

Toronto, Ontario: October 31, 2008 - Galway Resources Ltd. (GWY: TSX-V) is pleased to announce today that it has entered into an option agreement with Rio Tinto Mining and Exploration Corporation (Rio Tinto) to acquire 100% interest in nine coal concessions totaling 7,500 hectares, roughly 50% of the previously drilled San Luis Coal basin located in Santander, Colombia. The project will be known as Carboluis.

"We are pleased to announce the first project resulting from our Colombian strategy of targeting coal properties that have the potential for quick resource development and production potential for a medium sized mine," said Rob Hinchcliffe. "Of the 29 previous drill holes in the overall San Luis Basin, the best holes were on the property we optioned, which enabled us to develop a seven hole program targeting an open-pittable resource of 20 to 30 million tons of high grade coal, that will be executed right away."

"There is already a coal production in the area and the infrastructure, which is already quite good, will be further improved with the new Carare railway, which will have a loading station at San Luis," cites Alfonso Gomez director of administration for Galway Resources Colombia. Mr. Gomez, is the former Director of Logistics and Community Affairs for El Cerrejon Coal mine, which is the largest coal mine in Latin America producing over 40 million tons each year.

Colombian Presence and Expertise

The San Luis Coal Basin (approximately 15,000 hectares) is believed to contain as much as 300 million tons (INGEOMINAS 2004) of coal resources in all categories. The region is known to contain 36 coal seams with coal widths ranging from 0.5 meters to over 3.0 meters. The coal basin is host to high quality coal, with historical drilling in the area showing high BTU content, an average in excess of 15,000 BTU's.

Galway's upcoming drilling campaign will begin to better define the potential for economic, low cost open-pittable coal reserves in the southern flank of the basin. The drilling program is expected to begin over the next week or so. A historic hole within the southern concession boundary (PC-307) encountered 18 meters of coal from 26 meters to a depth of 158 meters. The San Luis Area currently has one coal producer, Centromin which currently produces in excess of 300,000 tons per year, located directly adjacent to Galway's northern concessions in the San Luis Coal Basin.

"We are excited about the prospects for this project. We have extensively reviewed numerous projects here in Colombia, and are excited to move this project forward", states Alvaro Gutierrez the Vice President of Coal Exploration for Galway Resources. Mr. Gutierrez has 20 years of coal exploration in Colombia, and has held positions such as Director of

Exploration for CoalCorp, and prior to that was Project Manager of Exploration for the El Descanso project owned by Drummond.

The potential for reserves at Carboluis are conceptual in nature as there has been insufficient exploration to produce a qualified NI 43-101 resource estimate. It remains uncertain that future exploration will result in the discovery of a resource.

Colombian Coal Overview

After doubling the production and exports of coal in recent years Colombia is the largest exporter of coal to the United States, and is by far the largest coal producer in Latin America. More specifically, the total annual coal production is about 70 million tons and that figure is expected to double by 2015 as levels of foreign direct investments continue to increase with high energy prices. Colombia is recognized for its vast high grade coal resources along with its highly motivated and skilled labor force.

Terms of the Transaction

Galway retains the right to drop the project at any time, pursuant to exploration results and prevailing market conditions. Currently, management believes that there is sufficient working capital to undertake this commitment, while leaving additional resources for general corporate purposes. The terms of the option agreement call for payments in the first year of \$172,000 (\$50,000 on signing), second year \$575,000, and third year payments total \$3.4 million, for total payments of \$4.2 million. Additionally, the Company agrees to pay Rio Tinto Mining and Exploration (Rio Tinto) \$1.25 per ton of economic coal determined by completion of a feasibility study. The first payment of 20% will occur 3 months after the release of the feasibility study, and the balance or 80% will occur during the first four years of commercial production. Galway has also agreed as part of this agreement to drill a minimum of 3,000 meters each year for the first three years.

New Options

The Company has allocated 1,224,036 stock options at a price of \$0.09 to certain employees, directors, and officers for a period of 5 years.

About the Company

Galway Resources is also focused on commercializing the Victorio Project, (a molybdenum-tungsten project located in southwestern New Mexico) whose positive Scoping Study results were reported earlier this year. John Tumazos of Very Independent Opinion has been engaged to assess our strategic alternatives. Mr. Tumazos has more than 25 years working on Wall Street in the mining and steel sectors, providing strategic and transactional advice to companies and financial institutions. The Company will maintain flexibility and continue

to assess the strategic alternatives with our Colombian coal initiative as well. Management believes that its strategic portfolio of properties offers investors an interesting and attractive exposure to a unique blend of commodities (molybdenum, tungsten, metallurgical and thermal coal) in varying stages of development.

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The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

Forward Looking Statements:

Some statements in this news release contain forward-looking information. These statements include, but are not limited to, statements with respect to the completion of transactions, future exploration, development and production activities and future expenditures. These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. Such factors include, among others, the ability to complete contemplated transactions, the timing and success of future exploration, development and production activities and the timing and amount of expenditures.