GALWAY GOLD INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2016

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Galway Gold Inc. ("Galway" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and nine months ended September 30, 2016. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2015, as well as the unaudited interim consolidated financial statements for the three months ended September 30, 2016 together with the notes thereto. Results are reported in United States dollars, unless otherwise noted. Information contained herein is presented as at November 29, 2016, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the board of directors of the Company (the "Board of Directors" or "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Galway common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity. Mr. Mike Sutton, P.Geo., an independent Director to the Company and a "Qualified Person" under National Instrument 43-101, has reviewed the technical information in this management discussion and analysis.

Description of Business

Galway's goal is to deliver superior returns to shareholders by concentrating on the acquisition of properties that have the potential to contain economically recoverable precious and/or base metals reserves.

Galway Gold Inc. 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. Galway Gold's head office is located at 82 Richmond Street East, Toronto, Ontario, Canada, M5C 1P1. 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 now indirectly holds as assets, the option to acquire 100% interest in Galway Resources' Vetas Gold Project, being an interest in Reina de Oro concession located in the Vetas Mining District in Colombia (the "Vetas Project") and approximately US$8.9 million in net working capital in the third quarter of 2016. Upon completion of the Arrangement, Galway Resources' then existing security holders including AUX Canada and its affiliates owned 90% of Galway Gold's shares outstanding, proportionate to their ownership of Galway at the time the Arrangement was completed, and AUX Canada indirectly owned an additional 10% of Galway Gold's shares via its acquisition 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 warrant holders at a special meeting held on December 17, 2012. On January 21, 2013, the Company's common shares commenced trading on the TSX Venture Exchange under the symbol "GLW".

On August 31, 2016, the Company announced that it has hired the law firm Arrieta, Mantilla & Associates to explore alternatives to recover its investment in the Vetas gold-silver project and other possible compensation from the Colombian government. The company's resident lawyer, Ricardo Convers, will continue to be involved in the process. The negotiations with the Colombian government will be related to how the administrative and judicial measures taken by the government have affected Galway's investment in the Reina de Oro project.

As part of the annual and special meeting held on September 9, 2016, shareholders of the Company approved a special resolution authorizing and approving an amendment to the Corporation's Articles to effect a consolidation of the Corporation's issued and outstanding common shares on an up to one (1) for five (5) basis. There are currently 166,511,932 Common Shares issued and outstanding. If and upon the Consolidation becoming effective, on a maximum one (1) for five (5) basis, it is expected there will be approximately 33,302,386 post-Consolidation Common Shares in the capital of the Corporation issued and outstanding on a non-diluted basis.

The Board has concluded that the Consolidation would be in the best interests of the Shareholders as it could lead to increased interest by a wider audience of potential investors and could better position the Corporation to obtain financing and pursue acquisition opportunities. Notwithstanding the foregoing, the Board may determine not to implement the Consolidation at any time prior to the issuance of a certificate of amendment, without further action on the part of the Shareholders. The board shall have until the next annual meeting of Shareholders to implement the Consolidation in its sole discretion. Notwithstanding the approval of the Consolidation by the Shareholders, the Board, in its sole discretion, may revoke the resolution approving the Consolidation and abandon the Consolidation without further approval, action by, or prior notice to Shareholders.

Further information about the Company and its operations can be obtained from **www.galwaygoldinc.com** and **www.sedar.com**.

Discussion of Operations and Mineral Property Interests

Galway Gold has the option to earn 100% of the Reina de Oro concession, home of the El Volcán Mine (Santander, Colombia), by paying 1.5% of the value of measured and indicated gold and silver resources and will not be encumbered by further royalty commitments, except the effective 3.2% Net Smelter Return Royalty as a tax (80% of 4% NSR Royalty) to the Colombian government. The Company reported its maiden resource estimate for Vetas on November 27, 2013. Details are provided below.

The Company completed the Phase 1 drill program at El Volcán, which comprised 91 drill holes and over 46,000 meters. As a result of a February 8, 2016, ruling by the Colombian Constitutional Court, which states, among other items, that certain provisions of the National Development Plan (Law 1753), issued in July, 2015, are unconstitutional, the Company is not currently contemplating a Phase 2 drill program. A more detailed description of the Constitutional Court's ruling can be found on page 7 of this MD&A and in a press release issued by the Company on February 24, 2016.

The El Volcán mine is a high grade, narrow vein mine with over 10,000 meters of underground drifts, of which 7,345 meters were mapped and 3,769 chip and channel samples taken from vein, wall rock and stockwork mineralization between vein sets. El Volcán, which was in operation for over 400 years, was the largest mine in the Vetas-California-Surata region of Colombia. Phase 1 geological data, assay results and the maiden National Instrument 43-101 – Standards of Disclosure for Mineral Projects (NI 43-101) resource estimate enhances the company's belief that there exists potential for a high grade commercial discovery.

On November 27, 2013, Galway released a mineral resource estimate on Vetas, prepared in accordance with NI 43-101 criteria by Roscoe Postle Associates Inc. (RPA), of Toronto, Ontario, which incorporated 68 diamond drill holes of HQ size, reduced to NQ, drilled from underground (for a total of 33,238 meters).

Measured, indicated and inferred mineral resources were determined from 13 wireframes using the polygonal method, representing vertically dipping, gold-bearing mineralized zones that extend for up to 550 meters along strike, covering 250 meters in width, and to a depth of up to 600 meters below the bottom level of the El Volcán mine. The wireframes represented eight vein zones and were constructed based on drill hole intercepts provided by Galway, assay grades, and the position of those assay grades relative to existing mine workings.

The zones remain open along strike to the northeast and southwest, and vertically to depth in El Volcán's steeply dipping vein system. In addition, none of the resource is as yet located within the area of the mine (above the bottom level of the mine, the Reina de Oro level).

The Mineral Resource estimate for the Vetas Gold Project dated November 6, 2013, is summarized in Table 1 below.

TABLE 1: MINERAL RESOURCE ESTIMATE SUMMARY – NOVEMBER 6, 2013
Galway Gold Inc. - Vetas Project

Category	**Tonnes**	**Grade**		**Contained Ounces**	
		(g/t Au)	**(g/t Ag)**	**(oz Au)**	**(oz Ag)**
Measured	**23,900**	**7.79**	**12.4**	**6,100**	**9,400**
Indicated	**641,000**	**10.62**	**14.9**	**218,800**	**307,700**
Measured & Indicated	**664,900**	**10.52**	**14.8**	**224,900**	**317,100**
Inferred	**1,146,000**	**10.30**	**15.3**	**377,000**	**563,000**

(1) *Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.*
(2) *The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.*
(3) *The mineral resources in this press release were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.*
(4) *Grade capping of 50 g/t Au was utilized on raw assays.*
(5) *A bulk density of 2.74 t/m^3 was used for all tonnage estimates.*
(6) *A gold price of US$1,500/oz and an exchange rate of US$0.95US=C$1.00 was utilized in the Au cut-off grade calculations of 3.0 g/t Au. Underground mining costs were assumed at US$75/t, with process costs of US$25/t and G&A of US$20/t. Process recovery was assumed at 90%. The government royalty was taken as the 4% NSR.*
(7) *Values in the table may differ due to rounding.*
(8) *The measured area of influence was 12.5m, indicated was 25m, and the inferred was 50m*
(9) *A minimum 1.52m (5') horizontal mining width was used.*

Highlights of underground drilling results released from El Volcán:

- 1,082.6 g/t Au and 718.0 g/t silver (Ag) over 1.21 m, plus 77.1 g/t Au and 51.3 g/t Ag over 1.13 m, plus 95.6 g/t Au over 1.26 m, plus 17.8 g/t Au and 77.7 g/t Ag over 2.34 m from GWY-V021
- 1,034.3 g/t Au and 300.0 g/t Ag over 0.91 m, plus 27.4 g/t Au over 3.38 m, including 49.4 g/t Au over 1.16 m from GWY-V027
- 679.6 g/t Au and 164.0 g/t Ag over 1.16 m from GWY-V026
- 203.4 g/t Au and 1,311.0 g/t Ag over 1.25 m from GWY-V029
- 157.4 g/t Au over 4.15 m, including 470.2 g/t Au over 1.33 m from GWY-V036
- 143.7 g/t Au over 1.17 m from GWY-V059
- 82.5 g/t Au and 39.1 g/t Ag over 2.66 m, including 202.0 g/t Au and 53.5 g/t Ag over 1.07 m, plus 21.9 g/t Au and 63.0 g/t Ag over 6.7 m, including 69.1 g/t Au and 81.6 g/t Ag over 1.5 m from GWY-V003
- 78.2 g/t Au over 3.16 m, including 248.3 g/t Au and 38.0 g/t Ag over 0.96 m from GWY-V016
- 34.3 g/t Au and 83.0 g/t Ag over 6.44 m, including 98.8 g/t Au and 154.0 g/t Ag over 1.30 m, plus 18.9 g/t Au over 11.81 m, including 52.9 g/t Au over 1.32 m in GWY-V049
- 15.3 g/t Au and 36.5 g/t Ag over 11.44 m, including 112.3 g/t Au and 34.2 g/t Ag over 0.92 m from GWY-V012
- 8.9 g/t Au and 17.3 g/t Ag over 17.00 m, including 19.7 g/t Au and 22.0 g/t Ag over 1.18 m, 17.7 g/t Au and 49.9 g/t Ag over 4.81 m, and 27.2 g/t Au over 1.05 m from GWY-V056
- 40.4 g/t Au over 3.47 m, including 84.9 g/t Au over 1.16 m, plus 104.4 g/t Au over 1.20 m, plus 41.9 g/t Au over 1.04 m from GWY-V015
- 27.2 g/t Au and 10.8 g/t Ag over 4.36m, including 92.4 g/t Au and 22.0 g/t Ag over 0.94m from GWY-V078

Highlights from the 16 surface drill holes that targeted the stockwork intrusive along its western border with CB Gold include:

- 26.0 g/t Au and 26.9 g/t Ag over 4.19 m, including 105.0 g/t Au and 76.6 g/t Ag over 1.00 m, plus 29.2 g/t Au over 1.34 m in GWY-VS061
- 45.9 g/t Au over 1.04 m in GWY-VS054
- 38.1 g/t Au over 1.52 m and 21.0 g/t over 1.5 m in GWY-VS087
- 17.4 g/t Au over 1.38 m, including 45.2 g/t Au over 0.51 m, plus 4.0 g/t Au over 12.38 m, including 7.8 g/t Au over 1.58 m, 12.0 g/t Au over 0.97 m, and 8.32 g/t Au over 2.30 m in GWY-VS028

Notes: a 2.0 g/t Au lower cutoff grade was applied to all underground drill holes reported (3.0 g/t Au was used in the resource); a 0.5 g/t Au lower cutoff grade was applied to all surface drill holes; no upper cutoff grade was applied; true widths for assays reported to date for underground holes at Vetas are 18% to 98% of downhole widths; true widths for assays reported to date for surface holes at Vetas are unknown. A complete list of results can be found on the Galway Gold website.

Gold mineralization at the El Volcán mine contains favorable steeply dipping lode-style quartz veins in competent host rocks that could be successfully mined using modern bulk-tonnage longhole mining methods. The known vein system comprises numerous different epithermal veins and numerous subordinate splay veins trending NNE and dipping sub-vertically to the NW. The main quartz veins, together with splay veins, are spatially associated with shear zones hosted in porphyry and metamorphic gneiss, much like the California gold district. Grey chalcedonic quartz, colloform banded texture, vuggs and drussy quartz, with fine pyrite crystals are typical. Classic low sulfidation vein textures are common.

In the El Volcán mine, over 10,000 meters of tunnels exist, 7,345 meters of drifts were mapped and 3,769 chip and channel samples were taken from vein, wall rock and stockwork mineralization between vein sets. The mine covers an area of approximately 500 meters x 300 meters with a vertical extent of up to 300 meters. The dimensions of the estimated vein zones that form the resource below the mine is 550m of strike x 250m of width and up to 600m of depth.

On January 10, 2014, the Company announced that it had exercised its right to acquire the Vetas gold-silver project in the Vetas-California-Surata gold region of Colombia. The total option exercise price was approximately US $4.3 million (cash balance at September 30, 2016 was US $9.0 million). Galway Gold was then advised that the counterparty to the Reina de Oro Option Contract rejected the exercise of the option. Galway Gold entered into arbitration of this matter pursuant to the terms of the Option Contract.

On March 5, 2015 Galway announced that it received a favorable ruling in the arbitration over the Vetas gold-silver project. Galway was awarded damages of COP$79,341,923 (approximately US$35,000) per month from December 18, 2013 until February 13, 2015 for a total of approximately US$490,000.

Under terms of this award, owners of the Reina de Oro concession were required to make the payment for damages by February 20, 2015. Payment was not received by the required date and therefore Galway proceeded with legal action to collect the payment of damages.

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 new ruling, mining titles issued before 2010, such as Reina de Oro, were allowed to continue to mine. As a result of the Court's new 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 new 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 Vetas project in its December 31, 2015 audited consolidated financial statements.

Selected Quarterly Information

A summary of selected information for each of the quarters presented below is as follows:

For the Period Ended	Revenue ($)	Net Loss Total ($)	Net Loss Basic and diluted earnings per share ($)	Total assets ($)
2016 – September 30	Nil	(316,429)	(0.00)	8,998,741
2016 – June 30	Nil	(268,981)	(0.00)	9,325,921
2016 - March 31	Nil	(266,488)	(0.00)	9,595,998
2015 – December 31	Nil	(1,204,715)	(0.01)	9,879,693
2015 – September 30	Nil	(276,989)	(0.00)	11,080,966
2015 – June 30	Nil	(688,422)	(0.00)	11,350,612
2015 - March 31	Nil	(335,778)	(0.00)	11,659,177
2014 – December 31	Nil	(307,115)	(0.00)	11,984,029
2014 – September 30	Nil	(714,044)	(0.00)	12,178,442

Three Months Ended September 30, 2016 vs Three Months Ended September 30, 2015

The Company reported a net loss of $316,429 for the three months ended September 30, 2016 (three months ended September 30, 2015 – $276,989).

Administrative Expenses

The three months ended September 30, 2016 saw administrative expenses of $127,869 (three months ended September 30, 2015 - $78,166), consisting primarily of:

- salaries and benefits of $135,331 (three months ended September 30, 2015 - $137,781), comprised of senior management personnel and administrative staff.
- general office and consumable expenses of $15,723 (three months ended September 30, 2015 - $13,654)
- professional fees of $8,978 (three months ended September 30, 2015 - $16,891), consisting of general legal expenses, and accounting and financial reporting costs.
- public company costs of $23,485 (three months ended September 30, 2015 - $21,821), consisting of filing fees, transfer agent fees, investor relations costs, and shareholder information expenses.
- insurance expense of $9,187 (three months ended September 30, 2015 - $4,593), representing the quarterly portion of the Company's directors' and officers' insurance and health insurance for key employees.
- Travel expense of $2,117 (three months ended September 30, 2015 – $3,883), consisting primarily of corporate administrative travel.

Exploration Expenses

The three months ended September 30, 2016, saw exploration expenses of $127,869 vs the three months ended September 30, 2015 of $78,166, consisting primarily of:

- Support costs of $47,416 (three months ended September 30, 2015 - $19,822), administrative support and ancillary consumable items.
- Professional fees of $79,014 (three months ended September 30, 2015 - $56,781), consisting of general legal expenses, and accounting and financial reporting costs.
- Utilities of $1,439 (three months ended September 30, 2015 - $1,563).

Nine Months Ended September 30, 2016 vs Nine Months Ended September 30, 2015

The Company reported a net loss of $871,898 for the nine months ended September 30, 2016 (nine months ended September 30, 2015 – $1,301,189).

Administrative Expenses

The nine months ended September 30, 2016 saw administrative expenses of $588,359 (nine months ended September 30, 2015 - $561,611), consisting primarily of:

- salaries and benefits of $404,533 (nine months ended September 30, 2015 - $369,658), comprised of senior management personnel and administrative staff.
- general office and consumable expenses of $52,382 (nine months ended September 30, 2015 - $55,039)
- professional fees of $29,549 (nine months ended September 30, 2015 - $42,654), consisting of general legal expenses, and accounting and financial reporting costs.
- public company costs of $45,461 (nine months ended September 30, 2015 - $61,645), consisting of filing fees, transfer agent fees, investor relations costs, and shareholder information expenses.
- insurance expense of $27,659 (nine months ended September 30, 2015 - $14,156), representing the quarterly portion of the Company's directors' and officers' insurance and health insurance for key employees.
- Travel expense of $28,865 (nine months ended September 30, 2015 – $18,459), consisting primarily of corporate administrative travel.

Exploration Expenses

The nine months ended September 30, 2016, saw exploration expenses of $298,036 vs the nine months ended September 30, 2015 of $352,534, consisting primarily of:

- Support costs of $103,354 (nine months ended September 30, 2015 - $93,306), administrative support and ancillary consumable items.
- Professional fees of $189,278 (nine months ended September 30, 2015 - $227,924), consisting of general legal expenses, and accounting and financial reporting costs.
- Geological expense of $nil (nine months ended September 30, 2015 – $35,725).
- Utilities of $5,404 (nine months ended September 30, 2015 - $5,579).

Liquidity and Capital Resources

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. As at September 30, 2016, the Company had a cash balance of $8,963,196 (December 31, 2015 - $9,834,093) to settle current liabilities of $112,644 (December 31, 2015 - $127,043). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. As the Company does not generate revenue, managing liquidity risk is dependent upon the ability to secure additional financing.

Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Off-Balance Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Proposed Transactions

There are no proposed transactions as at the date of this document.

Foreign Currencies

The functional currency of the parent company is the United States dollar, the Colombian Peso in its subsidiaries as determined by management. The United States dollar is the currency in which it presents the consolidated financial statements. The Company recognizes transactions in currencies other than the United States dollar or the Colombian Peso for its subsidiaries at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the end of reporting period exchange rates are recognized in the consolidated statements of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The results and financial position of all of the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each statement of financial position date presented are translated at the closing rate at the date of that statement of financial position;
b) income and expenses for each income statement are translated at average exchange rates; and
c) all resulting exchange differences are recognized in other comprehensive income (loss).

Related Party Transactions

Remuneration of directors and officers are as follows:

	Three months Ended September 30, 2016 $	Three months Ended September 30, 2015 $	Nine months Ended September 30, 2016 $	Nine months Ended September 30, 2015 $
Remuneration paid for CEO services	72,500	72,500	217,500	217,500
Remuneration paid for CFO services	3,586	3,430	10,347	10,716
Management fees paid to a director	15,238	19,845	29,692	19,845
Stock-based compensation – directors and officers	nil	nil	nil	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:

- Robert D.B. Suttie, vice president of Marrelli Support, to act as Chief Financial Officer ("CFO") of the Company;
- Bookkeeping and office support services;
- Regulatory filing services; and
- 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 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%) as at the date of this document include AAV Limited, holding 17.4% of the Company's issued and outstanding common shares. The remaining 82.6% of the shares are widely held.

Risk Factors

(a) Property Risk

The Company's significant mineral property is the Vetas project (the "Project"). Unless the Company acquires or develops additional significant properties, the Company will be solely dependent upon the Project. If no additional mineral properties are acquired by the Company, any adverse development affecting the Project would have a material adverse effect on the Company's financial condition and results of operations.

(b) Financial Risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate, and commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash consists of cash at banks and on hand. The cash has been invested and held with reputable financial institutions, from which management believes the risk of loss to be remote.

Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations as they become due, or can only do so at excessive cost. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. As at September 30, 2016, the Company had a cash balance of $8,963,196 (December 31, 2015 - $9,834,093) to settle current liabilities of $112,644 (December 31, 2015 - $127,043). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. As the Company does not generate revenue, managing liquidity risk is dependent upon the ability to secure additional financing, controlling expenses and preserving cash.

Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risks

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(i) Interest Rate Risk

The Company has cash balances and no interest-bearing debt. The Company regularly monitors its cash management policy. As a result, Galway Gold is not subject to significant interest rate risk.

(ii) Foreign Exchange Risk

The Company's functional currency is the United States dollar and it transacts major purchases in United States dollars, Colombian Pesos, and Canadian dollars. To fund exploration expenses, it maintains United States dollar, Colombian Peso and Canadian dollar denominated bank accounts containing sufficient funds to support monthly forecasted cash outflows. Management believes the foreign exchange risk derived from currency conversions does not require a foreign exchange hedge.

(iii) Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible for the nine months ended September 30, 2016:

(i) The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash, prepaids and deposits and accounts payable denominated in Canadian dollars. Sensitivity to a plus or minus one percentage point change in exchange rates would not have a material impact on the reported comprehensive loss for the nine months ended September 30, 2016.

(ii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of precious and base metals. These metal prices have fluctuated significantly in recent years. There is no assurance that, even if commercial quantities of these metals may be produced from the Company's properties in the future, a profitable market will exist for them.

As of September 30, 2016, the Company was in the exploration and development stage and did not have any production at any of its mineral properties. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Litigation Risk

Litigation risk refers to the risk that the Company may become involved in litigation or administrative proceedings from time to time, the outcomes of which may be uncertain. An unfavorable judgement, ruling or order may adversely affect the Company's business and financial condition.

Current Global Financial Conditions and Trends

Securities of mining and mineral exploration companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments globally, and market perceptions of the attractiveness of particular industries. The price of the securities of companies is also significantly affected by short-term changes in commodity prices, base and precious metal prices or other mineral prices, currency exchange fluctuation and the political environment in the countries in which the Company does business. As of September 30, 2016, the global economy continues to be in a period of significant economic volatility, in large part due to US, European, and Middle East economic and political concerns which have impacted global economic growth.

Dependence on Key Employees

The Company's business and operations are dependent on retaining the services of a small number of key employees. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of these employees. The loss of one or more of these employees could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key employees.

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.

In January 2016, the IASB issued IFRS 16, Leases (IFRS 16). IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. The extent of the impact of adoption of IFRS 16 has not yet been determined.
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.

Financial Instruments

Financial Assets

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs.

Financial assets are classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Loans and receivables are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest, when applicable, over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset or to the net carrying amount on initial recognition.

Impairment of Financial Assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

<u>Financial Liabilities</u>

Financial liabilities are classified as 'other financial liabilities'.

Other Financial Liabilities

Other financial liabilities including borrowings are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or to the net carrying amount on initial recognition.

<u>De-recognition of Financial Liabilities</u>

The Company de-recognizes financial liabilities when the obligations are discharged, cancelled or expire.

The Company's financial instruments consist of the following:

Financial Assets:	Classification:
Cash	Loans and receivables
Advances to Galway Metals Inc.	Loans and receivables

Financial Liabilities:	Classification:
Accounts payable and other liabilities	Other financial liabilities

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts or loans receivable, where the carrying amount is reduced through the use of an allowance account. When an accounts or loan receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial Instruments Recorded at Fair Value

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on unadjusted quoted prices in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly [i.e. as prices] or indirectly [i.e. derived from prices]; and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data [unobservable inputs]. As of September 30, 2016, cash was classified as Level 1 on the consolidated statements of financial position.

Critical Accounting Estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Stock-Based Compensation

Management is required to make certain estimates when determining the fair value of stock options awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as stock-based compensation in the statements of loss based on estimates of forfeiture and expected lives of the underlying stock options.

Critical Accounting Judgments

Income Taxes and Recovery of Deferred Tax Assets

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements. Deferred tax assets require management to assess the likelihood that Galway Gold will generate taxable income in future periods in order to utilize recognized deferred tax assets.

Restoration, Rehabilitation and Environmental Obligations

Management's assumption of no material restoration, rehabilitation and environmental exposure, is based on the facts and circumstances that existed in the current and prior years.

Impairment of Resource Property Costs

Management reviews the carrying values of exploration and evaluation assets whenever events or changes in circumstances indicate that their carrying values may not be recoverable. This analysis is performed by CGU, which is defined as the Company resource properties. The recoverable amount of cash-generating units for an exploration stage company requires various subjective assumptions. These assumptions may change significantly over time when new information becomes available and may cause original estimates to change.

Events Occurring After the Reporting Period

There are no subsequent events to report.

Capital Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and

- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, contributed surplus, accumulated other comprehensive loss, and deficit, which at September 30, 2016 totaled $8,886,097 (December 31, 2015 - $9,752,650). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the three months ended September 30, 2016. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of September 30, 2016, the Company was compliant with Policy 2.5.

Additional Disclosure for Venture Issuers without Significant Revenue

Administrative expenses for the nine months ended September 30, 2016 and 2015 are comprised of the following:

Nine Months Ended September 30,	**2016**	**2015**
	($)	**($)**
Professional fees	20,549	42,654
Public company costs	45,461	61,645
Salaries and benefits	404,533	369,658
Office and general	52,382	55,039
Insurance	27,569	14,156
Travel	28,865	18,459
	588,359	**561,611**

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in this MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Selected forward looking statements, assumptions, and risk factors are as follows:

Forward-looking statements	Assumptions	Risk factors
Potential of the Company's properties to contain economic gold deposits	The actual results of the Company's exploration and development activities will be favourable; operating, exploration and development costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favourable to the Company; the price of mineral and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties	Gold price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; actual results of the Company's exploration and development activities; the ability to establish production at levels consistent with modern levels of mine production; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation, including the absence of prohibitions on production in the Santurban Paramo environmental area; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff
The Company's ability to meet its working capital needs at the current level for the twelve-month period ending September 30, 2017 The Company expects to incur further losses in the development of its business	The operating and exploration activities of the Company for the twelve-month period ending September 30, 2017, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions
Plans, costs, timing and capital for future exploration and development of the Company's property interests, including the costs and potential impact of complying with	Financing will be available for the Company's exploration and development activities and the results thereof will be favourable; actual operating and exploration	Gold price volatility; changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological

existing and proposed laws and regulations	costs will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company; the Company will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions are favourable to the Company; the price of gold or silver and/or other applicable metals will be favourable to the Company; no title disputes exist with respect to the Company's properties	data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff
Management's outlook regarding future trends	Financing will be available for the Company's exploration and operating activities; the price of gold will be favourable to the Company	Gold price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions
Sensitivity analysis of financial instruments	Interest rates will not be subject to change in excess of plus or minus 1% The Company's investment portfolio will not be subject to change in excess of plus or minus 100% There could be material changes to its results for the three months ended September 30, 2016, as a result of changes to the Company's foreign exchange rates	Changes in debt and equity markets; interest rate and exchange rate fluctuations
Receipt of payment of US$490,000 in damages and transfer of title of the Vetas Project in connection with the favourable outcome from the arbitration concerning the Reina de Oro Option Contract	Galway Gold should receive payment of damages awarded from the favourable arbitration ruling and title of the Vetas property shall be transferred to Galway Gold	Protracted litigation affecting the ability of Galway Gold to collect payment of damages; potential for further appeals from or challenges against any arbitral ruling; delays in, or requirement to proceed with further litigation to obtain, transfer of title of Vetas property
The ability of the Company to	The ruling by the	Negative repercussions from the

receive title to the Reina de Oro Project, and undertake development, permitting and production activities at the Reina de Oro project	Colombian Constitutional Court that National Development Plan (Law 1753) is unconstitutional, the transfer of title and mining at the Reina de Oro project will not be permitted, will be overturned, or legislation will be passed to overrule this decision	court ruling that National Development Plan (Law 1753) is unconstitutional, a prohibition on mining activities in Vetas' Reina de Oro area, the legal effects of the Court´s ruling on the Reina de Oro option agreement, a final determination that the ruling is definitive with respect to the Reina de Oro Project, and an inability to engage in mining operations at the Reina de Oro project which would impair its value, and an inability to identify an alternative project of merit or the inability to successfully conclude a purchase of such an undertaking at all or on terms which are commercially acceptable

The Company undertakes no obligation to update or revise the forward looking statements contained herein except as may be required by applicable securities laws.

Disclosure of Outstanding Share Data

As at the date of this document, the Company had 166,511,932 issued and outstanding shares, and 11,050,000 stock options exercisable between $0.07 and $0.09, expiring between June 4, 2023 and January 31, 2024.