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October 19, 2007

GLR Resources Inc.
GRS (TSX):$0.51
Target -$1.25 (BUY)

MARKET INFO		
Closing Price, October 18, 2007		$0.51
12 Month Target Price		$1.25
Total Return Potential		145%
52 Week Range		$0.285-$0.64
FD Market Cap (000's)		$29,343
FD Enterprise Value (000's)		$29,343
Avg Daily Volume (previous 3 months)		47,740
FINANCIAL INFO (FYE Dec. 31)		
Shares o/s (000's)		47,785
Shares o/s Fully Diluted (000's)		57,536
VALUATION	**2007A**	**2008E**
NAV/Share (Disc. Rate=8%)		$1.03
Reserve (P&P) (000 oz)	601	
Total (P&P, Ind. + Infer.) (000 oz)	1,070	
EV/Reserve (P&P)	49	
EV/Resource (Total)	27	

Source:M Partners Estimates, Company Information

Source: BigCharts

Deposit	Own (%)	Category	Tonnes (Mt)	Au (g/t)	Au (Koz)	Project Status
Box	100	P&P Reserve	10.997	1.70	601	Near Term Production
		Inferred Resource	7.5	0.54	130	
Athona	100	Indicated Resource	7.04	1.28	290	Mid Term Production
		Inferred Resource	1.41	1.1	50	

Source: Company Information

GLR Resources is a Canadian junior mining company focused on achieving production of 90,000 oz by Q1 2009 from its Box deposit, on the Goldfields property, in Northern Saskatchewan. GLR holds significant land surrounding the Box property, including the Athona deposit, which contains more than 300,000 oz (Inferred +Indicated). The Goldfields property contains exploration upside that continues to be targeted by GLR. Along with its holdings in Saskatchewan, GLR also owns earlier stage properties in Ontario and Quebec. These properties are located in well mineralized areas, offering significant upside potential. www.glrresources.com

EVENT: INTIATING COVERAGE

We are initiating coverage of GLR Resources Corporation (GRS-TSX) with a buy recommendation and a one year price target of $1.25 based on a multiple of 1.2X our NAV calculation.

INVESTMENT THESIS

Within the next 18 months we anticipate a transition from a pure gold exploration play to a producing gold company. By Q1 2009, GLR plans to start production at its Goldfields Project, in Northern Saskatchewan, at a rate of 90,000 Au oz annually. The company is well advanced in making this change as it has completed a feasibility study, expects final permitting in the near term, began purchasing of long lead items, and arranged a US$40 million debt facility. Along with its near term production plans, the company is continuing exploration at the Goldfields property area and also at its other early stage projects in Ontario and Quebec. At the Goldfields property, GLR expects to release a reserve estimate for a second deposit, Athona, by year end. We believe the current share price does not reflect the combination of exploration potential and significant gold production that is attributable to GLR. Over the next 12-18 months, as the company advances development and exploration activities and enters into production, we believe the share price will increase significantly to reflect the true value of GLR.

INVESTMENT HIGHLIGHTS

- Emerging, low cost, open pit, gold producer in the near term
  - Production scheduled to begin during Q1 2009 at an average annual rate of 90,000 oz
  - Low Capital (US$46 million) and operating costs (below US$300/oz)
- Low permitting and environmental risk
  - Final permitting decision expected in the short term with no major barriers identified
- Additional exploration potential exists at its primary property, Goldfields, and at earlier stage properties in Ontario and Quebec
  - Goldfields deposits remain open at depth and update expected for Athona deposit at the Goldfields property by end of 2007
  - Exploration programs planned for 2008 in both Ontario and Saskatchewan
- Properties located in politically stable, mining friendly jurisdictions

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SUMMARY

GLR Resources Inc. is a Canadian junior mining company focused on exploring and developing gold projects in Canada. Its primary project, the Goldfields property, is located in Northern Saskatchewan, close to a historic mining town, Uranium City. Past production took place on the property in the late 1930's and was discontinued three years later in 1942 due to low gold prices. GLR plans to take advantage of the information gathered from past work and during its own exploration campaigns to put the property back in production by early 2009.

A recently completed feasibility study outlined a proven and probable reserve of 601,000 oz at the main deposit (Box) and significant exploration potential remains at both this deposit and other targets on the property. This potential includes the Athona deposit, which currently contains a NI 43-101 resource estimate of over 300,000 oz (inferred and indicated). The company is ramping up to begin construction at Box in early 2008, with initial production expected in Q1 2009. The project is currently undergoing permitting approval with a decision expected in the next few months, and GLR is working to produce a reserve estimate on Athona during the same timeframe. We had the opportunity to visit the property in late September and were able to see first hand the suitability of the property for open pit mining and the potential that remains for defining further resources.

Along with GLR's flagship property in Saskatchewan, the company's portfolio contains five early stage exploration projects. These projects are located in highly prospective areas that are surrounded by past producing mines, offering considerable exploration potential. GLR plans to continue exploration on these properties during 2008, however, its main focus will be putting the Box mine into production.

Considering GLR's near term production opportunity and its exploration portfolio, we have a positive outlook for the company's performance and are initiating coverage with a buy recommendation and one year price target of $1.25 based on a multiple of 1.2X our NAV calculation.

GLR's FUTURE GLITTERS

Within the next 18 months GLR expects to produce gold from its Goldfields property in Northern Saskatchewan moving the company to producer status. With planned average annual production of 90,000 oz and average operating costs below US$300/oz, the project will generate annual average cash flow of over CDN$30 million. This will be a major shift for the company as it currently holds only exploration properties in its portfolio. With gold forecasted to continue to perform well, we believe that GLR presents a strong investment opportunity in the junior gold mining sector.

The Goldfields property is ideally suited for open pit mining and will be relatively easy to put into production. Past production and exploration activities on the property led to significant information being collected and suitable infrastructure remains in place. This infrastructure includes roads to the site from Uranium City, power lines directly to the site, and a suitable tailings area that was used during past production. These facilities may require minor modifications or improvements but for the most part they are intact and usable. GLR is currently going through the permitting process to receive approvals for a 5,000 tonne per day facility. If permits are received on schedule, as expected by GLR management, the company will begin construction on its Box property in Q1 2008. Concurrent to this, the company plans to carry out a CDN$2 million exploration program at Box and the surrounding property, which includes the Athona and Frontier deposits. As a follow up to May 2007's initial resource estimate, GLR is expected to release a reserve estimate for Athona by the end of 2007. In addition to exploration work in Saskatchewan, the company plans to continue exploration on its properties in Ontario. These properties are located in past producing regions such as Kirkland Lake, and GLR believes they offer significant exploration potential. This added exploration value and the forthcoming additional resources at the Goldfields property are further upside to our calculated return potential.

GLR is capable of moving the Box project forward to production. The company has a US$40 million debt facility arranged through Investec Bank in the UK (arranged in 2006 and revised terms July 30, 2007) and is in the process of placing orders on long lead items for both mining and milling. GLR has added an experienced operating manager, John Orr, to its team as COO, and is in the process of developing camp facilities in Uranium City. Given our positive outlook for gold,

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the small number of projects coming online in the near term which are located in stable, mining friendly regions, and the positive economics of the Box project, we believe the future for GLR as a junior gold producer is bright. GLR intends to continue exploration on its earlier stage projects during 2008 and beyond. Although these projects boast exploration potential, another alternative for GLR would be to invest primarily in the Goldfields property, for both exploration and development, and begin to look for a joint venture or acquisition opportunity to add a more advanced stage property to its books. Not only would this add resource ounces and secure production opportunities, but we also believe that it could help solidify GLR in the junior gold sector.

VALUATION

Our valuation hinges on the assumption that GLR will move its Goldfield property to the producing category. Our DCF model indicates a 12 month $1.25 per share target price derived from a 1.2x NAV per share value that is built upon the following major assumptions. For assumptions based on GLR's feasibility study please refer to the technical report filed on SEDAR on July 31, 2007 and to GLR's press release (http://www.glrresources.com/press/GLR06-13-2007.pdf). For assumptions related to the Athona resource estimate refer to the technical report filed on SEDAR on May 23, 2007:

1) **Resources**: Resource assumptions are based on GLR's feasibility study for the Goldfields Project and the Athona technical report. The total mined ounces used in the Box DCF (558,000 oz) are based on the proven and probable reserves and metallurgical recovery that were outlined in the feasibility report. This figure does not include additional ounces in the resource category at the Box property. We assumed that the company will convert the resources at the Athona deposit to reserves at the same ratio as was done at Box. This equates to a total of 222,000 oz being mined from Athona. Due to milling capacity, we have assumed that Athona ounces will be mined at the wind down of Box, starting in 2015. We believe there is potential for additional ounces on the Goldfields property, but are identifying it as an upside to our target, rather than quantifying them at this time. Any ounces above those used in our valuation could extend the life of the mine.

2) **Ownership:** The Goldfields project is 100% owned by GLR resources. The property is subject to a 2% NSR under the agreement it signed with Franco-Nevada. This NSR will be issued to Newmont Mining, who acquired Franco Nevada in 2002.

3) **Production rate**: The production rate used in our valuation is based on GLR's feasibility study. The annual mining rate for the Box project is 1.8 million tonnes. The average annual gold production for the Box project will be 90,000 ounces. Our Box DCF incorporates the production profile laid out in GLR's feasibility study, which includes changes to the stripping ratio and grade during the mine life. GLR's production portfolio for the Box deposit includes approximately 559,000 oz of gold production over the life of the mine, which we have used in our valuation. For the Athona property we have assumed the same mining rate, however, annual gold production is slightly lower due to the lower grade of Athona. Estimated production at Athona is 69,000 oz/yr with a total of 222,000 oz mined.

4) **Start of Production**: We have followed GLR's suggested timeline for our valuation. This timeline calls for development of the mine and mill to take place in 2008 with production beginning at Box in early 2009. We have assumed that production will begin at Athona in 2015, during the wind down of Box production.

5) **Discount Rate:** An 8% discount rate was used for our DCF calculation. This rate reflects the status of the project and the position of GLR as a junior mining company.

6) **Multiple of NAV:** We selected a NAV multiple of 1.2X to reflect the fact that GLR will be developing the Box deposit in the coming months and beginning production in early 2009. This multiple is in line with that of peers at a similar stage.

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7) **Operating Costs:** Operating costs were assigned based on GLR's feasibility study. The same costs were applied to both Box and Athona. Costs were assigned on a unit basis of dollars per tonne mined for both ore and waste. The estimated costs are given below (all figures given in US dollars):

- Mining of Ore=$2.12/tonne
- Mining of Waste=$1.30/tonne
- G&A=$1.86/tonne ore
- Crushing and stacking=$1.31/tonne ore
- Processing=$4.63/tonne ore
- Environmental=$0.21/tonne ore

The average total cost (including waste) per tonne of ore is approximately US $14/tonne ore. This is equivalent to an average life of mine cost of US$285/oz. These costs in our view are suitable for the proposed operation.

8) **Capital, Sustaining Capital, and Remediation Costs:** Our assumptions for these costs are based on GLR's feasibility study. Values of US$46 million, US$3 million, and US$5 million were applied for Capital, Sustaining Capital, and Remediation, respectively. In our valuation all of these cots were applied in the Box project section. The timing of remediation capital payment and sustaining capital repayment were in line with the end of production at Athona.

9) **Gold Price:** We have assumed a straight line gold price of US$650/oz for the life of the project. As a condition of the debt facility, GLR will be committed to hedging 50% of its production until the loan is repaid. Given the recent strength of the gold price and recent hedges that have been arranged by Investec, we believe that the hedge will be arranged at approximately $825/oz. As this is higher than our gold price, our valuation has delayed the repayment of debt to take advantage of the higher gold price. The hedge should be finalized in January giving us a better idea of the hedge price. The repayment of debt in our valuation could be changed depending on the gold price environment.

10) **Income Tax:** We assumed an income tax rate of 35.62% for the Goldfields project which is based on the rate used in the feasibility study and our research of tax rates applicable to the company. This rate incorporates federal and provincial tax rates as well as a capital tax resource surcharge that is collected by the provincial government.

11) **Exchange Rates:** A US dollar exchange rate was assumed for our valuation based on a one year forward curve. The rate used was $0.977 US-Canada. Impacts of changes to the US-Canadian exchange rate were analyzed through sensitivity analysis.

12) **Additional Financing:** Pending approval of the due diligence, GLR has a US$40 million debt facility arranged for the Box project. The company will require additional funding for the remaining capital costs. We have assumed that these funds will be raised as equity.

Component	NPV/share
Box	$ 1.79
Athona	$ 0.57
Corporate Expenses	$ 0.19
Taxes	$ 0.63
Interest	$ 0.16
Additional Exploration	$ 0.06
Other	$ 0.01

On a standalone basis the Box and Athona deposits have a combined NPV value of CDN$161 million or $2.36 per FD share. After deducting taxes, interest expenses, corporate expenses, other costs, and a small amount for additional exploration at GLR's other properties, we arrive at an NPV value of $1.31 per FD share. The significant drop off between the two amounts indicates that the Goldfields property may be attractive to larger producers that can absorb GLR into an existing corporate structure.

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SENSITIVITY ANALYSIS

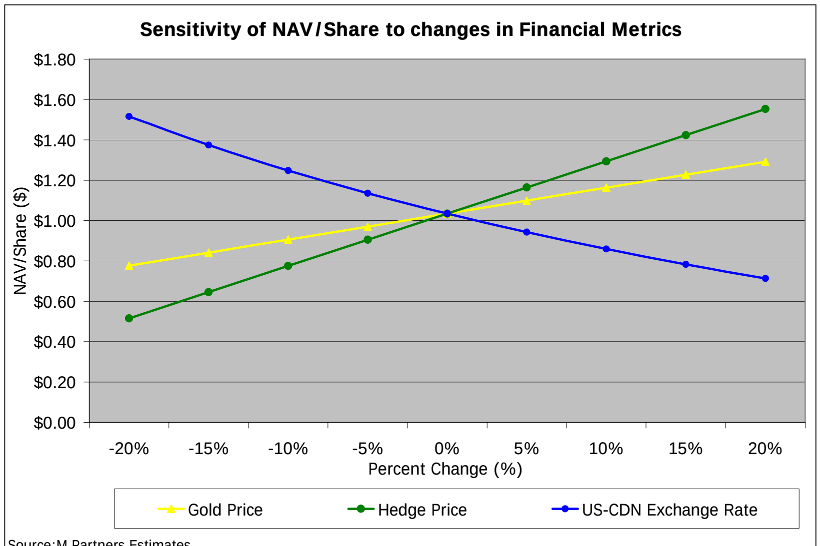
As GLR is still some time away from production, we have evaluated the sensitivity of the NAV/share to a number of key variables. Looking at financial metrics such as gold price and exchange rate, GLR's valuation is most sensitive to the US-Canada exchange rate followed by the hedge price. Due to GLR's commitment to hedge 50% of its production, the hedge price relative to our gold price, and the scheduling of debt repayment we used in our valuation, the hedge price has a large impact on the valuation. When the debt facility is finalized in the new year, GLR expects to have a committed hedge price at this time.

This would allow us to make adjustments to the pricing and debt repayment in our model which could impact our valuation and would also allow us to remove hedging as a sensitivity variable. Removing the hedge price as a sensitivity variable would leave the US-Canada exchange rate and the gold price as the most sensitive variables impacting our valuation. **There are major gains in the valuation if the exchange rate returns to recent levels of US$0.90/CDN and/or if the gold price stays at the levels currently being experienced or increases.**

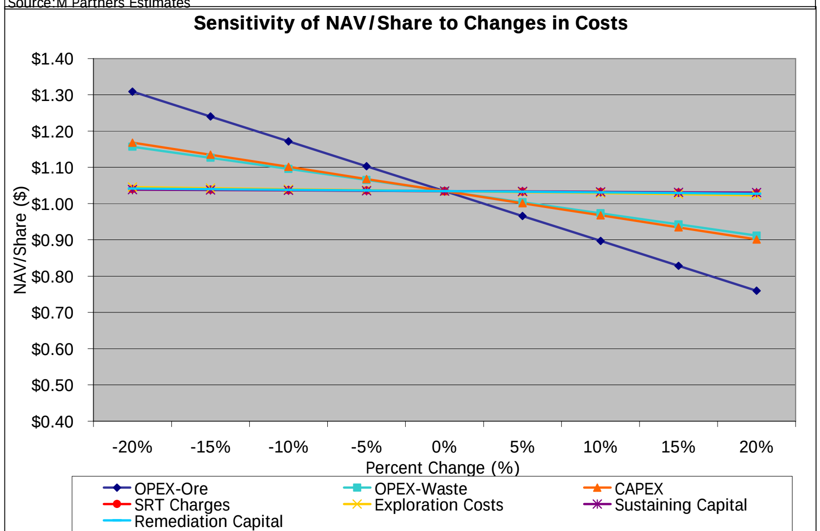
In addition to evaluating certain financial metrics, we also evaluated the sensitivity of NAV/share to changes in key costs including, operating, capital, exploration, sustaining capital, and remediation capital. This evaluation shows that typical of any other mining project, the Goldfields property is most sensitive to the operating costs. Given GLR's realistic cost estimates, the remoteness of its project and the continued increasing cost of inputs, we don't believe there is much opportunity to reduce the operating costs for the Goldfields project.

COMPARITIVE VALUATION

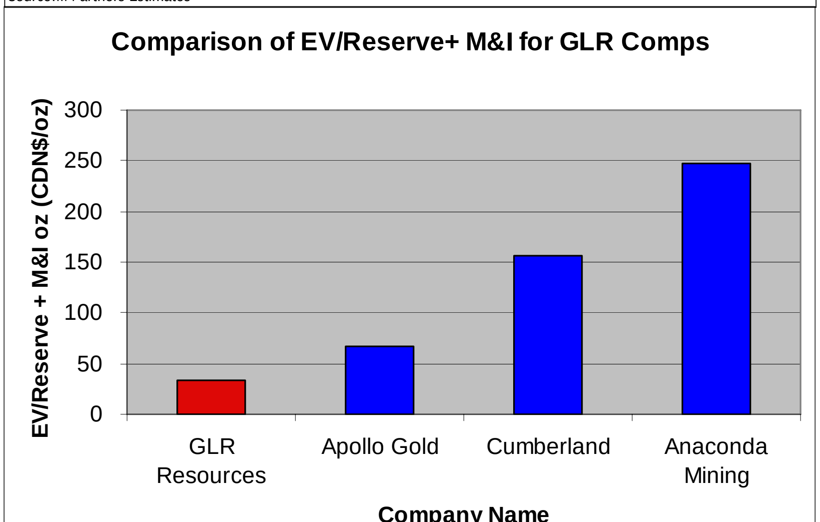
Our comparative valuation is based on a ratio of Enterprise Value (Fully Diluted) to the gold ounces contained above the inferred level (includes Proven, Probable, Measured and Indicated Resources). For reference, we have termed this "EV/RMI". This ratio provides a simple comparative metric that represents the value investors place on a company's gold ounces.



Source: M Partners Estimates



Source: M Partners Estimates



Source: M Partners Estimates, company information

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Comps were chosen based on similarities to GLR in reference to the location of the primary property, the mining method, the stage of primary property, and relevant financial metrics. The group of comps used for our analysis includes Apollo Gold (AGT-AMEX), Anaconda Mining (ANX-TSX) (formerly Anaconda Gold), and Cumberland Resources (now a subsidiary of Agnico Eagle Mines). As seen from the chart comparing the EV/RMI of the group of companies, GLR is currently trading at a significant discount to its peers. The closest valued peer, Apollo Gold, has an EV/RMI more than 100% higher than GLR, while the others are valued over 350% higher than GLR. Apollo Gold is currently participating in a 50:50 JV on an operating poly-metallic deposit in Montana and is advancing its 100% owned Black Fox Project located near Timmins Ontario. AGT was selected as a comp due to the similarities of Black Fox to GLR's Goldfields property. The Black Fox project is proposed as a combined open pit – underground mine with production commencing in 2009. A BFS is scheduled for completion in Q1 2008 and permitting is underway. The latest reserve estimate was just over one million ounces (Source: AGT Website), with more than 60% being mined from an open pit. This open pit reserve is very much in line with GLR's Box deposit, and the total resource estimate for the project is in line with where GLR expects to be after issuing Athona's reserve estimate. Although Apollo has cash flow from the Montana project, it has only recently (Q2 2007) realized a positive income from the operation and the reserves only represent 22% of total reserves. Therefore, we believe, a significant portion of the current valuation is dependent on the Black Fox project.

The second company used as a comparable is Anaconda Mining. ANX is a Canadian junior mining company focused on achieving production in the near term at its 60% owned Pine Cove project in Newfoundland. Pine Cove will be mined as an open pit with annual production in its first year of 22,000 oz, at a cash cost of US$323/oz. The company recently began construction at the project, which has 207,000 oz of reserves defined and approximately 5,000 oz of inferred resources. ANX's valuation is significantly higher than GLR's, despite missing guidance on its production timeline and lower annual production projections and significantly smaller reserves at its primary project than GLR. Although ANX holds interests in other prospective assets, we view the collective portfolio to be similar to that of GLR's, in that the majority of the projects are still early in the exploration stage. Some upside may be priced in due to ANX's acquisition of Colorado Minerals (April 18, 2007), which added two prospective copper-gold projects in Chile.

Lastly, we have included Cumberland resources as a comparable. Cumberland's valuation is somewhat dated as it was acquired by Agnico Eagle on April 30, 2007, and the data shown represents the financial metrics at this date. However, we believe it still serves as a good comparable, as prior to the acquisition Cumberland was beginning to develop the Meadowbank Project, a large open pit project located in Nunavut. Compared to GLR, the higher production rate (approximately 300,000 oz/yr) and larger reserve (2.9 M oz) warrant some of the increased valuation afforded to Cumberland, however, the valuation is also indicative of what investors are willing to pay for an operation located in Northern Canada, that is some time away from production.

Although each comparable differs slightly from GLR, the group is a good collection of near term, open pit production opportunities, located in similar mining jurisdictions to GLR. As GLR begins construction on the Box deposit, issues the Athona resource estimate, and continues exploration drilling at the Goldfields property, we believe its EV/RMI valuation should move up so that it is more in line with its peers.

UPSIDES TO TARGET

Our current target price is based on information obtained from GLR's Box feasibility study, the Athona technical report, our site visit (September 2007), numerous discussions with GLR management, and our own assumptions. Given that the Box and Athona deposits remains open, a reserve estimate at Athona is pending, and other exploration targets exist on the Goldfields property, the biggest area of upside for our target is an increase in the gold resource, which would result in an increased mine life or increased annual production. As the Goldfields property is the most advanced property held by GLR, we have focused our research on this and not included a value for GLR's early stage exploration properties. GLR's properties are relatively unexplored and have been put aside for some time with the focus on Goldfields. Although past exploration has yielded interesting results, until more recent exploration work is conducted on the majority of the properties, we will not include these properties in our valuation. We will reevaluate this position as more exploration results occur over the next year.

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As shown in the sensitivity analysis, the gold price and US-Canada exchange rate could also create potential upside to the target price. Our exchange rate assumption represents the current situation and although we believe the strength of the Canadian dollar will continue, we cannot predict when or if it will return to recent lower levels. As GLR gets closer to production, assumptions for the gold price and exchange rate will be changed to reflect the most likely situation.

CONCLUSION

GLR's work over the year has reinforced the viability of the Goldfields property. The completion of a positive feasibility study and the arrangement of a large debt facility provide evidence of GLR's ability to put the Box deposit into production in the near term. With an expected average annual production of 90,000 ounces of gold per year, GLR will join the small list of junior gold companies in production in Canada. Our visit to the Goldfields property allowed us to see directly the potential of the Box and Athona deposits and of identifying further resources on the property. We believe the greatest potential for the company lies in focusing on the development of Box, identifying additional resources at the Goldfields property, and then focusing its efforts on either joint venturing or purchasing a more advanced asset of similar size to the Goldfields property. Although GLR holds a number of projects that are prospective and located in strong geological zones, the projects are relatively untouched and would require a lot of money and time to be properly developed. An alternative to expending large amounts of resources on these projects is GLR could look for an additional asset to be brought into production during operations at Box, which could secure its position as a junior gold producer and increase its valuation in the market.

Location of Goldfields Property
(Source: Box Mine Technical Report, June 2007)

ASSET DESCRIPTIONS

<u>Advanced Projects</u>

Goldfields Project

The Goldfields Project is composed of a number of deposits, but the most advanced is the Box deposit. This deposit was put into production as an underground mine in 1939 by Cominco Limited. During the three years it was operated, "the mine processed approximately 1.29 million tonnes of ore having a calculated grade of 1.64 grams per tonne for production of 65,066 ounces of gold" (Source: Box Mine Technical Report, June 2007). At the time, Cominco invested significant capital in the project bringing in power from Uranium City and constructing quality infrastructure. However, in 1942 the mine was shutdown due to the impact of the low gold price on the profitability of the deposit.


Corridor connecting power from Uranium City to Goldfields Property
(Source: M Partners)

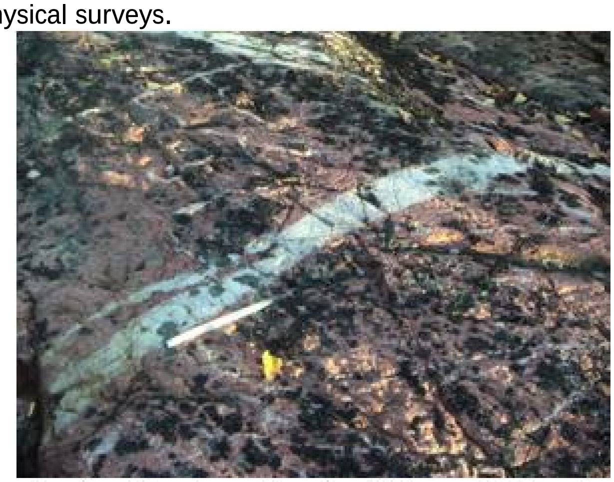
In 1987, Lenora Exploration Ltd. and Mary Ellen Resources Ltd (now known as GLR Resources) jointly optioned the Box and Athona properties. Exploration and project evaluation was conducted between 1987 and 1994, resulting in a resource estimate, generated from over 26,900 m of core drilling and 3,169 m of reverse circulation drilling (Source: Box Mine Technical Report, June 2007). At the time the resource estimate indicated that there were sufficient ounces to warrant development of a mine, however, the low gold price forced GLR to shelf production. The resurgence of the gold price and of activity in the mining sector encouraged GLR to revisit the Goldfields property and conduct more work to prove the economics of the Box deposit. Recent work has identified a proven and probable reserve capable of supporting an 90,000 oz/year mine and has indicated that significant exploration potential remains on the property.

The Goldfields property is located on the north shore of Lake Athabasca in northwestern Saskatchewan. The property's remote location makes it a fly-in fly-out facility from Uranium City. Currently Uranium City can be accessed from Regina and Saskatoon three times weekly by two provincial airlines. The property can be accessed by road from Uranium City, which is approximately 24 km away, and by barge service, with service available to the site from Stony Rapids, Saskatchewan from mid-may to early October. Winter road access is possible as well, however, different routes for winter road access are being considered at this time. The 100% owned property covers an area of 27,236 ha (67,300 acres). The site has full access to water and the power line from original production remains intact and usable (with minor repairs) for GLR's operations. In addition a prior tailings disposal area is available for use and could service the property for up to 30 years with minimal to no dam construction required before the start of production.

The Goldfields property consists of a number of identified deposits, the primary being the Box deposit, which will begin production in Q1 2009. Other advanced deposits include the Athona and Frontier deposits. The Box and Athona deposits are "low grade and large multi million tonne open pit deposits with excellent potential of increasing geological reserves and with the potential of higher grade gold mineralization suitable for underground mining methods" (Source: Box Mine Technical Report, June 2007). Gold occurrences are related to and controlled by structural events and are found mainly in quartz veins and to a lesser extent in granite. Metallurgical work and past production at the Box Mine have indicated that a gold recovery of 93% is possible. Over the years extensive exploration work has taken place on the property and includes a total of 55,100 m (Source: Company Information) of drilling (combination of core and reverse circulation drilling) and channel sampling, underground sampling, and geochemical and geophysical surveys.

The work completed at the Box mine has resulted in a number of reserve estimates, with the latest released in June, 2007. The Box Mine Technical report indicated the following reserve figures using a 0.4 g/t Au cutoff:

	Tonnes (Mt)	Au Grade	Contained Au (oz)	Recoverable Au (oz)
Proven	1.68	2.03	109,619	101,945
Probable	9.31	1.64	491,436	457,035
Total	10.99	1.7	601,007	558,937



Quartz vein in outcrop at Box deposit (Source: M Partners)

Along with reserves, there are at least 100,000 oz in the inferred category (changes with cut-off applied).

In addition to the reserves and resources at Box, GLR has issued an initial resource estimate for the Athona Mine and intends to issue a reserve estimate for the Athona mine in the near term. The current resource estimate at Athona, at a 0.5 g/t cut-off is given below (Source: Technical report on the Athona Deposit, SEDAR, May 23, 2007):

	Tonnes (Mt)	Au Grade (g/t)	Contained Au (oz)
Indicated	7.04	1.28	289,562
Inferred	9.3	1.41	49,737

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It is expected that the upcoming Athona reserve will add approximately three years worth of production to the Goldfields project. Both the Box and Athona deposits remain open at depth and there are numerous targets on the Goldfields property that have the potential to further expand the reserves. GLR will target these areas as part of the company's estimated 2008 exploration program budgeted at USD$2,000,000.

View of historic Box Mine infrastructure and tailings deposit area (Vic Lake) in background (Source: M Partners)

During our site visit we were able to investigate the site and see firsthand the suitability of the area for open pit mining. The numerous outcrops on the property displayed the type of mineralization that will be targeted during mining of the Box deposit and other deposits on the property. We were given an aerial tour of the site in which we were able to see the condition of the power lines accessing the site, the airstrip accessing uranium city, the proposed locations for the waste disposal, tailings area, and mill facilities, the roads accessing site, and the location of each deposit relative to each other. After seeing the proposed project area firsthand, we are satisfied that this deposit should be converted to a producing mine within the timeframe and budget suggested by management.

Early Stage Exploration Projects

Kirkland Lake Area

GLR owns (100%) a number of land positions in the Kirkland Lake, Ontario area. Included is the Omega Mine, a previously operated mine with historic production of approximately 250,000 ounces of gold between 1936 and 1947. GLR reports that extensive exploration work since then has indicated reserves (NOT NI 43-101 compliant) of approximately 44,000 oz of gold and has outlined a number of targets that could potentially add significant gold reserves at this property. The Omega Mine is located in a strong geological zone, along the Larder Lake Break, and is within four miles of the previously operated Kerr Addison Mine (10 million oz).

GLR also controls the Hurd/McAuley claims which are located approximately 300 meters south of the previously operated Macassa Mine (over 3.5 million oz produced) number 2 shaft. This area has been of recent interest to Kirkland Lake Gold (KLG) (operators of Macassa Mine) and Queenston Mining, who recently purchased land to the west of GLR's claims for over one million dollars. Kirkland Lake Gold has recently discovered a new high-grade zone on its property that GLR believes extends at depth on to its own claims. GLR also owns property west of the land held by KLG and Queenston that covers at least seven kilometers of the Kirkland Lake and Larder Lake deformation zones (over 25 million ounces produced to date from just Kirkland Lake zone) (Source: Information provided by GLR, October 2007). Extensive exploration work has been carried out on this property and GLR intends to focus on splay structures off the main deformation zones which have the potential to host economic mineralization.

Thunder Bay Area

GLR is involved in two Joint Venture (50:50 interest) projects with RJK Exploration in the Thunder Bay, Ontario area. The first, Goldie, is 50 km west of Thunder Bay, adjacent to the Trans-Canada highway. After Battle Mountain discovered mineralization in the mid 1990's, an exploration program was carried out consisting of surface mapping, trenching and exploration drilling. Most recently, GLR has completed a 60 km IP geophysical survey followed by drilling (10 m at 1.53,

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9.8m at 1.19 g/t, 3.9m at 2.89g/t, 1m at 4.52 g/t) and began a new drilling program on the property. Other past results include 1.73 g/t over 14.5m and 1.37 g/t over 12.4m.

The second property GLR is involved with is the Stares Property. Located 30 km west of Thunder Bay, the 12,360 acre property is easily accessed by highway. The property was picked up in 1996 after a three ton massive sulphide boulder was discovered by the Stares brothers. Since that time, exploration work has identified a small high grade base metal deposit (drill results include 2.45% Zn, 1.53 g/t Au, 188 g/t Ag over 6.8m and 20.38% Zn, 3.41 g/t Au, and 167 g/t Ag, over 1.5 m). Although further drilling did not expand this deposit, it showed extensive alteration consistent with VMS deposits. Further boulders found on the property were followed up by extensive till and geochemical sampling and IP surveys in 2002. This work indicated that the Northern Zone may be the potential source of the boulders. No drilling has been conducted in this area, however GLR plans to do this in 2008.

QUEBEC

GLR's Quebec property, Casa Berardi, has been untouched since 1986, but its location and past work indicates exploration upside. The property is located 25 km east of Aurizon's producing gold mine (170,000-180,000 Au oz/year, 1.169M oz P&P, 526 Koz M&I) and approximately 100 meters north of Golden Hope Base Metal Deposit. Drill holes completed in the 1980's indicated widespread gold mineralization in three deformation zones. Notable intersections include 23 g/t Au over 0.37 m and 1.4 g/t Au over 9.8m. The Quebec government geological service has indicated that the claims have good VMS potential.

RISKS TO TARGET

As with any company operating in the mining industry, there are risks that may impact GLR's valuation. Some of these risks are inherent for the majority of mining projects worldwide, such as risks to capital and operating cost overruns and some are specific to GLR. All of the major risks that may impact our target are discussed below:

1. Financial Risk: Although GLR has arranged a US$40 million debt facility with Investec Bank in the U.K., a small amount of financial risk still exists. Commitment to the debt facility is dependent on Investec's acceptance of a due diligence report, currently being conducted by Micon. Although we see no major reasons for it not to be approved, the risk cannot be eliminated until the debt is fully committed to the project by Investec. Additionally, as specified, our valuation is dependent on GLR raising equity to account for the remaining capital costs. If for some reason these funds cannot be raised, our target would be impacted as the project would likely be unable to proceed.

2. Permit Risk: Through discussions with management, we understand that there is no risk to full permitting of the project and final permits are expected to be received by the end of 2007. Although we don't believe there is risk of not receiving the required permits, without any written commitment from the agencies involved, we are identifying the risk of not receiving all permits on schedule. However, this is not a major risk as the company currently has a temporary permit to begin construction of the mill facilities.

3. Cost Overrun Risk: As with any mining project currently operating or entering the development stage, there is risk of cost overruns for GLR's Box project. The company has somewhat mitigated the risk on the capital side as it is in the process of securing orders for a number of long lead items that are in line with its current estimates. We believe the largest risks to the operating costs are increased costs due to pumping, transport of men and material, increased fuel costs, and lower than anticipated grade. Although the company has conducted a number of hydrogeological and hydrological tests and doesn't believe there will be above normal water issues, we believe there is risk due to the proximity of the pit to lakes and the tailings area. Secondly, we believe there is risk to the operating costs due to increased costs for transport of men and materials. The property's remote location requires men and materials to be transported over great distances by a combination of air, barge, and truck haulage. With the ever increasing oil price, we believe fuel prices will continue to rise, placing upward pressure on the estimated operating costs. Lastly, we believe that there is risk that GLR may experience lower

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than anticipated grades during some stages of mining. As the ore will be mined using open pit methods, low selectivity and high dilution will impact the grades. Additionally, historical mining on the property encountered lower mining grades than reserve grades. We believe these risks can be managed, but not entirely eliminated, by utilizing good blasting and grade control practices.

4. Commodity and Foreign Exchange Risk: GLR's financial performance and therefore its valuation, is highly dependent on the price of gold. Its revenue will be exposed to both changes in the gold price and the US-Canadian exchange rate. As the company will be operating in Canada, reporting in Canadian dollars, and sourcing the majority of its operating expenses in Canadian dollars, its operating profit will be sensitive to the strength of the CDN-US exchange. Half of GLR's revenue will be protected from downside changes to the gold price as the company will have to hedge 50% of the gold production as a requirement of the debt facility. If the company wishes to close the hedge book, it is able to repay the debt facility at a more rapid pace.

5. Labour Risk: As with any current production or exploration project, it is possible that GLR may experience difficulty attaining skilled workers to meet its personnel requirements, due to an industry wide shortage. The company does not view this as a major risk as there numerous Northern Communities in the vicinity of the property that could provide adequate labour supply for many of the positions. The company anticipates having to recruit form some technical staff outside of the immediate areas, but thinks this is achievable.

6. Reliability of Data: Due to the number of sources that have been involved in gathering and establishing data for the Goldfields property and the length of time over which this data was collected, there may some be risk related to the accuracy of the data. GLR has addressed some of these concerns by disregarding some of the historical samples that caused some concern during resource estimation, however, some risk remains, as outlined in the Box and Athona technical reports.

MANAGEMENT

Below are brief summaries of the qualifications for members of the management team:

Mr. Bob Kasner-President and CEO: Mr. Kasner's work in the mineral exploration and development industry spans over 40 years and includes roles in a number of different areas including field exploration and property development. He is also the CEO and President of Uranium City Resources, which is listed on the TSX Venture.

Mr. John Orr, P.Eng-COO: Mr. Orr has over 25 years experience in the mining and oil and gas industries. He has been involved in large projects in Canada and overseas, holding positions ranging from mine engineer to Mine manager. Mr. Orr has experience with underground and open pit mining operations in Tar sands, potash, base metal and precious metal sectors. He has held past positions with Royal Oak Mines, Fording Coal, Leo Alarie and Sons Limited, Cogema Resources, and Ferguson Simek Clark. Mr. Orr attended the University of Saskatchewan and is registered as P.Eng in the provinces of Ontario and Saskatchewan.

Mr. Stephen Gledhill, CMA-CFO: Mr. Gledhill has over 20 years of experience in the financial industry and is currently serving as CFO for a number of junior mining companies. Mr. Gledhill holds a degree in Mathematics from the University of Waterloo and also holds a Certified Management Accountant (CMA) designation.

Mr. John Cook, P.Eng-Director: Over more than 40 years, Mr. Cook has acquired extensive experience in the mining and exploration industry. Mr. Cook has gained considerable experience at the operations level and also as a Senior consultant for RTZ Consultants and Golder Associates. He holds professional engineering licenses in the UK and Canada and is involved in a number of junior mining companies including: Wolfden Resources, MBMI Resources, Tormin Resources, UCR Resources, and Anaconda Mining.

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Mr. Jim Kermeen, P.Eng-Director: Mr. Kermeen has been involved in the minerals exploration and development industry for over 40 years. He has 17 years of exploration and underground mine geology experience with uranium deposits in northern Saskatchewan and many years of exploration experience for base and precious metals deposits throughout Canada and the world. Notable is his participation in the discovery of the South Kemess deposit (currently operated by Northgate). In addition, he has 15 years management and financing experience with listed junior mining companies. He is currently involved with a number of junior mining exploration companies and holds professional engineering designation.

Dr. Eike von der Linden-Director: Over the last 30 years, Dr. von der Linden has gained significant experience in both technical and financial management of mining projects throughout the world.

Mr. Malcolm Bucholtz, B.Sc, MBA- VP Investor Relations: Mr. Bucholtz has 16 years experience in the manufacturing sector as a Metallurgical Engineer. Prior to joining GLR, Mr. Bucholtz was an Investment Advisor with a leading independent brokerage firm in Canada.

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GLR – DCF, Box Project

GLR DCF Valuation

All Values in CDN $000 unless otherwise noted, Fiscal Year (FY)=January 1-December 31

Box	FY	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Gold Price ($US/oz)				650	650	650	650	650	650	650								
Production (000's oz) - Gold				92	87	86	85	97	100	12								559
Strip Ratio				4.67	4.70	3.75	3.41	1.98	0.81	0.25								
Operating cost ($US/t ore)				10.13	10.13	10.13	10.13	10.13	10.13	10.13								
Gold Price ($CDN/oz)				665	665	665	665	665	665	665								
Revenue				69,595	65,447	64,882	64,070	73,333	75,852	9,058								422,236
Royalty				1,392	1,309	1,298	1,281	1,467	1,517	181								8,445
SRT Charges				390	367	363	359	411	425	51								2,365
Operating Cost				29,848	29,920	27,645	26,831	23,406	20,603	2,119								160,371
Operating Profit				37,965	33,851	35,576	35,599	48,050	53,306	6,708								251,055
Exploration Costs		1,500	1,500	750	500	500	500	500	500	500								6,750
EBITDA		(1,500)	(1,500)	37,215	33,351	35,076	35,099	47,550	52,806	6,208								244,305
+ Depreciation			8,886	11,847	11,847	11,847	2,962											47,390
- CAPEX			(35,542)	(11,847)														(47,390)
-Sustaining Capital				(3,071)									3,071					0
- Remediation CAPEX												(2,047)	(3,071)					(5,118)
Cash Flow		(1,500)	(37,042)	22,297	33,351	35,076	35,099	47,550	52,806	6,208	0	(2,047)	0					191,797
Cash Flow disc at 8%	8%	(1,500)	(34,299)	19,116	26,475	25,782	23,888	29,964	30,812	3,354	0	(948)	0					122,644
NPV at 8%	122,644																	
Cash Flow disc at 10%	10%	(1,500)	(33,675)	18,427	25,057	23,957	21,794	26,841	27,098	2,896	0	(789)	0					110,106
NPV at 10%	110,106																	

Athona	FY		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Gold Price ($US/oz)										650	650	650	650					
Production (000's oz) - Gold										62	69	69	22					222
Strip Ratio										3	3	3	3					
Operating cost ($US/t ore)										10.13	10.13	10.13	10.13					
Gold Price ($CDN/oz)										665	665	665	665					
Revenue										46,801	52,001	52,001	16,640					167,444
Royalty										936	1,040	1,040	333					3,349
SRT Charges										262	291	291	93					938
Operating Cost (000's)										23,416	26,018	26,018	8,326					83,777
Operating Profit										22,187	24,652	24,652	7,889	0	0	0	0	79,381
Exploration Costs										0	0	0	0	0	0			0
EBITDA										22,187	24,652	24,652	7,889	0	0	0	0	79,381
+ Depreciation										0	0	0	0	0	0	0	0	0
- CAPEX																		0
-Sustaining Capital										0	0	0	0	0	0	0		0
- Remediation CAPEX																	0	0
Cash Flow										22,187	24,652	24,652	7,889	0	0	0	0	79,381
Cash Flow disc at 8%	8%									11,987	12,332	11,419	3,383	0	0	0	0	39,121
NPV at 8%	39,121																	
Cash Flow disc at 10%	20%									5,160	4,778	3,981	1,062	0	0	0	0	14,981
NPV at 10%	17,977																	

All Values in CDN $ (000's)

Total GLR properties	FY	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Corporate Expense		1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600					19,200
Exploration Costs		2,000	2,000	1,250	1,000	1,000	1,000	1,000	1,000	1,000	500	500	500	0	0	0	0	12,750
EBITDA		(3,600)	(3,600)	35,115	31,251	32,976	32,999	45,450	50,706	26,295	22,552	22,552	5,789	0	0	0	0	298,486
Depreciation		0	8,886	11,847	11,847	11,847	2,962	0	0	0	0	0	0	0	0	0	0	47,390
Interest Expense		0	2,866	2,516	2,166	1,816	1,536	1,256	976	696	416	206	(0)					14,449
Income Taxes		0	875	875	875	875	10,116	15,706	17,678	9,083	7,849	7,924	2,026	0	0	0	0	73,884
Other		100	100	100	100	100	100	100	100	100	100	100	100					1,200
Net Income		(3,700)	(16,327)	19,777	16,263	18,338	18,285	28,388	31,952	16,416	14,187	14,322	3,662	0	0	0	0	161,563
Cash Flow																		
Net Income		(3,700)	(16,327)	19,777	16,263	18,338	18,285	28,388	31,952	16,416	14,187	14,322	3,662	0	0	0	0	161,563
+ Depreciation		0	8,886	11,847	11,847	11,847	2,962	0	0	0	0	0	0	0	0	0	0	47,390
- CAPEX		0	(35,542)	(14,918)	0	0	0	0	0	0	0	0	3,071	0	0	0	0	(47,390)
- Remediation CAPEX		0	0	0	0	0	0	0	0	0	0	(2,047)	(3,071)	0	0	0	0	(5,118)
Cash Flow		(3,700)	(42,983)	16,706	28,110	30,185	21,247	28,388	31,952	16,416	14,187	12,275	3,662	0	0	0	0	156,445
Cash Flow disc at 8%	8.0%	(3,700)	(39,799)	14,323	22,315	22,187	14,460	17,889	18,644	8,869	7,097	5,686	1,571	0	0	0	0	89,541
NPV at 8%	89,541																	

	Disc. Rate
	8.0%
NAV	$70,892
NAV/Share	$1.03
1.2x NAV/Share	$1.24

Source: M Partners Inc., Company Estimates

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Buy: price expected to rise
Sell: price is inflated and expected to decrease
Hold: properly priced
Under review: not currently rated

Summary of Recommendations
as of Sept 30, 2007

Buy	16	88.9%
Hold	1	5.6%
Sell	1	5.6%
Under Review	0	0.0%
Total	18	100.0%

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