

**Galway Gold Inc.**

**Condensed Interim Consolidated Financial Statements  
For the Three and Nine Months Ended September 30, 2018 and 2017**

**(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, 2018</b>	<b>December 31, 2017</b>
<b>Assets</b>		
Current assets		
Cash	\$ 6,722,118	\$ 7,598,239
Prepays and deposits	29,187	41,881
	<b>\$ 6,751,305</b>	<b>\$ 7,640,120</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	\$ 66,216	\$ 81,896
<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	(293)	(8)
Deficit	(14,962,660)	(14,089,810)
	<b>6,685,089</b>	<b>7,558,224</b>
	<b>\$ 6,751,305</b>	<b>\$ 7,640,120</b>

Approved by the Board "Robert Hinchcliffe" Director

"Mike Sutton" 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)**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Expenses (Income)</b>				
Project support costs (Note 5)	\$ 79,324	\$ 53,923	\$ 227,755	\$ 208,266
Administrative expenses (Note 6)	174,910	223,533	632,466	657,899
Loss (Gain) on foreign exchange	39,946	3,234	53,405	(37,172)
Interest income	(16,948)	(11,665)	(40,776)	(21,953)
<b>Net loss</b>	<b>\$ (277,232)</b>	<b>\$ (269,025)</b>	<b>\$ (872,850)</b>	<b>\$ (807,040)</b>
<b>Other Comprehensive Loss</b>				
Items that will be reclassified subsequently into income:				
Cumulative translation adjustment	(243)	-	(285)	894
<b>Net comprehensive loss</b>	<b>\$ (277,475)</b>	<b>\$ (269,025)</b>	<b>\$ (873,135)</b>	<b>\$ (806,146)</b>
<b>Loss per share - basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>	<b>41,627,979</b>	<b>41,627,979</b>	<b>41,627,979</b>	<b>41,627,979</b>

*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, 2016	\$ 19,753,250	\$ 1,894,792	\$ 12	\$ (13,015,807)	\$ 8,632,247
Cumulative translation adjustment	-	-	328	-	328
Net loss for the period	-	-	-	(807,040)	(807,040)
<b>Balance, September 30, 2017</b>	<b>\$ 19,753,250</b>	<b>\$ 1,894,792</b>	<b>\$ 340</b>	<b>\$ (13,822,847)</b>	<b>\$ 7,825,535</b>
Balance, December 31, 2017	\$ 19,753,250	\$ 1,894,792	\$ (8)	\$ (14,089,810)	\$ 7,558,224
Cumulative translation adjustment	-	-	(285)	-	(285)
Net loss for the period	-	-	-	(872,850)	(872,850)
<b>Balance, September 30, 2018</b>	<b>\$ 19,753,250</b>	<b>\$ 1,894,792</b>	<b>\$ (293)</b>	<b>\$ (14,962,660)</b>	<b>\$ 6,685,089</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>2018</b>	<b>2017</b>
<b>Cash (used in) provided by:</b>		
<b>Operating activities</b>		
Net loss for the period	\$ (872,850)	\$ (807,040)
Items not affecting cash:		
Changes in current assets and liabilities:		
Prepays and deposits	12,694	15,738
Accounts payable and accrued liabilities	(15,680)	(36,994)
	<b>(875,836)</b>	<b>(828,296)</b>
Effect of foreign exchange rate changes on cash balances	(285)	328
<b>Net change in cash</b>	<b>(876,121)</b>	<b>(827,968)</b>
Cash, beginning of period	7,598,239	8,690,229
<b>Cash, end of period</b>	<b>\$ 6,722,118</b>	<b>\$ 7,862,261</b>

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**Galway Gold Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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**For the Three and Nine Months Ended September 30, 2018 and 2017**  
**(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.

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

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 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 the Vetás Project 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.

In March 2018, Company engaged in discussions with the Ministry of Commerce and the Agency for the Defense of the State to settle the damages for the loss of the Reina de Oro project. In order to further protect its claim, the Company announced that it filed an application for arbitration under the Canada-Colombia Free Trade Agreement ("FTA") to preserve Galway Gold's rights under the FTA. Discussions between the government and the Company are ongoing.

**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, 2017.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 29, 2018.

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

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

**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, is effective for annual periods beginning on or after January 1, 2018.

IFRS 9 – Financial instruments (“IFRS 9”) addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009, October 2010, November 2013 and finalized in July 2014. It replaces the parts of IAS 39 Financial Instruments: Recognition and Measurement that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value through profit or loss and those measured at amortized cost, with the determination made at initial recognition. The classification depends on an entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that in cases where the fair value option is selected for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statements of operations, unless this creates an accounting mismatch. IFRS 9 has also been updated to amend the requirements around hedge accounting. However, there is no impact to the Company from these amendments as it does not apply hedge accounting. On January 1, 2018, the Company adopted these amendments.

The new hedge accounting guidance had no impact on the Company's unaudited condensed interim financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL).



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**2. Accounting Policies (Continued)**

**Future Accounting Pronouncements (Continued)**

Below is a summary showing the classification and measurement bases of the financial instruments as at January 1, 2018 as a result of adopting IFRS 9 (along with comparison to IAS 39).

<b>Classification</b>	<b>IAS 39</b>	<b>IFRS 9</b>
Cash and cash equivalents	FVTPL	FVTPL
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

There was no impact on the Company's unaudited condensed interim financial statements as result of adopting IFRS 9.

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.

**3. 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:

	<b>Number of Shares</b>	<b>Amount</b>
<b>Balance, December 31, 2016, September 30, 2017, December 31, 2017, and September 30, 2018</b>	<b>41,627,979</b>	<b>\$ 19,753,250</b>

Pursuant to approval granted at the Annual and Special meeting of shareholders held June 20, 2018, the Company's shares were consolidated on the basis of one (1) post-consolidation share for every four (4) pre-consolidation shares (the "Share Consolidation") resulting in 166,511,932 outstanding pre-consolidation shares of the Company consolidated into 41,627,979 post-consolidation shares of the Company. The Share Consolidation took effect on July 20, 2018. Accordingly, all shares and options have been restated in these condensed interim consolidated financial statements, reflective of the Share Consolidation undertaken.

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**4. Stock Options**

The following table reflects the continuity of stock options for the three and six months ended June 30, 2018 and 2017:

	Number of Stock Options	Weighted Average Exercise Price (CDN)
<b>Balance, December 31, 2016, September 30, 2017, December 31, 2017, and September 30, 2018</b>	2,762,500	\$0.32

The following table reflects the stock options outstanding as at September 30, 2018:

Expiry Date	Exercise Price(CDN)	Weighted Average Life Remaining	Options Outstanding	Black-Scholes Value
June 4, 2023	\$ 0.28	4.68 years	1,575,000	\$ 1,367,102
January 31, 2024	\$ 0.36	5.34 years	1,187,500	\$ 360,723
	\$ 0.32	4.96 years	2,762,500	\$ 1,727,825

Of the 2,762,500 options outstanding as at September 30, 2018, all were exercisable.

**5. Project Support Costs**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Support costs	\$ 24,856	\$ 20,514	\$ 72,134	\$ 89,310
Professional fees	53,165	31,376	151,836	111,986
Geological	-	-	-	399
Utilities	1,303	2,033	3,785	6,571
<b>Total</b>	<b>\$ 79,324</b>	<b>\$ 53,923</b>	<b>\$ 227,755</b>	<b>\$ 208,266</b>

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**6. Administrative Expenses**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Professional fees	\$ 8,745	\$ 19,479	\$ 102,542	\$ 30,763
Public company costs	14,471	16,049	44,394	46,521
Salaries and benefits	109,465	119,207	375,164	408,414
Office and general	9,853	15,699	48,917	49,649
Insurance	19,465	11,937	33,512	32,218
Travel	12,911	41,162	27,937	90,334
<b>Total</b>	<b>\$ 174,910</b>	<b>\$ 223,533</b>	<b>\$ 632,466</b>	<b>\$ 657,899</b>

**7. Related Party Transactions**

Remuneration of directors and officers are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Remuneration paid for CEO and CFO services	\$ 75,944	\$ 76,091	\$ 227,988	\$ 227,837
Management fees paid to a director	\$ -	\$ 4,507	\$ -	\$ 31,086

During the three and nine months ended September 30, 2018, the Company expensed \$11,654 and \$33,864, respectively (three and nine months ended September 30, 2017 - \$14,990 and \$32,491, 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, 2018, the Marrelli Group was owed \$2,947 (December 31, 2017 - \$8,339). 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 fair value.