

# Galantas Reports Results for the Three and Nine Months Ended September 30, 2018

TORONTO, Nov. 27, 2018 -- Galantas Gold Corporation (the 'Company') is pleased to announce its financial results for the Three and Nine months ended September 30, 2018.

## Financial Highlights

Highlights of the 2018 third quarter's and first nine month's results, which are expressed in Canadian Dollars, are summarized below:

All figures denominated in Canadian Dollars (CDN\$)	Third Quarter Ended September 30		Nine Months Ended September 30	
	2018	2017	2018	2017
Revenue	\$ 14,203	\$ 15,861	\$ 71,243	\$ 35,202
Cost of Sales	\$ (42,365)	\$ (38,915)	\$ (100,581)	\$ (213,936)
Loss before the undernoted	\$ (28,162)	\$ (23,054)	\$ (29,338)	\$ (178,634)
Depreciation	\$ (77,394)	\$ (52,415)	\$ (219,623)	\$ (143,357)
General administrative expenses	\$ (576,256)	\$ (367,257)	\$ (1,601,299)	\$ (1,366,608)
Unrealized gain on fair value of derivative financial liability	\$ 0	\$ 6,000	\$ 10,000	\$ 12,000
Foreign exchange (loss)/gain	\$ (24,905)	\$ (16,030)	\$ (91,465)	\$ 27,833
<b>Net Loss for the period</b>	<b>\$ (706,717)</b>	<b>\$ (452,756)</b>	<b>\$ (1,931,725)</b>	<b>\$ (1,648,866)</b>
Working Capital Deficit	\$ (5,237,069)	\$ (3,266,538)	\$ (5,237,069)	\$ (3,266,538)
Cash loss from operating activities before changes in non-cash working capital	\$ (429,393)	\$ (296,961)	\$ (1,191,733)	\$ (1,096,343)
Cash at September 30, 2018	\$ 1,259,642	\$ 735,325	\$ 1,259,642	\$ 735,325

The Net Loss for the three months ended September 30, 2018 amounted to CDN\$ 706,717 (2017 Q3:CDN\$ 452,756) and the cash loss from operating activities before changes in non-cash working capital for the third quarter of 2018 amounted to CDN\$ 429,393 (2017 Q3: CDN\$ 296,961). The Net Loss for the nine months ended September 30, 2018 amounted to CDN \$ 1,931,725 (2017:CDN\$ 1,648,866) and the cash loss from operating activities before changes in non-cash working capital for the first nine months of 2018 amounted to CDN\$ 1,191,733 (2017: CDN\$ 1,096,343).

The Company had cash balances of \$ 1,259,642 at September 30, 2018 compared to \$ 735,325 at September 30, 2017. The working capital deficit at September 30, 2018 amounted to \$ 5,237,069 compared to a working capital deficit of \$ 3,266,538 at September 30, 2017.

During the third quarter Galantas completed a private placement of shares on a part-brokered basis for aggregate gross proceeds of \$ 1,571,771 (approximately UK£ 929,780). The placement comprised of the issue of 22,137,619 common shares of no par value. United Kingdom placees subscribed for a total of 17,416,667 shares at a price of UK£ 0.042 per share. Canadian placees subscribed for a total of 5,720,952 shares at a price of \$ 0.071 per share. The net proceeds raised are for both working capital purposes and the continued underground development of the Omagh gold mine. Additional loan advances from G&F Phelps Ltd, a related party, during the nine months totalled \$ 854,567 (UK£ 506,410). During the second quarter Galantas announced that its operating subsidiary, Flintridge Resources Ltd. had signed a concentrate pre-payment agreement and a loan facility agreement for US\$ 1.6 million (CDN\$ 2.012 million) with Ocean Partners UK Ltd., together with an increased, on-demand loan facility of £600,000 with G&F Phelps Ltd.

Subsequent to September 30, 2018 Galantas announced a proposed private placement of common shares. The private placement is for a minimum of 64,000,000 shares and a maximum of 80,000,000 shares, at an issue price of \$0.086 (GBP 0.05) per share for minimum gross proceeds of \$ 5,130,000 (UK£ 3,200,000) and maximum gross proceeds of \$ 6,879,080 (UK£ 4,000,000). A four month plus one day hold period will apply to the shares and the shares will rank pari passu with the existing shares in issue of the Company. The private placement will be part brokered. Insiders are expected to participate in the placing. The net proceeds to be raised by the private placement are intended to be used for working capital purposes and to achieve full production status. The private placement will be subject to TSXV and regulatory approval.

## Permitting

In November 2017, Galantas reported that it had received notice of an application, by a third party, to the Court of Appeal, in relation to a positive judicial review judgment regarding the grant of planning permission. This was subsequently heard in February 2018. Subsequent to September 30, 2018, the Company announced that the Court of Appeal has delivered its judgement in regard to an appeal against the Company's planning consent. The Court has determined that the appeal has

failed and thus the planning consent is confirmed.

### **Production/Mine Development**

The Omagh gold mine commenced limited production of gold concentrate during the third quarter of 2018 from feed produced in the development of the Kearney vein. Subsequent to September 30, 2018 Galantas reported that delivery had been made of the first consignment of concentrate derived from underground feedstock at the mine.

The granting of planning consent in 2015, for an underground operation at the Omagh site, permits the continuation and expansion of gold mining, following the exhaustion of accessible resources available to the previous open pit operation. The underground mine, which is now in active development is utilizing the same processing methods. The strategy is to establish the underground mine and look for further expansion of gold resources on the property, which has many undrilled targets.

The phased development arrangement, in terms of mine access dimensions, is expected to allow for rapid expansion of production as additional capital becomes available. The main underground decline has been driven at a size to accommodate 30 tonne mine trucks, which would be required to service a larger production rate and minimize haulage costs.

Underground development of a decline tunnel, located at the base of the existing open pit, commenced in the first quarter 2017. After over-coming initial difficulties, tunnelling continued through 2017 and to date in 2018. A detailed plan is being implemented to accelerate progress in line with the planning consent. The main decline tunnel descends at a slope of 1 in 7, from near the base of the former Kearney open pit. A horizontal west to east access tunnel driven from the decline tunnel intersected the north / south Kearney vein in June at approximately a right angle and has exposed the vein to be approximately 2.8 metres wide at that point. A horizontal development tunnel was driven on vein, at this level, in both directions during the third quarter, beneath a safety (Crown) pillar which has resulted in limited feed to the mill during the third quarter. The decline tunnel is planned to be extended in depth, along with construction of a second means of egress. The decline continued to be progressed during the third quarter with further cross-cuts planned to access to lower levels of in vein development which will form the development necessary to demarcate production panels, the first of which is planned to be mined in the first quarter of 2019 and which are expected to provide an enhanced supply of mill feed. The underground development, using drill and blast techniques, is being carried out by an in-house crew which is fully trained in safety and operating procedures. An in-house, mines rescue team has also been trained and equipped.

New drilling equipment has been acquired on a rental basis, with options to purchase, and has led to a marked improvement in advance rates. In addition a new 3.6t capacity load-haul-dump unit, has been acquired on a rental purchase basis which will improve productivity in loading operations from the smaller cross-section vein drives. It is equipped with radio remote control which enhances safety in stope mucking operations. Further equipment purchases are under negotiation.

Environmental monitoring continues to demonstrate compliance with the standards imposed by the regulatory authorities. Safety is a high priority and the zero lost time accident rate, since the start of underground operations, continues.

The mine processing plant commenced operating on limited feed from the development of in-vein drivages of the Kearney gold vein during the quarter. The processing plant, which was used formerly for open-pit operations, has recently had the benefit of a recent upgrade to some sections and further upgrades are planned. Recent analyses suggest that the product from the plant meets quality criteria and operates at a high efficiency. The plant is expected to operate part-time until production stopping commences, anticipated in early 2019.

The detailed results and Management Discussion and Analysis (MD&A) are available on [www.sedar.com](http://www.sedar.com) and [www.galantas.com](http://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.

### **Qualified Person**

The financial components of this disclosure has been reviewed by Leo O' Shaughnessy (Chief Financial Officer) and the production, exploration and permitting components by Roland Phelps (President & CEO), 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.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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