Galway Gold Inc.

Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2013

(Expressed in United States Dollars)

(Unaudited)

MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements of Galway Gold Inc. [the "Company"] are the responsibility of the management and Board of Directors of the Company.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements and (ii) the unaudited interim condensed consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Galway Gold Inc.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in United States Dollars)
(Unaudited)

As at	**June 30, 2013**	December 31, 2012
Assets		
Current assets		
Cash	**$ 14,797,680**	$ 17,427,613
Prepaids and deposits	**33,176**	19,363
	14,830,856	17,446,976
Non-current asset		
Resource property costs (Note 3)	**1,077,912**	2,245,653
	$ 15,908,768	$ 19,692,629
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 924,999**	$ 104,799
Advances to Galway Metals Inc. (Note 10)	**97,937**	-
	1,022,936	104,799
Shareholders' Equity		
Common shares (Note 4)	**19,753,250**	19,653,900
Contributed surplus	**1,222,192**	-
Accumulated other comprehensive loss	**(873,761)**	(329)
Deficit	**(5,215,849)**	(65,741)
	14,885,832	19,587,830
	$ 15,908,768	$ 19,692,629

Nature of Operations (Note 1)
Subsequent Event (Note 10)

Approved by the Board *"Robert Hinchcliffe"* Director
"Robb Doub" Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Galway Gold Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in United States Dollars)
(Unaudited)

		Three Months Ended June 30, 2013		Six Months Ended June 30, 2013
Expenses (Income)				
Exploration expenses (Note 7)	$	1,554,472	$	2,898,824
Administrative expenses (Note 8)		302,774		601,300
Stock-based compensation		1,222,192		1,222,192
(Gain) loss on foreign exchange		(514,490)		(876,574)
Interest income		(7,057)		(8,286)
Net loss before the following	$	(2,557,891)	$	(3,837,456)
Writedown of resource property costs (Note 3)		(1,312,652)		(1,312,652)
Net loss	$	(3,870,543)	$	(5,150,108)
Items that will be reclassified subsequently into income:				
Cumulative translation adjustment		(513,828)		(873,432)
Net comprehensive loss	$	(4,384,371)	$	(6,023,540)
Loss per share - basic and diluted	$	(0.02)	$	(0.02)
Weighted average number of common shares outstanding		166,511,932		166,511,932

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Galway Gold Inc.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in United States Dollars)
(Unaudited)

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2012	$ 19,653,900	$ -	$ (329)	$ (65,741)	$ 19,587,830
Stock based compensation	-	1,222,192	-	-	1,222,192
Shares issued for resource property costs (Note 4)	99,350	-	-	-	99,350
Cumulative translation adjustment	-	-	(873,432)	-	(873,432)
Net loss for the period	-	-	-	(5,150,108)	(5,150,108)
Balance, June 30, 2013	**$ 19,753,250**	**$ 1,222,192**	**$ (873,761)**	**$ (5,215,849)**	**$ 14,885,832**

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 20, 2012	$ 19,653,900	$ -	$ -	$ -	$ 19,653,900
Cumulative translation adjustment	-	-	(329)	-	(329)
Net loss for the period	-	-	-	(65,741)	(65,741)
Balance, December 31, 2012	**$ 19,653,900**	**$ -**	**$ (329)**	**$ (65,741)**	**$ 19,587,830**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Galway Gold Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in United States Dollars)
(Unaudited)

For the six months ended June 30, 2013	
Cash (used in) provided by:	
Operating activities	
Net loss and comprehensive loss for the period	**$ (5,150,108)**
Items not affecting cash:	
Stock-based compensation	**1,222,192**
Write down of resource property costs	**1,312,652**
Changes in current assets and liabilities:	
Prepaids and deposits	**(13,813)**
Accounts payable and accrued liabilities	**820,200**
Advances to Galway Metals Inc.	**97,937**
	(1,710,940)
Investing activities	
Resource property acquisition costs (Note 3)	**(45,561)**
Effect of foreign exchange rate changes on cash balances	**(873,432)**
Net change in cash	**(2,629,933)**
Cash, beginning of period	**17,427,613**
Cash, end of period	**$ 14,797,680**
Supplementary Cash Flow Information	
Shares issued for resource property payment (Notes 3 and 4)	**$ 99,350**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. Nature of Operations

Galway Gold Inc. was incorporated pursuant to the Business Corporations Act (New Brunswick) on May 9, 2012. Galway Gold's head office is located at 36 Toronto Street, Suite 1000, Toronto, Ontario, Canada, M5C 2C5. Galway Gold was incorporated for the sole purpose of participating in the Plan of Arrangement (the “Arrangement”) announced October 19, 2012 involving Galway Gold, Galway Metals Inc., Galway Resources Ltd., AUX Acquisition 2 S.àr.l (“AUX”) and AUX Canada Acquisition 2, formerly 2346407 Ontario Inc. ("AUX Canada"), a wholly owned subsidiary of AUX. Prior to the close of the Arrangement Agreement, Galway Gold did not carry on any active business.

Under the Arrangement, AUX Canada acquired all of the common shares of Galway Resources not already owned by AUX Canada and its affiliates and pursuant to the Arrangement, Galway Resources shareholders received for each Galway Resources common share: cash consideration of Cdn$2.05 per share, one Galway Gold common share and one common share in a new exploration and development company, Galway Metals Inc. Under the Arrangement, Galway Resources transferred to Galway Gold, and Galway Gold will indirectly hold as assets, a 100% interest in Galway Resources' Vetas Gold Project, being an interest in Reina de Oro and Coloro concessions located in the Vetas Mining District in Colombia (the "Vetas Project") and approximately US$18 million in net working capital. Upon completion of the Arrangement, Galway Resources' then existing securityholders including AUX Canada and its affiliates owned 90% of the Galway Gold shares outstanding, proportionate to their ownership of Galway at the time the Arrangement was completed and AUX Canada indirectly owns an additional 10% of the Galway Gold shares via its ownership of Galway Resources Ltd.

The Arrangement was completed by way of statutory Plan of Arrangement under the Business Corporations Act (Ontario). The Arrangement was approved by Galway Resources shareholders and warrantholders at a special meeting held on December 17, 2012.

Galway Gold is in the process of exploring the Vetas Project and has not yet determined whether the mineral properties contain mineral reserves that are economically recoverable. The continuing operations of Galway Gold and the underlying value and recoverability of the amounts shown for mineral properties are entirely dependent upon the existence of economically recoverable mineral reserves, the ability to obtain the necessary financing to complete the exploration and development of the mineral property interests and on future profitable production or proceeds from the disposition of the mineral property interests.

On January 21, 2013, the Company's common shares commenced trading on the TSX Venture Exchange under the symbol "GLW".

2. Accounting Policies

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated finanancial statements for the year ended December 31, 2012.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on August 28, 2013.

2. Accounting Policies (Continued)

Basis of Presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates.

Basis of Consolidation

These consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiaries, Galway Resources Vetas Holdco Ltd. (Cayman Islands) and Galway Resources Vetas Holdco Ltd. Sucursal Colombia. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer of the Company.

The Company has determined that it has one operating segment, the acquisition, exploration and development of mineral resource properties, currently located in Colombia. The Company's corporate head office expenditures are considered incidental to the activities of the Company and therefore do not meet the definition of an operating segment.

Changes in Accounting Policies

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods after December 31, 2012. The following new standards have been adopted:

(i) IFRS 10 – Consolidated financial statements ("IFRS 10") was issued by the IASB in May 2011. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

(ii) IFRS 11 – Joint arrangements ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

2. Accounting Policies (Continued)

Changes in Accounting Policies (Continued)

(iii) IFRS 12 – Disclosure of interests in other entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

(iv) IFRS 13 – Fair Value Measurement is effective for the Company beginning on January 1, 2013, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements given the existing asset and liability mix of the Company to which fair value accounting applies.

(v) IAS 1 – Presentation of financial statements ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

(vi) IAS 27 - Separate Financial Statements ("IAS 27") was effective for annual periods beginning on or after January 1, 2013, as a result of the issue of the new consolidation suite of standards, IAS 27 has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

(vii) IAS 28 - Investments in Associates and Joint Ventures ("IAS 28") was issued by the IASB in May 2011 and supersedes IAS 28 - Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. At January 1, 2013, the Company adopted this standard and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

(viii) In October 2011, the IASB issued IFRIC - 20 Stripping Costs in the Production Phase of a Surface Mine. This interpretation requires the capitalization and depreciation of stripping costs in the production phase if an entity can demonstrate that it is probable future economic benefits will be realized, the cost can be reliably measured and the entity can identify the component of the ore body for which access has been improved. Retrospective application of this interpretation is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. At January 1, 2013, the Company adopted this interpretation and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

(ix) IFRS 7 - Financial Instruments: Disclosures ("IFRS 7") was amended by the IASB in December 2011 to amend the disclosure requirements in IFRS 7 to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 - Financial Instruments: Presentation.

(Expressed in United States Dollars)

3. Resource Property Costs

Cumulative acquisition costs:

	Vetas Project
Balance, December 31, 2012	$ 2,245,653
Additions	144,911
Write-downs	(1,312,652)
Balance, June 30, 2013	**$ 1,077,912**

As part of the Arrangement, the Company acquired a 100% interest in the Vetas Gold Project and assumed the contracts to secure land packages in the Vetas-Surata gold region in the state of Santander, Colombia as described below. Galway Gold will be committed to continue the payment obligations under these agreements. The outstanding payment obligations under the original agreements are as follows:

- Issuance of 250,000 Galway common shares on January 20, 2013 (shares issued and ascribed a fair value of $99,350) ;

Galway Gold has the option to earn 100% of the Reina de Oro concession, home of the El Volcan Mine, by paying 1.5% of the gold value of measured and indicated gold resources and will not be encumbered by further royalty commitments.

Subsequent to June 30, 2013, the Company terminated the option agreement pertaining to certain claims of the Vetas property, pursuant to an internal determination that, based on results received to date, no further work was warranted. Accordingly, all costs associated with these claims have been written off as at June 30, 2013.

4. Share Capital

Authorized:	Unlimited number of common shares Unlimited number of preferred shares issuable in series, the terms of which may be fixed by the Board of Directors before the issuance thereof

Common shares issued:

	Number of Shares	Amount
Balance, December 31, 2012	166,261,932	$ 19,653,900
Shares issued for property	250,000	99,350
Balance, June 30, 2013	166,511,932	$ 19,753,250

On January 28, 2013, the Company issued 250,000 common shares in connection with its payment obligations on its Vetas Gold Project. The underlying shares were ascribed a fair value of $99,350 and capitalized to resource property costs on the Company's condensed interim consolidated statements of financial position.

(Expressed in United States Dollars)

5. Stock Options

The following table reflects the continuity of stock options for the six months ended June 30, 2013.

	Number of Stock Options	Weighted Average Exercise Price (CDN)
Balance, December 31, 2012	-	-
Granted	7,000,000	$0.20
Balance, June 30, 2013	**7,000,000**	**$0.20**

i) On June 4, 2013, the Company granted 7,000,000 compensation options officers, directors, consultants and employees, exercisable for a period of 10 years at CDN$0.20. The options were assigned a fair value of $1,222,192, using the Black-Scholes valuation model with the following assumptions: a ten year expected life, volatility of 143,06%, risk-free interest rate of 2.08%, a dividend yield and forfeiture rate of 0%. These options vest in accordance with the Company's stock option plan.

The following table reflects the stock options outstanding as at December 31, 2012:

Expiry Date	Exercise Price(CDN)	Weighted Average Life Remaining	Options Outstanding	Black-Scholes Value
June 4, 2023	$ 0.20	9.93 years	7,000,000	$ 1,222,192

6. Segment Reporting

The Company’s only operating segment is the acquisition, exploration and development of mineral resource properties in the Colombia. The Company’s non-current assets are all located in Colombia.

7. Exploration Expenses

	Three Months Ended June 30, 2013	Six Months Ended June 30, 2013
Drilling	**$ 819,290**	**$ 1,451,917**
Support costs	**420,342**	**681,770**
Assaying	**150,984**	**395,901**
Professional fees	**54,463**	**143,637**
Geological	**73,379**	**155,570**
Utilities	**26,489**	**47,226**
Environmental	**9,525**	**22,803**
Total	**$ 1,554,472**	**$ 2,898,824**

(Expressed in United States Dollars)

8. Administrative Expenses

	Three Months Ended June 30, 2013	Six Months Ended June 30, 2013
Professional fees	$ 19,881	$ 52,662
Public company costs	28,933	96,344
Salaries and benefits	165,463	258,884
Office and general	25,106	57,834
Insurance	4,617	9,382
Directors fees	-	38,691
Travel	58,774	87,503
Total	$ 302,774	$ 601,300

9. Related Party Transactions

During the six months ended June 30, 2013, the Company advanced $300,000 to Galway Metals Inc., a company sharing common officers and directors, for the purposes of funding certain administrative and executive salaries paid by Galway Metals on the Company's behalf. As at June 30, 2013, a balance of $97,937 (December 31, 2012 - $Nil) remained, representing an excess of costs paid by Galway Metals Inc. on behalf of the Company, over reimbursements made. Subsequent to period end, the balance was repaid.

Remuneration of directors and officers are as follows:

	Three Months Ended June 30, 2013	Six Months Ended June 30, 2013
Remuneration paid for CEO and CFO services	$ 73,875	$ 147,750
Stock-based compensation - directors and officers	$ 986,484	$ 986,484

During the three and six months ended June 30, 2013, the Company expensed $14,271 and $24,282, respectively to Marrelli Support Services Inc. ("Marrelli Support") and DSA Corporate Services Inc. (the "DSA"), together known as the "Marrelli Group" for:

(i) Robert D.B. Suttie, vice president of Marrelli Support, to act as Chief Financial Officer ("CFO") of the Company;
(ii) Bookkeeping and office support services;
(iii) Regulatory filing services
(iv) Corporate secretarial services

The Marrelli Group is also reimbursed for out of pocket expenses.

As of June 30, 2013, the Marrelli Group was owed $4,053 (December 31, 2012- $7,500). These amounts are included in accounts payable and accrued liabilities.

10. Subsequent Event

Subsequent to June 30, 2013, the Company terminated the option agreement on the Coloro property within the Vetas group of properties. The Company conducted extensive surface sampling and geophysical programs and drilled 1,232 meters with insufficient results to warrant further exploration activity. On January 22, 2013, the Company reported that 45% of the Coloro concession would be affected by Colombia's new Santurban Natural Park. The Reina de Oro concession is not affected by the Natural Park.