



Press Release- #11-26

TSX-V: GAX

October 7, 2011

GALAHAD METALS BOARD AUTHORIZES RETURN OF CAPITAL

Ottawa, ON – **Galahad Metals Inc.** (“the Company”) announced today that its board of directors has authorized a distribution to its shareholders of the common shares of its subsidiary, Red Ore Gold Inc. (“RXX”), by way of a tax-free return of capital, subject to compliance with applicable laws and receipt of all necessary regulatory and shareholder approvals. While the details of the return of capital are being finalized, including the specific number of the 8.8 million RXX shares held by the Company that will ultimately be distributed to shareholders, it is anticipated that only Canadian shareholders entitled to receive 1,000 or more RXX shares will qualify to receive such RXX shares. All other shareholders will receive a cash payment equivalent to the value of the RXX shares that would have otherwise been allocated to them.

Robin Dow, CEO of the Company, stated that “Galahad has for some time now been working towards establishing RXX as an independent publicly listed company. In these difficult markets, the return of capital is an important step in ensuring that RXX has a sufficient public float of freely tradable shares. That being said, there is currently no market for the RXX shares and it is unknown when and if the RXX shares will be listed or quoted for trading on an exchange.”

To effect the distribution as a tax-free return of capital, shareholders of the Company will be required to approve a reduction in the Company’s stated capital. Full details regarding the return of capital and related reduction in stated capital will be included in an information circular that will be delivered to shareholders in connection with an upcoming special shareholders’ meeting currently anticipated to be held in mid-November. Upon approval of the reduction in stated capital and receipt of all necessary regulatory approvals, the Company will then announce the record date for the distribution in accordance with the applicable rules of the TSX Venture Exchange.

For further information, please go to www.galahadmetals.com or contact:

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“The statements in this Press Release may contain forward looking statements that involve a number of risks and uncertainties. Actual events or results could differ materially from the Company’s expectations and projections. The TSX Venture Exchange has not approved or disapproved of the information contained in this Press Release.”

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