

Galway Gold Inc.

**Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2014 and 2013**

**(Expressed in United States Dollars)
(Unaudited)**

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL REPORTING

The accompanying unaudited consolidated financial statements of Galway Gold Inc. [the "Company"] were prepared by management in accordance with International Financial Reporting Standards. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet 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 Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB").

Management has established processes which are in place to provide them with sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited condensed 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 condensed interim 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 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	September 30, 2014	December 31, 2013
Assets		
Current assets		
Cash	\$ 11,248,829	\$ 12,836,634
Prepays and deposits	34,331	39,251
	11,283,160	12,875,885
Non-current asset		
Resource property costs (Note 3)	895,282	895,282
	\$ 12,178,442	\$ 13,771,167
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 90,554	\$ 168,238
Advances from Galway Metals Inc. (Note 9)	-	108,789
	90,554	277,027
Shareholders' Equity		
Common shares (Note 4)	19,753,250	19,753,250
Contributed surplus	1,468,308	1,086,382
Accumulated other comprehensive loss	(55,853)	(86,569)
Deficit	(9,077,817)	(7,258,923)
	12,087,888	13,494,140
	\$ 12,178,442	\$ 13,771,167

Nature of Operations (Note 1)

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

The accompanying notes are an integral part of these unaudited 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 September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Expenses (Income)				
Exploration expenses (Note 7)	\$ 333,499	\$ 470,080	\$ 745,378	\$ 3,368,904
Administrative expenses (Note 8)	266,539	190,658	654,665	791,958
Stock-based compensation (Note 5)	18,813	-	385,245	1,222,192
Gain on foreign exchange	99,913	304,064	50,115	(572,510)
Interest income	(4,720)	(7,055)	(16,509)	(15,341)
Writedown of resource property costs	-	-	-	1,312,652
Net loss	\$ (714,044)	\$ (957,747)	\$ (1,818,894)	\$ (6,107,855)
Other Comprehensive Loss				
Items that will be reclassified subsequently into income:				
Cumulative translation adjustment	105,932	303,509	30,716	(569,923)
Net comprehensive loss	\$ (608,112)	\$ (654,238)	\$ (1,788,178)	\$ (6,677,778)
Loss per share - basic and diluted	\$ nil	\$ (0.01)	\$ (0.01)	\$ (0.03)
Weighted average number of common shares outstanding	166,511,932	166,511,932	166,511,932	166,485,676

Condensed Interim Consolidated Statements of Deficit
(Expressed in United States Dollars)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Balance, beginning of period	\$ (8,363,773)	\$ (5,215,849)	\$ (7,258,923)	\$ (65,741)
Net loss for the period	(714,044)	(957,747)	(1,818,894)	(6,107,855)
Balance, end of period	\$ (9,077,817)	\$ (6,173,596)	\$ (9,077,817)	\$ (6,173,596)

The accompanying notes are an integral part of these unaudited 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
Shares issued for resource property costs	99,350	-	-	-	99,350
Cumulative translation adjustment	-	-	(569,923)	-	(569,923)
Stock-based compensation	-	1,222,192	-	-	1,222,192
Net loss for the period	-	-	-	(6,107,855)	(6,107,855)
Balance, September 30, 2013	\$ 19,753,250	\$ 1,222,192	\$ (570,252)	\$ (6,173,596)	\$ 14,231,594
Balance, December 31, 2013	19,753,250	1,086,382	(86,569)	(7,258,923)	13,494,140
Stock-based compensation	-	381,926	-	-	381,926
Cumulative translation adjustment	-	-	30,716	-	30,716
Net loss for the period	-	-	-	(1,818,894)	(1,818,894)
Balance, September 30, 2014	\$ 19,753,250	\$ 1,468,308	\$ (55,853)	\$ (9,077,817)	\$ 12,087,888

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

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

For the Nine Months Ended September 30,	2014	2013
Cash (used in) provided by:		
Operating activities		
Net loss for the period	\$ (1,818,894)	\$ (6,107,855)
Items not affecting cash:		
Stock-based compensation	385,245	1,222,192
Write down of resource property costs	-	1,312,652
Changes in current assets and liabilities:		
Prepays and deposits	4,920	(5,669)
Accounts payable and accrued liabilities	(77,684)	290,497
Advances from Galway Metals Inc.	(108,789)	26,380
	(1,615,202)	(3,261,803)
Investing activities		
Resource property acquisition costs (Note 3)	-	(46,058)
Effect of foreign exchange rate changes on cash balances	27,397	(569,923)
Net change in cash	(1,587,805)	(3,877,784)
Cash, beginning of period	12,836,634	17,427,613
Cash, end of period	\$ 11,248,829	\$ 13,549,829
Supplementary Cash Flow Information		
Shares issued for resource property payment	\$ -	\$ 99,350

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

Galway Gold Inc.
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States Dollars)
September 30, 2014
(Unaudited)

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 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 financial statements for the year ended December 31, 2013.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 26, 2014.

Basis of Presentation

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments which are measured at fair value. 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 unaudited condensed interim 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 unaudited condensed interim consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiaries, Galway Resources Vetás Holdco Ltd. (Cayman Islands) and Galway Resources Vetás Holdco Ltd. Sucursal Colombia. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Galway Gold Inc.
Notes to Condensed Interim Consolidated Financial Statements
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2. Accounting Policies (Continued)

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

IFRIC 21 Levies sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognized. On January 1, 2014, the Company adopted this pronouncement and there was no material impact upon the Company's unaudited condensed interim consolidated financial statements.

Future Accounting Pronouncements

In November 2009, the IASB issued, and subsequently revised in October 2010, IFRS 9 as a first phase in its ongoing project to replace IAS 39. IFRS 9, which is to be applied retrospectively, will be effective for annual periods beginning on or after January 1, 2018.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The Company is in the process of assessing the impact of this announcement.

There are no other relevant IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Galway Gold Inc.
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3. Resource Property Costs

Cumulative acquisition costs:

Vetas Project	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Balance, beginning of period	\$ 895,282	\$ 1,077,912	\$ 895,282	\$ 2,245,653
Additions	-	497	-	145,408
Write-down	-	-	-	(1,312,652)
Balance, end of period	\$ 895,282	\$ 1,078,409	\$ 895,282	\$ 1,078,409

For details on the Company's mineral properties, please see note 5 of the Company's December 31, 2013 audited consolidated financial statements.

In January 2014, the Company exercised its right to acquire the Vetas gold-silver project. The total option exercise price is approximately US \$4.3 million. The Company was advised that the counterparty to the Reina de Oro Option Contract rejected the exercise of the option. Galway Gold is seeking arbitration of this matter pursuant to the terms of the Option Contract.

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	Amount
	Shares	
Balance, December 31, 2013 and September 30, 2014	166,511,932	\$ 19,753,250
	Number of	Amount
	Shares	
Balance, December 31, 2012	166,261,932	\$ 19,653,900
Shares issued for property	250,000	99,350
Balance, September 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 consolidated statements of financial position.

Galway Gold Inc.
Notes to Condensed Interim Consolidated Financial Statements
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5. Stock Options

The following table reflects the continuity of stock options for the nine months ended September 30, 2014 and 2013.

	Number of Stock Options	Weighted Average Exercise Price (CDN)
Balance, December 31, 2013	7,000,000	\$0.20
Granted	4,750,000	\$0.09
Balance, September 30, 2014	11,750,000	\$0.16

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

On January 31, 2014, the Company granted 4,750,000 compensation options to officers, directors, consultants and employees, exercisable for a period of 10 years at CDN\$0.09. The options were assigned a fair value of \$375,707 using the Black-Scholes valuation model with the following assumptions: a ten year expected life, volatility of 143%, risk-free interest rate of 2.34%, a dividend yield and forfeiture rate of 0%. 4,100,000 of the 4,750,000 options vested upon grant, with the remaining 650,000 options vesting over a period of 18 months from the date of issue, in accordance with the Company's stock option plan.

The following table reflects the stock options outstanding as at September 30, 2014

Expiry Date	Exercise Price(CDN)	Weighted Average Life Remaining	Options Outstanding	Black-Scholes Value
June 4, 2023	\$ 0.20	8.68 years	7,000,000	\$ 1,123,982
January 31, 2024	\$ 0.09	9.34 years	4,750,000	\$ 375,707
	\$ 0.16	8.93 years	11,750,000	\$ 1,499,689

Of the 11,750,000 options outstanding as at September 30, 2014, 10,875,000 were exercisable.

Galway Gold Inc.
Notes to Condensed Interim Consolidated Financial Statements
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6. Segment Reporting

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

7. Exploration Expenses

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Drilling	\$ -	\$ 59,858	\$ -	\$ 1,511,775
Support costs	43,134	131,286	222,058	813,056
Assaying	-	-	-	395,901
Professional fees	261,914	205,039	379,538	348,676
Geological	24,548	62,202	130,887	217,772
Utilities	3,903	10,539	12,895	57,765
Environmental	-	1,156	-	23,959
Total	\$ 333,499	\$ 470,080	\$ 745,378	\$ 3,368,904

8. Administrative Expenses

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Professional fees	\$ 19,461	\$ 4,859	\$ 33,552	\$ 57,521
Public company costs	14,057	20,086	69,707	116,430
Salaries and benefits	195,801	120,867	444,943	379,751
Office and general	14,654	21,899	48,888	79,733
Insurance	7,499	4,716	18,415	14,098
Directors fees	-	-	-	38,691
Travel	15,067	18,231	39,160	105,734
Total	\$ 266,539	\$ 190,658	\$ 654,665	\$ 791,958

Galway Gold Inc.
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September 30, 2014
(Unaudited)

9. Related Party Transactions

During the nine months ended September 30, 2014, the Company advanced \$150,000 (ninemonths ended June 30, 2013 - \$475,000) 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 September 30, 2014, a balance payable of \$nil (December 31, 2013 - \$108,789) remained, representing an excess of costs paid by Galway Metals Inc. on behalf of the Company, over reimbursements made. During the period, all advances were repaid in full.

Remuneration of directors and officers are as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Remuneration paid for CEO and CFO services**	\$ 167,778	\$ 97,417	\$ 320,982	\$ 147,750
Stock-based compensation - directors and officers	\$ -	\$ 75,422	\$ 261,017	\$ 986,484

During the nine months ended September 30, 2014, the Company funded aggregate contributions of \$100,000 to the Chief Executive officer's Individual Retirement Account (IRA). \$50,000 of the aggregate contribution was paid in lieu of equivalent salary payments, and \$50,000 was paid in lieu of an equivalent bonus payment. Of the \$100,000 contribution, \$50,000 was made in the form of a 2013 retroactive contribution, and \$50,000 funded the 2014 contribution.

During the three and nine months ended September 30, 2014, the Company expensed \$21,880 and \$45,563, respectively (three and nine months ended September 30, 2013 - \$27,340 and \$51,622, 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 September 30, 2014, the Marrelli Group was owed \$7,870 (December 31, 2013 - \$17,556). These amounts are included in accounts payable and accrued liabilities.

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

To the Company's knowledge, significant shareholders of the Company (defined as those holding greater than 10%) include Mr. Eike Batista, holding 17.4% of the Company's issued and outstanding common shares. The remaining 82.6% of the shares are widely held.