
GALENA CAPITAL CORPORATION

(An Exploration Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

(Unaudited – prepared by management)
(Expressed in Canadian Dollars)

**MANAGEMENT'S COMMENTS ON UNAUDITED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited interim consolidated financial statements of Galena Capital Corporation for the nine months ended September 30, 2008, have been prepared by and are the responsibility of the Company's management.

GALENA CAPITAL CORPORATION
(An Exploration Stage Company)
INTERIM CONSOLIDATED BALANCE SHEETS
(Unaudited – prepared by management)
(Expressed in Canadian Dollars)

	Sep 30, 2008	Dec 31, 2007
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	2,944,442	3,935,051
GST recoverable	33,358	33,557
Other receivables and prepaids	110,014	32,529
Note receivable	-	402,720
	3,087,814	4,403,857
PROPERTY, PLANT AND EQUIPMENT (Note 6)	349,884	67,332
MINERAL PROPERTY INTERESTS AND DEFERRED COSTS (Note 7)	8,475,778	196,533
	11,913,476	4,667,722
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	492,283	74,433
FUTURE INCOME TAX LIABILITY	590,943	-
	1,083,226	74,433
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 8)	13,401,695	4,126,337
WARRANTS (Note 8)	1,425,150	1,155,150
CONTRIBUTED SURPLUS	2,459,409	345,673
DEFICIT	(6,456,004)	(1,033,871)
	10,830,250	4,593,289
	11,913,476	4,667,722

NATURE OF OPERATIONS (Note 1)

APPROVED BY THE BOARD

_____, Director
"Arni Johannson"

_____, Director
"John Seaman"

The accompanying notes form an integral part of these unaudited interim consolidated financial statements

GALENA CAPITAL CORPORATION
(An Exploration Stage Company)
INTERIM CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT
(Unaudited – prepared by management)
(Expressed in Canadian Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2008 \$	2007 \$	2008 \$	Date of Incorporation (May 14, 2007) to Sep 30, 2007 \$
EXPENSES				
Advertising	46,888	-	115,682	-
Amortization	13,816	4,669	15,388	4,669
Conferences and events	2,300	-	55,346	-
Consulting and salaries	204,048	38,403	649,958	38,403
General exploration	21,884	213,896	223,594	213,896
Meals and entertainment	2,334	-	25,761	-
Office	56,590	26,355	123,466	26,355
Professional fees	47,290	26,881	253,475	26,881
Rent	24,648	3,329	71,782	3,329
Stock based compensation (Note 8)	508,452	-	2,097,263	-
Telephone	14,304	1,463	29,314	1,463
Transfer agent	2,038	-	74,998	-
Travel	509	6,951	71,433	6,951
	945,101	321,947	3,807,460	321,947
LOSS BEFORE OTHER ITEMS	(945,101)	(321,947)	(3,807,460)	(321,947)
OTHER ITEMS				
Foreign exchange	23,224	(1,694)	32,837	(1,694)
Interest income	24,732	4,159	83,589	-
Write-off of mineral properties (Note 7)	(1,731,099)	-	(1,731,099)	4,159
	(1,683,143)	2,465	(1,614,673)	2,465
NET AND COMPREHENSIVE LOSS	(2,628,244)	(319,482)	(5,422,133)	(319,482)
DEFICIT – BEGINNING OF PERIOD	(3,827,760)	-	(1,033,871)	-
DEFICIT – END OF PERIOD	(6,456,004)	(319,482)	(6,456,004)	(319,482)
BASIC AND DILUTED NET AND COMPREHENSIVE LOSS PER SHARE	(0.10)	(0.04)	(0.21)	(0.06)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	27,403,379	8,486,957	25,706,497	5,617,266

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GALENA CAPITAL CORPORATION
(An Exploration Stage Company)
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – prepared by management)
(Expressed in Canadian Dollars)

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	2008	2007	2008	Date of Incorporation (May 14, 2007) to Sep 30, 2007
	\$	\$	\$	\$
CASH PROVIDED FROM (USED FOR):				
OPERATING ACTIVITIES				
Loss for period	(2,628,244)	(319,482)	(5,422,133)	(319,482)
Items not affecting cash:				
Amortization	13,816	4,669	15,388	4,669
Stock-based compensation	508,452	-	2,097,263	-
Foreign exchange	1,653	-	1,653	-
Write-off of mineral properties (Note 7)	1,731,099	-	1,731,099	-
	<u>(373,224)</u>	<u>(314,813)</u>	<u>(1,576,730)</u>	<u>(314,813)</u>
Change in non-cash working capital items				
Other receivables and prepaids	116,763	(141,692)	(77,286)	(141,692)
Note receivable	-	-	402,720	-
Accounts payable and accrued liabilities	(178,832)	23,601	417,850	23,601
	<u>(435,293)</u>	<u>(432,904)</u>	<u>(833,446)</u>	<u>(432,904)</u>
FINANCING ACTIVITIES				
Issuance of common shares and warrants	-	1,384,000	3,089,312	1,384,000
Net assets acquired from Norma acquisition	-	-	222,350	-
Share issue costs	-	-	(281,186)	-
	<u>-</u>	<u>1,384,000</u>	<u>3,030,476</u>	<u>1,384,000</u>
INVESTING ACTIVITIES				
Expenditures on mineral property interest and deferred exploration	(1,001,404)	(172,779)	(2,888,046)	(172,779)
Purchase of property, plant and equipment	-	(40,229)	(299,593)	(40,229)
	<u>(1,001,404)</u>	<u>(213,008)</u>	<u>(3,187,639)</u>	<u>(213,008)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(1,436,697)	738,088	(990,609)	738,088
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	<u>4,381,139</u>	<u>-</u>	<u>3,935,051</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>2,944,442</u>	<u>738,088</u>	<u>2,944,442</u>	<u>738,088</u>
CASH AND CASH EQUIVALENTS IS COMPRISED OF:				
Cash	972,852	738,088	972,852	738,088
Short term money market investments	1,971,590	-	1,971,590	-
	<u>2,944,442</u>	<u>738,088</u>	<u>2,944,442</u>	<u>738,088</u>

ADDITIONAL SUPPLEMENTARY CASH FLOW INFORMATION (Note 11)

The accompanying notes form an integral part of these unaudited interim consolidated financial statements

GALENA CAPITAL CORPORATION
(An Exploration Stage Company)
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited – prepared by management)
(Expressed in Canadian Dollars)

	Sep 30, 2008	Dec 31, 2007
	\$	\$
SHARE CAPITAL		
Balance, beginning of period	4,126,337	-
Outstanding share capital of Galena at the reverse takeover (“RTO”) transaction date	-	187,480
Short form offering	-	2,000,000
Shares issued on the RTO transaction	-	1,384,000
Private placement	3,000,000	2,275,000
Corporate finance shares	97,000	71,250
Agent shares	-	155,259
Exercise of warrants and reallocation of contributed surplus	114,597	716
Warrant valuation on private placement and short form offering warrants	-	(1,155,150)
Net assets acquired from Norma acquisition	222,350	-
Fair value of shares issued on acquisition of Norma Mines Ltd.	6,531,354	-
Warrant valuation on private placement	(270,000)	-
Share issue costs	(419,943)	(792,218)
Balance, end of period	<u>13,401,695</u>	<u>4,126,337</u>
WARRANTS		
Balance, beginning of period	1,155,150	-
Warrants issued	270,000	1,155,150
Balance, end of period	<u>1,425,150</u>	<u>1,155,150</u>
CONTRIBUTED SURPLUS		
Balance, beginning of period	345,673	-
Revaluation of options prior to RTO transaction	-	9,952
Reallocation of contributed surplus on exercise of warrants	(25,284)	(271)
Contributed surplus as a result of agent warrants issued on private placement	41,757	-
Contributed surplus as a result of options granted in prior year	1,763,151	-
Contributed surplus as a result of options granted	334,112	335,992
Balance, end of period	<u>2,459,409</u>	<u>345,673</u>
DEFICIT		
Balance, beginning of period	(1,033,871)	-
Net and comprehensive loss for the period	(5,422,133)	(1,033,871)
Balance, end of period	<u>(6,456,004)</u>	<u>(1,033,871)</u>
TOTAL SHAREHOLDERS' EQUITY	<u><u>10,830,250</u></u>	<u><u>4,593,289</u></u>

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GALENA CAPITAL CORPORATION
(An Exploration Stage Company)
INTERIM CONSOLIDATED SCHEDULE OF MINERAL PROPERTY INTERESTS AND DEFERRED COSTS
(Unaudited – prepared by management)
(Expressed in Canadian Dollars)

	MEXICO				PERU				Total \$
	Maureen \$	Maria \$	Melissa \$	Mercedes \$	Chimu \$	Bolognesi \$	Trujillo \$	Tablachaca and Other \$	
Balance, Dec. 31, 2007	196,533	-	-	-	-	-	-	-	196,533
Expenditures									
Acquisition	1,081	16,369	69,743	57,591	104,411	-	60,715	38,249	348,159
Assays	-	2,322	24,762	25,605	-	-	-	-	52,689
Environmental	-	7,589	4,408	16,551	-	-	-	-	28,548
Office	2,365	5,881	2,602	3,402	-	-	-	-	14,250
Professional fees	3,398	10,190	7,367	14,164	-	-	-	-	35,119
Site Access	336,050	455,788	274,591	193,314	-	-	-	-	1,259,743
Salaries and contractors	5,490	297,356	206,571	150,189	-	-	-	-	659,606
Travel	19,482	61,887	26,571	24,947	-	-	-	-	132,887
	<u>367,866</u>	<u>857,382</u>	<u>616,615</u>	<u>485,763</u>	<u>104,411</u>	<u>-</u>	<u>60,715</u>	<u>38,249</u>	<u>2,531,001</u>
Foreign value added tax	57,835	108,715	78,186	61,594	-	-	-	50,715	357,045
Fair valuation adjustment of Norma									
Assets acquired	1,793,268	1,089,255	2,017,902	650,947	785,726	1,417,877	861,459	4,953	8,621,387
Write-off of mineral properties (Note 7)	-	-	-	-	(890,137)	(1,417,877)	(922,174)	-	(3,230,188)
Balance, Sep. 30, 2008	<u>2,415,502</u>	<u>2,055,352</u>	<u>2,712,703</u>	<u>1,198,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,917</u>	<u>8,475,778</u>

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GALENA CAPITAL CORPORATION
(An Exploration Stage Company)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008
(Unaudited – prepared by management)
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Galena Capital Corp. (the "Company" or "Galena") was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on September 26, 2006. The Company is a natural resource company engaged in the acquisition and exploration of resource properties in Mexico and Peru. The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently the Company considers itself to be an exploration stage company.

On August 29, 2007 Galena and Minas Vallarta Resources Ltd. ("MV Canada") entered into a letter agreement under which the shareholders of MV Canada would acquire Galena through a reverse takeover transaction. On November 27, 2007 the Company received all required approvals and the transaction was completed. Galena Capital Corporation was retained as the name for the ongoing entity and is the continuation of MV Canada. MV Canada was incorporated on May 14, 2007 pursuant to the provisions of the Business Corporations Act (British Columbia).

The amounts shown as mineral property interests and deferred costs represent expenses incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. The underlying value of the mineral properties and deferred costs is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to advance the properties beyond the exploration stage, and future profitability of the properties. As a direct result of the recent volatility in the markets, the Company has significantly reduced its overhead in order to conserve its treasury. The Company is currently focussing on projects which have potential for near-term production and/or have the potential for joint venture partners. The Company believes it presently has adequate resources to progress at least one of its near-term production projects as well as cover its overhead for the next 12 months.

These unaudited interim consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. These unaudited interim consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities, the reported income and expenses and balance sheet classifications used that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

2. ACQUISITION OF NORMA MINES LTD.

On January 15, 2008, the Company entered into a letter agreement with Norma Mines Ltd. ("Norma") whereby Galena agreed, subject to various conditions precedent, to acquire all of the issued and outstanding securities of Norma (the "Acquisition"). The Acquisition is an arm's length transaction within the meaning of the TSX Venture Exchange's policies and was completed on March 20, 2008. Galena issued 4,200,000 common shares to shareholders of Norma in exchange, on a one-for-one basis, for all the outstanding shares of Norma. The Company used the purchase method to account for the Acquisition. Under this accounting treatment, Galena purchased Norma's net assets as follows:

<u>Net Assets Acquired and Liabilities Assumed</u>	
Net assets acquired from Norma	\$ 222,350
Adjusted valuation of mineral properties on acquisition *	8,621,387
Future income taxes *	(2,090,033)
	\$ 6,753,704
 <u>Consideration</u>	
4,200,000 Galena common shares	\$ 6,627,809
Acquisition costs	125,895
	\$ 6,753,704

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008
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2. ACQUISITION OF NORMA MINES LTD. (continued)

* The purchase consideration has been allocated on a preliminary basis to the fair value of assets acquired and liabilities assumed based on management's best estimates and taking into account all available information at the time these interim consolidated financial statements were prepared. The allocation of the purchase price may result in a change to the amount assigned to the value attributable to mineral properties and future income tax liabilities prior to finalizing the allocation of the purchase price by year end 2008.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim financial statements of the Company have been prepared by management on the basis of the Company's continuance as a going-concern and follow the same accounting policies as the most recent annual audited financial statements. The interim financial statement note disclosures do not include all of those required by Canadian generally accepted accounting principles applicable for annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the December 31, 2007 audited consolidated financial statements.

4. ADOPTION OF ACCOUNTING POLICIES

On January 1, 2008, the Company adopted, without restating prior periods, the following standards of the CICA Handbook: Section 1535 – Capital Disclosures, Section 3862 – Financial Instruments Disclosures and Section 3863 – Financial Statement Presentations. Section 1535 establishes standards for disclosing information about the Company's objectives, policies, and processes for managing capital. These disclosures include a description of what the Company manages as capital, whether the Company has complied with any capital requirements, and if it has not complied, the consequences of such non-compliance. Sections 3862 and 3863 establish standards for the presentation and disclosure of information that enable users to evaluate the significance of financial instruments to the Company's financial position, and the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The implementation of these new standards did not impact the Company's financial results, but did result in additional disclosure.

5. FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards (IFRS) over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the transition date for publicly listed companies to use IFRS, which will replace Canadian GAAP. The effective date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Amortization	Sep 30, 2008	Dec 31, 2007
	\$	\$	\$	\$
CANADA				
Furniture	2,522	(593)	1,929	2,270
Network equipment	11,126	(3,797)	7,329	9,457
Computer hardware	6,202	(2,461)	3,741	3,450
Computer software	2,593	(2,140)	453	1,168
	22,443	(8,991)	13,452	16,345

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6. PROPERTY, PLANT AND EQUIPMENT (continued)

	Cost	Accumulated Amortization	Sep 30, 2008	Dec 31, 2007
	\$	\$	\$	\$
MEXICO				
Machinery	1,262	(35)	1,227	1,240
Transport equipment	194,210	(13,476)	180,734	40,734
Furniture and fixtures	14,911	(397)	14,514	4,876
Computers	14,549	(1,171)	13,378	4,137
Leaseholds	9,512	-	9,512	-
	<u>234,444</u>	<u>(15,079)</u>	<u>219,365</u>	<u>50,987</u>
	Cost	Accumulated Amortization	Sep 30, 2008	Dec 31, 2007
	\$	\$	\$	\$
PERU				
Machinery	90,932	(9,093)	81,839	-
Transport equipment	23,751	(3,563)	20,188	-
Furniture and fixtures	5,813	(311)	5,502	-
Computers	11,427	(1,889)	9,538	-
	<u>131,923</u>	<u>(14,856)</u>	<u>117,067</u>	<u>-</u>
TOTAL	<u>388,810</u>	<u>(38,926)</u>	<u>349,884</u>	<u>67,332</u>

7. MINERAL PROPERTY INTERESTS AND DEFERRED EXPLORATION

MEXICO

Maureen Property (formerly “La Suerte”)

The Maureen Property (“Maureen”) is located 20 km SSE of the city of Tepic, Nayarit, Mexico. The property is accessible by road and is comprised of 3 non-contiguous claim blocks totalling 186 hectares:

- 1) La Suerte;
- 2) La Suerte Fraction 1; and
- 3) La Suerte Fraction 2.

The property is situated in an active volcanic area with structures showing evidence of hydrothermal alteration. Two of these mineralized structures, the La Suerte and the La Escondida, show characteristics of low sulfidation epithermal gold silver deposits. Many historical tunnel workings and sampling programs have targeted the Maureen structure. Current title information indicates that all three fractions of Maureen are in good standing until the year 2053. Gold and silver are the target commodities being investigated at Maureen.

The Maria property is located approximately 167 kilometres NNW of Mexico City, 89 kilometres ENE of the city of Querétaro and 200 kilometres SE of San Luis Potosi. The area is characterized by mountainous terrain with a maximum elevation of 3,250 metres a.m.s.l at the Cerro del Espolon, and the lowest lying area in the floor of the Rio Moctezuma is 850 metres a.m.s.l.

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7. MINERAL PROPERTY INTERESTS AND DEFERRED EXPLORATION (continued)

Maria Property (formerly “San Juan Nepomuceno”)

The property is comprised of 4 contiguous claims located in the municipality of Cadereyta, state of Querétaro, Mexico. The San Juan Nepomuceno claim covers an area of 14 hectares, the San Juan 2 claim covers an area of 43 hectares, the San Juan 3 claim covers an area of 142 hectares and the San Juan 4 claim covers an area of 94 hectares. The total covered area is 354 hectares of which 266 hectares are of the exploration type and 88 hectares are of the exploitation type. The Company has until January 2009 to explore the property without any financial obligation. At the end of January 2009 a payment of USD \$1,000,000 is required if the Company decides to explore the property further and will include additional payments of USD \$1,000,000 in January of 2010 and 2011.

Melissa Property (formerly “Las Minitas and La Costa”)

The property is located approximately 50 kilometres WNW of the city of Hermosillo, state of Sonora, Mexico. The property is comprised of three concessions that cover a total area of 4,900 hectares.

There are two types of mineralization; the first type consists of a replacement system within the limestone by hematite and quartz. The second type, which is the most important and dominant, are breccias and shear zones within the sandstones. The shear zones exhibit an external zonation of manganese oxides that have a patchy texture and the centre portion of these shear zones show fracture filling with hematite (specularite) and quartz.

The mineralization is mostly associated with veinlets and fracture filling comprised of hematite, quartz, jarosite and alunite (both being potassic sulphates). There is very little fresh pyrite. The quartz veining can be classified into two types: the first type being of segregation, the second type being of open-space filling texture.

To maintain the property, the Company has a financial commitment to make mining concessions payment in the amount of USD \$30,000 on or before January 2009 and USD \$30,000 on or before June 2009.

Mercedes Property (formerly “Yecora”)

The Property is located approximately 200 kilometres ESE of Hermosillo, state of Sonora, Mexico. The property consists of 3 claims: La Mina del Oro, titulo, 16 hectares, Ampliacion Mina del Oro, titulo, 251 hectares, C.R., titulo, 93 hectares.

There are several deposits of precious and base metals within the surrounding area of the Mercedes Property. The Mulatos deposit (gold) is located some 40 kilometres to the NE. The Santa Ana deposit (copper and silver) is located some 13 kilometres to the SW. The La Trinidad deposit (silver) is located some 15 kilometres to the NE.

The Mercedes deposit is mostly comprised of a brecciated and sheared porphyritic intrusive (QFP) in contact with andesitic flows and tuffs. The mineralization can be classified as being of hydrothermal type, comprised of quartz stringers and veinlets and also of crystallized open space filling type. There seems to be a close relation between the quartz and the deposition of gold, especially within the silicified zones. There also seems to be more gold within the oxidized zone than the sulphide zone where in both cases the main sulphides that are present are fine grained disseminated pyrite with minor amounts of arsenopyrite. The main control on the mineralization is structural, through faults (thrust faults, normal faults and reverse faults) and shear zones. To the SW of the Mercedes orebody there is a fault showing a general trend of N325° with a 75° dip to the NE.

This fault marks the contact between the QFP and the andesites. 110 metres NE of that previously mentioned fault, there is another fault oriented N310° and dipping 75° to the SW. On the northwestern edge of the deposit the contact between the QFP and the andesites has been determined to be N030°. The most northeastern portion of the orebody is comprised of numerous intersections of faults showing variable orientations which have provoked an intense shearing pattern which enabled the hydrothermal fluids to circulate and thus carry the precious metals within the deposit.

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7. MINERAL PROPERTY INTERESTS AND DEFERRED EXPLORATION (continued)

PERU

The Company's subsidiary, Norma Mines Peru S.A.C., entered into a lease agreement on the Chimu project in Ancash, Peru to continue the exploration efforts undertaken by the current owners. The agreement covers a project comprising 18 concessions in good standing and duly registered with the Peruvian Ministry of Mines and Energy. These concessions are divided into three groups; Chimu, Bolognesi and Trujillo claims. During the nine month period ended September 30, 2008, the Company has made a decision to return the properties to the respective owners due to the significant payments in the near term.

Chimu

The Chimu property is located in the districts of Tauca, Pallasca, Huacachuque y Bolognesi, Province of Pallasca, Ancash, and covers a total area of 3,902 hectares. Two main styles of mineralization are developed on the property: narrow veins or mantos in Canaymonte and Cuchupayco and zones of stockwork and disseminated mineralization in Pallaquero and Gerardo. The best developed stockwork and disseminated mineralization observed was in the area of the Inaco and extending onto ground covered by 3rd parties. Mineralization consists of stockworked and disseminated pyrite, quartz, arsenopyrite, galena and sphalerite.

There are no further financial commitments for the Company concerning the Chimu property.

Bolognesi

The Bolognesi property consists of three concessions located in the District of Bolognesi, Province of Pallasca, Ancash. The property comprises the Aura 1 claim, which covers 225 hectares, the Aura Cuatro claim, which covers 600 hectares and the Aurifera Geomin claim, which covers 242 hectares. Vein mineralization is well developed at the Aurifera Geomin concession where the most interesting and best developed are horizontal veins hosted by a medium grained granodiorite, which outcrop at the west side slope of Canaymonte Creek.

There are no further financial commitments for the Company concerning the Bolognesi property.

Trujillo

The Trujillo property consists of three concessions located in the Districts of Huandoval, Bolognesi and Cabana, Province of Pallasca, Ancash. The property comprises the Shonita N° 3 claim, which covers 300 hectares, the Angelica Gabriela claim, which covers 196 hectares, the Campanario de Oro claim, which covers 196 hectares and Taurivara N° 1 claim which covers 391 hectares.

There are no further financial commitments for the Company concerning the Trujillo property.

Tablachaca

The Tablachaca river property is located in Ancash in the province of Pallasca. The average elevation on the property is approximately 1,500m. The property, totaling 1,105 hectares of mining concessions, is registered under the legal names.

It comprises the claim Golden 2008-1 which is an exploration claim of 499.8 hectares, the claim Golden 2008-2 which is an exploration claim of 147.1 hectares, the claim Golden 2008-3 which is an exploration claim of 57.5 hectares, the claim Golden 2008-4 which is an exploration claim of 76.4 hectares, the claim Golden 2008-5 which is an exploration claim of 289.4 hectares, and the claim Golden 2008-6 which is an exploration claim of 34.9 hectares.

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8. SHARE CAPITAL

Authorized - unlimited common shares without par value	#	\$
Issued - common shares		
Balance, beginning of period	21,546,879	4,126,337
Issued on a one-for-one basis to shareholders of Norma Canada	4,200,000	6,753,704
Private Placement	1,500,000	3,000,000
Corporate Finance Shares	50,000	97,000
Exercise of agent warrants	106,500	89,312
Reallocation of contributed surplus on exercise of agent warrants	-	25,285
Less: warrant value	-	(270,000)
	27,403,379	13,821,638
Less: share issue costs	-	(419,943)
Balance, September 30, 2008	27,403,379	13,401,695

During the nine months ended September 30, 2008, the Company completed the following financing activities:

Concurrently with the completion of the Acquisition of Norma, the Company issued 1,500,000 units through a private placement at a price of \$2.00 for gross proceeds of \$3,000,000. Each unit is comprised of one common share and one-half of one share purchase warrant. Each whole warrant will entitle the holder to acquire one additional common share of the Company at a price of \$2.50 per share on or before March 20, 2010. The Company paid its agents commissions totalling \$202,550 and administrative and legal fees of \$47,450. The agent also received 50,000 corporate finance shares, 28,725 corporate finance warrants and 78,925 non-transferable warrants. The Company has assigned a fair value of \$41,756 for both the financing and agent warrants computed using the Black Scholes option-pricing model using the following assumptions:

Risk-free interest rate:	3.2%
Estimated volatility:	48%
Expected life:	2 years
Expected dividend yield:	0%

Escrowed shares

Under the requirements of the TSX Venture Exchange, the 2,000,000 seed shares of Galena were being held pursuant to an escrow agreement dated November 26, 2006. Upon completion of the RTO transaction, these escrowed shares, along with an additional 5,449,322 of the private placement shares issued on July 31, 2007 were transferred to an escrow agreement dated November 22, 2007. The first release occurred on November 27, 2007 for 10% of the escrowed shares and an additional 15% will be released every six months thereafter commencing six months following the initial release on November 27, 2007.

Stock options

The Company has established a rolling stock option plan (the "Plan") in which the maximum number of common shares which can be reserved for issuance under the Plan is not to exceed 10% of the issued and outstanding shares of the Company. The exercise price of the options is set at the Company's closing share price on the grant date, less allowable discounts in accordance with the policies of the TSX Venture Exchange.

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8. SHARE CAPITAL (continued)

A summary of the Company's outstanding options at September 30, 2008 is presented as follows:

	Options Outstanding #	Weighted Average Exercise Price \$
Balance, beginning of period	2,086,000	0.90
Granted	<u>250,000</u>	1.80
Balance, end of period	<u><u>2,336,000</u></u>	

On November 22, 2007 the Company granted 1,365,000 options at \$0.95 and on November 28, 2007 the Company granted 561,000 options at \$1.00. The Company has assigned a fair value of \$2,273,265 to these options using the Black Scholes option pricing model and will be expensed over the vesting period. The Company used the following assumptions:

Risk free interest rate:	4.5%
Estimated volatility:	111%
Expected life:	5 years
Expected dividend yield:	0%

For the fiscal period ending December 31, 2007, \$335,992 was expensed in relation to the above options. During the nine month period ended September 30, 2008, \$850,922 was expensed by March 31, 2008, \$626,519 was expensed by June 30, 2008 and \$285,711 was expensed by September 30, 2008. The remaining \$174,121 will be expensed by November 22, 2008.

On April 21, 2008 the Company granted 125,000 stock options at \$1.60 and 125,000 stock options at \$2.00 to an investor relations consulting company. The Company assigned a fair value of \$334,112 to these options using the Black Scholes option pricing model and will be expensed over the vesting period which ended September 30, 2008. The Company used the following assumptions:

Risk free interest rate:	3.1%
Estimated volatility:	120%
Expected life:	5 years
Expected dividend yield:	0%

Stock options exercisable and outstanding at September 30, 2008 are presented below:

Options Exercisable #	Options Outstanding #	Exercise Price \$	Expiry Date
160,000	160,000	0.10	May 14, 2012
682,500	1,365,000	0.95	November 22, 2012
280,500	561,000	1.00	November 28, 2012
-	125,000	1.60	April 21, 2013
<u>-</u>	<u>125,000</u>	2.00	April 21, 2013
<u>1,123,000</u>	<u>2,336,000</u>		

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8. SHARE CAPITAL (continued)

Warrants

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants and agent warrants at September 30, 2008 and the changes for the period then ended is presented below:

	#	\$
Balance, beginning of period	10,634,065	1,155,150
Issued	857,650	270,000
Exercised	(106,500)	-
	11,385,215	1,425,150

Cash received and the corresponding reversal of contributed surplus on warrants exercised during the period was allocated directly to share capital.

Common shares reserved pursuant to warrants and agent warrants outstanding at September 30, 2008 is presented below:

	Exercise Price	Expiry Date
#	\$	
135,802	0.10	May 30, 2009
7,800,000	0.15	November 22, 2009
2,199,249	1.65	November 22, 2009
392,514	1.65	November 28, 2009
750,000	2.50	March 20, 2010
107,650	2.50	March 20, 2010
11,385,215		

9. RELATED PARTY TRANSACTIONS

During the period the Company was charged for various services and related out-of-pocket expenses paid on behalf of the Company by current and former directors and officers, or by companies which are under their control. Related party transactions which are not disclosed elsewhere in the financial statements are as follows:

- i) \$55,172 was paid to the CEO of the Company for consulting services
- ii) \$31,800 was paid to a company controlled by a former officer of the Company for professional services relating to legal and corporate secretarial services.
- iii) \$22,872 was paid to an officer of the Company for corporate secretarial services
- iv) \$27,926 was paid to a company controlled by an officer of the Company for professional services relating to CFO and accounting services.
- v) \$164,214 was paid to a company controlled by a director and officer of the Company for various administrative and overhead costs. Of this amount, \$50,361 related to office rent for nine months, \$40,000 related to marketing consulting services, \$32,200 related to shared office consultants, \$15,625 related to consultants building the Company's website and the balance of \$26,028 related to general office and administration expenses.
- vi) \$3,000 was paid for administrative services to a company controlled by a former director of Norma Canada.
- vii) \$16,500 was paid to a director of MV Canada

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9. RELATED PARTY TRANSACTIONS (continued)

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The exchange amount reflects the values that the Company would transact at with arm's length parties.

10. SEGMENTED INFORMATION

The Company is currently involved in the mineral exploration activities in Mexico and Peru. The Company is in the exploration stage, and accordingly, has no reportable segment or operating revenues for the period.

The Company's total assets are segmented geographically as follows:

	Canada	Mexico	Peru	Total
	\$	\$	\$	\$
Current Assets	2,782,328	58,713	246,773	3,087,814
Property, Plant and Equipment	13,452	219,366	117,066	349,884
Mineral Property and Deferred Costs	<u>-</u>	<u>8,381,861</u>	<u>93,917</u>	<u>8,475,778</u>
	<u>2,795,780</u>	<u>8,659,940</u>	<u>457,756</u>	<u>11,913,476</u>

11. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash activities were conducted by the Company during the period ended September 30, 2008 as follows:

	\$
Financing activities	
Share issuance costs	(138,757)
Shares issued for payment of agent's fees	<u>138,757</u>
	<u>-</u>

12. MANAGEMENT OF CAPITAL RISK

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, as well as cash and cash equivalents. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash and cash equivalents.

13. MANAGEMENT OF FINANCIAL RISK

The Company's financial instruments are exposed to certain financial risks, including credit risks, liquidity risk, interest risk and price risk.

(a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and cash equivalents are held through large Canadian financial institutions. Cash equivalents are comprised of financial instruments guaranteed by the bank.

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13. MANAGEMENT OF FINANCIAL RISK (continued)

(b) Foreign Exchange Risk

The Company's foreign exchange risk arises from transactions denominated in US Dollars, Mexican Pesos and Peruvian Soles. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. Accounts payable and accrued liabilities are due within the current operating period.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a significant loss as a result of a decline in the fair market value of cash equivalents is limited due to the relatively short maturity of the investments.

14. COMPARATIVE AMOUNTS

Comparative figures have been included in these financial statements where applicable. The prior period figures represent the period from incorporation, May 14, 2007 to September 30, 2007.