

**Galway Gold Inc.**

**Condensed Interim Consolidated Financial Statements  
For the Three and Nine Months Ended September 30, 2016 and 2015**

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

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

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

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 it with sufficient knowledge to support management representations that it has exercised reasonable diligence in 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, results of operations 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**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

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

<b>As at</b>	<b>September 30, 2016</b>	<b>December 31, 2015</b>
<b>Assets</b>		
Current assets		
Cash	\$ 8,963,196	\$ 9,834,093
Prepays and deposits	35,545	45,600
	<b>\$ 8,998,741</b>	<b>\$ 9,879,693</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 112,644	\$ 127,043
<b>Shareholders' Equity</b>		
Common shares (Note 3)	19,753,250	19,753,250
Contributed surplus	1,894,792	1,894,792
Accumulated other comprehensive loss	789	(4,556)
Deficit	(12,762,734)	(11,890,836)
	<b>8,886,097</b>	<b>9,752,650</b>
	<b>\$ 8,998,741</b>	<b>\$ 9,879,693</b>

**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)**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Expenses (Income)</b>				
Exploration expenses (Note 6)	\$ 127,869	\$ 78,166	\$ 298,036	\$ 352,534
Administrative expenses (Note 7)	194,821	201,323	588,359	561,611
Stock-based compensation (Note 4)	-	550	-	401,258
(Gain) loss on foreign exchange	(1,769)	1,766	(904)	355
Interest income	(4,492)	(4,816)	(13,593)	(14,569)
<b>Net loss</b>	<b>\$ (316,429)</b>	<b>\$ (276,989)</b>	<b>\$ (871,898)</b>	<b>\$ (1,301,189)</b>
<b>Other Comprehensive Loss</b>				
Items that will be reclassified subsequently into income:				
Cumulative translation adjustment	1,324	-	5,345	(2,211)
<b>Net comprehensive loss</b>	<b>\$ (315,105)</b>	<b>\$ (276,989)</b>	<b>\$ (866,553)</b>	<b>\$ (1,303,400)</b>
<b>Loss per share - basic and diluted</b>	<b>\$ nil</b>	<b>\$ nil</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>	<b>166,511,932</b>	<b>166,511,932</b>	<b>166,511,932</b>	<b>166,511,932</b>

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**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, 2014	\$ 19,753,250	\$ 1,494,258	\$ 4,457	\$ (9,384,932)	\$ 11,867,033
Stock based compensation	-	401,258	-	-	401,258
Cumulative translation adjustment	-	-	(2,211)	-	(2,211)
Net loss for the period	-	-	-	(1,301,189)	(1,301,189)
<b>Balance, September 30, 2015</b>	<b>\$ 19,753,250</b>	<b>\$ 1,895,516</b>	<b>\$ 2,246</b>	<b>\$ (10,686,121)</b>	<b>\$ 10,964,891</b>
Balance, December 31, 2015	19,753,250	1,894,792	(4,556)	(11,890,836)	9,752,650
Cumulative translation adjustment	-	-	5,345	-	5,345
Net loss for the period	-	-	-	(871,898)	(871,898)
<b>Balance, September 30, 2016</b>	<b>\$ 19,753,250</b>	<b>\$ 1,894,792</b>	<b>\$ 789</b>	<b>\$ (12,762,734)</b>	<b>\$ 8,886,097</b>

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

<b>For the Nine Months Ended September 30,</b>	<b>2016</b>	<b>2015</b>
<b>Cash (used in) provided by:</b>		
<b>Operating activities</b>		
Net loss for the period	\$ (871,898)	\$ (1,301,189)
Items not affecting cash:		
Stock-based compensation	-	401,258
Changes in current assets and liabilities:0		
Prepays and deposits	10,055	9,334
Accounts payable and accrued liabilities	(14,399)	(921)
Advances from Galway Metals Inc.	-	106,210
	<b>(876,242)</b>	<b>(785,308)</b>
Effect of foreign exchange rate changes on cash balances	<b>5,345</b>	<b>(2,211)</b>
<b>Net change in cash</b>	<b>(870,897)</b>	<b>(787,519)</b>
Cash, beginning of period	<b>9,834,093</b>	10,931,278
<b>Cash, end of period</b>	<b>\$ 8,963,196</b>	<b>\$ 10,143,759</b>

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**Galway Gold Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**(Expressed in United States Dollars)**  
**For the Nine Months Ended September 30, 2016 and 2015**  
**(Unaudited)**

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**1. Nature of Operations**

Galway Gold Inc. ("the Company") (was incorporated pursuant to the Business Corporations Act (New Brunswick) on May 9, 2012, and continued to the Province of Ontario on August 11, 2015. The Company's head office is located at 82 Richmond Street East, Toronto, Ontario, M5C 1P1. The Company was incorporated for the sole purpose of participating in the Plan of Arrangement (the "Arrangement") announced October 19, 2012 involving the Company, Galway Metals Inc., Galway Resources Ltd. ("Galway"), AUX Acquisition 2 S.à.r.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, the Company did not carry on any active business.

The Company was in the process of exploring the Vetás Project and has not yet determined whether the mineral properties contain mineral reserves that are economically recoverable. The continuing operations of the Company and the underlying value and recoverability of the amounts shown for mineral properties are entirely dependent upon maintaining a license to operate, 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".

On February 24, 2016, the Colombian Constitutional Court (the "Court") published a ruling, which deemed certain provisions to the National Development Plan (Law 1753) issued in July, 2015, in respect of exemptions to mining operations in areas of Colombia considered to be páramos (high altitude eco-systems) to be unconstitutional. Prior to the Court's ruling, mining titles issued before 2010, such as Reina de Oro, were allowed to continue to mine. As a result of the Court's unfavourable ruling, mining in all páramo eco systems throughout the country were declared to be damaging to the páramos and to the water supply. As such, all mining and petroleum operations in the páramos were ordered to stop. Moreover, according to the ruling, the Company will not be able to transfer title of the Reina de Oro project and the mining permit will no longer be valid. The ruling is currently under appeal, the ultimate resolution of the case is unknown. Based on the underlying uncertainty, the Company recorded an impairment charge of \$895,282 on its Vetás project in its December 31, 2015 audited consolidated financial statements.

On August 9, 2016, the Company announced it is proposing to consolidate its issued and outstanding common shares (the "Common Shares") on the basis of up to one (1) post-consolidation Common Share for every five (5) pre-consolidation Common Shares (the "Consolidation").

**2. Accounting Policies**

**Statement of Compliance**

These unaudited 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 unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2015.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 29, 2016.





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**4. Stock Options (Continued)**

The following table reflects the stock options outstanding as at September 30, 2016:

<b>Expiry Date</b>	<b>Exercise Price(CDN)</b>	<b>Weighted Average Life Remaining</b>	<b>Options Outstanding</b>	<b>Black-Scholes Value</b>
June 4, 2023	\$ 0.07	6.68 years	7,000,000	\$ 1,519,002
January 31, 2024	\$ 0.09	7.34 years	4,750,000	\$ 360,723
	\$ 0.08	6.95 years	11,750,000	\$ 1,879,725

Of the 11,750,000 options outstanding as at September 30, 2016, all were exercisable.

**5. 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 were all located in Colombia.

**6. Exploration Expenses**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Support costs	\$ 47,416	\$ 19,822	\$ 103,354	\$ 83,306
Professional fees	79,014	56,781	189,278	227,924
Geological	-	-	-	35,725
Utilities	1,439	1,563	5,404	5,579
<b>Total</b>	<b>\$ 127,869</b>	<b>\$ 78,166</b>	<b>\$ 298,036</b>	<b>\$ 352,534</b>

**7. Administrative Expenses**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Professional fees	\$ 8,978	\$ 16,891	\$ 29,549	\$ 42,654
Public company costs	23,485	21,821	45,461	61,645
Salaries and benefits	135,331	137,781	404,533	369,658
Office and general	15,723	16,354	52,382	55,039
Insurance	9,187	4,593	27,569	14,156
Travel	2,117	3,883	28,865	18,459
<b>Total</b>	<b>\$ 194,821</b>	<b>\$ 201,323</b>	<b>\$ 588,359</b>	<b>\$ 561,611</b>

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**8. Related Party Transactions**

Remuneration of directors and officers are as follows:

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Remuneration paid for CEO and CFO services	\$ 76,086	\$ 75,930	\$ 227,847	\$ 228,216
Management fees paid to a director	\$ 15,238	\$ 19,845	\$ 29,692	\$ 19,845
Stock-based compensation: - directors and officers	\$ -	\$ -	\$ -	\$ 395,920

During the three and nine months ended September 30, 2016, the Company expensed \$11,606 and \$34,199, respectively (three and nine months ended September 30, 2015 - \$10,252 and \$35,421 respectively) to Marrelli Support Services Inc. ("Marrelli Support") and DSA Corporate Services Inc. ("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, 2016, the Marrelli Group was owed \$8,051 (December 31, 2015 - \$13,616). These amounts are included in accounts payable and accrued liabilities.

Included in accounts payable and accrued liabilities is \$7,930 (December 31, 2015 - \$nil) pertaining to consulting fees paid to a director.

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