



Financial Statements

September 30, 2008
(Unaudited)

Notice to Reader:

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, notice is hereby given that the accompanying comparative interim financial statements of the Company as at and for the three and nine months ended September 30, 2008 and 2007 have been prepared in accordance with Canadian generally accepted accounting principles and have not been audited or reviewed by the Company's auditors. The accompanying financial statements are the responsibility of the Company's management and should be read in conjunction with the financial statements for the year ended December 31, 2007 which are available at the SEDAR website at www.sedar.com. The accompanying financial statements, which are presented in Canadian dollars unless otherwise indicated, include the selection of appropriate accounting principles, judgments and estimates that management considers necessary for a fair presentation of the financial position, results of operations and cash flows.

GLR Resources Inc.
Balance Sheets
(Canadian dollars)

	September 30 2008 \$	December 31 2007 \$
Assets		
Current assets		
Cash and cash equivalents <i>(Note 3)</i>	399,585	1,753,741
Accounts receivable	70,293	68,414
Prepaid expenses and advances <i>(Note 4)</i>	38,909	45,629
Assets held for sale	-	13,000
Due from related parties <i>(Note 8)</i>	7,211	97,487
	515,998	1,978,271
Investments	43,647	112,776
Property, plant and equipment <i>(Note 7)</i>	10,934,487	9,264,252
Mineral properties and deferred expenditures <i>(Note 6)</i>	3,182,111	2,758,888
Other assets <i>(Note 5)</i>	-	3,466,833
	18,676,243	17,581,020
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities <i>(Note 8)</i>	1,000,595	867,340
Due to related parties	122,530	-
Promissory note payable <i>(Note 13)</i>	2,000,000	2,000,000
	3,123,125	2,867,340
Long-term liabilities		
Future income taxes	1,258,110	460,000
	1,258,110	460,000
	4,381,235	3,327,340
Shareholders' equity		
Capital stock <i>(Note 9)</i>	17,764,186	14,968,061
Contributed surplus <i>(Note 10)</i>	3,415,474	3,017,072
Accumulated deficit	(10,889,033)	(3,794,929)
Accumulated comprehensive income	4,381	63,476
	10,295,008	14,253,680
	14,676,243	17,581,020

Commitments and contingencies (Notes 1, 6 and 17)

The accompanying notes are an integral part of these financial statements.

GLR RESOURCES INC.
STATEMENTS OF OPERATIONS AND DEFICIT
(Canadian dollars except share and per share amounts)

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
Revenues				
Management fees <i>(Note 8)</i>	100,833	39,121	214,223	103,149
Interest	3,402	41,829	37,227	57,793
	104,235	80,950	251,450	160,942
Operating Expenses				
Amortization	12,408	4,028	18,758	4,954
Office and general <i>(Note 8)</i>	38,869	76,035	193,943	151,419
Interest expense and finance fees	1,051,788	-	1,298,698	-
Public relations	8,267	56,658	47,714	140,334
Professional fees	(99,085)	50,481	238,755	118,744
Shareholder information	1,784	9,486	44,565	42,346
Consulting	53,442	45,044	173,196	147,043
Salaries, fees and benefits	97,678	224,615	339,246	458,419
Stock-based compensation	18,394	131,850	59,402	399,552
Write-off of supplier deposits	4,929,735	-	4,929,735	-
Loss on disposal of equipment	1,541	-	1,541	-
	6,114,821	277,134	7,345,553	1,462,811
Net loss before taxes	(6,010,586)	(517,247)	(7,094,103)	(1,301,869)
Future income tax recoveries	-	139,075	-	325,684
Net loss for the period	(6,010,586)	(378,172)	(7,094,103)	(976,185)
Deficit, beginning of period	(4,878,446)	(2,119,013)	(3,794,929)	(1,520,999)
Deficit, end of the period	(10,889,032)	(2,497,184)	(10,889,032)	(2,497,184)
Net loss per share—basic and fully diluted	(0.09)	(0.00)	(0.12)	(0.02)
Weighted average number of shares (000's) – basic and fully diluted	63,595	46,385	61,614	44,861

The accompanying notes are an integral part of these financial statements.

GLR Resources Inc.
Statement of Comprehensive Income
(Canadian Dollars)

	Three months ended September 30		Nine months ended September 30	
	2008 \$	2007 \$	2008 \$	2007 \$
Net loss	(6,010,586)	(378,172)	(7,094,103)	(976,185)
Other comprehensive income:				
Loss on available-for-sale securities, net of tax benefit	(132,095)	-	(59,095)	-
Total comprehensive loss	(6,142,681)	(378,172)	(7,153,198)	(976,185)

Statement of Accumulated Comprehensive Income
(Canadian Dollars)

	Three months ended September 30		Nine months ended September 30	
	2008 \$	2007 \$	2008 \$	2007 \$
Balance, beginning of period	136,476	-	63,476	-
Loss on available-for-sale securities, net of tax benefit	(132,095)	-	(59,095)	-
Accumulated comprehensive income (loss)	4,381	-	4,381	-

The accompanying notes are an integral part of these financial statements.

GLR Resources Inc.
Statements of Cash Flow
(Canadian Dollars)

	Three months ended September 30		Nine months ended September 30	
	2008 \$	2007 \$	2008 \$	2007 \$
Operations				
Net loss	(6,010,586)	(378,172)	(7,094,103)	(976,185)
Adjustments to reconcile net income (loss) to cash flow from operating activities:				
Amortization	12,408	4,028	18,758	4,954
Stock-based compensation	18,394	131,850	59,402	399,552
Write-off of supplier deposits	4,929,735	-	4,929,735	-
Loss on disposal of equipment	1,541	-	1,541	-
Write-off of deferred financing costs	468,940	-	468,940	-
Future income taxes (recoveries)	-	(139,075)	-	(325,684)
	(579,568)	(381,369)	(1,615,727)	(897,363)
Net change in non-cash working capital items:				
Accounts receivable	(33,113)	(10,220)	(1,879)	(31,214)
Prepaid expenses and advances	(13,908)	(21,213)	6,720	(51,425)
Inventory	4,351	-	-	-
Assets held for sale	-	-	13,000	-
Due from related parties	244,061	-	212,806	-
Accounts payable and accrued liabilities	283,262	105,096	133,254	168,051
Cash flow used in operating activities	(94,915)	(307,706)	(1,251,826)	(811,951)
Financing				
Issuance of common shares	(2,000)	781,265	3,945,125	2,378,680
Decrease (increase) in due from related parties	-	481,855	-	614,963
Deferred financing costs <i>(Note 5)</i>	-	-	-	(29,598)
Cash flow from financing activities	(2,000)	1,263,120	3,945,125	2,964,045
Investments				
Expenditures on resource assets and mineral properties	(219,032)	(1,170,567)	(1,598,051)	(2,723,869)
Property, plant and equipment	(329,016)	(95,877)	(423,223)	(228,218)
Disposal of equipment	1,500	-	1,500	-
Advances to suppliers <i>(Note 5)</i>	-	-	(2,027,681)	-
Cash flow used in investing activities	(546,548)	(1,266,444)	(4,047,455)	(2,952,087)
Net increase (decrease) in cash and cash equivalents	(643,463)	(311,030)	(1,354,156)	(799,993)
Cash and cash equivalents, beginning of period	1,043,048	1,308,049	1,753,741	1,797,012
Cash and cash equivalents, end of period	399,585	997,019	399,585	997,019

Supplementary cash flow information (Note 16)

The accompanying notes are an integral part of these financial statements.

GLR Resources Inc.
Notes to the Financial Statements
As at and for the three and nine months ended September 30, 2008 and 2007
(Expressed in Canadian dollars)

1. Nature of operations and going concern

Nature of operations

GLR Resources Inc. ("GLR", or the "Company") is a federally incorporated company. GLR is in the process of bringing a mine into production. GLR also holds a portfolio of grass roots exploration properties, which it continues to evaluate. Unless otherwise indicated all dollar amounts are expressed in Canadian currency.

The recoverability of the amount shown for property, plant and equipment and deferred exploration is dependent upon the existence of economically recoverable reserves, the ability of GLR to obtain the necessary financing to complete exploration and development, and upon future profitable production or proceeds from the disposition thereof.

The Company's Canadian exploration activities are mainly undivided interests in properties that are explored jointly with others. Accordingly, these financial statements reflect GLR's pro-rata share of the assets, liabilities, and expenditures of these undivided interests, as appropriate.

The Company's Goldfields project is located in northern Saskatchewan and is currently under construction to operate the project as an open-pit mine. In October 2007, the Company announced that it had entered into various contracts with major equipment suppliers for processing equipment. Advances were made to suppliers of process equipment requiring a long lead time to manufacture. The intent was to provide time for the process equipment to be delivered on a schedule that anticipated commissioning of the plant and commencement of production in late 2009. Due to delays in financing, the Company has been unable to fund further advances to suppliers and wrote off deposits to suppliers in the aggregate amount of \$4,929,735. Reference is made to Notes 5.

Going concern

These financial statements are prepared in accordance with Canadian generally accepted accounting principles and on the assumption that the Company will be able to realize the carrying value of its assets and discharge its liabilities in the normal course of operations as a going concern. If the "going concern" assumption is not appropriate, then material adjustments may be necessary in the carrying amounts and/or classifications of assets and liabilities in these financial statements.

On October 30, 2008, the \$ 2.0 million note payable to Blackfish Capital (Master) Fund 1 SPC ("Blackfish") came due. The Company was unable to repay the loan. Should the Company be unable to extend the terms of the loan, Blackfish has the right to seize assets of the Company.

On October 9, 2008, GLR received a notice to remedy default from Gekko Systems Pty Ltd. ("Gekko") in respect to the purchase of a piece of equipment to be installed in the process plant at the Goldfields Mine. Gekko's claim, in the amount of \$1,030,096, has not been remedied. The claim is calculated after deducting advances to Gekko in the aggregate amount of \$1,200,000. GLR believes that damages may be mitigated to the extent that the equipment, as constructed, can be sold. No provision has been recognized in the accounts for potential loss, if any.

The Company's ability to discharge its liabilities and realize the carrying value of its assets in the normal course of operations is dependent upon, among other things, management's ability to raise the required amount of debt and/or equity financing and for profitable operations to be achieved. There can be no assurance that the Company will be successful with those initiatives.



GLR Resources Inc.
Notes to the Financial Statements
As at and for the three and nine months ended September 30, 2008 and 2007
(Expressed in Canadian dollars)

2. Summary of significant accounting policies

These interim unaudited financial statements include all adjustments that are, in the opinion of management, necessary for fair presentation. The results of operations for the three and nine month periods ended September 30, 2008 are not necessarily indicative of the results expected for the full year.

These interim unaudited financial statements are prepared in accordance with Canadian generally accepted accounting principles and follow the same accounting policies and methods set forth in the Company's audited consolidated financial statements as at and for the year ending December 31, 2007 and should be read in conjunction with those audited financial statements and notes thereto.

New accounting pronouncements

- (i) Financial Instruments-Disclosure (Section 3862) and Financial Instruments-Presentation (Section 3863)

Section 3862 replaces the disclosure portion of Section 3861, Financial Instruments-Disclosure and Presentation and enhances the disclosure requirements on the nature and extent of risks arising from financial instruments and how these risks are managed. Section 3863 carries forward the presentation requirements from Section 3861. Effective January 1, 2008, the Company adopted these standards. Beyond additional disclosures, the adoption of these new pronouncements did not have an effect on the Company's financial position or results of operations. The new disclosures are included in Note 12.

- (ii) Capital Disclosures (Section 1535)

Section 1535 establishes standards for disclosure of qualitative and quantitative disclosure about an entity's capital and how it is managed in order to enable users of its financial statements to evaluate the entity's objectives, policies and processes of managing its capital. Effective January 1, 2008, the Company adopted these standards. Beyond additional disclosures, the adoption of these standards did not have an effect on the Company's financial position or results of operations. The new disclosures are included in Note 11.

- (iii) General Standards of Financial Statement Presentation (Section 1400)

The amendment to this section provides revised guidance related to management's responsibility to assess the ability of the entity to continue as a going concern. Effective January 1, 2008, the Company adopted the amendment to this section. Beyond additional disclosure, the adoption of this amendment did not have an effect on the Company's financial position or results of operations. The new disclosures are included in Note 1.

- (iv) International Financial Reporting Standards

On February 13, 2008, the Financial Accounting Standards Board announced that publicly accountable entities will be required to prepare financial statements in accordance with International Financial Reporting Standards ("IFRS") for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Company is assessing the impact of the conversion from Canadian generally accepted accounting principles to IFRS on the financial statements and will develop a conversion implementation plan.

3. Cash and cash equivalents

Cash at September 30, 2008, contains cash on deposit of \$399,585 (December 31, 2007 - \$1,753,741), and guaranteed investments certificates ("GIC") of \$Nil (December 31, 2007 - \$Nil).



GLR Resources Inc.
Notes to the Financial Statements
As at and for the three and nine months ended September 30, 2008 and 2007
(Expressed in Canadian dollars)

4. Prepaid expenses and advances

As at September 30, 2008, the Company had advanced \$25,000 (December 31, 2007 - \$25,000) to a drilling contractor and \$Nil (December 31, 2007 - \$20,269) in respect of travel costs.

5. Other assets

At each of the dates indicated other assets are comprised of:

	September 30 2008	December 31 2007
	\$	\$
Advances to suppliers	-	2,997,893
Deferred financing costs	-	468,940
	-	3,466,833

As at September 30, 2008 the Company had made advances of \$4,929,735 (December 31, 2007 - \$2,997,893) to suppliers for commitments (*Note 15*) entered into with suppliers for construction of a process plant and refinery, crushing plant, certain mining equipment and trucks and engineering design services.

The Company has been unable to finance construction of the Goldfield's mine. Given the uncertainty with respect to financing the cost of developing the Goldfield's Mine, the Company wrote off the carrying value of the deposits to suppliers to the statement of operations.

6. Mineral properties and deferred expenditures

The following table summarizes the Company's mineral properties and deferred expenditures during 2008:

	Opening balance (\$)	Additions (\$)	Disposals (\$)	Net (\$)
Stares, Ontario	785,461	5,673	-	791,134
Goldie, Ontario	430,402	68,086	-	498,488
Golden Pond	32,269	315,584	-	347,853
Hurd McAuley, Ontario	457,237	27,475	-	484,712
Baldwin, Ontario	313,661	5,753	-	319,414
Kirkland West, Ontario	248,148	1,824	-	249,972
Martin Lake, Saskatchewan	127,243	-	-	127,243
Dubnick Triangle, Saskatchewan	144,623	-	-	144,623
General and other	219,844	(1,172)	-	218,672
	2,758,888	423,223	-	3,182,111

Under its mineral properties option agreements, the Company is required to make a \$50,000 property payment during the fourth quarter of 2008



GLR Resources Inc.
Notes to the Financial Statements
As at and for the three and nine months ended September 30, 2008 and 2007
(Expressed in Canadian dollars)

7. Property, plant and equipment

	September 30, 2008			December 31, 2007		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
	\$	\$	\$	\$	\$	\$
Goldfields Mine						
Property	8,435,928	-	8,435,928	8,094,194	-	8,094,194
Buildings	1,325,160	-	1,325,160	708,852	-	708,852
Equipment	968,137	-	968,137	227,759	-	227,759
Corporate						
Exploration equipment	263,560	109,368	154,192	253,580	82,999	170,581
Office furniture and fixtures	97,188	46,118	51,070	99,756	36,890	62,866
	11,089,973	155,486	10,934,487	9,384,141	119,889	9,264,252

There has been no amortization recorded on the Goldfields mine assets as the Company has not started commercial production.

8. Related party transactions

The financial statements include balances and transactions with directors and/or officers of the Company and/or corporations related to or controlled by them. These transactions are measured and recorded at their exchange amounts, being the amounts agreed to by the related parties.

	Nine months ended September 30	
	2008	2007
	\$	\$
Transactions during the period:		
Exploration expenditures	175,330	134,143
Consulting fees	55,827	38,249
Administrative costs	17,537	11,229
Management fees earned	214,223	64,028
	As at	As at
	September 30,	December 31,
	2008	2007
	\$	\$
Related party advances and fees receivable:		
Management fees due from UCR	-	65,276
Other (non-interest bearing, no fixed terms of repayment)	7,211	32,211
	7,211	97,487



GLR Resources Inc.
Notes to the Financial Statements
As at and for the three and nine months ended September 30, 2008 and 2007
(Expressed in Canadian dollars)

8. Related party transactions (continued)

Related party payables included in:

Due to UCR	121,919	-
Accounts payable and accrued liabilities	611	37,565
	122,530	37,365

Exploration expenditures were indirectly paid to the brother of the President, a director of the Company and the President of GLR. Consulting fees are comprised of fees paid to directors acting in their capacity as members of the Technical Advisory Committee and fees paid to the former Chief Financial Officer of the Company during the transition period. Administrative expense is comprised of rent paid to a company controlled by the President of the Company. GLR is entitled to a management fee calculated as a percentage of expenditures incurred on certain properties on which Uranium City Resources Inc. ("UCR") conducts exploration. UCR and GLR have two common directors and one common officer.

Other related party receivables are miscellaneous expense advances for which expense reports have not cleared at period end.

Accounts payable is comprised of amounts payable to officers of the Company for expenses incurred in the ordinary course of business.

9. Capital stock

Share capital

GLR's authorized share capital consists of an unlimited number of Class A Voting Common Shares, and an unlimited number of non-voting, redeemable Class B Preferred Shares, Series A. This series is redeemable by the Company, in whole or in part, at the rate of \$1,000 per Series A share. The holders of the Series A shares are not entitled to dividends.

The issued Class A Voting Common Share capital is as follows:

	Number of Shares	\$
Balance at December 31, 2007	53,868,024	14,968,061
Issued for:		
Cash:		
Flow-through private placements	4,000,000	2,000,000
Less costs of issuance	-	(208,225)
Non-flow-through private placements	5,727,000	2,290,800
Less costs of issuance	-	(947,450)
Value of Broker Warrants issued	-	(339,000)
Balance at September 30, 2008	63,595,024	17,764,186



GLR Resources Inc.
Notes to the Financial Statements
As at and for the three and nine months ended September 30, 2008 and 2007
(Expressed in Canadian dollars)

9. Capital stock (continued)

Details of the Private Placements completed for the nine months ended September 30, 2008:

Month of issuance	February-08	February-08	March-08
Type of security issued	Units	Flow-through Shares	Units
Number issued	5,025,000	4,000,000	702,000
Warrants issued	2,512,500	-	351,000
No. of Agent Warrants issued	541,500	-	40,200
Gross cash proceeds	\$2,010,000	\$2,000,000	\$280,800
Agent Warrants entitle holders to:			
Class A Voting Common Shares on exercise	406,500	225,000	225,000
Purchase of Class A Voting Common Shares	203,250		
Exercise price on Agent Warrants			
Exercise price	\$0.60 ⁽¹⁾	\$0.80	\$0.80
Expiry date of warrants	February 2010	-	March 2010

During February, 2008, the Company completed a brokered private placement for aggregate gross proceeds of \$4,010,000 through the sale of 4,000,000 flow-through Class A shares at a price of \$0.50 per Class A share and 5,025,000 units of the Company at a price of \$0.40 per unit. Each unit is comprised of one Class A share of the Company and one-half of one share purchase warrant (each such whole share purchase warrant, a "Warrant"). Each Warrant entitles the holder to purchase one share of the Company at a price of \$0.60 for a period of 24 months. The Warrants were valued at \$169,000 using the Black- Scholes option pricing model with a risk-free rate of 3.05%, expected volatility of 56.24% and expected life of 2 years.

The Company paid the agents a cash commission of \$240,600 and granted them non-transferable warrants (each, an "Agent Warrant") to purchase an aggregate of up to 541,500 units of the Company (each, an "Agent Unit"). Each Agent Warrant entitles the holder thereof to purchase one Agent Unit for a period of 24 months at an exercise price of \$0.44 per unit. Each Agent Unit is comprised of one Class A share and one-half of one share purchase warrant (each such whole share purchase warrant, an "Agent Unit Warrant"). Each Agent Unit Warrant entitles the holder thereof to purchase one Class A share at a price of \$0.60 for a 24-month period. The Agent Unit Warrants were valued at \$91,000 using the Black- Scholes option pricing model with a risk-free rate of 3.05%, expected volatility of 56.24% and expected life of 2 years.

During March, 2008, the Company completed a non-brokered private placement for aggregate gross proceeds of \$280,800 through the sale of 702,000 units of the Company at a price of \$0.40 per unit. Each unit is comprised of one Class A share of the Company and one-half of one share purchase warrant (each such whole share purchase warrant, a "Warrant"). Each Warrant entitles the holder to purchase one share of the Company at a price of \$0.60 for a period of 24 months following closing. The Warrants were valued at \$28,000 using the Black- Scholes option pricing model with a risk-free rate of 3.05%, expected volatility of 56.31% and expected life of 2 years.

The Company paid the agents a cash commission of \$16,080 and granted them non-transferable warrants (each, an "Agent Warrant") to purchase an aggregate of up to 40,200 units of the Company (each, an "Agent Unit"). Each Agent Warrant entitles the holder thereof to purchase one Agent Unit for a period of 24 months at an exercise price of \$0.44 per unit. Each Agent Unit is comprised of one Class A share and one-

GLR Resources Inc.
Notes to the Financial Statements
As at and for the three and nine months ended September 30, 2008 and 2007
(Expressed in Canadian dollars)

9. Capital stock (continued)

half of one share purchase warrant (each such whole share purchase warrant, an "Agent Unit Warrant"). Each Agent Unit Warrant entitles the holder thereof to purchase one Class A share at a price of \$0.60 for a 24-month period following closing. The Agent Unit Warrants were valued at \$7,000 using the Black-Scholes option pricing model with a risk-free rate of 3.05%, expected volatility of 56.31% and expected life of 2 years.

Warrants

A summary of the Company's warrant activity during the nine months ended September 30, 2008 is as follows:

	Warrants #	Weighted average exercise price \$
Outstanding, December 31, 2007	7,277,339	0.63
Issued	3,715,950	0.58
Exercised	-	-
Cancelled	-	-
Expired	(2,298,000)	(0.60)
Outstanding, September 30, 2008	8,695,289	0.62

The outstanding warrants at September 30, 2008 to purchase Class A Voting Common Shares are as follows:

Month of Expiry	#	\$
October 2008	3,389,830	0.59
December 2008	1,078,431	0.75
December 2008	196,078	0.51
May 2009	225,000	0.80
September 2009	90,000	0.70
February 2010	3,324,750	0.58
March 2010	391,200	0.58
	8,695,289	0.62

On October 30, 2008, warrants to acquire 3,389,830 common shares expired unexercised.

Options

GLR has a stock option plan (the "Plan") pursuant to which options to purchase Class A Voting Common Shares may be granted to certain officers, directors and employees. The plan allows for the issuance of up to 10% of the aggregate number of Class A Common Shares issued and outstanding from time-to-time. As at September 30, 2008 the Company had 2,309,502 (December 31, 2007–886,802) options available for issuance.



GLR Resources Inc.
Notes to the Financial Statements
As at and for the three and nine months ended September 30, 2008 and 2007
(Expressed in Canadian dollars)

9. Capital stock (continued)

A continuity of the unexercised options to purchase Class A Voting Common Shares is as follows:

	2008	
	Weighted average exercise price (\$)	Options #
Outstanding at December 31, 2007	0.52	4,500,000
Transactions during the period:		
Exercised	-	-
Granted	0.18	100,000
Forfeited	-	-
Expired	(0.52)	(250,000)
Outstanding at September 30, 2008	0.55	4,350,000
Exercisable at September 30, 2008	0.52	3,575,000

The following table provides additional information about outstanding stock options at September 30, 2008.

Range of Exercise Prices	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price (\$)
\$0.18	100,000	4.8	0.18
\$0.31 - \$0.50	2,095,000	2.0	0.44
\$0.51 - \$0.70	2,155,000	3.6	0.60
\$0.31 - \$0.70	4,350,000	3.0	0.55

10. Contributed Surplus

	\$
Balance at December 31, 2007	3,017,072
Value of vesting options	59,402
Value of warrants issued	339,000
Value transferred on exercised options and warrants	-
Balance at September 30, 2008	3,415,474



GLR Resources Inc.
Notes to the Financial Statements
As at and for the three and nine months ended September 30, 2008 and 2007
(Expressed in Canadian dollars)

11. Management of Capital

The Company considers in its management of capital all components included in shareholders' equity. Its objectives are to ensure that the Company will continue to operate as a going concern in order to pursue the development of the Goldfield's Mine and other mineral properties, to sustain future development and growth as well as to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk.

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. In order to maintain or adjust the capital structure, the Company may issue shares, seek debt financing, or acquire or dispose of assets. The Company, on approval from the Board of Directors, will make changes to its capital structure as deemed appropriate under specific circumstances.

Neither the Company nor its newly formed subsidiary are subject to any externally imposed capital requirements or debt covenants, except as disclosed in Note 13. There were no changes to the Company's approach to capital management during the three and nine month periods ended September 30, 2008.

12. Summary of securities at September 30, 2008

Common shares outstanding	63,595,024
Unexercised options to acquire common shares	4,350,000
Unexercised warrants to acquire common shares	8,695,289
Fully diluted common shares outstanding	76,640,313

13. Promissory Note

The Company has executed a promissory note (the "Note") providing for the repayment of \$2 million dollars to Blackfish Capital (Master) Fund 1 SPC ("Blackfish"), a fund related to Investec Bank (UK) Limited ("Investec"). The Note bears interest, payable at the end of each quarter, at LIBOR plus 0.5% per 30-day period and matured on October 30, 2008.

Under the terms of the Note, GLR must maintain a positive net worth of \$7,500,000.

Subsequent to October 30, 2008, the Company entered into negotiations with Investec and Blackfish to extend the term of the Note. There can be no assurance that the Company will be successful in extending the term of the Note. As at November 14, 2008, neither Investec or Blackfish had demanded payment pursuant to the note.

14. Future tax liability

The following shows the change in the future tax liability for the nine months ended September 30, 2008:

	\$
Balance, January 1	460,000
Forgone future tax savings from renunciation of Canadian exploration expenditures to flow-through share subscribers	810,000
Future tax recovery on unrealized loss on available-for-sale investments	(11,890)
Balance, September 30	1,258,110



GLR Resources Inc.
Notes to the Financial Statements
As at and for the three and nine months ended September 30, 2008 and 2007
(Expressed in Canadian dollars)

15. Financial Instruments

The Company's financial assets and liabilities consist of cash and cash equivalents, receivables, due from related parties, accounts payable and accrued liabilities and promissory note. Cash and cash equivalents are classified as held-for-trading and are carried at fair values on the balance sheet due to the short-term nature of these financial instruments. Amounts receivable, accounts payable and accruals and the promissory note approximate their fair values due to the relatively short periods to maturity.

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

a) **Currency risk**

The Company operates solely in Canada and a significant portion of the Company's capital expenditures are denominated in the United States dollar and a significant portion of the Company's operating costs are denominated in the Canadian dollar. As a consequence, the Company is exposed to currency fluctuations relative to the United States dollar. A significant change in the currency exchange rate between the United States dollar and the Canadian dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

Based on the Company's outstanding capital expenditure commitments, a 10% strengthening of the United States dollar against the Canadian dollar would increase capital expenditures by \$1.2 million.

b) **Interest rate risk**

The Company is not exposed to significant interest rate price risk due to the short-term maturity of its monetary assets and liabilities.

c) **Credit risk**

Credit risk is the risk of unexpected financial loss to the Company 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 a large Canadian financial institution partially guaranteed by the Government of Canada.

The Company is exposed to credit risk with respect to its accounts receivable comprised principally of goods and services tax recoverable; however, the risk is minimized because the amount due is from a subdivision of the Canadian federal government.

d) **Derivatives – mineral properties**

The Company retains and/or has obligations related to certain carried interest rights and net smelter royalties ("NSR"), the value of which is derived from future events and commodity prices. These rights are derivative instruments. However, the mineral property interests to which they relate are not sufficiently developed to reasonably determine value.

e) **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 as outlined in Note 11 and continuously monitors its capital expenditures and cash used in operations. To the extent that the Company expects that it does not have sufficient liquidity to meet these obligations, management will consider securing additional funds through debt or equity transactions.

GLR Resources Inc.
Notes to the Financial Statements
As at and for the three and nine months ended September 30, 2008 and 2007
(Expressed in Canadian dollars)

16. Supplementary cash flow information

	2008
	\$
Income taxes paid	-
Interest paid	45,903
Non-cash items	
Reclass of other assets to mining equipment	(98,838)
Reclass to mining equipment from other assets	98,838
Share issuance costs	1,155,675
Contributed surplus	398,402

17. Commitments and Contingencies

At September 30, 2008, the Company had entered into several contracts in order to commence construction of its Goldfields Mine. These contracts commit the Company to expending approximately \$20.8 million on process plant and equipment, of which \$5.0 million had been advanced to suppliers through September 30, 2008 (*Note 5*). The ability of the Company to satisfy these commitments depends on its ability to raise sufficient financing to complete construction and commence production.

The Company has been unable to raise sufficient funds to continue development of its Goldfields Mine. Consequently, the Company has deferred further development of its principal project and allowed the contracts to lapse and wrote off the carrying value of deposits paid to suppliers.

On October 30, 2008, the \$ 2.0 million note payable to Blackfish Capital (Master) Fund 1 SPC ("Blackfish") came due. The Company was unable to repay the loan. Should the Company be unable to extend the terms of the loan, Blackfish has the right to seize assets of the Company.

On October 9, 2008, GLR received a notice to remedy default from Gekko in respect to the purchase of a piece of equipment to be installed in the process plant at the Goldfields Mine. Gekko's claim, in the amount of \$1,030,096, has not been remedied. The claim is calculated after deducting advances to Gekko in the aggregate amount of \$1,200,000. GLR believes that damages may be mitigated to the extent that the equipment, as constructed, can be sold. No provision has been recognized in the accounts for potential loss, if any.

In respect of plant and equipment ordered from Chinese suppliers, the Company expects to lose its deposits and has written off deposits made to the Chinese suppliers. The Company has received no communication from the Chinese suppliers as to potential claim for damages and has made no provision for loss in the financial statements.

As at September 30, 2008, the Company is committed to incur, prior to December 31, 2008, on a best efforts basis, approximately \$975,000 in qualifying Canadian exploration expenditures ("CEE") pursuant to a private placement for which flow-through proceeds had been received during November 2007 and renounced to the subscribers with an effective date of December 31, 2007. During February 2008, the Company raised a further \$2.0 million in flow-through financing. The Company must expend these on CEE before December 31, 2009.

