



**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

DECEMBER 31, 2009

The following is Management's Discussion and Analysis ("MDA") of the financial condition and results of operations to enable a reader to assess material changes in financial condition and results of operations for periods ended December 31, 2009. This MDA has been prepared as at June 16, 2010, unless otherwise indicated. This MDA is intended to supplement and complement the audited financial statements and notes thereto as at and for the periods ended December 31, 2009, which have been prepared in accordance with Canadian generally accepted accounting principles. All amounts are expressed in Canadian dollars unless otherwise indicated.

Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com and on the Company's website at www.glrresources.com. As the Company's shares are no longer listed on the TSX, it is not required to file an annual information form for the year ended December 31, 2009 and future years.

Overview

GLR Resources Inc. ("GLR" or the "Company") is a Canadian-based junior mining and exploration company incorporated under the Canada Business Corporations Act which currently holds a portfolio of exploration stage projects in Ontario and Quebec which GLR continues to evaluate. During 2008, the Company's primary project was the development of its then 100%-owned Goldfields Mine, located near Uranium City in northern Saskatchewan which was sold in August 2009, as described under the caption *Liquidity*.

- On January 7, 2009, the Toronto Stock Exchange (the "TSX") de-listed GLR's securities and, consequently, the Company's securities do not trade on a recognized Canadian exchange.
- Subsequent to December 31, 2008, the Company's secured lender, Blackfish Capital (Master) Fund 1 SPC ("Blackfish"), presented formal demand for payment of its promissory note ("Note") in the amount of \$2 million, plus interest accrued thereon plus other costs and expenses.
- 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 CCAA application was eventually dismissed at the same time as the Proposal was approved pursuant to the BIA.
- Effective May 25, 2009, the Company entered into a Purchase and Sale Agreement ("Agreement") with Linear Gold Corp. ("Linear") which provided for the sale of the Company's Saskatchewan assets, including the Box and Athona Mines, which comprised the Goldfields Mine, and surrounding exploration property.
- On May 29, 2009, GLR filed a notice of intention to make a proposal pursuant to the *Bankruptcy and Insolvency Act (Canada)* ("BIA"). Paddon + Yorke Inc. ("PYI" or the "Trustee") was appointed as proposal trustee.
- On June 5, 2009, GLR filed a proposal under the BIA. Some minor amendments were made to the proposal and filed on July 20, 2009. On August 18, 2009, the Court approved the Company's proposal to creditors, as amended ("Proposal"), and the sale of the Goldfields assets to Linear ("Transaction"). The Transaction, which closed on August 20, 2009, provided PYI with cash proceeds of US\$5.0 million and 727,272 common shares in the capital of Linear (the "Linear Shares". After repayment of the amounts owed to Blackfish, payment of the unsecured claims in the Proposal and payment of legal and other professional fees, GLR received net cash proceeds of \$750,000 and the Linear Shares. In addition, GLR is entitled to receive post-closing reimbursement of deposits made by GLR in respect of certain equipment contracts, which were assigned to the Purchaser as part of the Transaction. On December 31, 2009, the Company received from Linear \$300,000 as part reimbursement of the Gekko deposit.
- During September 2009 and during the quarter ended December 31, 2009, PYI settled all proved creditor claims and legal fees arising before and during the BIA process with the exception of one disputed claim, in the amount of \$360,000 plus unspecified costs which was settled subsequent to year end.

Selected Annual Financial Information

	2009	2008	2007
Expressed in Canadian dollars, except share amounts	\$	\$	\$
Cash and cash equivalents	154,070	114,963	1,753,741
Property, plant and equipment	128,449	6,970,944	9,264,252
Mineral interests	1,936,657	2,400,865	2,758,888
Total assets	4,355,805	9,904,015	17,581,020
Working capital (deficiency)	226,166	(3,023,944)	(889,069)
Long-term liabilities	46,462	-	460,000
Cash used in operations	(2,869,497)	(1,410,901)	(297,069)
Common shares issued for cash	-	3,945,125	5,891,786
Common shares outstanding	63,595,024	63,595,024	53,868,024
Income	6,907,946	369,422	216,632
Expenses before taxes	9,855,226	12,626,987	3,020,261
Net income (loss)	(2,417,280)	(11,002,253)	(2,273,930)
Other comprehensive income (loss)	(85,156)	(73,000)	63,746
Net income (loss) per share- basic and diluted	(0.04)	(0.18)	(0.05)
Dividends paid	0.00	0.00	0.00

Selected Quarterly Information

2009	Q1	Q2	Q3	Q4
	\$	\$	\$	\$
Income	90	294	6,942,153	(34,591)
Expenses	239,649	885,491	8,495,251	234,835
Net income (loss)	(239,559)	(885,197)	(1,553,098)	260,574
Basic and fully diluted loss per share	(0.00)	(0.01)	(0.02)	0.00

2008	Q1	Q2	Q3	Q4
	\$	\$	\$	\$
Revenues	71,943	75,273	104,235	117,971
Expenses	467,644	763,090	6,114,821	5,281,432
Net income (loss)	(395,701)	(687,817)	(6,010,586)	(3,908,149)
Basic and fully diluted loss per share	(0.01)	(0.01)	(0.12)	(0.06)

Results of Operations

On August 20, 2009, the Company closed the Linear Transaction and recognised gross proceeds of \$6,942,135 comprised of US\$5,000,000 and 727,272 common shares of Linear valued at \$2.18 per share. The funds and the shares were delivered to the Trustee.

The Company reported no management fee income during 2009. During 2008, GLR charged Uranium City Resources Inc. ("UCR") \$331,539 in respect of certain exploration and development projects. During July 2008, common management of UCR and GLR ended. During the fourth quarter of 2008, UCR advised the Company that it would be ceasing operations in Saskatchewan and that the management contract between GLR and UCR was terminated at the end of December 2008.

Interest income was virtually eliminated as the Company had nominal cash balances.

Expenses for 2009 totalled \$10,112,414 compared to \$12,626,987 during 2008.



General office expenses were reduced as management of GLR took action to reduce cash expenditures. The Saskatchewan office was closed late in the third quarter of 2008.

Salaries, fees and benefits during 2009 arise from fees charged for services rendered by the President, the Chief Financial Officer and two staff at the Kirkland Lake office. During the fourth quarter of 2008, the Company provided for contingent consideration of approximately \$360,000 that may be payable to a former employee pursuant to a contractual arrangement. The employee, who is a former officer of the Company, appealed the disallowance of his claim for severance, punitive damages and reimbursement of legal costs. During May 2010, the Company and the former officer reached a settlement whereby the Company paid \$125,000, in cash, and delivered equipment which had been previously written off. The Trustee has paid the cash portion to settle the claim and the Company executed a bill of sale that delivered the equipment to the former officer. As part of the settlement, each of the former officer and the Company released the each other from further claims.

Except for the costs described below, all head office costs were reduced to a minimum to minimize cash outflow. Reference should be made to comments under the caption *Cash Resources and Liquidity*.

During 2009, interest, penalties and finance charge expense was \$315,932 compared to \$861,537 during 2008. Finance costs in 2008 reflect fees charged in respect of a failed financing by way of a prospectus and fees charged by Investec in respect of the Blackfish financing. Interest accrued during 2009 in respect of the Blackfish note decreased because of lower LIBOR rates. In addition and during 2009, the Company accrued approximately \$185,250 in respect of potential penalties that may be assessed should Canada Revenue Agency disagree with the Company's classification of certain expenditures.

Operations during 2009 were significantly reduced due to the lack of cash. Exploration activity recommenced during the final two months of 2009.

Restructuring costs during 2009 totalled \$1,079,069. Of this amount, approximately \$107,637 relates to charges from Blackfish for previously unbilled due diligence charges and a \$495,000 charge in respect of an agreement to settle a dispute arising from awarding the winning bid to purchase Goldfields Mine assets to Linear. The remainder of restructuring costs charged to operations are principally in respect of legal costs arising out of the BIA proceedings and legal costs associated with closing the Linear Transaction.

Professional fees are comprised of \$86,750 in respect of fees charged by directors serving on the Special Committee, \$139,832 in respect of general corporate and litigation legal work and an accrual of \$33,000 in respect of the audit of the Company's financial statements.

Exploration activity came to a halt during the fourth quarter of 2008, only essential property holding and maintenance costs continue to be incurred and paid. Costs incurred by the exploration manager were deferred and capitalized as a charge to exploration properties as he planned for future exploration work. Future exploration activity will be focused on the Company's Sackville Project in northwestern Ontario, Baldwin and Omega properties in northeastern Ontario and its Casa Berardi project in Quebec. Reference should also be made to comments under the caption *International Financial Reporting Standards*.

During 2009, the Company wrote off the carrying value of its Stares property and some miscellaneous carrying costs associated with keeping the Goldfields Mine assets in good standing until closing of the Linear Transaction. Impairment of the Stares property arose from the inability, due to the lack of funds, to carry out a work program that would keep the property in good standing. Some key claims were re-staked and the project was renamed as the Sackville Project.

The foreign exchange gain of \$29,594 arises from holding United States dollars which is the currency in which the Transaction was denominated. All of the United States dollars were converted to Canadian dollars and there is no further balance sheet exposure to holding United States dollars.

During 2009, the Company recognized a future tax benefit of \$530,000 as a result of renouncing \$2,000,000 of Canadian exploration expense pursuant to provisions contained in the *Income Tax Act (Canada)*. This compares to 2008 when the Company recognized a future tax benefit of \$1,255,312 on renunciation of \$3,000,000 to

investors who participated in flow-through private placements during 2007 having an effective renunciation date of December 31, 2007.

As a result of its activities, the Company recorded a net loss of \$2,417,280 or \$0.04 per share during 2009 compared to a net loss of \$11,002,253 or \$0.18 per share during 2008.

Summary of Quarterly Results

As of the date hereof, GLR has essentially emerged from its restructuring under the BIA. In order for the process to be completed the Trustee needs to satisfy certain administrative procedures before bringing closure to the proceedings. The formal completion date of the restructuring process under the BIA is not known at this time.

Quarterly results during 2009 were principally influenced by timing of restructuring charges during the BIA process and the Company's ability to continue its exploration activities. Activities ancillary to exploration are charged to operations as incurred.

Capital Resources and Liquidity

The financial statements are prepared in accordance with Canadian generally accepted accounting principles and on the assumption that GLR will be able to realize the carrying value of its assets and discharge its liabilities in the normal course of business as a going concern. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain additional financing and reach positive cash flows from operations. During the first quarter of 2008, the Company raised gross proceeds of \$4,290,800 through the placement of non-flow-through and flow-through equity placements. After cash issuance costs associated with the private placements, the Company netted \$3,945,125 to finance its then on-going development of the Goldfields Mine, which was sold in August 2009, and exploration projects.

Effective January 9, 2009, GLR sold its Hurd-McCauley property for \$300,000 in cash. In addition, the purchasers agreed to assume the underlying royalty obligation and to pay GLR a 2% net smelter royalty on future production. The funds realized from the sale of the Hurd-McCauley property formed the basis for funding the cost of restructuring GLR.

Capital Resources

At the close of business on January 7, 2009, the common shares of GLR were de-listed from the TSX for failure to meet the continued listing requirements of the TSX. The Company has approached the Canadian National Stock Exchange ("CNSX") to list its shares on that exchange and expects to submit a formal application to the CNSX in the near future in connection therewith. Approval of this listing application will be contingent upon GLR meeting the CNSX listing requirements and removal of the cease trade orders against the Company by the Ontario Securities Commission and other provincial regulators.

Without the ability of GLR to raise additional funding for its exploration projects and working capital expenditures, the ability of the Company to continue as a going concern will be in doubt. Although Linear paid US\$5.0 million in cash and the Linear Shares pursuant to Transaction in August 2009, the net cash received by GLR on closing was US\$3,043,401 after settlement of debt owing to the Company's secured creditor, Blackfish. Both the cash proceeds and Linear Shares received on closing were deposited to the account of the Trustee to be held in trust pending settlement of all legal costs and claims submitted by the unsecured creditors of GLR. In this regard, the Trustee paid out approximately \$1.9 million to settle unsecured creditor claims and legal costs associated with the Proposal.

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 \$996,000 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.

Liquidity

In order to further the development of the Company's then-owned Goldfields Mine, on February 27, 2006, the Company entered into an agreement, as amended on January 31, 2008 (the "Mandate"), with Investec Bank (UK) Ltd. ("Investec") for the provision of project financing services for the Box Mine from a syndicate of financial institutions (the "Project Lenders"). The Mandate contained terms of reference for Investec to arrange project debt financing for the Box Mine comprising the following facilities (collectively, the "Project Debt Facilities"): (i) a term loan facility of up to US\$40 million; (ii) a convertible loan facility of US\$5 million; and (iii) a gold hedging facility during the terms of the term loan facility and the convertible loan facility.

In order to finance the Goldfields Mine into production, the Company needed to raise approximately US\$65 million. The Company had entered into an arrangement with Investec to finance US\$45 million described above. The Company was to fund the US\$20 million difference either with an equity financing or a subordinated debt financing. During 2008, liquidity in the capital markets was virtually non-existent, especially for junior mining companies and, consequently, the Company was unable to raise the shortfall between the bank financing and total expected capital expenditure.

On April 7, 2008, GLR obtained a receipt for its preliminary short form prospectus filed with securities regulatory authorities in the provinces of British Columbia, Alberta, Ontario and Quebec in connection with the offering of up to 20,000 subscription receipts ("Subscription Receipts") at a price of \$1,000 per Subscription Receipt for gross proceeds of up to \$20,000,000. Subsequently and during the second quarter of 2008, the Company informed the Ontario Securities Commission that it would not be proceeding with the prospectus offering of Subscription Receipts as announced in April, 2008.

Through September 30, 2008, the Company's Chief Operating Officer had caused the Company to enter into several contracts prior to commencement of construction and financing of its then-owned Goldfields Mine. These contracts committed the Company to expend approximately \$20.8 million on process plant and equipment, of which \$5.0 million had been advanced to suppliers. Due to delays in financing, inability to fund further advances and uncertainty surrounding the ability to begin construction, the Company wrote off deposits to suppliers in the aggregate amount of \$4,929,735.

On October 30, 2008, the \$2.0 million promissory note payable to Blackfish came due. The Company was unable to repay the loan. On January 13, 2009, Blackfish presented a formal demand for payment of the loan plus interest accrued thereon and other costs and expenses. The Company and Investec, which acted on behalf of Blackfish, entered into negotiations which resulted in GLR entering into a forbearance agreement with Blackfish effective March 30, 2009. The forbearance agreement allowed GLR until June 25, 2009 to develop a restructuring plan to address current debt, capital and cost structures in the best interest of its stakeholders. The forbearance agreement enabled GLR to continue its day-to-day operations.

A special committee ("Special Committee"), comprised of three independent GLR directors and one representative from Blackfish, was formed to determine the best way to restructure the Company. The Special Committee determined that sale of the Goldfields Mine assets was the quickest way to enable the Company to restructure and to place itself in a position to re-list its shares for trading on a recognized exchange.

During the bidding process for the assets of the Company, three companies emerged with competitive bids. Most of the bids received and rejected anticipated paying the secured creditor and leaving no opportunity for GLR to move forward and remain a viable enterprise. Initially, the Special Committee awarded the winning bid to Santa Fe Metals Corp. ("Santa Fe"). Linear had the right to match the Santa Fe bid but initially chose not to do so upon learning that Linear did not have the winning bid. The Special Committee imposed a condition on the Santa Fe bid which required Santa Fe to post the cash component of its bid in escrow. Santa Fe did not post the required amount into escrow by the required date. Consequently, Linear was awarded the winning bid for the Goldfields Mine assets.

The confusion arising during the bidding process resulted in each of Linear and Santa Fe filing claims against GLR and each other. Delays arising from litigation forced the Company to seek protection under the BIA to try and preserve value for all of the Company's stakeholders. On July 16, 2009 and pursuant to an agreement reached between GLR and Santa Fe, Santa Fe filed an unsecured creditor claim with the Trustee in the amount of \$495,000. Also refer to comments under the caption *Legal Proceedings*.

On May 25, 2009, GLR entered into an Agreement of Purchase and Sale with Linear which was, among other things, subject to approval of the bankruptcy court. On June 5, 2009, GLR filed the Proposal and subsequently filed certain minor amendments. On August 18, 2009, the Court approved the Proposal and Transaction. The Transaction closed on August 20, 2009 and resulted in Blackfish, the unsecured creditors and all restructuring costs being paid in full.

Legal Proceedings

During the period in which the CCAA and then the BIA proceedings were in effect, there were two claims launched against the Corporation claiming that the plaintiffs were entitled to acquire the Goldfields Project and related assets. The first action was commenced by Linear before the Supreme Court of Nova Scotia on May 15, 2009 (the "Nova Scotia Action"). In the Nova Scotia Action, Linear claimed for specific performance under an agreement to acquire the Goldfields Project plus unspecified damages. The Supreme Court of Nova Scotia dismissed the Nova Scotia Action on August 27, 2009. The second action was commenced by Santa Fe Metals Corporation ("Santa Fe") against both Linear and the Corporation before the British Columbia Supreme Court on June 9, 2009 (the "British Columbia Action"). In the British Columbia Action, Santa Fe sought a declaration that the Goldfields Project was held in trust for its benefit and, in the alternative, judgement for a \$500,000 break fee plus unspecified damages for breach of contract. Santa Fe ended up withdrawing its claim in the British Columbia action as part of a settlement in the context of the Proposal wherein its claim for a break fee was allowed at \$495,000 and the balance of the relief sought was abandoned.

Available Future Sources of Funds

Pursuant to the Agreement of Purchase and Sale between Linear and GLR, as amended, GLR is entitled to partial reimbursement of deposits it made to Gekko Systems Pty. Ltd. ("Gekko") and Yantai Jinyuan Mining Machinery Co., Ltd. ("Yantai") in respect of certain equipment ordered in connection with the development of the then owned Goldfields Mine. The anticipated minimum reimbursements after December 31, 2009 are as follows:

Supplier	Currency	Amount (\$)
Gekko	Canadian dollars	696,225
Yantai	United States dollars	1,779,900

On December 31, 2009, GLR received a \$300,000 reimbursement in respect of the Gekko plant deposit. The remaining amounts will be reimbursed to GLR when the related equipment is available for delivery by the respective suppliers. Reimbursements will be recognized in the accounts when received. Since the time of closing the Transaction, Linear has entered into an agreement to merge with another company. Consequently, Linear has invested cash in the investee which resulted in Linear being unable to commence and complete construction of the equipment being built by Gekko and Yantai. At the time of filing this report, Linear has not informed GLR of its plans and timing to complete construction of the relevant equipment.

Effective December 19, 2009, the Company was able to sell its investment in Linear shares following a four month hold on the shares from the date of closing on the Transaction. As of the date hereof, GLR has sold its entire holding of 727,272 Linear shares for aggregate gross proceeds of \$1,364,695.

Commitments and Contingencies

During February 2008, the Company raised a \$2.0 million by way of a flow-through private placement. This obligation to incur sufficient expenditures that qualified as Canadian Exploration Expense was satisfied during 2009 using the "look back" rules. The Company may become subject to tax audits of the flow-through expenditures renounced to investors; however, the Company believes that the Canadian Exploration Expenditures were



completed in compliance with the prescribed regulations of the Income Tax Act (Canada); however, the Company has accrued \$185,250 for potential penalties arising from indemnification of investors should a tax audit reveal a shortfall with respect to expenditures renounced to investors.

The Company has no off balance sheet financing arrangements.

The Company is also developing a plan to reduce general administrative costs that correlate with the new down-sized company. Although GLR has sources of funding aggregating in excess of \$2.4 million, there is risk that the full amount may not be realized. Uncertainty arises in respect of collectability of reimbursements of deposits receivable from Linear.

As a consequence of closing the Transaction with Linear, GLR has no remaining obligations to Yantai and has no remaining obligation to Gekko upon Linear taking delivery of the Gekko equipment.

Mineral properties

The following table summarizes the Company's exploration activity during 2009:

	Opening Balance (\$)	Additions (\$)	Adjustments and disposals (\$)	Net (\$)
Stares, Ontario	790,722	-	(790,722)	-
Sackville, Ontario	-	311,436	-	311,436
Goldie, Ontario	498,519	13,306	-	511,825
Baldwin, Ontario	319,414	144,095	-	463,509
Kirkland West, Ontario	249,972	1,208	-	251,180
Casa Berardi, Quebec	29,480	233,224	-	262,704
Golden Pond, Saskatchewan	341,488	-	(341,488)	-
General and other	171,270	(9,462)	(25,805)	136,003
	2,400,865	693,807	(1,158,015)	1,936,657

Sackville Project

A drilling program was performed between October 24, 2009 and December 15, 2009 and January 18, 2010 to February 9, 2010 on mining claims 4219074 - 4219075, 4244451 – 4244454 and 4244456 – 4244457 in Marks, Adrian, and Sackville Townships, District of Thunder Bay, Ontario. The work submitted as assessment work consisted of drilling activities, core logging, assaying, soil sampling, line cutting, and geophysical surveying. Ten holes were drilled at the Sackville Project for a total of 1908 meters.

The objective was to test for wider possibilities for sources of massive sulphide boulders (zinc-lead-copper-gold-silver) in three areas of the property. These included a felsic volcanic horizon with TDEM and IP anomalies to the north. The drill intersections encountered amphibolites, gabbro, andesite, felsic (mainly rhyolite), and graphite.

Core samples selected for assaying were split in half with a diamond saw blade and one-half was submitted for chemical assaying at Accurrassay Laboratories in Thunder Bay, Ontario. The core and rock samples were processed using procedure ALFA1 and AL1CPMA. Sixty-seven core samples and twenty-nine rock samples were assayed for WR and MA. Three hundred and five core samples and fifty-four rock samples were analysed for AUMA. Also, sixty-two soil samples were submitted for chemical assaying at Actlabs in Thunder Bay, Ontario. Sixty-two samples were analysed using packages; Code 1A2-Tbay Au-Fire Assay AA and Code 1E3-Tbay Aqua Regia ICP (AQUAGEO).

The highest value obtained in drill core samples was of 6512 ppm Zn (0.65%) over 1 metre in hole S09-03 within a 1 metre zone of Zn mineralization with a weight average of 6512 ppm (0.65%). The highest weighted average was

4483.31 ppm Zn (0.45%) in hole S10-08 over a width of 13 metres. The highest in the soil samples was 147 ppm at 283341E 5368181N.

An Induced Polarization survey covering 21.75 kilometres was executed by Pierre Simone of GeoSig Inc. on the Sackville Project which detected approximately 14 anomalies.

Review of drill hole, geochemical, and geophysical data suggests more work should be carried out on this property to better define areas of significant mineralization. Therefore, it was recommended that a detailed soil sampling campaign be carried out over the Sackville Project focussing on areas where high zinc values have been found and over IP anomalies that have not been tested.

Although there is a lack of most base metal mineralization on the eastern section of the property grid there is significant Zn mineralization in select holes which requires a detailed soil sampling program to be carried out over the eastern grid especially focussing in those areas of anomalous IP anomalies that have not yet been tested and areas near contacts between sedimentary, felsic, and mafic rocks. Also more soil sampling and a deeper drill hole should be done near hole S09-04 which intersected classic "mill rock".

Nominal work was carried out on the western section of the grid. It is recommended that a more detailed soil sampling program be carried out in this area to determine areas of interest for drilling focussing on the previously drilled hole with high silver values and the anomalous IP anomalies that have not yet been tested.

Baldwin Property

The Baldwin Property consists of 9 patented mining claim units located in Eby Township west of Kirkland Lake in the Larder Lake Mining Division of Ontario. The property is in the Abitibi Sub province of the Superior Province of the Precambrian Shield.

During November and December 2009 and January 2010, 23 line kilometres of line cutting was carried out on the Baldwin and Teck properties. Insight Deep Induced polarization surveys (IP) to a depth of 300 meters was carried out on the Baldwin property which was followed up with three diamond drill holes totalling 1203 metres to investigate anomalies.

Hole B-09-01 intersected 2.03 g/t Au over 1.4 meters in the hanging wall of the Larder Lake Break. This was in an area of weak but anomalous historic gold values. It is interpreted that the Kirkland Lake Break intersects the Larder Lake Break in this area. Komatitic basalt (Ultra Mafic) was intersected in two holes on the southern part of the property. The southern contact of the ultramafic is prospective for gold with sulphide type deposits and warrant follow-up where high resistivity IP anomalies occur.

Additional drilling is recommended to follow-up high resistivity IP anomalies along the Larder Lake Break on section 11E and where the Kirkland Lake Break is interpreted to intersect the Larder Lake Break on sections 2E, 3E and 4E; and the north contact of the ultramafic on section 9E. Soil geochemical surveys are recommended to follow-up the prospective southern contact of the ultramafic from lines 0+00 to 10E from 3S to 7S for gold with sulphides type deposits.

Casa Berardi Property

This property consists of approximately 1,150 hectares in Puisseaux and Orvilliers Townships, Quebec and approximately 50 kilometres east of the currently producing Aurizon mine located within the Casa Berardi Fault Structure and which is also known to transverse the Casa Berardi property. GLR had completed a series of drill holes on the property following the discovery of the Estrades base metal deposit in 1985 which was discovered proximal to GLR's south claim boundary. No active exploration work had been completed on the property since 1987.

An exploration program during the latter part of 2009 and the early part of 2010 consisted of 74 kilometres of picket lines, 74 kilometres of a ground magnetometer survey, 45 km of Insight gradient induced polarization to a depth of

500 metres and twelve Insight sections consisting of 12 kilometres of IP chargeability and resistivity to a depth of 500 metres. In addition profiles of an enzyme leach surface geochemical survey was carried out over a deep seated Insight IP section north of the Casa Berardi Fault in intermediate volcanics. The program was followed up with three deep diamond drill holes totalling 2081m.

The company has completed three deep holes on the property to investigate known historic weak gold mineralization and deep Insight IP anomalies in arenaceous sediments associated with the Casa Berardi Fault and a large deep seated Insight Induced Polarization anomaly north of the fault which has potential for base metals.

The two deep holes were drilled to investigate gold mineralization along the steeply dipping Casa Berardi Fault in historic holes PS-87-71 on section 5+50E (1.26 g/t Au over 11.3m) and PS-87-77 on section 7+50E (1.49 g/t Au over 7.0m). The two current deep holes CB-10-01 on section 5+00E and CB-10-02 on section 7+00E intersected weak disseminated pyrite with moderate to strong alteration consisting of silicification and sericitization on the north and south sides of the fault at depths of 200 to 300m below the known mineralization and 400 to 500m below surface over widths of 4m to 15m.

Hole CB-10-01 on Section 5+00E intersected iron formation south of the Casa Berardi Fault from 72-203 metres over a width of 131 metres. The contents of the sedimentary iron formation range from 4-29% Fe and average 17.24% over a core length of 131 metres. The core length is 65% of true width. This hole encountered the Casa Berardi Fault from 660m to 663.1 assaying 0.11 g/t over 3.1m at a vertical depth of 460m below surface.

Hole CB-10-02 on Section 7+00E intersected the Casa Berardi mineralized zone from 485 metres to 488 metres over a width of 3 metres assaying 2.92 g/t Au at a vertical depth of 370 metres below surface. This includes 5.62 g/t Au over 1 metre from 486 metres to 487 metres and 4.02 g/t Au over 2 metres from 486 metres to 488 metres. The core length is 65% of true width. This hole encountered the Casa Berardi Fault from 520.4 metres to 521 metres. The Casa Berardi auriferous zone in this hole appears to be plunging east to where the Insight chargeability is strong on section 8+00E.

Hole No. CB-10-03 investigated a deep-seated Insight chargeability anomaly north of the Casa Berardi Fault at a depth of 400 to 500 metres below surface. The hole intersected stringer sulphides consisting of weak disseminated pyrrhotite, minor pyrite with traces of chalcopyrite and sphalerite in intermediate volcanics over widths up to 153.8 metres. The hole started in argillaceous siltstone and ended in arenaceous siltstone. Mafic volcanic were encountered from 295.8 to 373.2 metres, 446.5 to 523.0 metres and intermediate volcanic from 523.8 to 677.6 metres. No significant base metal or gold values were encountered in the hole. On surface a geochemical soil survey using the enzyme leach method on line 10+00E returned anomalous geochemical values in Ag, Au, Cu and Zn. As a follow-up a down hole IP survey is warranted.

Casa Berardi Property-Significant Assays

Hole identifier	Sect (E)	N	From (metres)	To (metres)	Width (metres)	g/t Au	Remarks
CB-10-01	5+00E		660.0	663.1	3.1	0.11	Casa Berardi Fault; vertical depth: 460m
			72.0	203.0	131.0		17.24% Fe
CB-10-02	7+00E		485.0	488.0	3.00	2.92	Casa Berardi Zone on HW
		incl	486.0	487.0	1.00	5.62	of the Casa Berardi Fault at a
		incl	486.0	488.0	2.00	4.02	vertical depth of 370m
CB-10-03	11+50 W		523.8	677.6	153.8		Stringer sulphides in felsic volcanic; no significant values; width is 65% of true width; traces of chalcopyrite, sphalerite

Dividend Record

There are no restrictions that prevent the Company from paying dividends. The Company has not paid any dividends on its common shares during the last 5 fiscal years. The Company currently has no intention of paying



any dividends on its Class A common shares. The Board of Directors of the Company will determine if and when dividends should be declared and paid in the future, based on the Company's financial position at the relevant time.

Disclosure Controls and Procedures

Management is responsible for the preparation and presentation of the annual and interim financial statements and information disclosed in management's discussion and analysis ("MDA") and has in place the appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is, in all material respects, complete and reliable.

Management is comprised of three officers, the Chief Executive Officer, the Chief Financial Officer and the Corporate Secretary who are involved in preparation of the financial statements. The involvement of these officers in all aspects of the design and operation of disclosure controls and procedures is considered effective as at and for the period ended December 31, 2009 and provides reasonable assurance that all material information relating to the Company is disclosed.

The audit committee, which is comprised of three independent directors, is actively involved in approving and reviewing the Company's quarterly and annual financial statements and related MDA.

The financial statements and information contained in the MDA necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information management must interpret the requirements described above, make determinations as to the relevancy of information to be included and make estimates and assumptions that affect reported information. The MDA may also include information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results, in the future, may differ materially from management's assessment of this information.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis disclosure controls and procedures and internal controls on financial reporting as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Changes in Management Duties

In addition to the creation of the Special Committee to oversee the sale of assets during 2009, the Chief Financial Officer was appointed as Co-CEO to oversee day-to-day operations and advise the independent directors, from a financial perspective, on bids received for various assets to the Company during the forbearance period and during restructuring under the BIA.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in Canada requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the reporting period.

The financial statements follow the same accounting policies and methods set forth in the Company's audited financial statements as at and for the year ending December 31, 2009, except as noted below.

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 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.

During 2008 and 2009 management was preoccupied with financial issues. During 2010, management will increase its efforts to convert from Canadian generally accepted accounting principles to IFRS develop a conversion implementation plan.



Changeover to International Financial Reporting Standards

To date, the Company has not developed a strategic plan to convert to IFRS as management was preoccupied during 2008 and 2009 with ensuring continuance of the Company as a going concern and lacked the funds to hire outside consultants to develop a conversion strategy.

2010 is the transition year to IFRS. The International Accounting Standards Board ("IAS") is in the process of changing several standards; however, IAS has deferred, until 2012, its review related to accounting for exploration expenditures. At December 31, 2008, property comprises approximately 85% of the Company's total assets.

Should IAS decide to adopt US-style GAAP for exploration companies which are considered to be development stage companies, GLR's total assets would be reported as less than \$1.5 million.

The Company will be assessing its financial assets and liabilities and any differences resulting from lack of convergence of Canada GAAP with IFRS. Following the Company's write-off of a substantial portion of plant and equipment in 2009, the differences between Canada GAAP and IFRS in respect of reporting plant and equipment are nominal. While an analysis will be required for all accounting policies, the initial key areas of assessment will include:

- Plant and equipment;
- Stock-based compensation;
- Accounting for income taxes; and
- First-time adoption of IFRS

The Company will need new accounting software to handle capture of data in the context of IFRS reporting. Management will consult with external providers on the best solution of a Company the size of GLR.

Related Party Information

	2009	2008
Transactions during the year:	\$	\$
Exploration expenditures	49,234	52,683
Management and professional fees	393,000	362,618
Administrative costs	24,126	22,245
Automotive equipment	17,000	-
Management fees received	-	331,539
Related party advances and fees receivable:	\$	\$
Management fees	-	65,276
Other (non-interest bearing, no fixed terms of repayment)	9,128	32,211
	9,128	97,487
Related party payables included in:	\$	\$
Accounts payable and accrued liabilities	101,699	2,326

Exploration expenditures were indirectly paid to the brother of a director and President of GLR. During 2009, the Company indirectly paid \$306,250 to senior officers of the Company for management services rendered and \$86,750 paid to three directors in their capacity as members of the Special Committee. During 2008, consulting fees include amounts 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 (See Note 14-Commitments and Contingencies). GLR was entitled to a management fee calculated as a percentage of



expenditures incurred on certain properties on which SRI conducted exploration. During 2008, UCR and GLR had two common directors and one common officer. The management agreement with UCR 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 \$75,750 payable to members of the Special Committee for fees earned during the period that the Company was subject to the forbearance agreement with Blackfish and BIA proceedings. The remainder consists of fees payable in respect of exploration costs and the purchase of a truck at a cost of \$17,000 from the brother of the President. The latter cost was not incurred in the normal course of business.

Share Capital

GLR's 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 of shares is redeemable by GLR, in whole or in part, at the rate of \$1,000 per Series A share. The holders of Series A shares are not entitled to receive dividends. There were no Class B, Series A Preferred Shares issued as at the date of this MDA.

As at June 16, 2010	
Class A common shares issued	63,595,024
Shares issuable pursuant to:	
Warrants	-
Stock options	2,130,000
Fully diluted as at June 16, 2010	65,725,024

Since the Company is subject to a cease trade order, none of the options, all of which are out-of-the-money, can be exercised.

Risks

There is uncertainty about the Company's ability to realize the carrying value of its assets and discharge its liabilities as they come due. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain additional financing and reach positive cash flows from operations.

The Company's assets are subject to the risk of increases in taxes and royalties, renegotiation of contracts and currency exchange fluctuations. Operational risks include finding and developing economic ore reserves. Financial risks include interest and U.S. dollar exchange rates, which are beyond the control of the Company. The ability of the Company to develop its properties and the future profitability of the Company are directly related to the market price of exploited minerals and metals. The Company is subject to various regulatory risks, many of which also are beyond the control of the Company.

The Company is again considered to be in the exploration stage and has not yet recorded any revenues from its on-going operations nor has the Company commenced commercial production on any of its properties. There can be no assurance that the Company will generate any revenues or that the assumed levels of expenses will prove to be accurate.

The Company expects to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Company's properties will require substantial resources to complete the development of its properties. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future.

The Company's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are added. The amounts and timing of expenditures will depend on the progress of on-going development, the results of consultant's analyses and recommendations, the rate at which operating losses



are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control.

The Company's vulnerability to changes in metal prices may cause its share price to be volatile and may affect the Company's operations and financial results.

Changes in the market price of precious and base metals will significantly impact the ability of the Company to finance its operations and, indirectly, its share price. The Company's financial results will be very sensitive to external economic factors related to metal prices. A major risk will arise if there is a prolonged period of lower metal prices. Many factors beyond the Company's control influence the market price of the metals the Company seeks on its mineral properties. These factors include: global supply and demand; availability and costs of metal substitutes; speculative activities; international political and economic conditions; and production levels and costs in other gold-producing countries.

The Company is subject to extensive environmental legislation and the costs of complying with these regulations may be significant. Changes in environmental legislation could increase the costs of complying with applicable regulations and reduce levels of production. Environmental legislation relating to land, air and water affects nearly all aspects of the Company's operations. This legislation requires the Company to obtain various operating licenses and also imposes standards and controls on activities relating to exploration, development and production of gold and other precious metals. The cost of obtaining operating licenses and abiding by standards and controls on its activities may be significant. Further, if the Company fails to obtain or maintain such operating licenses or breaches such standards or controls imposed on its activities, it may not be able to continue its operations in its usual manner, or at all, or the Company may be subject to fines or other claims for remediation which may have a material adverse impact on its operations or financial results. The Company will be responsible for all costs of closure and reclamation at the Goldfields Mine. While the Company is unaware of any existing material environmental liabilities, it cannot guarantee that no such liabilities currently exist or will occur in the future.

Changes in environmental laws, new information on existing environmental conditions or other events may increase future compliance expenditures or otherwise have a negative effect on the Company's financial condition and results of operations. In addition to existing requirements, it is expected that other environmental regulations will likely be implemented in the future with the objective of protecting human health and the environment. Some of the issues currently under review by environmental agencies include reducing or stabilizing air emissions, mine reclamation and restoration, and water quality. Other changes in environmental legislation could have a negative effect on production levels, product demand, product quality and methods of production and distribution. The complexity and breadth of these issues make it difficult for the Company to predict their impact. The Company expects that capital and operating expenditures will increase as a result of compliance with the introduction of new more stringent environmental regulations. Failure to comply with environmental legislation may result in the issuance of clean-up orders, imposition of penalties, liability for related damages and the loss of operating permits. While the Company believes it is now in material compliance with existing environmental legislation, it cannot give assurances that it will, at all future times, be in compliance with all federal and provincial environmental regulations or that steps to bring the Company into compliance would not have a negative effect on its financial condition and results of operations. The mining industry is intensely competitive and the Corporation must compete in all aspects of its operations with a substantial number of other junior mining companies, some of which have greater technical and financial resources. The Company may be at a disadvantage with respect to some of its competitors in the acquisition and/or development of high potential mining properties throughout the principal markets and geographical areas in which the Company carries on its business activities.

Forward Looking Information

This MDA contains “forward looking information”. Forward looking information includes, but is not limited to, statements concerning the appeal of the disallowance of a claim for severance by a former officer of the Company, mineral resource estimates, the potential listing of GLR’s common shares on the CNSX and other statements which are not historical facts.

In certain cases, forward looking information can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will be taken”, “occur” or “be achieved” and include the negative variation of such phrases.

With respect to forward looking information contained in this MDA, the Company has made assumptions regarding, among other things, the Company’s ability to successfully defend the above-mentioned appeal, to complete the restructuring under the BIA, to satisfy the listing requirements of the CNSX, to generate sufficient cash flow from operations and to access capital markets to meet its future obligations, the regulatory framework in the provinces in which its properties are located with respect to, among other things, permits, licenses, authorizations, royalties, taxes and environmental matters, and the Company’s ability to obtain qualified staff and equipment in a timely and cost-efficient manner to meet the Company’s needs.

Although the Company believes that its expectations reflected in forward looking information are reasonable, such forward looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company or the Company’s projects, or any of them, to be materially different from any future results, performance or achievements expressed or implied by the forward looking information. Such factors include, risks related to uncertain outcome of any litigation, changes to listing CNSX listing requirements, failure to convert estimated mineral resources to reserves, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, future prices of base and precious metals, unexpected increases in capital or operating costs, possible variations in mineral resources, grade or recovery rates, failure of equipment or processes to operate as anticipated, accidents, labour disputes and other risks of the mining industry, delays in obtaining governmental consents, permits, licences and registrations or financing, uncertainties relating to the availability and costs and availability of financing needed in the future, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices and uninsured risks, as well as those factors discussed under “Risks” in this MDA.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward looking information. The forward looking information contained herein, unless stated otherwise, is made as of the date of this MDA and the Company makes no responsibility to update them or to revise them to reflect new events or circumstances, except as required by law.

“Robert J. Kasner”

President and Co-Chief Executive Officer

“David J. Layman”

Senior Vice-president and Chief Financial Officer and
Co-Chief Executive Officer

June 16, 2010

