

Galway Metals Inc.

**Consolidated Financial Statements
For the Three Months Ended March 31, 2014 and 2013**

**(Expressed in United States Dollars)
(Unaudited)**

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL REPORTING

The accompanying condensed interim consolidated financial statements of Galway Metals Inc. [the "Company"] were prepared by management in accordance with International Financial Reporting Standards. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB").

Management has established processes which are in place to provide them with sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the condensed 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 condensed interim consolidated financial statements and (ii) the condensed interim 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 condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the 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 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 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, 2014	December 31, 2013
Assets		
Current assets		
Cash	\$ 11,046,517	\$ 11,064,042
Prepays and deposits	31,962	35,629
Due from Galway Gold Inc. (Note 8)	65,945	108,789
	11,144,424	11,208,460
Non-current asset		
Restricted cash	125,270	125,270
	\$ 11,269,694	\$ 11,333,730
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 109,442	\$ 95,319
Shareholders' Equity		
Common shares (Note 6)	13,678,833	13,554,998
Contributed surplus	396,385	446,624
Accumulated other comprehensive (loss) income	(1,070,612)	(656,930)
Deficit	(1,844,354)	(2,106,281)
	11,160,252	11,238,411
	\$ 11,269,694	\$ 11,333,730

Nature of Operations (Note 1)

Subsequent Events (Note 13)

Approved by the Board "Robert Hinchcliffe" Director

 "Robb Doub" Director

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

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

For the Three Months Ended March 31,	2014	2013
Expenses		
Exploration expenses (Note 6)	\$ 503	\$ 49,261
Administrative expenses (Note 7)	142,143	157,589
Stock-based compensation (Note 5)	15,382	-
Loss (Gain) on foreign exchange	(414,948)	(244,794)
Write-down of resource property costs (Note 3)	-	-
	(256,920)	(37,944)
Other (Income) Expense		
Interest income	(5,007)	-
Net Income	\$ 261,927	\$ 37,944
Other Comprehensive Loss		
Items that will be reclassified subsequently into income:		
Cumulative translation adjustment	\$ (413,682)	\$ (242,248)
Net Comprehensive Loss	\$ (151,755)	\$ (204,304)
Earnings(Loss) per share - basic and diluted	\$ 0.01	\$ nil
Weighted average number of common shares outstanding	50,324,837	149,635,739

The accompanying notes are an integral part of these unaudited 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	Contributed Surplus	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
Balance, December 31, 2013	\$ 13,554,998	\$ 446,624	\$ (656,930)	\$ (2,106,281)	\$ 11,238,411
Cumulative translation adjustment	-	-	(413,682)	-	(413,682)
Exercise of stock options	123,835	(65,621)	-	-	58,214
Stock-based compensation	-	15,382	-	-	15,382
Net income for the period	-	-	-	261,927	261,927
Balance, March 31, 2014	\$ 13,678,833	\$ 396,385	\$ (1,070,612)	\$ (1,844,354)	\$ 11,160,252

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

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

For the Three Months Ended March 31,	2014	2013
Cash (used in) provided by:		
Operating activities		
Net income for the period	\$ 261,927	\$ 37,944
Share-based compensation (Note 5)	15,382	-
Changes in current assets and liabilities:		
Prepays and deposits	3,667	1,572
Accounts payable and accrued liabilities	14,123	31,106
Due from Galway Gold Inc.	42,844	65,865
	337,943	136,487
Financing activities		
Net proceeds from issuance of shares	58,214	-
Effect of foreign exchange rate changes on cash balances	(413,682)	(242,248)
Net change in cash	(17,525)	(105,761)
Cash, beginning of period	11,064,042	11,883,874
Cash, end of period	\$ 11,046,517	\$ 11,778,113

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

Galway Metals Inc.
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States Dollars)
March 31, 2014
(Unaudited)

1. Nature of Operations

Galway Metals Inc. 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 is in the process of exploring the Victorio Project and has not yet determined whether its mineral properties contain mineral reserves that are economically recoverable. In the meantime, the carrying value of the Victorio project has been written down to \$nil. See Note 3. 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.

The Company's common shares trade 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, 2013.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 29, 2014.

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. 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.

Galway Metals Inc.
Notes to Condensed Interim Consolidated Financial Statements
(Expressed in United States Dollars)
March 31, 2014
(Unaudited)

2. Accounting Policies (Continued)

Changes in Accounting Policies

IFRIC 21 Levies sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognized. On January 1, 2014, the Company adopted this pronouncement and there was no material impact upon the Company's unaudited condensed interim consolidated financial statements.

Future Accounting Pronouncements

In November 2009, the IASB issued, and subsequently revised in October 2010, IFRS 9 as a first phase in its ongoing project to replace IAS 39. IFRS 9, which is to be applied retrospectively, will be effective for annual periods beginning on or after January 1, 2018.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The Company is in the process of assessing the impact of this announcement.

There are no other relevant IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

3. Resource Property Costs

Cumulative acquisition costs:

Victorio Mountain	Three Months Ended March 31, 2014	Three Months Ended March 31 2013
Balance, beginning of period	\$ -	\$ 1,527,651
Additions	-	-
Write-down	-	-
Balance, end of period	\$ -	\$ 1,527,651

Management has assessed the carrying value of the Victorio Project. The Company determined there were indicators of impairment and effective as of the fourth quarter of 2013 management recognized an impairment charge of \$1,629,599. The Company has estimated the recoverable amount based on a number of factors, including with reference to the Company's market capitalization and management's models and plans relating to the Victorio Project. The aggregate impairment charge has been recorded as impairment of non-current assets on the consolidated statement of comprehensive loss.

On April 23, 2014, the Company renegotiated the option payments associated with the Victorio project. the revised terms are as follows:

- payment of \$75,000 on June 1, 2014 and 50,000 Galway common shares;
- payment of \$75,000 on June 1, 2015;
- payment of \$75,000 on June 1, 2016;
- payment of \$75,000 on June 1, 2017;
- payment of \$900,000 on June 1, 2018;

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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
Balance, December 31, 2013	49,895,248	\$ 13,554,998
Shares issued on exercise of stock options	650,000	123,835
Balance, March 31, 2014	50,545,248	\$ 13,678,833

5. Stock Options

The following table reflects the continuity of stock options for the years ended December 31, 2013 and 2012

	Number of Stock Options	Weighted Average Exercise Price (CDN)
Balance, December 31, 2013	4,825,000	\$0.10
Exercised	(650,000)	\$0.10
Balance, March 31, 2014	4,175,000	\$0.10

The following table reflects the stock options outstanding as at March 31, 2014:

Expiry Date	Exercise Price(CDN)	Weighted Average Life Remaining	Options Outstanding	Black-Scholes Value
December 4, 2023	\$ 0.10	9.67 years	4,175,000	\$ 421,485

Of the 4,125,000 options outstanding as at March 31, 2014, 3,725,000 were exercisable.

6. Exploration Expenses

Three Months Ended	March 31, 2014	March 31, 2013
Geological	\$ -	\$ 22,934
Assaying	-	3,318
General exploration expense	503	20,848
Other	-	2,161
Total	\$ 503	\$ 49,261

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7. Administrative Expenses

Three Months Ended	March 31, 2014	March 31, 2013
Salaries and benefits	\$ 65,334	\$ 45,836
Office and general	17,721	35,853
Public company costs	27,724	18,110
Insurance	5,331	4,042
Professional fees	21,927	7,447
Travel expense	4,106	46,301
Total	\$ 142,143	\$ 157,589

8. Related Party Transactions

During the three months ended March 31, 2014, the Company received \$150,000 (three months ended March 31, 2013 - \$200,000) from Galway Gold Inc., a company sharing common officers and directors, for the purposes of funding certain administrative and operational activities paid by the Company on the Galway Gold's behalf. As at March 31, 2014, a balance of receivable of \$65,945 (December 31, 2013 - \$108,789) remained, representing net expenses incurred on Galway Gold's behalf in excess of reimbursements received. Subsequent to period end, the balance was repaid.

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

Three Months Ended	March 31, 2014	March 31, 2013
Remuneration paid for CEO and CFO services	\$ 54,077	\$ 60,630
Stock-based compensation - directors and officers	\$ -	\$ -

During the year ended December 31, 2013, the Company expensed \$13,510 (three months ended March 31, 2013 - \$10,630) to Marrelli Support Services Inc. ("Marrelli Support") and DSA Corporate Services Inc. (the "DSA"), together known as the "Marrelli Group" for:

- (i) Robert D.B. Suttie, Vice President of Marrelli Support, to act as Chief Financial Officer ("CFO") of the Company;
- (ii) Bookkeeping and office support services;
- (iii) Regulatory filing services
- (iv) Corporate secretarial services

The Marrelli Group is also reimbursed for out of pocket expenses.

As of March 31, 2014, the Marrelli Group was owed \$15,549 (December 31, 2013 - \$15,902). These amounts are included in accounts payable and accrued liabilities.

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations. To the Company's knowledge, as at the date hereof, the only person who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Company's common shares is Robert Hinchcliffe, the President and CEO of the Company, who beneficially owns approximately 12.4% of the Company's common shares.

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9. 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.

10. Subsequent Events

- i) On April 16, 2014, the Company announced that it had completed a non-brokered private placement financing (the "Financing"). The Financing consisted of the sale of 6,600,000 units (each, a "Unit") at a price of \$0.10 per Unit, with each Unit consisting of one common share of the Company (each, a "Share") and one-half of one Share purchase warrant (each whole such warrant, a "Warrant"), each Warrant entitling the holder to acquire one additional Share until April 16, 2017 at a price of \$0.15 per Share. 4,150,000 of the 6,600,000 Units were acquired by the CEO of the Company and 250,000 units were acquired by a director of the Company. The financing was approved by all of the non-interested directors of the Company and was exempt from the valuation and minority approval requirements in Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions on the basis of certain exemptions available thereunder. The Financing was also approved by the TSX Venture Exchange. All securities issued pursuant to the Financing are subject to a statutory hold period of four months.

On May 20, 2014, the Company announced that it had been notified that a shareholder of the Company submitted a request for a hearing review by the British Columbia Securities Commission (the "BCSC") of the decision (the "Decision") of the TSX Venture Exchange to approve the Financing. The shareholder requested that the BCSC issue an order (i) setting aside the Decision and (ii) issuing a cease trade order in respect of the Units (and underlying securities) issued in the Financing until the Financing has effectively been unwound. All subscribers to the Financing have been informed of the appeal.

- ii) On April 23, 2014, the Company renegotiated the option payments associated with the Victorio project. The revised terms are as follows:
- payment of \$75,000 on June 1, 2014 and 50,000 Galway Metals common shares;
 - payment of \$75,000 on June 1, 2015;
 - payment of \$75,000 on June 1, 2016;
 - payment of \$75,000 on June 1, 2017; and
 - payment of \$900,000 on June 1, 2018.