Galway Resources Ltd.
(A Development Stage Company)

Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2008

(Expressed in United States Dollars)

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

	June 30, 2008	December 31, 2007
Assets		
Current assets		
Cash and cash equivalents	**$ 6,141,337**	$ 10,474,920
Restricted cash	**156,314**	152,454
Accounts receivable	**88,599**	4,450
Prepaid expenses	**63,973**	65,798
	6,450,223	10,697,622
Equipment (Note 5)	**114,270**	104,702
Resource property costs (Note 6)	**1,460,001**	1,074,150
	$ 8,024,494	$ 11,876,474
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 383,837**	$ 349,354
Due to related parties (Note 8)	**11,364**	14,757
	395,201	364,111
Shareholders' Equity		
Share capital (Note 7(a))	**19,517,590**	18,740,037
Contributed surplus (Note 7(a))	**6,704,977**	6,324,624
Deficit	**(18,464,012)**	(13,652,864)
Accumulated other comprehensive (loss) income	**(129,262)**	100,566
	7,629,293	11,512,363
	$ 8,024,494	$ 11,876,474

Nature of Operations (Note 1)

Approved by the Board "Robert Hinchcliffe" Director "David De Witt" Director

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

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Expenses				
Depreciation	**$ 10,361**	$ 13,097	**$ 20,735**	$ 23,095
Exploration costs	**1,230,067**	1,120,578	**3,050,445**	2,068,581
General and administrative expenses	**331,907**	162,933	**771,657**	751,863
Listing and filing fees	**19,165**	39,149	**30,430**	47,192
Professional fees	**257,509**	102,319	**408,823**	203,642
Stock-based compensation	**195,717**	257,717	**551,240**	293,800
Travel	**46,122**	1,510	**81,364**	50,199
	2,090,848	1,697,303	**4,914,694**	3,438,372
Loss before the following	**(2,090,848)**	(1,697,303)	**(4,914,694)**	(3,438,372)
Interest income	**53,116**	59,615	**142,260**	84,123
Foreign exchange (loss) gain	**(8,298)**	6,132	**(38,714)**	7,568
Net loss for the period	**$ (2,046,030)**	(1,631,556)	**$ (4,811,148)**	$ (3,346,681)
Loss per share - basic and diluted	**$ (0.04)**	$ (0.04)	**$ (0.09)**	$ (0.09)
Weighted average number of common shares	**52,175,412**	40,072,406	**51,242,708**	35,831,980

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 Comprehensive Loss
(Expressed in United States Dollars)
(Unaudited)

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Net loss	**$ (2,046,030)**	$ (1,631,556)	**$ (4,811,148)**	$ (3,346,681)
Other comprehensive (loss) income				
Unrealized foreign currency translation	**72,556**	221,571	**(229,828)**	219,953
Total comprehensive loss	**$ (1,973,474)**	**$ (1,409,985)**	**$ (5,040,976)**	$ (3,126,728)

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)

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Share capital				
Balance at beginning of period	**$ 18,754,558**	$ 7,264,005	**$ 18,740,037**	$ 6,789,040
Shares issued for private placements	**-**	3,137,772	**-**	3,137,772
Shares issued for property acquisition	**58,904**	570,357	**58,904**	570,357
Exercise of stock options	**17,180**	33,877	**17,180**	61,140
Exercise of warrants	**518,404**	793,118	**530,582**	1,094,428
Exercise of agent's warrants	**-**	127,012	**-**	135,234
Exercise of broker options	**-**	19,926	**-**	21,138
Share issuance costs	**-**	(337,115)	**-**	(337,115)
Fair value of options and warrants exercised	**168,544**	(25,140)	**170,887**	111,818
Balance at end of period	**$ 19,517,590**	$ 11,583,812	**$ 19,517,590**	$ 11,583,812
Contributed surplus				
Balance at beginning of period	**$ 6,677,804**	$ 1,710,607	**$ 6,324,624**	$ 1,811,482
Stock-based compensation	**195,717**	257,717	**551,240**	293,800
Warrants issued	**-**	1,678,158	**-**	1,678,158
Agent's warrants issued	**-**	(43,199)	**-**	(43,199)
Fair value of options and warrants exercised	**(168,544)**	(95,345)	**(170,887)**	(232,303)
Fair value of exercise of agent's warrants	**-**	(111,548)	**-**	(111,548)
Fair value of exercise of broker options	**-**	(11,248)	**-**	(11,248)
Balance at end of period	**$ 6,704,977**	$ 3,385,142	**$ 6,704,977**	$ 3,385,142
Deficit				
Balance at beginning of period	**$ (16,417,982)**	$ (5,688,739)	**$ (13,652,864)**	$ (3,973,614)
Net loss	**(2,046,030)**	(1,631,556)	**(4,811,148)**	(3,346,681)
Balance at end of period	**$ (18,464,012)**	$ (7,320,295)	**$ (18,464,012)**	$ (7,320,295)
Accumulated other comprehensive loss				
Balance at beginning of period	**$ (201,818)**	$ (13,613)	**$ 100,566**	$ (11,995)
Unrealized foreign currency translation	**72,556**	221,571	**(229,828)**	219,953
Balance at end of period	**$ (129,262)**	$ 207,958	**$ (129,262)**	$ 207,958

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 June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Cash resources provided by (used in):				
Operating activities				
Net loss for the period	**$ (2,046,030)**	$ (1,631,556)	**$ (4,811,148)**	$ (3,346,681)
Items not affecting cash:				
Depreciation	**10,361**	13,097	**20,735**	23,095
Stock-based compensation	**195,717**	257,717	**551,240**	293,800
Changes in current assets and liabilities:				
Accounts receivable	**(79,097)**	(3,496)	**(84,149)**	(4,363)
Prepaid expenses	**(6,621)**	(28,027)	**1,825**	(66,847)
Accounts payable and accrued liabilities	**(469,776)**	(50,022)	**34,483**	(16,678)
Due to related parties	**-**	(216,489)	**(3,393)**	(69,041)
	(2,395,446)	(1,658,776)	**(4,290,407)**	(3,186,715)
Investing activities				
Purchase of equipment	**-**	(38,545)	**(30,303)**	(38,545)
Resource property acquisition costs	**(300,847)**	(139,860)	**(326,947)**	(140,000)
Restricted cash	**-**	-	**(3,860)**	-
	(300,847)	(178,405)	**(361,110)**	(178,545)
Financing activities				
Share issuance proceeds, net of financing costs	**535,584**	5,166,268	**547,762**	5,504,275
Effect of foreign exchange rate changes on cash balances	**72,556**	218,335	**(229,828)**	219,953
Net decrease in cash and cash equivalents	**(2,088,153)**	3,547,422	**(4,333,583)**	2,358,968
Cash and cash equivalents, beginning of period	**8,229,490**	3,292,184	**10,474,920**	4,480,638
Cash and cash equivalents, end of period	**$ 6,141,337**	$ 6,839,606	**$ 6,141,337**	$ 6,839,606
Cash and cash equivalents consist of:				
Cash	**$ 1,039,593**	$ 4,142,269	**$ 1,039,593**	$ 4,142,269
Short-term investments	**5,101,744**	2,697,337	**5,101,744**	2,697,337
	$ 6,141,337	$ 6,839,606	**$ 6,141,337**	$ 6,839,606
Cash paid for income taxes	**$ -**	**$ -**	**$ -**	$ -

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

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, Canada 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 for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian generally accepted accounting principles 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 six month period ended June 30, 2008 may not necessarily be indicative of the results that may be expected for the year ended December 31, 2008.

The consolidated balance sheet at December 31, 2007 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 generally accepted accounting principles for annual consolidated financial statements. The 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, 2007, except as noted below. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended December 31, 2007.

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on January 1, 2008.

2. Basis of Presentation and Accounting Policies (Continued)

Capital Disclosures and Financial Instruments – Disclosures and Presentation (Continued)

Capital Disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non compliance. The Company has included disclosures recommended by the new Handbook section in note 3 to these interim consolidated financial statements.

Financial Instruments

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook sections in note 4 to these interim consolidated financial statements.

Recent Accounting Pronouncements

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. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

Goodwill and Intangible Assets

CICA Handbook Section 3064, Goodwill and Intangible Assets, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and Expenses during the Pre-operating Period. As a result of the withdrawal of EIC 27, the Company will no longer be able to defer costs and revenues incurred prior to commercial production at new operations. The new standard is effective as of January 1, 2009.

The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

3. Capital Management

The Company manages its capital structure and makes adjustments, based on the funds available to the Company, in order to support the acquisition, exploration and development of resource 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 to sustain the future development of the business.

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 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 six months period ended June 30, 2008. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

4. Financial Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is primarily attributable to cash equivalents, restricted cash and accounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash equivalents consist of guaranteed investment certificates. Restricted cash consists of certificates of deposit for the restoration costs of the resource properties. The 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 and receivable of exercised options and warrants from shareholders. 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 June 30, 2008, the Company had cash and cash equivalents and restricted cash balance of $6,297,651 (December 31, 2007 - $10,627,374) to settle current liabilities of $395,201 (December 31, 2007 - $364,111). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

4. Financial Risk Factors (Continued)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) 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 banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) 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 US 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.

(c) 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 designated its cash and cash equivalents and restricted cash as held-for-trading, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities, which are measured at amortized cost.

As at June 30, 2008, the carrying and fair value amounts of the Company's financial instruments are the same.

4. Financial Risk Factors (Continued)

Sensitivity analysis (Continued)

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

- Cash equivalents include deposits at call which are at variable rates. Sensitivity to a plus or minus 1% change in rates would affect net loss by approximately $26,000.
- The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash and cash equivalents, restricted cash, accounts receivable and accounts payable and accrued liabilities that are denominated in Canadian dollars. Sensitivity to a plus or minus 5% change in the foreign exchange rates would affect other comprehensive loss by approximately $290,000.
- 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 June 30, 2008, 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.

5. Equipment

June 30, 2008	Cost	Accumulated Amortization	Net Book Value
Office equipment	$ 48,822	$ 18,015	$ 30,807
Computer software	54,345	49,697	4,648
Equipment	120,061	41,246	78,815
	$ 223,228	$ 108,958	$ 114,270

December 31, 2007	Cost	Accumulated Amortization	Net Book Value
Office equipment	$ 43,741	$ 12,863	$ 30,878
Computer software	54,345	45,589	8,756
Equipment	94,839	29,771	65,068
	$ 192,925	$ 88,223	$ 104,702

(Expressed in United States Dollars)

6. Resource Property Costs

Cumulative acquisition costs per project under active exploration:

	June 30, 2008	December 31, 2007
Indian Springs	$ 834,705	$ 715,803
Victorio Mountain	558,347	358,347
California	66,949	-
	$ 1,460,001	$ 1,074,150

On a quarterly basis, management of the Company review acquisition costs to ensure resource property costs include only costs and projects that are eligible for capitalization.

For a description of the resource properties owned by the Company refer to Note 4 of the audited consolidated financial statements as at December 31, 2007. Specific changes to resource properties that occurred from January 1, 2008 to June 30, 2008 are as follows:

The Company signed an option agreement dated March 25, 2008 to purchase the FCC-814 gold property. On signing the company paid US$25,000 and another US$25,000 is owed in 6 months after the signing, followed by $75,000 in annual payments owed in years 2 through 4. The property can be purchased out right at any time for $5 per ounce of gold discovered based on the criteria of N.I. 43-101 compliant resources for those ounces that fall into the classification of Measured and Indicated category. Such payment to be paid entirely in cash, or such payment can be made 60% of the equivalent of Colombian Pesos and 40% of the equivalent in Galway shares.

On April 25, 2008, the Company made a payment of US$60,000 and issued 400,000 shares valued at Cdn $0.15 per share in connection with the acquisition of the Indian Springs property.

On May 29, 2008, the Company made a payment of US$200,000 with the acquistion of the Victorio Mountain property.

(Expressed in United States Dollars)

7. Share Capital

a) Details of share capital are as follows:

	Shares	Amount	Contributed Surplus	Total
Authorized				
Unlimited common shares without par value				
Issued and fully paid:				
Balance, December 31, 2007	50,303,566	$ 18,740,037	$ 6,324,624	$ 25,064,661
Exercise of stock options	100,000	31,015	(13,835)	17,180
Exercise of warrants	2,161,801	687,634	(157,052)	530,582
Share issued for property acquisition	400,000	58,904	-	58,904
Stock-based compensation	-	-	551,240	551,240
Balance, June 30, 2008	52,965,367	$ 19,517,590	$ 6,704,977	$ 26,222,567

b) Share purchase options

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

	Stock Options	Weighted Average Exercise Price
Balance, December 31, 2007	4,182,500	Cdn $ 0.71
Granted	320,000	0.50
Exercised	(100,000)	0.18
Expired or cancelled	(62,500)	1.03
Balance, June 30, 2008	4,340,000	Cdn $ 0.70

As at June 30, 2008, the Company had the following stock options outstanding and exercisable:

Number of Options Vested	Number of Options Outstanding	Exercise Price	Expiry Date
300,000	300,000	Cdn $ 0.10	October 19, 2010
827,500	827,500	0.18	April 25, 2011
150,000	150,000	0.81	August 16, 2011
731,250	962,500	0.66	January 25, 2012
145,000	145,000	0.83	February 19, 2012
842,500	1,635,000	1.12	August 6, 2012
-	320,000	0.50	February 1, 2013
2,996,250	4,340,000	Cdn $ 0.70	

(Expressed in United States Dollars)

7. Share Capital (Continued)

b) Share purchase options (Continued)

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

	2008
Risk-free interest rate	3.44%
Expected dividend yield	0%
Expected stock price volatility	110%
Expected life of options	5 years

The fair value of the options granted during the six months ended June 30, 2008 was $128,000. The weighted average fair value of these options was $0.40 per share.

As of June 30, 2008, the total stock-based compensation related to non-vested options was $222,311, which is to be recognized over the next two fiscal years.

c) Share purchase warrants

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

	Warrants	Weighted Average Exercise Price
Balance, December 31, 2007	13,058,289	Cdn $ 1.21
Exercised	(2,161,801)	0.25
Expired	(4,048,488)	1.25
Balance, June 30, 2008	6,848,000	Cdn $ 1.50

As at June 30, 2008, the Company had the following warrants outstanding:

Number of Warrants Outstanding	Exercise Price	Expiry Date
3,000,000	1.30	April 25, 2009
3,400,000	1.70	February 1, 2009
448,000	1.25	February 1, 2009
6,848,000	Cdn $ 1.50	

(Expressed in United States Dollars)

8. Related Party Transactions

Related party transactions are as follows:

During the six months ended June 30, 2008, $49,114 (June 30, 2007 - $54,490) was paid to a company with a director and officer in common for administrative services. Included in due to related parties is $10,875 (December 31, 2007 - $14,692) owing to this company.

During the six months ended June 30, 2008, $nil (June 30, 2007 - $30,000) was paid to a company of which a director is a principal for professional fees.

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.

9. Segmented Information

Details are as follows:

June 30, 2008	**Canada**	**USA**	**South America**	**Total**
Identifiable assets	$ 6,121,100	$ 1,743,050	$ 160,344	$ 8,024,494
Six Months Ended June 30, 2008				
Segmented operating loss	$ 807,631	$ 3,081,083	$ 922,434	$ 4,811,148

December 31, 2007	**Canada**	**USA**	**South America**	**Total**
Identifiable assets	$ 10,400,413	$ 1,357,458	$ 118,603	$ 11,876,474
Six Months Ended June 30, 2007				
Segmented operating loss	$ 539,747	$ 2,581,083	$ 225,851	$ 3,346,681