

Galway Metals Inc.

**Condensed Interim Consolidated Financial Statements
For the Three Months Ended March 31, 2013**

(Expressed in United States Dollars)

(Unaudited)

MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements of Galway Metals Inc. [the "Company"] are the responsibility of the management and Board of Directors of the Company.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes which are in place to provide them sufficient knowledge to support management 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 condensed interim consolidated financial statements and (ii) the unaudited interim condensed consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Galway Metals Inc.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in United States Dollars)
(Unaudited)

As at	March 31, 2013	December 31, 2012
Assets		
Current assets		
Cash	\$ 11,778,113	\$ 11,883,874
Prepays and deposits	28,861	30,433
	11,806,974	11,914,307
Non-current asset		
Restricted cash	125,270	125,270
Resource property costs (Note 3)	1,527,651	1,527,651
	\$ 13,459,895	\$ 13,567,228
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 150,581	\$ 119,475
Advances from Galway Gold Inc. (Note 7)	65,865	-
	216,446	119,475
Shareholders' Equity		
Common shares (Note 6)	13,553,050	13,553,050
Accumulated other comprehensive income	(239,900)	2,348
Deficit	(69,701)	(107,645)
	13,243,449	13,447,753
	\$ 13,459,895	\$ 13,567,228

Nature of Operations (Note 1)

Approved by the Board "Robert Hinchcliffe" Director
"Robb Doub" Director

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

Galway Metals Inc.
Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Loss
(Expressed in United States Dollars)
(Unaudited)

For the three months ended March 31, 2013

Expenses		
Exploration expenses (Note 5)	\$	49,261
Administrative expenses (Note 6)		157,589
Gain on foreign exchange		(244,794)
		(37,944)
Net Income	\$	37,944
Items that will be reclassified subsequently into income:		
Cumulative translation adjustment	\$	(242,248)
Net comprehensive loss	\$	(204,304)
Loss per share - basic and diluted	\$	nil
Weighted average number of common shares outstanding		149,635,739

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

Galway Metals Inc.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in United States Dollars)
(Unaudited)

	Share Capital	Accumulated Other Comprehensive Income	Deficit	Total
Balance, , December 31, 2012	\$ 13,553,050	\$ 2,348	\$ (107,645)	\$ 13,447,753
Cumulative translation adjustment	-	(242,248)	-	(242,248)
Net income for the period	-	-	37,944	37,944
Balance, March 31, 2013	\$ 13,553,050	\$ (239,900)	\$ (69,701)	\$ 13,243,449

	Share Capital	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 20, 2012	\$ 13,553,050	\$ 434	\$ -	\$ 13,553,484
Cumulative translation adjustment	-	1,914	-	1,914
Net loss for the period	-	-	(107,645)	(107,645)
Balance, December 31, 2012	\$ 13,553,050	\$ 2,348	\$ (107,645)	\$ 13,447,753

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

Galway Metals Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in United States Dollars)
(Unaudited)

For three months ended March 31, 2013

Cash (used in) provided by:

Operating activities

Net income for the period	\$	37,944
Changes in current assets and liabilities:		
Prepays and deposits		1,572
Accounts payable and accrued liabilities		31,106
Advances from Galway Gold Inc.		65,865

136,487

Effect of foreign exchange rate changes on cash balances **(242,248)**

Net change in cash **(105,761)**

Cash, beginning of period **11,883,874**

Cash, end of period **\$ 11,778,113**

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

Galway Metals Inc.
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States Dollars)
March 31, 2013
(Unaudited)

1. Nature of Operations

Galway Metals Inc. ("Galway Metals" or "the Company") was incorporated pursuant to the Business Corporations Act (New Brunswick) on May 9, 2012. Galway Metals' head office is located at 36 Toronto Street, Suite 1000, Toronto, Ontario, Canada, M5C 2C5. Galway Metals was incorporated for the sole purpose of participating in the Plan of Arrangement (the "Arrangement") which closed December 20, 2012 involving Galway Metals, Galway Gold Inc., Galway Resources Ltd. ("Galway"), AUX Acquisition 2 S.à.r.l. ("AUX") and AUX Canada Acquisition 2 Inc., formerly 2346407 Ontario Inc. ("AUX Canada"), a wholly owned subsidiary of AUX. Prior to the close of the Arrangement Agreement, Galway Metals did not carry on any active business.

Under the Arrangement, AUX Canada acquired all of the common shares of Galway not already owned by AUX Canada and its affiliates and pursuant to the Arrangement, Galway shareholders received for each Galway common share: cash consideration of Cdn\$2.05 per share, one common share of Galway Metals, and one common share in a new exploration and development company, Galway Gold Inc. Under the Arrangement, Galway transferred to Galway Metals and Galway Metals holds indirectly as assets a 100% interest in Galway's Victorio project, being a molybdenum-tungsten exploration project located in New Mexico (the "Victorio Project") and US\$12 million in net working capital. Upon completion of the Arrangement, Galway's existing securityholders own 100% of the Galway Metals shares outstanding, proportionate to their ownership of Galway at the time the Arrangement was completed.

The Arrangement was completed by way of statutory Plan of Arrangement under the Business Corporations Act (Ontario). The Arrangement was approved by Galway shareholders and warrant holders at a special meeting held on December 17, 2012.

Galway Metals is in the process of exploring the Victorio Project and has not yet determined whether the mineral properties contain mineral reserves that are economically recoverable. The continuing operations of Galway Metals and the underlying value and recoverability of the amounts shown for mineral properties are entirely dependent upon the existence of economically recoverable mineral reserves, the ability to obtain the necessary financing to complete the exploration and development of the mineral property interests and on future profitable production or proceeds from the disposition of the mineral property interests.

On January 4, 2013, the Company's common shares commenced trading on the TSX Venture Exchange under the symbol "GLM".

2. Accounting Policies

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2012.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 30, 2013.

Galway Metals Inc.
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States Dollars)
March 31, 2013
(Unaudited)

2. Accounting Policies (Continued)

Basis of Presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates.

Basis of Consolidation

These consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiaries, Galway Resources US Inc, and Nyak Resources Inc. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer of the Company.

The Company has determined that it has one operating segment, the acquisition, exploration and development of mineral resource properties, currently located in New Mexico. The Company's corporate head office expenditures are considered incidental to the activities of the Company and therefore do not meet the definition of an operating segment.

Changes in Accounting Policies

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods after December 31, 2012. The following new standards have been adopted:

- (i) IFRS 10 – Consolidated financial statements ("IFRS 10") was issued by the IASB in May 2011. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.
- (ii) IFRS 11 – Joint arrangements ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

Galway Metals Inc.
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States Dollars)
March 31, 2013
(Unaudited)

2. Accounting Policies (Continued)

Changes in Accounting Policies (Continued)

- (iii) IFRS 12 – Disclosure of interests in other entities (“IFRS 12”) was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company’s unaudited condensed interim consolidated financial statements.
- (iv) IFRS 13 – Fair Value Measurement is effective for the Company beginning on January 1, 2013, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company’s unaudited condensed interim consolidated financial statements given the existing asset and liability mix of the Company to which fair value accounting applies.
- (v) IAS 1 – Presentation of financial statements (“IAS 1”) was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company’s unaudited condensed interim consolidated financial statements.
- (vi) IAS 27 - Separate Financial Statements (“IAS 27”) was effective for annual periods beginning on or after January 1, 2013, as a result of the issue of the new consolidation suite of standards, IAS 27 has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company’s unaudited condensed interim consolidated financial statements.
- (vii) IAS 28 - Investments in Associates and Joint Ventures (“IAS 28”) was issued by the IASB in May 2011 and supersedes IAS 28 - Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. At January 1, 2013, the Company adopted this standard and there was no material impact on the Company’s unaudited condensed interim consolidated financial statements.
- (viii) In October 2011, the IASB issued IFRIC - 20 Stripping Costs in the Production Phase of a Surface Mine. This interpretation requires the capitalization and depreciation of stripping costs in the production phase if an entity can demonstrate that it is probable future economic benefits will be realized, the cost can be reliably measured and the entity can identify the component of the ore body for which access has been improved. Retrospective application of this interpretation is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. At January 1, 2013, the Company adopted this interpretation and there was no material impact on the Company’s unaudited condensed interim consolidated financial statements.
- (ix) IFRS 7 - Financial Instruments: Disclosures (“IFRS 7”) was amended by the IASB in December 2011 to amend the disclosure requirements in IFRS 7 to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 - Financial Instruments: Presentation.

Galway Metals Inc.
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States Dollars)
March 31, 2013
(Unaudited)

3. Resource Property Costs

Cumulative acquisition costs:

	Victorio Mountain
Balance, December 31, 2012	\$ 1,527,651
Translation adjustment	-
Balance, March 31, 2013	\$ 1,527,651

For details on the Company's mineral properties, please see note 5 of the Company's December 31, 2012 audited consolidated financial statements.

- i) In April 2013, the Company renegotiated the timing of its required cash and share payments for its Victorio property. Under the revised terms, the Company is obligated to make payments as follows:
- payment of \$100,000 on June 1, 2013 and 50,000 Galway common shares; and
 - payment of \$200,000 on June 1, 2014 and 50,000 Galway common shares;
 - payment of \$400,000 on June 1, 2015;
 - payment of \$600,000 on June 1, 2016;

4. Share Capital

Authorized: Unlimited number of common shares
 Unlimited number of preferred shares issuable in series, the terms of which may be fixed by the Board of Directors before the issuance thereof

Common shares issued:

	Number of Shares	Amount
Balance, December 31, 2012 and March 31, 2013	149,635,739	\$ 13,553,050

5. Exploration Expenses

For the three months ended March 31, 2013

Geological	\$	22,934
Assaying		3,318
General exploration expense		20,848
Other		2,161
Total	\$	49,261

Galway Metals Inc.
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States Dollars)
March 31, 2013
(Unaudited)

6. Administrative Expenses

For the three months ended March 31, 2013

Salaries and benefits	\$	45,836
Travel expense		46,301
Office and general		35,853
Public company costs		18,110
Insurance		4,042
Professional fees		7,447
Total		\$ 157,589

7. Related Party Transactions

During the three months ended March 31, 2013, the Company was advanced \$200,000 by Galway Metals Inc., a company sharing common officers and directors, for the purposes of funding certain administrative and operational activities paid by Galway Metals on the Company's behalf. As at March 31, 2013, a balance of \$65,865 (December 31, 2012 - \$Nil) remained.

Remuneration of directors and officers included in administrative expenses are as follows:

For the three months ended March 31, 2013

Remuneration paid for CEO and CFO services	\$	60,630
--	----	--------

During the three months ended March 31, 2013, the Company accrued or paid \$10,630 for accounting and CFO services to an organization where the Company's CFO is a member of senior management. Included in accounts payable as at December 31, 2012, is \$13,796 (December 31, 2013 - \$7,500) owed in relation to these services.

The above transactions, occurring in the normal course of operations, are measured at the amount of consideration established and agreed to by the related parties.

8. Segment Reporting

The Company's only operating segment is the acquisition, exploration and development of mineral resource properties in the United States. The Company's non-current assets are all located in the United States.