

**NOT FOR DISTRIBUTION TO U.S. NEWS WIRE SERVICES OR DISSEMINATION IN THE UNITED STATES****Toronto, Ontario, January 13, 2011 – Galway Resources Ltd. (TSX Venture: GWY)**

Galway Resources Ltd. (“Galway” or “the Company”) is pleased to announce that it has completed its previously announced private placement (the “Offering”) with a syndicate of underwriters led by GMP Securities L.P. and including Wellington West Capital Markets Inc. and MGI Securities Inc. (collectively, the “Underwriters”). Under the Offering, the Company has sold 17,720,000 units (the “Units”) and 8,000,000 common shares (the “Shares”) at a price of C\$1.00 per Unit or Share for aggregate gross proceeds to the Company of C\$25,720,000. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant (each whole warrant, a “Warrant”). Each Warrant entitles the holder to acquire one common share of the Company for a period of two years from the closing date of the Offering at an exercise price of C\$1.50 per share (the “Exercise Price”). If over a period of 20 consecutive trading days following the date which is 4 months and one day from the closing of the Offering, the daily volume weighted average trading price of the Company’s common shares on the TSX Venture Exchange exceeds the Exercise Price by 25% on each of those days, the Company will have the right to give notice in writing to the holders of Warrants within 30 days of such an occurrence that the Warrants shall expire at 4:00 p.m. (Toronto time) on the 45th day following the giving of such notice unless exercised by the holders thereof prior to such date.

The Company paid a cash commission to the Underwriters equal to 6% of the gross proceeds of the Offering and issued compensation options equal to 6% of the number of Units and Shares sold pursuant to the Offering. Each compensation option entitles the Underwriters to acquire one Unit comprised of one common share of the Company and one-half of one Warrant for a period of two years from the date of issuance at an exercise price of C\$1.00 per Unit.

The common shares and Warrants comprising the Units and the Shares, as well as the common shares issuable upon exercise of the Warrants, are subject to a hold period expiring May 14, 2011 in accordance with applicable securities laws and TSX Venture Exchange policies.

Net proceeds from the Offering are intended to be used by the Company to advance its California and Vetas gold projects located in Colombia, and for general working capital and corporate purposes.

The Company has received conditional acceptance of the Offering from the TSX Venture

Exchange. The Offering is subject to final acceptance of the TSX Venture Exchange.

### **About the Company**

Galway Resources is a well capitalized company, primarily focused on the exploration of gold and coal in Colombia. The core focus of the Company is gold exploration in northeast Colombia, with a drill program occurring at the California gold project and a geophysical program occurring at the Vetas project, which will be followed by a drill program later in the first quarter. The Company has also reported that drilling occurred in 2010 at the GALCA coal project, which is being managed and funded by Prodeco, the Colombian subsidiary of Glencore. Efforts are underway to secure access from the GALCA property owners to move the drill rig to the next set of planned drill holes.

### **For further information, please contact:**

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### **Cautionary Note**

*Forward-Looking Statements: Statements in this release that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed under the heading "Risk Factors" and elsewhere in the corporations' periodic filings with Canadian Securities Regulators. Such information contained herein represents management's best judgment as of the date hereof based on information currently available. Statements in this press release other than purely historical information, including statements relating to the companies' future plans and objectives or expected results, constitute forward-looking statements. Forward looking statements are based on numerous assumptions and are subject to all of the risks and uncertainties inherent in the companies' business, including risks inherent in mineral exploration and development. The companies do not assume the obligation to update any forward-looking statement. In particular, a decision to place the Legacy Project into development, and the implementation of that decision, are subject to numerous risks and factors, including that ability to access capital sufficient to finance start-up costs. Additional risks include changes to economic factors used in the Feasibility Study that may impact the feasibility of the project, unexpected limitations on expansion of estimates of resource and reserves, permitting risks and other economic and processing factors, all of which may be beyond our control.*

Neither the 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.

These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws and may not be offered or sold in the United States or to U.S. persons except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities laws or pursuant to an exemption therefrom. Accordingly, this news release does not constitute an offer for sale of securities in the United States.