GALENA CAPITAL CORPORATION

(An Exploration Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 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, 2009 and 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, 2009 $	Dec 31, 2008 $
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	27,026	819,601
GST recoverable	20,950	43,750
Other receivables and prepaids	81,674	60,447
Note receivable (Note 4)	444,341	840,420
	573,991	1,764,218
PROPERTY, PLANT AND EQUIPMENT (Note 5)	476,403	335,647
MINERAL PROPERTY INTERESTS AND DEFERRED COSTS (Note 6)	5,064,231	4,250,086
	6,114,625	6,349,951
L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	625,781	319,164
FUTURE INCOME TAX LIABILITY	165,757	165,757
	791,538	484,921
S H A R E H O L D E R S' E Q U I T Y		
SHARE CAPITAL (Statement, Note 7)	13,748,683	13,401,888
WARRANTS (Statement, Note 7)	2,131,965	1,441,352
CONTRIBUTED SURPLUS (Statement)	2,609,045	2,617,329
DEFICIT (Statement)	(13,166,606)	(11,595,539)
	5,323,087	5,865,030
	6,114,625	6,349,951

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
SUBSEQUENT EVENTS (Note 14)

APPROVED BY THE BOARD

"Arni Johannson ", Director

"John Seaman ", Director

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,	
	2009 $	2008 $	2009 $	2008 $
EXPENSES				
Advertising	-	46,888	7,586	115,682
Amortization	12,789	13,816	58,587	15,388
Conferences and events	-	2,300	8,872	55,346
Consulting and salaries	113,563	204,048	383,463	649,958
General exploration	2,690	21,884	10,033	223,594
Meals and entertainment	370	2,334	7,607	25,761
Office	25,239	56,590	81,622	123,466
Professional fees	33,365	47,290	144,468	253,475
Rent	18,317	24,648	59,405	71,782
Stock based compensation (Note 7)	-	508,452	216,164	2,097,263
Telephone	11,500	14,304	33,635	29,314
Transfer agent and filing fees	6,305	2,038	26,558	74,998
Travel	6,637	509	35,344	71,433
LOSS BEFORE OTHER ITEMS	(230,775)	(945,101)	(1,073,344)	(3,807,460)
OTHER ITEMS				
Foreign exchange	(50,319)	23,224	(37,438)	32,837
Interest income	-	24,732	423	83,589
Loss on assignment of property (Note 6)	(460,708)	-	(460,708)	-
Write-off of mineral properties	-	(1,731,099)	-	(1,731,099)
	(511,027)	(1,683,143)	(497,723)	(1,614,673)
NET AND COMPREHENSIVE LOSS	(741,802)	(2,628,244)	(1,571,067)	(5,422,133)
DEFICIT – BEGINNING OF PERIOD	(12,424,804)	(3,827,760)	(11,595,539)	(1,033,871)
DEFICIT – END OF PERIOD	(13,166,606)	(6,456,004)	(13,166,606)	(6,456,004)
BASIC AND DILUTED NET AND COMPREHENSIVE LOSS PER SHARE	(0.02)	(0.10)	(0.05)	(0.21)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	38,261,181	27,403,379	33,473,100	25,706,497

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 CASH FLOWS

(Unaudited – prepared by management)

(Expressed in Canadian Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2009 **$**	**2008** **$**	**2009** **$**	**2008** **$**
CASH PROVIDED FROM (USED FOR):				
OPERATING ACTIVITIES				
Loss for period	(741,802)	(2,628,244)	(1,571,067)	(5,422,133)
Items not affecting cash:				
Amortization	12,789	13,816	58,587	15,388
Stock-based compensation (Note 7)	-	508,452	216,164	2,097,263
Foreign exchange	-	1,653	-	1,653
Loss on assignment of property (Note 6)	460,708	-	460,708	-
Write-off of mineral properties	-	1,731,099	-	1,731,099
	(268,305)	(373,224)	(835,608)	(1,576,730)
Change in non-cash working capital items				
GST, other receivables and prepaids	(3,935)	116,763	1,573	(77,286)
Note receivable	154,604	-	396,079	402,720
Accounts payable and accrued liabilities	228,867	(178,832)	306,617	417,850
	111,231	(435,293)	(131,339)	(883,446)
FINANCING ACTIVITIES				
Issuance of common shares and warrants	-	-	817,730	3,089,312
Net assets acquired from Norma acquisition	-	-	-	222,350
Share issue costs	(4,021)	-	(4,771)	(281,186)
	(4,021)	-	812,959	3,030,476
INVESTING ACTIVITIES				
Expenditures on mineral property interest and deferred exploration	(521,786)	(1,001,404)	(1,332,648)	(2,888,046)
Proceeds on assignment of property (Note 6)	57,795	-	57,795	-
Purchase of property, plant and equipment	(27,426)	-	(199,342)	(299,593)
	(491,417)	(1,001,404)	(1,474,195)	(3,187,639)
DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(384,207)	(1,436,697)	(792,575)	(990,609)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	411,233	4,381,139	819,601	3,935,051
CASH AND CASH EQUIVALENTS - END OF PERIOD	27,026	2,944,442	27,026	2,944,442
CASH AND CASH EQUIVALENTS IS COMPRISED OF:				
Cash	27,026	972,852	27,026	972,852
Short term money market investments	-	1,971,590	-	1,971,590
	27,026	2,944,442	27,026	2,944,442

ADDITIONAL SUPPLEMENTARY CASH FLOW INFORMATION (Note 10)

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)

	Nine months ended September 30,	
	2009	**2008**
	$	**$**
SHARE CAPITAL		
Balance, beginning of period	13,401,888	4,126,337
Private placement	804,150	3,000,000
Corporate finance shares	-	97,000
Exercise of warrants and reallocation of contributed surplus	21,865	114,597
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	(474,449)	(270,000)
Share issue costs	(4,771)	(419,943)
Balance, end of period	13,748,683	13,401,695
WARRANTS		
Balance, beginning of period	1,441,352	1,155,150
Warrants re-valued on term extension and re-pricing	216,164	-
Warrants issued	474,449	270,000
Balance, end of period	2,131,965	1,425,150
CONTRIBUTED SURPLUS		
Balance, beginning of period	2,617,329	345,673
Reallocation of contributed surplus on exercise of warrants	(8,284)	(25,284)
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
Balance, end of period	2,609,045	2,459,409
DEFICIT		
Balance, beginning of period	(11,595,539)	(1,033,871)
Net and comprehensive loss for the period	(1,571,067)	(5,422,133)
Balance, end of period	13,166,606	(6,456,004)
TOTAL SHAREHOLDERS' EQUITY	5,323,087	10,830,250

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

GALENA CAPITAL CORPORATION

(An Exploration Stage Company)

INTERIM CONSOLIDATED SCHEDULE OF MINERAL PROPERTY INTERESTS AND DEFFERED COSTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009

(Unaudited – prepared by management)

(Expressed in Canadian Dollars)

	MEXICO			**PERU**	
	Maureen $	**Mercedes $**	**Judith $**	**Tablachaca $**	**Total $**
Balance, Dec 31, 2008	2,479,765	1,271,513	310,962	187,846	4,250,086
Expenditures					
Acquisition	-	2,201	62,623	-	64,824
Assays	2,531	-	22,577	-	25,108
Professional fees	9,212	-	4,974	-	14,186
Site access and preparation	650,331	-	5,932	64,448	720,711
Salaries and contractors	221,000	-	78,874	-	299,874
Travel	20,139	27	17,414	-	37,580
	903,213	2,228	192,394	64,448	1,162,283
Payment on assignment of property (Note 6)	-	-	(57,796)	-	(57,796)
Foreign value added tax	146,735	176	15,148	8,307	170,366
Loss on assignment of property (Note 6)	-	-	(460,708)	-	(460,708)
Balance, September 30, 2009	3,529,713	1,273,917	-	260,601	5,064,231

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

GALENA CAPITAL CORPORATION

(An Exploration Stage Company)

CONSOLIDATED SCHEDULE OF MINERAL PROPERTY INTERESTS AND DEFFERED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2008

(Expressed in Canadian Dollars)

	MEXICO					PERU				
	Maureen $	**Mercedes $**	**Judith $**	**Maria $**	**Melissa $**	**Tablachaca $**	**Chimu $**	**Bolognesi $**	**Trujillo $**	**Total $**
Balance, Dec 31, 2007	196,533	-	-	-	-	-	-	-	-	196,533
Fair valuation adjustment of Norma Assets acquired	1,793,268	650,947	-	1,089,255	2,017,902	4,953	785,726	1,417,877	861,459	8,621,387
Expenditures										
Acquisition	1,070	56,988	65,103	16,230	69,012	128,066	104,411	-	60,715	501,595
Assays	20,795	69,388	4,276	42,725	82,736	-	-	-	-	219,920
Environmental	-	-	-	-	-	-	-	-	-	-
Office	29	19,740	234	13,351	6,960	-	-	-	-	40,314
Professional fees	3,303	14,006	-	13,352	7,277	-	-	-	-	37,938
Site Access	344,304	187,429	125,850	427,665	281,132	-	-	-	-	1,366,380
Salaries and contractors	16,289	171,439	67,695	328,891	236,501	-	-	-	-	820,815
Travel	38,529	29,863	11,869	69,360	29,286	-	-	-	-	178,907
	424,319	548,853	275,027	911,574	712,904	128,066	104,411	-	60,715	3,165,869
Foreign value added tax	65,645	71,713	35,935	119,106	93,148	54,827	-	-	-	440,374
Write-off of mineral properties including Future Income Taxes	-	-	-	(2,119,935)	(2,823,954)	-	(890,137)	(1,417,877)	(922,174)	(8,174,077)
Balance, Dec 31, 2008	2,479,765	1,271,513	310,962	-	-	187,846	-	-	-	4,250,086

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

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 ("RTO"). 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).

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 was 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 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.

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. Subsequent to the period end, the Company raised $1,027,500 through a non-brokered private placement (see Note 14). Management believes it has sufficient capital to carry on operations for the next twelve months. 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.

In response to the recent volatility in the markets, the Company has significantly reduced its overhead in order to conserve its treasury. The Company is currently focusing its attention on projects which have potential for near-term production and/or joint venture partners.

2. SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim consolidated financial statements follow the same accounting policies as the most recent annual audited financial statements. The financial statement note disclosures do not include all of those required by Canadian generally accepted accounting principles applicable for annual financial statements. Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the December 31, 2008 audited consolidated financial statements.

Adoption of accounting policy

Goodwill and Intangible Assets

CICA Handbook Section 3064, *Goodwill and Intangible Assets*, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and Expenses during the pre-operating period. As a result of the withdrawal of EIC 27, companies will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations. The changes are effective for interim and annual financial statements beginning January 1, 2009. The adoption of this standard had no impact on the unaudited interim consolidated financial statements of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the Emerging Issues Committee of the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" which applies to interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations as at September 30, 2009.

Mining Exploration Costs

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular and on impairment of long-lived assets in general. The adoption of this abstract had no impact on the Corporation's presentation of its financial position or results of operations as at September 30, 2009.

3. 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.

Recent Accounting Pronouncements

Business Combinations

CICA Handbook Section 1582, *Business Combinations* will provide the Canadian equivalent to International Financial Reporting Standard IFRS 3, "Business Combinations" and replace the existing Section 1581, *Business Combinations*. The new Section 1582 will apply prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also early adopt Section 1601, *Consolidated Financial* Statements and Section 1602, *Non-controlling Interests*.

Section 1601, *Consolidated Financial Statements* establishes standards for the preparation of consolidated financial statements and will replace the existing Section 1600, Consolidated Financial Statements. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also early adopt Section 1582, *Business Combinations* and Section 1602, *Non-Controlling Interests*.

Section 1602, *Non-controlling Interests* establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also early adopt Section 1582, *Business Combinations* and Section 1601, *Consolidated Financial Statements*.

The Company is assessing the impact of these new standards on its consolidated financial statements.

4. NOTE RECEIVABLE

The note receivable of CDN $444,341 (USD $415,000) comprises principal of CDN $347,978 (USD $325,000) and interest of CDN $96,363 (USD $90,000).

(Expressed in Canadian Dollars)

4. NOTE RECEIVABLE (continued)

The note was originally issued to a third party in the amount of USD $600,000 and initially matured on December 19, 2008. The note earned 15% on the maturity date. The payment date was extended to July 15, 2009. The Company has received USD $275,000 to September 30, 2009 and has been applied against the principal outstanding. The loan is past due; however, the Company believes it to be fully paid in the near term. The Company is monitoring this account closely and will re-assess the recoverability of the outstanding balance during the following quarter.

5. PROPERTY, PLANT AND EQUIPMENT

	Cost $	Accumulated Amortization $	Sep 30, 2009 $	Dec 31, 2008 $
CANADA				
Furniture	2,522	979	1,543	1,816
Network equipment	11,126	5,995	5,131	6,620
Computer hardware	6,202	4,046	2,156	3,254
Computer software	2,593	2,561	32	128
	22,443	13,581	8,862	11,818
MEXICO				
Machinery	215,228	6,991	208,237	1,103
Transport equipment	216,435	77,303	139,132	174,996
Furniture and fixtures	15,698	2,870	12,828	13,644
Computers	17,821	8,958	8,863	10,993
Leaseholds	-	-	-	9,232
	465,182	96,122	369,060	209,968
PERU				
Machinery	102,896	29,222	73,674	80,970
Transport equipment	24,359	8,707	15,652	19,487
Furniture and fixtures	4,460	2,431	2,029	4,131
Computers	11,890	4,764	7,126	9,273
	143,605	45,124	98,481	113,861
TOTAL	631,230	154,827	476,403	335,647

6. MINERAL PROPERTY INTERESTS AND DEFERRED COSTS

MEXICO

During the three month period ended September 30, 2009 the Company initiated the process to recover taxes recoverable from the Mexican government. Due to the uncertainty on the acceptability of the claims and timing of receipt, the taxes recoverable remain capitalized in mineral property interests and deferred costs. The total estimated recoverable tax amount is expected to be approximately $300,000.

Maureen Property (formerly "La Suerte")

The Maureen Property ("Maureen") is located 20 km SSE of the city of Tepic, Nayarit, Mexico.

6. MINERAL PROPERTY INTERESTS AND DEFERRED COSTS (continued)

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. Gold and silver are the target commodities being investigated at Maureen.

The Company's wholly-owned subsidiary, Minas Vallarta S.A. de C.V., owns 100% of the property and there are no further financial obligations other than the statutory semi-annual exploration rights payments and approximately USD $120,000 in payables to suppliers and contractors (explosives, mineral haulage, sampling lab).

The La Suerte drift has progressed along the La Suerte structure. The mineralized vein has been variable in width from 80 centimeters to two meters wide. The La Suerte adit was widened to 2.5 x 2.5 meters (from 1.5 x 1.0 meters) along the old tunnel workings. The La Suerte tunnel has now reached the old San Francisco Mine coordinates, 35 meters below the mine.

A portable plant has been designed and is under construction. The plant will have a gravimetrical process initially, due to the free gold content of the mine mineral. Testing has shown liberation that makes this process viable with acceptable gold recoveries. The process plant will consist of a ball mill, gravimetrical processor, genset, and accessory equipment. All major components have been acquired. Testing of the plant will take place in the near term. Mineral from the mine is being transported to a stockpile at the future plant location four kilometres from the mine.

Mercedes Property (formerly "Yecora")

The Mercedes Property ("Mercedes") is located approximately 200 kilometres ESE of Hermosillo, state of Sonora, Mexico. The property consists of three claims totalling 360 hectares: La Mina del Oro, titulo, 16 hectares; Ampliacion Mina del Oro, titulo, 251 hectares; C.R., titulo, 93 hectares.

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.

This fault marks the contact between the QFP and the andesites. 110 meters 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 ore-body 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.

On July 17, 2007 the Company's wholly owned subsidiary, Norma Mines S.A. de C.V. ("Norma Mexico"), entered into an arrangement with the owner of the Mercedes property whereby Norma Mexico earns the exclusive exploration and exploitation rights on the property by paying USD $20,000 (paid) prior to signing and USD $30,000 (paid) upon signing the contract. As part of the contract, Norma Mexico will earn 70% of any profits arising from the property and the current owner will earn 30%.

6. MINERAL PROPERTY INTERESTS AND DEFERRED COSTS (continued)

This ratio will also be utilized for allocating the funding of any extraordinary expenses, as determined by Norma Mexico, which are above and beyond any exploration and exploitation expenses incurred by Norma Mexico. After two years, Norma Mexico has the option to buy out the mineral concessions from the current owner for USD $1,800,000 less the original USD $50,000 already paid on signing. The company is also responsible for maintaining the properties in good standing. Until such time as the Company is able to raise additional funds, the Company is not in the financial position to buy out the mineral concessions.

No further exploration is planned for 2009/2010.

Judith Property

In January 2009, the Company's wholly owned subsidiary, Norma Mexico, entered into an arrangement with the owners of the Judith property whereby Norma Mexico earns the exclusive exploration and exploitation rights on the property by paying a total of USD $100,000 (paid) at or before signing.

As part of the contract, Norma Mexico will earn 80% of any profits arising from the property and the current owners will earn 20%. This ratio will also be utilized for allocating the funding of any extraordinary expenses, as determined by Norma Mexico, which are above and beyond any exploration and exploitation expenses incurred by Norma Mexico. Norma Mexico must also spend USD $1,000,000 in exploration expenses within two years of signing and has the option to purchase the current owners' mining concessions after five years for USD $1,500,000 less the original USD $100,000 already paid upon signing. The company is also responsible for maintaining the properties in good standing.

On July 6, 2009, Norma Mexico signed an Assignment, Assumption and Amending Agreement ("Agreement") with QRS Capital Corp. ("QRS") and the current owners of the mining concessions to assign Norma Mexico's right, title, interest and obligations for the Judith property to QRS. In consideration of the assignment QRS will pay $50,000 (paid) to Norma Mexico and Norma Mexico will receive 10% of any net profits of production calculated in accordance with the above exploitation agreement. Upon signing the Agreement, the Company reduced the property's mineral property and deferred costs by the $50,000 payment, then recorded a loss in the amount of $460,708.

As QRS takes on the obligation to keep the property in good standing, there are no further financial obligations of the Company regarding the Judith property.

PERU

Tablachaca

The Tablachaca river property is located in Ancash in the province of Pallasca. The average elevation on the property is approximately 1,500 meters above sea level. The property totals 1,105.1 hectares of mining concessions.

The property comprises six exploration claims: Golden 2008-1 of 499.8 hectares, Golden 2008-2 of 147.1 hectares, 2008-3 of 57.5 hectares, Golden 2008-4 of 76.4 hectares, Golden 2008-5 of 289.4 hectares and Golden 2008-6 of 34.9 hectares.

There are no further financial obligations of the Company other than to maintain the property in good standing.

On July 15, 2009, the Company entered into a letter agreement with QRS Capital Corp. ("QRS"), in respect of a proposed joint venture to be established following the closing of QRS' proposed Qualifying Transaction. Under the terms of the letter agreement, it is proposed that QRS, Galena and a wholly-owned Peruvian subsidiary of Galena will enter into a joint venture for the exploration and development of Galena's six mineral claims that comprise the Tablachaca Golden River Property, located in Ancash in the Province of Pallasca, Peru.

Galena's subsidiary has agreed to act as operator of the joint venture with respect to the exploration and development of the Property and QRS has agreed to fund all exploration and development costs until the commencement of commercial productions following which such costs will be shared. After the joint venture generates profit, it will first be applied to repay the costs advanced by QRS, following which, such profit will be shared on an equal basis.

(Expressed in Canadian Dollars)

6. MINERAL PROPERTY INTERESTS AND DEFERRED COSTS (continued)

In consideration for the establishment of the joint venture, QRS has agreed to issue 250,000 of its common shares to Galena upon the closing of the definitive agreement and an additional 750,000 common shares upon the commencement of commercial production. In addition, QRS has agreed to pay Galena $150,000 ten days after the closing of the Qualifying Transaction, such funds to be used by Galena as an advance of costs to conduct further exploration on the property. Upon the closing date, Galena has agreed to grant QRS a right of first refusal in respect of the sale or transfer of any Peruvian property interests held by Galena or any joint venture opportunities in Peru that Galena offers to the market.

The Company was focusing its attention and resources on projects with near term production in Mexico and therefore, exploration efforts on Tablachaca project were limited during the nine month period ended September 30, 2009.

7. SHARE CAPITAL

Authorized - unlimited common shares without par value

	#	$
Issued - common shares		
Outstanding shares of Galena	4,004,000	187,480
RTO: Issued on a one-for-one basis to shareholders of MV Canada	12,800,000	1,384,000
Concurrent financing		
Short form offering	2,105,263	2,000,000
Private placement	2,394,737	2,275,000
Corporate finance shares	75,000	71,250
Agent commission shares	163,431	155,259
Less: warrant value	-	(1,155,150)
Warrants exercised subsequent to RTO	4,448	445
Reallocation of contributed surplus relating to exercise of warrants	-	271
Less: Share issue costs	-	(792,218)
Balance December 31, 2007	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	-	(689,750)
Balance Dec 31, 2008	27,403,379	13,401,888
Private Placement	10,722,000	804,150
Exercise of warrants and reallocation of contributed surplus	135,802	21,865
Less: warrant value	-	(474,449)
Less: Share issue costs	-	(4,771)
Balance September 30, 2009	38,261,181	13,748,683

Financing

On April 29, 2009 the Company closed a non-brokered private placement. A total of 10,722,000 units were issued at a price of $0.075 per unit for gross proceeds to the Company of $804,150. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share in the capital of the Company at a price of $0.15 per share at any time within five years following the date of the closing of the private placement.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

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. At September 30, 2009 there were 3,352,196 escrowed shares.

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 are 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.

A summary of the changes in the number of stock options outstanding and exercisable for the nine months ended September 30, 2009 is as follows:

	#	Weighted Average Exercise Price $
Balance, beginning of period	2,336,000	0.99
Cancelled	(250,000)	1.80
Balance, end of period	2,086,000	0.90

A summary of the Company's exercisable and outstanding options at September 30, 2009 is presented as follows:

Options Exercisable #	Options Outstanding #	Exercise Price $	Expiry Date
160,000	160,000	0.10	May 14, 2012
1,365,000	1,365,000	0.95	November 22, 2012
561,000	561,000	1.00	November 28, 2012
2,086,000	2,086,000		

Warrants

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants and agent warrants and the changes for the nine month period ended September 30, 2009 is presented below:

	#
Balance, beginning of period	11,385,215
Issued	10,722,000
Expired	-
Exercised	(135,802)
Balance, end of period	21,971,413

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

On June 3, 2009 TSX approved the price amendment and term extension to the Company's warrants originally issued on November 22, 2007 and on March 20, 2008 as follows:

i) 2,199,249 of the November 22, 2007 warrants originally priced at $1.65 were re-priced to $0.40. The original expiration date of November 22, 2009 was extended to April 15, 2012.

ii) 750,000 of the March 20, 2008 warrants originally priced at $2.50 were re-priced to $0.40. The original expiration date of March 20, 2010 was extended to April 15, 2012.

Common shares reserved pursuant to warrants and agent warrants outstanding at September 30, 2009 is presented below:

#	Exercise Price $	Expiry Date
7,800,000	0.15	November 22, 2009
392,514	1.65	November 22, 2009
107,650	2.50	March 20, 2010
2,199,249	0.40	April 15, 2012
750,000	0.40	April 15, 2012
10,722,000	0.15	May 5, 2014
21,971,413		

8. RELATED PARTY TRANSACTIONS

During the nine month period ended September 30, 2009 the Company was charged for various services and related out-of-pocket expenses paid on behalf of the Company by 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) $107,475 (2008 - $55,172) was expensed by the Company for consulting services of the CEO. Of this amount $71,784 (2008 - NIL) remains in accounts payable as at September 30, 2009.
ii) $6,900 (2008 - $22,872) was paid to a former officer of the Company for corporate secretarial services
iii) $12,125 (2008 - NIL) was paid to the current corporate secretary
iv) $21,010 (2008 - $27,926) was paid to a company controlled by an officer of the Company for professional services relating to CFO and advisory services.
v) $137,148 (2008 – $164,214) was paid to a company controlled by a director and officer of the Company for reimbursement of various administrative and overhead costs. These reimbursed expenses consisted of the following: $33,300 (2008 - $50,361) for office rent, $73,875 (2008 – $32,200) related to shared office consultants, $8,480 (2008 - $8,648) related to telephone expenses and the balance of $21,493 (2008 - $73,005) related to shared expenses for general office, copier leases, marketing consultants and a 10% mark-up which commenced in July 2009.
vi) $22,500 (2008 – $16,500) was paid to a director of Minas Vallarta Ltd.

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.

9. 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.

(Expressed in Canadian Dollars)

9. SEGMENTED INFORMATION (continued)

The Company's total assets at September 30, 2009 are segmented geographically as follows:

	Canada **$**	**Mexico** **$**	**Peru** **$**	**Total** **Sep 30, 2009** **$**
Current Assets	521,912	45,325	6,754	573,991
Property, Plant and Equipment	8,862	369,060	98,481	476,403
Mineral Property and Deferred Costs	-	4,803,630	260,601	5,064,231
	530,774	5,218,015	365,836	6,114,625

The Company's total assets at December 31, 2008 are segmented geographically as follows:

	Canada **$**	**Mexico** **$**	**Peru** **$**	**Total** **Dec 31, 2008** **$**
Current Assets	1,603,552	130,268	30,398	1,764,218
Property, Plant and Equipment	11,818	209,967	113,862	335,647
Mineral Property and Deferred Costs	-	4,062,240	187,846	4,250,086
	1,615,370	4,402,475	332,106	6,349,951

10. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash activities were conducted by the Company during the nine month period ended September 30, 2009 and 2008 as follows:

	Sep 30, 2009 **$**	**Sep 30, 2008** **$**
Financing activities		
Share issuance costs	-	(138,757)
Shares issued for payment of agent's fees	-	138,757
	-	-

11. 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.

The capital structure of 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.

11. MANAGEMENT OF CAPITAL RISK (continued)

The Company has no externally imposed debt requirements as of the balance sheet date.

12. MANAGEMENT OF FINANCIAL RISK

The Company's financial instruments are exposed to certain financial risks, including credit risk, foreign exchange risk, liquidity risk and interest rate 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. The Company has a note receivable calculated at a fair value of $444,341 outstanding as at September 30, 2009 with a third party. The third party has missed dates for repayment, and therefore, the Company is exposed to credit risk. Please refer to Note 4 for further details on the note receivable.

This amount is past due as of July 15, 2009 as the third party failed to meet their payment obligation. The Company did receive another payment of USD $100,000 in August 2009. The Company is in contact with the third party at least weekly and the Company believes it will receive the funds in the near term. Should circumstances change, management will make the decision to write-down all or portion of the receivable.

(b) Foreign Exchange Risk

The Company's operations are in Mexico and Peru; therefore foreign exchange risk exposures from transactions denominated in United States 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.

The recent economic turmoil has resulted in significant volatility in foreign exchange rates, including those in which the Company conducts its operations. The sensitivity of the Company's net and comprehensive loss due to changes in the exchange rate between its operating currencies and the Canadian dollar are summarized in the table below:

	5% decrease in $CDN	5% increase in $CDN
Approximate decrease (increase) in net and comprehensive loss for the nine months ended September 30, 2009	53,381	(50,838)

(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 has implemented a budgeting process which is reviewed regularly to help determine the funding requirements of the Company's exploration and overhead requirements. The Company's objective is to ensure that there are sufficient committed financial resources to meet its short-term business requirements for the next 12 months. The Company has no credit facilities as of September 30, 2009.

(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.

13. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted in 2009.

14. SUBSEQUENT EVENTS

On November 13, 2009 the Company closed the first tranche of a non-brokered private placement for gross proceeds of $927,500. A total of 18,550,000 common shares were issued at a price of $0.05 per share. On November 24, 2009 the Company closed the second tranche of the non-brokered private placement for gross proceeds of $100,000. A total of 2,000,000 common shares were issued at a price of $0.05 per share. All securities issued in the private placement are subject to a four month hold period. The Company paid a total of $38,400 in finder's fees and $300 for administrative costs.