



Galway Resources Ltd.
(A Development Stage Company)

Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2010

(Expressed in United States Dollars)
(Unaudited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements of Galway Resources Ltd. (A Development Stage Company) were prepared by management in accordance with Canadian generally accepted accounting principles. The most significant of these accounting principles have been set out in the December 31, 2009 audited consolidated financial statements. Only changes in accounting policies have been disclosed in these unaudited interim consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited 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 interim consolidated financial statements and (ii) the unaudited 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 interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited 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 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 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 interim consolidated financial statements, they must be accompanied by a notice indicating that the interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited 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 unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Galway Resources Ltd.
(A Development Stage Company)
Interim Consolidated Balance Sheets
(Expressed in United States Dollars)
(Unaudited)

	September 30, 2010	December 31, 2009
Assets		
Current assets		
Cash and cash equivalents	\$ 6,698,666	\$ 11,423,604
Restricted cash	94,327	151,063
Accounts receivable	44,899	34,381
Prepaid expenses	14,744	62,818
	6,852,636	11,671,866
Equipment (Note 5)	42,428	37,611
Resource property costs (Note 6)	3,845,299	2,135,798
	\$ 10,740,363	\$ 13,845,275
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,052,521	\$ 668,886
Obligation to issue shares	32,933	973,607
Due to related parties (Note 8)	-	132
	1,085,454	1,642,625
Shareholders' Equity		
Share capital (Note 7(a))	29,395,328	26,190,909
Contributed surplus	12,612,342	11,348,902
Deficit	(31,834,293)	(24,659,425)
Accumulated other comprehensive loss	(518,468)	(677,736)
	(32,352,761)	(25,337,161)
	9,654,909	12,202,650
	\$ 10,740,363	\$ 13,845,275

Nature of Operations (Note 1)



The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Galway Resources Ltd.
(A Development Stage Company)
Interim Consolidated Statements of Loss
(Expressed in United States Dollars)
(Unaudited)

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Expenses				
Depreciation	\$ 2,875	\$ 4,702	\$ 8,634	\$ 17,856
Exploration costs	2,041,930	375,884	4,686,620	997,520
General and administrative expenses	142,277	79,191	738,947	281,674
Listing and filing fees	438	3,996	15,588	13,803
Professional fees	86,884	69,995	288,201	184,332
Stock-based compensation (Note 7(b))	556,132	57,986	1,843,308	82,799
Travel	15,434	190	78,584	1,615
	2,845,970	591,944	7,659,882	1,579,599
Other				
Interest income	2,610	788	6,151	8,014
Foreign exchange loss	1,793	(15,426)	478,863	(102,662)
Loss on disposal of equipment	-	(4,148)	-	(5,079)
Asset impairment	-	-	-	(717,568)
Net loss for the period	\$ (2,841,567)	(610,730)	\$ (7,174,868)	\$ (2,396,894)
Loss per share - basic and diluted	\$ (0.04)	\$ (0.01)	\$ (0.09)	\$ (0.05)
Weighted average number of common shares	80,493,170	53,333,340	78,847,354	53,121,358

Interim Consolidated Statements of Deficit
(Expressed in United States Dollars)
(Unaudited)

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Balance, beginning of period	\$ (28,992,726)	\$ (22,200,181)	\$ (24,659,425)	\$ (20,414,017)
Net loss for the period	(2,841,567)	(610,730)	(7,174,868)	(2,396,894)
Balance, end of period	\$ (31,834,293)	(22,810,911)	\$ (31,834,293)	\$ (22,810,911)



The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Galway Resources Ltd.
(A Development Stage Company)
Interim Consolidated Statements of Comprehensive Loss
(Expressed in United States Dollars)
(Unaudited)

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Net loss for the period	\$ (2,841,567)	\$ (610,730)	\$ (7,174,868)	\$ (2,396,894)
Other comprehensive loss				
Unrealized foreign currency translation	223,004	322,854	159,268	550,662
Total comprehensive loss	\$ (2,618,563)	\$ (287,876)	\$ (7,015,600)	\$ (1,846,232)



The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Galway Resources Ltd.

(A Development Stage Company)

Interim Consolidated Statements of Changes in Shareholders' Equity**(Expressed in United States Dollars)****(Unaudited)**

	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total
Balance, December 31, 2008	\$ 19,540,470	\$ 6,868,101	\$ (20,414,017)	\$ (1,295,852)	\$ 4,698,702
Shares issued for private placements	11,076,000	-	-	-	11,076,000
Share issuance costs	(872,019)	-	-	-	(872,019)
Proportional allocation of warrants attached to private placements	(2,990,520)	2,990,520	-	-	-
Agent's warrants issued	(610,952)	610,952	-	-	-
Exercise of options	40,847	(18,374)	-	-	22,473
Shares issued for property acquisition	7,083	-	-	-	7,083
Stock-based compensation	-	1,380,807	-	-	1,380,807
Tax effect on warrants expiration	-	(483,104)	-	-	(483,104)
Net loss for the period	-	-	(4,245,408)	-	(4,245,408)
Unrealized foreign currency translation	-	-	-	618,116	618,116
Balance, December 31, 2009	26,190,909	11,348,902	(24,659,425)	(677,736)	12,202,650
Exercise of options	254,337	(122,176)	-	-	132,161
Exercise of warrants	1,857,870	(562,410)	-	-	1,295,460
Agent's warrants issued	(104,718)	104,718	-	-	-
Shares issued for property (Note 6(iii))	1,196,930	-	-	-	1,196,930
Stock-based compensation (Note 7(b))	-	1,843,308	-	-	1,843,308
Net loss for the period	-	-	(7,174,868)	-	(7,174,868)
Unrealized foreign currency translation	-	-	-	159,268	159,268
Balance, September 30, 2010	\$ 29,395,328	\$ 12,612,342	\$ (31,834,293)	\$ (518,468)	\$ 9,654,909



The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Galway Resources Ltd.
(A Development Stage Company)
Interim Consolidated Statements of Cash Flows
(Expressed in United States Dollars)
(Unaudited)

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009
Cash resources (used in) provided by:				
Operating activities				
Net loss for the period	\$ (2,841,567)	\$ (610,730)	\$ (7,174,868)	\$ (2,396,894)
Items not affecting cash:				
Depreciation	2,875	4,702	8,634	17,856
Stock-based compensation (Note 7(b))	556,132	57,986	1,843,308	82,799
Asset impairment	-	-	-	717,568
Changes in current assets and liabilities:				
Accounts receivable	(1,372)	(8,936)	(12,723)	(1,459)
Prepaid expenses	68,647	35,939	47,602	24,311
Accounts payable and accrued liabilities	246,989	209,574	403,015	(23,414)
Due to related parties	1,742	(85,041)	1,436	4,326
	(1,966,554)	(396,506)	(4,883,596)	(1,574,907)
Investing activities				
Proceeds from (sale) of equipment	(7,133)	6,038	(14,352)	19,037
Resource property acquisition costs	(262,499)	(43,060)	(1,709,501)	(108,515)
Restricted cash	101,170	(1,563)	56,036	(14,380)
	(168,462)	(38,585)	(1,667,817)	(103,858)
Financing activity				
Share issuance proceeds, net of financing costs	267,578	10,206,175	1,427,621	10,206,175
Effect of foreign exchange rate changes on cash balances	204,494	310,390	398,854	531,670
Net change in cash and cash equivalents	(1,662,944)	10,081,474	(4,724,938)	9,059,080
Cash and cash equivalents, beginning of period	8,361,610	2,432,030	11,423,604	3,454,424
Cash and cash equivalents, end of period	\$ 6,698,666	\$ 12,513,504	\$ 6,698,666	\$ 12,513,504



The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Galway Resources Ltd.
(A Development Stage Company)
Interim Consolidated Statements of Cash Flows (Continued)
(Expressed in United States Dollars)
(Unaudited)

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009
Cash and cash equivalents consists of:				
Cash	\$ 6,698,666	\$ 12,513,504	\$ 6,698,666	\$ 12,513,504
Short-term investments	-	-	-	-
	\$ 6,698,666	\$ 12,513,504	\$ 6,698,666	\$ 12,513,504
Supplemental cash flow information				
Shares issued for property acquisition	\$ 1,196,930	\$ 7,083	\$ 1,196,930	\$ 7,083
Non-cash financing costs	\$ -	\$ 610,952	\$ -	\$ 610,952



The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Galway Resources Ltd.
(A Development Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in United States Dollars)
(Unaudited)
Three and Nine Months Ended September 30, 2010

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.

The Company operates in the exploration and development business and has exploration activities in the United States and South America. As a development stage company, the Company's income is limited to interest income. The Company continues to be dependent upon its ability to finance its development and exploration programs through financing activities that may include issuances of additional debt or equity securities. The underlying value of the resource properties is dependent upon the existence and economic recovery of economic reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to raise long-term financing to complete the development of the properties and upon future profitable production or, alternatively upon the Company's ability to dispose of its interest on an advantageous basis, all of which are uncertain.

2. Basis of Presentation and Accounting Policies

The unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian GAAP for annual consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2010 may not necessarily be indicative of the results that may be expected for the year ending December 31, 2010.

The consolidated balance sheet at December 31, 2009 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by Canadian GAAP for annual consolidated financial statements. The unaudited interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual audited consolidated financial statements for the year ended December 31, 2009, except as noted below. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended December 31, 2009.

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2. Basis of Presentation and Accounting Policies (Continued)

Future Accounting Changes

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling interests. These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards.

Sections 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - Consolidated and Separate Financial Statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. On February 13, 2008, the AcSB confirmed that publicly accountable, profit oriented enterprises will be required to report under IFRS for interim and annual financial statements for periods commencing on or after January 1, 2011. Accordingly, the Company will be required to have prepared, in time for its fiscal 2011 first quarter filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2010. This will be an ongoing process as the International Accounting Standards Board and the AcSB continue to issue new standards and recommendations. The Company is in the process of evaluating the potential impact of IFRS on its financial statements. Based on the current guidance provided regulatory bodies, it is anticipated that the Company's financial results and position as disclosed in its current Canadian GAAP financial statements will not differ significantly from that which is required in accordance with IFRS.

3. Capital Management

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

Galway Resources Ltd.
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Notes to Interim Consolidated Financial Statements
(Expressed in United States Dollars)
(Unaudited)
Three and Nine Months Ended September 30, 2010

3. Capital Management (Continued)

The properties in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

- (i) maintaining sufficient liquidity in order to address any potential disruptions or industry downturns;
- (ii) minimizing discretionary disbursements;
- (iii) focusing financing exploration expenditures on those properties considered to have the best potential; and
- (iv) exploring alternative sources of liquidity.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if the Company believes there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three and nine months ended September 30, 2010. The Company is not subject to externally imposed capital requirements.

4. Property and Financial Risk Factors

(a) Property Risk

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

(b) Financial Risk

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

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

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4. Property and Financial Risk Factors (Continued)

(b) Financial Risk (Continued)

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, restricted cash and accounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of cash on hand and guaranteed investment certificates. Restricted cash consists of certificates of deposit for the restoration costs of the resource properties. The cash on hand, guaranteed investment certificates and certificates of deposit have been invested and held with reputable financial institutions, from which management believes the risk of loss to be remote.

Accounts receivable consist of goods and services tax due from the Federal Government of Canada. Accounts receivable are in good standing as of September 30, 2010. Management believes that the credit risk concentration with respect to accounts receivable is remote.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2010, the Company had a cash and cash equivalents and restricted cash balance of \$6,792,993 (December 31, 2009 - \$11,574,667) to settle current liabilities of \$1,085,454 (December 31, 2009 - \$1,642,625). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company's ability to settle long term liabilities when due is dependent upon future liquidity from capital sources or positive cash flows from commercial operations.

Market Risk

(i) Interest Rate Risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its Canadian chartered banks. The Company regularly monitors its cash management policy.

(ii) Foreign Currency Risk

The Company's functional currency is the Canadian dollar and its reporting currency is the U.S. dollar. Major purchases are transacted in Canadian dollars, U.S. dollars and Colombian pesos. The Company funds most operations, exploration and administrative expenses in the United States and in Colombia on a cash call basis using U.S. dollar currency converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

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4. Property and Financial Risk Factors (Continued)

(b) Financial Risk (Continued)

Market Risk (Continued)

(iii) Price Risk

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

Sensitivity Analysis

The Company has, for accounting purposes, designated its cash and cash equivalents and restricted cash as held-for-trading, which are measured at fair value. Accounts receivable are classified for accounting purposes as loans and receivables, which are measured at amortized cost and are equal to fair value. Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities, which are measured at amortized cost and are also equal to fair value.

As at September 30, 2010, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period:

- (i) The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities and due to related parties that are denominated in Canadian dollars. As at September 30, 2010, had the Canadian dollar weakened/strengthened by 5% against the U.S. dollar with all other variables held constant, the Company's loss for the nine months ended September 30, 2010 would have been approximately \$288,000 higher/lower as a result of foreign exchange losses/gains on translation of Canadian dollar denominated financial instruments. Similarly, as at September 30, 2010, shareholders' equity would have been approximately \$288,000 lower/higher had the Canadian dollar weakened/strengthened by 5% against the U.S. dollar as a result of foreign exchange losses/gains on translation of Canadian dollar denominated financial instruments.
- (ii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of gold, coal, tungsten and molybdenum. These metal prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of these metals may be produced in the future, a profitable market will exist for them. As of September 30, 2010, the Company was not a producing entity. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

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4. Property and Financial Risk Factors (Continued)

Fair value Hierarchy and Liquidity Risk Disclosure

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments where measurement is required. The fair value of short-term financial instruments approximates their carrying amounts due to the relatively short period to maturity. These include cash and cash equivalents and short-term investments. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy included in GAAP.

Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable market data.

	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 6,792,993	\$ -	\$ -

5. Equipment

September 30, 2010	Cost	Accumulated Amortization	Net Book Value
Office equipment	\$ 50,562	\$ 36,557	\$ 14,005
Computer software	60,147	59,145	1,002
Equipment	62,503	35,082	27,421
	\$ 173,212	\$ 130,784	\$ 42,428

December 31, 2009	Cost	Accumulated Amortization	Net Book Value
Office equipment	\$ 49,503	\$ 31,709	\$ 17,794
Computer software	58,888	57,907	981
Equipment	49,911	31,075	18,836
	\$ 158,302	\$ 120,691	\$ 37,611



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6. Resource Property Costs

Cumulative acquisition costs per project under active exploration:

September 30, 2010

Description	Cost	Asset Impairment	Net
Victorio Mountain	\$ 911,431	\$ -	\$ 911,431
Carboluis	40,752	-	40,752
California-Vetas (iii)	2,893,116	-	2,893,116
	\$ 3,845,299	\$ -	\$ 3,845,299

December 31, 2009

Description	Cost	Asset Impairment	Net
Indian Springs	\$ 717,568	\$ (717,568)	\$ -
Victorio Mountain	634,085	-	634,085
Carboluis	40,752	-	40,752
California	1,460,961	-	1,460,961
	\$ 2,853,366	\$ (717,568)	\$ 2,135,798

- i) On a quarterly basis, management of the Company reviews acquisition costs to ensure resource property costs include only costs and projects that are eligible for capitalization.
- ii) For a description of the resource properties owned by the Company refer to Note 6 of the audited consolidated financial statements as at December 31, 2009.
- iii) During the period, the Company secured additional land packages in the California-Vetas-Surata gold region in the state of Santander, Colombia using a combination of cash and the issuance of common shares. Under terms of the original agreements, and those secured during the quarter ended March 31, 2010, the Company will pay a combined total of \$2.6 million and issue 2.5 million common shares of the Company Galway Resources. For California, the terms extend over a three year period for 80% of the properties, plus a pro rata payment of between 0.5% and 2% of measured and indicated gold resources at the time of the exercise of the option. For Vetas, the time period is four years with an option to earn 100% of the project by also paying 1.5% of the gold value of measured and indicated gold resources. These contracts cover 560 hectares of property in California and 541 hectares in Vetas. None of the properties are encumbered by royalty commitments. During the quarter ended June 30, 2010, the company issued 1,169,115 common shares, valued at \$1,196,930 to settle share issuance commitments up to September 30th, 2010.

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7. Share Capital

a) Details of share capital are as follows:

Authorized:

Unlimited common shares without par value

	Contributed Shares	Amount
Issued and Fully Paid:		
Balance, December 31, 2009	77,152,867	\$ 26,190,909
Exercise of stock options	492,500	254,337
Exercise of warrants	1,413,000	1,379,458
Exercise of agent's warrants	560,000	478,412
Shares issued for property (Note 6(iii))	1,169,115	1,196,930
Agent's warrants issued	-	(104,718)
Balance, September 30, 2010	80,787,482	\$ 29,395,328

b) Share Purchase Options

A summary of the Company's stock option activity is as follows:

	Stock Options	Weighted Average Exercise Price
Balance, December 31, 2009	7,092,500	Cdn \$ 0.63
Granted	1,650,000	0.75
Exercised	(492,500)	0.39
Cancelled	(685,000)	0.72
Balance, September 30, 2010	7,565,000	Cdn \$ 0.67

Galway Resources Ltd.
(A Development Stage Company)
Notes to Interim Consolidated Financial Statements
(Expressed in United States Dollars)
(Unaudited)
Three and Nine Months Ended September 30, 2010

7. Share Capital (Continued)

b) Share Purchase Options (Continued)

As at September 30, 2010, the Company had the following stock options outstanding and exercisable:

Grant Date	Number of Options Vested	Weighted Average Number of Options Outstanding	Remaining Contractual Life (years)	Exercise Price	Expiry Date
August 23, 2005	200,000	200,000	0.05	\$ 0.10	October 19, 2010
April 25, 2006	287,500	287,500	0.57	0.18	April 25, 2011
February 19, 2008	145,000	145,000	1.39	0.83	February 19, 2012
August 6, 2008	600,000	600,000	1.85	1.12	August 6, 2012
February 1, 2008	110,000	110,000	2.34	0.50	February 1, 2013
October 31, 2008	225,000	225,000	3.09	0.11	October 31, 2013
June 30, 2009	718,125	1,065,000	3.75	0.15	June 30, 2014
October 9, 2009	1,606,250	3,282,500	4.03	0.84	October 9, 2014
July 29, 2010	1,600,000	1,600,000	4.83	0.75	July 29, 2015
August 17, 2010	40,000	40,000	4.88	0.67	August 17, 2015
August 26, 2010	10,000	10,000	4.91	0.71	August 26, 2015
	5,541,875	7,565,000	3.65	Cdn \$ 0.67	

The fair value of the options granted were determined using the Black-Scholes pricing model using the following weighted average assumptions:

Risk-free interest rate	2.06% - 2.36%
Expected dividend yield	0%
Expected stock price volatility	166.15% - 167.27
Expected life of warrants	5 years

The fair value of the options granted during the quarter-ended September 30, 2010 was \$1,224,235.

As of September 30, 2010, the total stock-based compensation incurred was \$1,843,308 (September 30, 2009 - \$82,799); the total stock-based compensation related to non-vested options was \$1,096,099 (nine months ended September 30, 2009 - \$111,558), which is to be recognized over the remaining life of the options.

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7. Share Capital (Continued)

c) Share Purchase Warrants

A summary of the Company's warrant activity is as follows:

	Warrants	Weighted Average Exercise Price
Balance, December 31, 2009	13,680,000	Cdn \$ 0.72
Granted	280,000	0.75
Exercised	(1,973,000)	0.68
Balance, September 30, 2010	11,987,000	Cdn \$ 0.73

On March 5th, 2010, 200,000 broker warrants were exercised. Each broker warrant entitles the agents to acquire one unit comprised of one common share and one-half of one common share purchase warrant of the Company for a period of two years from the date of issuance at an exercise price of Cdn \$0.50 per unit. Each whole warrant, upon the exercise of a broker warrant, entitles the holder to acquire one common share of the Company for a period of two years from the date of issuance of the original broker warrant, at a price of Cdn \$0.75 per share. As a result of the exercise of the broker warrants, the Company issued an additional 100,000 broker warrants. These broker warrants were valued at \$49,824 and have been included as a cost of financing.

The fair value of the common share purchase warrants issued were determined using the Black-Scholes pricing model using the following weighted average assumptions:

Risk-free interest rate	1.41%
Expected dividend yield	0%
Expected stock price volatility	195.97%
Expected life of warrants	1.6 years

360,000 broker warrants were exercised during the quarter ended September 30, 2010. Each broker warrant entitles the agents to acquire one unit comprised of one common share and one-half of one common share purchase warrant of the Company for a period of two years from the date of issuance at an exercise price of Cdn \$0.50 per unit. Each whole warrant, upon the exercise of a broker warrant, entitles the holder to acquire one common share of the Company for a period of two years from the date of issuance of the original broker warrant, at a price of Cdn \$0.75 per share. As a result of the exercise of the broker warrants, the Company issued an additional 180,000 broker warrants. These broker warrants were valued at \$54,894 and have been included as a cost of financing.

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7. Share Capital (Continued)

The fair value of the common share purchase warrants issued were determined using the Black-Scholes pricing model using the following weighted average assumptions:

Risk-free interest rate	1.32% - 1.49%
Expected dividend yield	0%
Expected stock price volatility	105.87% - 119.05%
Expected life of warrants	1.04 years - 1.13 years

As at September 30, 2010, the Company had the following warrants outstanding:

Number of Warrants Outstanding	Exercise Price	Expiry Date
10,867,000	Cdn \$ 0.75	September 29, 2011
1,120,000	0.50	September 29, 2011
11,987,000	Cdn \$ 0.73	

8. Related Party Transactions

Related party transactions are as follows:

During the three and nine months ended September 30, 2010, \$nil and \$nil respectively (three and nine months ended September 30, 2009 - \$50,000 and \$150,000) were paid or accrued to a company of which the owner is the President of the Company, who is also the CEO and director of the Company.

During the three and nine months ended September 30, 2010, the Company paid \$7,842 and \$32,645 respectively to a company controlled by an officer of the Company, for accounting services. As at September 30, 2010, the company controlled by the officer was also owed \$4,536. During the three and nine months ended September 30, 2010, the Company also paid \$18,000 for consulting services rendered by the same officer. As at September 30, 2010, the company controlled by the officer was also owed \$2,260. During the three and nine months ended September 30, 2010, the Company also paid \$4,892 and \$10,161 to another company controlled by the same officer of the Company, for corporate secretarial services. As at September 30, 2010, the company controlled by the officer was also owed \$2,693.

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

September 30, 2010	Canada	USA	South America	Total
Cash	\$ 6,450,980	\$ 77,189	\$ 170,497	\$ 6,698,666
Resource property cost	-	912,593	2,932,706	3,845,299
Other assets	62,896	103,835	29,667	196,398
	\$ 6,513,876	\$ 1,093,617	\$ 3,132,870	\$ 10,740,363
Segmented operating loss	\$ 2,173,953	\$ 823,506	\$ 4,177,409	\$ 7,174,868

December 31, 2009	Canada	USA	South America	Total
Cash	\$ 11,072,442	\$ 52,265	\$ 298,897	\$ 11,423,604
Resource property cost	-	634,085	1,501,713	2,135,798
Other assets	52,500	159,968	73,405	285,873
	\$ 11,124,942	\$ 846,318	\$ 1,874,015	\$ 13,845,275

September 30, 2009				
Identifiable assets	\$ 12,508,220	\$ 668,720	\$ 350,511	\$ 13,527,451
Segmented operating loss	\$ 227,178	\$ 1,584,525	\$ 585,191	\$ 2,396,894