ROCKS N' STOCKS

from Newsletter 2007-25, October 30, 2007

GLR Resources (GRS.TO) 0.67 CAD

Web page:	www.glrresources.com
Nr of Shares FD:	57.5 million
Market Cap FD:	38,5 MCAD
An opinion:	http://www.glrresources.com/press/MPARTNERS.pdf

Introduction

The junior resource market has finally started to pick up after a rough summer. We believe the rising gold price is the big thing this fall, a trend we see extending well into next year. We have been looking hard at many gold juniors to identify an attractive case for the Jordan Fund. We were ready to recommend Goldbelt Resources (GLD.T) which just got acquired by another company when we were about to publish our analysis, a nice confirmation of our analysis but setting us back in time somewhat.

Fortunately we have found another gold junior which we think has even better fundamentals and possibly even closer to production than GLD. GLR Resources is a pure gold company which trades on the big board in Toronto. GLR has been working for a number of years to prove up over a ***million ounces of 43-101 compliant reserves & resources.*** This is a growing deposit in Canada and additional ounces are continously discovered through the drill bit.

Within the gold (and silver) sector there is a whole suite of companies that are valued based solely on their ounces in the ground. There are even a number of companies whose only goal is to be a land bank, accumulating ounces in the ground as their only objective. GLR is conservatively valued even against these types of companies despite having proved reserves & resources in a secure country with good infrastructure and on top also a fairly short road to production. With a respectable reserve base today, expected to grow further in the coming years, we believe GLR's ounces in the ground will play a bigger role for the valuation. The company may also be perceived as an attractive takeover target by a bigger company if it succeeds in growing the deposit to maybe 2 Moz, which we think is attainable in a couple of years.

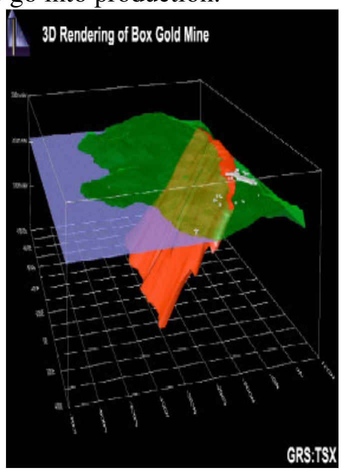
Gold in Saskatchewan, Canada

If gold is the ultimate monetary insurance in an inflationary economic environment, then Canada should be the ultimate choice of country as a base for production. It's important to recognize that higher risk equals lower valuation and vice versa. When GLR is in full production 2009 we expect a higher valuation compared to their peers operating in riskier countries and by all means also compared to companies active in other metals such as base metals, with the possible exception of pure silver companies.

Project Box Gold Mine (Goldfields)

The Box Mine was a past producer in the 1930s owned by the predecessors of today's Teck Cominco. The complete infrastructure is still in fairly good shape and there is good access to water and power, a very tangible advantage for a mining project.

GLR generally is in a very favourable position concerning infrastructure and manpower which is essential for a mining company aspiring to go into production.



The amount produced for 2009 is expected to amount to 90 000 ounces of gold at a cash cost of 280 USD/ounce, a very competitive figure. Capex, i.e. investments in the mine and mill, should be 46 MCAD, according to the recently updated Feasability study. This gives us a calculated operating profit of 45 MCAD for 2009 at todays goldprices. After depreciation and taxes of 12 million CAD each, the expected net profit for the project turns out to be about 20 MCAD.

Reserves and mine life

The company has several projects but we focus only on the Box Mine and the adjacent (2 km) Athona deposit since these two properties will be the source of supply for the mill in the near term. The known classified reserves, calculated only on parts of the Box Mine, gives the company a 6 year mine life.

In about a month we expect Athona´s reserves to be classified, then giving the Box Mine a 10 year mine life. The possibilities for further extensions are excellent.

Ounces in the ground is an interesting topic since producing companies in Canada usually are valued to far above 100 usd per oz in the ground. Increasing the reserves will therefore be more rewarding for the shareholders as soon as the company has reached production status.

Valuation & Target price

Today's market cap is 38 MCAD and we do expect another placement for an additional 12 MCAD (as well as a debt financing of 40 MUSD from Investec Bank).

We estimate a cash flow after cash operating costs at 45 mcad. After taxes and deductions we then derive a net profit of about 20 MCAD. Using a cf multiple of 4, we see multibagger potential in the stock and we recommend GLR as a very attractive way to get exposure to a rising gold market.

Target Price: 1.40 CAD by June 1, 2008