



Financial Statements

September 30, 2009
(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 2009 and 2008 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, 2008 which are available at the SEDAR website at www.sedar.com. The Financial Statements are presented in Canadian dollars, unless otherwise indicated, and are prepared in accordance with Canadian generally accepted accounting principles.

GLR Resources Inc.
Balance Sheets
(Canadian dollars)

<i>(Unaudited)</i>	September 30 2009 \$	December 31 2008 \$
Assets		
Current assets		
Cash and cash equivalents	76,685	114,963
Restricted cash	1,497,300	-
Sales taxes recoverable	4,258	4,106
Other receivables	22,818	3,948
Prepaid expenses and advances <i>(Note 3)</i>	20,000	-
Assets held for sale	1	300,001
Due from related parties <i>(Note 6)</i>	85,946	84,099
	1,707,008	507,117
Investments	1,796,674	25,089
Property, plant and equipment <i>(Note 5)</i>	27,019	6,970,944
Mineral properties and deferred expenditures <i>(Note 4)</i>	1,316,382	2,400,865
	4,847,083	9,904,015
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities <i>(Note 6)</i>	965,851	1,531,061
Promissory note payable <i>(Note 9)</i>	-	2,000,000
	965,851	3,531,061
Shareholders' equity		
Capital stock <i>(Note 7)</i>	17,764,186	17,764,186
Contributed surplus <i>(Note 8)</i>	3,415,474	3,415,474
Accumulated deficit	(17,475,036)	(14,797,182)
Accumulated comprehensive income (loss)	176,608	(9,524)
	3,881,232	6,372,954
	4,847,083	9,904,015
Commitments and contingencies <i>(Notes 1 and 10)</i>		

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)

<i>(Unaudited)</i>	Three months ended September 30		Nine months ended September 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
Revenues				
Sale of Goldfields Mine assets	6,942,135	-	6,942,135	-
Management fees <i>(Note 8)</i>	-	100,833	-	214,223
Interest	18	3,402	402	37,227
	6,942,153	104,235	6,942,537	251,450
Operating Expenses				
Cost of sale	6,969,096	-	6,969,096	-
Amortization	413	12,408	1,239	18,758
Office and general <i>(Note 8)</i>	25,445	38,869	97,123	193,943
Interest expense and finance fees	13,526	582,848	151,205	829,758
Public relations	5,475	8,267	19,153	47,714
Professional fees	102,248	(99,085)	177,821	238,755
Shareholder information	(6,005)	1,784	5,695	44,565
Consulting	-	53,442	-	173,196
Restructuring costs	251,955	-	862,519	-
Salaries, fees and benefits	100,716	97,678	302,617	339,246
Foreign exchange gain	(77,845)	-	(77,845)	-
Write-off of mineral properties and deferred expenditure	1,110,227	-	1,110,227	-
Other	-	-	1,541	-
Write-off of deferred finance charges	-	468,940	-	468,940
Write-off of supplier deposits	-	4,929,735	-	4,929,735
Loss on disposal of equipment	-	1,541	-	1,541
Stock-based compensation	-	18,394	-	59,402
	8,495,251	6,114,821	9,620,391	7,345,553
Net loss before taxes	(1,553,098)	(6,010,586)	(2,677,854)	(7,094,103)
Future income tax recoveries	-	-	-	-
Net loss for the period	(1,553,098)	(6,010,586)	(2,677,854)	(7,094,103)
Deficit, beginning of period	(15,921,938)	(4,878,446)	(14,797,182)	(3,794,929)
Deficit, end of the period	(17,475,036)	(10,889,032)	(17,475,036)	(10,889,032)
Net loss per share—basic and fully diluted	(0.02)	(0.09)	(0.04)	(0.12)
Weighted average number of shares (000's) – basic and fully diluted	63,595	63,595	63,595	60,613

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

GLR Resources Inc.
Statements Comprehensive Income (Loss) and
Accumulated Other Comprehensive Income (Loss)
(Canadian Dollars)

<i>(Unaudited)</i>	Three months ended September 30		Nine months ended September 30	
	2009 \$	2008 \$	2009 \$	2008 \$
Net loss	(1,553,098)	(6,010,586)	(2,677,854)	(7,094,103)
Other comprehensive income:				
Gain (loss) on available-for-sale securities, net of tax benefit	144,376	(132,095)	186,132	(59,095)
Total comprehensive loss	(1,408,722)	(6,142,681)	(2,491,722)	(7,153,198)

<i>(Unaudited)</i>	Three months ended September 30		Six months ended September 30	
	2009 \$	2008 \$	2009 \$	2008 \$
Accumulated other comprehensive income (loss), beginning of period	32,232	136,476	(9,524)	63,476
Gain (loss) on available-for-sale securities, net of tax benefit	144,376	(132,095)	186,132	(59,095)
Accumulated other comprehensive income (loss), end of period	176,608	4,381	176,608	4,381

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

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

(Unaudited)	Three months ended September 30		Nine months ended September 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
Operations				
Net loss	(1,553,098)	(6,010,586)	(2,677,854)	(7,094,103)
Adjustments to reconcile net income (loss) to cash flow from operating activities:				
Amortization	413	12,408	1,239	18,758
Loss on sale of Goldfields Mine assets	26,961	-	26,961	-
Write-off of mineral properties and deferred expenditure	1,110,227	-	1,110,227	-
Write-off of supplier deposits		4,929,735		4,929,735
Write-off of deferred financing costs		468,940		468,940
Loss on disposal of equipment		1,541		1,541
Stock-based compensation	-	18,394	-	59,402
	(415,497)	(579,568)	(1,539,427)	(1,615,727)
Net change in non-cash working capital items:				
Restricted cash	(1,444,542)	-	(1,497,300)	-
Sales taxes recoverable	11,462	6,306	(152)	(1,879)
Other receivables	(18,453)	(39,419)	(18,870)	-
Prepaid expenses and advances	(20,000)	(13,908)	(20,000)	6,720
Inventory	-	4,351	-	-
Assets held for sale	-	-	300,000	13,000
Due from related parties	(4,041)	244,061	(1,847)	212,806
Accounts payable and accrued liabilities	(1,355,846)	283,262	(565,211)	133,254
Cash flow used in operating activities	(3,246,917)	(94,915)	(3,342,807)	(1,251,826)
Financing				
Payment of promissory note	(2,000,000)	-	(2,000,000)	-
Issuance of common shares	-	(2,000)	-	3,945,125
Cash flow from financing activities	(2,000,000)	(2,000)	(2,000,000)	3,945,125
Investments				
Mineral properties and deferred expenditures	(30,763)	(219,032)	(25,744)	(1,598,051)
Property, plant and equipment	(9,041)	(329,016)	(26,409)	(423,223)
Proceeds from sale of Goldfields Mine assets	6,942,135		6,942,135	
Investment in Linear Gold Corp. shares	(1,585,453)		(1,585,453)	
Disposal of equipment	-	1,500	-	1,500
Advances to suppliers	-	-	-	(2,027,681)
Cash flow used in investing activities	5,316,878	(546,548)	5,304,529	(4,047,455)
Net increase (decrease) in cash and cash equivalents	69,961	(643,463)	(38,278)	(1,354,156)
Cash and cash equivalents, beginning of period	6,724	1,043,048	114,963	1,753,741
Cash and cash equivalents, end of period	76,685	399,585	76,685	399,585

Supplementary cash flow information (Note 13)

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

GLR Resources Inc.
Notes to the Financial Statements
(Unaudited)
As at and for the Three and Nine Months Ended September 30, 2009 and 2008
(Expressed in Canadian dollars)

1. Nature of operations and going concern

GLR Resources Inc. (“GLR” or the “Company”) is a federally incorporated company. GLR 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 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.

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.

The recoverability of the amount shown for mineral properties 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, all of which are uncertain.

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.

Restructuring

During October 2007, GLR executed a promissory note (the “Note”) providing for the repayment of \$2 million dollars to Blackfish Capital (Master) Fund 1 SPC (“Blackfish”). The Note was secured by the assets of GLR. On March 30, 2009, the Company entered into a forbearance agreement with Blackfish as its cash on hand was insufficient to meet its current obligations. The forbearance agreement allowed GLR time to develop a restructuring plan to address debt, capital and cost structures in the best interest of all its stakeholders.

On January 7, 2009, shares of the Company were de-listed from trading on the Toronto Stock Exchange for failure to meet continued listing requirements. On April 27, 2009, the Ontario Securities Commission issued a permanent cease trade order that halted all trading in and all acquisitions of securities of GLR for failing to file continuous disclosure materials as required by Ontario securities law. This had the effect of severely limiting the Company's ability to raise funds in already distressed capital markets.

On May 26, 2009, GLR announced that it had entered into a definitive purchase and sale agreement with Linear Gold Corp. (“Linear”) to sell its 100% interest in the Goldfields Mine, including the Box and Athona deposits, contiguous exploration property and plant and equipment (See also Notes 14 and 16. Following court approval of this transaction on August 18, 2009, the sale closed on August 20, 2009 (the “Transaction”). Upon closing of the Transaction, Linear paid US\$5.0 million, in cash, and issued 727,272 common shares of Linear

GLR Resources Inc.
Notes to the Financial Statements
(Unaudited)
As at and for the Three and Nine Months Ended September 30, 2009 and 2008
(Expressed in Canadian dollars)

1. Nature of Operations and Going Concern (continued)

On May 29, 2009, the Company filed a Notice of Intention with the Official Receiver to make a proposal to its creditors under the *Bankruptcy and Insolvency Act* ("BIA"). Paddon + Yorke Inc. ("PYI" or the "Trustee") was appointed as proposal trustee under the BIA proceeding. GLR filed its proposal on June 5, 2009 and, subsequently filed certain amendments to the proposal on July 20, 2009 (the "Proposal"). The Proposal is governed by and construed in accordance with the laws of Ontario and the federal laws of Canada.

On August 18, 2009, the Court approved the Proposal and the sale of the Goldfields assets to Linear ("Transaction"). In addition and subject to certain conditions, GLR will receive post-closing reimbursement of deposits made by GLR in respect of certain equipment contracts which were assigned to a wholly-owned subsidiary of Linear as part of the Transaction. The Transaction closed on August 20, 2009.

After adjustments, Blackfish together with the unsecured creditors of GLR were fully repaid out of the Proposal proceeds and GLR was placed in a debt-free position with unencumbered assets and provided it with the ability to move forward with its other prospective projects.

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, 2009 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, 2008 and should be read in conjunction with those audited financial statements and notes thereto.

Changes in Accounting Policies

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

In January 2009, the CICA approved EIC 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 12, 2009. The Company has determined that there has been a material impact from this new accounting standard on its financial statements.

Future Accounting Changes:

(i) International Financial Reporting Standards ("IFRS")

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's strategic plan outlines the convergence of Canadian GAAP with IFRS over a five-year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Accordingly, the Company will be required to adopt IFRS on January 1, 2011. The transition 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 to assess the

GLR Resources Inc.
Notes to the Financial Statements
(Unaudited)
As at and for the Three and Nine Months Ended September 30, 2009 and 2008
(Expressed in Canadian dollars)

2. Summary of Significant Accounting Policies (continued)

adoption of IFRS for fiscal 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

(i) Business Combinations

In January 2009, the CICA issued the new handbook Section 1582, Business Combinations, effective for fiscal years beginning on or after January 1, 2011. Earlier adoption of Section 1582 is permitted. This pronouncement further aligns Canadian GAAP with IFRS and changes the accounting for business combinations in a number of areas. It establishes principles and requirements governing how an acquiring company recognizes and measures in its financial statements identifiable assets acquired, liabilities assumed, any non-controlling interest in the acquire and goodwill acquired. The section also establishes disclosure requirements that will enable users of the acquiring company's financial statements to evaluate the nature and financial effects of its business combinations. Although the Company is considering the impact of adopting this pronouncement on its financial statements, it is expected to be limited to any future acquisitions beginning in fiscal 2011.

(ii) Goodwill and Intangible Assets

In February 2008, the CICA issued a new accounting standard: Handbook Section 3064, Goodwill and Intangible Assets. These standards become effective for interim and annual financial statements for the Company's reporting periods beginning on January 1, 2009. The impact of adopting this pronouncement on its financial statements is expected to be limited to any future acquisitions.

(iii) Consolidated Financial Statements and Non-controlling Interests

In January 2009, the CICA issued the new handbook Section, 1601, Consolidated Financial Statements, and Section 1602, Non-controlling Interests, effective for fiscal years beginning on or after January 1, 2011. Earlier adoption of these recommendations is permitted. These pronouncements further align Canadian GAAP with IFRS. Section 1601 and 1602 change the accounting and reporting for ownership interest in the subsidiaries held by parties other than the parent. Non-controlling interests are to be presented in the consolidated statement of financial position within the entity but separate from the parent's equity. The amount of consolidated net income attributable to the parent and to the non-controlling interest is to be clearly identified and presented on the face of the consolidated statement of operations. In addition, these pronouncements establish standards for a change in a parent's ownership interest in a subsidiary and the valuation of retained non-controlling equity investments when a subsidiary is de-consolidated. They also establish reporting requirements for providing sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners. The Company is considering the impact of adopting these pronouncements on its financial statements in fiscal 2011 in connection with the conversion to IFRS.

3. Prepaid expenses and advances

As at September 30, 2009, the Company had advanced \$20,000 to a law firm to hold in trust pending settlement of an outstanding property issue related to closing the Transaction with Linear.

4. Mineral properties and deferred expenditures

The following table summarizes the Company's mineral properties and deferred expenditures during the nine months ended September 30, 2009:

GLR Resources Inc.
Notes to the Financial Statements
(Unaudited)
As at and for the Three and Nine Months Ended September 30, 2009 and 2008
(Expressed in Canadian dollars)

4. Mineral properties and deferred expenditures (continued)

	Opening Balance (\$)	Additions (\$)	Net reductions (\$)	Net (\$)
Stares/Sackville, Ontario	790,722	1,450	(790,722)	1,450
Goldie, Ontario	498,519	-	-	498,519
Baldwin, Ontario	319,414	787	-	320,201
Kirkland West, Ontario	249,972	1,208	-	251,180
Casa Berardi, Quebec	29,480	10,157	-	39,637
Golden Pond, Saskatchewan	341,488	-	(341,488)	-
General and other	171,270	12,142	21,983	205,395
	2,400,865	25,744	(1,110,227)	1,316,382

During the three months ended September 30, 2009, the Company forfeited the Stares claims due lack of funding to continue work on the property. Some of the claims were re-staked and the project renamed Sackville. The Golden Pond property was included in the Goldfields Mine assets sold to Linear.

The following table summarizes the Company's mineral properties and deferred expenditures during the nine months ended September 30, 2008:

	Opening balance (\$)	Additions (\$)	Disposals (\$)	Net (\$)
Stares, Ontario	785,461	5,673	-	791,134
Goldie, Ontario	430,402	68,086	-	498,488
Golden Pond, Saskatchewan	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

GLR Resources Inc.
Notes to the Financial Statements
(Unaudited)
As at and for the Three and Nine Months Ended September 30, 2009 and 2008
(Expressed in Canadian dollars)

5. Property, plant and equipment

	September 30, 2009			December 31, 2008		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
	\$	\$	\$	\$	\$	\$
Goldfields Mine						
Property	-	-	-	6,029,536	-	6,029,536
Buildings	-	-	-	898,150	-	898,150
Equipment	-	-	-	15,000	-	15,000
Corporate						
Exploration equipment	20,000	-	20,000	20,000	-	20,000
Office furniture and fixtures	36,776	29,757	7,019	36,776	28,518	8,258
	56,776	29,757	27,019	6,999,462	28,518	6,970,944

No amortization was recorded on the Goldfields Mine assets as the project was not brought to commercial production. Exploration equipment consists of a mulcher which is on standby and not used in exploration activities.

6. 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	
	2009	2008
	\$	\$
Transactions during the period:		
Exploration expenditures	35,000	175,330
Management fees payable	231,562	55,827
Administrative costs	14,830	17,537
Management fees (earned)	-	(214,223)
	As at	As at
	September 30,	December 31,
	2009	2008
	\$	\$
Related party advances and fees receivable:		
Management fees due from UCR	77,874	76,720
Other (non-interest bearing, no fixed terms of repayment)	7,427	7,379
	85,301	84,099

GLR Resources Inc.
Notes to the Financial Statements
(Unaudited)
As at and for the Three and Nine Months Ended September 30, 2009 and 2008
(Expressed in Canadian dollars)

6. Related party transactions (continued)

	As at September 30, 2009	As at December 31, 2008
	\$	\$
Related party payables included in:		
Accounts payable and accrued liabilities	31,336	43,061

Exploration expenditures were indirectly paid to the brother of the President of GLR. Administrative expense is comprised of rent paid to a company controlled by the President of the Company. GLR was entitled to a management fee calculated as a percentage of expenditures incurred on certain properties on which Uranium City Resources Inc., now Strategic Resources Inc., ("SRI") conducts exploration. During 2008, SRI and GLR had two common directors and one common officer. During 2009, SRI and GLR have two directors in common. The management agreement with SRI was terminated effective December 31, 2008.

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 fees and expenses incurred in the ordinary course of business. During the nine months ended September 30, 2009, each of the President, Chief Financial Officer and exploration manager deferred all or a portion of their respective fees which deferrals were paid during September 2009.

7. 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 September 30, 2009 and December 31, 2008	63,595,024	17,772,106



GLR Resources Inc.
Notes to the Financial Statements
(Unaudited)
As at and for the Three and Nine Months Ended September 30, 2009 and 2008
(Expressed in Canadian dollars)

7. Capital stock (continued)

Warrants

A summary of the Company's warrant activity during the nine months ended September 30, 2009 is as follows:

	Warrants #	Weighted average exercise price \$
Outstanding, December 31, 2008	4,030,950	0.61
Issued	-	-
Exercised	-	-
Cancelled	-	-
Expired	(315,000)	(0.71)
Outstanding, September 30, 2009	3,715,950	0.60

On May 23, 2009, 225,000 warrants, having an exercise price of \$0.80 per share, expired unexercised. On September 17, 2009, 90,000 warrants, having an exercise price of \$0.75 per share, expired unexercised.

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

Month of Expiry	#	\$
February 2010	3,324,750	0.60
March 2010	391,200	0.60
	3,715,950	0.60

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, 2009 the Company had 4,054,502 (December 31, 2008 – 3,409,502) options available for issuance. A continuity of the unexercised options to purchase Class A Voting Common Shares is as follows:

	Weighted average exercise price (\$)	Options #
Outstanding at December 31, 2008	0.52	2,950,000
Transactions during the period:		
Exercised	-	-
Granted	-	-
Forfeited	(0.51)	(400,000)
Expired	(0.45)	(245,000)
Outstanding at September 30, 2009	0.53	2,305,000
Exercisable at September 30, 2009	0.53	2,305,000

GLR Resources Inc.
Notes to the Financial Statements
(Unaudited)
As at and for the Three and Nine Months Ended September 30, 2009 and 2008
(Expressed in Canadian dollars)

7. Capital stock (continued)

The following table provides additional information about outstanding stock options at September 30, 2009.

Range of Exercise Prices	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price (\$)
\$0.31 - \$0.50	1,000,000	1.7	0.45
\$0.51 - \$0.70	1,305,000	2.1	0.60
\$0.18 - \$0.70	2,305,000	1.9	0.53

8. Contributed Surplus

Balance at December 31, 2008	3,415,474	\$
Value of vesting options	-	
Value of warrants issued	-	
Value transferred on exercised options and warrants	-	
Balance at September 30, 2009	3,415,474	

9. Promissory Note

On October 31, 2007, the Company executed a secured promissory note (the "Note") providing for the repayment of \$2 million dollars to Blackfish, a fund related to Investec. The Note bore interest, payable at the end of each month, at LIBOR plus 0.5% per 30-day period and matured on October 30, 2008. The Note was secured by all the tangible personal property, assets and rights of the Company.

On January 13, 2009, Blackfish issued a *Notice of Intention to Enforce Security* pursuant to the BIA and demanded repayment of the Note, interest accrued thereon plus expenses incurred in enforcing collection on the Note. (See Notes 1 and 14).

On March 10, 2009, in response to the Blackfish demand for repayment of the Note, GLR applied for protection from its creditors pursuant to the *Companies' Creditors Arrangement Act* (Canada) ("CCAA"). The CCAA filing was intended to prevent Blackfish from seizing the Company's assets and liquidating the Company when management and the board believed that greater value could be obtained for all stakeholders through an orderly sale process or recapitalization transaction. The CCAA application, originally returnable March 11, 2009, was adjourned several times pending further discussion with Blackfish which negotiations resulted in GLR and Blackfish entering into a forbearance agreement effective March 30, 2009. The forbearance agreement provided that Blackfish forbear from exercising its rights and remedies against the Company in order to permit the Company and Blackfish, in consultation with Investec, to conduct a sales process to sell the Company's assets to purchasers to generate proceeds to pay the obligations owing by the Company to Blackfish and other indebtedness, or to otherwise restructure the Company's affairs to generate cash proceeds to retire the Company's indebtedness. The CCAA application was eventually dismissed at the same time as the Proposal was approved pursuant to the BIA.

On August 20, 2009, the Note, accrued interest and other costs were paid in full out of proceeds received from the sale of the Goldfields Mine assets.

GLR Resources Inc.
Notes to the Financial Statements
(Unaudited)
As at and for the Three and Nine Months Ended September 30, 2009 and 2008
(Expressed in Canadian dollars)

10. Commitments and Contingencies

As at September 30, 2009, the Company is committed to incur, prior to December 31, 2009, on a best efforts basis, \$2,000,000 in qualifying Canadian exploration expenditures ("CEE") pursuant to private placements for which flow-through proceeds had been received during February and March 2008 and renounced to the subscribers with an effective date of December 31, 2008. During February 2010, the Company filed the appropriate tax forms with Canada Revenue Agency that it had completed the qualified CEE expenditure using the "look-back" rules.

Pursuant to the Proposal to creditors and approval by the Court of the Company's restructuring plan, all creditors were paid during September 2009, except those claims which were disallowed by the Trustee. One creditor, who is a former officer of the Company, has appealed the disallowance of his claim for severance, punitive damages and reimbursement of legal costs. The Company believes the claim is without merit. The trustee will oppose his appeal. The claim amount for severance has been accrued in the accounts. The Trustee has set aside an amount from the proceeds realized from the Transaction with Linear that is considered adequate to settle the claim.

The Transaction with Linear anticipates partial reimbursement of deposits made to certain suppliers for which reimbursement is dependent on Linear taking delivery of the related plant and equipment. Pursuant to agreements negotiated with Linear, the Company may receive approximately \$998,000 and US\$1.8 million at future dates. Terms of the Transaction with Linear resulted in Linear assuming GLR's contractual obligations to two major suppliers. On December 31, 2009, GLR received a \$300,000 reimbursement from Linear. The remaining amounts will be reimbursed to GLR once the related equipment is available for delivery from the respective suppliers. Reimbursements will be recognized in the accounts when received.

11. Management of Capital

The Company considers in its management of capital all components included in shareholders' equity and its debt obligations. Its objectives are to ensure that the Company will continue to operate as a going concern in order to pursue the development of its mineral interests, 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.

The Company is subject to certain externally imposed capital restraints and debt obligations. On January 7, 2009, shares of the Company were de-listed from trading on the Toronto Stock Exchange for failure to meet continued listing requirements. On April 27, 2009, the Ontario Securities Commission issued a permanent cease trade order that halted all trading in and all acquisitions of securities of GLR for failing to file continuous disclosure materials as required by Ontario securities law.

Until the Company causes the Ontario Securities Commission to lift the permanent cease trade order, the Company does not have the ability to enter the equity market. (See Note 1).

GLR Resources Inc.
Notes to the Financial Statements
(Unaudited)
As at and for the Three and Nine Months Ended September 30, 2009 and 2008
(Expressed in Canadian dollars)

12. Financial Instruments

The Company's financial assets and liabilities consist of cash, accounts receivable, prepaids and advances, due from related parties, accounts payable and accrued liabilities and note payable. Cash is classified as held-for-trading and is carried at fair value. Amounts due from related parties and prepaids and advances are classified as loans and receivables at amortized cost. Accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity. Accounts payable and accrued liabilities and note payable are classified as other financial liabilities, which are measured at amortized cost.

The carrying amounts of the Company's financial assets and liabilities approximate fair values because of the limited term of these instruments.

The Company's financial instruments are exposed to certain financial risks.

a) Currency risk

The Company operates solely in Canada; however, a 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 would affect the realizable amount of the United States dollar proceeds realized on the sale of assets to Linear and, consequently, the results of operations, financial position and cash flows. The Company has not hedged its exposure to the United States dollar.

b) Interest rate risk

The Company is not exposed to any significant interest rate risk due to the short-term maturity of its monetary assets and liabilities and protection provided during the restructuring period.

c) Credit risk

The Company is exposed to credit risk as a consequence of its restructuring under the BIA. The ability of the Company to finance its operations will be affected by its credit rating and perception in the marketplace that the Company cannot finance development and exploration of its prospects.

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 come due. The Company manages liquidity risk through the management of its capital structure and continuously monitors its capital expenditures and cash used in operations. To the extent that the Company does not have sufficient liquidity to meet its obligations, management will consider securing additional funds through debt or equity transactions. At March 31, 2008, credit risk magnified the liquidity risk that certain suppliers may not provide future services.

f) Price risk

Price risk is remote as the Company is not a producing entity.

GLR Resources Inc.
Notes to the Financial Statements
(Unaudited)
As at and for the Three and Nine Months Ended September 30, 2009 and 2008
(Expressed in Canadian dollars)

13. Supplemental Cash Flow Information

	2009	2008
	\$	\$
Income taxes paid	-	-
Interest paid	51,843	25,386
Non-cash items		-
Share issuance costs	-	(1,149,000)
Contributed surplus	-	366,509