

**Galway Metals Inc.**

**Consolidated Financial Statements  
For the Three and Nine Months Ended September 30, 2018 and 2017  
(Expressed in Canadian Dollars)  
(Unaudited)**

## **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)**  
**(Unaudited)**

<b>As at</b>	<b>September 30, 2018</b>	<b>December 31, 2017</b>
<b>Assets</b>		
Current assets		
Cash	\$ 5,057,991	\$ 7,471,382
Prepays and deposits	87,522	32,055
HST receivable	433,898	355,942
	<b>5,579,411</b>	<b>7,859,379</b>
Non-current asset		
Restricted cash (Note 2)	-	52,678
Resource property costs (Note 3)	4,719,573	3,648,090
	<b>\$ 10,298,984</b>	<b>\$ 11,560,147</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 11)	\$ 239,519	\$ 514,326
Flow-through premium liability (Note 9)	568,057	436,807
	<b>807,576</b>	<b>951,133</b>
<b>Shareholders' Equity</b>		
Common shares (Note 6)	21,013,240	18,436,596
Contributed surplus	3,107,304	2,278,353
Accumulated other comprehensive loss	189,139	26,611
Deficit	(14,818,275)	(10,132,546)
	<b>9,491,408</b>	<b>10,609,014</b>
	<b>\$ 10,298,984</b>	<b>\$ 11,560,147</b>

**Contingency (Note 10)**

**Approved by the Board** "Robert Hinchcliffe" Director  
"Larry Strauss" Director

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<b>Expenses</b>				
Administrative expenses (Note 7)	\$ 293,963	\$ 239,936	\$ 981,416	\$ 753,406
Stock-based compensation (Note 5)	29,594	71,537	302,892	245,218
Loss on foreign exchange	16,858	54,745	106,994	88,728
Exploration expenses	598,887	1,261,504	3,311,532	3,454,670
	<b>939,302</b>	<b>1,627,722</b>	<b>4,702,834</b>	<b>4,542,022</b>
<b>Other Income</b>				
Interest income	(5,701)	(18,298)	(17,105)	(26,085)
<b>Net Loss</b>	<b>\$ (933,601)</b>	<b>\$ (1,609,424)</b>	<b>\$ (4,685,729)</b>	<b>\$ (4,515,937)</b>
<b>Other Comprehensive Loss</b>				
Items that will be reclassified subsequently into income:				
Cumulative translation adjustment	\$ 7,309	\$ 290,343	\$ 162,528	\$ 317,187
<b>Net Comprehensive loss</b>	<b>\$ (926,292)</b>	<b>\$ (1,319,081)</b>	<b>\$ (4,523,201)</b>	<b>\$ (4,198,750)</b>
<b>Loss per share - basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>	<b>\$ (0.05)</b>	<b>\$ (0.07)</b>
<b>Weighted average number of common shares outstanding</b>	<b>88,804,797</b>	<b>61,660,180</b>	<b>88,804,797</b>	<b>60,554,700</b>

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

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
Balance, December 31, 2016	\$ 14,424,004	\$ 1,139,119	\$ (14,083)	\$ (4,157,759)	\$ 11,391,281
Cumulative translation adjustment	-	-	317,187	-	317,187
Exercise of options	10,399	(5,399)	-	-	5,000
Shares issued for property	80,600	-	-	-	80,600
Exercise of warrants	683,625	(188,625)	-	-	495,000
Stock-based compensation	-	245,218	-	-	245,218
Net income for the period	-	-	-	(4,515,937)	(4,515,937)
<b>Balance, September 30, 2017</b>	<b>\$ 15,198,628</b>	<b>\$ 1,190,313</b>	<b>\$ 303,104</b>	<b>\$ (8,673,696)</b>	<b>\$ 8,018,349</b>
Balance, December 31, 2017	\$ 18,436,596	\$ 2,278,353	\$ 26,611	\$ (10,132,546)	\$ 10,609,014
Cumulative translation adjustment	-	-	162,528	-	162,528
Shares issued on private placement	3,325,694	-	-	-	3,325,694
Costs of issue	(142,224)	-	-	-	(142,224)
Issuance of warrants	(517,576)	517,576	-	-	-
Flow-through share premium	(131,250)	-	-	-	(131,250)
Shares issued for property	42,000	-	-	-	42,000
Issuance of warrants for property	-	8,483	-	-	8,483
Stock-based compensation	-	302,892	-	-	302,892
Net loss for the period	-	-	-	(4,685,729)	(4,685,729)
<b>Balance, September 30, 2018</b>	<b>\$ 21,013,240</b>	<b>\$ 3,107,304</b>	<b>\$ 189,139</b>	<b>\$ (14,818,275)</b>	<b>\$ 9,491,408</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>2018</b>	<b>2017</b>
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net loss for the period	\$ (4,685,729)	\$ (4,515,937)
Items not affecting cash:		
Share-based compensation (Note 5)	302,892	245,218
Changes in current assets and liabilities:		
Prepays and deposits	(55,467)	(308,389)
HST receivable	(77,956)	-
Accounts payable and accrued liabilities	(274,807)	387,673
	<b>(4,791,067)</b>	<b>(4,191,435)</b>
<b>Investing activities</b>		
Resource property acquisition costs	(1,021,000)	(750,480)
Restricted cash	52,678	-
	<b>(968,322)</b>	<b>(750,480)</b>
<b>Financing activities</b>		
Net proceeds from issuance of shares	3,183,470	500,000
Unrealized foreign exchange (gain) loss	162,528	15,879
<b>Net change in cash</b>	<b>(2,413,391)</b>	<b>(4,426,036)</b>
Cash, beginning of period	7,471,382	8,710,297
<b>Cash, end of period</b>	<b>\$ 5,057,991</b>	<b>\$ 4,284,261</b>
<b>Supplementary Cash Flow Information</b>		
Shares issued for property (Note 3(ii))	\$ 42,000	\$ 80,600
Warrants issued for property (Note 3(ii))	\$ 8,483	\$ -

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**Galway Metals Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**  
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**(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 and polymetallic 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, 2017.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 29, 2018.

**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.

**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 in Canada.

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

**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, is effective for annual periods beginning on or after January 1, 2018.

IFRS 9 – Financial instruments (“IFRS 9”) addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009, October 2010, November 2013 and finalized in July 2014. It replaces the parts of IAS 39 Financial Instruments: Recognition and Measurement that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value through profit or loss and those measured at amortized cost, with the determination made at initial recognition. The classification depends on an entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that in cases where the fair value option is selected for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the statements of operations, unless this creates an accounting mismatch. IFRS 9 has also been updated to amend the requirements around hedge accounting. However, there is no impact to the Company from these amendments as it does not apply hedge accounting. On January 1, 2018, the Company adopted these amendments.

The new hedge accounting guidance had no impact on the Company’s unaudited condensed interim financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL).

Below is a summary showing the classification and measurement bases of the financial instruments as at January 1, 2018 as a result of adopting IFRS 9 (along with comparison to IAS 39).

<b>Classification</b>	<b>IAS 39</b>	<b>IFRS 9</b>
Cash and cash equivalents	FVTPL	FVTPL
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

There was no impact on the Company’s unaudited condensed interim financial statements as result of adopting IFRS 9.

In January 2016, the IASB issued IFRS 16, Leases (IFRS 16). IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. The extent of the impact of adoption of IFRS 16 has not yet been determined.

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.



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**3. Resource Property Costs**

	<b>Nine Months Ended September 30, 2018</b>	<b>Year Ended December 31 2017</b>
<u>Clarence Stream Project, New Brunswick, Canada</u>		
Balance, beginning of period	\$ 2,035,856	\$ 1,088,596
Acquisition costs	1,007,817	947,260
Balance, end of period	<b>\$ 3,043,673</b>	<b>\$ 2,035,856</b>
<u>Estrades Project, Quebec, Canada</u>		
Balance, beginning of period	\$ 1,612,234	\$ 1,590,696
Acquisition costs	63,666	21,538
Balance, end of period	<b>\$ 1,675,900</b>	<b>\$ 1,612,234</b>
<b>Total Resource Property Costs, End of Period</b>	<b>\$ 4,719,573</b>	<b>\$ 3,648,090</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.

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

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

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 \$2.75 million of the \$3.5 million total.

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 (2016 - paid)
- \$750,000 upon the first anniversary of closing (2017 - paid)
- \$1.0 million upon the second anniversary of closing (paid July 10, 2018)
- \$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 1,958 claims, along the Sawyer Brook Fault System and associated intrusives for \$117,480.

ii) Estrades Project, Quebec, Canada

On , August 18, 2016, Galway acquired an undivided 100% ownership interest in the former producing, 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 additional 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 (2016 - paid), plus a 1% NSR royalty on portions of three claims. This royalty has a buyout option at any time for \$1 million.

CR Capital: Cash payment of \$150,000 (2016 - paid) on CR Capital's property in which it held an approximate 64.6% interest.

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

ii) Estrades Project (Continued)

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.
Private Company:	\$300,000 (2016 - paid) 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 (2016 - paid) cash and a 1% Gross Metal Royalty (similar to an NSR royalty). There is no buyout option on this royalty.
Claim Staking:	Galway staked additional claims for \$3,140 along the Estrades and Newiska felsic rhyolite horizons.

There are pre-existing NSR royalties of 2.0% on portions of 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.

On February 5, 2018, the Company acquired 14 additional claims adjacent to its Estrades polymetallic VMS property located in the northern Abitibi of western Quebec. The claims were purchased from Radisson Mining Resources Inc. for 150,000 (ascribed a fair value of \$42,000) shares plus 75,000 share purchase warrants exercisable during a two-year period from the day of closing at \$0.50 per warrant.

The fair value of the 75,000 warrants issued was \$8,483 as calculated using the Black-Scholes option pricing model with the following assumptions: a 24 months expected average life; share price of \$0.28; 102.67% expected volatility; risk free interest rate of 1.82%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the warrants.

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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:

	<b>Number of Shares</b>	<b>Amount</b>
Balance, December 31, 2016	58,095,248	\$ 14,424,004
Shares issued for property	260,000	80,600
Exercise of warrants	3,300,000	683,625
Exercise of options	50,000	10,399
<b>Balance, September 30, 2017</b>	<b>61,705,248</b>	<b>\$ 15,198,628</b>
Balance, December 31, 2017	74,765,908	\$ 18,436,596
Shares issued on private placement	11,263,891	2,590,695
Flow-through shares issued on private placement	2,624,998	734,999
Issuance of warrants	-	(517,576)
Costs of issue	-	(142,224)
Flow-through share premium	-	(131,250)
Shares issued for property (Note 3(ii))	150,000	42,000
<b>Balance, September 30, 2018</b>	<b>88,804,797</b>	<b>\$ 21,013,240</b>

On June 8, 2018, the Company completed a non-brokered private placement financing (the "Offering") consisting of the sale of 11,263,891 Hard Dollar Units ("HD Units") at a price of \$0.23 per HD Unit and 2,624,998 Flow Through Shares ("FT Shares") at a price of \$0.28 per FT Unit for total gross proceeds of \$3,325,694. Cash costs of issue were \$142,224.

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 whole Warrant entitles the holder to purchase one Share for a period of 24 months after closing at a price of \$0.35. Each FT Unit consists of one Share issued on a flow-through basis within the meaning of the Income Tax Act (Canada) ("Tax Act").

The fair value of the 5,631,946 warrants issued in conjunction with the hard dollar private placement is \$517,576, as calculated using the Black-Scholes option pricing model with the following assumptions: a 24 months expected life; share price of \$0.215; 102.84% expected volatility; risk free interest rate of 1.92%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the warrants.

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**5. Stock Options**

The following table reflects the continuity of stock options for the nine months ended September 30, 2018 and 2017

	<b>Number of Stock Options</b>	<b>Weighted Average Exercise Price</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>
Balance, December 31, 2017	6,725,000	\$0.23
Granted	500,000	\$0.23
<b>Balance, September 30, 2018</b>	<b>7,225,000</b>	<b>\$0.23</b>

On June 13, 2018, the Company granted 500,000 options to a director of the Company, exercisable for a period of 10 years at \$0.23. The options were assigned a fair value of \$104,550 using the Black-Scholes valuation model with the following assumptions: 10 year expected life, volatility of 103.34%, risk-free interest rate of 2.32%, and a dividend yield and forfeiture rate of 0%. The options vested immediately upon grant.

The following table reflects the stock options outstanding as at September 30, 2018:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Weighted Average Life Remaining</b>	<b>Options Outstanding</b>	<b>Black-Scholes Value</b>
December 4, 2023	\$ 0.10	5.18 years	4,025,000	\$ 434,571
September 21, 2026	\$ 0.51	8.00 years	1,385,000	651,919
April 21, 2027	\$ 0.28	8.57 years	415,000	106,946
November 17, 2022	\$ 0.35	4.13 years	900,000	238,410
June 13, 2028	\$ 0.23	4.70 years	500,000	104,550
	<b>\$ 0.23</b>	<b>5.73 years</b>	<b>7,225,000</b>	<b>\$ 1,536,396</b>

Of the 7,225,000 options outstanding as at September 30, 2018, 6,671,250 were exercisable.

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**6. Warrants**

The following table reflects the continuity of warrants for the nine months ended September 30, 2018 and 2017:

	Number of Warrants	Weighted Average Exercise Price
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>
Balance, December 31, 2017	7,800,003	\$ 0.50
Issued (Notes 3(ii) and Note 4)	5,706,946	\$ 0.35
<b>Balance, September 30, 2018</b>	<b>13,506,949</b>	<b>\$ 0.44</b>

The following table reflects the warrants outstanding as at September 30, 2018 :

Expiry Date	Exercise Price	Weighted Average Life Remaining	Warrants Outstanding	Black-Scholes Value <i>(as restated - note 2)</i>
August 24, 2019	\$ 0.52	0.90 years	800,000	\$ 77,703
November 14, 2019	\$ 0.50	1.12 years	5,637,516	\$ 855,775
November 27, 2019	\$ 0.50	1.16 years	699,929	\$ 125,707
December 21, 2019	\$ 0.50	1.22 years	662,558	\$ 109,587
February 5, 2020	\$ 0.50	1.35 years	75,000	\$ 8,483
June 8, 2020	\$ 0.35	4.69 years	5,631,946	\$ 517,576
	<b>\$ 0.44</b>	<b>2.60 years</b>	<b>13,506,949</b>	<b>\$ 1,694,831</b>

**7. Administrative Expenses**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Salaries and benefits	\$ 84,133	\$ 82,534	\$ 250,800	\$ 260,823
Office and general	68,380	45,366	229,031	161,705
Public company costs	56,212	11,851	183,288	44,376
Insurance	11,186	19,099	49,170	49,421
Professional fees	63,892	75,696	215,965	194,202
Travel expense	10,160	5,390	53,162	42,879
<b>Total</b>	<b>\$ 293,963</b>	<b>\$ 239,936</b>	<b>\$ 981,416</b>	<b>\$ 753,406</b>

**Galway Metals Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**  
**For the Nine Months Ended September 30, 2018 and 2017**  
**(Unaudited)**

**8. Exploration Expenditures**

**Estrades Project**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Drilling	\$ -	\$ 113,942	\$ 1,038,533	\$ 1,004,625
Geological	104,703	29,017	269,053	108,190
Other	5,020	-	12,158	-
Assays	12,593	-	77,529	52,423
Camp Support	3,114	5,848	143,941	66,679
Engineering	-	9,862	866	9,862
Field supplies	1,510	1,044	24,400	2,932
Survey	13,660	41,863	308,720	95,271
Transportation	204	-	4,852	-
Travel	-	-	582	-
	<b>\$ 140,804</b>	<b>\$ 201,576</b>	<b>\$ 1,880,634</b>	<b>\$ 1,339,982</b>

**Clarence Stream Project**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Drilling	\$ 182,339	\$ 465,918	\$ 469,761	\$ 1,032,458
Geological	102,998	182,910	370,600	478,630
Assays	36,565	172,633	265,042	244,975
Survey	132,327	167,051	242,775	184,401
Camp support	25,275	37,098	80,728	125,755
Transportation	7,752	21,830	21,117	45,753
Field supplies	-	12,488	1,474	23,716
Advance royalty payment	-	-	15,000	-
Travel	25,112	-	42,686	-
Grants	(54,285)	-	(78,285)	(21,000)
	<b>\$ 458,083</b>	<b>\$ 1,059,928</b>	<b>\$ 1,430,898</b>	<b>\$ 2,114,688</b>

<b>Total Exploration Expenses</b>	<b>\$ 598,887</b>	<b>\$ 1,261,504</b>	<b>\$ 3,311,532</b>	<b>\$ 3,454,670</b>
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**Galway Metals Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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**(Unaudited)**

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**9. Flow-through Share Liability**

- (i) The flow-through common shares issued in the non-brokered private placement completed on November 14, 2017 were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$512,591.

The flow-through premium is derecognized through income as the eligible expenditures are incurred. For the year ended December 31, 2017, the Company satisfied \$717,849 of its flow-through expenditure commitment by incurring eligible expenditures and as a result the flow-through premium was reduced to \$379,038. As at September 30, 2018, the Company was committed to spend \$2,037,329 in eligible flow-through expenditures by December 31, 2018.

- (ii) The Flow-Through Common Shares issued in the non-brokered private placement completed on November 27, 2017 were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$20,560. As at September 30, 2018, the Company was committed to spend \$110,510 in eligible flow-through expenditures by December 31, 2018.
- (iii) The Flow-Through Common Shares issued in the non-brokered private placement completed on December 21, 2017 were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$37,210. As at September 30, 2018, the Company was committed to spend \$200,000 in eligible flow-through expenditures by December 31, 2018.
- (iv) The Flow-Through Common Shares issued in the non-brokered private placement completed on June 8, 2018 were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$131,250. As at September 30, 2018, the Company was committed to spend \$734,999 in eligible flow-through expenditures by December 31, 2019.

**10. 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.



**Galway Metals Inc.**  
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**(Unaudited)**

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**11. 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>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Remuneration paid for CEO and CFO services	\$ 66,995	\$ 66,110	\$ 207,675	\$ 208,110
Management fees paid to two directors	\$ 116,246	\$ 74,080	\$ 259,311	\$ 208,746

During the three and nine months ended September 30, 2018, the Company expensed \$15,795 and \$47,984, respectively (three and nine months ended September 30, 2017 - \$32,320 and \$61,416, 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.

As of September 30, 2018, the Marrelli Group was owed \$6,741 (December 31, 2017 - \$17,924). These amounts are included in accounts payable and accrued liabilities.

During the three and nine months ended September 30, 2018, the Company incurred \$116,246 and \$259,311, respectively (three and nine months ended September 30, 2017 - \$74,080 and \$208,746, respectively) pertaining to consulting services provided by two directors. As at September 30, 2018, \$nil (December 31, 2017 - \$nil) was included in accounts payable and accrued liabilities pertaining to these fees and ancillary expense reimbursements.

**12. Comparative Amounts**

Certain comparative amounts have been reclassified in order to conform with current period financial statement presentation.