



GLR Resources Inc.

**Financial Statements
(Unaudited)**

Third Quarter and 9 months ended September 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>September 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>	997,019	1,797,012
GST recoverable	63,363	11,938
Interest receivable & prepaids	56,214	25,000
Due from related parties <i>(Note 7)</i>	-	270,686
	1,116,596	2,104,636
Investments <i>(Note 2)</i>	37,600	37,600
Mineral Properties and Deferred Expenditures <i>(Note 4)</i>	10,104,074	7,342,220
Capital Assets <i>(Note 5)</i>	294,029	97,000
Deferred Financing Costs <i>(Note 6)</i>	468,940	439,343
	12,021,239	10,020,799
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	220,733	52,683
Due to related parties <i>(Note 7)</i>	344,277	-
	565,010	52,683
Long-term liabilities		
Future income taxes <i>(Note 8)</i>	454,316	419,000
	454,316	419,000
	1,019,326	471,683
Shareholders' Equity		
Capital Stock <i>(Note 9)</i> :		
Common shares	11,397,455	9,292,497
Contributed Surplus <i>(Note 10)</i>	2,101,642	1,777,618
Deficit	(2,497,184)	(1,520,999)
	11,001,913	9,549,116
	12,021,239	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 September 30</i>		<i>9 Months Ended September 30</i>	
	\$		\$	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
Revenue				
Management fees	39,121	13,709	103,149	41,114
Interest income	41,829	4,392	57,793	9,043
Total Revenue	80,950	18,101	160,942	50,157
Operating Expenses				
Financing fees	-	-	-	2,643
Office and general	80,063	46,331	156,373	166,377
Public relations	56,658	18,030	140,334	92,875
Professional fees	50,481	35,273	118,744	108,549
Shareholder information	9,486	2,706	42,346	39,751
Consulting	45,044	36,235	147,043	135,704
Salaries and benefits	224,615	69,059	458,419	100,528
Stock-based compensation	131,850	69,500	399,552	1,117,100
	598,197	277,134	1,462,811	1,763,528
Net Loss and Comprehensive Loss before taxes	(517,247)	(259,033)	(1,301,869)	(1,713,370)
Future income tax recoveries <i>(Note 8)</i>	139,075	68,421	325,684	215,241
Net Loss and Comprehensive Loss	(378,172)	(190,612)	(976,185)	(1,498,129)
Deficit at the beginning of the period	(2,119,013)	(2,021,839)	(1,520,999)	(714,322)
Deficit at end of the period	(2,497,184)	(2,212,451)	(2,497,184)	(2,212,451)
Net Loss Per Share, basic and fully diluted	(0.1)¢	(0.5)¢	(2.2)¢	(3.9)¢
Weighted Average number of shares (000's) – basic and fully diluted	46,385	40,665	44,861	38,493

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GLR Resources Inc.
Statements of Cash Flow
(Unaudited)

	<i>3 Months ended</i> <i>September 30</i>		<i>9 Months ended</i> <i>September 30</i>	
	\$		\$	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
Operations				
Net loss	(378,172)	(190,612)	(976,185)	(1,498,129)
Adjustments to reconcile net loss to cash flow from operating activities:				
Amortization	4,028	101	4,954	336
Stock-based compensation	131,850	69,500	399,552	1,117,100
Future Income Tax Recoveries	(139,075)	(68,421)	(325,684)	(215,241)
Net change in non-cash working capital items:				
GST recoverable	(10,220)	2,774	(31,214)	(9,762)
Interest receivable and prepaids	(21,213)	4,226	(51,425)	(16,596)
Accounts payable and accrued liabilities	105,096	(82,663)	168,051	(125,703)
Cash Used in Operating Activities	(307,706)	(265,095)	(811,951)	(747,995)
Financing				
Issuance of common shares	781,265	11,372	2,378,680	2,498,335
Due (to) from related party	481,855	14,225	614,963	25,859
Loan advances (repayments)	-	(50,000)	-	(50,000)
Deferred financing costs	-	(56,408)	(29,598)	(200,123)
Cash Flow from (used in) Financing Activities	1,263,120	(80,811)	2,964,045	2,274,071
Investments				
Purchase of capital assets	(95,877)	(19,618)	(228,218)	(51,589)
Expenditures on mineral properties and deferred exploration	(1,170,567)	(508,213)	(2,723,869)	(1,136,836)
Cash Used in Investing Activities	(1,266,444)	(527,831)	(2,952,087)	(1,188,425)
Net Increase (Decrease) in Cash	(311,030)	(873,737)	(799,993)	337,651
Cash and cash equivalents at beginning of period	1,308,049	2,350,553	1,797,012	1,139,165
Cash and cash equivalents at end of period	997,019	1,476,816	997,019	1,476,816

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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 9 months ended September 30, 2007 and For the 9 months ended September 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

The unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated interim financial statements required by Canadian generally accepted accounting principles for annual consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2007 may not necessarily be indicative of the results that may be expected for the year ending December 31, 2007.

The balance sheet at December 31, 2006 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for annual financial statements. The interim financial statements have been prepared by management in accordance with the accounting policies described in the Company's audited financial statements for the year ended December 31, 2006, except as noted below. For further information, refer to the audited financial statements and notes thereto for the year ended December 31, 2006.

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

GLR Resources Inc.

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

**For the 9 months ended September 30, 2007 and
For the 9 months ended September 30, 2006**

- 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.

(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 September 30, 2007, the cost of this investment was \$168,042 (2006 - \$168,042).

GLR Resources Inc.

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

**For the 9 months ended September 30, 2007 and
For the 9 months ended September 30, 2006**

3. Cash and cash equivalents

The balance at September 30, 2007, consists of cash on deposit of \$1,073,801 (2006 - \$422,255) and guaranteed investments certificates of \$Nil (2006 - \$1,054,561), bearing interest of 4.05% (2006 - 3.7% - 4.05%) with maturity on June 17th, 2008 (June 18th and June 22nd, 2007).

4. Mineral Properties and Deferred Expenditures

	As at	
	September 30, 2007	December 31, 2006
	\$	\$
	(Unaudited)	(Audited)
Mineral Properties		
Balance at beginning of year	598,651	546,511
Acquisitions, including properties acquired with the issuance of 25,000 common shares (2006 - 75,000) of \$11,750 (2006 - \$24,500)	95,940	57,140
Write downs	-	(5,000)
Balance at end of year	694,591	598,651
Deferred Exploration Expenditures		
Balance, beginning of year	6,743,569	5,384,317
Deferred exploration expenditures, including amortization expense of \$26,235 (2006 - \$13,063)	2,663,914	1,536,834
Sale of mineral property	-	(79,395)
Write downs	-	(98,187)
Balance at end of year	9,409,483	6,743,569
	10,104,074	7,342,220

GLR Resources Inc.

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

**For the 9 months ended September 30, 2007 and
For the 9 months ended September 30, 2006**

5. Capital Assets

	As at September 30, 2007		As at December 31, 2006	
	<i>(Unaudited)</i>		<i>(Audited)</i>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	\$	\$	\$	\$
Exploration equipment	253,799	74,034	132,722	50,672
Office furniture and fixtures	99,755	34,555	42,616	27,666
Building	50,000	936	-	-
	403,554	109,525	175,338	78,338
Net Book Value	294,029		97,000	

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. Monthly advances of US\$25,000 have been paid to Investec with the total amount to be deducted from the arranging fee upon completion of the Facilities. The Company paid the final advance in January, 2007. As at September 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:

	9 Months Ended	
	September 30, 2007	September 30, 2006
	\$	\$
Transactions during the period:		
Exploration expenditures	289,563	103,500
Consulting fees	55,084	62,056
Administrative Costs	15,890	14,850

GLR Resources Inc.

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

**For the 9 months ended September 30, 2007 and
For the 9 months ended September 30, 2006**

	September 30, 2007	December 31, 2006
	\$	\$
Related party advances and fees receivable:		
Management fees	39,121	223,889
Other (non-interest bearing, no fixed terms of repayment)	(383,398)	46,797
Due (to) from related parties	(344,277)	270,686
Related party payables included in:		
Accounts payable and accrued liabilities	100	14,820
Note payable (non-interest bearing, no fixed terms of repayment)	-	50,000

8. Income Taxes

Future Income Taxes Recoverable

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

9 months ended September 30,	2007 \$	%	2006 \$	%
Income taxes at Federal and Provincial statutory rates	(469,975)	(36.1)	(618,527)	(36.1)
Expenses not deductible for income tax purposes:				
Stock-based compensation	144,291	11.1	403,286	23.5
Future income taxes recoverable	(325,684)	(25.0)	(215,241)	(12.6)

Future Income Tax Liability

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

GLR Resources Inc.

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

**For the 9 months ended September 30, 2007 and
For the 9 months ended September 30, 2006**

	September 30, 2006 \$	December 31, 2006 \$
Future tax asset:		
Net loss before future income tax recovery capitalized as part of exploration expenditures for income tax purposes	(325,684)	(293,000)
Future tax liability:		
Foregone future tax savings from renunciation of Canadian Exploration Expenditures to flow-through warrants subscribers	780,000	712,000
Future Income Tax Liability	454,316	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:

	Number of Shares	\$
Balance at December 31, 2006	42,704,206	9,292,497
Issued for:		
Cash:		
Private placements (net of finder's fee of \$45,000)	1,596,500	758,075
Options exercised	235,000	101,000
Warrants exercised	2,799,087	1,399,543
Broker warrants exercised	424,898	119,971
Mineral properties	25,000	11,750
Future income taxes	-	(361,000)
Value of finder's warrants issued	-	(30,700)
Value transfer of exercised broker warrants	-	106,229
Balance at September 30, 2007	47,784,691	11,397,365

GLR Resources Inc.

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

**For the 9 months ended September 30, 2007 and
For the 9 months ended September 30, 2006**

Warrants

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

Month of Expiry	No. of Warrants	Exercise Price	Exercise Price	Exercise Price
		2007	2008	2009
		\$	\$	\$
November 2007	1,333,333	0.35	-	-
November 2007	1,000,000	0.30	-	-
April 2008	2,298,000	-	0.60	-
December 2008	196,079	-	0.51	-
December 2008	1,078,430	-	0.70	-
September 2009	90,000			0.70
	5,995,842			0.46

Additional information concerning the Company's outstanding warrants follows:

	2007	
	Weighted Average Exercise Price (\$)	No. of Warrants (000's)
Outstanding at beginning of period	0.49	9,669
Transactions during the period:		
Exercised	0.47	(3,224)
Granted	0.65	90
Forfeited	-	-
Expired	0.50	(539)
Outstanding at September 30, 2007	0.46	5,996

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 September 30, 2007, the number of unexercised, outstanding options was 3,755,000, leaving a balance available for issuance under the plan of 1,023,469. A continuity of the unexercised options to purchase Class A Voting Common Shares is as follows:

GLR Resources Inc.

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

**For the 9 months ended September 30, 2007 and
For the 9 months ended September 30, 2006**

	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	0.54	735
Forfeited	0.53	(150)
Expired	0.35	(100)
Outstanding at September 30, 2007	0.51	3,755
Exercisable at September 30, 2007	0.52	3,155

The following table provides additional information about outstanding stock options at September 30, 2007:

Range of Exercise Prices	No. of Options Outstanding (000's)	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price (\$)
\$0.31 - \$0.50	2,065	3.57	0.44
0.51 - 0.65	1,690	2.69	0.59
	3,755	3.18	0.51

Stock-based compensation

The fair value of the stock options granted for the 9 months ended September 30, 2007 was \$399,552 (2006 – \$1,117,100), 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 September 30, 2007:

	2007
Dividend yield	-
Expected volatility	105.3%
Risk-free interest rate	4.5%
Expected life (years)	5

GLR Resources Inc.

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

**For the 9 months ended September 30, 2007 and
For the 9 months ended September 30, 2006**

10. Contributed Surplus

	\$
Balance at December 31, 2006	1,777,618
Stock-based compensation	399,552
Value transfer of exercised broker warrants and options	(106,228)
Value of finder's warrants issued	30,700
Balance at September 30, 2007	2,101,642

11. Subsequent Events

During October, 2007, the Company issued a further 270,000 options pursuant to the Plan. 100,000 options are exercisable at \$0.50 with an expiry date of October 15, 2009; 100,000 options are exercisable at \$0.45 with an expiry date of October 3, 2009; and 70,000 options are exercisable at \$0.70 with an expiry date of October 29, 2012. Also during October 2007, 75,000 options exercisable at 0.58 with an expiry date of May 29, 2012 were forfeit.

On November 1, 2007, the Company announced that it had completed a financing (the "Financing") with Blackfish Capital (Master) Fund 1 SPC ("Blackfish Capital Fund"), contracting for and on behalf of its Resource Special Segregated Portfolio, pursuant to which Blackfish Capital Fund advanced \$2 million to the Company (the "Loan"). The Loan has a maximum term of 12 months and bears interest at USD LIBOR plus 0.5% per 30-day period during the term. In connection with the Loan, the Company issued 3,389,830 warrants of the Company (each, a "Warrant") to Blackfish Capital Fund. Each Warrant entitles the holder thereof to purchase one Class A voting common share of the Company until October 31, 2008 at a price of \$0.59. The instrument governing the Warrants permits the holder of the Warrants to physically settle amounts due to the Company upon exercise of such Warrants by setting-off amounts owed by the Company to such holder pursuant to the Loan.

In connection with the Financing, the Company also paid a fee of \$60,000 to Blackfish Capital Fund. Blackfish Capital Fund is 5% owned by a wholly-owned subsidiary of Investec Bank (UK) Ltd.