

**Galway Metals Inc.**

**Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended June 30, 2019 and 2018  
(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>June 30, 2019</b>	<b>December 31, 2018</b>
<b>Assets</b>		
Current assets		
Cash	\$ 7,428,596	\$ 7,058,093
Prepays and deposits	37,874	49,174
HST receivable	369,478	392,131
	<b>7,835,948</b>	<b>7,499,398</b>
Non-current asset		
Restricted cash (Note 2)	55,999	57,284
Resource property costs (Note 3)	4,940,612	4,837,963
	<b>\$ 12,832,559</b>	<b>\$ 12,394,645</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 11)	\$ 385,828	\$ 267,664
Flow-through premium liability (Note 9)	340,540	346,491
	<b>726,368</b>	<b>614,155</b>
<b>Shareholders' Equity</b>		
Common shares (Note 6)	26,540,773	23,925,370
Contributed surplus	3,255,763	3,166,362
Accumulated other comprehensive loss	178,112	198,170
Deficit	(17,868,457)	(15,509,412)
	<b>12,106,191</b>	<b>11,780,490</b>
	<b>\$ 12,832,559</b>	<b>\$ 12,394,645</b>

**Contingency** (Note 10)

**Subsequent Event** (Note 12)

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 June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
<b>Expenses</b>				
Administrative expenses (Note 7)	\$ 393,821	\$ 357,787	\$ 773,462	\$ 687,453
Stock-based compensation (Note 5)	30,674	165,613	89,401	273,298
Loss on foreign exchange	22,063	193,820	29,870	90,136
Exploration expenses (Note 8)	669,469	968,249	1,826,217	2,712,645
	<b>1,116,027</b>	1,685,469	<b>2,718,950</b>	3,763,532
<b>Other Income</b>				
Interest income	(3,653)	(5,765)	(13,414)	(11,404)
Premium on flow-through shares (Note 9)	-	-	(346,491)	-
<b>Net Loss</b>	<b>\$ (1,112,374)</b>	<b>\$ (1,679,704)</b>	<b>\$ (2,359,045)</b>	<b>\$ (3,752,128)</b>
<b>Other Comprehensive Loss</b>				
Items that will be reclassified subsequently into income:				
Cumulative translation adjustment	\$ (6,071)	\$ 228,365	\$ (20,058)	\$ 155,219
<b>Net Comprehensive loss</b>	<b>\$ (1,118,445)</b>	<b>\$ (1,451,339)</b>	<b>\$ (2,379,103)</b>	<b>\$ (3,596,909)</b>
<b>Loss per share - basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>	<b>\$ (0.05)</b>
<b>Weighted average number of common shares outstanding</b>	<b>109,783,065</b>	<b>78,416,669</b>	<b>108,204,292</b>	<b>76,628,069</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, 2017	\$ 18,436,596	\$ 2,278,353	\$ 26,611	\$ (10,132,546)	\$ 10,609,014
Cumulative translation adjustment	-	-	155,219	-	155,219
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	-	273,298	-	-	273,298
Net income for the period	-	-	-	(3,752,128)	(3,752,128)
<b>Balance, June 30, 2018</b>	<b>\$ 21,013,240</b>	<b>\$ 3,077,710</b>	<b>\$ 181,830</b>	<b>\$ (13,884,674)</b>	<b>\$ 10,388,106</b>
Balance, December 31, 2018	23,925,370	3,166,362	198,170	(15,509,412)	11,780,490
Cumulative translation adjustment	-	-	(20,058)	-	(20,058)
Shares issued on private placements	3,100,000	-	-	-	3,100,000
Costs of issue	(144,057)	-	-	-	(144,057)
Flow-through share premium	(340,540)	-	-	-	(340,540)
Stock-based compensation	-	89,401	-	-	89,401
Net loss for the period	-	-	-	(2,359,045)	(2,359,045)
<b>Balance, June 30, 2019</b>	<b>\$ 26,540,773</b>	<b>\$ 3,255,763</b>	<b>\$ 178,112</b>	<b>\$ (17,868,457)</b>	<b>\$ 12,106,191</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 Six Months Ended June 30,</b>	<b>2019</b>	<b>2018</b>
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net loss for the period	\$ (2,359,045)	\$ (3,752,128)
Items not affecting cash:		
Share-based compensation (Note 5)	89,401	273,298
Premium on flow-through shares	(346,491)	-
Changes in current assets and liabilities:		
Prepays and deposits	11,300	(34,743)
HST receivable	22,653	(87,930)
Accounts payable and accrued liabilities	118,164	(159,282)
	<b>(2,464,018)</b>	<b>(3,760,785)</b>
<b>Investing activities</b>		
Resource property acquisition costs	(102,649)	(11,515)
Restricted cash	1,285	52,678
	<b>(101,364)</b>	<b>41,163</b>
<b>Financing activities</b>		
Net proceeds from issuance of shares	2,955,943	3,183,470
Unrealized foreign exchange (gain) loss	(20,058)	155,219
<b>Net change in cash</b>	<b>370,503</b>	<b>(380,933)</b>
Cash, beginning of period	7,058,093	7,471,382
<b>Cash, end of period</b>	<b>\$ 7,428,596</b>	<b>\$ 7,090,449</b>
<b>Supplementary Cash Flow Information</b>		
Shares issued for property	\$ -	\$ 42,000
Warrants issued for property	\$ -	\$ 8,483

*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 Six Months Ended June 30, 2019 and 2018**  
**(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, 2018.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on August 29, 2019.

**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.

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**2. Accounting Policies (Continued)**

**Accounting Pronouncements Adopted During the Period**

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 Company adopted this standard on January 1, 2019, with no impact on its condensed interim consolidated financial statements.

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**

	<b>Six Months Ended June 30, 2019</b>	<b>Year Ended December 31 2018</b>
<u>Clarence Stream Project, New Brunswick, Canada</u>		
Balance, beginning of period	\$ 3,108,683	\$ 2,035,856
Acquisition costs	24,830	1,072,827
<b>Balance, end of period</b>	<b>\$ 3,133,513</b>	<b>\$ 3,108,683</b>
<u>Estrades Project, Quebec, Canada</u>		
Balance, beginning of period	\$ 1,729,280	\$ 1,612,234
Acquisition costs	77,819	117,046
<b>Balance, end of period</b>	<b>\$ 1,807,099</b>	<b>\$ 1,729,280</b>
<b>Total Resource Property Costs, End of Period</b>	<b>\$ 4,940,612</b>	<b>\$ 4,837,963</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 (paid July 2019)
- 1% NSR royalty with a full buyback option at any time for \$2.0 million.

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. On May 8, 2019, Galway purchased the 1% NSR royalty for \$75,000.

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.

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.

On May 8, 2019, Galway purchased the 1% NSR royalty from Mistango River Resources for \$75,000. Original terms included a cash payment of \$700,000, plus a 1% NSR royalty on portions of three claims with a buyout option at any time for \$1.0 mm.

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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, 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	150,000	42,000
<b>Balance, June 30, 2018</b>	<b>88,804,797</b>	<b>\$ 21,013,240</b>
<b>Balance, December 31, 2018</b>	<b>106,625,519</b>	<b>\$ 23,925,370</b>
Shares issued on private placement	9,198,197	3,100,000
Costs of issue	-	(144,057)
Flow-through share premium	-	(340,540)
<b>Balance, June 30, 2019</b>	<b>115,823,716</b>	<b>\$ 26,540,773</b>

On May 9, 2019, the Company completed the first tranche of a non-brokered private placement financing consisting of the sale of 4,333,334 Hard Dollar common shares ("HD Shares") at a price of \$0.30 per HD Share and 4,594,593 Flow Through Shares ("FT Shares") at a price of \$0.37 per FT share for total gross proceeds of \$3,000,000. On June 21, 2019, the Company completed the second tranche of this private placement, issuing a further 270,270 FT Shares for gross proceeds of \$100,000. Cash costs of issue amounted to \$144,057.

**5. Stock Options**

The following table reflects the continuity of stock options for the six months ended June 30, 2019 and 2018.

	<b>Number of Stock Options</b>	<b>Weighted Average Exercise Price</b>
Balance, December 31, 2017	6,725,000	\$0.23
Granted	500,000	\$0.23
Balance, June 30, 2018	7,225,000	\$0.23
<b>Balance, December 31, 2018 and June 30, 2019</b>	<b>8,175,000</b>	<b>\$0.22</b>

**Galway Metals Inc.**  
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**5. Stock Options (Continued)**

The following table reflects the stock options outstanding as at June 30, 2019:

<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	4.43 years	4,025,000	\$ 434,571
September 21, 2026	\$ 0.51	7.23 years	1,285,000	634,268
April 21, 2027	\$ 0.28	7.81 years	415,000	106,946
November 17, 2022	\$ 0.35	3.38 years	900,000	238,410
June 13, 2028	\$ 0.23	8.96 years	500,000	104,550
October 10, 2028	\$ 0.16	9.28 years	250,000	36,275
November 5, 2028	\$ 0.175	9.35 years	800,000	126,880
	\$ 0.22	5.83 years	8,175,000	\$ 1,681,900

Of the 8,175,000 options outstanding as at June 30, 2019, 7,725,000 were exercisable.

**6. Warrants**

The following table reflects the continuity of warrants for the six months ended June 30, 2019 and 2018:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
Balance, December 31, 2017	7,800,003	\$ 0.50
Issued	5,706,946	\$ 0.35
<b>Balance, June 30, 2018</b>	<b>13,506,949</b>	<b>\$ 0.44</b>
<b>Balance, December 31, 2018 and June 30, 2019</b>	<b>13,506,949</b>	<b>\$ 0.44</b>

The following table reflects the warrants outstanding as at June 30, 2019:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Weighted Average Life Remaining</b>	<b>Warrants Outstanding</b>	<b>Black-Scholes Value</b>
August 24, 2019	\$ 0.52	0.15 years	800,000	\$ 77,703
November 14, 2019	\$ 0.50	0.37 years	5,637,516	\$ 855,775
November 27, 2019	\$ 0.50	0.41 years	699,929	\$ 125,707
December 21, 2019	\$ 0.50	0.47 years	662,558	\$ 109,587
February 5, 2020	\$ 0.50	0.60 years	75,000	\$ 8,483
June 8, 2020	\$ 0.35	0.94 years	5,631,946	\$ 517,576
	\$ 0.44	0.60 years	13,506,949	\$ 1,694,831

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**7. Administrative Expenses**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Salaries and benefits	\$ 73,145	\$ 82,617	\$ 137,970	\$ 166,667
Office and general	52,696	77,361	124,748	160,651
Public company costs	124,276	76,461	230,372	127,076
Insurance	16,300	21,139	35,595	37,984
Professional fees	121,146	70,742	206,440	152,073
Travel expense	6,258	29,467	38,337	43,002
<b>Total</b>	<b>\$ 393,821</b>	<b>\$ 357,787</b>	<b>\$ 773,462</b>	<b>\$ 687,453</b>

**8. Exploration Expenditures**

**Estrades Project**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Drilling	\$ 13,578	\$ 218,584	\$ 357,857	\$ 1,038,533
Survey	-	17,345	14,501	295,060
Geological	88,731	120,357	139,325	164,350
Assays	-	49,653	1,500	64,936
Camp Support	4,868	70,345	65,740	140,827
Field supplies	1,122	12,738	1,508	22,890
Transportation	-	19	6,909	4,648
Engineering	-	-	-	866
Travel	-	236	-	582
Other	-	5,137	-	7,138
	<b>\$ 108,299</b>	<b>\$ 494,414</b>	<b>\$ 587,340</b>	<b>\$ 1,739,830</b>

**Clarence Stream Project**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Geological	\$ 136,705	\$ 128,267	\$ 239,378	\$ 267,602
Drilling	344,844	69,193	771,419	287,422
Assays	64,823	105,851	119,857	228,477
Survey	-	104,400	24,293	110,448
Travel	31,117	17,253	54,390	17,574
Camp support	1,252	39,095	33,576	55,453
Transportation	14,509	9,605	27,194	13,365
Field supplies	920	171	1,770	1,474
Advance royalty payment	-	-	-	15,000
Grants	(33,000)	-	(33,000)	(24,000)
	<b>\$ 561,170</b>	<b>\$ 473,835</b>	<b>\$ 1,238,877</b>	<b>\$ 972,815</b>
<b>Total Exploration Expenses</b>	<b>\$ 669,469</b>	<b>\$ 968,249</b>	<b>\$ 1,826,217</b>	<b>\$ 2,712,645</b>

**Galway Metals Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**  
**For the Six Months Ended June 30, 2019 and 2018**  
**(Unaudited)**

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**9. Flow-through Share Liability**

- (ii) 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.

The flow-through premium is derecognized through income as the eligible expenditures are incurred. For the year ended December 31, 2018, the Company satisfied its \$685,013 of its \$734,999 flow-through expenditure commitment by incurring eligible expenditures and as a result the flow-through premium was reduced to \$8,926. During the six months ended June 30, 2019, the Company satisfied the remaining expenditure commitment and as a result the flow-through commitment was reduced to \$nil.

- (ii) The Flow-Through Common Shares issued in the non-brokered private placement completed on December 20 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 \$337,565.

During the six months ended June 30, 2019, the Company satisfied the remaining expenditure commitment and as a result the flow-through commitment was reduced to \$nil.

- (iii) The Flow-Through Common Shares issued in the non-brokered private placement tranches completed on May 29 and June 21, 2019 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 \$340,540. As at June 30, 2019, the Company was committed to spend \$1,799,999 in eligible flow-through expenditures by December 31, 2020.

**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.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**  
**For the Six Months Ended June 30, 2019 and 2018**  
**(Unaudited)**

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**11. Related Party Transactions**

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Remuneration paid for CEO and CFO services	\$ 71,045	\$ 72,945	\$ 142,360	\$ 140,680
Management fees paid to two directors	\$ 93,511	\$ 59,661	\$ 174,805	\$ 143,065

During the three and six months ended June 30, 2019, the Company expensed \$21,396 and \$39,975, respectively (three and six months ended June 30, 2018 - \$16,469 and \$32,189, 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, 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 June 30, 2019, the Marrelli Group was owed \$5,657 (December 31, 2018 - \$14,302). These amounts are included in accounts payable and accrued liabilities.

During the three and six months ended June 30, 2019, the Company incurred \$93,511 and \$174,805 (three and six months ended June 30, 2018 - \$59,661 and \$143,065, respectively) pertaining to consulting services provided by two directors. As at June 30, 2019, \$15,000 (December 31, 2018 - \$47,420) was included in accounts payable and accrued liabilities pertaining to these fees and ancillary expense reimbursements.

**12. Subsequent Events**

On July 22, 2019, the Company completed a non-brokered private placement financing consisting of the sale of 4,060,000 flow through shares at a price of \$0.37 per FT Unit for total gross proceeds of \$1,502,200.

On August 21, 2019, the company issued 830,000 options at an exercise price of \$0.33 and an expiry date of August 21, 2029 to employees and consultants of the Company. This grant of options is in compliance with terms of the Company's Stock Option Plan and remains subject to acceptance by the TSX Venture Exchange.

On August 24, 2019, 800,000 share purchase warrants with an exercise price of \$0.52 expired.