



NOT FOR DISTRIBUTION TO U.S. NEWS WIRE SERVICES OR DISSEMINATION IN THE UNITED STATES

Toronto, Ontario, December 16, 2010 - Galway Resources Ltd. (TSX Venture: GWY) ("Galway" or "the Company") is pleased to announce that it has entered into an agreement with a syndicate of underwriters led by GMP Securities L.P. (the "Lead Underwriter") and including Wellington West Capital Markets Inc. and MGI Securities Inc. (collectively, the "Underwriters"), pursuant to which the Underwriters have agreed to purchase, on a bought deal private placement basis, 25,000,000 units of the Company (the "Units"), at a price of C\$1.00 per Unit (the "Offering Price") for aggregate gross proceeds to Galway of C\$25,000,000 (the "Offering"). Each Unit will consist of one common share in the capital of the Company (each a "Common Share") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant will entitle the holder thereof to purchase one Common Share (a "Warrant Share") at a price of \$1.50 per Warrant Share (the "Exercise Price") for a period of two years following the closing of the Offering, except that if over a period of 20 consecutive trading days the daily volume weighted average trading price of the Common Shares on the TSX Venture Exchange exceeds the Exercise Price by 25% on each of those days, the Company will have the right to give notice in writing to the Lead Underwriter and to the holders of Warrants within 30 days of such an occurrence that the Warrants shall expire at 4:00 p.m. (Toronto time) on the 45th day following the giving of such notice unless exercised by the holders thereof prior to such date.

The Offering is expected to close on or about January 13, 2011 and is subject to the receipt of all necessary regulatory and stock exchange approvals, including the approval of the TSX Venture Exchange and applicable securities regulatory authorities.

The net proceeds are intended to be used by the Company to advance its California and Vetas gold projects located in Colombia and for general working capital and corporate purposes.

Vetas Spin-Out:

The Company is also pleased to announce its intention to spin-out its Vetas gold project into a newly incorporated, wholly-owned subsidiary to be distributed to its shareholders. Galway Resources believes the Spin-Out Transaction will help maximize shareholder value allowing the Company to focus on the California projects while shareholders enjoy growth opportunities in the development of the Vetas gold project. Upon completion of the transfer of the Vetas gold project and a portion of the proceeds from the Offering as working capital



for the subsidiary, Galway intends to distribute common shares of the subsidiary to its shareholders on a pro rata basis (the “Spin-Out Transaction”).

It is anticipated that the Spin-Out Transaction will be completed pursuant to a plan of arrangement or other suitable transaction and will be subject to TSX Venture Exchange, regulatory and court approval, as well as shareholder approval. Further details of the Spin-Out Transaction will be announced.

In January 2010, Galway announced that it had entered into a binding agreement to acquire a 100% interest in the Reina de Oro and Coloro properties in the center of the historic Vetás Gold Mining District in Colombia. The properties are mostly contiguous and collectively comprise 542 hectares (1,339 acres). The Reina de Oro property’s main asset at present, the El Volcan Mine, has been the site of gold mining since the 1590’s and has produced among the most gold of any in the historic California-Vetas gold mining district. The town of Vetás is located approximately 8 kilometers southeast of California, the sight of the Company’s ongoing gold exploration program, on strike with Ventana’s and Greystar’s major gold discoveries. Drilling is expected to commence in the first quarter of 2011.

Grades returned from our channel sampling program include 104.8 grams per tonne (g/t) gold (Au) over a strike length of 70.1 meters (0.8 m true width), and 317.6 g/t Au over a strike length of 25 meters (0.8m true width) including 1,374.8 g/t Au over a strike length of 5.0 meters from two different veins. Results from over 1,400 samples have been reported on. Visit Galway’s website at www.galwayresources.com for additional information.

Review by Qualified Person, Quality Control and Reports

In compliance with National Instrument 43-101, Mr. Mike Sutton P.Geo., is the Qualified Person responsible for the accuracy of this news release. All samples were assayed for Metallic Screen test by ALS Chemex (Prepared in Bogotá, tested in Peru). The Company’s QA/QC program includes the regular insertion of blanks and standards into the sample shipments. All widths are true widths.

About the Company

Galway Resources is a well capitalized company, primarily focused on the exploration of gold and coal in Colombia. The core focus of the Company is gold exploration in northeast Colombia with a drilling program occurring at the California gold project and extensive underground channel and surface sampling taking place at the nearby Vetás gold project. The Company has also reported that drilling has occurred at the GALCA coal project in



Colombia, which is being managed and funded by Prodeco, the Colombian subsidiary of Glencore. Efforts are underway to secure access from the GALCA property owners to move the drill rig to the next set of planned drill holes.

For further information, please contact:

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Cautionary Note

Forward-Looking Statements: Statements in this release that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed under the heading "Risk Factors" and elsewhere in the corporations' periodic filings with Canadian Securities Regulators. Such information contained herein represents management's best judgment as of the date hereof based on information currently available. Statements in this press release other than purely historical information, including statements relating to the companies' future plans and objectives or expected results, constitute forward-looking statements. Forward looking statements are based on numerous assumptions and are subject to all of the risks and uncertainties inherent in the companies' business, including risks inherent in mineral exploration and development. The companies do not assume the obligation to update any forward-looking statement. In particular, a decision to place the Legacy Project into development, and the implementation of that decision, are subject to numerous risks and factors, including that ability to access capital sufficient to finance start-up costs. Additional risks include changes to economic factors used in the Feasibility Study that may impact the feasibility of the project, unexpected limitations on expansion of estimates of resource and reserves, permitting risks and other economic and processing factors, all of which may be beyond our control.

Neither the TSX Venture Exchange nor its regulation services provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws and may not be offered or sold in the United States or to U.S. persons except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities laws or pursuant to an exemption therefrom. Accordingly, this news release does not constitute an offer for sale of securities in the United States.