

**Galway Gold Inc.**

**Condensed Interim Consolidated Financial Statements  
For the Three and Nine Months Ended September 30, 2019 and 2018**

**(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, 2019</b>	<b>December 31, 2018</b>
<b>Assets</b>		
Current assets		
Cash	\$ 5,640,165	\$ 6,466,272
Prepays and deposits	28,555	27,806
	<b>\$ 5,668,720</b>	<b>\$ 6,494,078</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	\$ 270,208	\$ 78,606
<b>Shareholders' Equity</b>		
Common shares (Note 3)	19,753,250	19,753,250
Contributed surplus	1,932,770	1,894,792
Accumulated other comprehensive loss	(591)	5,958
Deficit	(16,286,917)	(15,238,528)
	<b>5,398,512</b>	<b>6,415,472</b>
	<b>\$ 5,668,720</b>	<b>\$ 6,494,078</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)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<b>Expenses (Income)</b>				
Project support costs (Note 5)	\$ 69,633	\$ 79,324	\$ 209,294	\$ 227,755
Administrative expenses (Note 6)	337,364	174,910	847,996	632,466
Stock-based compensation (Note 4)	-	-	37,978	-
Loss (Gain) on foreign exchange	131,026	39,946	14,464	53,405
Interest income	(18,541)	(16,948)	(61,343)	(40,776)
<b>Net loss</b>	<b>\$ (519,482)</b>	<b>\$ (277,232)</b>	<b>\$ (1,048,389)</b>	<b>\$ (872,850)</b>
<b>Other Comprehensive Loss</b>				
Items that will be reclassified subsequently into income:				
Cumulative translation adjustment	535	(243)	(6,549)	(285)
<b>Net comprehensive loss</b>	<b>\$ (518,947)</b>	<b>\$ (277,475)</b>	<b>\$ (1,054,938)</b>	<b>\$ (873,135)</b>
<b>Loss per share - basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</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, 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>
Balance, December 31, 2018	\$ 19,753,250	\$ 1,894,792	\$ 5,958	\$ (15,238,528)	\$ 6,415,472
Cumulative translation adjustment	-	-	(6,549)	-	(6,549)
Stock-based compensation	-	37,978	-	-	37,978
Net loss for the period	-	-	-	(1,048,389)	(1,048,389)
<b>Balance, September 30, 2019</b>	<b>\$ 19,753,250</b>	<b>\$ 1,932,770</b>	<b>\$ (591)</b>	<b>\$ (16,286,917)</b>	<b>\$ 5,398,512</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>2019</b>	<b>2018</b>
<b>Cash (used in) provided by:</b>		
<b>Operating activities</b>		
Net loss for the period	\$ (1,048,389)	\$ (872,850)
Items not affecting cash:		
Stock-based compensation	37,978	-
Changes in current assets and liabilities:		
Prepays and deposits	(749)	12,694
Accounts payable and accrued liabilities	191,602	(15,680)
	<b>(819,558)</b>	<b>(875,836)</b>
Effect of foreign exchange rate changes on cash balances	<b>(6,549)</b>	<b>(285)</b>
<b>Net change in cash</b>	<b>(826,107)</b>	<b>(876,121)</b>
Cash, beginning of period	<b>6,466,272</b>	<b>7,598,239</b>
<b>Cash, end of period</b>	<b>\$ 5,640,165</b>	<b>\$ 6,722,118</b>

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**Galway Gold Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**(Expressed in United States Dollars)**  
**For the Three and Nine Months Ended September 30, 2019 and 2018**  
**(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, 2018.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 22, 2019.

**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.

**Accounting Pronouncements Adopted During the Period**

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. The Company adopted this standard on January 1, 2019, resulting in no changes to its condensed interim financial statements.

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, 2017, December 31, 2018 and September 30, 2019</b>	<b>41,627,979</b>	<b>\$ 19,753,250</b>



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**4. Stock Options**

The following table reflects the continuity of stock options for the nine months ended September 30, 2019 and 2018:

	<b>Number of Stock Options</b>	<b>Weighted Average Exercise Price (CDN)</b>
Balance December 31, 2017 and 2018	2,762,500	\$0.32
Granted	500,000	\$0.11
<b>Balance, September 30, 2019</b>	<b>3,262,500</b>	<b>\$0.29</b>

On January 8, 2019, the Company granted 500,000 options to a director of the Company, exercisable for a period of 10 years at CDN\$0.11. The options were assigned a fair value of \$37,978 using the Black-Scholes valuation model with the following assumptions: 10 year expected life, volatility of 108.75%, risk-free interest rate of 1.96%, and a dividend yield and forfeiture rate of 0%. The options vested immediately upon grant.

The following table reflects the stock options outstanding as at September 30, 2019:

<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	\$ 0.28	3.69 years	1,575,000	\$ 1,367,102
January 31, 2024	\$ 0.36	4.35 years	1,187,500	\$ 360,723
January 8, 2029	\$ 0.11	9.37 years	500,000	\$ 37,978
	<b>\$ 0.29</b>	<b>4.79 years</b>	<b>3,262,500</b>	<b>\$ 1,765,803</b>

Of the 3,262,500 options outstanding as at September 30, 2019, all were exercisable.

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**5. Project Support Costs**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Support costs	\$ 38,917	\$ 24,856	\$ 73,336	\$ 72,134
Professional fees	29,333	53,165	131,855	151,836
Utilities	1,383	1,303	4,103	3,785
<b>Total</b>	<b>\$ 69,633</b>	<b>\$ 79,324</b>	<b>\$ 209,294</b>	<b>\$ 227,755</b>

**6. Administrative Expenses**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Professional fees	\$ 210,075	\$ 8,745	\$ 311,709	\$ 102,542
Public company costs	8,012	14,471	46,192	44,394
Salaries and benefits	75,954	109,465	319,681	375,164
Office and general	16,569	9,853	51,827	48,917
Insurance	10,091	19,465	30,888	33,512
Travel	16,663	12,911	87,699	27,937
<b>Total</b>	<b>\$ 337,364</b>	<b>\$ 174,910</b>	<b>\$ 847,996</b>	<b>\$ 632,466</b>

**7. Related Party Transactions**

Remuneration of directors and officers are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Remuneration paid for CEO and CFO services	\$ 75,908	\$ 75,944	\$ 227,657	\$ 227,988
Stock-based compensation - directors and officers	\$ -	\$ -	\$ 165,391	\$ -

During the three and nine months ended September 30, 2019, the Company expensed \$14,536 and \$43,629, respectively (three and nine months ended September 30, 2018 - \$11,654 and \$33,864, 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, 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, 2019, the Marrelli Group was owed \$4,103 (December 31, 2018 - \$7,172). 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.