



GLR Resources Inc.

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

**For the Third Quarter
and
Nine Months Ended September 30, 2006**

November 10, 2006

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 November 10, 2006. The MD&A of the operating results and financial condition of the Company for the nine months ended September 30, 2006 and September 30, 2005, should be read in conjunction with the Company's financial statements and the related notes for the nine months then ended and in conjunction with the MD&A for the year ended December 31, 2005, 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.

CAUTIONARY NOTE

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 24, 2006, the Company completed a non-brokered equity private placement (the "Financing") with Investec Bank (UK) Ltd. ("Investec") for net proceeds totaling approximately \$2.3 million (US\$2 million).

The Financing consisted of 4,596,000 units of at a price of \$0.50 unit. Each unit consisted of one common share of the Company and one-half of one share purchase warrant. Each whole purchase warrant entitled Investec to purchase one common share of the Company for \$0.60 until April 23, 2008.

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"). Under the terms of the agreement, Investec will arrange and underwrite the project debt (the "Facilities") for Goldfields, 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. In addition, Investec has been issued 250,000 common shares of the Company. 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.

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Overall Performance

As at September 30, 2006, the Company had assets of \$9.1 million and a net equity position of \$8.6 million. This compares with assets of \$7.3 million and a net equity position of \$6.3 million at December 31, 2005.

Assets increased by approximately \$1.8 million from \$7.3 million at the end of the previous year. GLR's cash position increased by \$340,000 to \$1.1 million. Mineral properties and deferred exploration expenditures also increased by \$1.2 million and deferred financing costs increased by \$325,000.

GLR's increased cash position of \$340,000 (decreased cash position of \$2.9 million in the same period of 2005) resulted from its uses of cash for operating costs of \$798,000 (2005 same period - \$563,000) and investing activities of \$1.2 million (2005 same period - \$2.6 million) offset by cash generated from financing activities of \$2.3 million (2005 same period - \$288,000).

For the nine months ended September 30, 2006, the Company posted a net loss for the period of \$1.5 million or 3.9¢ per share (2005 - \$4.5 million net income, or 15.0¢ per share-basic). Management fees and interest income of \$50,000 (2005- \$113,000) were offset by the following expenditures: Office and general expenses of \$166,000 (2005 - \$83,000); public relations and shareholder expenditures \$133,000 (2005 - \$130,000); professional and consulting costs of \$244,000 (2005 - \$161,000) and stock-based compensation costs of \$1,117,000 (2005 - \$183,000).

For the three months ended September 30, 2006, the Company posted a net loss for the period of \$191,000 or 0.5¢ per share (2005 - \$5.1 million net income, or 16.8¢ per share-basic). Management fees and interest income of \$18,000 (2005- \$74,000) were offset by the following expenditures: Office and general expenses of \$46,000 (2005 - \$29,000); public relations and shareholder expenditures \$21,000 (2005 - \$49,000); professional and consulting costs of \$72,000 (2005 - \$90,000) and stock-based compensation costs of \$70,000 (2005 - \$Nil).

Review of Operations

Goldfields Project ("Goldfields"), Northern Saskatchewan:

GLR remains active on advancing the Goldfields Project in Northern Saskatchewan towards gold producing status. GLR decided to incorporate the Athona gold deposit into the Feasibility Study and conducted a large drilling campaign to compliment the drilling already completed at the Box gold deposit. Drilling results were released to the market during the quarter. Grades and widths encountered were entirely consistent with what is already known for the Athona gold deposit. GLR has been working with Wardrop Engineering to facilitate the incorporation of the Athona gold deposit into the Feasibility Study.

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

No work has been performed on the property since the filing of the Company's Annual MD&A..

Aldina, Marks, Sackville and Adrian Properties, Thunder Bay, Ontario:

At present, GLR is focusing the majority of its efforts on the Goldfields Property.

Conmee TWP Molybdenum Property, Northwestern Ontario:

The drilling results from the Conmee TWP Molybdenum property were insufficient to warrant further work and expenditures. The property has since been released by GLR.

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Results of Operations

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

Nine Months ended September 30, 2006 compared to the Nine Months ended September 30, 2005

Net loss for the period was \$1.5million (3.9¢ per share) compared to \$4.5 million net income (15.0¢ per share) in 2005. The net loss was comprised of administrative costs of \$166,000 (2005 - \$83,000), consulting and professional fees of \$244,000 (2005 - \$231,000), public relations and public reporting costs of \$133,000 (2005 - \$191,000) and stock-based compensation of \$1,117,000 (2005 - \$183,000) offset by management fee revenues and interest income of \$50,000 (2005 - \$113,000).

Three Months ended September 30, 2006 compared to the Three Months ended September 30, 2005

Net loss for the period was \$191,000 (0.5¢ per share) compared to \$5.1 million net income (16.8¢ per share-basic) in 2005. The net loss was comprised of administrative costs of \$46,000 (2005 - \$29,000), consulting and professional fees of \$72,000 (2005 - \$90,000), public relations and public reporting costs of \$21,000 (2005 - \$49,000) and stock-based compensation of \$70,000 (2005 - \$Nil) offset by management fee revenues and interest income of \$18,000 (2005 - \$74,000).

Summary of Quarterly Results

	3 rd Quarter 2006 \$000's	2 nd Quarter 2006 \$000's	1 st Quarter 2006 \$000's	4 th Quarter 2005 \$000's
Total revenues	18	25	8	25
Net income (loss)	(191)	(1,116)	(192)	(2,268)
Net income (loss) per share, basic	(0.5)¢	(2.8)¢	(0.5)¢	(6.9)¢
Net income (loss) per share, fully diluted	(0.5)¢	(2.8)¢	(0.5)¢	(6.9)¢
Total assets	9,127	9,438	7,175	7,261
Long-term liabilities	497	615	695	762
Shareholders' equity	8,592	8,701	6,411	6,335
Cash dividends declared per common share	0.0¢	0.0¢	0.0¢	0.0¢

2nd Quarter 2006 vs. 1st Quarter 2006

Net loss for the 2nd quarter is greater than the 1st quarter (\$924,000) mainly as a result of the recognition of stock-based compensation on options issued during the quarter.

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	3 rd Quarter 2005 \$000's	2 nd Quarter 2005 \$000's	1 st Quarter 2005 \$000's	4 th Quarter 2004 \$000's
Total revenues	73	27	12	-
Net income (loss)	5,163	(187)	(462)	(276)
Net income (loss) per share, basic	16.8¢	(0.6)¢	(1.5)¢	(1.4)¢
Net income (loss) per share, fully diluted ⁽¹⁾	16.3¢	(0.6)¢	(1.5)¢	(1.4)¢
Total assets	6,348	8,635	8,794	8,421
Long-term liabilities	988	221	241	266
Shareholders' equity	5,287	6,543	6,695	6,782
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.

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.

The difference in net income (loss) between the third and second quarters (\$5.3 million) is a result of the gain recognized on the distribution of the UCR shares held by GLR to its shareholders.

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 November 10, 2006, 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 except that the Company has completed the Financing (see the "**General**" section of this 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.

During the nine months ended September 30, 2006

In addition to the shares and warrants issued in connection with the completion of the Financing, the Company also issued a total 300,000 common shares to acquire mineral properties (50,000 shares) and as compensation

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under a debt facility agreement (250,000) – see the *“General”* section of this MD&A, 391,700 shares on the exercise of broker warrants and 131,250 on the exercise of warrants, resulting in net proceeds to the Company of approximately \$215,000.

Working Capital

As at September 30, 2006, the Company's working capital balance was \$1.5 million (2005 - \$447,000). As a result, the Company has sufficient cash and receivables to satisfy its current obligations.

As at September 30, 2006, the book value of GLR's mineral properties and deferred exploration costs amounted to \$7.1 million, a net increase of \$1.2 million over the balance of \$5.9 million at December 31, 2005.

Transactions with Related Parties

For the nine months ended September 30, 2006 and the nine months ended September 30, 2005, the following transactions involved related parties:

R.J. Kasner Co. (“RJKC”) charged the Company a total of \$90,000 (2005 - \$90,000) 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 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 \$31,500 (2005 - \$31,500) 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 \$38,000 (2005 - \$45,000) 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 \$15,000 (2005 - \$13,500) 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

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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 November 10, 2006:

Common Shares of no par value	Number
Shares	40,682,134
Warrants	9,137,007
Options	2,705,000