

**Toronto, Ontario: June 25, 2009 - Galway Resources Ltd. (GWY: TSX-V)** is pleased to announce that the Company has successfully re-negotiated the deal terms with Rio Tinto for the Carboluis coal project located in Santander, Colombia. The total land package for the concessions represents roughly 50% of the San Luis coal basin, comprising 7,500 hectares. Nineteen historic drill holes, along with extensive surface sampling, have shown strong potential for the basin and the concession package.

“The new deal terms are more attractive and provide us with greater flexibility to bring in a joint venture partner to advance the project. Also, by pushing off the payments by one year, it enables Galway to potentially fund the next step of development internally, as market and funding conditions improve for coal exploration,” cites Robert Hinchcliffe, President and CEO of Galway Resources.

**The highlights of the modified deal terms with Rio Tinto include:**

- The \$122,000 payment due in the present quarter of 2009 has been postponed for one year, all future payments have been pushed off one year as well.
- Payment terms per ton for coal discovered are now payable with a 2% royalty on production for the life of the project. The prior arrangement was based on \$1.25/ton for any economical coal found paid over the first 5 years of commercial production.

**About the San Luis project**

The company implemented a drilling campaign with some success in the 4th quarter of 2008 and the 1st quarter of 2009. Management believes that a more aggressive drilling program is needed to determine the economic potential of the coal contained in the concessions. The Company is seeking out a joint venture partner to fund the next level of development, which would be an aggressive drilling program. The basin is recognized as having high grade coal containing a mixture of thermal and metallurgical coal. The project has favorable infrastructure with road access and available electricity. There is one producing mine in the San Luis basin, directly adjacent to Galway’s land package.

**Prodeco Joint Venture/GALCA update**

Drilling should begin on the GALCA coal project in late July or early August, during which the region has the most favorable weather conditions. As announced, a joint venture has been formed with Xstrata’s Colombian subsidiary, Prodeco, (the third largest Colombia coal producer, with 10 million tons of annual production), whereby Prodeco has agreed to fund the first \$7.5 million in expenditures in order to earn a 60% stake in the project. In order to attain 100% ownership, Prodeco has agreed to pay \$.80/ton up to \$70 million for any economical coal found in the area. This area has the potential to be an entirely new coal

basin in Colombia.

### **Annual General Meeting Update**

All motions were approved at the Annual General Meeting which was held on Monday, June 22, 2009. Included in the motions outlined in the Information Circular, was the appointment of Mr. Jose Oro to replace Mr. Leigh Freeman as a Director of the Company. The Company would like to thank Mr. Freeman for all his contributions as a Director, and wish him the very best in all future endeavors.

### **About the Company**

Galway Resources has engaged John Tumazos, of Very Independent Opinion, to help commercialize the flagship Victorio molybdenum project located in southwest New Mexico. Management is cognizant of the tough market conditions and is thus maintaining a balance of adding value to shareholders while conserving capital. Discussions are underway with a potentially interested party to form an alliance for the second stage of drilling at the Carboluis project in the San Luis coal basin. A drilling program will be underway at our GALCA project over the summer, funded by Prodeco.

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### **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, the possibility of coal deposits, future exploration, development and production activities, future expenditures and forecast Colombian coal production. 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, without limitation, the timing and success of contemplated transactions and exploration, development and production activities, the realization of coal deposits, the timing and amount of expenditures and actual realized Colombian Coal production. See the “risk factors” set out in Galway’s management’s discussion and analysis files on the SEDAR website.*