

GALWAY RESOURCES LTD.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2011**

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Galway Resources Ltd. ("Galway" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and nine months ended September 30, 2011. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2010, as well as the unaudited interim consolidated financial statements for the three and nine months ended September 30, 2011, together with the notes thereto. Results are reported in United States dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the interim periods presented are not necessarily indicative of the results that may be expected for any future periods. Information contained herein is presented as at November 29, 2011, unless otherwise indicated.

On January 1, 2011, Galway adopted International Financial Reporting Standards ("IFRS"). The unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2011, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, using accounting policies consistent with IFRS. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Readers of this MD&A should refer to "Changes in Accounting Policies" below for a discussion of IFRS and its effect on the Company's financial presentation.

The comparative financial information for 2010 in this MD&A has been restated to conform to IFRS, unless otherwise stated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Galway common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on Galway's website at www.galwayresources.com or on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the potential of Galway's properties to contain economic gold deposits; the Company's ability to meet its working capital needs at the current level for the next twelve-month period ending September 30, 2012; the plans, costs, timing and capital for future exploration and development of Galway's property interests including the costs and potential impact of complying with existing and proposed laws and regulations; management's outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; prices and price volatility for gold; and general business and economic conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Galway's ability to predict or control. These risks, uncertainties and other factors include, but are not limited to, gold price volatility, changes in debt and equity markets, timing and availability of external financing on acceptable terms, the uncertainties involved in interpreting geological data and confirming title to recently acquired properties, the possibility that future exploration results will not be consistent with Galway's expectations, increases in costs, environmental compliance and changes in environmental and other local legislation and regulation, interest rate and exchange rate fluctuations, changes in economic and political conditions and other risks involved in the gold and development industry, as well as those risk factors listed in the "Risk and Uncertainties" section below. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, assumptions about the following: the availability of financing for Galway's exploration and development activities; operating and exploration costs; the Company's ability to retain and attract skilled staff; timing of the receipt of regulatory and governmental approvals for exploration projects and other operations; market competition; and general business and economic conditions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Galway's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

Galway is a mining exploration company that is currently focused on gold exploration in Colombia, South America. Galway's goal is to deliver superior returns to shareholders by concentrating on the acquisition of properties that have the potential to contain economically recoverable gold reserves. The Company currently plans to focus its expenditures on certain properties, as set out below under "Mineral Property Interests".

To date, the Company has not earned significant revenues from its mining properties, and is considered to be in the exploration and development stage. The ability to ensure continuing operations is dependent on it completing the acquisition of its mineral property interests, the discovery of economically recoverable

reserves, confirmation of its interest in the underlying mineral claims, and its ability to obtain necessary financing to complete the exploration activities, development and future profitable production.

Overall Performance

The Company is pleased with the progress made during the third quarter of 2011, most notably releasing very encouraging results from 24 additional drill holes at its California gold-silver project which included its best intersect to date; 26.0 meters (m) of 129.0 grams per tonne gold (g/t Au) including 1.0 m of 3,310.0 g/t Au. The Company also reported 14.0 m of 21.6 g/t Au and 475.7 g/t silver (Ag) and 8.0 m Of 43.4 g/t Au from California, bridging the gap from Pie De Gallo to San Celestino. The California project is located adjacent to, and on strike with the La Bodega/La Mascota deposit (acquired for \$1.5 billion in cash by AUX Canada). Additional results from California are highlighted beginning on page 5. The Company also released results from an additional 3 drill holes and the competition of two others at its Vetás gold-silver project, host of the El Volcan gold mine, located 8 kilometers southeast of California. Highlights of results reported from El Volcan include 138 g/t Au over 1.1 m, 44.7 g/t Au and 1,120 g/t Ag over 1.2 m, 26.8 g/t Au over 1.9 m, and 7.5 g/t Au over 7.6 m. Additional results from El Volcan are highlighted beginning on page 7. Subsequent to the third quarter, the Company released results from an additional 12 drill holes at Vetás, which included 78.2 g/t Au And 12.6 g/t A/g over 3.2 m. Galway also released results from an additional 18 drill holes at California, which included 20.3 m of 10.2 g/t Au and 160.5 g/t Ag. The Company expects to have NI 43-101 resource estimates on California in the first quarter of 2012, and near mid-year 2012 for Vetás

During the nine months ended September 30, 2011, the Company incurred a net loss of \$15,063,242 or \$0.14 per share versus \$7,174,868 or \$0.09 per share in the same period of the prior year. The Company spent \$9,935,120 during the nine months ended September 30, 2011 on exploration activities on its mineral properties compared to \$4,686,620 during same period of the prior year. At September 30, 2011, the Company had mineral property interests valued at \$5,958,209 (December 31, 2010 - \$4,054,853). The increase in mineral property interests is primarily due to additional funds expended on existing projects and properties.

At September 30 2011, the Company had working capital of \$24,213,192 (December 31, 2010 - \$2,724,841). The Company had cash and cash equivalents of \$25,706,545 at September 30, 2011 (December 31, 2010 – \$4,227,743).

Trends

Significant uncertainty concerning the short and medium term global economic outlook persists. Management, in conjunction with the Board of Directors, will continue to monitor economic conditions and their effects on Galway's business and react accordingly.

Mineral Property Interests

The Company's exploration activities are at an early stage, and it has not yet been determined whether its properties contain an economic mineral reserve. As such, any activities of the Company will constitute exploratory searches for minerals.

Colombia Exploration

(i) Description and update of Galway's Colombian Exploration Projects

California Gold Project

Galway's California gold-silver project is located adjacent to, and on strike with the La Bodega/La Mascota deposit (acquired for \$1.5 billion in cash by AUX Canada) and is at the lowest elevation among the major deposits along the California gold trend. Galway also owns a 360 meter-long fractional land position that appears to be directly within the La Mascota mineralized structure. By the end of the third quarter, the Company had released results from 131 drill holes at California and had drilled over 44,000 meters.

Over 2,000 channel and surface samples have been taken by Galway and drilling began in December 2009 with three drill rigs currently operating and a fourth expected early in the new year. The Company initially focused drilling on three key zones, the NE Zone, the Pie de Gallo Zone and the San Celestino Zone. Significant gold discoveries have been made in all three zones along a 1,000 meter strike length. The Company has since discovered significant gold mineralization, contained within two different mineralized veins, bridging the two gap areas between the three zones, reinforcing our interpretation of one continuous mineralized corridor. The Company has identified high grade gold from surface to a depth of over 400 meters and the mineralization remains open to depth as well as along strike. Highlights of results from the 24 drill holes released during the quarter include 26.0 m of 129.0 g/t Au, including 1.0 m of 3310.0 g/t Au, 16.0 m of 29.4 g/t Au, including 1.0 m of 447.0 g/t Au, and 8.0 m of 43.4 g/t Au, including 1.0 m of 319.0 g/t Au. Also noteworthy is that, with several very high grade intersects, silver continues to represent a significant by-product credit in Galway's California property. Subsequent to the third quarter, the Company released results from an additional 18 drill holes at California which included 2.0 m of 81.1 g/t Au. The Company expects an NI 43-101 compliant resource estimate on California during the first quarter of 2012.

Additional highlights from Galway's California drill program are presented below.

NE Zone

The NE Zone of Galway's California property is located along its northeastern boundary with the La Bodega/La Mascota deposit

- 85.5 m of 1.1 g/t Au (TW=60.5m), including 1.5 m of 21.4 g/t Au (TW=1.1m) from GWY-30
- 148.5 m of .65 g/t Au (TW=87.0m) from GWY-32
- 121.5 m of 2.7 g/t Au (TW=81.0m), including 79.5 m of 3.8 g/t Au (TW=53.0m), including 1.5 m of 151.5 g/t Au (TW=1.0m) from GWY-37
- 44.0 m of 1.1 g/t Au and 18.6 g/t Ag (TW=33.0m), including 10.3 m of 2.1 g/t Au and 28.8 g/t Ag (TW=7.7m) from GWY-47
- 50.5 m of 1.4 g/t Au and 18.3 g/t Ag (TW=33.6m), including 12.0 m of 3.0 g/t Au and 40.3 g/t Ag (TW=8.0m) from GWY-51
- 96.0 m of 1.6 g/t Au from GWY-58, including 1.5 m of 21.2 g/t Au from GWY-58
- 95.5 m of 1.0 g/t Au and 15.0 g/t Ag (TW=20.0m) from GWY-65
- 3.0 m of 47.0 g/t Au (TW=1.8m), including 1.5 m of 92.7 g/t Au (TW=0.9m) from GWY-70

Gap Area between Pie de Gallo and NE Zone

This area bridged the gap between the NE and Pie de Gallo Zones

- 11.0 m of 2.7 g/t Au from GWY-12
- 1.5 m of 109.5 g/t Au from GWY-19
- 16.5 m of 8.1 g/t Au, including 1.5 m of 80.0 g/t Au from GWY-76
- 39.0 m of 2.1 g/t Au, including 1.5 m of 17.4 g/t Au and 1.5 m of 9.5 g/t Au from GWY-84
- 93.0 m of 1.5 g/t Au and 23.2 g/t Ag, including 10.0 m of 3.7 g/t Au and 78.1 g/t Ag from GWY-85
- 99.0 m of 1.3 g/t Au and 38.5 g/t Ag, including 19.0 m of 3.0 g/t Au and 145.6 g/t Ag from GWY-87
- 1.0 m of 106.0 g/t Au from GWY-93
- 7.0 m of 5.8 g/t Au and 23.6 g/t Ag, including 1.0 m of 25.6 g/t Au from GWY-96
- 28.0 m of 2.7 g/t Au, including 11.0 m of 5.8 g/t Au (which includes 3.0 m of 8.4 g/t Au and 1.0 m of 28.8 g/t Au) from GWY-106
- 26.0 m of 129.0 g/t Au, including 1.0 m of 3,310 g/t Au from GWY-115
- 16.0 m of 29.4 g/t Au, including 1.0 m of 447.0 g/t Au from GWY-127
- 2.0 m of 81.1 g/t Au and 16.7 g/t Ag from GWY-145

Pie de Gallo Zone

The Pie de Gallo Zone is a 300 meter long open pit, which was mined in ancient times by the Spaniards and explored by Anaconda Mining Company in 1946-47.

- 89.0 m of 2.9 g/t Au, including 9.0 m of 23.1 g/t Au, including 3.0 m of 50.0 g/t Au from GWY-10
- 6.0 m of 39.5 g/t Au (TW=4.0m), including 2.0 m of 118.5 g/t Au (TW=1.3m) from GWY-43
- 3.0 m of 50.0 g/t Au and 84.8 g/t Ag, including 1.5 m of 98.9 g/t Au and 103.0 g/t Ag from GWY-52
- 19.5 m of 11.0 g/t Au including 1.5 m of 108.0 g/t Au and 4.5 m of 6.7 g/t Au; plus a separate 4.5 m of 11.1 g/t Au, including 1.5 m of 29.8 g/t Au; plus a separate 19.5 m of 1.2 g/t Au, including 1.5 m of 8.4 g/t Au from GWY-54
- 24.0 m of 8.4 g/t Au, including 1.5 m of 112.0 g/t Au, plus a separate 4.5 m of 20.0 g/t Au, including 1.5 m of 45.1 g/t Au from GWY-62
- 6.0 m of 32.8 g/t Au, including 2.0 m of 92.4 g/t Au from GWY-69
- 22.0 m of 7.8 g/t Au, including 1.5 m of 102.5 g/t Au from GWY-74
- 4.0 m of 176.2 g/t Au, including 2.0 m of 350.0 g/t Au from GWY-81
- 96.0 m of 1.1 g/t Au, including 4.0 m of 11.1 g/t Au from GWY-83
- 15.0 m of 10.0 g/t Au, including 1.5 m of 89.7 g/t Au, plus a separate 58.0 m of 2.19 g/t Au from GWY-86
- 76.0 m of 3.3 g/t Au, including 2.0 m of 46.5 g/t Au and 8.0 m of 10.2 g/t Au from GWY-91
- 1.0 m of 151.5 g/t Au and 73.1 g/t Ag from GWY-97
- 150.0 m of 3.0 g/t Au and 12.0 g/t Ag, including 36.0 m of 8.4 g/t Au (which includes 9.5 m of 28.1 g/t Au and 1.0 m of 17.9 g/t Au) and 1.0 m of 11.9 g/t Au from GWY-99
- 50.0 m of 8.3 g/t Au, including 29.0 m of 13.6 g/t Au (which includes 1.0 m of 177.8 g/t Au and 3.0 m of 36.6 g/t Au) from GWY 104
- 86.0 m of 2.7 g/t Au, including 3.0 m of 35.8 g/t Au, which includes 1.0 m of 100.5 g/t Au from GWY-109
- 97.0 m of 3.0 g/t Au, including 13.5 m of 9.9 g/t Au, which includes 3.0 m of 25.5 g/t Au from GWY-112
- 92.5 m of 2.9 g/t Au, including 6.0 m of 19.6 g/t Au, plus a separate 114.0 m of 1.1 g/t Au, including 2.0 m of 25.4 g/t Au from GWY-116

Gap Area between the Pie de Gallo and San Celestino

This area bridged the gap between the Pie de Gallo and San Celestino Zones

- 14.0 m of 21.6 g/t Au and 475.7 g/t Ag, plus 2.36% Zn, including 1.0 m of 177.5 g/t Au and 3150.0 g/t Ag, plus 14.25% Zn from GWY-117
- 8.0 m of 43.4 g/t Au, including 1.0 m of 319.0 g/t Au and 25.86 g/t Ag from GWY-120
- 16.0 m of 10.6 g/t Au, including 1.0 m of 138.5 g/t Au and 25.5 g/t Ag from GWY-123
- 6.0 m of 14.1 g/t Au, including 1.0 m of 80.6 g/t Au from GWY-126
- 8.5 m of 12.7 g/t Au and 93.5 g/t Ag, including 2.0 m of 44.2 g/t Au and 32.8 g/t Ag from GWY-146
- 20.3 m of 10.2 g/t Au and 160.5 g/t Ag plus 1.5% Zn, including 1.0 m of 31.6 g/t Au and 559.0 g/t Ag plus 2.0% Zn and 1.0 m of 134.5 g/t Au and 740.0 g/t Ag plus 16.1% Zn from GWY-147

San Celestino Zone

The San Celestino Zone is located 1.0 kilometer along strike to the southwest of the Northeast Zone.

- 11.0 m of 9.9 g/t Au, including 3.3 m of 30.4 g/t Au from GWY-22
- 7.2 m of 7.6 g/t Au from GWY-23
- 1.5 m of 47.1 g/t Au from GWY-25
- 25.0 m of 3.6 g/t Au, including 16.0 m of 5.4 g/t Au, including 1.5 m of 27.4 g/t Au from GWY-26
- 40.5 m of 1.5 g/t Au from GWY-29

*True widths are given unless unknown at this time.

Vetas Gold Project

The Company began drilling in April, 2011 at the high-grade El Volcan gold-silver mine in Vetas, which is located 8 km southeast the Company's California project in northeastern Colombia, with two rigs currently operating. A third drill rig is on site, which will focus on exploring extensions of known mineralization along strike and under the El Volcan Mine, which remains open in all directions, and to also explore other areas of known mineralization at Vetas. During the third quarter, Galway released results from an additional three drill holes and the completion of two others at El Volcan, highlights of which include 138.0 g/t Au over 1.1 m and 44.7 g/t Au and 1,120.0 g/t Ag over 1.2 m, both in GWY-V006. The Company filed a preliminary NI 43-101 technical report prepared by Roscoe Postle Associates on August 24, 2011, and expects a resource estimate around mid-year 2012. Subsequent to the third quarter, Galway released results from an additional 12 drill holes at Vetas, highlights of which include 46.0 g/t Au and 375.9 g/t Ag over 2.3 m, including 89.3 g/t Au over 1.0 m. The Vetas drill program intersected mineralization 250 meters vertically below the lowest level of the El Volcan mine, extending by 50 m known mineralization identified during the quarter.

The El Volcan mine is the largest gold mine in the California-Vetas-Surata gold districts, with over 2,000 meters of accessible underground workings and with production dating back over 400 years. The focus of Galway's initial exploration efforts at Vetas is to test for a continuation of mineralization below the existing 500 meter by 300 meter El Volcan mine. The next phase of exploration will continue to delineate a resource and will test for lateral extensions beyond the current limits of the existing mine.

Galway conducted mapping and sampling of the drifts at the El Volcan mine on the two main work levels - Reina de Oro and Tajo Abierto. A total of 7,345 meters of drifts were mapped and 3,769 chip channel

samples were taken from vein, wall rock and stockwork mineralization between vein sets. The average gold sample grade for the Reina de Oro level is 614.7 m of 37.9 g/t Au and 60.8 g/t Ag (TW=.99). The average gold sample grade for the Tajo Abierto level is 563.0 m of 21.5 g/t Au and 31.9 g/t Ag (TW=1.17). During the first quarter of 2011, Galway retained KTTM Geophysics of Medellin, Colombia to complete an Induced Polarization (IP) and Ground Magnetic (MAG) survey over the geology grid on the Vetas Project. No assay cut was used on channel and chip samples; a 2.0 g/t lower cut was used in the Vetas drill program; no upper cut was used.

Highlights from Galway's drilling program in the El Volcan Mine include:

GWY-V001

- 13.4 g/t Au and 28.2 g/t Ag over 1.0 m
- 6.1 g/t Au and 6.6 g/t Ag over 4.9 m

GWY-V002

- 9.7 g/t Au and 37.4 g/t Ag over 9.4 m, including 15.5 g/t Au and 25.6 g/t Ag over 4.6 m
- 9.2 g/t Au and 31.1 g/t Ag over 2.6 m, including 49.8 g/t Au and 113.0 g/t Ag over 0.3 m
- 8.6 g/t Au and 13.5 g/t Ag over 2.3 meters

GWY-V003

- 82.5 g/t Au and 39.1 g/t Ag over 2.7 m, including 202.0 g/t Au and 53.5 g/t Ag over 1.1 m
- 21.9 g/t Au and 63.0 g/t Ag over 6.7 m, including 69.1 g/t Au and 81.6 g/t Ag over 1.5 m
- 7.5 g/t Au and 4.8 g/t Ag over 7.6 m, including 25.1 g/t Au over 1.5 m

GWY-V004

- 30.7 g/t Au and 17.1 g/t Ag over 0.7 m
- 8.6 g/t Au and 36.9 g/t Ag over 1.3 m

GWY-V005

- 26.8 g/t Au and 132.8 g/t Ag over 1.9 m, including 50.3 g/t Au and 251.0 g/t Ag over 1.0

GWY-V006

- 138.0 g/t Au and 21.3 g/t Ag over 1.1 m
- 44.7 g/t Au and 1,120.0 g/t Ag over 1.2 m
- 64.4 g/t Au and 110.0 g/t Ag over 0.7 m
- 12.7 g/t Au and 16.1 g/t Ag over 1.1 m

GWY-V007

- 10.5 g/t Au and 26.5 g/t Ag over 1.7 m

GWY-V008

- 17.7 g/t Au and 16.7 g/t Ag over 1.3 m
- 10.9 g/t Au and 65.9 g/t Ag over 1.5 m
- 14.5 g/t Au and 12.3 g/t Ag over 0.7 m

GWY-V009

- 11.7 g/t Au and 11.8 g/t Ag over 2.7 m
- 21.5 g/t Au and 82.2 g/t Ag over 0.9 m

GWY-V010

- 46.0 g/t Au and 375.9 g/t Ag over 2.3 m, including 89.3 g/t Au and 144.0 g/t Ag over 1.0 m
- 25.2 g/t Au and 29.0 g/t Ag over 1.0 m
- 16.1 g/t Au over 1.2 m

GWY-V011

- 42.0 g/t Au over 1.5 m
- 39.9 g/t Au and 39.3 g/t Ag over 1.4 m
- 19.3 g/t Au and 57.0 g/t Ag over 1.0 m

GWY-V012

- 15.3 g/t Au over 11.44 m, including 112.3 g/t Au and 34.2 g/t Ag over 0.92 m, and including 16.8 g/t Au and 20.5 g/t Ag over 1.33 m
- 12.8 g/t Au over 7.2 m, including 67.2 g/t Au and 34.4 g/t Ag over 1.12 m

GWY-V014

- 17.9 g/t Au over 5.46 m, including 33.6 g/t Au and 10.9 g/t Ag over 1.21 m and 46.8 g/t Au and 22.5 g/t Ag over 1.20 m
- 33.1 g/t Au and 17.4 g/t Ag over 1.10 m
- 106.8 g/t Au and >100 g/t Ag over 1.00 m
- 12.7 g/t Au and 29.0 g/t Ag over 1.14 meters

GWY-V015

- 40.4 g/t Au over 3.47 m, including 84.8 g/t Au and 12.0 g/t Ag over 1.26 m
- 6.6 g/t Au over 9.44 m, including 41.9 g/t Au over 1.04 m
- 14.7 g/t Au and 13.0 g/t Ag over 1.28 m
- 13.8 g/t Au and 62.0 g/t Ag over 1.02 m
- 104.3 g/t Au and 16.0 g/t Ag over 1.2 m

GWY-V016

- 26.2 g/t Au over 0.85 m
- 78.2 g/t Au and 12.6 g/t Ag over 3.16 m, including 248.3 g/t Au and 38.0 g/t Ag over 0.96 m
- 23.6 g/t Au and 13.0 g/t Ag over 0.55 m
- 16.2 g/t Au and 16.0 g/t Ag over 1.15 m

GWY-V017

- 8.7 g/t Au and 38.0 g/t Ag over 12.9 m, including 42.0 g/t Au and 306.0 g/t Ag over 1.33 m and 31.8 g/t Au and 18.0 g/t Ag over 1.18 m
- 21.6 g/t Au over 1.37 m
- 28.3 g/t Au over 4.07 m, including 61.7 g/t Au over 1.45 m

GWY-V018

- 92.2 g/t Au and 18.0 g/t Ag over 0.98 m
- 10.8 g/t Au over 1.15 m

Note: true widths are 51%-92% of down-hole widths.

PROPERTY AGREEMENTS

Under terms of the agreements Galway has entered into in the California and Vetás districts, the Company will pay a combined total of \$2.6 million and 2.7 million shares of 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%, payable in both cash and stock, of measured and indicated gold resources at the time of the exercise of the options. The remaining 20% is a participating interest and Galway has first right of refusal. For Vetás, 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, payable in cash and stock.

(i) Project Expenditures

The following table sets forth a breakdown of material components of exploration expenditures incurred at the various Colombian exploration projects.

Exploration Expenditures	Nine Months Ended September 30, 2011 \$	Nine Months Ended September 30, 2010 \$
Assaying and sampling	1,150,844	749,329
Environmental consulting	148,196	nil
Drilling	5,176,152	1,818,821
General & Administrative	1,302,439	642,037
Geological and field expenses	757,946	470,029
Maps, reports and data	65,839	23
Mineral property fees	nil	nil
Travel	302,861	320,974
Wages and salaries	711,804	270,162
Total	9,616,081	4,271,375

(ii) Budget

The following plans are related to the various Colombian exploration projects, which is anticipated to be funded from a combination of existing funds and funds expected to be raised in the future. Planned expenditures are as follows:

Project/Property Name	Plans for Project	Planned Expenditures for Calendar 2011	Spent (January 1, 2011 to September 30, 2011)	Remaining Commitment (Rounded)	Timing for Completion of Planned Activities
California Gold Project	Drilling to continue into 2011	\$12,000,000	\$8,804,589	No Commitment	2011
Vetás Gold Project	Drilling began in April of 2011	\$4,000,000	\$2,519,421	No Commitment	2011

Victorio (Molybdenum –Tungsten) Property

(i) Description of Victorio Mountain Property

The Victorio Project is an advanced stage underground molybdenum-tungsten property located in south-western New Mexico. The Victorio Project was subject to a positive Scoping Study completed by SRK Consulting, results of which were reported in May 2008. The study was based on NI 43-101 resource estimates from 109 drill holes comprising a total of 66,000 meters of drilling, which included a larger block caving scenario and a smaller selective mining scenario. Management had initially curtailed spending on this project due to low molybdenum and tungsten prices and for capital preservation needs. However, with current combined prices for both metals being on average 50% higher than prices used in the Scoping Study, with tungsten 150% higher and currently at an all time high of \$20 per pound, while molybdenum is at \$14 per pound, management, working with John Tumazos of Very Independent Opinion has recently taken a more aggressive approach to once again advance the Victorio project.

(ii) Project Expenditures

The following table sets forth a breakdown of material components of exploration expenditures incurred at the Victorio project.

Exploration Expenditures	Nine Months Ended September 30, 2011 \$	Nine Months Ended September 30, 2010 \$
Assaying and sampling	63	9
Environmental consulting	300	nil
Drilling	nil	nil
General & Administrative	82,965	9,236
Geological and field expenses	85,276	nil
Maps, reports and data	nil	nil
Mineral property fees	54,440	55,280
Travel	9,142	nil
Wages and salaries	2,555	nil
Total	234,741	64,525

Budget

Following are the plans related to the United States properties, which are anticipated to be funded from a combination of existing funds and funds expected to be raised in the future. Planned expenditures are as follows:

Project/Property Name	Plans for Project	Planned Expenditures for Calendar 2011	Spent (January 1, 2011 to September 30, 2011)	Remaining Commitment (Rounded)	Timing for Completion of Planned Activities
Victorio Project	The company is in the process of assessing strategic alternatives toward advancing this project	No planned expenses	\$493,908	\$0	2011

General Exploration

The following table sets forth a breakdown of material components of exploration expenditures incurred for General Exploration:

Exploration Expenditures	Nine Months Ended September 30, 2011 \$	Nine Months Ended September 30, 2010 \$
Assaying and sampling	nil	1,032
Environmental consulting	1,380	nil
Drilling	nil	107,456
General and Administrative	52,903	48,843
Geological and field expenses	29,284	9,918
Maps, reports and data	231	283
Mineral property fees	500	54,421
Travel	nil	56,996
Wages and salaries	nil	71,771
Total	84,298	350,720

Overall Objective

The Company's primary business objective is the acquisition, exploration and development of gold properties in Colombia, South America. Galway has operations in United States and South America. Galway is in the process of exploring its mineral properties and has not yet determined whether these properties contain an economic gold deposit. The recoverability of the amounts shown for mineral property interests is dependent upon: the selling price of gold at the time the Company intends to mine its properties; the existence of economically recoverable reserves; the ability of the Company to obtain the necessary financing to complete exploration and development; government policies and regulations; and future profitable production or proceeds from the disposition of such properties.

Galway has not discovered an economic mineral deposit. While discovery of ore-bearing structures may result in substantial rewards, it should be noted that few properties that are explored are ultimately developed into producing mines.

The Company does have a molybdenum tungsten project located in New Mexico, where a positive scoping study for this project was produced by SRK Consulting. The Company is currently looking for alternatives to commercialize this deposit, particularly in light of the prevailing high tungsten prices.

The Company may also seek to acquire additional mineral resource properties or companies holding such properties. The Company notes that mineral exploration in general is uncertain and the probability of finding an economic mineral deposit on any one of its early stage prospects is low. However, the probability that one of the many prospects acquired will host an economic mineral deposit is higher. As a result, the Company believes it is able to reduce overall exploration risk by acquiring additional mineral prospects. In conducting its search for additional mineral properties, the Company may consider acquiring properties that it considers prospective based on criteria such as the exploration history of the properties, their location, or a combination of these and other factors. Risk factors to be considered in connection with the Company's search for and acquisition of additional mineral properties include the significant expenses required to locate and establish mineral reserves; the fact that expenditures made by the Company may not result in discoveries of commercial quantities of minerals; environmental risks; risks associated with land title; competition faced by the Company; and the potential failure of the Company to generate adequate funding for any such acquisitions.

Selected Quarterly Information

A summary of selected information for each of the eight most recent quarters is as follows:

Three Months Ended	Accounting Policies	Net Revenues (\$)	Net (Loss) Income		Total Assets (\$)
			Total (\$)	Per Share (\$)	
2011-September 30	IFRS	-	(5,761,050) ⁽¹⁾	(0.05)	32,409,217
2011-June 30	IFRS	-	(5,681,901) ⁽²⁾	(0.04)	31,319,506
2011-March 31	IFRS	-	(3,620,291) ⁽³⁾	(0.03)	31,244,437
2010-December 31	IFRS	-	(4,056,892) ⁽⁴⁾	(0.05)	8,533,293
2010-September 30	IFRS	-	(2,841,567) ⁽⁵⁾	(0.04)	10,719,003
2010-June 30	IFRS	-	(2,415,694) ⁽⁶⁾	(0.03)	12,199,151
2010-March 31	IFRS	-	(1,917,607) ⁽⁷⁾	(0.02)	13,827,463
2009-December 31	Canadian GAAP	-	(1,848,514) ⁽⁸⁾	(0.03)	13,845,275

Notes:

- (1) Net loss of \$5,761,050 consisted primarily of: exploration costs of \$4,138,535; general and administrative expenses of \$250,063; professional fees of \$98,812; stock-based compensation of \$1,202,441; Foreign exchange loss of \$53,928; Total expense were partially offset by Finance income of \$36,030. All other expenses related to general working capital purposes.

- (2) Net loss of \$5,681,901 consisted primarily of: exploration costs of \$3,696,402; general and administrative expenses of \$486,710; professional fees of \$173,832; stock-based compensation of \$1,433,482. All other expenses related to general working capital purposes.
- (3) Net loss of \$3,620,291 consisted primarily of: exploration costs of \$2,100,183; general and administrative expenses of \$195,197; professional fees of \$137,908; stock-based compensation of \$1,096,989. All other expenses related to general working capital purposes.
- (4) Net loss of \$4,056,892 consisted primarily of: exploration costs of \$2,448,283; general and administrative expenses of \$522,450; professional fees of \$113,779; asset impairment expense of \$40,752; and stock-based compensation of \$640,484. All other expenses related to general working capital purposes.
- (5) Net loss of \$2,841,567 consisted primarily of: exploration costs of \$2,041,930; general and administrative expenses of \$142,277; professional fees of \$86,884; and stock-based compensation of \$556,132. All other expenses related to general working capital purposes.
- (6) Net loss of \$2,415,694 consisted primarily of: exploration costs of \$1,712,495; general and administrative expenses of \$369,899; professional fees of \$86,135; and stock-based compensation of \$351,456. All other expenses related to general working capital purposes.
- (7) Net loss of \$1,917,607 consisted primarily of: exploration costs of \$932,195; general and administrative expenses of \$226,771; professional fees of \$115,182; and stock-based compensation of \$935,720. All other expenses related to general working capital purposes.
- (8) Net loss of \$1,848,514 consisted primarily of: exploration costs of \$746,209; general and administrative expenses of \$222,224; professional fees of \$184,769; and stock-based compensation of \$1,298,008. All other expenses related to general working capital purposes.

Results of Operations

Nine months ended September 30, 2011, compared with nine months ended September 30, 2010

Nine months ended September 30, 2011

Galway incurred a net loss of \$15,063,242 for the nine month period ended September 30, 2011, resulting in a loss per share of \$0.14. The loss was mostly attributable to exploration costs which amounted to \$9,935,120 (Nine months ended September 30, 2010 - \$4,686,620), in addition to general and administrative fees of \$931,970, professional fees of \$410,552 and \$3,732,912 in stock-based compensation fees. The Company also earned \$206,351 in finance income and incurred a foreign exchange loss of \$143,108 during the period. Galway incurred expenses before finance income and income tax of \$15,269,593 during the period compared with \$7,181,019 in the same period of 2010.

Nine months ended September 30, 2010

Galway incurred a loss of \$7,174,868 for the nine month period ended September 30, 2010, resulting in a loss per share of \$0.09. The loss was mostly attributable to exploration costs which amounted to \$4,686,620 in addition to general and administrative fees of \$738,947, professional fees of \$288,201 and \$1,843,308 in stock-based compensation fees. During the period, the Company also earned \$6,151 in finance income and incurred a foreign exchange gain of \$478,863. Galway incurred expenses before finance income and income tax of \$7,181,019 during the period.

Comparison Analysis

The increase of \$7,888,374 in net loss was principally because:

- The Company incurred an increase in Exploration costs of \$5,248,500 for the nine months ended September 30, 2011, compared to the nine months ended September 30, 2010. The increase can be attributed to an increased level of exploration activity on the Company's gold properties in Colombia compared to 2010;
- The Company incurred an increase in stock-based compensation of \$1,889,604 for the nine months ended September 30, 2011, compared to the nine months ended September 30, 2010. The increase can be attributed to increased stock-based compensation related expense in the quarter ended September 30, 2011 compared to the same period in the prior year. During the year ended December 31, 2009, the Company granted options to purchase common shares of the Company on June 30, 2009 and October 9, 2009. A value of \$3,085,827 for these option grants was assigned using the Black-Scholes option-pricing model with the following assumptions: dividend yield of 0%; expected volatility of 151%-158%; risk-free interest rate of 2.49%-2.63%; and an expected life of five years. During the year ended December 31, 2010 the Company granted option to purchase common shares of the Company on July 29, 2010, August 17, 2010, August 26, 2010, November 9, 2010 and December 8, 2010. A value of \$1,785,981 for these option grants was assigned using the Black-Scholes option-pricing model with the following assumptions: dividend yield of 0%; expected volatility of 163.13%-167.27%; risk-free interest rate of 2.06%-2.49%; and an expected life of five years. During the nine months ended September 30, 2011, the Company granted options to purchase common shares of the Company on February 11, 2011, April 25, 2011, August 22, 2011, August 23, 2011 and September 29, 2011. A value of Cdn\$5,296,067 for these option grants was assigned using the Black-Scholes option-pricing model with the following assumptions: dividend yield of 0%; expected volatility of 131.69%-164.25%; risk-free interest rate of 1.25%-2.70%; and an expected life of five years.

Several variables are used when determining the value of stock options using the Black-Scholes valuation model:

- The expected term: the Company used the expected term of the stock of five years, which is the maximum term ascribed to these stock options, for the purposes of calculating their value. The Company chose the maximum term because it is difficult to determine with any reasonable degree of accuracy when these stock options will be exercised.
- Volatility: the Company used historical information of a similar company on the market price of its common shares to determine the degree of volatility at the date the stock options were granted. Therefore, depending on when the stock options were granted and the period of historical information examined, the degree of volatility can be different when calculating the value of different stock options.
- Risk-free interest rate: the Company used the interest rate available for government securities of an equivalent expected term as at the date of the grant of the stock options. The risk-free interest rate would vary depending on the date of the grant of the stock options and their expected term.

- Dividend yield: the Company has not paid dividends in the past because it is in the exploration stage and has not yet earned any significant income. Also, the Company does not expect to pay dividends in the foreseeable future because it does not expect to bring its mineral properties into production and earn significant revenue any time soon. Therefore, a dividend rate of 0% was used for the purposes of the valuation of the stock options.
- The Company incurred an increase in professional fees of \$122,351 for the nine months ended September 30, 2011, compared to the nine months ended September 30, 2010. The increase can be attributed to the increase in assistance required from the Company's corporate lawyers and external accountant in 2011 compared to 2010;
- Office and general expenses increased by \$193,023. Office and general expenses totalled \$931,970 for the nine months ended September 30, 2011 (nine months ended September 30, 2010 - \$738,947) and consisted of costs such as advertising and promotion, telephone, rent, insurance, postage, and courier charges. The increase in office and general expenses can be attributed to increased support costs for the Company's projects during the first nine months of 2011 compared to 2010;
- The Company incurred an increase in shareholder communications expense of \$29,313 for the nine months ended September 30, 2011, compared to the nine months ended September 30, 2010. The increase can be attributed to increased corporate activity requiring payments to regulatory institutions and service providers assisting the Company in meeting its regulatory requirements;
- The Company incurred a decrease in travel expense of \$14,747 for the nine months ended September 30, 2011, compared to the nine months ended September 30, 2010. The decrease can be attributed to a decrease in travelling required during the nine month period ended September 30, 2011 compared to nine months ended September 30, 2010;
- Foreign exchange gain decreased by \$621,971 during the nine months ended September 30, 2011, compared with the same period in 2010. The decrease in foreign exchange gain can be attributed to the conversion of its Canadian monetary assets and liabilities;
- All other expenses are related to general working capital purposes.

Three months ended September 30, 2011, compared with three months ended September 30, 2010

Three months ended September 30, 2011

Galway incurred a net loss of \$5,761,050 for the three month period ended September 30, 2011, resulting in a loss per share of \$0.05. The loss was mostly attributable to exploration costs which amounted to \$4,138,535 (Three months ended September 30, 2010 - \$2,041,930), in addition to general and administrative fees of \$250,063, professional fees of \$98,812 and \$1,202,441 in stock-based compensation fees. The Company also earned \$36,030 in finance income and incurred a foreign exchange loss of \$53,928 during the period. Galway incurred expenses before finance income and income tax of \$5,797,080 during the period compared with \$2,844,177 in the same period of 2010.

Three months ended September 30, 2010

Galway incurred a loss of \$2,841,567 for the three month period ended September 30, 2010, resulting in a loss per share of \$0.04. The loss was mostly attributable to exploration costs which amounted to \$2,041,930 in addition to general and administrative fees of \$142,277, professional fees of \$86,884 and \$556,132 in stock-based compensation fees. During the period, the Company also earned \$2,610 in finance income and incurred a foreign exchange gain of \$1,793. Galway incurred expenses before finance income and income tax of \$2,844,177 during the period.

Comparison Analysis

The increase of \$2,919,483 in net loss was principally because:

- The Company incurred an increase in Exploration costs of \$2,096,605 for the three months ended September 30, 2011, compared to the three months ended September 30, 2010. The increase can be attributed to an increased level of exploration activity on the Company's gold properties in Colombia compared to 2010;
- The Company incurred an increase in stock-based compensation of \$646,309 for the three months ended September 30, 2011, compared to the three months ended September 30, 2010. The increase can be attributed to increased stock-based compensation related expense in the quarter ended September 30, 2011 compared to the same period in the prior year. During the year ended December 31, 2009, the Company granted options to purchase common shares of the Company on June 30, 2009 and October 9, 2009. A value of \$3,085,827 for these option grants was assigned using the Black-Scholes option-pricing model with the following assumptions: dividend yield of 0%; expected volatility of 151%-158%; risk-free interest rate of 2.49%-2.63%; and an expected life of five years. During the year ended December 31, 2010 the Company granted options to purchase common shares of the Company on July 29, 2010, August 17, 2010, August 26, 2010, November 9, 2010 and December 8, 2010. A value of \$1,785,981 for these option grants was assigned using the Black-Scholes option-pricing model with the following assumptions: dividend yield of 0%; expected volatility of 163.13%-167.27%; risk-free interest rate of 2.06%-2.49%; and an expected life of five years. During the nine months ended September 30, 2011, the Company granted options to purchase common shares of the Company on February 11, 2011, April 25, 2011, August 22, 2011, August 23, 2011, and September 29, 2011. A value of Cdn\$5,296,067 for these option grants was assigned using the Black-Scholes option-pricing model with the following assumptions: dividend yield of 0%; expected volatility of 131.69% - 164.25%; risk-free interest rate of 1.25%-2.70%; and an expected life of five years.

Several variables are used when determining the value of stock options using the Black-Scholes valuation model:

- The expected term: the Company used the expected term of the stock of five years, which is the maximum term ascribed to these stock options, for the purposes of calculating their value. The Company chose the maximum term because it is difficult to determine with any reasonable degree of accuracy when these stock options will be exercised.
- Volatility: the Company used historical information of a similar company on the market price of its common shares to determine the degree of volatility at the date the stock options were granted. Therefore, depending on when the stock options were granted and the period of historical information examined, the degree of volatility can be different when calculating the value of different stock options.

- Risk-free interest rate: the Company used the interest rate available for government securities of an equivalent expected term as at the date of the grant of the stock options. The risk-free interest rate would vary depending on the date of the grant of the stock options and their expected term.
 - Dividend yield: the Company has not paid dividends in the past because it is in the exploration stage and has not yet earned any significant income. Also, the Company does not expect to pay dividends in the foreseeable future because it does not expect to bring its mineral properties into production and earn significant revenue any time soon. Therefore, a dividend rate of 0% was used for the purposes of the valuation of the stock options.
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- The Company incurred an increase in professional fees of \$11,928 for the three months ended September 30, 2011, compared to the three months ended September 30, 2010. The increase can be attributed to the increase in assistance required from the Company's corporate lawyers and external accountant in 2011 compared to 2010;
 - Office and general expenses increased by \$107,786. Office and general expenses totalled \$250,063 for the three months ended September 30, 2011 (three months ended September 30, 2010 - \$142,277) and consisted of costs such as advertising and promotion, telephone, rent, insurance, postage, and courier charges. The increase in office and general expenses can be attributed to increased support costs for the Company's projects during the first quarter of 2011 compared to 2010;
 - The Company incurred an increase in shareholder communications expense of \$23,284 for the three months ended September 30, 2011, compared to the three months ended September 30, 2010. The increase can be attributed to increased corporate activity requiring payments to regulatory institutions and service providers assisting the Company in meeting its regulatory requirements;
 - The Company incurred an increase in travel expense of \$11,670 for the three months ended September 30, 2011, compared to the three months ended September 30, 2010. The increase can be attributed to an increase in travelling required during the three month period ended September 30, 2010 compared to three months ended September 30, 2010;
 - Foreign exchange gain decreased by \$55,721 during the three months ended September 30, 2011, compared with the same period in 2010. The decrease in foreign exchange gain can be attributed to the conversion of its Canadian monetary assets and liabilities;
 - All other expenses are related to general working capital purposes.

Liquidity and Financial Position

The activities of the Company, principally the acquisition and exploration of properties that have the potential to contain gold, are financed through equity offerings and the exercise of stock options and warrants.

During the nine months ended September 30, 2011, the following equity transactions occurred:

- 17,720,000 units and 8,000,000 common shares at a price of CDN\$1.00 per unit or share were sold for aggregate gross proceeds of \$26,098,427; Net proceeds after share issuance costs of \$1,788,633 was \$24,309,794;
- 536,250 stock options with an exercise price of CDN\$0.84 and expiry date of October 9, 2014, were exercised for cash proceeds of \$459,684;
- 140,000 stock options with an exercise price of CDN\$0.15 and expiry date of June 30, 2014, were exercised for cash proceeds of \$21,393;
- 152,500 stock options with an exercise price of CDN\$0.75 and expiry date of July 29, 2015, were exercised for cash proceeds of \$117,067;
- 275,000 stock options with an exercise price of CDN\$0.175 and expiry date of April 25, 2011, were exercised for cash proceeds of \$49,561;
- 5,000 options with an exercise price of CDN\$0.71 and expiry date of April 21, 2016, were exercised for cash proceeds of \$3,668;
- 50,000 stock options with an exercise price of CDN\$1.12 and expiry date of August 6, 2012, were exercised for cash proceeds of \$57,137;
- 75,000 stock options with an exercise price of CDN\$0.50 and expiry date of February 1, 2013, were exercised for cash proceeds of \$38,261;
- 128,600 stock options with an exercise price of CDN\$1.05 and expiry date of February 11, 2016, were exercised for cash proceeds of \$137,771;
- 105,000 stock options with an exercise price of CDN\$1.00 and expiry date of December 8, 2015, were exercised for cash proceeds of \$107,132;
- 82,500 stock options with an exercise price of CDN\$0.95 and expiry date of November 9, 2012, were exercised for cash proceeds of \$79,966;
- 11,408,999 warrants with an exercise price of CDN\$0.75 and expiry date of September 29, 2011, were exercised for cash proceeds of \$8,747,664
- 840,000 warrants with an exercise price of CDN\$0.50 and expiry date of September 29, 2011, were exercised for cash proceeds of \$433,944;
- 462,960 warrants with an exercise price of CDN\$1.00 and expiry date of February 13, 2013, were exercised for cash proceeds of \$478,330;

At September 30, 2011, Galway had \$25,706,545 in cash and cash equivalents (December 31, 2010 - \$4,227,743). As of September 30, 2011, and to the date of this MD&A, the cash resources of Galway are held with select Canadian, United States and Colombian financial institutions.

Accounts payable and accrued liabilities increased to \$2,082,272 at September 30, 2011, compared to \$1,664,346 at December 31, 2010, primarily due to more accounts payable at September 30, 2011, as compared to December 31, 2010. The Company's cash as at September 30, 2011, is sufficient to pay these liabilities. The Company has no debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short term and non-interest bearing.

The Company has no operating revenues and therefore must utilize its current cash reserves and other financing transactions to maintain its capacity to meet ongoing discretionary and committed exploration and operating activities. The Company's use of cash at present occurs, and in the future is expected to occur, principally in two areas, namely, funding of its general and administrative expenditures and funding of its investment activities. Those investing activities include the cash components of the cost of acquiring and exploring its mineral claims.

Regardless of whether or not the Company develops its projects, its working capital of \$24,213,192 as of September 30, 2011, is anticipated to be adequate for it to continue operations at the current level for the

next twelve-month period ending September 30, 2012, even if its expected plans discussed above do not materialize and new plans are developed. However, to meet long-term business plans, exploring its property interests is an important component of the Company's financial success.

Related Party Transactions

Related parties include the Board of Directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

Galway entered into the following transactions with related parties:

Names	Three Months Ended September 30, 2011 \$	Three Months Ended September 30, 2010 \$	Nine Months Ended September 30, 2011 \$	Nine Months Ended September 30, 2010 \$
Marrelli CFO Outsource Syndicate Inc. ("Marrelli") ⁽¹⁾⁽³⁾	6,122	5,713	18,409	18,000
Marrelli Support Services Inc. ("MSSI") ⁽²⁾⁽³⁾	16,086	7,842	40,889	32,645
DSA Corporate Services Inc. ("DSA") ⁽⁴⁾	4,361	5,123	11,151	10,392
Total	26,569	18,678	70,449	61,037

⁽¹⁾ The Chief Financial Officer ("CFO") of Galway is the President of Marrelli. Fees relate to the CFO function performed.

⁽²⁾ The CFO of Galway is the President of MSSI. Fees relate to accounting services provided by MSSI.

⁽³⁾ As at September 30, 2011, MSSI was owed \$17,837 (December 31, 2010 - \$4,505), and these amounts were included in amounts payable and other liabilities. These amounts are unsecured, non-interest bearing and are due on demand. As at September 30, 2011, there was \$6,526 owed to Marrelli (December 31, 2010 - \$2,272).

⁽⁴⁾ The CFO of Galway is the Secretary of DSA, a firm providing corporate secretarial services to the Company. As at September 30, 2011, DSA was owed \$5,838 (December 31, 2010 - \$2,762) and these amounts were included in amounts payable and other liabilities. These amounts are unsecured, non-interest-bearing and are due on demand.

Remuneration, other than consulting fees, of Directors and key management of the Company was as follows:

	Three Months Ended September 30, 2011 \$	Three Months Ended September 30, 2010 \$	Nine Months Ended September 30, 2011 \$	Nine Months Ended September 30, 2010 \$
Salaries and benefits				
Larry Strauss, Director	73,559	30,954	137,264	41,645
Total	73,559	30,954	137,264	41,645

	Three Months Ended September 30, 2011 \$	Three Months Ended September 30, 2010 \$	Nine Months Ended September 30, 2011 \$	Nine Months Ended September 30, 2010 \$
Share-based payments				
Robert Hinchcliffe, Director and Officer	141,859	63,060	425,116	244,681
Robb Dobb, Director	113,289	61,976	355,459	240,080
Jose Oro, Director	nil	36,595	nil	220,420
Alfonso Gomez, Director	138,537	28,805	344,349	92,750
Pablo Orsolani, Director	nil	36,020	128,817	219,201
Larry Strauss, Director	132,575	65,228	415,832	253,883
Mike Sutton, Director	145,243	116,121	434,076	116,121
Carmelo Marrelli, Officer	23,128	26,993	44,500	26,994
Total	694,631	434,798	2,148,149	1,414,130

Salaries and benefits include director fees. Directors are entitled to director fees and stock options for their services and officers are entitled to stock options for their services.

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity, capital expenditures and capital resources that would be material to investors.

Proposed Transactions

There are no proposed transactions of a material nature being considered by the Company other than the acquisition of the Colombia properties. However, the Company continues to evaluate properties and strategic alternatives to maximize shareholder value.

Critical Accounting Estimates

Application of the Company's accounting policies in compliance with IFRS requires the Company's management to make certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Impairment of assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. No impairment indicators of non-financial assets have been noted for the nine month ended September 30, 2011 or September 30, 2010.

Stock-based compensation

Management is required to make certain estimates when determining the fair value of stock options awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as stock-based compensation in the statement of operations based on estimates of forfeiture and expected lives of the underlying stock options. For the three and nine months ended September 30, 2011 the Company recognized \$1,202,441 and \$3,732,912 of stock-based compensation expense respectively (Three and nine months ended September 30, 2010 - \$556,132 and \$1,843,308 respectively).

Restoration, rehabilitation and environmental obligations

Management assumption of no material restoration, rehabilitation and environmental exposure, based on the facts and circumstances that existed in the current and prior periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Accounting Judgments

Income taxes and recovery of deferred tax assets

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

Changes in Accounting Policies

Impact of Adopting IFRS on the Company's Accounting Policies

Effective the first quarter of 2011, the Company began preparing its financial statements in accordance with IFRS. Reconciliations, descriptions and explanations of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company are provided in Note 12, "Conversion to IFRS" of the unaudited condensed interim consolidated financial statements. This note also includes reconciliations of equity and comprehensive loss for comparative periods reported under Canadian GAAP with amounts reported for those periods under IFRS.

The Company has changed certain accounting policies to be consistent with IFRS as it is expected to be effective or available on December 31, 2011, the Company's first annual IFRS reporting date. The changes to its accounting policies have resulted in certain changes to the recognition and measurement of assets, liabilities, equity, revenue and expenses within its financial statements.

The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS.

(a) Impairment of non-financial assets

IFRS requires a write down of assets if the higher of the fair value less costs to sell and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment of non-financial assets have been changed to reflect these differences. There was no impact on the unaudited condensed interim financial statements.

(b) Decommissioning Liabilities (Asset Retirement Obligations)

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Company's accounting policies related to decommissioning liabilities have been changed to reflect these differences. There is no impact on the unaudited condensed interim financial statements.

(c) Foreign exchange

Under IFRS, translation occurs using the equivalent of the current rate method under Canadian GAAP when translating balances to the Company's presentation currency. Under this method, all assets and liabilities are treated as monetary and translated to the presentation currency using the foreign exchange rate at the end of the reporting period. Differences between the translation of the balance sheet and the statement of operations are accumulated in an account in equity. The change in translation methodology has resulted in changes in the functional currency for the Company's Columbian subsidiary. As a result, income and expenses of this foreign subsidiary are recorded using the rate of exchange in effect at the dates of the transactions and the translation of assets and liabilities are at the rates of exchange in effect at the period end date resulting to currency translation adjustment recognized in the statement of other comprehensive loss.

IFRS also allows Cumulative translation differences (CTA) for all foreign operations to be deemed zero at the date of transition. If this alternative is chosen, the balance is transferred to the Retained Earnings. If this optional exemption is chosen, any gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition, but will include later translation differences. Galway will not elect to apply this exemption.

Impact of Adopting IFRS on the Company's Business

The adoption of IFRS has resulted in some changes to the Company's accounting systems and business processes. However, the impact has been minimal. The Company has not identified any contractual arrangements that are significantly impacted by the adoption of IFRS.

The Company's staff and advisers involved in the preparation of financial statements have been appropriately trained on the relevant aspects of IFRS and the changes to accounting policies. The Board of Directors and Audit Committee have been regularly updated throughout the Company's IFRS transition process, and are aware of the key aspects of IFRS affecting the Company.

New accounting standards and interpretations

IFRS 7 "Financial instruments - Disclosures" ("IFRS 7")

IFRS 7 was amended by the IASB in October 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained. The amendments to IFRS 7 are effective for annual periods beginning on or after July 1, 2011. The Company is assessing the impact of IFRS 7 on its financial statements.

IFRS 9 Financial instruments ("IFRS 9")

IFRS 9 was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ["IAS 39"]. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013.

IFRS 10 Consolidated Financial Statements ("IFRS 10")

IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 (2008). The Company intends to adopt IFRS 10 in its financial statements for the annual period beginning on January 1, 2013. The Company is assessing the impact of IFRS 10 on its financial statements.

IFRS 11 Joint Arrangements ("IFRS 11")

IFRS 11 replaces the guidance in IAS 31 Interests in Joint Ventures. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11 joint ventures are stripped of the free choice of equity accounting or proportionate consolidation; these entities must now use the equity method.

Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 and IAS 36 Impairment of Assets. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. The Company intends to adopt IFRS 11 in its financial statements for the annual period beginning on January 1, 2013. The Company is assessing the impact of IFRS 11 on its financial statements.

IFRS 13, Fair Value Measurement ("IFRS 13")

IFRS 13, Fair Value Measurement was issued by the IASB on May 12, 2011. The new standard converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company is assessing the impact of IFRS 13 on its consolidated financial statements.

IFRIC 20, Stripping costs ("IFRIC 20")

IFRIC 20 Stripping costs in the production phase of a surface mine sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation may require mining entities reporting under IFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body. The Company is assessing the impact of IFRIC 20 on its consolidated financial statements.

Amendments to Other Standards

In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements (IAS 27), and IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

Financial Instruments

(a) Property risk

The Company's significant mineral properties are the Victorio Mountain Molybdenum-Tungsten Project, the California Gold-Silver Project, and the Vetas Gold-Silver Project. Unless the Company acquires or develops additional significant projects, it will be solely dependent upon these projects. If the Company acquires no additional mineral properties, any material adverse development affecting the Company's current mineral property portfolio could have a material adverse effect on its 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.

Credit risk

Credit risk is the risk of loss associated with 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 at banks and on hand, short-term deposits with an original maturity of three months or less. 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 harmonized sales tax due from the Federal Government of Canada, interest and other receivables. Accounts receivable are in good standing as of September 30, 2011. 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, 2011, the Company had cash and cash equivalents and restricted cash balance of \$25,866,452 (December 31, 2010 - \$4,314,524) to settle current liabilities of \$2,112,473 (December 31, 2010 - \$1,708,991). 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

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.

Foreign currency risk

The functional currency, as determined by management, of the Company is the Canadian dollar. The functional currency for each of the Company's subsidiaries is as follows: Galway Resources (Colombia) Ltd. - Colombian pesos; Galway US Inc., Nyak Resources Inc., Galway Resources Holdco Ltd. and Galway Resources (Cayman) Ltd. - United States dollars; All amounts in these financial statements are presented in United States dollars ("Presentation currency"). 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 on a cash call basis using the U.S. dollar currency converted from its Canadian dollar bank accounts held in Canada. The Company funds most operations, exploration and administrative expenses in Colombia on a cash call basis using Colombian pesos 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.

Sensitivity Analysis

Cash and cash equivalents and accounts receivable are classified for accounting purposes as loans and receivables, which are measured at amortized cost and approximate their 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 approximate their fair market value.

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 and Colombian pesos. As at September 30, 2011, had the Canadian dollar weakened/strengthened by 5% against the U.S. dollar with all other variables held constant, the Company's other comprehensive income for the period ended September 30, 2011 would have been approximately \$1,168,000 higher/lower as a result of foreign exchange losses/gains on translation of Canadian dollar denominated financial instruments. Similarly, as at September 30, 2011, shareholders' equity would have been approximately \$1,168,000 lower/higher had the Canadian dollar weakened/strengthened by 5% against the U.S. dollar as a result of foreign exchange impact on translation of Canadian dollar denominated financial instruments.

Capital Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, stock options, reserves, accumulated other comprehensive income (loss) and deficit, which at September 30, 2011 totaled \$30,296,744 (December 31, 2010 - \$6,824,302). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is

updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the three and nine months ended September 30, 2011 and September 30, 2010 and year ended December 31, 2010.

The Company is not subject to any externally imposed capital requirements.

Outlook

For 2011, the Company plans to continue its exploration and drilling programs in Colombia and to determine if further work is warranted at its other projects. The Company is continually evaluating direct or indirect acquisitions of additional properties. The Company continues to monitor its spending and will amend its plans and budgets based on exploration results and expectations of being able to raise financing as and when required.

Environmental Contingency

The Company's mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and generally becoming more restrictive. As of the date of this MD&A, the Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future.

Share Capital

The Company is authorized to issue an unlimited number of common shares of which 122,530,946 common shares are issued and outstanding as at September 30, 2011. As of the date of the MD&A, being November 29, 2011 there were 124,810,936 common shares outstanding.

As of September 30, 2011, the Company had 10,915,150 options outstanding with exercise prices ranging from C\$0.15 to C\$1.45 and expiry dates ranging from February 19, 2012 to September 29, 2016. The Company had 8,861,000 warrants outstanding with exercise prices ranging from C\$0.75 to C\$1.50 and expiry dates ranging from September 29, 2011 to January 13, 2013. The Company also had 1,311,720 compensation options outstanding with exercise prices of C\$1.00 and expiry date of February 13, 2013. If exercised, each compensation option comprises one unit consisting of one common share and one-half of one warrant with each whole warrant being issued at exercise price of C\$1.50 and expiry of February 13, 2013.

Subsequent to September 30, 2011, 950,000 of the company's options and 250,000 of the company's warrants were exercised for gross proceeds of \$1,147,350.

Risks and Uncertainties

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Only investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment should undertake such investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

The Company's financial condition, results of operations and businesses are subject to certain risks, certain of which are described below (and elsewhere in this MD&A):

Additional Funding Requirements

The Company is reliant upon additional equity financing in order to continue its business and operations, because it is in the business of mineral exploration and at present does not derive any income from its mineral assets. There is no guarantee that future sources of funding will be available to the Company. If the Company is not able to raise additional equity funding in the future, it will be unable to carry out its business.

Commodity Price Volatility

The price of various commodities that the Company is exploring for can fluctuate drastically, and is beyond the Company's control. The Company is specifically concerned with the prices of precious and base metals and other minerals. While the Company would benefit from an increase in the value of precious and base metals and other minerals, a decrease in the value of precious and base metals and other minerals could also adversely affect it.

Title to Mineral Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed or impugned. Although the Company has investigated its title to the mineral properties for which it holds an option or concessions or mineral leases or licences, there can be no assurance that the Company has valid title to such mineral properties or that its title thereto will not be challenged or impugned. For example, mineral properties sometimes contain claims or transfer histories that examiners cannot verify; and transfers under foreign law often are complex. The Company does not carry title insurance with respect to its mineral properties. A successful claim that the Company does not have title to a mineral property could cause the Company to lose its rights to mine that property, perhaps without compensation for its prior expenditures relating to the property.

Mineral Exploration

Mineral exploration involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities. The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of some properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining, or to upgrade existing infrastructure. There can be no assurance that the funds required to exploit any mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The economics of exploiting mineral reserves and resources discovered by the Company are affected by many factors, many outside the control of the Company, including the cost of operations, variations in the grade of ore mined and metals recovered, price fluctuations in the metal markets, costs of processing equipment, and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. There can be no assurance that the Company's mineral exploration and exploitation activities will be successful.

Country Risk

The Company could be at risk regarding any political developments in the country in which it operates. At present the Company is only active in Colombia.

Uninsurable Risks

Mineral exploration activities involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could negatively affect the Company's profitability and financial position and the value of its common shares. The Company does not maintain insurance against environmental risks.

Environmental Regulation and Liability

The Company's activities are subject to laws and regulations controlling not only mineral exploration and exploitation activities themselves but also the possible effects of such activities upon the environment. Environmental legislation may change and make the mining and processing of ore uneconomic or result in significant environmental or reclamation costs. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral exploitation activities, such as seepage from tailings disposal areas that could result in environmental pollution. A breach of environmental legislation may result in the imposition of fines and penalties or the suspension or closure of operations. In addition, certain types of operations require the submission of environmental impact statements and approval thereof by government authorities. Environmental legislation is evolving in a manner that may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors, officers and employees. Permits from a variety of regulatory authorities are required for many aspects of mineral exploitation activities, including closure and reclamation. Future environmental legislation could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Company's properties, the extent of which cannot be predicted. In the context of environmental permits, including the approval of closure and reclamation plans, the Company must comply with standards and laws and regulations that may entail costs and delays, depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. The Company does not maintain environmental liability insurance.

Regulations and Permits

The Company's activities are subject to a wide variety of laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, protection of historic and archaeological sites, mine development and protection of endangered and protected species and other matters. The Company is required to have a wide variety of permits from governmental and regulatory authorities to carry out its activities. These permits relate to virtually every aspect of the Company's exploration and exploitation activities. Changes in these laws and regulations or changes in their enforcement or interpretation could result in changes in legal requirements or in the terms of the Company's permits that could have a significant adverse impact on the Company's existing or future operations or projects. Obtaining permits can be a complex, time-consuming process. There can be no assurance that the Company will be able to obtain the necessary permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from

continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

Potential Dilution

The issue of common shares of the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional options and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

Disclosure of Internal Controls

Management has established processes to provide them sufficient knowledge to support 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 flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.