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**NOTICE**

**RE: INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD  
ENDED JUNE 30, 2006**

The second quarter financial statements for the six month period ended June 30, 2006 have not been reviewed by the auditors of Galway Resources Ltd.

**GALWAY RESOURCES LTD.**

*“Christopher Park”*

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**CHRISTOPHER PARK**

Chief Financial Officer

**Galway Resources Ltd.**  
(A Development Stage Company)

Interim Consolidated Financial Statements  
June 30, 2006

*US Dollars*  
*Unaudited*

**GALWAY RESOURCES LTD.**  
(A Development Stage Company)  
**Interim Consolidated Balance Sheets**  
US Dollars  
Unaudited

	June 30 2006	December 31 2005 (audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 587,634	\$ 143,397
Accounts receivable	8,252	355
Prepaid expenses	62,356	6,627
	<u>658,242</u>	<u>150,379</u>
<b>Equipment</b> (Note 4)	21,552	2,469
<b>Resource Property Costs</b> (Notes 2b and 5)	136,033	-
	<u>815,827</u>	<u>152,848</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 212,448	\$ 111,828
Due to related parties (Note 8)	15,618	11,043
	<u>228,066</u>	<u>122,871</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital</b> (Note 6)		
Authorized:		
Unlimited common shares without par value		
Issued, allotted and fully paid:		
17,886,333 (2005 - 6,138,000 common shares)	1,757,427	286,589
<b>Contributed Surplus</b>	75,915	36,696
<b>Cumulative Translation Adjustment</b> (Note 2c)	883	(10,891)
<b>Deficit</b> (Note 2b)	(1,246,464)	(282,417)
	<u>587,761</u>	<u>29,977</u>
	<u>\$ 815,827</u>	<u>\$ 152,848</u>

ON BEHALF OF THE BOARD:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

**GALWAY RESOURCES LTD.***(A Development Stage Company)***Interim Consolidated Statements of Loss and Deficit***US Dollars**Unaudited*

	Three Months Ended June 30 2006	Three Months Ended June 30 2005	Six Months Ended June 30 2006	Six Months Ended June 30 2005
<b>Expenses</b>				
Amortization	\$ 2,039	\$ -	\$ 2,301	\$ -
Exploration costs - <i>Schedule</i>	411,049	17,143	637,356	17,143
General and administrative expenses	72,562	137	89,927	137
Listing and filing fees	19,822	-	33,746	-
Professional fees	97,792	5,914	132,003	5,914
Stock-based compensation	40,405	-	40,405	-
Travel	8,391	794	19,997	794
<b>Total Expenses</b>	<b>652,060</b>	<b>23,988</b>	<b>955,735</b>	<b>23,988</b>
<b>Other Items</b>				
Foreign exchange (gain) loss	4,505	-	8,312	-
<b>Loss for the Period</b>	<b>(656,565)</b>	<b>(23,988)</b>	<b>(964,047)</b>	<b>(23,988)</b>
Deficit - beginning of period	(589,899)	(355)	(239,106)	(355)
Restatement - <i>(Notes 2b and 5)</i>	-	-	(43,311)	-
<b>Deficit - End of Period</b>	<b>\$ (1,246,464)</b>	<b>\$ (24,343)</b>	<b>\$ (1,246,464)</b>	<b>\$ (24,343)</b>
<b>Loss per Share - Basic and Diluted</b>	<b>\$ (0.04)</b>	<b>\$ (0.02)</b>	<b>\$ (0.09)</b>	<b>\$ (0.04)</b>
<b>Weighted Average Number of Common Shares</b>	<b>14,652,505</b>	<b>1,102,323</b>	<b>10,418,773</b>	<b>554,256</b>

- See Accompanying Notes -

**GALWAY RESOURCES LTD.***(A Development Stage Company)***Interim Consolidated Statements of Cash Flows***US Dollars**Unaudited*

	Three Months Ended June 30 2006	Three Months Ended June 30 2005	Six Months Ended June 30 2006	Six Months Ended June 30 2005
<b>Cash Resources Provided By (Used In):</b>				
<b>Operating Activities</b>				
Loss for the period	\$ (656,565)	\$ (23,988)	\$ (964,047)	\$ (23,988)
Items not affecting cash:				
Amortization	2,039	-	2,301	-
Stock-based compensation	40,405	-	40,405	-
	(614,121)	(23,988)	(921,341)	(23,988)
Changes in current assets and liabilities:				
Accounts receivable	(3,816)	8	(7,897)	8
Prepaid expenses	(30,028)	(11,086)	(55,729)	(11,086)
Accounts payable and accrued liabilities	45,487	14,494	100,620	14,494
	(602,478)	(20,572)	(884,347)	(20,572)
<b>Investing Activities</b>				
Purchase of equipment	(19,387)	-	(21,384)	-
Resource property acquisition costs	(70,069)	-	(82,447)	-
	(89,456)	-	(103,831)	-
<b>Financing Activities</b>				
Shares issued, net	885,860	168,450	1,416,066	168,450
Deferred costs	-	(5,699)	-	(5,699)
Due to related parties	5,151	539	4,575	539
	891,011	163,290	1,420,641	163,290
Effect of foreign exchange rate changes on cash balances	7,980	(108)	11,774	(108)
<b>Net Increase in Cash and Cash Equivalents</b>	<b>207,057</b>	<b>142,610</b>	<b>444,237</b>	<b>142,610</b>
Cash and cash equivalents - beginning of period	380,577	-	143,397	-
<b>Cash and Cash Equivalents - End of Period</b>	<b>587,634</b>	<b>142,610</b>	<b>587,634</b>	<b>142,610</b>
<b>Schedule of Non-Cash Investing and Financing Activities</b>				
Stock-based compensation	40,405	-	40,405	-
Fair value of warrants exercised	(1,186)	-	(1,186)	-
Shares issued for property acquisition	53,586	-	53,586	-

- See Accompanying Notes -

**GALWAY RESOURCES LTD.***(A Development Stage Company)***Interim Consolidated Schedule of Exploration Costs***US Dollars**Unaudited*

	Three Months Ended June 30 2006	Three Months Ended June 30 2005	Six Months Ended June 30 2006	Six Months Ended June 30 2005
<b>Indian Springs, Nevada, USA</b>				
Assaying and sampling	\$ 6,090	\$ -	\$ 6,090	\$ -
Drilling	6,207	-	6,207	-
Environmental consulting	4,303	-	4,303	-
General	2,203	-	2,803	-
Geological and field expenses	27,390	-	114,944	-
Maps, reports and data	57,585	-	87,154	-
Mineral property fees	46,979	-	60,304	-
Supplies	10,184	-	12,041	-
Travel	25,630	-	44,437	-
Wages and salaries	25,187	-	25,187	-
	<u>211,758</u>	<u>-</u>	<u>363,470</u>	<u>-</u>
<b>Victorio Mountain, New Mexico</b>				
Geological and field expenses	22,226	-	22,226	-
Maps, reports and data	65,017	-	65,017	-
Mineral property fees	7,684	-	7,684	-
Supplies	550	-	550	-
Travel	8,724	-	8,724	-
Wages and salaries	1,990	-	1,990	-
	<u>106,191</u>	<u>-</u>	<u>106,191</u>	<u>-</u>
<b>General Exploration</b>				
Assaying and sampling	1,167	-	1,167	-
Geological and field expenses	36,048	17,143	101,748	17,143
General	13	-	719	-
Maps, reports and data	11,754	-	11,754	-
Mineral property fees	7,307	-	7,307	-
Supplies	1,562	-	1,562	-
Travel	9,434	-	17,623	-
Wages and salaries	25,815	-	25,815	-
	<u>93,100</u>	<u>17,143</u>	<u>167,695</u>	<u>17,143</u>
<b>Costs for the Period</b>	<b>\$ 411,049</b>	<b>\$ 17,143</b>	<b>\$ 637,356</b>	<b>\$ 17,143</b>

- See Accompanying Notes -

**GALWAY RESOURCES LTD.**

*(A Development Stage Company)*

**Notes to Interim Consolidated Financial Statements**

June 30, 2006

*US Dollars*

*Unaudited*

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**1. Nature of Operations**

Galway Resources Ltd. ("the Company") was incorporated under the Business Corporations Act of British Columbia on August 31, 2004. The Company completed its qualifying transaction on April 25, 2006 through the incorporation of its wholly owned subsidiary, Galway Resources (US) Inc. and the acquisition of 100% interest in the Indian Springs Tungsten Project. The Company is a mining exploration company focused on developing its two recently acquired advanced exploration projects.

The Company has changed its fiscal year end from May 31 to December 31 commencing December 31, 2005.

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**2. Significant Accounting Policies**

These interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements, with the following exceptions:

**a) Basis of presentation:**

These interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Galway Resources US Inc., Nyak Resources Inc., Galway Resources Holdco Ltd., and Galway Resources (Cayman) Ltd. All significant inter-company transactions and balances have been eliminated.

These interim consolidated financial statements should be read in conjunction with the audited financial statements as at December 31, 2005.

**b) Change in accounting policy:**

Effective January 1, 2006 the Company has adopted the following accounting policy with respect to exploration expenditures and acquisition payments:

All exploration expenditures are expensed as incurred. Significant property acquisition payments for active exploration properties are capitalized. If no economically feasible ore body is discovered, previously capitalized costs are expensed in the period the property is abandoned. Capitalized costs will be amortized using the units-of-production method over the estimated life of the probable reserve.

This change in accounting policy requires the Company to restate the comparative figures presented in these interim consolidated financial statements as in the period prior to January 1, 2006 the Company's policy was to capitalize all mineral acquisition and exploration costs.

**GALWAY RESOURCES LTD.***(A Development Stage Company)***Notes to Interim Consolidated Financial Statements**

June 30, 2006

*US Dollars**Unaudited*

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The following is a summary of the accounts which have been affected as a result of the restatement for the change in accounting policy as at December 31, 2005:

Deficit, end of period – as previously reported	\$	(239,106)
Restatement for change in accounting policy – exploration expenditures		<u>(43,311)</u>
<b>Deficit, end of period – as restated</b>	<b>\$</b>	<b><u>(282,417)</u></b>
Resource Property Costs, end of period – as previously reported	\$	43,311
Restatement for change in accounting policy – exploration expenditures		<u>(43,311)</u>
<b>Resource Property Costs, end of period – as restated</b>	<b>\$</b>	<b><u>--</u></b>

**c) Change in reporting currency:**

Effective April 1, 2006 the Company has changed its reporting currency from the Canadian Dollar to the US Dollar. The change is the result an increase in the volume of transactions denominated in the US Dollar.

The financial statements for all years and periods presented have been translated into the reporting currency using the current rate method. Under this method, the statement of operations and the cash flow statement items for each year end period have been translated into the reporting currency using the rates in effect at the date of the transactions, and assets and liabilities have been translated using the exchange rate at the end of the year or period. All resulting exchange differences are reported as a separate component of shareholders' equity entitled cumulative translation adjustment.

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**3. Fair Value of Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

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**GALWAY RESOURCES LTD.***(A Development Stage Company)***Notes to Interim Consolidated Financial Statements**

June 30, 2006

*US Dollars**Unaudited***4. Equipment**

Details are as follows:

	Cost	Accumulated Amortization	2006 Net Book Value
Office equipment	\$ 14,193	\$ 1,460	\$ 12,733
Computer software	1,726	288	1,438
Equipment	8,383	1,002	7,381
	<u>\$ 24,302</u>	<u>\$ 2,750</u>	<u>\$ 21,552</u>

**5. Resource Property Costs**

Cumulative resource expenditures per project under active exploration:

	Acquisition	Total June 30 2006
Indian Springs	\$ 66,533	\$ 66,533
Victorio Mountain	69,500	69,500
	<u>\$ 136,033</u>	<u>\$ 136,033</u>

**Indian Springs, Nevada, USA**

The Company entered into an agreement with Geological Services Inc. ("GSI") on February 27, 2006 to obtain an option to acquire 100% interest in the Indian Springs Project. Pursuant to the agreement, the Company may exercise its right to acquire an undivided 100% right, title and interest in and to the Indian Springs Project by paying an aggregate of \$300,000 and issuing a total of 2,000,000 Shares to GSI as follows:

- payment of \$12,500 on or before February 15, 2006 (Paid);
- issuance of 400,000 Shares on or before April 25, 2006 (Issued);
- payment of \$40,000 and issuance of 400,000 Shares on April 25, 2007;
- payment of \$60,000 and issuance of 400,000 Shares on April 25, 2008;
- payment of \$75,000 and issuance of 400,000 Shares on April 25, 2009; and
- payment of \$112,500 and issuance of 400,000 Shares on April 25, 2010.

The property will be subject to a 2.0% net smelter royalty (NSR) due to GSI on future production from Indian Springs. The Company has the option to buy 1.0% of the NSR royalty for \$1,000,000 and has the right of first offer to purchase the remaining 1.0% NSR royalty.

**GALWAY RESOURCES LTD.**

*(A Development Stage Company)*

**Notes to Interim Consolidated Financial Statements**

June 30, 2006

*US Dollars*

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The Company shall have the right, on payment of \$150,000 to the owner of the net smelter royalty within 60 days from the date that construction begins for commercial production on the mineral claims comprising the Indian Springs Project, to elect to establish a floor price of \$100 per metric ton unit for the price of APT Tungsten as quoted by Metal Bulletin; no net smelter royalty payments shall be owing by the Company for any and each calendar month during which the average 30-day price of APT Tungsten as quoted by Metal Bulletin is below the floor price.

The Company will assume responsibility for all continuing property maintenance payments (which presently total approximately \$15,000 per annum) until such time as the Company acquires a 100% interest in the Indian Springs Project.

During the six months ended June 30, 2006, the Company staked 92 additional claims. This brings the total number of claims at Indian Springs to 155 unpatented lode mining claims, covering approximately 3200 acres or five square miles.

**Victorio Mountain, New Mexico, USA**

The Company has entered into two agreements with regard to the Victorio Mountain Molybdenum-Tungsten Project in New Mexico.

On April 6, 2006, the Company, through its wholly owned subsidiary Nyak Resources, Inc., entered into an instalment sale agreement with Donegan Resources, Inc., to acquire an undivided 100% right, title and interest in and to the mining claims of the Victorio Mountain Project. Pursuant to the agreement, the Company will acquire its interest in the Victorio Mountain Project by paying an aggregate of \$2,000,000 as follows:

- payment of \$50,000 on the closing date, not later than June 1, 2006 (paid subsequent to June 30, 2006);
- payment of \$100,000 on the first anniversary;
- payment of \$200,000 on the second anniversary;
- payment of \$300,000 on the third anniversary;
- payment of \$350,000 on the fourth anniversary; and
- payment of \$1,000,000 on the fifth anniversary.

The property will be subject to a net smelter royalty of 2%. In addition, Donegan Resources will be entitled to receive a 1% NSR on any additional properties acquired within the vicinity of the Victorio Mountain Project. This NSR will be reduced to 0.5% royalty on any properties that are subject to an existing royalty in excess of 0.5%.

**GALWAY RESOURCES LTD.**

*(A Development Stage Company)*

**Notes to Interim Consolidated Financial Statements**

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On June 1, 2006, the Company entered into an option agreement with Hallelujah Resources LLC, South Branch Resources LLC and MRP Geo Company LLC, collectively the "sellers" to acquire an undivided 100% right, title and interest in and to additional mining claims of the Victorio Mountain Project. Pursuant to the agreement, the Company will acquire its interest in these mining claims by paying an aggregate of \$130,000 and issuing 400,000 shares as follows:

- payment of \$15,000 and issuing 50,000 shares on the closing date; (paid and issued)
- payment of \$25,000 and issuing 50,000 shares on the first anniversary;
- payment of \$40,000 and issuing 50,000 shares on the second anniversary;
- payment of \$50,000 and issuing 50,000 shares on the third anniversary; and
- issuing 200,000 shares upon the commencement of commercial production.

On completion of these payments, the Company will own an undivided 100% right, interest and title in these Victorio Mountain Project claims, subject to a net smelter royalty (NSR) of 1% on all primary mining claims excluding the primary mining claim VIC 41 (the "Primary Royalty"). The Company is entitled to purchase 100% of the Primary Royalty for \$500,000, payable as to 50% on completion of a bankable feasibility study and 50% no later than the end of the first full year of commercial production from the primary mining claims.

In addition, there is an NSR of 3% on all secondary mining claims including primary mining claim VIC 41 (the "Secondary Royalty"). The Company is entitled to purchase 100% of the Secondary Royalty for \$1,500,000, payable as to 50% on completion of a bankable feasibility study and 50% no later than the end of the first full year of commercial production from the primary mining claims.

**Restatement**

Comparative period numbers have been restated for the change in accounting policy with respect to exploration expenditures as described in Note 2. A restatement of \$43,311 was required as the Company had capitalized exploration expenditures as of the year ended December 31, 2005.

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**GALWAY RESOURCES LTD.***(A Development Stage Company)***Notes to Interim Consolidated Financial Statements**

June 30, 2006

*US Dollars**Unaudited***6. Share Capital****a) Details of share capital are as follows:**

	Shares	Amount	Contributed Surplus	Total
Authorized:				
Unlimited common shares without par value				
Issued and fully paid:				
Balance – December 31, 2004	200	\$ 8	\$ --	\$ 8
Shares issued for seed capital	4,137,800	177,512	--	177,512
Shares issued for initial public offering	2,000,000	171,600	--	171,600
Share issuance costs	--	(62,531)	--	(62,531)
Stock-based compensation	--	--	36,696	36,696
Balance – December 31, 2005	6,138,000	286,589	36,696	323,285
Shares issued for private placement	11,333,333	1,495,326	--	1,495,326
Shares issued for property acquisition	400,000	53,586	--	53,586
Shares issued for warrant exercise	15,000	2,679	--	2,679
Share issuance costs	--	(81,939)	--	(81,939)
Stock-based compensation	--	--	40,405	40,405
Fair value of warrants exercised	--	1,186	(1,186)	--
Balance – June 30, 2006	17,886,333	\$ 1,757,427	\$ 75,915	\$ 1,833,342

**b) Stock Split**

The Company received shareholder and TSX-V approval to complete a two-for-one stock split. The record date for the stock split was March 24, 2006 and was completed by way of push-out without any corresponding change of name of the Company. All share information prior to March 24, 2006 has been restated to reflect the effects of the share split.

**c) Share Purchase Options**

i) The Company has established a share purchase option plan (the "Plan") whereby the board of directors may, from time to time, grant options to directors, officers, employees, consultants or management company employees. Options granted must be exercised not later than five years from the date of grant or such lesser or greater period as may be determined by the Company's board of directors and in accordance with the policies of the TSX-V. The exercise price of an option must be determined by the board of directors and in accordance with the Plan and the policies of the TSX-V. Subject to the policies of the TSX-V, the board of directors may determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.

**GALWAY RESOURCES LTD.***(A Development Stage Company)***Notes to Interim Consolidated Financial Statements**

June 30, 2006

*US Dollars**Unaudited*

- ii) A summary of the Company's options, which includes options issued under the Company's stock option plan and agent's options, at June 30, 2006 and the changes for the period are as follows:

Exercise Price	Outstanding December 31, 2005	Granted	Exercised	Expired or Cancelled	Outstanding June 30, 2006	Expiry date
Cdn\$0.10	200,000	-	-	-	200,000	October 27, 2007
Cdn\$0.10	400,000	-	-	-	400,000	October 19, 2010
Cdn\$0.175	-	1,300,000	-	25,000	1,275,000	April 25, 2011
Cdn\$0.84	-	110,000	-	-	110,000	May 19, 2011
	600,000	1,410,000	15,000	25,000	1,985,000	
Weighted average exercise price	Cdn\$0.10	-	-	-	Cdn\$0.19	

**d) Share Purchase Warrants**

Exercise Price	Outstanding December 31, 2005	Granted	Exercised	Expired or Cancelled	Outstanding June 30, 2006	Expiry date
Cdn\$0.20	-	200,000	15,000	-	185,000	April 25, 2007
Cdn\$0.20 if exercised in the first year / Cdn\$0.25 if exercised in the second year	-	11,333,333	-	-	11,333,333	April 25, 2008
	-	11,533,333	15,000	-	11,518,333	

**e) Escrow Shares**

As at June 30, 2006, 3,724,200 shares are held in escrow. 413,800 shares were released on April 25, 2006 upon issuance of notice of final acceptance of the Company's Qualifying Transaction by the TSX-V. The remainder will be released in six equal tranches of 15% every six months thereafter for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities.

**7. Stock-Based Compensation**

The Company has adopted the recommendations of CICA Handbook Section 3870, Stock-Based Compensation and Other Stock-Based Payments. The standard requires stock-based awards made to employees and non-employees be measured and recognized using a fair value based method.

**GALWAY RESOURCES LTD.***(A Development Stage Company)***Notes to Interim Consolidated Financial Statements**

June 30, 2006

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On April 25, 2006, the Company granted directors and officers of the Company stock options to purchase up to 1,300,000 common shares of the Company at an exercise price of Cdn\$0.175 per share, with an estimated value of \$18,963 on the grant date. The Company cancelled 25,000 of the options on April 26, 2006.

On April 25, 2006, the Company granted Agent's Warrants pursuant to the closing of the Company's private placement to purchase up to 200,000 common shares of the Company at an exercise price of Cdn\$0.20 per share, with an estimated value of \$16,454 on the grant date. 15,000 of the Warrants were converted to shares during the period.

On May 19, 2006, the Company granted an officer of the Company stock options to purchase up to 110,000 common shares of the Company at an exercise price of Cdn\$0.84 per share, with an estimated value of \$4,988 on the grant date.

The fair value of options granted are estimated on their grant date using the Black-Scholes option-pricing model with the following assumptions:

	<b>Options/Warrants Granted on During the Period</b>
Expected dividend yield	0.00%
Expected stock price volatility	110%
Risk-free interest rate	4.00% to 4.20%
Expected life of options	2 to 5 years

Option pricing models require the input of highly subjective assumptions including the estimate of the share price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

**8. Related Party Transactions**

Except as noted elsewhere in these financial statements, related party transactions are as follows:

As at June 30, 2006, \$1,719 was owing to an officer of the Company. The amount relates to office and travel expenses which were incurred in the normal course of business.

As at June 30, 2006, \$13,023 was owing to Pathway Capital Ltd., a related company with a director in common with the Company, for expenses paid on behalf of the Company. The expenses were incurred in the normal course of business.

Also as at June 30, 2006, \$876 was owing to a director of the Company. The amount relates to the overpayment of a share subscription by that director.

During the six month period, \$54,490 was paid to three officers of the Company for wages and salaries and \$34,537 was paid to a company with a director and officer in common for administrative services.

**GALWAY RESOURCES LTD.***(A Development Stage Company)***Notes to Interim Consolidated Financial Statements**

June 30, 2006

*US Dollars**Unaudited*

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The above transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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**9. Segmented Information**

Details are as follows:

	Canada	USA	South America	Other	Total
June 30, 2006					
Segmented operating loss	\$ 166,956	\$ 683,239	\$ 108,331	\$ 5,521	\$ 964,047
Identifiable assets	\$ 588,549	\$ 204,427	\$ 22,851	\$ --	\$ 815,827
December 31, 2005					
Segmented operating loss <i>(Note 2)</i>	\$ 62,204	\$ 129,764	\$ 90,094	\$ --	\$ 282,062
Identifiable assets <i>(Note 2)</i>	\$ 149,777	\$ --	\$ 3,071	\$ --	\$ 152,848

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**10. Subsequent Events****a) Option Exercise**

On July 4, 2006, the Company issued 6,100 shares pursuant to the exercise of 6,100 Broker Options at a price of Cdn\$0.10 per share.

**b) Private Placement**

On August 16, 2006, the Company completed a partially brokered private placement of 2,023,676 units at a price of \$0.71 (Cdn\$0.80) per unit, for total proceeds of \$1,436,810. Each unit consisted of one common share without par value and one-half share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share in the capital of the Company, exercisable for a period of 18 months from the date of issuance at a price of \$1.10 per share. The Company also paid a commission of \$51,524 and issued 107,625 warrants to the agent in connection with the brokered portion of the private placement. The warrants entitle the agent to purchase up to 107,625 common shares of the Company at a price of \$0.71 per share for a period of 18 months from the date of issuance.

**c) Option Grants**

The Company granted 200,000 stock options to certain directors and officers of the Company at a price of \$0.71 for a period of five years. The securities are subject to a four month hold period and may not be traded until December 16, 2006, except as permitted by Canadian securities legislation and the TSX Venture Exchange.

**GALWAY RESOURCES LTD.**

*(A Development Stage Company)*

**Notes to Interim Consolidated Financial Statements**

June 30, 2006

*US Dollars*

*Unaudited*

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**d) Share Issuance**

On July 12, 2006, the Company issued 50,000 shares in connection with the closing of the second Victorio Mountain agreement.

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