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NOTICE

**RE: INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH
PERIOD ENDED SEPTEMBER 30, 2007**

The third quarter financial statements for the nine month period ended September 30, 2007 have not been reviewed by the auditors of Galway Resources Ltd.

GALWAY RESOURCES LTD.

"Pablo Orsolani"

Pablo Orsolani

Chief Financial Officer

Galway Resources Ltd.

(A Development Stage Company)

Interim Consolidated Financial Statements
September 30, 2007

US Dollars
(unaudited)

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

	September 30 2007	December 31 2006 (audited)
ASSETS		
Current		
Cash and cash equivalents	\$ 12,985,055	\$ 4,480,638
Accounts receivable	19,765	6,684
Prepaid expenses	111,303	32,322
	<u>13,116,123</u>	<u>4,519,644</u>
Deposits	131,486	26,486
Equipment <i>(Note 4)</i>	118,186	89,521
Resource Property Costs <i>(Note 5)</i>	1,267,275	458,831
	<u>\$ 14,633,070</u>	<u>\$ 5,094,482</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 633,193	\$ 405,055
Due to related parties <i>(Note 7)</i>	7,665	74,514
	<u>640,858</u>	<u>479,569</u>
SHAREHOLDERS' EQUITY		
Share Capital <i>(Note 6)</i>		
Authorized:		
Unlimited common shares without par value		
Issued and outstanding:		
49,509,441 (December 31, 2006 - 31,251,809 common shares)	17,895,618	6,789,040
Contributed Surplus <i>(Note 6a)</i>	5,311,068	1,811,482
Deficit	(9,954,050)	(3,973,614)
Accumulated Other Comprehensive Loss <i>(Note 9)</i>	739,576	(11,995)
	<u>13,992,212</u>	<u>4,614,913</u>
	<u>\$ 14,633,070</u>	<u>\$ 5,094,482</u>

ON BEHALF OF THE BOARD:

"Rob Hinchcliffe", Director

"David De Witt", Director

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

	Three Months Ended September 30 2007	Three Months Ended September 30 2006	Nine Months Ended September 30 2007	Nine Months Ended September 30 2006
Expenses				
Amortization	\$ 16,726	\$ 6,034	\$ 39,821	\$ 8,335
Exploration costs <i>(Consolidated Schedule of Exploration Costs)</i>	1,778,517	788,341	3,847,098	1,414,564
General and administrative expenses	387,103	242,769	1,138,966	343,829
Listing and filing fees	5,497	12,355	52,689	46,101
Professional fees	81,489	65,152	285,131	197,155
Stock-based compensation	412,975	31,702	706,775	72,107
Travel	61,329	30,576	111,528	50,573
Total Expenses	<u>(2,743,636)</u>	<u>(1,176,929)</u>	<u>(6,182,008)</u>	<u>(2,132,664)</u>
Other Items				
Interest income	110,520	-	194,643	-
Foreign exchange gain (loss)	(639)	(2,983)	6,929	(11,295)
Loss for the Period	<u>(2,633,755)</u>	<u>(1,179,912)</u>	<u>(5,980,436)</u>	<u>(2,143,959)</u>
Other Comprehensive Income				
Unrealized foreign currency translation	(531,618)	-	(751,571)	-
Comprehensive Loss	<u>(3,165,373)</u>	<u>(1,179,912)</u>	<u>(6,732,007)</u>	<u>(2,143,959)</u>
Loss for the Period	(2,633,755)	(1,179,912)	(5,980,436)	(2,143,959)
Deficit - beginning of period	(7,320,295)	(1,246,464)	(3,973,614)	(282,417)
Deficit - End of Period	<u>\$ (9,954,050)</u>	<u>\$ (2,426,376)</u>	<u>\$ (9,954,050)</u>	<u>\$ (2,426,376)</u>
Loss per Share - Basic and Diluted	\$ (0.06)	\$ (0.08)	\$ (0.15)	\$ (0.21)
Weighted Average Number of Common Shares	47,096,386	14,652,505	39,611,271	10,418,773

- See Accompanying Notes -

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

	Three Months Ended September 30 2007	Three Months Ended September 30 2006	Nine Months Ended September 30 2007	Nine Months Ended September 30 2006
Cash Resources Provided By (Used In):				
Operating Activities				
Loss for the period	\$ (2,633,755)	\$ (1,179,912)	\$ (5,980,436)	\$ (2,143,959)
Items not affecting cash:				
Amortization	16,726	6,034	39,821	8,335
Stock-based compensation	412,975	31,702	706,775	72,107
	(2,204,054)	(1,142,176)	(5,233,840)	(2,063,517)
Changes in current assets and liabilities:				
Accounts receivable	(8,718)	1,395	(13,081)	(6,502)
Prepaid expenses	(12,134)	8,379	(78,981)	(47,350)
Accounts payable and accrued liabilities	244,816	(63,988)	228,138	36,632
Due to related parties	2,192	(4,053)	(66,849)	522
	(1,977,898)	(1,200,443)	(5,164,613)	(2,080,215)
Investing Activities				
Deposits	(105,000)	-	(105,000)	-
Purchase of equipment	(29,941)	(61,371)	(68,486)	(82,755)
Resource property acquisition costs <i>(Note 5)</i>	(25,000)	(45,173)	(165,000)	(127,620)
	(159,941)	(106,544)	(338,486)	(210,375)
Financing Activities				
Share issuance proceeds, net of financing costs	7,751,670	1,389,606	13,255,945	2,805,672
	7,751,670	1,389,606	13,255,945	2,805,672
Effect of foreign exchange rate changes on cash balances	531,618	(12,153)	751,571	(379)
Net Increase in Cash and Cash Equivalents	6,145,449	70,466	8,504,417	514,703
Cash and cash equivalents - beginning of period	6,839,606	587,634	4,480,638	143,397
Cash and Cash Equivalents - End of Period	\$ 12,985,055	\$ 658,100	\$ 12,985,055	\$ 658,100

Schedule of Non-Cash Investing and Financing Activities

Fair value of options and warrants exercised	\$ 62,830	\$ 876	\$ 458,974	\$ 2,081
Shares issued for property acquisition <i>(Notes 5 and 6a)</i>	\$ 73,087	\$ 44,895	\$ 643,444	\$ 98,481
Stock-based compensation	\$ 412,975	\$ 58,103	\$ 706,775	\$ 58,103

- See Accompanying Notes -

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

	Three Months Ended September 2007	Three Months Ended September 2006	Nine Months Ended September 2007	Nine Months Ended September 2006
Indian Springs, Nevada, USA				
Assaying and sampling	\$ 14,863	\$ 85,117	\$ 17,692	\$ 91,207
Drilling	172,105	244,248	211,497	250,455
Environmental consulting	804	14,615	72,448	18,918
General	9,991	37,667	15,638	40,470
Geological and field expenses	48,105	109,944	169,079	224,888
Maps, reports and data	25,156	6,529	25,156	80,505
Mineral property fees	38,031	64,991	38,031	125,295
Supplies	170	64	170	12,105
Travel	2,467	3,725	19,389	48,162
Wages and salaries	35,923	36,589	104,020	61,776
	<u>347,615</u>	<u>603,489</u>	<u>673,120</u>	<u>953,781</u>
Lone Mountain, Nevada, USA				
Assaying and sampling	16,091	-	17,251	-
Drilling	660,043	-	1,096,911	-
Environmental consulting	1,400	-	2,730	-
General	(9,414)	1,624	3,984	1,624
Geological and field expenses	1,439	5,678	72,341	32,356
Maps, reports and data	-	27,888	-	37,176
Mineral property fees	5,000	19,515	55,000	19,515
Travel	18,382	6,096	35,895	8,143
Wages and salaries	85,592	64	174,149	64
	<u>778,533</u>	<u>60,865</u>	<u>1,458,261</u>	<u>98,878</u>
Victorio Mountain, New Mexico				
Assaying and sampling	40,963	1,013	91,925	1,013
Drilling	62,606	-	383,376	-
Environmental consulting	2,082	1,581	15,900	1,581
General	22,377	11,436	54,874	11,986
Geological and field expenses	137,724	23,371	295,262	45,597
Maps, reports and data	-	3,541	-	68,558
Mineral property fees	15,455	12,401	15,455	20,085
Travel	12,911	4,247	47,885	12,971
Wages and salaries	4,097	3,025	67,064	5,015
	<u>298,215</u>	<u>60,615</u>	<u>971,741</u>	<u>166,806</u>
General Exploration				
Assaying and sampling	4,482	635	4,938	635
Drilling	43,250	-	43,250	-
General	1,349	5,425	9,372	7,706
Geological and field expenses	158,011	29,820	340,401	127,787
Maps, reports and data	5,029	5,024	9,814	7,490
Mineral property fees	59,491	2,011	148,912	9,318
Supplies	1,510	965	1,510	965
Travel	33,505	13,394	87,616	28,970
Wages and salaries	47,527	6,098	98,163	12,228
	<u>354,154</u>	<u>63,372</u>	<u>743,976</u>	<u>195,099</u>
Costs for the Period	\$ 1,778,517	\$ 788,341	\$ 3,847,098	\$ 1,414,564

- See Accompanying Notes -

GALWAY RESOURCES LTD.

(A Development Stage Company)

Notes to Interim Consolidated Financial Statements

September 30, 2007

US Dollars

(unaudited)

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 three recently acquired advanced exploration projects.

2. Significant Accounting Policies

These interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and follow the same accounting policies and methods of their application as the most recent annual financial statements, except as noted below. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements as at December 31, 2006.

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., Galway Resources (Cayman) Ltd. and Galway Resources (Colombia) Ltd. All significant inter-company transactions and balances have been eliminated.

These interim consolidated financial statements are presented in United States Dollars ("USD"), the functional and presentational currency of the Company.

Foreign Currency Translation

The accounts of the Company have been translated into United States dollars using the temporal rate method as follows:

- Monetary assets and liabilities at the exchange rate in effect at the balance sheet date;
- All other assets and liabilities at the exchange rates in effect at the time of acquisition or issue; and
- Revenue and expense, and exploration and development items at the average rate of exchange prevailing during the period.

Adoption of new accounting standards

The Company adopted the provisions of CICA Sections 3855, Financial Instruments – Recognition and Measurement; 3865, Hedges; and 1530, Comprehensive Income on January 1, 2007 which addresses the classification, recognition and measurement of financial instruments and hedges in the financial statements and inclusion of other comprehensive income. The adoption of these accounting policies did not have a material effect on the financial statements of the Company during the period.

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 their capacity of prompt liquidation.

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

September 30, 2007

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*(unaudited)***4. Equipment**

Details are as follows:

	Cost	Accumulated Amortization	September 30 2007	December 31 2006
Office equipment	\$ 43,526	\$ 10,016	\$ 33,510	\$ 18,104
Computer software	53,610	37,923	15,687	18,824
Equipment	93,121	24,132	68,989	52,593
	<u>\$ 190,257</u>	<u>\$ 72,071</u>	<u>\$ 118,186</u>	<u>\$ 89,521</u>

5. Resource Property Costs

Cumulative acquisition costs per project under active exploration:

	September 30 2007	December 31 2006
Indian Springs	\$ 676,845	\$ 66,488
Lone Mountain	232,134	232,134
Victorio Mountain	358,296	160,209
	<u>\$ 1,267,275</u>	<u>\$ 458,831</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 at a fair value of Cdn\$0.15);
- payment of \$40,000 and issuance of 400,000 Shares on April 25, 2007 (paid and issued at a fair value of \$1.426 (Cdn\$1.51));
- 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.

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

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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 year ended December 31, 2006, the Company staked 92 additional claims. This brings the total number of claims at Indian Springs to 155 unpatented lode mining claims.

Lone Mountain, New Mexico, USA

On October 11, 2006, the Company has entered into an option agreement with Hallelujah Resources LLC, South Branch Resources LLC and MRP GEO Company LLC, collectively, the "sellers", to acquire a 100% interest in the Lone Mountain Copper-Zinc Project in Grant County, New Mexico. Pursuant to the agreement, the Company may exercise its right to acquire an undivided 100% legal and beneficial interest in and to the Lone Mountain property by paying an aggregate of \$1,150,000 and issuing a total of 1,380,000 shares to the sellers, as well as committing to incur \$7,000,000 in direct exploration expenditures as follows:

- payment of \$100,000 and issuance of 300,000 shares upon signing (paid and issued at a fair value of \$0.549 (Cdn\$0.64));
- payment of \$240,000 and issuance of 300,000 shares on October 11, 2007 and incurring expenditures of \$750,000 by October 11, 2007;
- payment of \$360,000 and issuance of 360,000 shares on October 11, 2008 and incurring expenditures of a further \$1,250,000 by October 11, 2008;
- payment of \$450,000 and issuance of 420,000 shares on October 11, 2009; and
- incurring expenditures of a further \$5,000,000 by October 11, 2011.

Upon completion of these payments, the Company will own an undivided 100% legal and beneficial interest in and to the Lone Mountain property, subject to a floating net smelter royalty (NSR) due to the sellers on future production from Lone Mountain. The NSR varies from 0% to 2%, dependant upon the combined price of copper and zinc. The Company has the option to buy the NSR royalty for \$1,500,000, which can be paid, at the seller's election, in cash, shares or a combination of cash and shares.

Following exercise of the option, the Company will pay \$300,000 annually to the sellers as an advance on the Net Smelter Royalty. The payments will commence on or before the day that is the fourth anniversary of signing the agreement and will continue on each anniversary until the commencement of commercial production.

The agreement for the Lone Mountain property was amended on October 10, 2007 (*Note 10*).

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%

GALWAY RESOURCES LTD.

(A Development Stage Company)

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US Dollars

(unaudited)

right, title and interest in and to certain mining claims in 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);
- payment of \$100,000 on June 1, 2007 (paid);
- payment of \$200,000 on June 1, 2008;
- payment of \$300,000 on June 1, 2009;
- payment of \$350,000 on June 1, 2010; and
- payment of \$1,000,000 on June 1, 2011.

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%.

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 at a fair value of Cdn\$1.00);
- payment of \$25,000 and issuing 50,000 shares on July 15, 2007 (paid and issued at a fair value of \$1.462 (Cdn\$1.45));
- payment of \$40,000 and issuing 50,000 shares on July 15, 2008;
- payment of \$50,000 and issuing 50,000 shares on July 15, 2009; 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 buy the Secondary Royalty down to 2% 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 secondary mining claims.

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

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*(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, 2005	6,138,000	\$ 286,589	\$ 36,696	\$ 323,285
Shares issued for private placements	19,607,009	5,720,640	1,518,832	7,239,472
Shares issued for property acquisition <i>(Note 5)</i>	750,000	263,236	--	263,236
Shares issued for stock option exercise	12,500	3,378	(1,502)	1,877
Shares issued for warrant exercise	4,625,200	793,777	--	793,777
Shares issued for agent's warrant exercise	73,000	18,353	(5,696)	12,657
Shares issued for broker option exercise	46,100	8,587	(4,607)	3,980
Share issuance costs	--	(213,962)	--	(213,962)
Agent's warrants issued as share issuance costs	--	(91,559)	91,559	--
Stock-based compensation	--	--	176,200	176,200
Balance – December 31, 2006	31,251,809	6,789,040	1,811,482	8,600,522
Units issued for private private placement	12,800,000	10,176,420	3,251,785	13,428,205
Shares issued for property acquisition <i>(Note 5)</i>	450,000	643,444	--	643,444
Shares issued for stock option exercise	310,000	189,171	(84,113)	105,058
Shares issued for warrant exercise	4,330,682	1,206,628	(316,732)	889,896
Shares issued for agent's warrant exercise	213,050	135,505	(43,199)	92,306
Shares issued for broker option exercise	153,900	32,013	(14,930)	17,083
Share issuance costs	--	(1,276,603)	--	(1,276,603)
Stock-based compensation	--	--	706,775	706,775
Balance – September 30, 2007	49,509,441	\$ 17,895,618	\$ 5,311,068	\$ 23,206,686

On April 25, 2007, the Company completed a non-brokered private placement of 6,000,000 units at a price of \$0.80 (Cdn\$0.85) for gross proceeds of \$4,815,930 (Cdn\$5,100,000). Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable for one additional common share at a price of \$1.23 (Cdn\$1.30) per share until April 25, 2009. The fair value attributable to the common shares and warrants was \$3,137,772 and \$1,678,158, respectively.

The warrants are subject to acceleration in the event the closing trading price of the common shares of the Company on the TSX Venture Exchange is \$1.65 (Cdn\$1.75) per share or higher

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over a period of 20 consecutive trading days, such period beginning on or after the date that is four months and one day after the date of issuance of the warrants.

A 7% cash finder's fee amounting to \$337,115 was paid in connection with the private placement.

On August 1, 2007, the Company completed a partially brokered private placement of 6,800,000 units at a price of \$1.26 (Cdn\$1.25) for gross proceeds of 8,612,275 (Cdn\$8,500,000). Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable for one additional common share at a price of \$1.71 (Cdn\$1.70) per share until February 1, 2009. The fair value attributable to the common shares and warrants was \$7,038,648 and \$1,573,627, respectively.

The warrants are subject to acceleration in the event the closing trading price of the common shares of the Company on the TSX Venture Exchange is \$2.02 (Cdn\$2.00) per share or higher over a period of 20 consecutive trading days, such period beginning on or after the date that is four months and one day after the date of issuance of the warrants.

A 7% cash finder's fee amounting to \$564,536 was paid in connection with the private placement.

In addition, the agent for the brokered portion of the private placement was issued 448,000 non-transferable broker warrants entitling the broker to purchase one common of the share of the Company at a price of \$1.26 (Cdn\$1.25) until February 1, 2009. These agent warrants were valued at \$295,501 and have been included as a cost of financing. There was a further \$79,451 in related legal costs and filing fees incurred during the period.

b) Share Purchase Options

A summary of the Company's options, which includes options issued under the Company's stock option plan and agent's options, at September 30, 2007 and the changes for the period are as follows:

Exercise Price	Outstanding December 31 2006	Granted	Exercised	Expired or Cancelled	Outstanding September 30 2007	Vested September 30 2007	Expiry date
Cdn\$0.10	153,900	-	153,900	-	-	-	October 27, 2007
Cdn\$0.10	400,000	-	-	-	400,000	400,000	October 19, 2010
Cdn\$0.175	1,262,500	-	227,500	5,000	1,030,000	772,500	April 25, 2011
Cdn\$0.84	110,000	-	82,500	27,500	-	-	May 19, 2011
Cdn\$0.81	150,000	-	-	-	150,000	75,000	August 16, 2011
Cdn\$0.66	-	975,000	-	-	975,000	487,500	January 25, 2012
Cdn\$0.83	-	145,000	-	-	145,000	36,250	February 19, 2012
Cdn\$1.12	-	1,685,000	-	-	1,685,000	-	August 6, 2012
	2,076,400	2,805,000	463,900	32,500	4,385,000	1,771,250	
Weighted average exercise price	Cdn\$0.24	Cdn\$0.95	Cdn\$0.27	Cdn\$0.74	Cdn\$0.68	Cdn\$0.33	

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On January 25, 2007 the Company granted 975,000 stock options to employees and consultants of the Company. The stock options granted entitle the holders to purchase common shares at a price of \$0.66 per common share. The stock options have an expiry date of January 25, 2012. The estimated value of the stock options granted was \$469,705. Of the estimated fair value, \$273,994 has been recognized to date.

On February 19, 2007 the Company granted 145,000 stock options to a consultant of the Company. The stock options granted entitle the holder to purchase common shares at a price of \$0.84 (Cdn\$0.83) per common share. The stock options have an expiry date of February 19, 2012. The estimated value of the stock options granted was \$87,846. Of the estimated fair value, \$51,243 has been recognized to date.

On August 6, 2007 the Company granted 1,685,000 stock options to employees and consultants of the Company. The stock options granted entitle the holders to purchase common shares at a price of \$1.13 (Cdn\$1.12) per common share. The stock options have an expiry date of August 6, 2012. The estimated value of the stock options granted was \$1,358,582. Of the estimated fair value, \$226,430 has been recognized to date.

A further \$155,108 was recognized during the nine month period ended 30 September 2007 for stock options that vested from prior periods.

c) Share Purchase Warrants

A summary of the Company's warrants at September 30, 2007 and the changes for the period are as follows:

Exercise Price	Outstanding December 31 2006	Granted	Exercised	Expired or Cancelled	Outstanding September 30 2007	Expiry date
Cdn\$0.20	127,000	-	127,000	-	-	April 25, 2007
Cdn\$0.80	107,625	-	-	-	107,625	February 15, 2008
Cdn\$1.25	1,011,838	-	100,350	-	911,488	February 15, 2008
Cdn\$0.25	6,708,133	-	4,230,332	-	2,477,801	April 25, 2008
Cdn\$1.25	3,125,000	-	-	-	3,125,000	June 6, 2008
Cdn\$0.85	86,050	-	86,050	-	-	June 6, 2008
Cdn\$1.30	-	3,000,000	-	-	3,000,000	April 25, 2009
Cdn\$1.70	-	3,400,000	-	-	3,400,000	February 1, 2009
Cdn\$1.25	-	448,000	-	-	448,000	February 1, 2009
	11,165,646	6,848,000	4,543,732	-	13,469,914	

d) Escrow Shares

As at September 30, 2007, 2,482,800 shares are held in escrow. A total of 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, of which a further 620,700 were released on each of October 25, 2006 and April 25, 2007. These escrow shares may not be

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transferred, assigned or otherwise dealt with without the consent of the regulatory authorities. Subsequent to September 30, 2007 a further 620,700 shares were released from escrow.

e) Valuation of Share Purchase Options

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

	2007	2006
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	107% to 110%	110%
Risk-free interest rate	4.03% to 4.53%	3.83% to 4.20%
Expected life of options	3 to 5 years	1 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.

7. Related Party Transactions

Related party transactions are as follows:

During the nine month period ended September 30, 2007, \$80,123 (2006 - \$51,458) was paid to a company with a director and officer in common for administrative services. During the three month period ended September 30, 2007, \$18,900 (2006 - \$16,736) was paid to the same company.

During the period, \$30,000 (2006 - \$nil) was paid to a company of which a director is a principal for professional fees. There were no similar expenditures during the three month period ended September 30, 2007 or 2006.

As at September 30, 2007, \$nil (December 31, 2006 - \$53,535) was owed to an officer of the Company in respect of amounts owed for a salary bonus.

As at September 30, 2007, \$7,600 (December 31, 2006 - \$20,137) was owed to a company with a director and officer in common for consulting fees.

As at September 30, 2007 \$65 (December 31, 2006 - \$842) was owed to a shareholder of the Company in respect of funds deposited with the Company in excess of share capital issued.

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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Details are as follows:

	Canada	USA	South America	Other	Total
September 30, 2007					
Segmented operating loss	\$ 340,316	\$ 4,744,129	\$ 895,991	\$ --	\$ 5,980,436
Identifiable assets	\$ 12,760,923	\$ 1,760,806	\$ 111,341	\$ --	\$ 14,633,070
December 31, 2006					
Segmented operating loss	\$ 466,836	\$ 2,914,060	\$ 301,310	\$ 8,991	\$ 3,691,197
Identifiable assets	\$ 4,505,852	\$ 575,239	\$ 13,391	\$ --	\$ 5,094,482

9. Accumulated Other Comprehensive Loss

As a result of adopting CICA Section 1530, Comprehensive Income, as at January 1, 2007, a new Statement of Comprehensive Income forms part of the Company's unaudited interim consolidated financial statements. The comparative statements are restated to reflect application of this section. Gains and losses from the translation of the Company's financial statements into the United States dollar for reporting purposes are now presented as a separate component of other comprehensive loss in the consolidated statement of operations, comprehensive loss and deficit. Accumulated other comprehensive loss is presented as a separate component of shareholders' equity in the consolidated balance sheet. Previously these gains and losses were deferred and included in the cumulative translation adjustment as part of shareholders' equity. The accumulated other comprehensive loss as at September 30, 2007 is comprised as follows:

	September 30 2007	December 31 2006
Beginning balance	\$ (11,995)	\$ --
Adjustment for adoption of comprehensive income	--	(11,995)
Unrealized foreign currency translation for the period	751,571	--
	<u>\$ 739,576</u>	<u>\$ (11,995)</u>

10. Subsequent Events**a) Stock Options**

Subsequent to September 30, 2007 a total of 202,500 stock options were exercised at prices ranging from \$0.10 to \$0.176 (Cdn\$0.10 to \$0.175) for total proceeds to the Company of \$28,143 (Cdn\$27,937).

b) Exercise of Warrants

Subsequent to September 30, 2007 a total of 50,000 warrants were exercised at a price of \$0.25 (Cdn\$0.25) for total proceeds to the Company of \$12,500 (Cdn\$12,500).

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Subsequent to September 30, 2007 a total of 95,625 agent's warrants were exercised at a price of \$0.81 (Cdn\$0.80) for total proceeds to the Company of \$77,456 (Cdn\$76,500).

c) Lone Mountain Agreement

On October 10, 2007 the remaining payments and share issuances required under the agreement with Hallelujah Resources LLC, South Branch Resources LLC and MRP GEO Company, LLC were amended to the issuance of 180,000 shares on or before October 11, 2007, the payment of a further \$240,000, the issuance of a further 120,000 shares and expenditures of a minimum of \$750,000 on exploration and development on or before the 15 month anniversary of the closing date.

The issuance of 180,000 shares was completed subsequent to September 30, 2007.

d) Escrow Shares

On October 25, 2007 a further 620,700 shares were released from escrow.
