



GLR Resources Inc.

**Management's Discussions and Analysis
of the Financial Condition and Results of Operations**

**For the First Quarter
And
Three Months Ended March 31, 2007**

May 14, 2007

GLR Resources Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis has been prepared based on information available to GLR Resources Inc. ("GLR" or the "Company") as a May 14, 2007. The MD&A of the operating results and financial condition of the Company for the three months ended March 31, 2007 and March 31, 2006, should be read in conjunction with the Company's financial statements and the related notes for the three months then ended and in conjunction with the MD&A for the year ended December 31, 2006, which have been prepared in accordance with Canadian generally accepted accounting principles. Additional information relating to the Company, including the Company's Annual Information Form, may be found on SEDAR at www.sedar.com.

Management's Responsibilities for Financial Reporting and Controls

The Financial Statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles and have been approved by the Company's board of directors (the "Board"). The integrity and objectivity of these Financial Statements are the responsibility of management. In addition, management is responsible for ensuring that the information contained in this MD&A is consistent, where appropriate, with the information contained in the Financial Statements.

In support of this responsibility, the Company's management maintains a system of internal accounting and administrative controls to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded. When alternative accounting methods exist, management has chosen those methods it deems most appropriate in the circumstances. The Financial Statements may contain certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis to ensure that the Financial Statements are presented fairly in all material respects.

The Board is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board carries out this responsibility principally through its audit committee. The audit committee is appointed by the Board and has several financial experts who are not involved in the Company's daily operations. The audit committee meets periodically with management and the external auditor to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities and to review the Financial Statements with the external auditors.

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Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this MD&A, management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this MD&A, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109— *Certification of Disclosure in Issuers' Annual and Interim Filings* of the Canadian Securities Administrators) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

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Cautionary Note Regarding Forward-looking Information

This document contains or refers to forward looking information. Such forward looking information includes, among other things, statements regarding targets, estimates and/or assumptions in respect of future production, mine development costs, unit costs, capital costs, timing of commencement of operations and future economic, market and other conditions, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward looking statement include, but are not limited to: the grade and recovery of ore which is mined varying from estimates; capital and operating costs varying significantly from estimates; inflation; changes in exchange rates; fluctuations in commodity prices; delays in the development of the any project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; termination or revision of any debt financing; failure to raise additional funds required to finance the completion of a project; and other factors. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law.

General

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.

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.

The Company also advanced its Goldfields project ("Goldfields") feasibility study, see [Review of Operations – Goldfields Project](#) of this MD&A.

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Overall Performance

As at March 31, 2007, the Company had assets of \$9.9 million and a net equity position of \$9.1 million. This compares with consolidated assets of \$10.0 million and a consolidated net equity position of \$9.5 million at December 31, 2006.

The decrease in net assets by approximately \$0.1 million from \$10.0 million at the end of the previous year was a result of GLR's cash position decreased by \$0.8 million to \$1.0 million, decrease in other current assets of \$0.1 million offset by increases to mineral properties and deferred exploration expenditures of \$0.7 million (to \$8.0 million), increases to capital asset of \$0.1 million and to deferred financing costs of \$0.1 million.

GLR's decreased cash position of \$0.8 million from December 31, 2005 resulted from its uses of cash for operating activities of \$236,000 (2006 same period - \$273,000) and investing activities of \$729,000 (2006 same period - \$268,000) offset by cash generated from financing activities of \$231,000 (2006 same period - \$18,000).

For the three months ended March 31, 2007, the Company posted a net loss for the period of \$220,000 or 0.5¢ per share (2006 - \$192,000, or 0.5¢ per share). Management fees and interest income of \$15,000 (2006- \$8,000) were offset by the following expenditures: Office and general expenses of \$31,000 (2006 - \$48,000); public relations and shareholder expenditures \$49,000 (2006 - \$61,000); professional and consulting costs of \$77,000 (2006 - \$75,000) and stock-based compensation costs of \$72,000 (2006 - \$73,000).

Review of Operations

The Company has several gold, base metal and platinum group metal properties within its portfolio with the most advanced being the 100%-owned Goldfields Project consisting of two open pittable gold deposits.

Goldfields Project, Northern Saskatchewan:

In 2007 site work will move forward in three areas: first the detailed design work will be completed on the Box Mine/Mill complex; second procurement will begin on equipment to allow transport on the 2008 winter road and third construction support facilities such as camp and office facilities will be put in place prior to 2008 construction. During the first quarter of 2007, the Company engaged BETA and Dan Mackie and Associates to complete the project's feasibility study which is anticipated to be finalized by the end of May, 2007.

Hurd-McAuley ("Hurd-McAuley") Property, Kirkland Lake, Ontario:

No exploration work was completed during the first quarter of 2007 and none is planned for the second quarter of 2007. GLR is following developments on the Kirkland Lake Gold Inc. property immediately north of Hurd-McAuley before planning any further drilling activity.

Kirkland West Property, Kirkland Lake, Ontario:

This property covers over 7 km of the Kirkland Larder lake fault zone and is located 5 km west of the Kirkland Lake Gold Inc. Macassa mine. Several holes have been drilled on the property some having returned large widths of low-grade gold. No activity occurred on this project during the first quarter of 2007 but GLR plans on drilling 4 to 5 holes over the remaining months in 2007, below the existing holes.

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Stares Property, Northwestern Ontario:

GLR and its joint venture partner (RJK Explorations Inc. ("RJK")) plan to drill 4 to 5 holes on this property during 2007. The purpose of the drilling is to locate the source of the high-grade zinc/gold boulders.

Goldie Property, Northwestern Ontario:

GLR and RJK are planning a 4-5 hole drill program on this property during 2007. Past drilling has returned 1.73 G/T gold over 14.5 metres and 1.37 G/T over 12.4 metres. The companies recently completed a 60 km induced polarization geophysical survey. Several drill targets were outlined by the survey. Drilling is planned in the second quarter of 2007.

Casa Berardi Property, Puisseaux-Orvilliers, Quebec:

This property consists of 65 claims over 1,040 hectares and is located along the Casa Berardi fault. No work has been carried out since the 1980's. Drilling during that period returned interesting gold values from 1.2 feet of 0.735 oz/t gold to 115.4 feet of 0.042 oz/t gold. Presently there are several companies doing exploration around this property. No work has been performed this year but GLR plans some geochemical work over the remaining months of 2007 with the possibility of some drilling as well.

Results of Operations

Over the past two years the Company has not generated any operating revenue and therefore losses have been incurred throughout the first quarter of 2006 as well as the previous 7 quarters.

Three Months ended March 31, 2006 compared to the Three Months ended March 31, 2005

Net loss for the period was \$192,000 (0.5¢ per share) compared to \$462,000 (1.5¢ per share) in 2005. The net loss was comprised of administrative costs of \$58,000 (2005 - \$55,000), consulting and professional fees of \$75,000 (2005 - \$149,000), public relations and public reporting costs of \$61,000 (2005 - 118,000) and stock-based compensation of 73,000 (2005 - 183,000).

Summary of Quarterly Results

	1st Quarter 2007 \$000's	4th Quarter 2006 \$000's	3rd Quarter 2006 \$000's	2nd Quarter 2006 \$000's
Total revenues	15	230	18	25
Net income (loss)	(220)	692	(191)	(1,116)
Net income (loss) per share, basic	(0.5)¢	1.7¢	(0.5)¢	(2.8)¢
Net income (loss) per share,	(0.5)¢	1.6¢	(0.5)¢	(2.8)¢

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fully diluted ⁽¹⁾				
Total assets	9,868	10,020	9,127	9,438
Long-term liabilities	696	419	497	615
Shareholders' equity	9,099	9,549	8,592	8,701
Cash dividends declared per common share	0.0¢	0.0¢	0.0¢	0.0¢

⁽¹⁾In periods of loss, inclusion of in-the-money outstanding warrants and options is anti-dilutive.

1st Quarter 2007 vs. 4th Quarter 2006

The difference in net income (loss) between the first quarter of 2007 and the last quarter of 2006 (\$912,000) is mainly the result of a reallocation of the value of issued warrants that were originally mistakenly recorded to stock-based compensation but reallocated at year end to reduce the share capital account.

	1 st Quarter 2006 \$000's	4 th Quarter 2005 \$000's	3 rd Quarter 2005 \$000's	2 nd Quarter 2005 \$000's
Total revenues	8	(25)	73	27
Net income (loss)	(192)	(2,268)	5,163	(187)
Net income (loss) per share, basic	(0.5)¢	(6.9)¢	16.8¢	(0.6)¢
Net income (loss) per share, fully diluted ⁽²⁾	(0.5)¢	(6.1)¢	16.3¢	(0.6)¢
Total assets	7,175	7,261	6,348	8,635
Long-term liabilities	695	762	988	221
Shareholders' equity	6,411	6,335	5,287	6,543
Cash dividends declared per common share	0.0¢	0.0¢	0.0¢	0.0¢

⁽²⁾Only "in-the-money" warrants and options are included.

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3rd Quarter 2005 vs. 2nd Quarter 2005

Long-term liabilities increased as the Company recognized its future tax liability of \$830,000 resulting from the partial utilization of its cumulative Canadian exploration expense pool to reduce the current year's capital gains taxes that would otherwise be due on the gain generated on the distribution of the UCR shares.

Liquidity and Capital Resources

The Company's liquidity and solvency are critical information since GLR is not currently generating any income from its mineral properties.

As at May 14, 2007, there are no updates or prevailing conditions that are different from those that existed at the point the Company completed its most recent Annual MD&A. The reader is also directed to the Company's Annual MD&A for any other details about the Company's liquidity and capital resources.

Subsequent to March 31, 2007

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

During the three months ended March 31, 2007

During the quarter, 176,666 broker warrants were exercised at an average exercise price of \$0.27 each raising total proceeds of approximately \$48,000.

The Company also issued 25,000 shares valued at \$11,750 in payment of mineral property acquisitions.

Working Capital

As at March 31, 2007, the Company's working capital balance was \$1.1 million (2006 - \$640,000). As a result, the Company has sufficient cash and receivables to satisfy its current obligations.

As at March 31, 2007, the book value of GLR's mineral properties and deferred exploration costs amounted to \$8.0 million, a net increase \$700,000 over the balance of \$7.3 million at December 31, 2006.

Transactions with Related Parties

For the three months ended March 31, 2007 and the three months ended March 31, 2006, the following transactions involved related parties:

R.J. Kasner Co. ("RJKC") charged the Company a total of \$30,000 (2006 - \$30,000) in respect of the services of Robert Kasner as President & CEO of the Company. Robert Kasner, also a director of the Company, beneficially owns RJKC. Robert Kasner, the President and Chief Executive Officer and a director of the

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Company, beneficially owns RJKC. This agreement is automatically renewed each January 1 unless notice of termination is provided by one party to the other by September 1 in any year, in which case the agreement terminates on December 31 of that year.

Glen C. Kasner Exploration Service charged the Company a total of \$17,500 (\$2006 - \$10,500) in respect of exploration management services. Glen Kasner is related to an officer and director of the Company. This agreement is automatically renewed each January 1 unless notice of termination is provided by one party to the other by September 1 in any year, in which case the agreement terminates on December 31 of that year.

Keshill Consulting Associates Inc. ("KCA") charged the Company a total of \$12,000 (2006 - \$12,000) in respect of the services of Stephen Gledhill as CFO of the Company. Stephen Gledhill beneficially owns KCA. The term of this agreement is ongoing with either party able to terminate upon 30 days written notice to the other.

1353150 Ontario Limited ("1353150") charged the Company a total of \$5,300 (2006 - \$5,100) in respect of rent for GLR's premises in Kirkland Lake. Robert Kasner, President & CEO and a director of the Company, beneficially owns 1353150. This lease expired on December 31, 2005. A new lease has been entered into for 2006.

Critical Accounting Estimates

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. Actual results could differ from those estimates.

Disclosure of Outstanding Share Information

The following table sets forth information concerning the outstanding securities of the Company as at May 14, 2007:

Common Shares of no par value	Number
Shares	45,793,192
Warrants	6,065,841
Options	3,555,000