

# Galantas Reports Results for the Three and Six Months Ended June 30, 2020

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TORONTO, Aug. 27, 2020 - [Galantas Gold Corp.](#) (TSXV & AIM: Symbol GAL&#65279;) (the &#8216;Company&#8217;) is pleased to announce its financial results for the Three and Six Months ended June 30, 2020.

## Financial Highlights

Highlights of the 2020 second quarter and first six month&#8217;s results, which are expressed in Canadian Dollars, are summarized below:

<i>All figures denominated in Canadian Dollars (CDN\$)</i>	Second Quarter Ended June 30		Six Month June 30
	2020	2019	2020
Revenue	\$ 0	\$ 0	\$ 0
Cost of Sales	\$ (31,239 )	\$ (85,482 )	\$ (67,075 )
(Loss)/income before the undernoted	\$ (31,239 )	\$ (85,482 )	\$ (67,075 )
Depreciation	\$ (84,391 )	\$ (99,085 )	\$ (173,111 )
General administrative expenses	\$ (650,727 )	\$ (646,381 )	\$ (1,307,108 )
Foreign exchange (gain)/loss	\$ (25,784 )	\$ (60,915 )	\$ 75,232
Net Loss for the period	\$ (792,141 )	\$ (891,863 )	\$ (1,472,656 )
Working Capital Deficit	\$ (7,700,406 )	\$ (4,753,840 )	\$ (7,700,406 )
Cash loss from operating activities before changes in non-cash working capital	\$ (294,582 )	\$ (673,444 )	\$ (643,481 )
Cash at June 30, 2020	\$ 199,953	\$ 1,314,113	\$ 199,953

The Net Loss for the three months ended June 30, 2020 amounted to \$ 792,141 (2019: \$ 891,863) and the cash loss from operating activities before changes in non-cash working capital for the second quarter of 2020 amounted to \$ 294,582 (2019 Q2: \$ 673,444). The Net Loss for the six months ended June 30, 2020 amounted to \$ 1,472,656 (2019: \$ 1,671,380) and the cash loss from operating activities before changes in non-cash working capital for the first six months of 2020 amounted to \$ 643,481 (2019: \$ 1,064,481).

The Company had cash balances of \$ 199,953 at June 30, 2020 compared to \$ 1,314,113 at June 30, 2019. The working capital deficit at June 30, 2020 amounted to \$ 7,700,406 compared to a working capital deficit of \$ 4,753,840 at June 30, 2019.

Property, plant and equipment expenditures for six months ended June 30, 2020 amounted to \$ 345,669. Expenditures were mainly in connection with Development Assets expenditure at the Omagh mine.

Shipments of concentrate had commenced during the second quarter of 2019. However, until the mine commences commercial production, the net proceeds from concentrate sales are being offset against Development Assets. Concentrate sales provisional revenues totaled approximately \$ Nil and US\$ 186,000 for the three and six months ended June 30, 2020 respectively compared to \$ Nil and \$460,000 for the three and six months ended June 30, 2019, respectively. Concentrate inventories, on June 30, 2020, which were shipped in the third quarter, amounted to \$ 488,128 (subject to final assessment) compared with \$ 70,328 on December 31, 2019.

During the second quarter Galantas reported a proposed brokered private placement of common shares, which was completed in July 2020, and amendments to the terms of its loan facility with Ocean Partners UK Ltd. The private placement, which was fully subscribed, included funds raised in both UK and Canadian currency and was for a total of 2,833,132 shares, at an issue price of \$ 0.225 (UK? 0.1328) per share for

gross proceeds of \$ 637,454 (UK? 376,240). The placement has received the approval of the TSX Venture Exchange and insiders of the Company participated in the placement. Galantas reported June 26, 2020 that it had agreed terms, subject to final documentation, for an increase of US\$ 200,000 on the outstanding loan with Ocean Partners UK Ltd. As consideration for amending the terms of the loan, Ocean will receive, upon closing of the agreements, 1,700,000 bonus warrants of Galantas which is subject to TSXV approval. Each bonus warrant will be exercisable for one common share of Galantas at an exercise price of \$0.33 per bonus share, being 110% of the TSXV closing price the day before the announcement. Subsequent to June 30, 2020 and following the receipt of TSXV approval the documentation on the loan and issuance of the warrants has been completed. Drawdown of the loan increase will take place when required.

#### Production/Mine Development

Certain underground work continued in the first half of 2020. However, ore production remains suspended until finance is available to expand the underground operation (see press release dated May 12, 2020). The processing plant continued to operate on a limited basis with feedstock for the plant being from low grade stock.

Underground development of the decline tunnel at the Omagh gold mine, located at the base of the existing open pit, commenced in early 2017 and the mine commenced limited production of gold concentrate during the third quarter of 2018. Underground development of the decline tunnel continued to be progressed during 2018 and 2019 from feed produced in the development of the Kearney vein. The plant had continued limited production of a gold & silver concentrate using a non-toxic, froth-flotation process, run on a batch basis from a stockpile of underground vein material plus additional feed produced from on-vein development operations. Blasting operations had been limited since all blasting must be supervised by the Police Service of Northern Ireland (PSNI) and were not sufficient for the desired level of operations. The Company had been working with the PSNI during 2019 to increase blasting availability to normal levels for an underground mine. While progress had been made and substantive investment incurred in accordance with recommendations, the Company was still awaiting final approvals from the authorities to be able to implement its increased blasting protocols at the end of the third quarter of 2019. The arrangements, current at that time were not sufficient to allow for the expansion of mine operations as envisaged by the Company's existing mine plan and until changes were agreed, the inefficiencies caused by those arrangements formed an increasing financial burden, which had proved a significant drain on the financial resources of the Company which resulted in the temporary suspension of blasting at the mine during the fourth quarter of 2019 (see press release dated October 29, 2019) resulting in the numbers employed at the operation were reduced from 46 to 21. During the second quarter of 2020 Galantas reported that confirmation has been received from PSNI, regarding their satisfaction of certain secure storage and handling protocols required for an increase in blasting to a commercial level subject to financial matters being agreed. The Company now understands that these financial matters have now been mutually agreed. However, ore production remains suspended until finance is available to expand the underground operation.

A probe drilling campaign was carried out following the suspension of operations using the retained personnel and equipment. The results of this campaign, combined with detailed mapping of the exposed mineralisation underground suggests zones of higher width of mineralisation within the vein, linking adjacent levels. This supports an implication that such zonal mineralisation may continue at depth, with enhanced exploration potential for targeting gold resources particularly to the north and within the Company's license area. Probe drilling does not provide samples suitable for use in mineral resource estimates but can provide strong indications where mineralisation is concentrated and is of significantly less cost than core drilling. During the second quarter, the Company reported that it had filed a short technical report in respect of the probe drilling campaign. The report is available on [www.sedar.com](http://www.sedar.com) and [www.galantas.com](http://www.galantas.com).

Following the suspension of blasting operations at the mine, the processing plant continued to operate on a limited basis. In March 2020 and following UK government guidelines regarding Covid-19, processing operations temporarily ceased until later in May when the Company announced that concentrate processing has recommenced. The company carried out maintenance to the processing plant during the milling suspension, to minimise future maintenance interruptions. The restart follows a review of Northern Ireland / UK government health advice regarding Covid-19, a risk assessment and the introduction of appropriate modifications to working practices. Feedstock for the processing plant is from low grade stock until suitable arrangements are in place to recommence development underground. The number of employees that had been furloughed during the first quarter under a NI/UK government scheme has been recently reduced from seven to three. Concentrate production during the three and six months ended June 30, 2020 totaled 44 tonnes and 92 tonnes of concentrate provisionally assessed as grading 86.4 and 98 grams per tonne (g/t) respectively. Shipments of concentrate under the off-take arrangements had earlier commenced during the second quarter of 2019. For the three and six months ended June 30, 2020 provisional revenues from concentrate sales totaled US\$ 186,000. Concentrate inventories on hand at the end of June were shipped

during the third quarter. Until the mine reaches the commencement of commercial production, the net proceeds from concentrate sales will be offset against Development assets.

The Company is seeking strategic alternatives including reviewing its licenses and operations; and considering the possibility of engaging in a sale, joint venture, partnership, or other options with third parties and alternative financing structures. The Company is actively engaged in that process.

Safety is a high priority and the company continued to invest in safety-related training and infra-structure. The zero lost time 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](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 have been reviewed by Leo O'Shaughnessy (Chief Financial Officer) and the production/mine development 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 anticipated production and development projections, 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.

Enquiries

[Galantas Gold Corp.](http://Galantas Gold Corp.)

Roland Phelps C.Eng., President & CEO

Email: [info@galantas.com](mailto:info@galantas.com)

Website: [www.galantas.com](http://www.galantas.com)

Telephone: +44 (0) 2882 241100

Grant Thornton UK LLP (Nomad)

Philip Secrett, Harrison Clarke

Telephone: +44(0)20 7383 5100

Whitman Howard Ltd (Broker & Corporate Adviser)  
Ranald McGregor-Smith, Nick Lovering  
Telephone: +44(0)20 7659 1234

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