

Galantas Announces GBP£1 Million Convertible Debenture, Share Consolidation and Special Meeting

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TORONTO, Dec. 16, 2019 - [Galantas Gold Corp.](#) (the "Company"), the AIM and TSXV quoted gold producer and explorer with a 100% interest in Northern Ireland's Omagh gold mine, announces a Convertible Debenture for GBP£1,000,000 /CAD\$1,731,190 (based on the exchange rate as of December 3, 2019) (the "Debenture").

The Debenture is unsecured, is for a term of one year commencing on the date that it is issued, carries a coupon of 15% per annum and is convertible into common shares of the Company. The conversion price is floating and is set at a discount of a maximum of 25% to the closing price on the Toronto Venture Exchange on the day immediately prior to conversion, with a minimum price of CAD\$0.05. The Company is unable to issue shares below the \$0.05 minimum pricing requirement set by the TSX Venture Exchange. The maximum number of common shares therefore issuable on conversion of the debenture, assuming a minimum price of CAD\$0.05 is 34,623,800.

The Debenture has been fully subscribed by Melquart Limited ("Melquart"), an Insider and Control Person of the Company (as defined in the TSX Venture Exchange Corporate Finance Manual). Melquart currently holds 77,565,719 Common shares, equivalent to 24% of the Company. Melquart are under no obligation to convert the Debenture and should Melquart choose not to convert, the Company will need to raise further funds to repay the Debenture within 12 months.

Given the current share price of the Company on the TSX Venture Exchange, a ten for one share consolidation is proposed ("Share Consolidation") and the Company is to hold a Special Meeting to discuss and vote on the said proposal. Shareholders holding significant voting shares of the Company, namely Ross Beaty, Miton Asset Management Ltd. and Roland Phelps, (President & CEO, [Galantas Gold Corp.](#)) have already indicated their support for the proposal and have given written undertakings in this respect. With Melquart, these parties represent more than the 50% of shareholder votes required in support of the Share Consolidation.

The meeting will take place prior to the maturity date of the Debenture.

Assuming the market capitalisation of the Company following the Share Consolidation remains static (currently approximately CAD\$8,080,405) and Melquart converts its Debenture into shares at the permitted discount, Melquart will hold 40.9% of the common shares issued by the Company. If Melquart is able to convert the Debenture into common shares following the Share Consolidation at the aforementioned CAD\$0.05 minimum conversion price, Melquart could hold a maximum of approximately 56.7% of the Company's issued and outstanding common shares.

The Debenture offering is subject to conditional approval of the TSX Venture Exchange and the Company plans to close the Debenture offering on December 17, 2019 for the receipt of CDN\$1,731,190 / GBP£1,000,000. The net proceeds to be raised by the Debenture are intended to be used to maintain the Omagh gold mine, fund a potential resolution regarding the expansion of blasting and explore opportunities for a sale to a development partner.

A four month hold period (the "Hold Period") will apply to the common shares converted through the Debenture. The Hold Period will expire on April 18, 2020. The shares issued pursuant to the Debenture will rank pari passu with the existing common shares issued by the Company.

It has been agreed that, following the subscription by Melquart to the Debenture, G&F Phelps Ltd

(“G&F Phelps”) will enter into an arrangement in respect of its loans with the Company which will provide that G&F Phelps will not call for repayment of its loans (which are repayable on demand) for a period of six months from the date of the Debenture unless certain events occur including *inter alia* a sale or insolvency of the Company or a material liquidity event.

The Company have explored alternative funding options and the Directors have determined that the Debenture is currently the best funding option available to the Company at this time. Commission payable to Whitman Howard Ltd. for acting as the broker in relation to the Debenture offering total GBP £50,000 (CAD\$ 86,308).

Melquart is deemed to be a related party of the Company by virtue of being a Substantial Shareholders of the Company (as defined in the AIM Rules for Companies). As a consequence, the Directors of the Company consider, having consulted with their nominated adviser, Grant Thornton UK LLP, that the terms of the Debenture are fair and reasonable insofar as shareholders are concerned. The subscription by Melquart is a related party transaction within the meaning of TSX Venture Exchange Policy 5.9 and Multilateral Instrument 61-101 (“MI 61-101”). The Company has relied on the exemptions from the formal valuation and minority approval requirements of MI 61-101 contained in sections 5.5(g) of MI 61-101 in respect of related party participation.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

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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