



GLR Resources Inc.

**Financial Statements
(Unaudited)**

Second Quarter and 6 months ended June 30, 2007

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

GLR Resources Inc.

Balance Sheets

<i>As at</i>	<i>June 30, 2007 \$</i>	<i>December 31, 2006 \$</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Assets		
Current Assets		
Cash and cash equivalents <i>(Notes 3)</i>	1,308,049	1,797,012
GST recoverable	53,143	11,938
Interest receivable & prepaids	35,000	25,000
Due from related parties <i>(Note 7)</i>	137,578	270,686
	1,533,770	2,104,636
Investments <i>(Note 2)</i>	37,600	37,600
Mineral Properties and Deferred Expenditures <i>(Note 4)</i>	8,924,261	7,342,220
Capital Assets <i>(Note 5)</i>	211,425	97,000
Deferred Financing Costs <i>(Note 6)</i>	468,940	439,343
	11,175,996	10,020,799
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	115,636	52,683
	115,636	52,683
Long-term liabilities		
Future income taxes <i>(Note 8)</i>	593,391	419,000
	593,391	419,000
	709,027	471,683
Shareholders' Equity		
Capital Stock <i>(Note 9)</i> :		
Common shares	10,636,490	9,292,497
Contributed Surplus <i>(Note 10)</i>	1,949,492	1,777,618
Deficit	(2,119,013)	(1,520,999)
	10,466,969	9,549,116
	11,175,996	10,020,799

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

These financial statements have been approved by the Company's directors.

GLR Resources Inc.

**Statements of Loss, Comprehensive Loss and Deficit
(Unaudited)**

	<i>3 Months Ended June 30</i>		<i>6 Months Ended June 30</i>	
	\$		\$	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
Revenue				
Management fees	51,720	19,308	64,028	27,405
Interest income	13,663	4,652	15,964	4,652
Total Revenue	65,383	23,960	79,992	32,057
Operating Expenses				
Financing fees	-	2,643	-	2,643
Office and general	45,212	72,037	76,310	120,047
Public relations	59,934	31,555	83,676	74,845
Professional fees	20,856	53,743	68,263	73,276
Shareholder information	7,813	18,974	32,860	37,045
Consulting	72,578	43,832	101,999	99,469
Salaries and benefits	143,590	21,631	233,805	31,469
Stock-based compensation	196,105	974,700	267,702	1,047,600
	546,088	1,219,115	864,615	1,486,394
Net Loss and Comprehensive Loss before taxes	(480,705)	(1,195,155)	(784,623)	(1,454,337)
Future income tax recoveries <i>(Note 8)</i>	102,741	79,570	186,609	146,820
Net Loss and Comprehensive Loss	(377,964)	(1,115,585)	(598,014)	(1,307,517)
Deficit at the beginning of the period	(1,741,049)	(906,254)	(1,520,999)	(714,322)
Deficit at end of the period	(2,119,013)	(2,021,839)	(2,119,013)	(2,021,839)
Net Loss Per Share	(0.8)¢	(2.8)¢	(1.4)¢	(3.5)¢
Weighted Average number of shares (000's)	45,365	39,375	44,087	37,389

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GLR Resources Inc.

**Statements of Cash Flow
(Unaudited)**

	3 Months ended June 30		6 Months ended June 30	
	\$		\$	
	2007	2006	2007	2006
Operations				
Net loss	(377,964)	(1,115,585)	(598,014)	(1,307,517)
Adjustments to reconcile net loss to cash flow from operating activities:				
Amortization	463	111	926	235
Stock-based compensation	196,105	974,700	267,702	1,047,600
Future Income Tax Recoveries	(102,741)	(79,570)	(186,609)	(146,820)
Net change in non-cash working capital items:				
GST recoverable	(17,235)	(29,368)	(41,205)	(19,368)
Interest receivable and prepaids	(9,714)	(12,665)	(10,000)	(13,986)
Account payable and accrued liabilities	43,248	52,445	62,955	(43,043)
Cash Used in Operating Activities	(267,838)	(209,932)	(504,245)	(482,899)
Financing				
Issuance of common shares	1,549,648	2,430,952	1,597,415	2,486,963
Due (to) from related party	(79,823)	20,298	133,108	11,634
Deferred financing costs	-	(114,170)	(29,598)	(143,715)
Cash Flow from Financing Activities	1,469,825	2,337,080	1,700,925	2,354,882
Investments				
Purchase of capital assets	(69,708)	(31,972)	(132,340)	(31,972)
Expenditures on mineral properties and deferred exploration	(887,339)	(360,417)	(1,553,303)	(628,623)
Cash Used in Investing Activities	(957,047)	(392,389)	(1,685,643)	(660,595)
Net Decrease in Cash	244,940	1,734,759	(488,962)	1,211,388
Cash and cash equivalents at beginning of period	1,063,109	615,794	1,797,012	1,139,165
Cash and cash equivalents at end of period	1,308,049	2,350,553	1,308,049	2,350,553

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These financial statements have been approved by the Company's directors.

GLR Resources Inc.

**Notes to the Financial Statements
(Unaudited)**

**For the 6 months ended June 30, 2007 and
For the 6 months ended June 30, 2006**

GLR Resources Inc. ("GLR", or the "Company") is a Federally incorporated company. GLR's principal business activity is that of a junior mineral exploration company with its primary focus of exploration being in Canada.

1. Basis of Presentation and Significant Accounting Policies

These unaudited interim financial statements follow the same accounting policies and their methods of application as the 2005 audited financial statements.

Not all disclosure required by generally accepted accounting principles for annual financial statements are present, and accordingly, these interim financial statements should be read in conjunction with the Company's audited financial statements.

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assume the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. If the "going concern" assumption is not appropriate, then material adjustments may be necessary in the carrying amounts and/or classifications of assets and liabilities in these financial statements.

Certain prior year amounts have been reclassified to conform to account presentation in the current year.

Financial Instruments, Comprehensive Income (Loss) and Hedges

In January 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Sections 3855 – "Financial Instruments – Recognition and Measurement", 1530 – "Comprehensive Income" and 3865 – "Hedges". These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 on a prospective basis. Accordingly, comparative amounts for prior periods have not been restated. The Company has adopted these new standards effective January 1, 2007.

(a) Financial Instruments – recognition and measurement

Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. This Section requires that:

- All financial assets be measured at fair value on initial recognition and certain financial assets to be measured at fair value subsequent to initial recognition;
- All financial liabilities be measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method; and
- All derivative financial instruments be measured at fair value on the balance sheet, even when they are part of an effective hedging relationship.

(b) Comprehensive Income / (Loss)

Section 1530 introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations.

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**Notes to the Financial Statements
(Unaudited)**

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For the 6 months ended June 30, 2006**

(c) Hedges

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13 – “Hedging Relationships”, and the hedging guidance in Section 1650 – “Foreign Currency Translation” by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

(d) Impact upon Adoption of Sections 1530, 3855, and 3865

The Company has evaluated the impact of these new standards on its financial statements and determined that no adjustments are currently required.

Future Accounting Changes

Capital Disclosure and Financial Instruments – Disclosure and Presentation.

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535 – “Capital Disclosures”, Handbook Section 3862 – “Financial Instruments – Disclosure” and Handbook Section 3863 – “Financial Instruments – Presentation”. These new standards are effective for interim and annual financial statements for the Company’s reporting period beginning January 1, 2008.

Section 1535 specifies the disclosure of (i) an entity’s objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Sections 3862 and 3863 replace Handbook Section 3861 – “Financial Instruments – Disclosure and Presentation”, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extend of risks arising from financial instruments and how the entity manages those risks.

The Company is currently assessing the impact of these new accounting standards on its financial statements.

2. Investment

The investment is recorded at the lower of cost or market and consists of 835,121 shares of RJK Explorations Ltd., a Canadian public company. As at June 30, 2007, the cost of this investment was \$168,042 (2006 - \$168,042).

3. Cash and cash equivalents

The balance at June 30, 2007, consists of cash on deposit of \$1,073,801 (2006 - \$536,550) and guaranteed investments certificates of \$234,248 (2006 - \$79,244), bearing interest of 4.05% with maturity on June 17th, 2008.

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**Notes to the Financial Statements
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For the 6 months ended June 30, 2006**

4. Mineral Properties and Deferred Expenditures

	As at	
	June 30, 2007 \$ <i>(Unaudited)</i>	December 31, 2006 \$ <i>(Audited)</i>
Mineral Properties		
Balance at beginning of year	598,651	546,511
Acquisitions, including properties acquired with the issuance of common shares of \$11,750 (2006 - \$40,500)	25,750	57,140
Write downs	-	(5,000)
Balance at end of year	624,401	598,651
Deferred Exploration Expenditures		
Balance, beginning of year	6,743,569	5,384,317
Deferred exploration expenditures, including amortization expense of \$2,687 (2006 - \$13,063)	1,556,291	1,536,834
Sale of mineral property	-	(79,395)
Write downs	-	(98,187)
Balance at end of year	8,299,860	6,743,569
	8,924,261	7,342,220

5. Capital Assets

	As at June 30, 2007		As at December 31, 2006	
	<i>(Unaudited)</i>		<i>(Audited)</i>	
	Cost \$	Accumulated Amortization \$	Cost \$	Accumulated Amortization \$
Exploration equipment	255,453	66,370	132,722	50,672
Office furniture and fixtures	52,225	29,883	42,616	27,666
	307,678	96,253	175,338	78,338
Net Book Value	211,425		97,000	

GLR Resources Inc.

**Notes to the Financial Statements
(Unaudited)**

**For the 6 months ended June 30, 2007 and
For the 6 months ended June 30, 2006**

6. Deferred Financing Fees

On February 27, 2006, the Company entered into an agreement with Investec Bank (UK) Limited ("Investec") for the provision of project financing services for its Goldfields project ("Goldfields Project"). Under the terms of the agreement, Investec will arrange and underwrite the project debt (the "Facilities") for the Goldfields Project, located in Beaverlodge Area of Northern Saskatchewan. As compensation for its services under the agreement, an arranging fee of 2.5% of the amount of the Facilities will be paid to Investec. A monthly advance of US\$25,000 is being paid to Investec with such amounts, in total, being deducted from the arranging fee upon completion of the Facilities. The Company paid the final advance in January, 2007. As at June 30, 2007, GLR has paid \$343,940 (2006 - \$314,343) to Investec. In addition, Investec was issued 250,000 common shares of the Company valued at \$125,000.

These costs have been deferred and recorded as an asset on the balance sheet of the Company and will be amortized over the life of the project financing, once completed.

7. Related Party Transactions

The financial statements include balances and transactions with directors and officers of the Company and corporations related to directors of GLR as follows:

	6 Months Ended	
	June 30, 2007	June 30, 2006
	\$	\$
Transactions during the period:		
Exploration expenditures	134,143	80,698
Consulting fees	38,249	38,057
Administrative Costs	11,229	9,900
Related party advances and fees receivable:		
Management fees	66,515	27,845
Other (non-interest bearing, no fixed terms of repayment)	71,063	23,324
	137,578	51,169
Related party payables included in:		
Accounts payable and accrued liabilities	296	13,172
Note payable (non-interest bearing, no fixed terms of repayment)	-	50,000

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**Notes to the Financial Statements
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For the 6 months ended June 30, 2006**

8. Income Taxes

Future Income Taxes Recoverable

The income tax provision differs from that computed using the statutory tax rates for the following reasons:

6 months ended June 30,	2007		2006	
	\$	%	\$	%
Income taxes at Federal and Provincial statutory rates	(283,250)	(36.1)	(525,000)	(36.1)
Expenses not deductible for income tax purposes:				
Stock-based compensation	96,641	12.3	378,180	26.0
Future income taxes recoverable	(186,609)	(23.8)	(146,820)	(10.1)

Future Income Tax Liability

The tax effects of temporary differences that give rise to significant portions of future tax assets and liabilities are:

	June 30, 2006	December 31, 2006
	\$	\$
<i>Future tax asset:</i>		
Net loss before future income tax recovery capitalized as part of exploration expenditures for income tax purposes	(186,609)	(293,000)
<i>Future tax liability:</i>		
Foregone future tax savings from renunciation of Canadian Exploration Expenditures to flow-through warrants subscribers	780,000	712,000
Future Income Tax Liability	593,391	419,000

9. Capital Stock

Share Capital

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

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

GLR Resources Inc.

**Notes to the Financial Statements
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For the 6 months ended June 30, 2006**

	Number of Shares	\$
Balance at December 31, 2006	42,704,206	9,292,497
Issued for:		
Cash:		
Options exercised	235,000	101,000
Warrants exercised	2,799,087	1,399,543
Broker warrants exercised	344,898	96,871
Mineral properties	25,000	11,750
Future income taxes	-	(361,000)
Value transfer of exercised broker warrants	-	95,829
Balance at June 30, 2007	46,108,191	10,636,490

Warrants

The outstanding warrants as at June 30, 2007 to purchase Class A Voting Common Shares are as follows:

Month of Expiry	No. of Warrants	Exercise Price 2007 \$	Exercise Price 2008 \$
November 2007	1,333,333	0.35	-
November 2007	1,000,000	0.30	-
December 2007	50,001	0.30	-
December 2007	30,000	0.27	-
April 2008	2,298,000	-	0.60
December 2008	196,078	-	0.51
December 2008	1,078,430	-	0.70
	5,985,842		0.51

Additional information concerning the Company's outstanding warrants follows:

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**Notes to the Financial Statements
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**For the 6 months ended June 30, 2007 and
For the 6 months ended June 30, 2006**

	2007	
	Weighted Average Exercise Price (\$)	No. of Warrants (000's)
Outstanding at beginning of period	0.49	9,669,073
Transactions during the period:		
Exercised	0.48	(3,143,985)
Granted	-	-
Forfeited	-	-
Expired	0.50	(539,246)
Outstanding at June 30, 2007	0.51	5,985,842

Options

GLR has a stock option plan (the "Plan") pursuant to which options to purchase Class A Voting Common Shares may be granted to certain officers, directors and employees. At its 2006 Annual Special Meeting, the shareholders of the Company approved an amendment to the Plan allowing the Company to issue a number of options equal to a maximum of 10% of its issued and outstanding Class A Voting Common Shares. At June 30, 2007, the number of unexercised, outstanding options was 3,580,000, leaving a balance available for issuance under the plan of 760,819. A continuity of the unexercised options to purchase Class A Voting Common Shares is as follows:

	2007	
	Weighted Average Exercise Price (\$)	No. of Options (000's)
Outstanding at beginning of period	0.49	3,505
Transactions during the period:		
Exercised	0.43	(235)
Granted	0.57	460
Forfeited	0.53	(150)
Expired	-	-
Outstanding at June 30, 2007	0.50	3,580
Exercisable at June 30, 2007	0.52	2,930

GLR Resources Inc.

**Notes to the Financial Statements
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**For the 6 months ended June 30, 2007 and
For the 6 months ended June 30, 2006**

The following table provides additional information about outstanding stock options at June 30, 2007.

Range of Exercise Prices	No. of Options Outstanding (000's)	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price (\$)
\$0.25 - \$0.30	-	-	-
0.31 - 0.50	1,890	3.45	0.43
0.51 - 0.65	1,690	2.94	0.59
	3,580	3.21	0.50

Stock-based compensation

The fair value of the stock options granted for the 6 months ended June 30, 2007 was \$267,700 (2006 – \$462,000), which amount has been expensed in the statement of operations.

The Company uses the Black-Scholes option pricing model to determine stock-based compensation expense. The table below summarizes the assumptions used with the Black-Scholes valuation model for determining the stock-based compensation costs for the stock options issue during the 6 months ended June 30, 2007:

	2007
Dividend yield	-
Expected volatility	105.5%
Risk-free interest rate	4.5%
Expected life (years)	5

10. Contributed Surplus

	\$
Balance at December 31, 2006	1,777,618
Stock-based compensation	267,702
Value transfer of exercised broker warrants and options	(95,828)
Balance at June 30, 2007	1,949,492

11. Subsequent Events

On July 16, 2007, the Company issued a further 35,000 common shares for gross proceeds of \$10,500 on the exercise of 35,000 broker warrants with exercise price of \$0.30 per warrant and with an expiry date of December 2, 2007.

On July 30, 2006, GLR announced that it had received a revised term sheet from Investec Bank (UK) Limited ("Investec") regarding the mandate to arrange financing for its Goldfields project. The financing will consist of debt financing of up to US\$40 million comprised of term and convertible loans to finance the project construction and potential cost overruns. The financing is subject to

GLR Resources Inc.

***Notes to the Financial Statements
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***For the 6 months ended June 30, 2007 and
For the 6 months ended June 30, 2006***

documentation and due-diligence review by Investec of the recently completed feasibility study and acceptance by the board of GLR.

On August 2, 2007, the Company issued 200,000 options at an exercise price of \$0.50 each with expiry of August 2, 2012, to an incoming director of the Company.