



GALANTAS GOLD CORPORATION

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

**(Unaudited)
Three and Nine Months Ended September 30, 2022**

NOTICE TO READER

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

Galantas Gold Corporation

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

	As at September 30, 2022	As at December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,567,196	\$ 1,069,751
Accounts receivable and prepaid expenses (note 4)	1,845,390	1,279,935
Inventories (note 5)	32,763	108,788
Total current assets	5,445,349	2,458,474
Non-current assets		
Property, plant and equipment (note 6)	29,657,790	25,688,836
Long-term deposit (note 8)	452,940	513,960
Exploration and evaluation assets (note 7)	2,281,115	1,574,183
Total non-current assets	32,391,845	27,776,979
Total assets	\$ 37,837,194	\$ 30,235,453
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and other liabilities (notes 9 and 17)	\$ 3,672,456	\$ 3,013,999
Due to related parties (note 15)	2,487,758	124,317
Leases (note 11)	-	416,040
Total current liabilities	6,160,214	3,554,356
Non-current liabilities		
Non-current portion of financing facilities (note 10)	4,120,767	4,247,488
Due to related parties (note 15)	2,695,201	2,444,376
Decommissioning liability (note 8)	536,379	600,525
Total non-current liabilities	7,352,347	7,292,389
Total liabilities	13,512,561	10,846,745
Equity		
Share capital (note 12(a)(b))	68,649,647	57,783,570
Reserves	14,057,021	15,435,369
Deficit	(58,382,035)	(53,830,231)
Total equity	24,324,633	19,388,708
Total equity and liabilities	\$ 37,837,194	\$ 30,235,453

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

Going concern (note 1)
Incorporation and nature of operations (note 2)
Contingency (note 17)
Event after the reporting period (note 18)

Galantas Gold Corporation

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Revenues				
Sales of concentrate (note 14)	\$ -	\$ -	\$ -	\$ -
Cost and expenses of operations				
Cost of sales	86,442	74,462	200,076	181,943
Depreciation (note 6)	196,178	89,151	475,045	248,304
	282,620	163,613	675,121	430,247
Loss before general administrative and other expenses				
	(282,620)	(163,613)	(675,121)	(430,247)
General administrative expenses				
Management and administration wages (note 15)	220,289	112,997	486,034	339,031
Other operating expenses	66,676	65,327	258,634	137,742
Accounting and corporate	33,705	48,891	223,166	137,348
Legal and audit	70,190	32,487	199,918	113,124
Stock-based compensation (note 12(d))	236,623	404,064	1,232,600	1,639,205
Shareholder communication and investor relations	128,889	133,522	399,410	310,263
Transfer agent	17,394	3,084	39,127	14,991
Director fees (note 15)	35,000	19,500	105,000	43,500
General office	13,468	8,648	49,543	19,987
Accretion expenses (notes 8, 10 and 15)	138,144	2,742	351,965	135,158
Loan interest and bank charges less deposit interest (notes 10 and 15)	219,549	82,912	418,641	243,795
Financing costs	-	-	-	1,004,182
	1,179,927	914,174	3,764,038	4,138,326
Other expenses				
Foreign exchange loss	93,277	102,648	112,645	140,393
Gain on disposal of property, plant and equipment	-	(7,159)	-	(7,159)
	93,277	95,489	112,645	133,234
Net loss for the period				
	\$ (1,555,824)	\$ (1,173,276)	\$ (4,551,804)	\$ (4,701,807)
Basic and diluted net loss per share (note 13)				
	\$ (0.02)	\$ (0.02)	\$ (0.05)	\$ (0.08)
Weighted average number of common shares outstanding - basic and diluted				
	92,115,467	74,488,086	84,788,729	60,565,996

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		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Net loss for the period	\$ (1,555,824)	\$ (1,173,276)	\$ (4,551,804)	\$ (4,701,807)
Other comprehensive loss				
Items that will be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(1,101,693)	30,489	(3,191,409)	(264,805)
Total comprehensive loss	\$ (2,657,517)	\$ (1,142,787)	\$ (7,743,213)	\$ (4,966,612)

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,	
	2022	2021
Operating activities		
Net loss for the period	\$ (4,551,804)	\$ (4,701,807)
Adjustment for:		
Depreciation (note 6)	475,045	248,304
Stock-based compensation (note 12(d))	1,232,600	1,639,205
Accrued interest (notes 10 and 15)	704,919	158,404
Foreign exchange (gain) loss	(1,139,442)	407,470
Accretion expenses (notes 8, 10 and 15)	275,022	135,158
Financing costs	-	1,004,182
Gain on disposal of property, plant and equipment	-	(7,159)
Non-cash working capital items:		
Accounts receivable and prepaid expenses	346,959	(415,954)
Inventories	71,611	(3,129)
Accounts payable and other liabilities	1,068,811	137,074
Due to related parties	246,714	75,638
Net cash and cash equivalents used in by operating activities	(1,269,565)	(1,322,614)
Investing activities		
Net purchase of property, plant and equipment	(7,065,758)	(2,696,746)
Proceeds from sale of property, plant and equipment	-	8,561
Exploration and evaluation assets	(893,830)	(402,702)
Lease payments (note 11)	(668,534)	-
Net cash and cash equivalents used in investing activities	(8,628,122)	(3,090,887)
Financing activities		
Proceeds of private placements (note 12(b)(i))	5,900,003	7,998,980
Share issue costs	(601,932)	(775,137)
Proceeds from exercise of warrants	5,074,467	495,333
Advances from related parties	2,044,133	-
Repayment of financing facilities	-	(23,802)
Net cash and cash equivalents provided by financing activities	12,416,671	7,695,374
Net change in cash and cash equivalents	2,518,984	3,281,873
Effect of exchange rate changes on cash held in foreign currencies	(21,539)	(12,293)
Cash and cash equivalents, beginning of period	1,069,751	612,094
Cash and cash equivalents, end of period	\$ 3,567,196	\$ 3,881,674
Cash	\$ 3,567,196	\$ 3,881,674
Cash equivalents	-	-
Cash and cash equivalents	\$ 3,567,196	\$ 3,881,674

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

Galantas Gold Corporation

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Reserves					Deficit	Total
	Share capital	Warrants reserve	Equity settled share-based payments reserve	Foreign currency translation reserve			
Balance, December 31, 2020	\$ 52,933,594	\$ 340,000	\$ 8,381,382	\$ 1,012,739	\$ (48,545,800)	\$ 14,121,915	
Shares issued in private placement (note 12(b)(i))	7,998,980	-	-	-	-	7,998,980	
Warrants issued (note 12(b)(i))	(3,258,578)	3,258,578	-	-	-	-	
Warrants issued (note 10(i))	-	670,000	-	-	-	670,000	
Share issue costs (note 12(b)(i))	(783,920)	8,783	-	-	-	(775,137)	
Warrant extension (note 15(a)(iii))	-	251,000	-	-	-	251,000	
Stock-based compensation (note 12(d))	-	-	1,639,205	-	-	1,639,205	
Exercise of warrants	893,494	(398,161)	-	-	-	495,333	
Exchange differences on translating foreign operations	-	-	-	(264,805)	-	(264,805)	
Net loss for the period	-	-	-	-	(4,701,807)	(4,701,807)	
Balance, September 30, 2021	\$ 57,783,570	\$ 4,130,200	\$ 10,020,587	\$ 747,934	\$ (53,247,607)	\$ 19,434,684	
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 12(b)(ii))	5,900,003	-	-	-	-	5,900,003	
Shares issued for services arrangement (note 12(b)(ii))	1,000,000	-	-	-	-	1,000,000	
Warrants issued (note 12(b)(ii))	(2,320,000)	2,320,000	-	-	-	-	
Warrants issued (note 15(a)(iii))	-	74,000	-	-	-	74,000	
Share issue costs (note 12(b)(ii))	(813,932)	212,000	-	-	-	(601,932)	
Stock-based compensation (note 12(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	

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, 2022

(Expressed in Canadian Dollars)

(Unaudited)

1. Going Concern

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

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

Negotiations with current finance providers to extend short-term loans have progressed positively and the maturity dates for both the G&F Phelps Ltd. ("G&F Phelps") and Ocean Partners UK Ltd. ("Ocean Partners") loans have now been extended to December 31, 2023 (see notes 10 and 15). During the year ended December 31, 2021, the Company raised gross proceeds of \$8M through the issuance of shares to new and current investors to meet the financial requirements of the Company for the foreseeable future. During the nine months ended September 30, 2022, the Company raised gross proceeds of \$11M through the issuance of shares to investors and the exercise of warrants. Based on the financial projections prepared, the directors believe it's appropriate to prepare the unaudited condensed interim consolidated financial statements on the going concern basis.

As at September 30, 2022, the Company had a deficit of \$58,382,035 (December 31, 2021 - \$53,830,231). Comprehensive loss for the nine months ended September 30, 2022 was \$7,743,213 (nine months ended September 30, 2021 - \$4,966,612). These conditions raise material uncertainties which may cast significant doubt as to whether the Company will be able to continue as a going concern. However, management is confident that it will continue as a going concern. However, this is subject to a number of factors including market conditions.

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

2. Incorporation and Nature of Operations

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

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

2. Incorporation and Nature of Operations (Continued)

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

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

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

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

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

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

3. Basis of Preparation

Statement of compliance

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

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of November 29, 2022 the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2021. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2022 could result in restatement of these unaudited condensed interim consolidated financial statements.

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2022
(Expressed in Canadian Dollars)
(Unaudited)

4. Accounts Receivable and Prepaid Expenses

	As at September 30, 2022	As at December 31, 2021
Sales tax receivable - Canada	\$ 22,824	\$ 4,471
Valued added tax receivable - Northern Ireland	256,917	239,774
Accounts receivable	181,975	594,071
Prepaid expenses	1,383,674	281,207
Other debtors	-	160,412
	\$ 1,845,390	\$ 1,279,935

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 as disclosed in note 12(b)(ii).

The following is an aged analysis of receivables:

	As at September 30, 2022	As at December 31, 2021
Less than 3 months	\$ 402,551	\$ 884,550
3 to 12 months	51,540	105,526
More than 12 months	7,625	8,652
Total accounts receivable	\$ 461,716	\$ 998,728

5. Inventories

	As at September 30, 2022	As at December 31, 2021
Concentrate inventories	\$ 32,763	\$ 108,788

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(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, 2020	\$ 2,398,171	\$ 6,951,208	\$ 162,571	\$ 191,422	\$ 19,345,676	\$ -	\$ 29,049,048
Additions	-	1,263,168	38,975	27,973	4,898,703	556,273	6,785,092
Disposals	-	(6,289)	-	-	-	-	(6,289)
Cash receipts from concentrate sales	-	-	-	-	(1,412,329)	-	(1,412,329)
Foreign exchange adjustment	(34,357)	(99,099)	(2,329)	(2,742)	(270,376)	-	(408,903)
Balance, December 31, 2021	2,363,814	8,108,988	199,217	216,653	22,561,674	556,273	34,006,619
Additions	-	942,979	24,454	8,897	7,434,667	-	8,410,997
Disposals	-	-	-	-	-	(523,478)	(523,478)
Cash receipts from concentrate sales	-	-	-	-	(551,021)	-	(551,021)
Foreign exchange adjustment	(280,644)	(958,727)	(23,652)	(25,722)	(2,584,864)	(32,795)	(3,906,404)
Balance, September 30, 2022	\$ 2,083,170	\$ 8,093,240	\$ 200,019	\$ 199,828	\$ 26,860,456	\$ -	\$ 37,436,713

Accumulated depreciation

Balance, December 31, 2020	\$ 1,986,461	\$ 5,648,586	\$ 130,107	\$ 125,791	\$ -	\$ -	\$ 7,890,945
Depreciation	6,347	507,731	19,776	13,992	-	-	547,846
Disposals	-	(4,801)	-	-	-	-	(4,801)
Foreign exchange adjustment	(28,499)	(83,818)	(1,995)	(1,895)	-	-	(116,207)
Balance, December 31, 2021	1,964,309	6,067,698	147,888	137,888	-	-	8,317,783
Depreciation	3,384	439,277	22,977	9,407	-	-	475,045
Foreign exchange adjustment	(233,428)	(744,490)	(19,018)	(16,969)	-	-	(1,013,905)
Balance, September 30, 2022	\$ 1,734,265	\$ 5,762,485	\$ 151,847	\$ 130,326	\$ -	\$ -	\$ 7,778,923

Carrying value

Balance, December 31, 2021	\$ 399,505	\$ 2,041,290	\$ 51,329	\$ 78,765	\$ 22,561,674	\$ 556,273	\$ 25,688,836
Balance, September 30, 2022	\$ 348,905	\$ 2,330,755	\$ 48,172	\$ 69,502	\$ 26,860,456	\$ -	\$ 29,657,790

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

7. Exploration and Evaluation Assets

Cost	Exploration and evaluation assets
Balance, December 31, 2020	\$ 750,741
Additions	834,193
Foreign exchange adjustment	(10,751)
Balance, December 31, 2021	1,574,183
Additions	893,830
Foreign exchange adjustment	(186,898)
Balance, September 30, 2022	\$ 2,281,115
Carrying value	
Balance, December 31, 2021	\$ 1,574,183
Balance, September 30, 2022	\$ 2,281,115

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, 2022 based on a risk-free discount rate of 1% (December 31, 2021 - 1%) and an inflation rate of 1.50% (December 31, 2021 - 1.50%). The expected undiscounted future obligations allowing for inflation are GBP 330,000 and based on management's best estimate the decommissioning is expected to occur over the next 5 to 10 years. On September 30, 2022, the estimated fair value of the liability is \$536,379 (December 31, 2021 - \$600,525). Changes in the provision during the nine months ended September 30, 2022 are as follows:

	As at September 30, 2022	As at December 31, 2021
Decommissioning liability, beginning of period	\$ 600,525	\$ 598,275
Accretion	7,635	10,892
Foreign exchange	(71,781)	(8,642)
Decommissioning liability, end of period	\$ 536,379	\$ 600,525

As required by the Crown in Northern Ireland, the Company is required to provide a bond for reclamation related to the Omagh mine in the amount of GBP 300,000 (December 31, 2021 - GBP 300,000), of which GBP 300,000 was funded as of September 30, 2022 (GBP 300,000 was funded as of December 31, 2021) and reported as long-term deposit of \$452,940 (December 31, 2021 - \$513,960).

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements
 Three and Nine Months Ended September 30, 2022
 (Expressed in Canadian Dollars)
 (Unaudited)

9. Accounts Payable and Other Liabilities

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

	As at September 30, 2022	As at December 31, 2021
Accounts payable	\$ 2,244,092	\$ 1,463,316
Accrued liabilities	1,428,364	1,550,683
Total accounts payable and other liabilities	\$ 3,672,456	\$ 3,013,999

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

	As at September 30, 2022	As at December 31, 2021
Less than 3 months	\$ 2,866,801	\$ 2,246,440
3 to 12 months	214,894	98,415
More than 24 months (see also note 17)	590,761	669,144
Total accounts payable and other liabilities	\$ 3,672,456	\$ 3,013,999

10. Financing Facilities

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

	As at September 30, 2022	As at December 31, 2021
Ocean Partners		
Financing facilities, beginning of period	\$ -	\$ 2,186,272
Repayment of financing facilities	-	(23,802)
Accretion	-	126,949
Interest	-	86,820
Foreign exchange adjustment	-	200,898
Financing facility reallocated to due to related parties	-	(2,577,137)
	-	-
G&F Phelps		
Financing facility, beginning of period	4,247,488	-
Financing facility reallocated from due to related parties	-	4,578,039
Less bonus warrants issued (i)	-	(670,000)
Accretion	194,517	151,290
Interest	309,588	164,197
Foreign exchange adjustment	(630,826)	23,962
	4,120,767	4,247,488
Financing facilities - non-current portion	\$ 4,120,767	\$ 4,247,488

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

10. Financing Facilities (Continued)

(i) During the nine months ended September 30, 2021, the maturity date of the G&F Phelps loan was extended to December 31, 2023. Interest was deferred and added to the balance outstanding until March 31, 2022, after which point interest has been paid monthly. In consideration for extending the G&F loan and deferring interest, G&F Phelps received 1,700,000 warrants exercisable into one common share at an exercise price of \$0.33, with said warrants expiring on December 31, 2023.

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

11. Leases

Balance, December 31, 2020	\$ -
Addition (i)	680,520
Interest expense	36,706
Lease payments	(297,450)
Foreign exchange	(3,736)
Balance, December 31, 2021	416,040
Addition (ii)	270,740
Interest expense	18,422
Lease payments	(668,534)
Foreign exchange	(36,668)
Balance, September 30, 2022	\$ -

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

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

12. Share Capital and Reserves

a) Authorized share capital

At September 30, 2022, the authorized share capital consisted of an unlimited number of common and preference shares issuable in Series.

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

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

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2022
(Expressed in Canadian Dollars)
(Unaudited)

12. Share Capital and Reserves (Continued)

b) Common shares issued

At September 30, 2022, the issued share capital amounted to \$68,649,647. The continuity of issued share capital for the periods presented is as follows:

	Number of common shares	Amount
Balance, December 31, 2020	46,565,537	\$ 52,933,594
Shares issued in private placement (i)	26,663,264	7,998,980
Warrants issued (i)	-	(3,258,578)
Share issue costs (i)	41,667	(783,920)
Exercise of warrants	1,413,333	893,494
Balance, September 30, 2021	74,683,801	\$ 57,783,570
Balance, December 31, 2021	74,683,801	\$ 57,783,570
Shares issued in private placement (ii)	13,111,119	5,900,003
Shares issued for services arrangement (ii)	2,222,222	1,000,000
Warrants issued (ii)	-	(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

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

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

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

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

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

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



Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

12. Share Capital and Reserves (Continued)

b) Common shares issued (Continued)

(ii) 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.

The securities issued under the offering are subject to a four-month hold period under applicable Canadian securities laws which will expire on December 31, 2022.

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.

c) Warrant reserve

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

	Number of warrants	Weighted average exercise price
Balance, December 31, 2020	1,700,000	\$ 0.33
Issued (notes 10(i) and 12(b)(i))	28,404,931	0.40
Expired	(1,413,333)	0.35
Balance, September 30, 2021	28,691,598	\$ 0.39
Balance, December 31, 2021	28,691,598	\$ 0.39
Issued (notes 12(b)(ii) and 15(a)(iii))	8,861,669	0.54
Exercised	(12,969,667)	0.36
Balance, September 30, 2022	24,583,600	\$ 0.45

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2022
(Expressed in Canadian Dollars)
(Unaudited)

12. Share Capital and Reserves (Continued)

c) Warrant reserve (Continued)

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

Expiry date	Number of warrants	Grant date fair value (\$)	Exercise price (\$)
February 3, 2023	250,000	51,000	0.50
May 14, 2023 (notes 15(a)(iii)(1))	14,941,931	1,829,779	0.40
July 25, 2023	125,000	23,000	0.48
December 31, 2023	780,000	274,882	0.33
August 30, 2024	820,000	212,000	0.45
February 28, 2025	7,666,669	2,320,000	0.55
	24,583,600	4,710,661	0.45

d) Stock options

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

	Number of options	Weighted average exercise price
Balance, December 31, 2020	570,000	\$ 1.16
Granted (i)(ii)(iii)	4,360,000	0.85
Balance, September 30, 2021	4,930,000	\$ 0.88
Balance, December 31, 2021	4,885,000	\$ 0.88
Granted (iv)	1,742,500	0.60
Expired	(255,000)	1.35
Cancelled	(220,000)	0.94
Balance, September 30, 2022	6,152,500	\$ 0.78

(i) On May 19, 2021, the Company granted 3,915,000 stock options to directors, employees and consultants of the Company to purchase common shares at \$0.86 per share until May 19, 2026. The options will vest as to one third immediately and one third on each of May 19, 2022 and May 19, 2023. The fair value attributed to these options was \$2,907,000 and was expensed in the unaudited condensed interim consolidated statements of loss and credited to equity settled share-based payments reserve.

(ii) On June 21, 2021, the Company granted 425,000 stock options to consultants and officers of the Company to purchase common shares at \$0.73 per share until June 21, 2026. The options will vest as to one third immediately and one third on each of June 21, 2022 and June 21, 2023. The fair value attributed to these options was \$266,000 and was expensed in the unaudited condensed interim consolidated statements of loss and credited to equity settled share-based payments reserve.

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2022
(Expressed in Canadian Dollars)
(Unaudited)

12. Share Capital and Reserves (Continued)

d) Stock options (continued)

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

(iv) 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 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, 2022, amounted to \$236,623 and \$1,232,600, respectively (three and nine months ended September 30, 2021 - \$404,064 and \$1,639,205, respectively).

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

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
April 19, 2023	1.10	0.55	25,000	25,000	-
February 13, 2024	0.90	1.37	85,000	85,000	-
June 27, 2024	0.90	1.74	100,000	100,000	-
May 19, 2026	0.86	3.64	3,760,000	2,506,667	1,253,333
June 21, 2026	0.73	3.73	425,000	283,333	141,667
August 27, 2026	0.86	3.91	20,000	13,333	6,667
May 3, 2023	0.60	4.59	1,737,500	579,167	1,158,333
	0.78	3.84	6,152,500	3,592,500	2,560,000

13. Net Loss per Common Share

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2022 was based on the loss attributable to common shareholders of \$1,555,824 and \$4,551,804, respectively (three and nine months ended September 30, 2021 - \$1,173,276 and \$4,701,807, respectively) and the weighted average number of common shares outstanding of 92,115,467 and 84,788,729, respectively (three and nine months ended September 30, 2021 - 74,488,086 and 60,565,996, respectively) for basic and diluted loss per share. Diluted loss did not include the effect of 24,583,600 warrants (three and nine months ended September 30, 2021 - 28,691,598) and 6,152,500 options (three and nine months ended September 30, 2021 - 4,930,000) for the three and nine months ended September 30, 2022, as they are anti-dilutive.

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

14. Revenues

Shipments of concentrate under the off-take arrangements commenced during the second quarter of 2019. Concentrate sales provisional revenues during the three and nine months ended September 30, 2022 totalled approximately US\$183,000 and US\$402,000, respectively (three and nine months ended September 30, 2021 - US\$329,000 and US\$1,114,000, respectively). However, until the mine reaches the commencement of commercial production, the net proceeds from concentrate sales will be offset against Development assets.

15. 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,	
		2022	2021	2022	2021
Interest on related party loans	(i)	\$ 214,159	\$ 40,861	\$ 376,908	\$ 159,397

(i) Refer to note 10(i).

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

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

- The loan matured on July 31, 2022.
- The loan will bear interest at an annual rate of 10% compounded monthly payable upon repayment of the loan.
- US\$20,000 structuring fee has been paid to Ocean Partners.
- US\$40,000 consulting fee will be paid to Ocean Partners, to be invoiced separately by Ocean Partners.
- 250,000 warrants have been granted to Ocean Partners, which will be exercisable for a period of 12 months at an exercise price of \$0.50. The bonus warrants are subject to a hold period under applicable securities laws and the rules of the TSXV, expiring on June 4, 2022. The fair value of the 250,000 warrants was valued at \$51,000 using the following Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 107%, risk-free interest rate - 1.22% and an expected average life of 1 year.
- US\$40,000 extension fee was paid to Ocean Partners if the Company elects to extend the loan for a further six months from the maturity date. The Company exercised its option to extend the US\$1.06 million loan for a further six months, to January 31, 2023 by paying the US\$40,000 extension fee to Ocean Partners.

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

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

15. Related Party Disclosures (Continued)

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

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

- The loan matures on January 31, 2023.
- The loan will bear interest at an annual rate of 12% compounded monthly and repayable in full on the maturity date.
- US\$10,000 commitment fee has been paid to Ocean Partners.
- 125,000 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.
- US\$20,000 extension fee will be paid to Ocean Partners if the Company elects to extend the loan for a further six months from the maturity date.

As at September 30, 2022, financial liabilities due to the lender and recorded as due to related parties on the unaudited condensed interim consolidated statement of financial position is \$4,984,795 (December 31, 2021 - \$2,444,376).

	September 30, 2022	December 31, 2021
Balance, beginning of period	\$ 2,444,376	\$ -
Financing facility reallocated to due to related parties	-	2,577,137
Loan received	2,044,133	-
Less bonus warrants ⁽¹⁾	(74,000)	(251,000)
Repayment	(245,785)	-
Accretion	149,813	57,338
Interest	376,908	27,506
Foreign exchange adjustment	289,350	33,395
Balance, end of period	4,984,795	2,444,376
Less current balance	(2,289,594)	-
Due to related parties - non-current balance	\$ 2,695,201	\$ 2,444,376

⁽¹⁾ During the year ended December 31, 2021, the 1,700,000 bonus warrants issued have been extended. The Company recorded the incremental difference of \$251,000 as financing costs based on the fair value of these warrants immediately prior to and after the modification. The fair value of the 1,700,000 bonus warrants was valued immediately prior to the subsequent extension using the following Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 123.98% to 144.48%, risk-free interest rate - 0.32% and an expected average life of 0.63 to 2.63 years.

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2022
(Expressed in Canadian Dollars)
(Unaudited)

15. Related Party Disclosures (Continued)

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

	Three Months Ended September 30, 2022		Nine Months Ended September 30, 2021	
Salaries and benefits ⁽¹⁾	\$ 193,705	\$ 93,305	\$ 446,839	\$ 261,291
Stock-based compensation	148,268	267,570	781,955	1,098,008
	\$ 341,973	\$ 360,875	\$ 1,228,794	\$ 1,359,299

⁽¹⁾ Salaries and benefits include director fees. As at September 30, 2022, due to directors for fees amounted to \$35,000 (December 31, 2021 - \$102,917) and due to officers, mainly for salaries and benefits accrued amounted to \$163,164 (December 31, 2021 - \$21,400), and is included with due to related parties.

(c) As at September 30, 2022, Ross Beaty owns 3,744,747 common shares of the Company or approximately 3.6% of the outstanding common shares. Premier Miton owns 4,848,243 common shares of the Company or approximately 4.7%. Melquart owns, directly and indirectly, 24,140,195 common shares of the Company or approximately 27.3% of the outstanding common shares of the Company. G&F Phelps owns 5,353,818 common shares of the Company or approximately 5.2%. Eric Sprott owns 10,166,667 common shares of the Company or approximately 9.9%. Mike Gentile owns 6,217,222 common shares of the Company or approximately 6.0%. The remaining 43.3% of the shares are widely held, which includes various small holdings which are owned by directors of the Company. These holdings can change at anytime at the discretion of the owner.

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

16. Segment Disclosure

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

September 30, 2022	United Kingdom	Canada	Total
Current assets	\$ 841,557	\$ 4,603,792	\$ 5,445,349
Non-current assets	\$ 32,243,020	\$ 148,566	\$ 32,391,586
Revenues	\$ -	\$ -	\$ -
December 31, 2021	United Kingdom	Canada	Total
Current assets	\$ 1,379,742	\$ 1,078,732	\$ 2,458,474
Non-current assets	\$ 27,714,667	\$ 62,312	\$ 27,776,979
Revenues	\$ -	\$ -	\$ -

Galantas Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

17. Contingency

During the year ended December 31, 2010, the Company's subsidiary Omagh received a payment demand from Her Majesty's Revenue and Customs ("HMRC") in the amount of \$459,417 (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.

18. Event After the Reporting Period

On November 18, 2022, the Company was fined GBP 120,000 relating to a legacy event that happened in July 2018 under previous management. The Company has six months to pay this fine. New systems and procedures have since been put in place to avoid a reoccurrence and have been reviewed by both the HSE and Mines Inspector.