



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

SEPTEMBER 30, 2008

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 the three and nine months ended September 30, 2008. This MDA has been prepared as at November 14, 2008, unless otherwise indicated. This MDA is intended to supplement and complement the unaudited financial statements and notes thereto as at and for the three and nine months ended September 30, 2008, 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, including the Company's Annual Information Form, can be found on SEDAR at www.sedar.com.

Overview

GLR Resources Inc. ("GLR" or the "Company") is a Canadian-based mining and exploration company incorporated under the Canada Business Corporations Act. The Company's primary project is development of its 100%-owned Goldfields Mine, located near Uranium City in northern Saskatchewan. The mine consists of two gold deposits, the Box and Athona deposits. The resources for these mines are summarized as follows:

	Tonnes (000's)	Grade (gm/tonne)	Contained ounces (000's)
Box Mine			
Measured	2,401	1.68	130
Indicated	14,500	1.34	623
Measured and indicated	16,901	1.39	753
Inferred	3,710	0.93	111
Athona Mine			
Indicated	7,000	1.28	289
Inferred	1,400	1.10	50

In a 43-101 compliant study commissioned by the Company, proven and probable mineable reserves at the Box Mine were estimated by Bikerman Engineering & Technology Associates, Inc. to be as follows:

	Tonnes	Grade (gm/tonne)	Ounces contained	Ounces recoverable
Proven	1,683,717	2.025	109,619	101,945
Probable	9,313,283	1.641	491,436	457,035
Total	10,997,000	1.700	601,007	558,937

Highlights for the First and Second and Third Quarters and Outlook for 2008

On March 6, 2008, the Company announced that the Saskatchewan Environmental Assessment Branch had commenced the public review phase of the Environmental Study for the Box Mine portion of its Goldfields project. This review was successfully wrapped up on April 15th with no questions or concerns being raised by the public. The Environmental Assessment Branch made a submission to the Minister of the Environment recommending that Environmental Permits be granted for the Box Mine portion of the Goldfields Project. Ministerial approval of the Environmental Permits was granted during late May 2008.

The Company applied for a permit to construct and submitted an application for decommissioning and reclamation during July 2008. Initial comments were received from the Government of Saskatchewan to which the Company is preparing responses.

Due to the Company's inability to raise project financing, GLR has deferred development of its Goldfields Mine. The Company has not fulfilled its obligations with respect to the Australian and Chinese suppliers due to its inability to fund advances anticipated in the supplier contracts. Refer to further discussion under Liquidity.

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. During June 2008, the Company withdrew the preliminary short-form prospectus.

Selected Quarterly Information

	2008		2008	2007
	Q3	Q2	Q1	Q4
	\$	\$	\$	\$
Revenues	104,235	75,273	71,943	55,691
Expenses	6,114,821	763,090	467,644	1,557,450
Net loss	(6,010,586)	(687,817)	(395,701)	(1,297,744)
Basic and fully diluted loss per share	(0.12)	(0.01)	(0.01)	(0.03)

	2007		2007	2006
	Q3	Q2	Q1	Q4
	\$	\$	\$	\$
Revenues	80,950	65,383	14,608	230,571
Expenses (recovery)	598,197	546,088	318,526	(383,122)
Net income (loss)	(378,172)	(377,964)	(220,050)	691,452
Basic and fully diluted income (loss) per share	(0.00)	(0.01)	(0.01)	0.02

Results of Operations

Third Quarter Results

During 2008 GLR charged Uranium City Resources Inc. ("UCR") \$100,833 (2007-\$39,121) in respect of certain exploration and development projects. The increased management fee income results from increased exploration activity on properties held by UCR. GLR is entitled to a management fee calculated as a percentage of expenditures for certain properties on which UCR conducts exploration. UCR has advised GLR that it will be reducing its exploration activity in Saskatchewan and, consequently result in reduced income to GLR during the fourth quarter.

Interest income decreased on reduced average cash balances.

Operating expenditures for the third quarter 2008 totalled \$6,114,821 compared to \$277,134 during third quarter 2007.

Except for the costs described below, all head office costs are being reduced to a minimum as the Company is minimizing cash outflow.

Interest expense and finance fees were \$1,051,788 compared to \$Nil during 2007. The charge to the statement of operations principally consists of the write-off of \$468,940 of previously deferred financing costs associated with debt financing arrangements that occurred during 2007, approximately \$400,000 charges with respect to due diligence costs incurred by Investec Bank (UK) Ltd. and billed to GLR during the third quarter of 2008, interest on the promissory note to Blackfish Capital (Master) Fund 1 SPC ("Blackfish") which was issued in October 2007 and an accrual of Part XII.6 tax in respect of under-expended Canadian exploration expenditures in respect of a flow-through financing completed in November 2007 (See Commitments and Contingencies).

Year-to-date charges also include costs associated with the failed financing by way of prospectus earlier in the year.

During the quarter the Company wrote off the carrying value of deposits made to suppliers in connection with the Goldfields Mine. Given the strife in current financial markets, it is unlikely that the Company will raise funds to continue development of the Goldfields Mine. The Company is reviewing engineering costs incurred in respect of pre-construction planning and may incur further write-downs of previously capitalized costs. The Company is assessing the potential of its exploration portfolio and may consider further write-downs in carrying value of certain exploration properties (See Capital Resources and Liquidity).



As a result of its activities, the Company recorded a net loss of \$6,010,586 or \$0.09 per share during the quarter compared to a net loss of \$378,172 or \$Nil per share during the corresponding quarter of fiscal 2007.

Summary of Quarterly Results

The Company's quarterly results are affected by availability of funds, which have been directed principally toward development of the Box Mine and exploration. Property carrying costs are periodically reviewed for impairment and provisions made if further development or exploration are not planned. A write-down in carrying value of exploration property occurred during the fourth quarter of 2006.

Quarterly results have been affected by the amount of time spent on financing issues and increased general activity. Future activity will be severally reduced to minimize use of cash.

Results for the fourth quarter of 2007 were influenced by charges for finance costs incurred with respect to placing a promissory note with Blackfish Capital Fund, including an \$858,300 non-cash charge for issuance of 3,389,830 warrants, and a \$312,630 non-cash charge with respect to issuance of employee stock options.

Nine Month Results

Management fees for nine months were up as a result of UCR increased spending on its projects in Northern Saskatchewan. GLR is entitled to a management fee calculated as a percentage of expenditures for certain properties on which UCR conducts exploration.

Interest income was up as a result of higher cash balances resulting from private placements near year end 2007 and private placements during February and March 2008.

Office and general expenses increased principally as a result of increased travel and increased rent and ancillary charges associated with operation of the Saskatoon office.

Interest expense and finance fees were heavily influenced by expensing of the failed subordinated debt offering, charges from Investec and incurrence of Part XII.6 tax.

Public relations expense was reduced as a result of the Vice-President, Investor Relations being heavily involved in the permitting process. Costs associated with permitting of the mine were capitalized as a property expense and not charged to operations.

Professional fees were heavily influenced by legal costs associated with managing the capital structure of the Company and managing structure from a tax perspective.

Salaries, fees and benefits were influenced by the decision to capitalize certain employee costs to engineering, procurement and management during the second quarter.

Stock-based compensation, which is a non-cash charge, decreased on reduced amortization of Black-Scholes valuations attributable to options previously granted to personnel.

The Company capitalizes all exploration costs and periodically reviews its portfolio of properties for impairment. No review was taken of its property portfolio during the quarter as management and the directors were focused on finances and development of the Box Mine.

During the nine months ended September 30, 2007, the Company recognized a future tax benefit of \$325,684.

As a result of its activities, the Company recorded a net loss of \$7,094,103 or \$0.12 per share during the nine month period compared to a net loss of \$976,185 or \$0.02 per share during the corresponding quarter of fiscal 2007.



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 \$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 on-going development of the Box Mine and exploration projects.

Project Financing

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.

During the second quarter, 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.

In order to further the development of the Company's Box Mine, on February 27, 2006, the Company entered into an agreement, as amended on January 31, 2008 (the "Mandate") with 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.

During August 2008, Investec proposed to extend the mandate and proposed revised terms for the provision of USD 45 million Project Debt Facilities shall comprised of a) US\$35 million term loan; and b) a US\$10 million convertible loan. The provision of the Project Debt Facilities would be subject to completion of satisfactory due diligence and documentation.

Liquidity

In order to finance the Goldfields Mine into production, the Company needs to raise approximately US\$65 million. The Company had entered into an arrangement with Investec Bank (UK) Ltd. ("Investec") to finance US\$45 million. The Company was to fund the US\$20 million difference either with an equity financing or a subordinated debt financing. The Company is unable to raise the necessary funds and has not renewed Investec's mandate pending resolution of funding the difference between the bank financing and total expected capital expenditure.

Through September 30, 2008, the Company had entered in several contracts in order to commence construction of its Box 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 through September 30, 2008. Due to delays in financing, the Company has been unable to fund further advances to suppliers and wrote off deposits to suppliers in the aggregate amount of \$4,129,734.

On October 30, 2008, the \$ 2.0 million note payable to Blackfish Capital (Master) Fund 1 SPC ("Blackfish") came due. The Company was unable to repay the loan. There can be no assurance that the Company will be successful in extending the term of the Note.

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

On November 6, 2008, the Toronto Stock Exchange advised the Company that it is reviewing the eligibility of the Company for continued listing on the TSX. The Company is being reviewed under the Remedial Review Process and has been granted 30 days to comply with all requirements for continued listing. A meeting of the Listings Committee of TSX is scheduled to be held on December 4, 2008 to consider whether to suspend trading in and delist the common shares of the Company. Should TSX decide to delist the common shares of the Company, these securities may qualify for listing on TSX Venture Exchange or NEX.

Delisting of the Company's common shares from the TSX may cause a perception of illiquidity in the Company's stock making it more difficult to make private placements.

The Company has no off balance sheet financing arrangements.

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

Commitments and Contingencies

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

Expenditures on its Goldfields Mine during 2008 were as follows:

2008	(\$)
Advances to suppliers	2,027,681
Property expenditures	341,734
Administration building	613,308
Other equipment	740,378
Total	3,723,101



Mineral properties

The following table summarizes the Company's exploration activity during 2008:

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

Golden Pond property

The Company's general exploration programme has been delayed while funds were directed toward development of the Box Mine. The Golden Pond property is in close proximity to the Box Mine and was drilled in an effort to find further resources that could potentially be future source of mill feed for the Goldfields mill.

Future Tax Liability

During November 2007, the Company issued 3,750,000 flow-through shares for proceeds of \$3,000,000. During February 2008, the Company renounced the equivalent expenditure to its investors and recognized a non-cash future income tax liability of \$810,000 using the substantially enacted, combined federal and provincial tax rate of 31%. The offsetting amount was charged as a cost of equity financing.

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 information disclosed in this management's discussion and analysis 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. The Company has three officers, the Chief Executive Officer, the Chief Financial Officer and the Corporate Secretary 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 was effective as at and for the period ended September 30, 2008 and provides reasonable assurance that all material information relating to the Company is disclosed. The audit committee is actively involved in quarterly reviews and is comprised of three independent directors.



During the quarter ended September 30, 2008 certain weaknesses in internal control were identified that are likely to affect, the Company's internal control over financial reporting. These weaknesses were identified as:

- 1) There is a lack of review in charge out of property exploration costs which could result in incorrect calculation of management fees; and
- 2) There is a lack of segregation of duties between the recordation of inter-company charges and collection of receivables and reconciliation of receivables to those charges.

These weaknesses have the potential to result in material misstatements in the Company's financial statements and should also be considered a weakness in its disclosure controls and procedures. New policies and procedures are being implemented in the fourth quarter of 2008 to address and correct the above issues.

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, 2007, except as noted below.

New accounting pronouncements

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

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

- (ii) Capital Disclosures (Section 1535)

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

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

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

- (iv) International Financial Reporting Standards

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

accepted accounting principles to IFRS on the financial statements and will develop a conversion implementation plan.

Related Party Information

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.

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

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

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

	Nine months ended September 30	
	2008	2007
	\$	\$
Transactions during the period:		
Exploration expenditures	175,330	289,563
Consulting fees	55,827	55,084
Administrative costs	17,537	15,890
Management fees earned	214,224	103,149
	As at	As at
	September 30,	December 31,
	2008	2007
Related party advances and fees receivable:		
	\$	\$
Due from (to) Uranium City Resources	(121,919)	39,121
Other (non-interest bearing, no fixed terms of repayment)	7,211	(383,398)
	(114,708)	(344,277)
Related party payables included in:		
Accounts payable and accrued liabilities	611	100

Termination

On November 14, 2008, GLR announced that the services of the Chief Operating Officer, John Orr, had been terminated effective November 13, 2008.



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 Preferred Shares issued as at November 14, 2008.

As at November 14, 2008	
Class A common shares issued	63,595,024
Shares issuable pursuant to:	
Warrants	5,305,459
Stock options	4,350,000
Fully diluted November 14, 2008	
	73,250,483

Risks

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 considered to be in the construction stage and has not yet recorded any revenues from its mining 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.

The Company's primary source of revenue will be the sale of gold bullion. Accordingly, changes in the market price of gold will significantly impact the Company's profitability and share price. The Company's financial results will be very sensitive to external economic factors related to gold price. A major risk will arise if there is a prolonged period of lower gold prices. Many factors beyond the Company's control influence the market price of gold. 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 financing of the Company is dependent upon completion of environmental permitting in Saskatchewan. 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.

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.

Forward Looking Information

This MDA contains "forward looking information". Forward looking information includes, but is not limited to, statements concerning mineral resource estimates, the development budget for the Goldfields Mine, the expected timing of development of the Goldfields Mine 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 generate sufficient cash flow from operations and access existing credit facilities and 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 demand.

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 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 gold, 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 or in the completion of development or construction activities, 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.

The mineral resource and mineral reserve figures referred to in this MDA are estimates and no assurances can be given that the indicated levels of minerals will be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the resource and reserve estimates referred to in this MDA are well established, by their nature resource and reserve estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such estimates are inaccurate or are reduced in the future, this could have a material adverse impact on the Company. Due to the uncertainty that may be attached to inferred mineral resources, it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration.

"Robert J. Kasner"
President and Chief Executive Officer

"David J. Layman"
Senior Vice-president and Chief Financial Officer

November 14, 2008

