



**GLR Resources Inc.**

**Financial Statements  
(Unaudited)**

**First Quarter and 3 Months ended  
March 31, 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 consolidated 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 Sheet**

| <i>As at</i>  | <i>March 31,<br/>2007</i> | <i>December 31,<br/>2006</i> |
|---|---------------------------|------------------------------|
|   | \$                        | \$                           |
|   | <i>(Unaudited)</i>        | <i>(Audited)</i>             |
| <b>Assets</b>   |                           |                              |
| <b>Current Assets</b>   |                           |                              |
| Cash and cash equivalents <i>(Notes 3)</i>                          | <b>1,063,109</b>          | 1,797,012                    |
| GST recoverable   | <b>35,908</b>             | 11,938                       |
| Prepaid expenses and advances                                       | <b>25,286</b>             | 25,000                       |
| Due from related company <i>(Note 7)</i>                            | <b>57,755</b>             | 270,686                      |
|   | <b>1,182,058</b>          | 2,104,636                    |
| <b>Investments</b> <i>(Note 2)</i>                                  | <b>37,600</b>             | 37,600                       |
| <b>Mineral properties and deferred expenditures</b> <i>(Note 4)</i> | <b>8,026,127</b>          | 7,342,220                    |
| <b>Capital assets</b> <i>(Note 5)</i>                               | <b>152,977</b>            | 97,000                       |
| <b>Deferred financing costs</b> <i>(Note 6)</i>                     | <b>468,940</b>            | 439,343                      |
|   | <b>9,867,702</b>          | 10,020,799                   |
| <b>Liabilities</b>  |                           |                              |
| <b>Current liabilities</b>  |                           |                              |
| Accounts payable and accrued liabilities                            | <b>72,390</b>             | 52,683                       |
|   | <b>72,390</b>             | 52,683                       |
| <b>Long-term liabilities</b>  |                           |                              |
| Future income taxes <i>(Note 8)</i>                                 | <b>696,132</b>            | 419,000                      |
|   | <b>696,132</b>            | 419,000                      |
|   | <b>768,522</b>            | 471,683                      |
| <b>Shareholders' Equity</b>   |                           |                              |
| Capital Stock <i>(Note 9)</i>                                       | <b>9,016,411</b>          | 9,292,497                    |
| Contributed Surplus <i>(Note 10)</i>                                | <b>1,823,818</b>          | 1,777,618                    |
| Deficit   | <b>(1,741,049)</b>        | (1,520,999)                  |
|   | <b>9,099,180</b>          | 9,549,116                    |
|   | <b>9,867,702</b>          | 10,020,799                   |

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

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

**GLR Resources Inc.**  
**Statement of Operations and Deficit**

|   | <b>3 Months Ended</b> |                       |
|---|-----------------------|-----------------------|
|   | <b>March 31, 2007</b> | <b>March 31, 2006</b> |
|   | <b>\$</b>             | <b>\$</b>             |
| <b>Revenue</b>                                      |                       |                       |
| Management fees                                     | 12,307                | 8,097                 |
| Interest income                                     | 2,301                 | -                     |
| <b>Total Revenue</b>                                | <b>14,608</b>         | <b>8,097</b>          |
| <b>Operating Expenses</b>                           |                       |                       |
| Office and general                                  | 31,100                | 48,009                |
| Public relations                                    | 23,742                | 43,290                |
| Professional fees                                   | 47,407                | 19,534                |
| Shareholder information                             | 25,047                | 18,071                |
| Consulting  | 29,421                | 55,637                |
| Salaries and benefits                               | 90,212                | 9,838                 |
| Stock-based compensation                            | 71,597                | 72,900                |
|   | <b>318,526</b>        | <b>267,279</b>        |
| <b>Net Loss before taxes</b>                        | <b>(303,918)</b>      | <b>(259,182)</b>      |
| Current income (taxes) recoveries                   | -                     | -                     |
| Future income (taxes) recoveries (Note 8)           | 83,868                | 67,250                |
| <b>Net Loss</b>                                     | <b>(220,050)</b>      | <b>(191,932)</b>      |
| Deficit at the beginning of the period              | (1,520,999)           | (714,322)             |
| Deficit at end of the period                        | <b>(1,741,049)</b>    | <b>(906,254)</b>      |
| <b>Net Loss per share – basic and fully diluted</b> | <b>(0.5)¢</b>         | <b>(0.5)¢</b>         |
| <b>Weighted average number of shares (000's)</b>    | <b>42,906</b>         | <b>35,380</b>         |

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**GLR Resources Inc.**  
**Statement of Cash Flow**

|  | <b>3 Months ended</b>     |                           |
|--|---------------------------|---------------------------|
|  | <b>March 31,<br/>2007</b> | <b>March 31,<br/>2006</b> |
|  | <b>\$</b>                 | <b>\$</b>                 |
| <b>Operations</b>  |                           |                           |
| Net loss   | <b>(220,050)</b>          | (191,932)                 |
| Adjustments to reconcile net loss to cash flow<br>from operating activities: |                           |                           |
| Amortization   | <b>463</b>                | 124                       |
| Stock-based compensation   | <b>71,597</b>             | 72,900                    |
| Future income taxes (recoveries)   | <b>(83,868)</b>           | (67,250)                  |
| Net change in non-cash working capital items:                                |                           |                           |
| GST recoverable  | <b>(23,970)</b>           | (1,322)                   |
| Prepaid expenses and advances  | <b>(286)</b>              | 10,000                    |
| Accounts payable and accrued liabilities                                     | <b>19,708</b>             | (95,486)                  |
| <b>Cash Flow used in Operating Activities</b>                                | <b>(236,406)</b>          | (272,966)                 |
| <b>Financing</b>   |                           |                           |
| Issuance of common shares  | <b>47,766</b>             | 56,010                    |
| (Decrease)/increase in related party receivables                             | <b>212,932</b>            | (8,664)                   |
| Deferred financing costs   | <b>(29,598)</b>           | (29,545)                  |
| <b>Cash Flow from Financing Activities</b>                                   | <b>231,100</b>            | 17,801                    |
| <b>Investments</b>   |                           |                           |
| Purchase of capital assets   | <b>(62,633)</b>           | -                         |
| Expenditures on mineral properties and deferred exploration                  | <b>(665,964)</b>          | (268,206)                 |
| <b>Cash Flow used in Investing Activities</b>                                | <b>(728,597)</b>          | (268,206)                 |
| <b>Net Decrease in Cash for the period</b>                                   | <b>(733,903)</b>          | (523,371)                 |
| <b>Cash and Cash Equivalents at beginning of year</b>                        | <b>1,797,012</b>          | 1,139,165                 |
| <b>Cash and Cash Equivalents at end of period</b>                            | <b>1,063,109</b>          | 615,794                   |

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**GLR Resources Inc.**

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

**For the 3 months ended March 31, 2007 and  
For the 3 months ended March 31, 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. Summary of Significant Accounting Policies**

These interim financial statements follow the same accounting policies and their methods of application as the 2006 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.

**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 March 31, 2007, the cost of this investment was \$168,042 (2006 - \$168,042).

**3. Cash and cash equivalents**

The balance at March 31, 2007, consists of cash on deposit of \$693,107 (2006 - \$536,550) and guaranteed investments certificates of \$370,002 (2006 - \$79,244), bearing interest at 4.5% and maturing on June 18, 2007.

**4. Mineral Properties and Deferred Expenditures**

|                              | <b>As at</b>          |                          |
|------------------------------|-----------------------|--------------------------|
|                              | <b>March 31, 2007</b> | <b>December 31, 2006</b> |
|                              | <b>\$</b>             | <b>\$</b>                |
| <hr/>                        |                       |                          |
| <b>Mineral Properties</b>    |                       |                          |
| Balance at beginning of year | 598,651               | 546,511                  |

**GLR Resources Inc.**

**Notes to the Financial Statements  
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**For the 3 months ended March 31, 2007 and  
For the 3 months ended March 31, 2006**

|  | As at            |                   |
|--|------------------|-------------------|
|  | March 31, 2007   | December 31, 2006 |
|  | \$               | \$                |
| Acquisitions, including properties acquired with the issuance of common shares of \$11,750 (2006 - \$40,500) | 36,750           | 57,140            |
| Write downs  | -                | (5,000)           |
| <b>Balance at end of period</b>  | <b>635,401</b>   | <b>598,651</b>    |
| <b>Deferred Exploration Expenditures</b>   |                  |                   |
| Balance, beginning of year   | 6,743,569        | 5,384,317         |
| Deferred exploration expenditures, including amortization expense of \$2,687 (2006 - \$13,063)               | 647,157          | 1,536,834         |
| Sale of mineral property   | -                | (79,395)          |
| Write downs  | -                | (98,187)          |
| <b>Balance at end of period</b>  | <b>7,390,726</b> | <b>6,743,569</b>  |
|  | <b>8,026,127</b> | <b>7,342,220</b>  |

**5. Capital Assets**

|                               | As at March 31, 2007 |                          | As at December 31, 2006 |                          |
|-------------------------------|----------------------|--------------------------|-------------------------|--------------------------|
|                               | Cost                 | Accumulated Amortization | Cost                    | Accumulated Amortization |
|                               | \$                   | \$                       | \$                      | \$                       |
| Exploration equipment         | 185,746              | 56,220                   | 132,722                 | 50,672                   |
| Office furniture and fixtures | 52,225               | 28,774                   | 42,616                  | 27,666                   |
|                               | <b>237,971</b>       | <b>84,994</b>            | 175,338                 | 78,338                   |
| <b>Net Book Value</b>         | <b>152,977</b>       |                          | <b>97,000</b>           |                          |

**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

**GLR Resources Inc.**

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For the 3 months ended March 31, 2006**

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 March 31, 2007, GLR has paid \$343,940 (2006 - \$29,545) 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:

|  | <b>3 Months Ended</b> |                       |
|--|-----------------------|-----------------------|
|  | <b>March 31, 2007</b> | <b>March 31, 2006</b> |
|  | <b>\$</b>             | <b>\$</b>             |
| Transactions during the period:                                  |                       |                       |
| Exploration expenditures   | 52,300                | 34,500                |
| Consulting fees  | 12,000                | 18,000                |
| Administrative costs   | 11,614                | 5,100                 |
| Management fees earned   | 12,307                | 8,097                 |
| Related party advances and fees receivable:                      |                       |                       |
| Management fees  | <b>11,692</b>         | 48,142                |
| Other (non-interest bearing, no fixed terms of repayment)        | <b>46,063</b>         | 23,324                |
|  | <b>57,755</b>         | 71,466                |
| Related party payables included in:                              |                       |                       |
| Accounts payable and accrued liabilities                         | -                     | -                     |
| Note payable (non-interest bearing, no fixed terms of repayment) | -                     | 50,000                |

Management fees due from Uranium City Resources, a former subsidiary of the Company, are also shown on the balance sheet as amounts due from a related party.

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**Notes to the Financial Statements  
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For the 3 months ended March 31, 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:

| 3 months ended March 31                                | 2007            |               | 2006            |               |
|--|-----------------|---------------|-----------------|---------------|
|  | \$              | %             | \$              | %             |
| Income taxes at Federal and Provincial statutory rates | (109,715)       | (36.1)        | (93,560)        | (36.1)        |
| Expenses deductible for income tax purposes:           |                 |               |                 |               |
| Financing fees   |                 |               | -               | -             |
| Expenses not deductible for income tax purposes:       |                 |               |                 |               |
| Stock-based compensation                               | 25,847          | 8.5           | 26,310          | 10.2          |
| <b>Future income taxes recoverable</b>                 | <b>(83,868)</b> | <b>(27.6)</b> | <b>(67,250)</b> | <b>(25.9)</b> |

***Future Income Tax Liability***

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

|   | 2007           | 2006           |
|---|----------------|----------------|
| <b><i>Future tax asset:</i></b>   |                |                |
| Net loss before future income tax recovery capitalized as part of exploration expenditures for income tax purposes      | (83,868)       | (293,000)      |
| <b><i>Future tax liability:</i></b>   |                |                |
| Foregone future tax savings from renunciation of Canadian Exploration Expenditures to flow-through warrants subscribers | 780,000        | 712,000        |
| <b>Future Income Tax Liability</b>  | <b>696,132</b> | <b>419,000</b> |

**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.

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**Notes to the Financial Statements  
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**For the 3 months ended March 31, 2007 and  
For the 3 months ended March 31, 2006**

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

|   | Number of Shares  | \$               |
|---|-------------------|------------------|
| <b>Balance at December 31, 2006</b>         | <b>42,704,206</b> | <b>9,292,497</b> |
| Issued for:                                 |                   |                  |
| Cash:                                       |                   |                  |
| Options exercised                           | -                 | -                |
| Broker warrants exercised                   | 176,666           | 47,766           |
| Mineral properties                          | 25,000            | 11,750           |
| Deferred financing fees (Note 6)            | -                 | -                |
| Future income taxes                         | -                 | (361,000)        |
| Value transfer of exercised broker warrants | -                 | 25,398           |
| <b>Balance at March 31, 2007</b>            | <b>42,905,872</b> | <b>9,016,411</b> |

**Warrants**

The outstanding warrants as at March 31, 2007 to purchase Class A Voting Common Shares are as follows:

| Month of Expiry | No. of Warrants  | Exercise Price 2007<br>\$ | Exercise Price 2008<br>\$ |
|-----------------|------------------|---------------------------|---------------------------|
| November 2007   | 1,333,333        | 0.35                      | -                         |
| November 2007   | 1,000,000        | 0.30                      | -                         |
| November 2007   | 13,333           | 0.27                      | -                         |
| November 2007   | 51,897           | 0.30                      | -                         |
| December 2007   | 64,770           | 0.30                      | -                         |
| December 2007   | 30,000           | 0.27                      | -                         |
| April 2008      | 2,298,000        | -                         | 0.46                      |
| December 2008   | 196,078          | -                         | 0.51                      |
| December 2008   | 1,078,431        | -                         | 0.70                      |
|                 | <b>6,065,842</b> |                           | <b>0.50</b>               |

**GLR Resources Inc.**

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

**For the 3 months ended March 31, 2007 and  
For the 3 months ended March 31, 2006**

**Options**

GLR has a stock option plan pursuant to which options to purchase Class A Voting Common Shares may be granted to certain officers, directors and employees. A continuity of the unexercised options to purchase Class A Voting Common Shares is as follows:

|                                      | <b>2007</b>   |                                       |
|--------------------------------------|---|---------------------------------------|
|                                      | <b>Weighted<br/>Average<br/>Exercise<br/>Price (\$)</b> | <b>No. of<br/>Options<br/>(000's)</b> |
| Outstanding at beginning of period   | <b>0.49</b>   | <b>3,505</b>                          |
| Transactions during the period:      |   |                                       |
| Exercised                            | -   | -                                     |
| Granted                              | <b>0.53</b>   | <b>150</b>                            |
| Forfeited                            | <b>0.50</b>   | <b>(100)</b>                          |
| Expired                              | -   | -                                     |
| <b>Outstanding at March 31, 2007</b> | <b>0.49</b>   | <b>3,555</b>                          |
| <b>Exercisable at March 31, 2007</b> | <b>0.51</b>   | <b>2,805</b>                          |

The following table provides additional information about outstanding stock options at March 31, 2007.

| <b>Range of<br/>Exercise<br/>Prices (\$)</b> | <b>No. of<br/>Options<br/>Outstanding<br/>(000's)</b> | <b>Weighted<br/>Average<br/>Remaining<br/>Life (Years)</b> | <b>Weighted<br/>Average<br/>Exercise<br/>Price (\$)</b> |
|--|---|--|---|
| 0.31 - 0.50                                  | 2,125   | 3.44   | 0.43  |
| 0.51 - 0.65                                  | 1,430   | 2.80   | 0.59  |
|  | <b>3,555</b>  | <b>3.18</b>  | <b>0.49</b>   |

**GLR Resources Inc.**

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

**For the 3 months ended March 31, 2007 and  
For the 3 months ended March 31, 2006**

**Stock-based compensation**

The fair value of the stock options granted for the 3 months ended March 31, 2007 was \$71,597 (2006 – \$72,900), 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 in the first quarter of 2006:

|                         | <b>2007</b> |
|-------------------------|-------------|
| Dividend yield          | -           |
| Expected volatility     | 106.7%      |
| Risk-free interest rate | 4.4%        |
| Expected life (years)   | 5           |

**10. Contributed Surplus**

|   | \$               |
|---|------------------|
| <b>Balance at December 31, 2006</b>         | 1,777,618        |
| Stock-based compensation                    | 71,597           |
| Value transfer of exercised broker warrants | (25,397)         |
| <b>Balance at March 31, 2007</b>            | <b>1,823,818</b> |

**11. Subsequent Events**

During April 2007, the Company issued a total of 41,858 shares on the exercise of broker warrants and 2,855,462 shares on the exercise of warrants, for a total of 2,897,320 shares raising proceeds of approximately \$1,425,000.

On April 25, 2007, the Company announced it had entered into an agreement to raise up to \$2 million (the "Offering") by way of a brokered private placement with Evergreen Capital Partners Inc. (the "Agent") on a best efforts basis. The Offering will consist of the issuance of up to 2,777,777 "flow-through" units (the "Flow-Through Units") at a price of \$0.72 per Flow-Through Unit. Each Flow-Through Unit will consist of one "flow-through" common share and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant will entitle the holder thereof to purchase one common share of the Company at a price of \$0.85 for an 18-month period.

The Agent will be entitled to a cash commission of 7% of the aggregate gross proceeds raised under the Offering. GLR will also grant to the Agent non-assignable warrants (the "Agent Warrants") representing 9% of the number of Flow-Through Units sold under the Offering. Each Agent Warrant will entitle the Agent to purchase one unit of securities of the Company (an "Agent Unit") at \$0.72 for an 18-month period. Each Agent's Unit will be comprised on one common share and one-half of one Warrant.

***GLR Resources Inc.***

***Notes to the Financial Statements  
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***For the 3 months ended March 31, 2007 and  
For the 3 months ended March 31, 2006***

In addition, the Company has granted to the Agent an option (the "Agent's Option") to place up to an additional 1,388,888 "flow-through" units, identical in all respects to the Flow-Through Units, at a price of \$0.72 for an additional aggregate gross proceeds of up to approximately \$1,000,000, upon the terms and conditions of the Offering. The Agent's Option may be exercised at any time on or before five days prior to the closing date for the Offering by notice in writing to the Company.