

**Galway Metals Inc.**

**Consolidated Financial Statements  
For the Three and Nine Months Ended September 30, 2017 and 2016  
(Expressed in Canadian Dollars)**

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

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

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 it with sufficient knowledge to support management representations that it has exercised reasonable diligence in that (i) the unaudited 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 unaudited condensed interim consolidated financial statements and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations 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**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

**Galway Metals Inc.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

As at	September 30, 2017	December 31, 2016 <i>(Restated - Note 2)</i>	January 1, 2016 <i>(Restated - Note 2)</i>
<b>Assets</b>			
Current assets			
Cash	\$ 4,284,261	\$ 8,710,297	\$ 13,892,136
Prepays and deposits	468,781	160,392	25,911
	<b>4,753,042</b>	8,870,689	13,918,047
Non-current asset			
Restricted cash	55,967	56,379	173,384
Resource property costs (Note 3)	3,648,585	3,567,505	-
	<b>\$ 8,457,594</b>	\$ 12,494,573	\$ 14,091,431
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities (Note 9)	\$ 602,752	\$ 215,079	\$ 172,479
Deferred tax liability	-	-	227,045
	<b>602,752</b>	215,079	399,524
<b>Shareholders' Equity</b>			
Common shares (Note 6)	13,425,058	12,650,434	12,508,042
Contributed surplus	1,166,689	1,115,495	581,939
Accumulated other comprehensive loss	133,800	(183,387)	(23,588)
Deficit	(6,870,705)	(2,354,768)	625,514
	<b>7,854,842</b>	11,227,774	13,691,907
	<b>\$ 8,457,594</b>	\$ 11,442,853	\$ 14,091,431

**Contingency (Note 8)**

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.**  
**Consolidated Statements of Income (Loss) and Comprehensive Loss**  
**(Expressed in Canadian Dollars)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016 (Restated - Note 2)	2017	2016 (Restated - Note 2)
<b>Expenses</b>				
Administrative expenses (Note 7)	\$ 239,936	\$ 323,829	\$ 753,406	\$ 840,516
Stock-based compensation (Note 5)	71,537	341,649	245,218	341,649
Loss (Gain) on foreign exchange	54,745	(143,871)	88,728	754,913
Exploration expenses	1,261,504	874,412	3,454,670	939,203
	<b>1,627,722</b>	<b>1,396,019</b>	<b>4,542,022</b>	<b>2,876,281</b>
<b>Other Income</b>				
Interest income	(18,298)	(9,489)	(26,085)	(17,276)
<b>Net (Loss) Income</b>	<b>\$ (1,609,424)</b>	<b>\$ (1,386,530)</b>	<b>\$ (4,515,937)</b>	<b>\$ (2,859,005)</b>
<b>Other Comprehensive Income (Loss)</b>				
Items that will be reclassified subsequently into income:				
Cumulative translation adjustment	\$ 290,343	\$ (823,750)	\$ 317,187	\$ (790,356)
<b>Net Comprehensive loss</b>	<b>\$ (1,319,081)</b>	<b>\$ (2,210,280)</b>	<b>\$ (4,198,750)</b>	<b>\$ (3,649,361)</b>
<b>(Loss) income per share - basic and diluted</b>	<b>\$ (0.03)</b>	<b>\$ (0.02)</b>	<b>\$ (0.07)</b>	<b>\$ (0.05)</b>
<b>Weighted average number of common shares outstanding</b>	<b>61,660,180</b>	<b>57,519,632</b>	<b>60,554,700</b>	<b>57,303,376</b>

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 Canadian Dollars - As Restated, See Note 2)  
(Unaudited)

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
Balance, December 31, 2015	\$ 12,508,042	\$ 581,939	\$ (23,588)	\$ 625,514	\$ 13,691,907
Cumulative translation adjustment	-	-	26,844	-	26,844
Shares issued for property	275,938	-	-	-	275,938
Stock-based compensation	-	341,649	-	-	341,649
Net income for the period	-	-	-	(2,859,005)	(2,859,005)
<b>Balance, September 30, 2016</b>	<b>\$ 12,783,980</b>	<b>\$ 923,588</b>	<b>\$ 3,256</b>	<b>\$ (2,233,491)</b>	<b>\$ 11,477,333</b>
Balance, December 31, 2016	12,650,434	1,115,495	(183,387)	(2,354,768)	11,227,774
Cumulative translation adjustment	-	-	317,187	-	317,187
Stock-based compensation	-	245,218	-	-	245,218
Exercise of options	10,399	(5,399)	-	-	5,000
Exercise of warrants	683,625	(188,625)	-	-	495,000
Shares issued for property	80,600	-	-	-	80,600
Net loss for the period	-	-	-	(4,515,937)	(4,515,937)
<b>Balance, September 30, 2017</b>	<b>\$ 13,425,058</b>	<b>\$ 1,166,689</b>	<b>\$ 133,800</b>	<b>\$ (6,870,705)</b>	<b>\$ 7,854,842</b>

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 Canadian Dollars)**  
**(Unaudited)**

<b>For the Nine Months Ended September 30,</b>	<b>2017</b>	<b>2016</b> <i>(Restated - Note 2)</i>
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net (loss) income for the period	\$ (4,515,937)	\$ (2,859,005)
Share-based compensation (Note 5)	245,218	341,649
Changes in current assets and liabilities:		
Prepays and deposits	(308,389)	(63,783)
Accounts payable and accrued liabilities	387,673	56,937
	<b>(4,191,435)</b>	<b>(2,524,202)</b>
<b>Investing activities</b>		
Resource property acquisition costs	(750,480)	(1,659,025)
<b>Financing activities</b>		
Net proceeds from issuance of shares	500,000	-
Unrealized foreign exchange (gain) loss	15,879	45,057
<b>Net change in cash</b>	<b>(4,426,036)</b>	<b>(4,138,170)</b>
Cash, beginning of period	8,710,297	13,892,136
<b>Cash, end of period</b>	<b>\$ 4,284,261</b>	<b>\$ 9,753,966</b>
<b>Supplementary Cash Flow Information</b>		
Shares issued for property (Note 3(i))	\$ 80,600	\$ -

*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 Canadian Dollars)**  
**For the Nine Months Ended September 30, 2017 and 2016**  
**(Unaudited)**

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**1. Nature of Operations**

Galway Metals Inc. ("the Company") was incorporated pursuant to the Business Corporations Act (New Brunswick) on May 9, 2012, and continued to the Province of Ontario on July 21, 2015. The Company's head office is located at 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

The Company is in the process of exploring the Clarence Stream and Estrades gold projects, located in New Brunswick and Quebec, respectively, and has not yet determined whether its mineral properties contain mineral reserves that are economically recoverable. The continuing operations of the Company 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 commenced trading on the TSX Venture Exchange under the symbol "GWM" on January 4, 2013.

**2. Accounting Policies**

**Statement of Compliance**

These unaudited 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 unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2016.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 29, 2017.

**Basis of Measurement**

The condensed interim consolidated financial statements have been prepared on the historical cost basis.

These condensed interim consolidated financial statements are presented in Canadian dollars. The functional currency of Company is the Canadian dollar. The functional currencies of the Company's foreign subsidiaries as of September 30, 2017 is the United States dollar. The Company changed the presentation currency from the United States dollar to the Canadian dollar with effect from January 1, 2017. In making this change in presentation currency to the Canadian dollar, the Company followed the guidance in IAS 21 The Effects of Changes in Foreign Exchange Rates and have applied the change prospectively with the January 1, 2017 statement of financial position translated at the January 1, 2017 exchange rate of 1 United States dollar = \$1.3426 Canadian dollar.

The change in presentation currency is to better reflect the Corporation's business activities and to improve an investor's ability to compare the Corporation's financial results with other publicly traded businesses in the mining industry.

**Galway Metals Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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**2. Accounting Policies (Continued)**

In making this change in presentation currency to the Canadian dollar, the Corporation followed the guidance in IAS 21, and has applied the change retrospectively as if the Canadian dollar had always been the Corporation's presentation currency, as follows:

- Assets and liabilities have been translated into the Canadian dollar at the rate of exchange prevailing at the respective reporting dates;
- The statements of comprehensive loss were translated at the average exchange rates for the respective reporting periods, or at the exchange rates prevailing at the applicable transaction date.
- Equity transactions have been translated at the exchange rate prevailing at the date of the transactions; and - Exchange differences arising on translation were recorded in accumulated other comprehensive loss in shareholders' equity.

The Company has presented a third statement of financial position as at January 1, 2016 without the related notes except for the disclosure requirements outlined in IAS 1 Presentation of Financial Statements. In addition, the comparative figures on the statement of operations were amended to conform to the current presentation.

**Basis of Presentation**

In the preparation of these unaudited condensed interim 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.



**Galway Metals Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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**(Unaudited)**

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**3. Resource Property Costs**

<b>For the Nine Months Ended September 30,</b>	<b>2017</b>	<b>2016</b> <i>(as restated - Note 2)</i>
<u>Clarence Stream Project, New Brunswick, Canada</u>		
Balance, beginning of period	\$ 1,021,409	\$ -
Additions	914,133	1,020,199
<b>Balance, end of period</b>	<b>\$ 1,935,542</b>	<b>\$ 1,357,980</b>
<u>Estrades Project, Quebec, Canada</u>		
Balance, beginning of period	\$ 1,494,376	\$ -
Additions	218,667	1,357,980
<b>Balance, end of period</b>	<b>\$ 1,713,043</b>	<b>\$ 1,357,980</b>
<b>Total Resource Property Costs, End of Period</b>	<b>\$ 3,648,585</b>	<b>\$ 2,715,960</b>

i) Clarence Stream Project, New Brunswick, Canada

On August 3, 2016 Galway entered into an Option Agreement to acquire a 100% undivided interest in Wolfden Resources Corporation's Clarence Stream property in south-western New Brunswick, Canada. In conjunction with this acquisition, Galway acquired Jubilee Gold Exploration Ltd.'s Birneys Lake property, which is adjacent on the south side of Wolfden's Clarence Stream property, and the Company staked a significant number of additional claims both to the east and west of Clarence Stream.

Cash payments for the initial Clarence Stream acquisitions will be \$3.5 million over three years plus 1% Net Smelter Return (NSR) royalties on portions of the project, with Galway retaining rights to acquire most of the NSR's. Galway has completed cash payments of \$1.75 million of the \$3.5 million total.

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**3. Resource Property Costs (Continued)**

i) Clarence Stream Project, New Brunswick, Canada (Continued)

Jubilee: Galway acquired the Birneys Lake project at Clarence Stream for \$200,000 (paid) plus a 1% NSR royalty with a buyback option for half (0.5%) at any time for \$500,000.

Globex: Subsequent to the original acquisition on August 3, 2016, Galway Acquired 100% of the Lower Tower Hill Property from Globex Mining Enterprises for 260,000 shares plus a 2.5% Gross Metal Royalty on those claims.

Wolfden: Galway has the option to acquire 100% of Wolfden's interest in the Clarence Stream property by making the following payments:

- \$750,000 upon closing (paid)
- \$750,000 upon the first anniversary of closing (paid)
- \$1.0 million upon the second anniversary of closing
- \$750,000 upon the third anniversary of closing
- 1% NSR royalty with a full buyback option at any time for \$2.0 million.

Staking: Galway staked 1,893 claims, along the Sawyer Brook Fault System and associated intrusives for \$113,580.

ii) Estrades Project, Quebec, Canada

On , August 18, 2016, Galway acquired an undivided 100% ownership interest in the former producing, high grade Estrades mine, related Newiska concessions, and adjacent Casa Berardi claims in western Quebec, Canada.

In order to consolidate the Estrades, Newiska and Casa Berardi claim blocks, Galway completed deals with Mistango River Resources Inc., CR Capital Corporation, First Quantum Minerals Ltd., Globex Mining Enterprises Inc. and a private company, plus the Company staked additional claims. Galway Staked 2,902 claims along the Estrades and Newiska felsic rhyolite horizons. Subsequent to the original acquisition on August 18, 2016, Galway acquired 34 claims adjacent to its Estrades, Newiska and Casa Berardi concessions from GREG Exploration, Inc. for \$34,000.

Cash payment for all the properties Galway acquired, including the Estrades, Newiska and Casa Berardi claims, was \$1.35 million. In addition, Galway issued 800,000 units, valued at \$0.25, with each unit comprised of a share and a three-year warrant exercisable at \$0.52. The 800,000 common share component was valued at \$122,297 and the warrant component was valued at \$77,703 using the Black-Scholes pricing model and applying the relative fair value allocation to the share and warrant components. The following assumptions were used in the Black-Scholes model for initial warrant valuation: a risk-free rate of 0.57%, an expected life of 3 years, an expected volatility of 102.46% and an expected dividend yield of 0%. The Company has also agreed to issue three royalties on portions of the properties.

Mistango River Resources: Cash payment of \$700,000, plus a 1% NSR royalty on portions of three claims. This royalty has a buyout option at any time for \$1.0 mm.

CR Capital: Cash payment of \$150,000 on CR Capital's property in which it held an approximate 64.6% interest.

First Quantum Minerals: No cash or share payment. First Quantum exchanged its approximate 35.4% minority interest in CR Capital's property for a 2% NSR royalty. There is no buyout option on this royalty. First Quantum's share of the CR Capital property hosts a portion of the East Zone and the Newiska Block.

**Galway Metals Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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**(Unaudited)**

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**3. Resource Property Costs (Continued)**

ii) Estrades Project (Continued)

Private Company:	\$300,000 cash and 800,000 units as described above, subject to regulatory approval. The private company held rights to all historic data on the Estrades property.
Globex Mining Enterprises:	\$200,000 cash and a 1% Gross Metal Royalty (similar to an NSR royalty). There is no buyout option on this royalty.
Claim Staking:	Galway staked 2,902 claims for \$3,140 along the Estrades and Newiska felsic rhyolite horizons.

There are pre-existing NSR royalties of 2.0% on Mistango's and Globex's Casa Berardi claims. On Globex's claims, 1.5% of the 2.0% royalty can be purchased at any time for \$1.5 mm.

**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
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Common shares issued:

	<b>Number of Shares</b>	<b>Amount</b> <i>(as restated - note 2)</i>
Balance, December 31, 2015	57,195,248	\$ 12,508,042
Shares issued for property	800,000	275,938
<b>Balance, September 30, 2016</b>	<b>57,995,248</b>	<b>\$ 12,783,980</b>
Balance, December 31, 2016	58,095,248	12,650,434
Exercise of warrants - cash	3,300,000	495,000
Exercise of warrants - valuation	-	188,625
Exercise of options- cash	50,000	5,000
Exercise of options - valuation	-	5,399
Shares issued for property (Note 3(i))	260,000	80,600
<b>Balance, September 30, 2017</b>	<b>61,705,248</b>	<b>\$ 13,425,058</b>

**Galway Metals Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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**(Unaudited)**

**5. Stock Options**

The following table reflects the continuity of stock options for the nine months ended September 30, 2017 and 2016:

	<b>Number of Stock Options</b>	<b>Weighted Average Exercise Price</b>
Balance, December 31, 2015	4,175,000	\$0.10
Granted	1,435,000	\$0.51
<b>Balance, September 30, 2016</b>	<b>5,610,000</b>	<b>\$0.20</b>
Balance, December 31, 2016	5,510,000	\$0.21
Granted	415,000	\$0.28
Exercised	(50,000)	\$0.10
<b>Balance, September 30, 2017</b>	<b>5,875,000</b>	<b>\$0.22</b>

On April 24, 2017, the Company granted compensation options to employees and consultants of the Company, exercisable for a period of 10 years at \$0.28. The options were assigned a fair value of \$106,946 using the Black-Scholes valuation model with the following assumptions: 10 year expected life, volatility of 108.69%, risk-free interest rate of 1.48%, and a dividend yield and forfeiture rate of 0%. The options vest at a rate of 50% after six months, and 25% every six months thereafter.

The following table reflects the stock options outstanding as at September 30, 2017:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Weighted Average Life Remaining</b>	<b>Options Outstanding</b>	<b>Black-Scholes Value</b> <i>(as restated - note 2)</i>
December 4, 2023	\$ 0.10	6.38 years	4,025,000	\$ 434,571
September 21, 2026	\$ 0.51	8.98 years	1,435,000	675,455
April 21, 2027	\$ 0.28	9.40 years	415,000	106,946
	<b>\$ 0.21</b>	<b>7.22 years</b>	<b>5,875,000</b>	<b>\$ 1,216,972</b>

Of the 5,875,000 options outstanding as at September 30, 2017, 5,691,250 were exercisable.

**Galway Metals Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**  
**For the Nine Months Ended September 30, 2017 and 2016**  
**(Unaudited)**

**6. Warrants**

The following table reflects the continuity of warrants for the nine months ended September 30, 2017 and 2016

	Number of Warrants	Weighted Average Exercise Price (CDN)
Balance, December 31, 2015	3,300,000	\$ 0.15
issued	800,000	\$ 0.52
<b>Balance, September 30, 2016</b>	<b>4,100,000</b>	<b>\$ 0.22</b>
Balance, December 31, 2016	4,100,000	\$ 0.15
Exercised	(3,300,000)	\$ 0.15
<b>Balance, September 30, 2017</b>	<b>800,000</b>	<b>\$ 0.52</b>

The following table reflects the warrants outstanding as at September 30, 2017 :

Expiry Date	Exercise Price	Weighted Average Life Remaining	Warrants Outstanding	Black-Scholes Value <i>(as restated - note 2)</i>
August 24, 2019	\$ 0.52	1.90 years	800,000	\$ 77,703

**7. Administrative Expenses**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016 <i>(Restated - Note 2)</i>	2017	2016 <i>(Restated - Note 2)</i>
Salaries and benefits	\$ 82,534	\$ 76,958	\$ 260,823	\$ 257,993
Office and general	45,366	44,737	161,705	113,582
Public company costs	11,851	42,662	44,376	73,346
Insurance	19,099	13,469	49,421	36,110
Professional fees	75,696	128,970	194,202	332,830
Travel expense	5,390	17,033	42,879	26,655
<b>Total</b>	<b>\$ 239,936</b>	<b>\$ 323,829</b>	<b>\$ 753,406</b>	<b>\$ 840,516</b>

**Galway Metals Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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**(Unaudited)**

**8. Contingency**

On July 27, 2015 the Company announced that it has been named as a defendant in a legal proceeding commenced by Vic Alboini in the Ontario Superior Court of Justice, Court File No.: CV-15-532630 (the "Alboini Claim"). The Alboini Claim seeks general damages for defamation in the amount of \$2,000,000, punitive, aggravated and exemplary damages in the amount of \$400,000, as well as certain other relief, regarding alleged libel in an amended management information circular dated May 12, 2015 and a press release issued on May 14, 2015. The statements in question were subsequently clarified in a press release issued on June 26, 2015 and a notice to shareholders mailed to shareholders on or about June 26, 2015, after receiving a libel notice from Mr. Alboini. Galway intends to vigorously defend this action. The Company believes the claim is without merit, and the claimant has not advanced the claim since 2015.

On June 19, 2017, the Company announced that it had received a Notice of Action issued in the Ontario Superior Court of Justice, Court File No.: CV-17-577025 (the "Action") pursuant to which Jaguar Financial Corporation and Mr. Vic Alboini (collectively, the "Plaintiffs") have sued Galway, its directors and another shareholder (collectively, the "Defendants"). Pursuant to the Action, the Plaintiffs alleged that they were oppressed by the Defendants regarding certain matters relating to shareholder meetings held in 2015 at which nominees of Jaguar Financial Corporation were proposed for but did not obtain seats on the board of Galway. Plaintiffs also alleged that they "missed the opportunity of making a gain" due to Jaguar Financial Corporation's sale of shares of Galway before increases in the trading price of shares of Galway. The Plaintiffs are seeking damages in the amount of \$2,700,000 and certain other relief. Galway believes that the Action has no merit and intends to defend the Action. Galway has notified its insurers on behalf of itself and its directors.

**9. Related Party Transactions**

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

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	2016		2016	
	<b>2017</b>	<i>(Restated - Note 2)</i>	<b>2017</b>	<i>(Restated - Note 2)</i>
Remuneration paid for CEO and CFO services	\$ 66,110	\$ 65,574	\$ 208,110	\$ 207,695
Management fees paid to two directors	\$ 50,000	\$ 71,697	\$ 150,000	\$ 187,944
Stock-based compensation	\$ -	\$ 258,885	\$ -	\$ 258,885

During the three and nine months ended September 30, 2017, the Company expensed \$32,320 and \$61,416, (three and nine months ended September 30, 2016 - \$20,441 and \$40,303, respectively) to Marrelli Support Services Inc. ("Marrelli Support") and DSA Corporate Services Inc. ("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.

**Galway Metals Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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**(Unaudited)**

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**9. Related Party Transactions (Continued)**

As of September 30, 2017, the Marrelli Group was owed \$6,125 (December 31, 2016 - \$17,180). These amounts are included in accounts payable and accrued liabilities.

During the three and nine months ended September 30, 2017, the Company incurred \$50,000 and \$150,000 (three and nine months ended September 30, 2016 - \$57,710 and \$145,025) pertaining to consulting services provided by a director. As at September 30, 2017, \$nil (December 31, 2016 - \$6,139) was included in accounts payable and accrued liabilities pertaining to these fees and ancillary expense reimbursements.

**10. Segment Reporting**

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

**11. Subsequent Events**

- i) On November 14, 2017, Galway Metals Inc. completed a non-brokered private placement financing. The Closing consisted of the sale of 6,407,390 flow-through units at a price of \$0.43 Unit and 3,928,297 hard dollar units at a price of \$0.35 per HD Unit for aggregate gross proceeds of \$4,130,081.83, which constitutes an increase in the size of the Offering from the previously reported maximum gross proceeds of \$2,750,000.
- ii) On November 27, 2017, the Company announced that it had completed an additional non-brokered private placement financing which consisted of the sale of 1,142,857 Hard Dollar Units at a price of \$0.35 per HD Unit and 257,000 Flow Through Units at a price of \$0.43 per FT Unit for total gross proceeds of \$510,510.

The \$400,000 in HD Units in the November 27, 2017 closing were subscribed by The Diversification of Exploration Investment Partnership (SIDEEX Limited Partnership), which was established by the Government of Québec and the Fonds de solidarité FTQ. The mission of SIDEEX is to invest in companies engaged in mineral exploration in Québec in order to diversify Québec's mineral base, encourage new exploration models, stimulate investment in exploration for new commodities and to open new territories with strong discovery potential.

Each HD Unit consists of one (1) common share in the capital stock of Galway Metals (each a "Share") and one-half (1/2) of one Share purchase warrant (a "Warrant"). Each FT Unit consists of one (1) Flow Through Share and one-half (1/2) of one Warrant. Each Warrant will entitle the holder to purchase one Share at the price of \$0.50 for a period of 24 months after closing. If the closing price on the TSX Venture Exchange equals or exceeds \$0.75 per Share for a period of 20 consecutive trading days, the Company has the right to accelerate the expiry date of the Warrants to the 30th day following the company mailing a notice of acceleration.

The securities issued and issuable pursuant to the Offering will be subject to a four month and one-day statutory hold period.

- iii) On November 17, 2017, the Company awarded 900,000 incentive stock options exercisable at \$0.35 per common share and expiring on September 17, 2027, to employees and consultants of the Company. This grant of options is in compliance with terms of the Company's Stock Option Plan.