



GLR Resources Inc.

**Management's Discussions and Analysis
of the Financial Condition and Results of Operations
For the Nine Months Ended September 30, 2005
and September 30, 2004**

November 9, 2005

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 9, 2005. The MD&A of the operating results and financial condition of the Company for the nine months ended September 30, 2005 and September 30, 2004, 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, 2004, 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, can be found on SEDAR at www.sedar.com.

General

On August 11, 2005, the Company received shareholder approval for the distribution to its shareholders together with a reduction in the stated capital of the Company equal to the distribution value attributable to the 12,000,001 common shares of Uranium City Resources Inc. ("UCR") that it owned. GLR shareholders of record at the close of business on August 22, 2005 received one UCR share for every approximately 2.5 GLR common shares held. No fractional UCR shares were distributed and no consideration was paid in lieu thereof. As a result, 11,999,865 common shares of UCR were distributed (the "Distribution") to GLR shareholders and the resultant value (\$6,599,926 - \$0.55/share multiplied by 11,999,865 shares) of the Distribution reduced the stated capital of the Company.

As a result of the Distribution, the financial results of GLR are no longer consolidated and do not include the accounts of UCR.

Overall Performance

As at September 30, 2005, the Company had assets of \$6.3 million and a net equity position of \$5.3 million. This compares with consolidated assets of \$8.4 million and a consolidated net equity position of \$6.8 million at December 31, 2004.

For the 9 months ended September 30, 2005, the Company recorded a gain on the Distribution (the "Gain"). The transaction was recorded at market, with each UCR share valued at \$0.55, UCR's initial public offering price of its non-flow-through common shares. In addition, the Company recognized the future income tax liability that resulted from the utilization of a portion of its cumulative eligible expenditures tax pool to offset current income taxes that would be otherwise payable as a result of the Gain.

Assets decreased by approximately \$2.2 million from \$8.4 million at the end of the previous year. Non-consolidation of UCR's assets accounted for \$1.4 million of the decrease with the remaining decrease of \$0.8 million accounted for as follows: GLR's non-consolidated cash position decreased by \$1.7 million to \$0.5 million, mineral properties and deferred exploration expenditures increased by \$1.4 million to \$5.6 million and investments were reduced by \$0.5 million representing the book value of the UCR shares that were distributed to GLR shareholders.

GLR's non-consolidated decreased cash position of \$1.7 million from December 31, 2004 resulted from its uses of cash for operating of \$563,000 (2004 same period - \$938,000), cash flow from financing activities of \$288,000 (2004 same period - \$903,000) and cash used in investing activities of \$1.4 million (2004 same period - \$1.1 million).

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For the nine months ended September 30, 2005, as a result of the gain of \$5.3 million (\$6.1 million gross offset by future income taxes of \$830,000) on the UCR shares distributed, the Company posted a net income for the period of \$4.5 million or 15.0¢ per share (2004 - \$1.0 million net loss, or (5.0)¢ per share). Supplementing the gain were management fees and non-operating income of \$113,000 (2004 - \$Nil). The following expenditures offset the gain and revenues: Office and general expenses of \$280,000 (2004 - \$207,000); public relations and shareholder expenditures \$192,000 (2004 - \$285,000); professional and consulting costs of \$231,000 (2004 - \$190,000) and stock-based compensation costs of \$183,000 (2004 - \$50,000).

Review of Operations

Goldfields Project ("Goldfields"), Northern Saskatchewan:

Confirmation drilling was completed in May 2005, which is a required part of updating the existing Goldfields feasibility study to NI43-101 compliance. Estimate of the Box Gold mine is anticipated to be delivered in November of 2005.

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

Initial drilling results encountered weak gold mineralisation. No additional drilling has been completed since. GLR is evaluating whether additional drilling is warranted and where to conduct the drilling.

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

Smaller scale geochemical surveys have been completed as a means of narrowing down geophysical conductors prior to conducting further work such as stripping overburden.

"Triangle" Claim, Goldfields Property, Northern Saskatchewan:

Stripping of overburden, biogeochemical surveys and channel sampling was conducted during the field season of 2005. Results of channel sampling are currently pending.

Results of Operations

Except for the gain on sale of the UCR shares during this quarter, over the past two years the Company has not generated any operating revenue and therefore losses have been incurred throughout the previous 7 quarters.

Three Months ended September 30, 2005 compared to the Three Months ended September 30, 2004

Net loss for the period was \$188,000 compared to \$419,000 in 2004, a decreased loss of \$231,000. The decreased level of expenses in the second quarter of 2005 over the same period in 2004 was mainly the

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result of decreased office and general expenses of \$77,000 (\$44,000 versus \$122,000) and public relations costs of \$42,000, down from \$141,000 over the same period last year. Cost attributable to the minority shareholders also reduced the loss from last year's second quarter by \$72,000.

Nine Months ended September 30, 2005 compared to the Nine Months ended September 30, 2004

Net loss for the period was \$649,000 compared to \$789,000 in 2004, a decreased loss of \$139,000. The decreased level of expenses in the first half of 2005 over the same period in 2004 was mainly the result of increased professional and consulting expenses of \$115,000 (\$241,000 versus \$126,000), which reflect the costs of preparing UCR's initial public offering as well as to the completion of the Company's NI43-101 compliance report. Stock-based compensation also increased by \$150,000 over the same period as last year. These costs were offset by reduced expenditures on office and general costs (down by \$90,000) and financing fees (down by \$148,000). Costs attributable to the minority shareholders (\$104,000) also reduced the loss from last year's 6-month total.

Summary of Quarterly Results

	3 rd Quarter 2005 \$000's	2 nd Quarter 2005 \$000's (Consolidated)	1 st Quarter 2005 \$000's (Consolidated)	4 th Quarter 2004 \$000's (Consolidated)
Total revenues	-	-	-	-
Net income (loss)	5,067	(260)	(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¢

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.

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Total assets have decreased by \$2.3 million quarter over quarter mainly as a result of no longer consolidating UCR's assets (\$1.4 million) together with decreased investments of \$0.5 million as a result of distributing the UCR shares.

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.

	3 rd Quarter 2004 \$000's	2 nd Quarter 2004 \$000's	1 st Quarter 2004 \$000's	4 th Quarter 2003 \$000's
Total revenues	-	-	-	-
Net income (loss)	(217)	(419)	(369)	(285)
Net income (loss) per share, basic	(1.0)¢	(1.9)¢	(1.7)¢	(1.2)¢
Net income (loss) per share, fully diluted ⁽¹⁾				
Total assets	4,872	4,994	5,345	5,148
Long-term liabilities	-	-	-	-
Shareholders' equity	4,449	4,425	4,914	4,573
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.

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 9 2005, 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 is in the process of completing a private placement for up to \$1.2 million, the details of which are discussed in the following section of this MD&A. The reader is directed to the Company's Annual MD&A for any other details about the Company's liquidity and capital resources.

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Subsequent to September 30, 2005

On October 27, 2005, the Company announced that it had retained Northern Securities Inc. ("Northern" or the "Agent") to offer to sell by way of a private placement (the "Offering"), up to \$1.1 million of securities. Subsequently, on October 31, 2005, GLR announced that it was increasing the Offering to a maximum of \$1.2 million.

The private placement will consist of units (the "Units") and flow-through units (the "Flow-through Units") with up to \$500,000 in Units and up to \$700,000 in Flow-through Units. Each Unit will be offered at \$0.30 and will consist of one common share and one-half of one common share purchase warrant (a "Unit Warrant"). Each Unit Warrant will be exercisable into one common share for a period of 24 months from the closing date at an exercise price of \$0.40.

Each Flow-through Unit will be offered at \$0.35 and will consist of one flow-through common share and one-half of one common share purchase warrant (a "Flow-through Unit Warrant"). Each Flow-through Unit Warrant will be exercisable into one common share for a period of 24 months from the closing date at an exercise price of \$0.45.

During the three months ended September 30, 2005 and the three months ended September 30, 2004

During the quarter, 332,500 broker warrants were exercised at an exercise price of \$0.50 each, raising proceeds of \$166,250.

During the nine months ended September 30, 2005 and the nine months ended September 30, 2004

A total of 150,000 (2004 – 50,000) common shares were issued on the exercise of options at a weighted average exercise price of 38.3¢ per share which raised proceeds of \$57,500.

The Company also issued 50,000 common shares in settlement of mineral property purchases valued at \$26,000.

620,083 broker warrants were exercised at a weighted average exercise price of \$0.50 each, raising proceeds of \$310,042.

Working Capital

As at September 30, 2005, the Company's working capital balance was \$447,000 million (2004 - \$3.3 million). As a result, the Company has sufficient cash and receivables to satisfy its current obligations.

As at September 30, 2005, the book value of GLR's mineral properties and deferred exploration costs ("DEC") amounted to \$5.6 million, a net decrease and increase of \$(900,000) and \$800,000, respectively over the consolidated balances of \$6.5 million and \$4.8 million at June 30, 2005 and December 31, 2004,

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respectively. Once the effects of not consolidating UCR's mineral properties and DEC's are taken into account, the increase in GLR's mineral properties and DEC's for the third quarter and the 9 months ended September 30, 2005 is \$105,000 and \$1.4 million, respectively.

Transactions with Related Parties

For the nine months ended September 30, 2005 and the nine months ended September 30, 2004, the following transactions involved related parties:

R.J. Kasner Co. ("RJKC") charged the Company a total of \$90,000 (2004 - \$157,500) in respect of the services of Robert Kasner. Robert Kasner, the President and Chief Executive Officer and a director of the Company, beneficially owns RJKC.

Glen C. Kasner Exploration Service charged the Company a total of \$31,500 (\$2004 - \$Nil) in respect of exploration management services. Glen Kasner is related to an officer and director of the Company.

Keshill Consulting Associates Inc. ("KCA") charged the Company a total of \$45,000 (2004 - \$Nil) in respect of the services of Stephen Gledhill. Stephen Gledhill, the Chief Financial Officer of the Company, beneficially owns KCA.

Goodman Carr LLP ("GC") charged the Company a total of \$42,000 (2004 - \$21,000) in respect of the provision of legal services and related expenses. Marvin J. Singer, a former director of the Company, was a partner of GC.

1353150 Ontario Limited ("1353150") charged the Company a total of \$13,500 (2004 - \$12,500) in respect of rent for GLR's premises in Kirkland Lake. Robert Kasner, the President and Chief Executive Officer and a director of the Company, beneficially owns 1353150.

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 November 9, 2005:

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Common Shares of no par value	Number
Shares	30,546,518
Warrants	5,879,672
Options	2,440,000

CAUTIONARY NOTE

Some of the statements contained in this report are forward-looking, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that GLR or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.