Galantas Gold Reports Results for the Year Ended December 31, 2013

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TORONTO, ONTARIO -- (Marketwired - April 23, 2014) - Galantas Gold Corporation (the 'Company') (TSX VENTURE:GAL) (AIM:GAL) is pleased to announce its annual financial results for the Year Ended December 31, 2013.

Financial Highlights

The Net Loss for the Year Ended December 31, 2013 amounted to $ 1,944,355 which compared with a Net Loss of $ 593,866 for the Year Ended December 31, 2012. Highlights of the 2013 results, which are expressed in Canadian Dollars, are:

	Year Ended December 31	
All in CDN$	2013	2012
Revenue	$ 1,531,473	$ 4,659,330
Cost of Sales	$ 1,591,069	$ 3,167,126
(Loss)Income before the undernoted	$ (59,596)	$ 1,492,204
Amortization	$ 500,756	$ 748,711
General administrative expenses	$ 1,188,397	$ 1,604,162
Loss(Gain) on disposal of property, plant and equipment	$ 105,811	$ (86,816)
(Gain) on debt extinguishment	$ -	$ (190,624)
Foreign exchange loss	$ 89,795	$ 10,637
Net (Loss) for the year	$ (1,944,355)	$ (593,866)
Working Capital (Deficit)	$ (3,904,304)	$ (2,309,307)
Cash (loss)generated from operations before changes in non-cash working capital	$ (1,396,019)	$ 177,737
Cash at December 31, 2012	$ 166,617	$ 1,164,868

Sales revenues for the year ended December 31, 2013 amounted to CDN$ 1,531,473 (2012: CDN$ 4,659,330). The reduction in sales revenues when compared to 2012 was due to the lower level of metal produced and shipped during the year. The lower production levels were primarily due to the requirement to process lower grade ore from stockpile as a result of difficulties in accessing ore from the open pits. In addition the gold price in 2013 was below the price which prevailed during 2012 which also adversely impacted sales revenues. Lower concentrate gold grade during the third and fourth quarters coupled with falling gold prices resulted in the Company suspending the processing of low grade ore during the fourth quarter. The Company has commenced pilot tests with regards to the processing of tailing cells filled during the earlier operation of the mine. Concentrate grades produced by the pilot study were higher than grades for flotation concentrate from mined vein material. The Company is presently reviewing the economics of continuing production through the processing of tailings cells.

Cost of sales for the year ended December 31, 2013 amounted to CDN$ 1,591,069 (2012: CDN$ 3,167,126). There was a decrease in various production costs at the Omagh mine during 2013 which reductions were mainly attributable to the reduced level of open pit activity during 2013.

The Net Loss for the year ended December 31, 2013, amounted to CDN$ 1,944,355 (2012: Net Loss CDN$ 593,866). The cash loss generated from operating activities before changes in non-cash working capital for 2013 amounted to CDN$ 1,396,019 (2012: $ 177,737 gain). The cash loss generated from operating activities after changes in non-cash working capital for 2013 amounted to CDN$ 869,781 (2011: $ 569,610 gain). The Company had cash balances at December 31, 2013 of CDN$ 166,617 compared to CDN$ 1,164,868 at December 31, 2012. The working capital deficit at December 31, 2013 amounted to CDN$ 3,904,304 which compared with a deficit of CDN$ 2,309,307 at December 31, 2012.

The Company's auditors (McCarney Greenwood LLP), without qualifying their opinion, drew attention to the note within the accounts which described that the Company required additional financing to fund its planned activities and to continue as a going concern. On 8th April 2014, the Company announced a consolidation, exchange of shares for debt and a proposed Private Placing for £500,000, which is still in progress.

Production Highlights

Production at the Omagh mine for the year ended December 31, 2013 is summarized below:

	Year Ended December 31 2013	Year Ended December 31 2012
Tonnes Milled	40,711	44,112
Average Grade g/t gold	1.0	2.3
Concentrate Dry Tonnes	499	1,008
Concentrate Gold Grade g/t	84.1	100.9
Gold Produced (oz)	1,349	3,271
Gold Produced (kg)	41.9	101.7
Concentrate Silver Grade g/t	163.5	227.6
Silver Produced (oz)	2,622	7,379
Silver Produced (kg)	81.5	229.5
Lead Produced tonnes	36.3	61.4
Gold Equivalent (oz)	1,448	3,507

Production in 2013 was significantly below 2012 production which was primarily due to the processing of low grade stockpiled ore during the year. Earlier in the year there had been some limited open pit mining on the Kerr vein which ceased during the first quarter when the pit met its planned design limit. From the second half of 2012 mining from the Kearney pit had become totally restricted as a result of the surplus rock stockpile on the site reaching capacity levels. This surplus rock was due to be transported from the site in 2012 with the Omagh mine having completed construction of public road improvements at its own cost to comply with the conditions of the planning consent. However, following a judicial review brought by a private individual on the grounds of procedural failings by Planning Service, the planning consent was quashed with the surplus rock remaining on site. This ongoing limitation resulted in production continuing to be from low grade sources. To generate cash from its operations the Company continued to improve efficiencies and cut costs during 2013.

Due to the mill being fed with the lower grade ore during 2013 production continued to be hampered by both the ongoing variations in the metallurgy due to the inconsistent grade of ore being milled and the clay content of stocked material. The concentrate gold grade fell further during the third and fourth quarter and this coupled with falling gold prices resulted in the Company suspending the processing of low grade ore during the fourth quarter which resulted in further cost reduction measures being implemented at the Omagh mine. Later in the fourth quarter the Company commenced pilot tests with regards to the processing of tailing cells filled during the earlier operation of the mine. The results confirm pre-existing data that indicated the tailings contain between 0.5g/t gold and 1 g/t gold and meet European Union standards for definition as inert material. A low energy cost processing solution, based upon a Knelson CD12 centrifugal gravity concentrator, which was already utilised in the gold processing plant in a secondary role, has been successfully pilot tested as a prime re-treatment component for flotation tailings. The tailings do not require comminution (crushing and grinding) for re-processing by this method. Concentrate grades produced by the pilot study were higher than grades for flotation concentrate from mined vein material. The Company is presently reviewing the economics of continuing production through the processing of tailings cells and is evaluating alternative re-processing techniques.

Exploration

The major focus of exploration activities in 2012 and 2013 has been the continuation of the successful drilling program. In total, 17,348 metres have been drilled since the program commenced in March 2011 with significant gold intersects being reported.

The drilling program began in 2011 with the objective of extending the depth and extent of the Joshua vein and providing data for a potential underground operation based upon the Joshua and Kearney veins. During 2011 and 2012 ninety five holes were drilled totalling 16,347 metres. Channel sampling was also carried out, during this period, on the Joshua, Kearney and Kerr vein systems. On Joshua, a total strike length of 213 metres was sampled. On Kerr, an increase in average vein width and gold grade was identified within depth over a 30 metre strike length.

The exploration program had expanded considerably in 2012 with six drills operational during the first half of the year. The second half of the year saw the number of rigs progressively reduce with one rig, owned by the Company, remaining in operation by the end of 2012. The two principal objectives of the drilling program were to complete the deeper holes on Kearney in order to gain a more accurate picture of the zone of mineralization for the purpose of the underground mine plan and to extend the strike of Joshua to the north and the south, and begin to target deeper sections of the vein. Drilling continued at a reduced rate in 2013 with four holes being drilled - one in North Kearney and three in Joshua central. These hole locations were defined with the aim of upgrading areas of inferred resource to the indicated category. During the first quarter, assay results were received showing a grade of 9 ppm Au over a vein width of 1 m for hole OM-DD-12-144. This is a significant result as the location is 100 m south of where the Joshua vein appears to narrow, suggesting that the vein continues south of the property. Drilling was suspended during the third quarter pending the availability of cash for future exploration. Following the scale back of drilling in 2013, more time was dedicated to logging remaining drill cores, the sealing off of all accessible drill holes, updating databases and progressing towards a revised resource estimate using the Micromine geological modelling computer program.

Assay results released to date from both the drilling and channel sampling programme have been encouraging with significant gold intersections being identified. The updated resource estimate (Technical Report July 2013) contains all data related to the programme up to May 2013. Results to date have been positive, in particular the assays from the ten drill holes on Joshua released in January 2013 with thirteen significant mineral intersects. During the third quarter Galantas reported positive assay results from the first of two drill holes completed on the Joshua vein during the third quarter. This drill hole is the second deepest intersect yet drilled on Joshua vein and averaged 12.4 g/t gold, over a true width of vein of 2.8 metres. The top of the mineralised intersect is estimated to be at a vertical depth of 137.2 metres. The hole was terminated at a down-hole length of 171.8 metres (see press release dated August 27, 2013).

Once additional funding becomes available this drilling programme will continue. Up to a further 1,000 metres of drilling are planned following up the recently reported gold intersects on the Joshua vein.

During 2012 ACA Howe International Ltd (Howe UK) completed an Interim Resource to Canadian National Instrument NI 43-101 compliant mineral resource estimate and a Preliminary Economic Assessment for the Omagh Gold Project (see press release dated July 3, 2012) This report, which was based on drilling results and analyses received to June 8, 2012, identified all resources discovered at that date. The Company subsequently filed a complete Technical Report on SEDAR in August 2012. An updated resource estimate was prepared by the Company during the second quarter of 2013 based on drilling results received to May 5, 2013 (see press release dated June 12, 2013). The drilling programme, subsequent to June 2012, was targeted to increase the amount of measured and indicated resources related to the potential development of an underground mine. When compared to the resource estimate prepared in 2012 there has been an 50% increase in resources classified as measured and indicated from a total of 95,300 troy ounces gold (2012) to 142,533 troy ounces gold and a 28% increase in Resources classified as inferred, from 231,000 troy ounces gold (2012) to 295,599 troy ounces gold (2013). The overall increase is 34%. Galantas subsequently filed an updated Technical Report on SEDAR in July 2013. An updated report which includes data acquired after May 5th 2013 is in preparation.

Three new licence areas in the Republic, covering 121.1 km2, were granted during 2013. These join, and extend south-westwards, our existing four ROI licences. Geochemical soil sampling, stream sediment and geophysical data generated by the Tellus Border Project, a cross border initiative funded by the EU regional development fund, was released earlier in the year. The data revealed the continuation of a trend established on licence OM4, into the OML-held ROI licences, with anomalously high concentrations of gold pathfinder elements. This data has assisted in the design of a field programme which was carried out during the third quarter. Earlier in the year Omagh Minerals were awarded a grant to complete a project to determine the prospectivity potential of the Tellus border zone as a whole. This research is supported by the EU INTERREG IVA-funded Tellus Border initiative funded by the EU regional development fund, was based around the new Tellus Border data. The associated fieldwork was completed during the third quarter and focussed on four areas with excellent mineral potential. A prospectivity map and a comprehensive report were submitted to GSI for publication on the Tellus Border website. Following this exploration work, an application was submitted for a further two prospecting licences in the Manorhamilton area of Co. Leitrim, this was acknowledged during the third quarter and has now been awarded. These areas bring the total number of licences held by Omagh Minerals to eleven and the total area to 766.5 square kilometres.

Permitting

Discussions continued with the planning services in Northern Ireland during 2013 with regards to the planning application for an underground mine plan and accompanying Environmental Statement which were submitted to the Planning Services in 2012. Shareholders may see progress on the public planning portal at http://epicpublic.planningni.gov.uk/PublicAccess/zd/zdApplication/application_detailview.aspx?caseno=M6QQVVSV30

Roland Phelps, President & CEO, Galantas Gold Corporation, commented, "The Company continues to work with Planning Service and consultees to achieve underground planning consent. The Company has been advised by its consultants that, due to bureaucratic delays, the time-line for planning determination may now be in the second quarter 2014, although the date is undefined because it is in the hands of other parties. A Technical Report is being prepared which will include drilling results obtained since May 2013. The report will also include details of a detailed feasibility study. We look forward to updating shareholders in due course."

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. Some of the production and metal figures are provisional and subject to averaging or umpiring provisions under the concentrate off-take contract with Xstrata Corporation detailed in a press release dated 3rd October 2007.

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.

Galantas Gold Corporation Issued and Outstanding Shares total 51,242,016 (post consolidation 14th April 2014))

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