

GALANTAS GOLD CORPORATION
TSXV & AIM: Symbol GAL

GALANTAS REPORT ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

April 30, 2025: Galantas Gold Corporation (the 'Company') is pleased to announce its audited financial results for the year ended December 31, 2024.

A copy of the Financial Statements and Management Discussion and Analysis will be sent to shareholders in due course and are available on the Company's website at www.galantas.com/investors.

Financial Highlights

Highlights of the 2024 results, which are expressed in Canadian Dollars, are summarized below:

| <i>All figures denominated in Canadian Dollars (CDN)</i> | Year Ended December 31 | |
|--|---------------------------|--------------------|
| | 2024 | 2023 |
| Revenue | 0 | 0 |
| Cost and expenses of operations | (112,568) | (182,295) |
| Loss before the undernoted | (112,568) | (182,295) |
| Depreciation | (434,912) | (515,003) |
| General administrative expenses | (4,611,618) | (4,243,507) |
| Foreign exchange gain (loss) | (561,986) | (233,651) |
| Unrealized gain on derivative fair value adjustment | 1,870,422 | 241,886 |
| (Reversal) / Impairment of property, plant and equipment and exploration and evaluation assets | 3,250,867 | (3,635,570) |
| Write-down of prepaid expenses | 888,889 | 0 |
| Net (Loss) for the year | (1,488,684) | (8,568,140) |
| Working Capital Deficit | (16,218,988) | (12,599,514) |
| Cash gain/(loss) from operating activities before changes in non-cash working capital | (1,098,038) | (1,788,453) |
| Cash at December 31, 2024 | 525,643 | 2,593,265 |

Sales revenue for the year ended December 31, 2024 amounted to Nil compared to revenue of Nil for the year ended December 31, 2023. Shipments of concentrate commenced during the third quarter of 2019. Concentrate sales provisional revenues totalled US 853,591 for the year 2024 compared to US 1,103,532 for 2023. Until the mine commences commercial production, the net proceeds from concentrate sales are being offset against development assets.

The Net Loss for the year ended December 31, 2024 amounted to 1,488,684 (2023: 8,568,140) and the cash outflow from operating activities before changes in non-cash working capital for the year ended December 31, 2024 amounted to 1,098,038 (2023: 1,788,453).

The Company had a cash balance of 525,643 at December 31, 2024 compared to 2,593,265 at December 31, 2023. The working capital deficit at December 31, 2024 amounted to 16,218,988 compared to a working capital deficit of 12,599,514 at December 31, 2023.

Safety is a high priority for the Company and we continue to invest in safety-related training and infrastructure. The zero lost time accident rate since the start of underground operations continues. Environmental monitoring demonstrates a high level of

the accident rate since the start of underground operations continues. Environmental monitoring demonstrates a high level of regulatory compliance.

The detailed results and Management Discussion and Analysis (MD&A) are available on www.sedar.com and www.galantas.com and the highlights in this release should be read in conjunction with the detailed results and MD&A. The MD&A provides an analysis of comparisons with previous periods, trends affecting the business and risk factors.

Click on, or paste the following link into your web browser, to view the associated PDF document.

http://www.ms.pdf.londonstockexchange.com/ms/7201G_1-2025-4-29.pdf

Further to the loan agreement the Company entered into with Melquart Ltd. ("Melquart") on February 13, 2023 (the "2023 Loan"), on November 6, 2024 Melquart advanced the Company a further £76,965 on the same terms as the 2023 Loan (the "2024 Advance"). On April 11, 2025, Melquart advanced a further £100,000 to the Company on the same terms as the 2023 Loan (the "2025 Advance").

As a substantial shareholder, Melquart is a related party of the Company and the 2024 Advance and 2025 Advance fell to be evaluated and announced as Related Party Transactions pursuant to AIM Rule 13 where the Directors are required to consider, having consulted with the Nominated Adviser, whether the terms of related party transactions are fair and reasonable in so far as shareholders are concerned. The Board and its Nominated Adviser are currently reviewing the terms of the 2024 Advance and 2025 Advance and a further announcement will be made in due course.

Qualified Person

The financial components of this disclosure have been reviewed by Alan Buckley (Chief Financial Officer) and the production and permitting components by Brendan Morris (COO), qualified persons under the meaning of NI. 43-101. The information is based upon local production and financial data prepared under their supervision.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS: This press release contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws, including revenues and cost estimates, for the Omagh Gold project. Forward-looking statements are based on estimates and assumptions made by Galantas in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that Galantas believes are appropriate in the circumstances. Many factors could cause Galantas' actual results, the performance or achievements to differ materially from those expressed or implied by the forward looking statements or strategy, including: gold price volatility; discrepancies between actual and estimated production, actual and estimated metallurgical recoveries and throughputs; mining operational risk, geological uncertainties; regulatory restrictions, including environmental regulatory restrictions and liability; risks of sovereign involvement; speculative nature of gold exploration; dilution; competition; loss of or availability of key employees; additional funding requirements; uncertainties regarding planning and other permitting issues; and defective title to mineral claims or property. These factors and others that could affect Galantas's forward-looking statements are discussed in greater detail in the section entitled "Risk Factors" in Galantas' Management Discussion & Analysis of the financial statements of Galantas and elsewhere in documents filed from time to time with the Canadian provincial securities regulators and other regulatory authorities. These factors should be considered carefully, and persons reviewing this press release should not place undue reliance on forward-looking statements. Galantas has no intention and undertakes no obligation to update or revise any forward-looking statements in this press release, except as required by law.

The information contained within this announcement is deemed to constitute inside information as stipulated under the retained EU law version of the Market Abuse Regulation (EU) No. 596/2014 (the "UK MAR") which is part of UK law by virtue of the European Union (withdrawal) Act 2018. The information is disclosed in accordance with the Company's obligations under Article 17 of the UK MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Enquiries

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GALANTAS GOLD CORPORATION

Consolidated Financial Statements

(Expressed in Canadian Dollars)

Years Ended December 31, 2024 and 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Galantas Gold Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Galantas Gold Corporation (the Company), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss, consolidated statements of comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in equity for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw your attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a comprehensive loss of 351,641 during the year ended December 31, 2024. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Emphasis of Matter - *Material Uncertainty Related to Going Concern* section of our report, we have determined the matter described below to be the key audit matter to be communicated in our report.

Impairment of Long-lived Assets

Description of the matter

In accordance with IAS 36 - *Impairment of Assets*, management is required to test long-lived assets not yet available for use for impairment annually, or when facts and circumstances suggest they may be impaired. An impairment loss is recognized if the carrying amount of an asset, or its cash generating unit (CGU), exceeds its estimated recoverable amount. The recoverable amount of an asset is the greater of its value-in-use (VIU) and its fair value less costs of disposal. Management estimated the recoverable amount of its property, plant and equipment (PP&E) with a five-year discounted cashflow VIU approach and concluded an impairment reversal was required as a result of the impairment testing performed. The Company recorded impairment reversal of PP&E of 3,250,867 as of December 31, 2024, see note 10 for further details.

Why the matter is a key audit matter

This matter represented an area of significant risk of material misstatement given the magnitude of PP&E balance and the significant management judgment involved in assessing the inputs to the cash flow model. In addition, significant auditor judgement, knowledge and effort were required in evaluating the results of our audit procedures.

How the matter was addressed in the audit

The following were the primary procedures we performed to address this key audit matter:

- Evaluated reasonableness of judgments made in management's assessment of the cash generating units (CGU);
- We validated the underlying data used in the recoverable amount calculations and tested the mathematical accuracy;
- Evaluated reasonableness of key assumptions and inputs to management's VIU cash flow projection used to determine recoverable amount of the CGU; including: discount rate, mine production levels factoring published 43-101 resources, mill through-put capacity, gold prices, foreign exchange rates and input costs;
- Assessed whether impairment reversal complied with IAS 36 guidance; noting it was permitted due to favorable changes in market conditions, being the sustained increase in forecast gold prices;
- We performed our own sensitivity analysis to further assess estimation uncertainty; and;
- We assessed the appropriateness and completeness of the related disclosures in the consolidated financial statements.

Measurement and Classification of Convertible Debentures

Description of the matter

As described in Note 15 to the financial statements, on February 5, 2025, the Company completed a debt conversion transaction, pursuant to which the Company settled US 2,711,000 of indebtedness owing to Ocean Partners UK Ltd (Ocean Partners), through the issuance of US 2,711,000 convertible debentures (the Loan).

The Loan was determined to be a compound financial instrument and management applied judgment in assessing the accounting treatment for the components of the Loan. Notably whether the conversion feature qualified as a derivative liability or equity instrument based on the "fixed-for-fixed" requirement in IAS 32, Financial Instruments: Presentation.

The initial value of the conversion feature of the Loan, determined to be a derivative liability, as the "fixed- for-fixed" test was not met, was determined using the Black-Scholes option pricing model.

The initial value of the financial liability component of the Loan was determined using the residual method and accordingly measured as the difference between the face value of the convertible debentures and the initial value of the derivative liability component.

Why the matter is a key audit matter

This matter represented an area of significant risk of material misstatement given the magnitude of the value of the Loan and

the high degree of estimation uncertainty in determining the initial measurement of the components of the Loan. Further, the involvement of those with specialized skills and knowledge were required in evaluating the results of our audit procedures.

Management applied judgment in assessing the accounting treatment of the Loan including whether the conversion feature met the "fixed-for-fixed" requirement to be classified as equity and in determining the appropriate discount rate to apply. This in turn, led to a high degree of auditor judgement and effort in performing procedures to test management's assumptions.

How the matter was addressed in the audit

The following were the primary procedures we performed to address this key audit matter:

- We read the associated agreements and evaluated whether management's Loan accounting application was consistent with terms of the agreements; markedly observing the fixed conversion price, as is a requirement for the "fixed-for-fixed" condition, not being met, on the basis the Loan was denominated in a foreign currency (USD);
- Compared discount rate applied by the Company to discount rates for comparable entities;
- Reviewed, recalculated and analyzed interest and accretion expenses using effective interest rate method; and;
- Assessed the appropriateness and completeness of the related disclosures in the financial statements.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual management's discussion and analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pat Kenney.

Clearhouse LLP

Chartered Professional Accountants

Licensed Public Accountants

Mississauga, Ontario

April 29, 2025

Galantas Gold Corporation
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

| As at December 31, | 2024 | 2023 |
|---|------------------|------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 525,643 | 2,593,265 |
| Accounts receivable and prepaid expenses (note 8) | 364,362 | 1,596,880 |
| Inventories (note 9) | 213,644 | 18,184 |
| Total current assets | 1,103,649 | 4,208,329 |

| | | |
|---|-------------------|-------------------|
| Non-current assets | | |
| Property, plant and equipment (note 10) | 28,946,456 | 23,094,171 |
| Long-term deposit (note 12) | 540,870 | 505,110 |
| Exploration and evaluation assets (note 11) | 5,487,196 | 4,776,409 |
| Total non-current assets | 34,974,522 | 28,375,690 |
| Total assets | 36,078,171 | 32,584,019 |

EQUITY AND LIABILITIES

| | | |
|--|-------------------|-------------------|
| Current liabilities | | |
| Accounts payable and other liabilities (notes 13 and 22) | 3,437,002 | 3,662,842 |
| Financing facilities (note 14) | - | 6,119,308 |
| Due to related parties (note 20) | 13,885,635 | 5,838,256 |
| Other liability (note 20) | - | 1,187,437 |
| Total current liabilities | 17,322,637 | 16,807,843 |
| Non-current liabilities | | |
| Due to related parties (note 20) | - | 638,432 |
| Decommissioning liability (note 12) | 666,128 | 611,452 |
| Convertible debenture (note 15) | 6,556,155 | 1,923,509 |
| Derivative liability (note 15) | 123,542 | 1,245,627 |
| Total non-current liabilities | 7,345,825 | 4,419,020 |
| Total liabilities | 24,668,462 | 21,226,863 |
| Equity | | |
| Share capital (note 16(a)(b)) | 71,782,203 | 71,809,999 |
| Reserves | 20,148,500 | 18,579,467 |
| Deficit | (80,520,994) | (79,032,310) |
| Total equity | 11,409,709 | 11,357,156 |
| Total equity and liabilities | 36,078,171 | 32,584,019 |

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

Incorporation and nature of operations (note 1)

Going concern (note 2)

Contingency (note 22)

Events after the reporting period (note 23)

Approved on behalf of the Board:

"Mario Stifano" _____, Director

"Jim Clancy" _____, Director

Galantas Gold Corporation

Consolidated Statements of Loss

(Expressed in Canadian Dollars)

| | Year Ended December 31, | |
|--|----------------------------|------------------|
| | 2024 | 2023 |
| Revenues | | |
| Sales of concentrate (note 18) | - | - |
| Cost and expenses of operations | | |
| Cost of sales | 112,568 | 182,295 |
| Depreciation (note 10) | 434,912 | 515,003 |
| | 547,480 | 697,298 |
| Loss before general administrative and other income | (547,480) | (697,298) |
| General administrative expenses | | |
| Management and administration wages (note 20) | 564,638 | 552,901 |
| Other operating expenses | 172,801 | 301,475 |
| Accounting and corporate | 102,851 | 273,694 |
| Legal and audit | 170,784 | 170,074 |
| Stock-based compensation (notes 16(d) and 20) | 431,990 | 353,712 |
| Shareholder communication and investor relations | 288,271 | 478,059 |
| Transfer agent | 73,259 | 79,273 |
| Director fees (note 20) | 155,000 | 140,000 |
| General office | 63,512 | 85,804 |
| Accretion expenses (notes 12, 14, 15 and 20) | 611,936 | 492,393 |
| Loan interest and bank charges less deposit interest (notes 14, 15 and 20) | 1,976,576 | 1,316,122 |

| | | |
|--|--------------------|-------------|
| | 4,011,018 | 4,243,201 |
| Other expense (income) | | |
| Foreign exchange loss | 561,986 | 233,651 |
| Unrealized gain on derivative fair value adjustment (note 15) | (1,870,422) | (241,886) |
| (Reversal) impairment of property, plant and equipment and exploration and evaluation assets (notes 10 and 11) | (3,250,867) | 3,635,570 |
| Write-down of prepaid expenses (note 8) | 888,889 | - |
| | (3,670,414) | 3,627,335 |
| Net loss for the year | (1,488,684) | (8,568,140) |
| Basic and diluted net loss per share (note 17) | (0.01) | (0.08) |
| Weighted average number of common shares outstanding - basic and diluted (note 17) | 114,736,787 | 111,949,878 |

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

Galantas Gold Corporation

Consolidated Statements of Comprehensive Loss (Expressed in Canadian Dollars)

| | Year Ended December 31, | |
|---|----------------------------|-------------|
| | 2024 | 2023 |
| Net loss for the year | (1,488,684) | (8,568,140) |
| Other comprehensive income | | |
| Items that will be reclassified subsequently to profit or loss | | |
| Exchange differences on translating foreign operations | 1,137,043 | 963,193 |
| Total comprehensive loss | (351,641) | (7,604,947) |

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

Galantas Gold Corporation

Consolidated Statements of Cash Flows (Expressed in Canadian Dollars)

| | Year Ended December 31, | |
|---|----------------------------|-------------|
| | 2024 | 2023 |
| Operating activities | | |
| Net loss for the year | (1,488,684) | (8,568,140) |
| Adjustment for: | | |
| Depreciation (note 10) | 434,912 | 515,003 |
| Stock-based compensation (note 16(d)) | 431,990 | 353,712 |
| Accrued interest (notes 14, 15 and 20) | 1,841,692 | 1,784,034 |
| Foreign exchange loss | 744,385 | 240,861 |
| Accretion expenses (notes 12, 14, 15 and 20) | 611,936 | 492,393 |
| Impairment of property, plant and equipment and exploration and evaluation assets (notes 10 and 11) | (3,250,867) | 3,635,570 |
| Unrealized gain on derivative fair value adjustment (note 15) | (1,870,422) | (241,886) |
| Write-down of prepaid expenses (note 8) | 888,889 | - |
| Non-cash working capital items: | | |
| Accounts receivable and prepaid expenses | 356,117 | 214,113 |
| Inventories | (195,460) | 65,058 |
| Accounts payable and other liabilities | (412,770) | 205,830 |
| Net cash and cash equivalents used in operating activities | (1,908,282) | (1,303,452) |
| Investing activities | | |
| Net purchase of property, plant and equipment | (769,238) | (1,959,306) |
| Exploration and evaluation assets | (481,338) | (1,882,825) |
| Net cash and cash equivalents used in investing activities | (1,250,576) | (3,842,131) |
| Financing activities | | |
| Proceeds of private placements (note 16(b)(i)) | - | 2,963,142 |
| Share issue costs | - | (377,143) |
| Proceeds from exercise of warrants | - | 31,200 |
| Advances from related parties | 1,069,410 | 580,392 |
| Repayments to related parties | (8,749) | (24,735) |

| | | |
|---|--------------------|------------------|
| Proceeds from convertible debenture (note 15) | - | 3,302,054 |
| Share issue costs - convertible debenture | - | (53,991) |
| Net cash and cash equivalents provided by financing activities | 1,060,661 | 6,620,919 |
| Net change in cash and cash equivalents | (2,098,197) | 1,475,336 |
| Effect of exchange rate changes on cash held in foreign currencies | 30,575 | 79,286 |
| Cash and cash equivalents, beginning of year | 2,593,265 | 1,038,643 |
| Cash and cash equivalents, end of year | 525,643 | 2,593,265 |
| Cash | 525,643 | 2,593,265 |
| Cash equivalents | - | - |
| Cash and cash equivalents | 525,643 | 2,593,265 |

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

Galantas Gold Corporation

Consolidated Statements of Changes in Equity (Expressed in Canadian Dollars)

| | Share capital | Warrants reserve | Reserves | | Deficit | Total |
|--|-------------------|------------------|---|--------------------------------------|---------------------|-------------------|
| | | | Equity settled share-based payments reserve | Foreign currency translation reserve | | |
| 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 16(b)(i)) | 2,963,142 | - | - | - | - | 2,963,142 |
| Shares issue for services arrangement (note 16(b)(ii)) | 420,000 | - | - | - | - | 420,000 |
| Shares issue for debt settlement (note 16(b)(iii)) | 749,020 | - | - | - | - | 749,020 |
| Warrants issued (note 16(b)(i)(iii)) | (1,609,634) | 1,609,634 | - | - | - | - |
| Warrants issued (note 15 and 20(a)(vi)) | - | 107,181 | - | - | - | 107,181 |
| Share issue costs (note 16(b)(i)) | (417,318) | 40,175 | - | - | - | (377,143) |
| Stock-based compensation (note 16(d)) | - | - | 353,712 | - | - | 353,712 |
| Exercise of warrants | 40,733 | (9,533) | - | - | - | 31,200 |
| Warrants expired | - | (2,104,148) | 2,104,148 | - | - | - |
| Exchange differences on translating foreign operations | - | - | - | 963,193 | - | 963,193 |
| Net loss for the year | - | - | - | - | (8,568,140) | (8,568,140) |
| Balance, December 31, 2023 | 71,809,999 | 3,546,313 | 14,345,538 | 687,616 | (79,032,310) | 11,357,156 |
| Shares cancelled (note 16(b)(iii)) | (110,200) | - | - | - | - | (110,200) |
| Convertible debenture converted (note 15) | 82,404 | - | - | - | - | 82,404 |
| Stock-based compensation (note 16(d)) | - | - | 431,990 | - | - | 431,990 |
| Warrants expired (note 16(c)) | - | (144,464) | 144,464 | - | - | - |
| Exchange differences on translating foreign operations | - | - | - | 1,137,043 | - | 1,137,043 |
| Net loss for the year | - | - | - | - | (1,488,684) | (1,488,684) |
| Balance, December 31, 2024 | 71,782,203 | 3,401,849 | 14,921,992 | 1,824,659 | (80,520,994) | 11,409,709 |

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

Galantas Gold Corporation

Notes to Consolidated Financial Statements Years Ended December 31, 2024 and 2023 (Expressed in Canadian Dollars)

1. Incorporation and Nature of Operations

Galantas Gold Corporation (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 Minerals Limited ("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.

The Company entered into an agreement on April 17, 2000, approved by shareholders on June 26, 2000, whereby Cavanacaw Corporation ("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 Resources Limited ("Flintridge"). Following a strategic review of its business by the Company during 2014 certain assets owned by Omagh were acquired by Flintridge.

On November 16, 2023, Gairloch Resources Limited ("Gairloch") was incorporated.

The Company's operations include the consolidated results of Gairloch, 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.

2. Going Concern

These consolidated financial statements have been prepared on a going concern basis which contemplates that 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 subsidiaries Gairloch Gairloch incorporated on November 16, 2023 and Cavanacaw. Cavanacaw has a 100% shareholding in Galántas, Flintridge who are engaged in the acquisition, exploration and development of gold properties, mainly in Omagh, Northern Ireland and Omagh who is engaged in the exploration of gold properties, mainly in the Republic of Ireland. The Omagh mine is 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 on forecast cash flows being met, further financing negotiations being completed successfully. Management's assumptions in relation to future financing, levels of production, gold prices and mine operating costs are crucial to forecast cash flows being achieved. Should production be significantly delayed, revenues fall short of expectations or operating costs and capital costs increase significantly, there may be insufficient cash flows to sustain day to day operations without seeking further financing.

Based on the financial projections which have been prepared for a five-year period and using assumptions which management believes to be prudent, alongside ongoing negotiations with both current and prospective investors and creditors, management believes it is appropriate to prepare the consolidated financial statements on the going concern basis.

Should the Company be unsuccessful in securing the above, there would be significant uncertainty over the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that would result if forecast cash flows were not achieved, if the existing creditors withdrew their support or if further financing could not be raised from current or potential investors.

During the year ended December 31, 2023, the Company raised gross proceeds of 3M through the issuance of shares to investors and 3.5M through the issuance of convertible debentures. During the year ended December 31, 2024, the Company raised gross proceeds of 1.1M through loans from related parties.

As at December 31, 2024, the Company had a deficit of 80,520,994 (December 31, 2023 - 79,032,310). Comprehensive loss for the

year ended December 31, 2024 was 351,641 (year ended December 31, 2023 - 7,604,947). 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 uncertainties detailed above. These 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.

3. Basis of Preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). The Board of Directors approved the consolidated financial statements on April 28, 2025.

(b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis with the exception of certain financial instruments, which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the year. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 3(e).

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The results of subsidiaries acquired or disposed of during the years presented are included in the consolidated statement of loss from the effective date of control and up to the effective date of disposal or loss of control, as appropriate. An investor controls an investee if the investor has the power over the investee, has the exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

The following wholly owned companies have been consolidated within the consolidated financial statements:

| Company | Registered | Principal activity |
|--|-------------------|---------------------------|
| Galantas Gold Corporation | Ontario, Canada | Parent company |
| Cavanacaw Corporation ⁽¹⁾ | Ontario, Canada | Holding company |
| Omagh Minerals Limited ⁽²⁾⁽³⁾ | Northern Ireland | Operating company |
| Galántas Irish Gold Limited ⁽²⁾⁽⁴⁾ | Northern Ireland | Dormant company |
| Flintridge Resources Limited ⁽²⁾⁽⁵⁾ | United Kingdom | Operating company |
| Gairloch Resources Limited ⁽¹⁾⁽⁶⁾ | United Kingdom | Operating company |

⁽¹⁾ 100% owned by Galantas Gold Corporation;

⁽²⁾ 100% owned by Cavanacaw Corporation;

⁽³⁾ Referred to as Omagh (as defined herein);

⁽⁴⁾ Referred to as Galántas (as defined herein);

⁽⁵⁾ Referred to as Flintridge (as defined herein); and

⁽⁶⁾ Referred to as Gairloch (as defined herein).

(d) Functional and presentation currency

The consolidated financial statements are presented in Canadian Dollars ("CAD"), which is the parent Company's functional currency.

Items included in the financial statements of each of the Company's operating subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the operating subsidiaries is the U.K. Pound Sterling ("GBP"). The functional currency of the subsidiary Cavanacaw, the holding

company, is the CAD.

Assets and liabilities of entities with functional currencies other than CAD are translated at the year-end closing rate of exchange, and the results of their operations are translated at average rates of exchange for the period unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case the results of their operations are translated at the rate prevailing on the dates of the transactions. The resulting translation adjustments are recognized as a separate component of equity.

| | Year Ended December 31, | |
|---------------------------|------------------------------------|-------------|
| | 2024 | 2023 |
| Closing rate (GBP to CAD) | 1.8029 | 1.6837 |
| Average for the year | 1.7504 | 1.6783 |

(e) Use of estimates and judgments

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

Critical accounting estimates

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

- the recoverability of accounts receivable that are included in the consolidated statements of financial position;
- the recoverability of property, plant and equipment in the consolidated statements of financial position. The Omagh underground mine and the open pit mine are considered as one Cash generating unit ("CGU") and is tested for impairment when potential indicators of impairment are present. The calculations of the recoverable amount of CGU determined using the value-in-use method require the use of methods such as the discounted cash flow method, which uses assumptions to estimate future cash flows. Significant assumptions applied in the discounted cash flow calculation include: discount rate, foreign exchange rate, gold sale price, grade of ore mined, mill throughput, mill recovery rate and external contractor costs;
- the estimated life of the Omagh underground mine ore body based on the estimated recoverable ounces or pounds mined from proven and probable reserves of the mine development costs which impacts the consolidated statements of financial position and the related depreciation included in the consolidated statements of loss;
- the estimated useful lives and residual value of property, plant and equipment which are included in the consolidated statements of financial position and the related depreciation included in the consolidated statements of loss;
- stock-based compensation - management is required to make a number of estimates when determining the compensation expense resulting from share-based transactions, including volatility, which is an estimate based on historical price of the Company's share, the forfeiture rate and expected life of the instruments;
- warrants - management is required to make a number of estimates when determining the fair value of the warrants, including volatility and expected life of the instruments;
- convertible debenture is separated into its liability (host loan) and embedded derivative liability (conversion feature). The fair value of the embedded derivative at the time of issue is calculated by using black-scholes valuation model. Subsequent to the measurement of derivative liability, the residual value will be allocated as fair value of the host loan. The host loan will be subsequently measured at amortized cost by using an effective interest rate method (see note 15). Changes in the input assumptions can materially affect the fair value estimates and the Company's classification between debt and derivative components. The transaction costs incurred to obtain the convertible debenture are pro-rated between equity and debt liability;

- derivative liability - management is required to make a number of estimates when determining the fair value of the derivative liability, including volatility and expected life of the instruments;
- share issued for non-cash consideration - the Company measures equity-settled share-based payment transactions based on an estimate of the fair value of goods or services received, unless that fair value cannot be estimated reliably, in which case the Company measures the fair value of the goods or services received based on the fair value of the equity instruments granted.
- decommissioning liabilities has been created based on the estimated settlement amounts. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed quarterly and are based on current regulatory requirements and constructive obligations. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to liability on a quarterly basis. Actual decommissioning costs will ultimately depend on actual future settlement amount for the decommissioning costs which will reflect the market condition at the time the decommissioning costs are actually incurred. The final cost of the currently recognized decommissioning provisions may be higher or lower than currently provided for.

Critical accounting judgments

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

4. Material Accounting Policies

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the operations at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising in retranslation are recognized in the consolidated statements of loss, except for differences arising on the retranslation of available-for-sale equity instruments which are recognised in other comprehensive loss. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transaction.

(b) Financial instruments

Under IFRS 9 - Financial Instruments ("IFRS 9"), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value

through profit and loss ("FVTPL").

Below is a summary showing the classification and measurement bases of our financial instruments.

| Financial instruments | Classification under IFRS 9 |
|--|-----------------------------|
| Cash and cash equivalents | FVTPL |
| Accounts receivable | Amortized cost |
| Long-term deposit | Amortized cost |
| Accounts payable and other liabilities | Amortized cost |
| Financing facilities | Amortized cost |
| Due to related parties | Amortized cost |
| Convertible debenture (host loan) | Amortized cost |
| Other liability | Amortized cost |
| Derivative liability | FVTPL |

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss.

The Company's cash and cash equivalents is classified as financial assets measured at FVTPL.

ii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

The Company's accounts receivable and long-term deposit are classified as financial assets measured at amortized cost.

iii. Financial assets recorded at FVTOCI

Financial assets are recorded at FVTOCI when the change in fair value is attributable to changes in the Company's credit risk.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable and other liabilities, financing facilities, due to related parties, convertible debenture (host loan) and other liability do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

ii. Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above. The Company's derivative liability is measured at FVTPL.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments

instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive loss.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's consolidated financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(c) Impairment of non-financial assets

When events or circumstances indicate that the carrying value may not be recoverable, the Company reviews the carrying amounts of its non-financial assets to determine whether events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The estimated recoverable amount is determined on an asset by asset basis, except where such assets do not generate cash flows independent of other assets, in which case the recoverable amount is estimated at the CGU level.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of comprehensive loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased up to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years.

Fair values

The fair value of quoted investments is determined by reference to market prices at the close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques.

These include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis; and pricing models.

Financial instruments that are measured subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

- Level 1 fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liabilities that are not based on observable market data (unobservable inputs)

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

(e) Property, plant and equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is recognized based on the cost of an item of property, plant and equipment, less its estimated residual value, over its estimated useful life at the following rates:

| Detail | Percentage | Method |
|---------------------------|------------|-------------------|
| Buildings | 20% | Declining balance |
| Plant and machinery | 20% | Declining balance |
| Motor vehicles | 25% | Declining balance |
| Office equipment | 15% | Declining balance |
| Development assets | | No depreciation |
| Assets under construction | | No depreciation |

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis.

(f) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

(g) Exploration and evaluation assets

These assets relate to the exploration and evaluation expenditures incurred in respect to resource projects that are in the exploration and evaluation stage.

Exploration and evaluation expenditures include costs which are directly attributable to acquisition, exploration and evaluation activities, assessing technical feasibility and commercial viability. These expenditures are capitalized using the full cost method until the technical feasibility and commercial viability of extracting the mineral resource of a project are demonstrable. During the exploration period, exploration and evaluation assets are not amortized.

Exploration and evaluation assets are allocated to CGU for the purpose of assessing such assets for impairment. At the end of each reporting period, the asset is reviewed for impairment indicators in accordance with IFRS 6.20:

- (i) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- (iv) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

If such indicators exist, the asset is tested for impairment and the recoverable amount of the asset is estimated. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in consolidated statements of loss.

Once the technical feasibility and commercial viability of extracting a mineral resource of a project are demonstrable, the relevant exploration and evaluation asset is assessed for impairment, and any impairment loss recognized, prior to the balance being reclassified as a development asset in property, plant and equipment.

The determination of the demonstration of technical feasibility and commercial viability is subject to a significant degree of judgment and assessment of all relevant factors. In general, technical feasibility may be demonstrable once a positive feasibility study is completed. When determining the commercial viability of a project, in addition to the receipt of a feasibility study, the Company also considers factors such as the availability of project financing, the existence of markets and/or long term contracts for the product, and the ability of obtaining the relevant operating permits.

All subsequent expenditures to ready the property for production are capitalized within development assets, other than those costs related to the construction of property, plant and equipment. However, until the mine reaches the commencement of commercial production, the net proceeds from concentrate sales will be offset against development assets.

Once production has commenced, all costs included in development assets are reclassified to mine development costs.

Exploration and evaluation expenditures incurred prior to the Company obtaining mineral rights related to the property being explored are recorded as expense in the period in which they are incurred.

(h) Stripping costs

Till stripping costs involving the removal of overburden are capitalized where the underlying ore will be extracted in future periods. The Company defers these till stripping costs and amortizes them on a unit-of-production basis as the underlying ore is extracted.

(i) Inventories

Inventories are comprised of finished goods, concentrate inventory and work-in-process amounts.

All inventories are recorded at the lower of production costs on a first-in, first-out basis, and net realizable value. Production costs include costs related to mining, crushing, mill processing, as well as depreciation on production assets and certain allocations of mine-site overhead expenses attributable to the manufacturing process.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(j) Revenue recognition

Revenue from sales of finished goods is recognized at the time of shipment when significant risks and rewards of ownership are considered to be transferred, the terms are fixed or determinable, collection is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement in the goods, and the amount of revenue can be measured reliably.

Revenue from sales of gold concentrate is recognized at the time of shipment when title passes and significant risks and benefits of ownership are considered to be transferred and the amount of revenue to be receivable by the Company is known or could be accurately estimated. The final revenue figure at the end of any given period is subject to adjustment at the date of ultimate settlement as a result of final assay agreement and metal prices changes.

(k) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(l) Share-based compensation transactions

Share-based compensation transactions

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of

share-based compensation transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, such as share-based payments to employees, they are measured at fair value of the share-based payment.

Share-based payments to employees of the subsidiaries are recognized as cash settled share-based compensation transactions.

Equity-settled transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in "equity settled share-based payments reserve".

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options (if any) is reflected as additional dilution in the computation of loss per share.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value. The liability is re-measured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognised in employee benefits expense.

(m) Income taxes

Income tax on the consolidated statements of loss for the years presented comprises current and deferred tax. Income tax is recognized in the consolidated statements of loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to taxable temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(n) Convertible debentures

The convertible debenture is convertible into units in US and the Company's functional currency is the Canadian Dollars. As a

result the instrument contains an embedded derivative liability.

The proceeds received on issuance of the Company's convertible debenture are allocated to the host debt and derivative liability component. The fair value of the component is determined based on the residual method.

At the time of issue, the derivative liability feature was measured using the Black-Scholes option pricing model. The residual value was allocated as fair value of the host debt component. The derivative liability is fair valued at each statement of financial position date using the Black-Scholes option pricing model.

The host debt component accretes up to the principal balance at maturity with the accretion expense included in the consolidated statements of loss. The derivative liability component will be reclassified to share capital on conversion.

Transaction costs are apportioned to the debt liability and derivative liability component in proportion to the allocation of proceeds.

(o) Decommissioning liability

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, when there is a present obligation, as a result of a past event, it is probable to be settled by a future outflow of resources and a reliable estimate can be made of the obligation. Discount rates using a pretax rate that reflects the risk and the time value of money are used to calculate the net present value. These costs are charged against the consolidated statements of loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits and/or inventories as extraction progresses.

(p) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is computed similarly to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the years. Options and warrants are anti-dilutive and, therefore, have not been taken into account in the per share calculation.

5. Capital Risk Management

The Company manages its capital with the following objectives:

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

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

The Company considers its capital to be equity, comprising share capital, reserves and deficit which at December 31, 2024 totaled 11,409,709 (December 31, 2023 - 11,357,156). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on future sales revenues, operating expenditures, and other investing and financing activities. The forecast is updated based on its operating and exploration activities. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2024. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body.

6. Financial and Property Risk Management

Property risk

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

Financial risk

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

(i) Credit risk and sales concentration

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

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company manages liquidity risk by monitoring maturities of financial commitments and maintaining adequate cash reserves and available borrowing facilities to meet these commitments as they come due. As at December 31, 2024, the Company had working capital deficit of 16,218,988 (December 31, 2023 - working capital deficit of 12,599,514). All of the Company's financial liabilities have contractual maturities of less than 30 days other than certain related party loans and the financing liabilities.

(iii) Market risk

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

(a) Interest rate risk

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

(b) Foreign currency risk

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

(c) Commodity price risk

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

Sensitivity analysis

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

(i) Certain related party loans, a loan facility with a third party and convertible debentures are subject to interest rate risk. As at December 31, 2024, if interest rates had decreased/increased by 1% with all other variables held constant, the net loss for the year ended December 31, 2024, would have been approximately 192,000 lower/higher respectively, as a result of lower/higher interest rates from certain related party loans, a loan facility and convertible debentures. Similarly, as at December 31, 2024, shareholders' equity would have been approximately 192,000 higher/lower as a result of a 1% decrease/increase in interest rates from certain related party loans, a loan facility and convertible debentures.

(ii) The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, accounts receivable, long-term deposit, accounts payable and other liabilities, financing liability and due to related parties that are denominated in GBP as well as convertible debentures that are denominated in US . As at December 31, 2024, had the GBP and US weakened/strengthened by 5% against the CAD with all other variables held constant, the Company's consolidated comprehensive loss for the year ended December 31, 2024 would have been approximately 1,074,000 higher/lower as a result of foreign exchange losses/gains on translation of non-CAD denominated financial instruments. Similarly, as at December 31, 2024, shareholders' equity would have been approximately 1,074,000 higher/lower had the GBP and US weakened/strengthened by 5% against the CAD as a result of foreign exchange losses/gains on translation of non-CAD denominated financial instruments.

(iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of gold. Gold prices have fluctuated widely in recent years. There is no assurance that, even as commercial quantities of gold may be produced in the future, a profitable market will exist for them. A decline in the market price of gold may also require the Company to reduce production of its mineral resources, which could have a material and adverse effect on the Company's value. Management believes that the impact would be immaterial for the year ended December 31, 2024.

7. Categories of Financial Instruments

| As at December 31, | 2024 | 2023 |
|--|------------|-----------|
| Financial assets: | | |
| FVTPL | | |
| Cash and cash equivalents | 525,643 | 2,593,265 |
| Amortized cost | | |
| Accounts receivable | 144,445 | 108,292 |
| Long-term deposit | 540,870 | 505,110 |
| Financial liabilities: | | |
| FVTPL | | |
| Derivative liability | 123,542 | 1,245,627 |
| Amortized cost | | |
| Accounts payable and other liabilities | 3,437,002 | 3,662,842 |
| Financing facilities | - | 6,757,740 |
| Due to related parties | 13,885,635 | 5,838,256 |
| Convertible debenture | 6,556,155 | 1,923,509 |
| Other liability | - | 1,187,437 |

As of December 31, 2024 and 2023, the fair value of all the Company's financial instruments approximates the carrying value.

8. Accounts Receivable and Prepaid Expenses

| As at December 31, | 2024 | 2023 |
|--|----------------|------------------|
| Sales tax receivable - Canada | 13,225 | 15,067 |
| Valued added tax receivable - Northern Ireland | 61,414 | 9,959 |
| Accounts receivable | 69,806 | 83,266 |
| Prepaid expenses | 219,917 | 1,488,588 |
| | 364,362 | 1,596,880 |

Prepaid expenses includes advances for consumables and for construction of the passing bays in the Omagh mine. Prepaid expenses includes also 111,111 (December 31, 2023 - 1,000,000) pursuant to services agreement for the underground development at the Omagh Gold Project. During the year ended December 31, 2024, prepaid expenses were written-down by 888,889 (year ended December 31, 2023 - nil) to reflect anticipated value of associated services to be received in future.

The following is an aged analysis of receivables:

| As at December 31, | 2024 | 2023 |
|--------------------|---------|--------|
| Less than 3 months | 101,263 | 50,614 |

| | | |
|---------------------------|---------|---------|
| 3 to 12 months | 20,173 | 45,330 |
| More than 12 months | 23,009 | 12,348 |
| Total accounts receivable | 144,445 | 108,292 |

9. Inventories

| As at December 31, | 2024 | 2023 |
|-------------------------|---------|--------|
| Concentrate inventories | 213,644 | 18,184 |

10. Property, Plant and Equipment

| | Freehold | Plant | | | | Assets | |
|--|-----------|-----------|----------|-----------|-------------|--------------|-------------|
| Cost | land and | and | Motor | Office | Development | under | Total |
| | buildings | machinery | vehicles | equipment | assets (i) | construction | |
| Balance, December 31, 2022 | 2,252,053 | 8,721,798 | 220,866 | 216,029 | 21,402,040 | - | 32,812,786 |
| Additions | - | - | - | - | 3,423,820 | 26,939 | 3,450,759 |
| Cash receipts from concentrate sales | - | - | - | - | (1,491,453) | - | (1,491,453) |
| Impairment (ii) | - | - | - | - | (3,353,077) | - | (3,353,077) |
| Foreign exchange adjustment | 71,058 | 274,128 | 6,969 | 6,816 | 658,736 | - | 1,017,707 |
| Balance, December 31, 2023 | 2,323,111 | 8,995,926 | 227,835 | 222,845 | 20,640,066 | 26,939 | 32,436,722 |
| Additions | - | - | - | - | 2,555,601 | - | 2,555,601 |
| Transfer | - | 28,928 | - | - | - | (28,928) | - |
| Cash receipts from concentrate sales (note 18) | - | - | - | - | (1,228,232) | - | (1,228,232) |
| Reversal of impairment (ii) | - | - | - | - | 3,250,867 | - | 3,250,867 |
| Foreign exchange adjustment | 164,468 | 634,400 | 16,130 | 15,776 | 1,548,305 | 1,989 | 2,381,068 |
| Balance, December 31, 2024 | 2,487,579 | 9,659,254 | 243,965 | 238,621 | 26,766,607 | - | 39,396,026 |
| Accumulated depreciation | | | | | | | |
| Balance, December 31, 2022 | 1,876,242 | 6,378,013 | 158,615 | 144,067 | - | - | 8,556,937 |
| Depreciation | 3,954 | 482,088 | 17,864 | 11,097 | - | - | 515,003 |
| Foreign exchange adjustment | 59,213 | 201,755 | 5,062 | 4,581 | - | - | 270,611 |
| Balance, December 31, 2023 | 1,939,409 | 7,061,856 | 181,541 | 159,745 | - | - | 9,342,551 |
| Depreciation | 3,298 | 407,802 | 13,975 | 9,837 | - | - | 434,912 |
| Foreign exchange adjustment | 137,399 | 509,830 | 13,272 | 11,606 | - | - | 672,107 |
| Balance, December 31, 2024 | 2,080,106 | 7,979,488 | 208,788 | 181,188 | - | - | 10,449,570 |
| Carrying value | | | | | | | |
| Balance, December 31, 2023 | 383,702 | 1,934,070 | 46,294 | 63,100 | 20,640,066 | 26,939 | 23,094,171 |
| Balance, December 31, 2024 | 407,473 | 1,679,766 | 35,177 | 57,433 | 26,766,607 | - | 28,946,456 |

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

(ii) The Company conducts impairment testing on an annual basis. The cash generating unit for the purpose of impairment testing is the Omagh Mine. The basis on which the recoverable amount is assessed is its value in use. The cash flow forecast employed for the value in use computation is for a five year period discounted at a rate reflective of market conditions.

A critical assumption for the value in use calculation was the granting of planning permission for the development of an underground mine. Planning permission was granted but was the subject of a judicial review which found in favour of the Company in September 2017. The judicial review decision was then appealed by a third party to the Court of Appeal in relation to the positive judicial review judgment. This appeal was completed in February 2018 and later in 2018 the Court of Appeal delivered its judgement in regard to an appeal against the Company's planning consent. The Court determined that the appeal had failed and thus the planning consent is confirmed.

As at December 31, 2024, the Company performed an assessment of the carrying values of its development assets in accordance with IAS 36, "Impairment of Assets." Based on the results of this assessment, the Company recognized a reversal of previously recorded impairments amounting to 3,250,867.

The impairment reversal was determined based on a five year value-in-use discounted cash flow forecast utilizing a discount rate of 15% and an average gold price assumption of US 2,042 per ounce over the forecast period.

Key Assumptions

| | |
|--------------------|-------------|
| Forecast Period | 5 years |
| Average Gold Price | US 2,042/oz |
| Discount Rate | 15% |

Management considers these assumptions to be reasonable based on prevailing market conditions and internal forecasts.

As at December 31, 2023, the Company determined the development assets was impaired by 3,353,077.

Sensitivity Analysis

The Company performed a sensitivity analysis to assess the impact of changes in key assumptions:

- Gold Price Sensitivity: A 5% increase in the forecast gold price would result in a maximum impairment reversal capped at the carrying amount limit under IAS 36. A 5% decrease in the forecast gold price would result in a potential impairment of approximately CAD 2.2 million.
- Discount Rate Sensitivity: A 5% increase in the discount rate would result in a reduced impairment reversal of approximately CAD 2.2 million. A 5% decrease in the discount rate would result in an increased impairment reversal of approximately CAD 4.4 million, subject to the limitation imposed by IAS 36.

Management believes that the gold price assumption used in the impairment assessment is conservative relative to current market trends and forward-looking pricing forecasts.

11. Exploration and Evaluation Assets

| Cost | Acquisition costs | Exploration costs | Total |
|-----------------------------|-------------------|-------------------|------------------|
| Balance, December 31, 2022 | - | 2,665,313 | 2,665,313 |
| Additions | 1,140,115 | 1,162,710 | 2,302,825 |
| Impairment (i) | - | (282,493) | (282,493) |
| Foreign exchange adjustment | - | 90,764 | 90,764 |
| Balance, December 31, 2023 | 1,140,115 | 3,636,294 | 4,776,409 |
| Additions | - | 481,338 | 481,338 |
| Foreign exchange adjustment | - | 229,449 | 229,449 |
| Balance, December 31, 2024 | 1,140,115 | 4,347,081 | 5,487,196 |
| Carrying value | | | |
| Balance, December 31, 2023 | 1,140,115 | 3,636,294 | 4,776,409 |
| Balance, December 31, 2024 | 1,140,115 | 4,347,081 | 5,487,196 |

(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 Cairloch Project from the owners of the Cairloch 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.

As of December 31, 2024, the Company assessed that the exploration assets were impaired by nil (December 31, 2023 - 282,493).

12. 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 December 31, 2024 based on a risk-free discount rate of 1% (December 31, 2023 - 1%) and an inflation rate of 1.50% (December 31, 2023 - 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 December 31, 2024, the estimated fair value of the liability is 666,128 (December 31, 2023 - 611,452). Changes in the provision during the year ended December 31, 2024 are as follows:

| As at December 31, | 2024 | 2023 |
|--|---------|---------|
| Decommissioning liability, beginning of year | 611,452 | 582,441 |
| Accretion | 11,056 | 10,601 |
| Foreign exchange | 43,620 | 18,410 |
| Decommissioning liability, end of year | 666,128 | 611,452 |

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, 2023 - GBP 300,000), of which GBP 300,000 was funded as of December 31, 2024 (GBP 300,000 was funded as of December 31, 2023) and reported as long-term deposit of 540,870 (December 31, 2023 - 505,110).

13. 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 December 31, | 2024 | 2023 |
|--|-----------|-----------|
| Accounts payable | 2,015,836 | 2,131,257 |
| Accrued liabilities | 1,421,166 | 1,531,585 |
| Total accounts payable and other liabilities | 3,437,002 | 3,662,842 |

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

| As at December 31, | 2024 | 2023 |
|--|-----------|-----------|
| Less than 3 months | 496,691 | 1,672,744 |
| 3 to 12 months | 555,504 | 807,338 |
| 12 to 24 months | 1,304,549 | 474,290 |
| More than 24 months (see also note 22) | 1,080,258 | 708,470 |
| Total accounts payable and other liabilities | 3,437,002 | 3,662,842 |

14. Financing Facilities

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

| As at December 31, | 2024 | 2023 |
|--|-------------|-------------|
| G&F Phelps | | |
| Financing facility, beginning of period | 6,119,308 | 4,836,267 |
| Financing facility transferred to due to related parties (i) | (7,096,775) | - |
| Accretion (i) | - | 259,354 |
| Interest (i) | 633,566 | 961,722 |
| Shares for debt settlement | - | (100,000) |
| Foreign exchange adjustment | 343,901 | 161,965 |
| | - | 6,119,308 |
| Less current portion | - | (6,119,308) |
| Financing facilities - non-current portion | - | - |

(i) As at December 31, 2024, G&F Phelps Ltd. ("G&F Phelps") had amalgamated loans to the Company of nil (GBP nil) (December 31, 2023 - 3,139,728 - GBP 1,864,779) included with financing facilities bearing interest at 2% above UK base rates, repayable on demand and secured by a mortgage debenture on all the Company's assets. In April 2018, the interest increased to 6.75% + US 12 month LIBOR. Interest accrued on G&F Phelps loan is included with financing facilities. As at December 31, 2024, the amount of interest accrued is nil (GBP nil) (December 31, 2023 - 2,979,582 - GBP 1,769,663).

The G&F Phelps loans expired on December 31, 2023 and are being rolled forward on a month-to-month basis. Interest may be

The G&F Phelps loans expired on December 31, 2023 and are being rolled forward on a month to month basis. Interest may be deferred and added to the balance outstanding until March 31, 2022, at which point interest will be paid monthly. In consideration for extending the G&F loan and deferring interest, G&F Phelps has 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.

During the year ended December 31, 2024, the Company recorded accretion expense of nil in the consolidated statements of loss in regards with this loan facility (year ended December 31, 2023 - 259,354).

During the year ended December 31, 2024, the Company recorded interest expense of 633,566 in the consolidated statements of loss in regards with this loan facility (year ended December 31, 2023 - 961,722).

During the year ended December 31, 2024, the G&F Phelps loans were transferred to Ocean Partners UK Ltd. ("Ocean Partners") with the same terms (note 15).

15. Convertible Debentures

(i) On December 20, 2023, the Company closed a 3,502,054 (US 2,627,000) convertible debenture. The convertible debenture is unsecured, is for a term of three year commencing on the date that it is issued, carries a coupon of 10% per annum and is convertible into common shares of the Company. Each debenture consists of US 1,000 principal amount of unsecured convertible debentures. The convertible debentures have a term of 36 months from the date of issuance with a conversion price of US 0.255 being the equivalent of a conversion price of 0.35 per conversion share. A four month hold period will apply to common shares converted through the convertible debenture. The hold period expired on April 21, 2024.

In accordance with the terms of the convertible debentures, if, at any time following the issuance of the convertible 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 convertible debentures into conversion shares at the conversion price, upon giving the holders of the convertible debentures not less than 30 calendar days advance written notice. On December 20, 2026, any outstanding principal amount of convertible debentures plus any accrued and unpaid interest thereon shall be repaid by the Company in cash.

Interest on the principal amount outstanding under each convertible debenture shall accrue during the period commencing on December 20, 2023 until December 20, 2026 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 convertible 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 December 20, 2023 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; provided, however, that, without the prior acceptance of the TSXV, the average interest rate shall not exceed 24% per annum during the term of the convertible debentures. 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 Interest Period ending on December 31, 2024, from December 20, 2023 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.

Melquart, an insider and control person of the Company (as defined by the TSXV), subscribed for US 875,000. Ocean Partners, which has a common director with the Company, acquired US 875,000 aggregate principal amount of convertible debentures.

The Company paid a cash finder's fee of US 40,500 (CAD 53,990) and issued 158,823 non-transferable finder's warrants to Canaccord Genuity Corp. in consideration for providing certain finder services to the Company under the offering. Each finder warrant is exercisable to acquire one common share in the capital of the Company at an exercise price of 0.35 per common share at any time on or before December 20, 2026. The fair value of the 158,823 finder warrants was estimated at 24,670 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 107.02%, risk-free interest rate - 3.71% and an expected average life of 3 years.

The debentures consist of the liability component and conversion feature. Due to the convertible debenture being denominated in US, the conversion feature has been presented as a non-cash derivative liability.

On the date of issuance, the fair value of the derivative liability was estimated to be 1,495,208 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 107.02%, risk-free interest rate - 3.71% and an expected average life of 3 years.

pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 95.0%, risk-free interest rate - 3.94% and an expected average life of 3 years.

On issuance the fair value of the liability component was recorded at 2,006,846, discounted at an effective interest rate of 37%.

The Company incurred transaction costs of 153,481 which was allocated pro-rata on the value of the conversion feature and the liability component.

As at December 31, 2023, the fair value of the derivative liability was revalued at 1,245,627 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 94.9%, risk-free interest rate - 3.91% and an expected average life of 2.97 years.

As at December 31, 2024, the fair value of the derivative liability was revalued at 60,086 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 100%, risk-free interest rate - 2.92% and an expected average life of 1.97 years.

During the year ended December 31, 2024, the Company recorded accretion expense of 389,379 (year ended December 31, 2023 - 33,265) and interest expense of 454,248 (year ended December 31, 2023 - 29,184) as loan interest and bank charges less deposit interest in the consolidated statement of loss. During the year ended December 31, 2024, 151,301 of the interest expense was related to the convertible debenture subscribed by Melquart. During the year ended December 31, 2024, 151,301 of the interest expense was related to the convertible debenture subscribed by Ocean Partners.

During the year ended December 31, 2024, 82,404 (US 60,000) of convertible debenture was converted into 235,294 common shares of the Company (year ended December 31, 2023 - nil). Refer to note 16(b).

During the year ended December 31, 2024, the Company paid interest of 157,422 (US 109,411) (year ended December 31, 2023 - nil).

(ii) On February 5, 2024, the Company announced that it closed a debt settlement transaction, pursuant to which the Company settled US 2,711,000 of indebtedness owing to Ocean Partners through the issuance of US 2,711,000 aggregate principal amount of unsecured convertible debentures of the Company.

The convertible debenture issued in connection with the debt settlement were issued on substantially the same terms as the unsecured convertible debentures closed on December 20, 2023. The convertible debentures issued pursuant to the debt settlement are subject to a four-month hold period which will expire on June 6, 2024.

The debentures consist of the liability component and conversion feature. Due to the convertible debenture being denominated in US, the conversion feature has been presented as a non-cash derivative liability.

On the date of issuance, the fair value of the derivative liability was estimated to be 748,337 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 95.0%, risk-free interest rate - 4.28% and an expected average life of 2.87 years.

The fair value of the liability component was recorded at 2,918,833, discounted at an effective interest rate of 20%.

As at December 31, 2024, the fair value of the derivative liability was revalued at 63,456 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 100%, risk-free interest rate - 2.92% and an expected average life of 1.97 years.

During the year ended December 31, 2024, the Company recorded accretion expense of 203,009 and interest expense of 482,978 as loan interest and bank charges less deposit interest in the consolidated statement of loss.

| | Convertible debenture | Derivative liability |
|---|--------------------------|-------------------------|
| Balance, December 31, 2022 | - | - |
| Principal amount (i) | 3,502,054 | - |
| Derivative liability component (i) | (1,495,208) | 1,495,208 |
| Transaction costs (i) | (153,481) | - |
| Transaction costs allocated to derivative liability component (i) | 7,695 | (7,695) |
| Interest expense (i) | 29,184 | - |
| Accretion expense (i) | 33,265 | - |
| Change in fair value (i) | - | (241,886) |
| Balance, December 31, 2023 | 1,923,509 | 1,245,627 |
| Principal amount (ii) | 3,667,170 | - |
| Derivative liability component (ii) | (748,337) | 748,337 |
| Convertible debenture converted (i) | (82,404) | - |

| | | |
|-----------------------------------|------------------|----------------|
| Interest payment (i) | (151,422) | - |
| Interest expense (i)(ii) | 937,226 | - |
| Accretion expense (i)(ii) | 592,388 | - |
| Change in fair value (i)(ii) | - | (1,870,422) |
| Foreign exchange adjustment | 424,025 | - |
| Balance, December 31, 2024 | 6,556,155 | 123,542 |

16. Share Capital and Reserves

a) Authorized share capital

At December 31, 2024, 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 December 31, 2024, the issued share capital amounted to 71,782,203. The continuity of issued share capital for the years presented is as follows:

| | Number of common shares | Amount |
|--|-------------------------------|-------------------|
| Balance, December 31, 2022 | 103,518,509 | 69,664,056 |
| Shares issued in private placement (i) | 8,230,951 | 2,963,142 |
| Shares issued for services arrangement (ii) | 933,334 | 420,000 |
| Shares issued for debt settlement (iii) | 2,080,609 | 749,020 |
| Warrants issued (i)(iii) | - | (1,609,634) |
| Share issue costs (i) | - | (417,318) |
| Exercise of warrants | 78,000 | 40,733 |
| Balance, December 31, 2023 | 114,841,403 | 71,809,999 |
| Shares cancelled (iii) | (306,110) | (110,200) |
| Convertible debenture converted (note 15(i)) | 235,294 | 82,404 |
| Balance, December 31, 2024 | 114,770,587 | 71,782,203 |

(i) On March 27, 2023, the Company closed a non-brokered private placement of 8,230,951 units at a price of 0.36 per unit for gross proceeds of 2,963,142. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to purchase an additional common share at a price of 0.55 per share until March 27, 2028. The fair value of the 7,924,841 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 146,966 and issued 407,962 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 407,962 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, an officer of the Company, acquired 468,416 units for consideration of 168,630.

(ii) The Company has entered into an agreement to acquire the historical Cairloch 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.

(iii) On April 26, 2023, the Company agreed to the terms of a proposed shares-for-debt transaction with several 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 at 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.

On February 27, 2024, total of 306,000 units issued to consultants in the debt settlement transaction were canceled.

c) Warrant reserve

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

| | Number of warrants | Weighted average exercise price |
|--|--------------------|---------------------------------|
| Balance, December 31, 2022 | 24,051,900 | 0.45 |
| Issued (notes 15, 16(b)(i)(iii) and 20(a)(vi)) | 11,172,235 | 0.54 |
| Exercised | (78,000) | 0.40 |
| Expired | (15,487,231) | 0.40 |
| Balance, December 31, 2023 | 19,658,904 | 0.54 |
| Expired | (820,000) | 0.45 |
| Balance, December 31, 2024 | 18,838,904 | 0.54 |

The following table reflects the actual warrants issued and outstanding as of December 31, 2024:

| Expiry date | Number of warrants | Grant date fair value () | Exercise price () |
|-------------------|--------------------|------------------------------|-----------------------|
| 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 | 407,962 | 40,175 | 0.36 |
| December 20, 2026 | 158,823 | 24,670 | 0.35 |
| March 27, 2028 | 7,924,841 | 1,237,009 | 0.55 |
| April 26, 2028 | 2,080,609 | 324,828 | 0.55 |
| | 18,838,904 | 3,354,052 | 0.54 |

d) Stock options

The Company has a stock option plan (the "Plan"), the purpose of which is to attract, retain and compensate qualified persons as directors, senior officers and employees of, and consultants to the Company and its affiliates and subsidiaries by providing such persons with the opportunity, through share options, to acquire an increased proprietary interest in the Company. The number of shares reserved for issuance under the Plan cannot be more than a maximum of 10% of the issued and outstanding shares at the time of any grant of options. The period for exercising an option shall not extend beyond a period of five years following the date the option is granted.

Insiders of the Company are restricted on an individual basis from holding options which when exercised would entitle them to receive more than 5% of the total issued and outstanding shares at the time the option is granted. The exercise price of options granted in accordance with the Plan must not be lower than the closing price of the shares on the TSXV immediately preceding the date on which the option is granted and in no circumstances may it be less than the permissible discounting in accordance with the Corporate Finance Policies of the TSXV.

The Company records a charge to the consolidated statements of loss using the Black-Scholes option pricing model. The valuation is dependent on a number of inputs and estimates, including the strike price, exercise price, risk-free interest rate, the level of stock volatility, together with an estimate of the level of forfeiture. The level of stock volatility is calculated with reference to the historic traded daily closing share price at the date of issue.

Option pricing models require the inputs including the expected price volatility. Changes in the inputs can materially affect the fair value estimate.

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

| | Number of options | Weighted average exercise price |
|-----------------------------------|-------------------|---------------------------------|
| Balance, December 31, 2022 | 6,152,500 | 0.78 |
| Expired | (25,000) | 1.10 |
| Cancelled (i) | (265,000) | 0.76 |
| Balance, December 31, 2023 | 5,862,500 | 0.78 |
| Granted (ii) | 3,175,000 | 0.23 |
| Expired | (185,000) | 0.90 |
| Cancelled (i) | (162,500) | 0.61 |

| | 2024 | 2023 |
|-----------------------------------|------------------|-------------|
| Balance, December 31, 2024 | 8,690,000 | 0.58 |

(i) The portion of the estimated fair value of options granted in the current and prior periods and vested during the year ended December 31, 2024, amounted to 431,990 (year ended December 31, 2023 - 353,712). In addition, during the year ended December 31, 2024, 162,500 options granted in the current and prior years were cancelled (year ended December 31, 2023 - 265,500 options cancelled).

(ii) On April 29, 2024, the Company granted 3,175,000 stock options to directors, officers, employees and consultants of the Company to purchase common shares at 0.23 per share until April 29, 2029. The options will vest as to one third immediately and one third on each of April 29, 2025 and April 29, 2026. The fair value attributed to these options was 589,000 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 123.07%, risk-free interest rate - 3.81% and an expected average life of 5 years. The vested portion was expensed in the 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 December 31, 2024:

| Expiry date | Exercise price () | Weighted average remaining contractual life (years) | Number of options outstanding | Number of options vested (exercisable) | Number of options unvested |
|--------------------|---------------------------|--|--------------------------------------|---|-----------------------------------|
| May 19, 2026 | 0.86 | 1.38 | 3,560,000 | 3,560,000 | - |
| June 21, 2026 | 0.73 | 1.47 | 425,000 | 425,000 | - |
| August 27, 2026 | 0.86 | 1.66 | 20,000 | 20,000 | - |
| May 3, 2027 | 0.60 | 2.34 | 1,560,000 | 1,560,000 | - |
| April 29, 2029 | 0.23 | 4.33 | 3,125,000 | 1,041,667 | 2,083,333 |
| | 0.58 | 2.62 | 8,690,000 | 6,606,667 | 2,083,333 |

17. Net Loss per Common Share

The calculation of basic and diluted loss per share for the year ended December 31, 2024 was based on the loss attributable to common shareholders of 1,488,684 (year ended December 31, 2023 - 8,568,140) and the weighted average number of common shares outstanding of 114,736,787 (year ended December 31, 2023 - 111,949,878) for basic and diluted loss per share. Diluted loss did not include the effect of 18,838,904 warrants (year ended December 31, 2023 - 19,658,904) and 8,690,000 options (year ended December 31, 2023 - 5,862,500) for the year ended December 31, 2024, as they are anti-dilutive.

18. Revenues

Shipments of concentrate under the off-take arrangements commenced during the second quarter of 2019. Concentrate sales provisional revenues during the year ended December 31, 2024 totalled approximately US 853,591 (CAD 1,228,232) (year ended December 31, 2023 - US 1,103,532 (CAD 1,491,453)). However, until the mine reaches the commencement of commercial production, the net proceeds from concentrate sales will be offset against Development assets.

19. Taxation

(a) Provision for income taxes

The reported recovery of income taxes differs from amounts computed by applying the statutory income tax rates to the reported loss before income taxes due to the following:

| Year Ended December 31, | 2024 | 2023 |
|---|--------------------|-------------|
| Loss before income taxes | (1,488,684) | (8,568,140) |
| Expected tax recovery at statutory rate of 26.5% (2023 - 26.5%) | (394,501) | (2,270,557) |
| Difference resulting from: | | |
| Foreign tax rate differential | (105,240) | 93,504 |
| Stock-based compensation | 114,477 | 93,734 |
| Share issue costs directly in equity | (165,481) | (96,650) |
| Permanent differences and other | (2,494,137) | (630,248) |
| Change in deferred income tax assets not recognized | 3,044,882 | 2,810,217 |
| | - | - |

(b) Deferred tax balances

The temporary differences and unused tax losses that give rise to deferred income tax balances are presented below:

| As at December 31, | 2024 | 2023 |
|--|-------------|-------------|
| Deferred income tax assets (liabilities) | | |
| Temporary differences | 30,400,000 | 17,600,000 |

| | | |
|------------------------------------|---------------------|--------------|
| Losses carried forward | 20,490,890 | 11,090,034 |
| Share issue costs and other | 166,885 | 263,746 |
| Non-current assets | (3,062,016) | (3,408,901) |
| Deferred tax assets not recognized | (17,595,759) | (14,550,879) |
| | - | - |

(c) Losses carried forward

As at December 31, 2024, the Company had non-capital losses carried forward, available to offset future taxable income for income tax purposes as follows:

| | | |
|------------|------|-------------------|
| Expires | 2026 | 1,064,484 |
| | 2027 | 598,595 |
| | 2029 | 373,962 |
| | 2030 | 440,512 |
| | 2031 | 993,770 |
| | 2032 | 600,689 |
| | 2033 | 1,100,268 |
| | 2034 | 906,488 |
| | 2035 | 884,526 |
| | 2036 | 901,063 |
| | 2037 | 772,787 |
| | 2038 | 891,330 |
| | 2039 | 1,027,232 |
| | 2040 | 1,321,064 |
| | 2041 | 1,409,184 |
| | 2042 | 2,173,300 |
| | 2043 | 2,557,630 |
| | 2044 | 3,384,622 |
| Indefinite | | 61,869,175 |
| | | <u>83,270,681</u> |

At December 31, 2024, the potential benefit of these losses and deductible temporary differences in excess of the deferred tax liabilities have not been recognized in these consolidated financial statements as it is not considered probable that sufficient future tax profit will allow the deferred tax assets to be recovered.

20. 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:

| | Year Ended December 31, | |
|-------------------------------------|------------------------------------|-------------|
| | 2024 | 2023 |
| Interest on related party loans (i) | 986,453 | 729,033 |

(i) Refer to note 20(a)(iv)(vi).

(ii) Refer to note 16(b).

(iii) Refer to note 15.

(iv) As at December 31, 2024, the Company owes Ocean Partners 12,613,719 (December 31, 2023 - 5,673,150) which is recorded as due to related parties on the consolidated statement of financial position. The loan bears interest at an annual rate of 12% compounded monthly.

| | December 31, 2024 | December 31, 2023 |
|---|----------------------------------|------------------------------|
| Balance, beginning of year | 5,673,150 | 4,978,069 |
| Converted to convertible debentures (note 15) | (2,457,358) | - |
| Loans transferred to Ocean Partners (note 14) | 7,096,775 | - |
| Advance | 931,474 | - |
| Repayment | (8,749) | (24,735) |
| Accretion | - | 116,569 |
| Interest | 897,886 | 729,033 |
| Foreign exchange adjustment | 480,541 | (125,786) |
| Balance end of year | 12,613,719 | 5,673,150 |

| | | |
|---|---------------------|--------------------|
| Balance, end of year | 12,613,719 | 5,673,150 |
| Less current balance | (12,613,719) | (5,673,150) |
| Due to related parties - non-current balance | - | - |

(v) In February 2024, a portion of the the loan balance due to Ocean Partner was converted to convertible debentures. Refer to note 15. As at December 31, 2024, balance related to the loan is recorded as other liability on the consolidated statement of financial position is nil (December 31, 2023 - 1,187,437).

(vi) 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"), an insider and control person of the Company (as defined by the TSXV). The loan is to be used for the initial lease payment for the Gairloch Project in Scotland (refer to note 11). 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. The Company granted to Melquart a security interest in the lease for the Gairloch Project.

During the year ended December 31, 2024, Melquart advanced an additional 137,936 (GBP 76,965) to the Company with the same terms.

As at December 31, 2024, the amount of interest accrued is 159,079 (GBP 88,235) (December 31, 2023 - 64,095 (GBP 38,068)).

During the year ended December 31, 2024, the Company recorded accretion expense of 8,490 (year ended December 31, 2023 - 7,077) in the consolidated statements of loss in regards with this loan facility.

During the year ended December 31, 2024, the Company recorded interest expense of 88,567 (year ended December 31, 2023 - 64,095) in the consolidated statements of loss in regards with this loan facility.

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.

| | December 31, 2024 | December 31, 2023 |
|---|-------------------------|----------------------|
| Melquart Limited | | |
| Financing facilities, beginning of year | 638,432 | - |
| Financing facility received | 137,936 | 580,392 |
| Less bonus warrants issued | - | (16,984) |
| Accretion | 8,492 | 7,077 |
| Interest | 88,567 | 64,095 |
| Foreign exchange adjustment | 48,603 | 3,852 |
| Balance, end of year | 922,030 | 638,432 |
| Less current portion | (922,030) | - |
| Due to related parties - non-current balance | - | 638,432 |

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

| | Year Ended December 31, 2024 | 2023 |
|--------------------------------------|------------------------------------|---------|
| Salaries and benefits ⁽¹⁾ | 482,713 | 450,861 |
| Stock-based compensation | 286,097 | 263,333 |
| | 768,810 | 714,194 |

⁽¹⁾ Salaries and benefits include director fees. As at December 31, 2024, due to directors for fees amounted to 210,000 (December 31, 2023 - 140,000) and due to officers, mainly for salaries and benefits accrued amounted to 139,886 (December 31, 2023 - 25,106), and is included with due to related parties.

(c) As at December 31, 2024, the issued shares of Galantas total 114,770,587. 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%. Ocean Partners owns 5,269,477 common shares of the Company and approximately 4.6%.

Excluding the Melquart Ltd, Premier Miton, Mr. Beaty, Mr. Phelps, Mr. Sprott and Mr. Gentile shareholdings discussed above, the remaining 49% 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.

(d) Additional disclosures required for Alternate Investment Market ("AIM") reporting:

Pursuant to the AIM Rules for Companies (the "AIM Rules"), a related party is any person who is; a director of an AIM company, a substantial shareholder (any person who has a shareholding greater than 10%), their associates, or any person who was a director of an AIM company or a substantial shareholder within the twelve months preceding the date of the transaction.

1. As described in note 20(a)(vi), Melquart ⁱ participated in the private placement in February 2023.
2. Related party balances Loan accounts - owed to related parties

| | | December 31, | |
|----------------|------|--------------|-----------|
| | | 2024 | 2023 |
| Melquart | (i) | 922,030 | 638,432 |
| Ocean Partners | (ii) | 12,613,719 | 5,673,150 |
| Total | | 13,535,749 | 6,311,582 |

(i) Pursuant to the AIM Rules, Melquart is deemed to be a related party of the Company by virtue of being a substantial shareholder in the Company.

(ii) Pursuant to IFRS, Ocean Partners are deemed to be a related of the Company as they have a common director.

| | | Year Ended December 31, | |
|---------------------------|--|----------------------------|---------|
| Salaries and benefits | | 2024 | 2023 |
| Mario Stifano, CEO | | 189,583 | 197,748 |
| Alan Buckley, CFO | | 153,130 | 113,113 |
| Brent Omland, director | | 30,000 | 30,000 |
| David Cather, director | | 30,000 | 30,000 |
| James B. Clancy, director | | 30,000 | 30,000 |
| Roisin Magee, director | | 50,000 | 50,000 |
| | | 482,713 | 450,861 |

The Company awarded incentive stock options on the Company's common shares to directors and officers in accordance with the terms of the Company's incentive Stock Option Plan as set out in the below table. The table also shows the fair value of stock received during the year using the Black-Scholes option pricing model.

| | | Number of options | | Share-based compensation | |
|---------------------------|-------|----------------------------|------|----------------------------|---------|
| | | Year Ended December 31, | | Year Ended December 31, | |
| Notes | | 2024 | 2023 | 2024 | 2023 |
| Mario Stifano, CEO | 16(d) | 1,000,000 | - | 138,857 | 142,744 |
| Alan Buckley, CFO | 16(d) | 250,000 | - | 34,714 | 29,795 |
| Brendan Morris, COO | 16(d) | 250,000 | - | 34,714 | 22,928 |
| Brent Omland, director | 16(d) | 125,000 | - | 15,544 | 17,673 |
| David Cather, director | 16(d) | 125,000 | - | 17,357 | 14,897 |
| James B. Clancy, director | 16(d) | 125,000 | - | 17,357 | 9,006 |
| Roisin Magee, director | 16(d) | 200,000 | - | 27,554 | 26,290 |
| | | 2,075,000 | - | 286,097 | 263,333 |

21. 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:

| December 31, 2024 | United Kingdom | Canada | Total |
|--------------------|----------------|-----------|------------|
| Current assets | 838,421 | 265,228 | 1,103,649 |
| Non-current assets | 33,115,564 | 1,858,958 | 34,974,522 |
| Revenues | - | - | - |
| December 31, 2023 | United Kingdom | Canada | Total |
| Current assets | 1,831,473 | 2,376,856 | 4,208,329 |

| | | | |
|--------------------|------------|-----------|-------------------|
| Non-current assets | 26,702,212 | 1,673,478 | 28,375,690 |
| Revenues | - | - | - |

22. 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 548,604 (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 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.

23. Events After the Reporting Period

- (i) On January 31, 2025, 500,000 warrants with an exercise price of 0.55 expired unexercised.
- (ii) On February 13, 2025, 100,000 warrants with an exercise price of 0.41 expired unexercised.
- (iii) On February 28, 2025, 7,666,669 warrants with an exercise price of 0.55 expired unexercised.
- (iv) On March 27, 2025, 407,962 warrants with an exercise price of 0.36 expired unexercised.

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