to \$355,320 and issue 820,000 non-transferable broker warrants of the Company. Each broker warrant is exercisable to acquire one common share at an exercise price of \$0.45 until August 30, 2024. The fair value of the 820,000 warrants was estimated at \$212,000 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 109.13%, risk-free interest rate - 3.63% and an expected average life of 2 years.

Melquart Limited ("Melquart") acquired 2,666,667 units for consideration of \$1,200,000. Following the offering, Melquart holds 28,140,195 common shares, representing approximately 27.36% of the issued and outstanding common shares on a non-diluted basis. Ocean Partners acquired 461,112 units of the private placement, for consideration of \$207,500. Mario Stifano, a director of the Company, acquired 55,556 units for consideration of \$25,000.

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

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

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

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars)

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11. Share Capital and Reserves (Continued)

b) Common shares issued (continued)

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

(iv) On April 26, 2023, the Company agreed to the terms of a proposed shares-for-debt transaction with several additional arm's length creditors of the Company and agreed to settle a total of approximately \$749,020 of indebtedness through the issuance of an aggregate of 2,080,609 units a deemed price of \$0.36 per unit. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to purchase an additional common share at a price of \$0.55 per share until April 26, 2028. The fair value of the 2,080,609 warrants was estimated at \$324,828 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 126.25%, risk-free interest rate - 2.98% and an expected average life of 5 years.

c) Warrant reserve

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

| | Number of warrants | Weighted average exercise price |
|---|--------------------|---------------------------------|
| Balance, December 31, 2021 | 28,691,598 | \$ 0.39 |
| Issued (notes 11(b)(i) and 14(a)(iii)) | 8,861,669 | 0.54 |
| Exercised | (12,969,667) | 0.36 |
| Balance, September 30, 2022 | 24,583,600 | \$ 0.45 |
| Balance, December 31, 2022 | 24,051,900 | \$ 0.45 |
| Issued (notes 10(i), 11(b)(ii)(iv) and 14(a)(iv)) | 11,148,722 | 0.54 |
| Exercised | (78,000) | 0.40 |
| Expired | (14,707,231) | 0.40 |
| Balance, September 30, 2023 | 20,415,391 | \$ 0.53 |

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 Three and Nine Months Ended September 30, 2023
 (Expressed in Canadian Dollars)
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11. Share Capital and Reserves (Continued)

c) Warrant reserve (continued)

The following table reflects the actual warrants issued and outstanding as of September 30, 2023:

| Expiry date | Number of warrants | Grant date fair value (\$) | Exercise price (\$) |
|-------------------|--------------------|----------------------------|---------------------|
| December 31, 2023 | 780,000 | 274,903 | 0.33 |
| August 30, 2024 | 820,000 | 144,464 | 0.45 |
| January 31, 2025 | 500,000 | 65,527 | 0.55 |
| February 13, 2025 | 100,000 | 16,984 | 0.41 |
| February 28, 2025 | 7,666,669 | 1,644,859 | 0.55 |
| March 27, 2025 | 237,162 | 40,175 | 0.36 |
| March 27, 2027 | 8,230,951 | 1,284,806 | 0.55 |
| April 26, 2028 | 2,080,609 | 324,828 | 0.55 |
| | 20,415,391 | 3,796,546 | 0.53 |

d) Stock options

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

| | Number of options | Weighted average exercise price |
|------------------------------------|-------------------|---------------------------------|
| Balance, December 31, 2021 | 4,885,000 | \$ 0.88 |
| Granted (ii) | 1,742,500 | 0.60 |
| Expired | (255,000) | 1.35 |
| Cancelled (i) | (220,000) | 0.94 |
| Balance, September 30, 2022 | 6,152,500 | \$ 0.78 |
| Balance, December 31, 2022 | 6,152,500 | \$ 0.78 |
| Expired | (25,000) | 1.10 |
| Cancelled (i) | (340,000) | 0.76 |
| Balance, September 30, 2023 | 5,787,500 | \$ 0.78 |

(i) The portion of the estimated fair value of options granted in the current and prior years and vested during the three and nine months ended September 30, 2023, amounted to \$29,277 and \$329,658, respectively (three and nine months ended September 30, 2022 - \$236,623 and \$1,232,600, respectively). In addition, during the three and nine months ended September 30, 2023, nil and 340,000 options granted in the prior years were cancelled (three and nine months ended September 30, 2022 - 15,000 and 220,000 options cancelled).

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

d) Stock options (continued)

(ii) On May 3, 2022, the Company granted 1,742,500 stock options to directors, officers, employees and consultants of the Company to purchase common shares at \$0.60 per share until May 3, 2027. The options will vest as to one third immediately and one third on each of May 3, 2023 and May 3, 2024. The fair value attributed to these options was \$900,000 and was expensed in the unaudited condensed interim consolidated statements of loss and credited to equity settled share-based payments reserve.

The following table reflects the actual stock options issued and outstanding as of September 30, 2023:

| Expiry date | Exercise price (\$) | Weighted average remaining contractual life (years) | Number of options outstanding | Number of options vested (exercisable) | Number of options unvested |
|-------------------|---------------------|---|-------------------------------|--|----------------------------|
| February 13, 2024 | 0.90 | 0.37 | 85,000 | 85,000 | - |
| June 27, 2024 | 0.90 | 0.74 | 50,000 | 50,000 | - |
| May 19, 2026 | 0.86 | 2.64 | 3,610,000 | 3,610,000 | - |
| June 21, 2026 | 0.73 | 2.73 | 425,000 | 425,000 | - |
| August 27, 2026 | 0.86 | 2.91 | 20,000 | 20,000 | - |
| May 3, 2027 | 0.60 | 3.59 | 1,597,500 | 1,065,000 | 532,500 |
| | 0.78 | 2.86 | 5,787,500 | 5,255,000 | 532,500 |

12. Net Loss per Common Share

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2023 was based on the loss attributable to common shareholders of \$1,313,355 and \$4,062,485, respectively (three and nine months ended September 30, 2022 - \$1,555,824 and \$4,551,804, respectively) and the weighted average number of common shares outstanding of 114,841,403 and 110,976,336, respectively (three and nine months ended September 30, 2022 - 92,115,467 and 84,788,729, respectively) for basic and diluted loss per share. Diluted loss did not include the effect of 20,415,391 warrants (three and nine months ended September 30, 2022 - 24,583,600) and 5,787,500 options (three and nine months ended September 30, 2022 - 6,152,500) for the three and nine months ended September 30, 2023, as they are anti-dilutive.

13. Revenues

Shipments of concentrate under the off-take arrangements commenced during the second quarter of 2019. Concentrate sales provisional revenues during the three and nine months ended September 30, 2023 totalled approximately US\$333,000 (CAD\$450,000) and US\$849,000 (CAD\$1,148,000), respectively (three and nine months ended September 30, 2022 - US\$183,000 and US\$402,000, respectively). However, until the mine reaches the commencement of commercial production, the net proceeds from concentrate sales will be offset against Development assets.

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Notes to Condensed Interim Consolidated Financial Statements
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14. Related Party Disclosures

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

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

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

| | | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---------------------------------|-----|----|-------------------------------------|------------|------------------------------------|------------|
| | | | 2023 | 2022 | 2023 | 2022 |
| Interest on related party loans | (i) | \$ | 179,062 | \$ 214,159 | \$ 528,233 | \$ 376,908 |

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

(ii) Refer to note 11(b).

(iii) As at September 30, 2023, the Company owes Ocean Partners \$5,579,008 (December 31, 2022 - \$4,978,069) which is recorded as due to related parties on the unaudited condensed interim consolidated statement of financial position.

| | September 30, December 31, | |
|---|----------------------------|--------------------|
| | 2023 | 2022 |
| Balance, beginning of period | \$ 4,978,069 | \$ 2,444,376 |
| Loan received | - | 2,062,693 |
| Less bonus warrants | - | (74,000) |
| Share issue costs ⁽¹⁾⁽²⁾ | - | (93,444) |
| Advance | - | 93,284 |
| Repayment | (21,552) | (524,255) |
| Accretion | 92,387 | 391,128 |
| Interest | 528,233 | 554,073 |
| Foreign exchange adjustment | 1,871 | 124,214 |
| Balance, end of period | 5,579,008 | 4,978,069 |
| Less current balance | (5,579,008) | (4,978,069) |
| Due to related parties - non-current balance | \$ - | \$ - |

⁽¹⁾ 250,000 warrants have been granted to Ocean Partners, which will be exercisable for a period of 12 months at an exercise price of \$0.50. The bonus warrants are subject to a hold period under applicable securities laws and the rules of the TSXV, expiring on June 4, 2022. The fair value of the 250,000 warrants was valued at \$51,000 using the following Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 107%, risk-free interest rate - 1.22% and an expected average life of 1 year.

⁽²⁾ 125,000 bonus warrants have been granted to Ocean Partners, which will be exercisable for a period of 12 months at an exercise price of \$0.48. The bonus warrants are subject to a hold period under applicable securities laws and the rules of the TSXV, expiring on July 25, 2023. The fair value of the 125,000 warrants was valued at \$23,000 using the following Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 95.09%, risk-free interest rate - 3.12% and an expected average life of 1 year.

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Notes to Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited)

14. Related Party Disclosures (Continued)

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

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

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

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

As at September 30, 2023, balance related to the Trading Agreement is recorded as other liability on the unaudited condensed interim consolidated statement of financial position is \$1,020,712 (December 31, 2022 - \$1,085,426).

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--------------------------------------|-------------------------------------|------------|------------------------------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| Salaries and benefits ⁽¹⁾ | \$ 115,413 | \$ 193,705 | \$ 340,062 | \$ 446,839 |
| Stock-based compensation | 20,992 | 148,268 | 242,340 | 781,955 |
| | \$ 136,405 | \$ 341,973 | \$ 582,402 | \$ 1,228,794 |

⁽¹⁾ Salaries and benefits include director fees. As at September 30, 2023, due to directors for fees amounted to \$105,000 (December 31, 2022 - \$70,000) and due to officers, mainly for salaries and benefits accrued amounted to \$26,798 (December 31, 2022 - \$24,465), and is included with due to related parties.

(c) As at September 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.

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

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15. Segment Disclosure

The Company has determined that it has one reportable segment. The Company's operations are substantially all related to its investment in Cavanacaw and its subsidiaries, Omagh and Flintridge. Substantially all of the Company's revenues, costs and assets of the business that support these operations are derived or located in Northern Ireland. Segmented information on a geographic basis is as follows:

| September 30, 2023 | United Kingdom | Canada | Total |
|---------------------------|-----------------------|---------------|---------------|
| Current assets | \$ 489,020 | \$ 1,510,410 | \$ 1,999,430 |
| Non-current assets | \$ 30,142,659 | \$ 1,585,145 | \$ 31,727,804 |
| Revenues | \$ - | \$ - | \$ - |

| December 31, 2022 | United Kingdom | Canada | Total |
|--------------------------|-----------------------|---------------|---------------|
| Current assets | \$ 1,659,045 | \$ 1,273,833 | \$ 2,932,878 |
| Non-current assets | \$ 27,271,081 | \$ 139,741 | \$ 27,410,822 |

| September 30, 2022 | United Kingdom | Canada | Total |
|---------------------------|-----------------------|---------------|--------------|
| Revenues | \$ - | \$ - | \$ - |

16. Contingency

During the year ended December 31, 2010, the Company's subsidiary Omagh received a payment demand from Her Majesty's Revenue and Customs ("HMRC") in the amount of \$502,383 (GBP 304,290) in connection with an aggregate levy arising from the removal of waste rock from the mine site during 2008 and early 2009. Omagh believed this claim to be without merit. An appeal was lodged with the Tax Tribunals Service and the hearing started at the beginning of March 2017 and following a number of adjournments was completed in August 2018. During the year ended December 31, 2019, the Tax Tribunals Service issued their judgement dismissing the appeal by Omagh in respect of the assessments. A provision has now been included in the unaudited condensed interim consolidated financial statements in respect of the aggregates levy plus interest and penalty.

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

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17. Event After the Reporting Period

On November 9, 2023, the Company announced the terms of a proposed non-brokered private placement of up to US\$3.0 million aggregate principal amount of unsecured convertible debentures of the Company (the "Debentures"), in the principal amount of US\$1,000 per Debenture (the "Offering"). The Company anticipates that the closing of the Offering will occur on or about November 30, 2023 (the "Closing Date").

The net proceeds of the Offering are expected to be used for exploration and development, working capital and for general corporate purposes.

Each Debenture will be convertible at the option of the holder thereof into common shares in the capital of the Company (the "Conversion Shares") at a conversion price of US\$0.255 per Conversion Share (the "Conversion Price"), being the equivalent of a conversion price of \$0.35 per Conversion Share, at any time prior to 5:00 p.m. (Toronto time) on the last business day immediately preceding the date that is 36 months following the Closing Date (the "Maturity Date"). On the Maturity Date, any outstanding principal amount of Debentures plus any accrued and unpaid interest thereon shall be repaid by the Company in cash. In accordance with the terms of the Debentures, if at any time following the issuance of the Debentures, the closing price of the common shares of the Company on the TSXV equals or exceeds \$0.70 per common share for 10 consecutive trading days or more, the Company may elect to convert all but not less than all of the outstanding principal amount of the Debentures into Conversion Shares at the Conversion Price, upon giving the holders of the Debentures not less than 30 calendar days advance written notice.

Interest on the principal amount outstanding under each Debenture shall accrue during the period commencing on the Closing Date until the Maturity Date and shall be payable in cash on an annual basis on December 31st of each year (each, an "Interest Payment Date"); provided, however, that the first Interest Payment Date shall be December 31, 2024. Each Debenture shall bear interest at a minimum interest rate of 10% per annum (the "Base Interest Rate"). During each interest period (an "Interest Period"), being the period commencing on the Closing Date to but excluding the first Interest Payment Date and thereafter the period from and including an Interest Payment Date to but excluding the next Interest Payment Date or other applicable payment date, the Base Interest Rate will be adjusted based on a gold price of US\$2,000 per ounce, with the Base Interest Rate being increased by 1% per annum for each US\$100 in which the average gold price for such Interest Period exceeds US\$2,000 per ounce, up to a maximum interest rate of 30% per annum. Any adjustment to the Base Interest Rate in respect of an Interest Period shall be calculated based on the average gold price quoted by the London Bullion Market Association, being the LBMA Gold Price PM, in respect of the first Interest Period, from the Closing Date to and including December 15, 2024, and for each subsequent Interest Period, from January 1st to and including December 15th of that year or 15 days prior to the applicable payment date.

In connection with the Offering, certain finders may receive from the Company: (i) a cash finder's fee payment equal to 5.0% of the gross proceeds raised under the Offering from subscribers introduced to the Company by such finder; and (ii) such number of non-transferable finder's warrants as is equal to 5.0% of the maximum number of Conversion Shares issuable under the Debentures sold under the Offering to subscribers introduced to the Company by such finder. Each finder warrant will be exercisable to acquire one common share in the capital of the Company at the Conversion Price at any time on or before that date which is 36 months following the Closing Date.

The Offering remains subject to the acceptance of the TSXV. The securities issued pursuant to the Offering will be subject to a four-month hold period under applicable Canadian securities laws.