



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**MARCH 31, 2010**

The following is Management's Discussion and Analysis ("MDA") of the financial condition and results of operations to enable a reader to assess material changes in financial condition and results of operations for the three months ended March 31, 2010. This MDA has been prepared as at June 16, 2010, unless otherwise indicated. This MDA is intended to supplement and complement the unaudited financial statements and notes thereto as at and for the three months ended March 31, 2010, which have been prepared in accordance with Canadian generally accepted accounting principles. All amounts are expressed in Canadian dollars unless otherwise indicated. Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com). As the Company's shares are no longer listed on the TSX, it is not required to file an annual information form for the year ended December 31, 2009 and future years.

## Overview

GLR Resources Inc. ("GLR" or the "Company") is a Canadian-based junior mining and exploration company incorporated under the Canada Business Corporations Act which currently holds a portfolio of exploration stage projects in Ontario and Quebec which GLR continues to evaluate. During 2008, the Company's primary project was the development of its then 100%-owned Goldfields Mine, located near Uranium City in northern Saskatchewan which was sold in August 2009.

- On January 7, 2009, the Toronto Stock Exchange (the "TSX") de-listed GLR's securities and, consequently, the Company's securities do not trade on a recognized Canadian exchange.
- Subsequent to December 31, 2008, the Company's secured lender, Blackfish Capital (Master) Fund 1 SPC ("Blackfish"), presented formal demand for payment of its promissory note ("Note") in the amount of \$2 million, plus interest accrued thereon plus other costs and expenses.
- On March 10, 2009, in response to the Blackfish demand for repayment of the Note, GLR applied for protection from its creditors pursuant to the *Companies' Creditors Arrangement Act* (Canada) ("CCAA"). The CCAA filing was intended to prevent Blackfish from seizing the Company's assets and liquidating the Company when management and the board believed that greater value could be obtained for all stakeholders through an orderly sale process or recapitalization transaction. The CCAA application, originally returnable March 11, 2009, was adjourned several times pending further discussion with Blackfish which negotiations resulted in GLR and Blackfish entering into a forbearance agreement effective March 30, 2009. The CCAA application was eventually dismissed at the same time as the Proposal was approved pursuant to the BIA.
- Effective May 25, 2009, the Company entered into a Purchase and Sale Agreement ("Agreement") with Linear Gold Corp. ("Linear") which provided for the sale of the Company's Saskatchewan assets, including the Box and Athona Mines, which comprised the Goldfields Mine, and surrounding exploration property.
- On May 29, 2009, GLR filed a notice of intention to make a proposal pursuant to the *Bankruptcy and Insolvency Act (Canada)* ("BIA"). Paddon + Yorke Inc. ("PYI" or the "Trustee") was appointed as proposal trustee.
- On June 5, 2009, GLR filed a proposal under the BIA. Some minor amendments were made to the proposal and filed on July 20, 2009. On August 18, 2009, the Court approved the Company's proposal to creditors, as amended ("Proposal"), and the sale of the Goldfields assets to Linear ("Transaction"). The Transaction, which closed on August 20, 2009, provided PYI with cash proceeds of US\$5.0 million and 727,272 common shares in the capital of Linear (the "Linear Shares". After repayment of the amounts owed to Blackfish, payment of the unsecured claims in the Proposal and payment of legal and other professional fees, GLR received net cash proceeds of \$750,000 and the Linear Shares. In addition, GLR is entitled to receive post-closing reimbursement of deposits made by GLR in respect of certain equipment contracts, which were assigned to the Purchaser as part of the Transaction. On December 31, 2009, the Company received from Linear \$300,000 as part reimbursement of the Gekko deposit.
- During September 2009 and during the quarter ended December 31, 2009, PYI, with the exception of one disputed claim, in the amount of \$360,000 plus unspecified costs, settled all proved creditor claims and legal fees arising before and during the BIA process. Consequently, GLR is essentially debt free with exploration prospects in Ontario and Quebec.
- Subsequent to March 31, 2010, GLR entered into a settlement agreement with the one remaining claimant and the Trustee is now preparing to bring closure to the BIA proceedings.

## Selected Quarterly Information

	2010 Q1	2009 Q4	2009 Q3	2009 Q2
	\$	\$	\$	\$
Revenues	61	(34,591)	6,942,135	294
Expenses	381,432	234,835	8,495,251	885,491
Net income (loss)	(381,371)	260,574	(1,553,098)	(885,197)
Basic and fully diluted loss per share	(0.01)	(0.00)	(0.02)	(0.01)

	2009 Q1	2008 Q4	2008 Q3	2008 Q2
	\$	\$	\$	\$
Revenues	90	117,971	104,235	75,273
Expenses (recovery)	239,649	5,281,432	6,114,821	763,090
Net income (loss)	(239,559)	(3,908,149)	(6,010,586)	(687,817)
Basic and fully diluted loss per share	(0.00)	(0.06)	(0.12)	(0.01)

## Results of Operations

### First Quarter Results

During the first quarter 2010, the Company sold 530,172 shares of Linear at an average price of \$1.70 per share. This compares with the deemed acquisition cost of \$2.18 per share. GLR no longer holds any shares of Linear.

Interest income was nominal as cash balances were generally in low bearing interest accounts.

Operating expenditures for the first quarter of 2010 totalled \$181,412 compared to \$239,649 during the first quarter of 2009.

General office expenses were reduced as management of GLR continues to take action to reduce cash expenditures. Public relations expense was negative as a consequence of recording an accrual for expenses which did not materialize. Shareholder expenses increased compared to 2009 as a consequence of filing and regulatory fees paid when the Company filed its 2008 audited financials and quarterly results for each of the quarters in 2009.

Salaries, fees and benefits were down slightly from costs recorded in 2009 as a consequence of one staff member from the Kirkland Lake office being laid off. There has been no increase in salaries paid to management.

Except for the costs described below, all head office costs were reduced to a minimum to minimize cash outflow. Reference should be made to comments under the caption *Cash Resources and Liquidity*.

During the first quarter of 2010, interest and finance charge expense was \$1,468 compared to \$43,668 during the first quarter of 2009. Interest costs during the first quarter of 2009 include charges relate to Part XII.6 tax incurred on delayed exploration expenditures incurred under the look-back rules and interest payable to Blackfish in respect of the secured loan which was paid on August 20, 2009.

Management will continue to reduce corporate activity during the full year of 2010 in an effort to minimize use of cash.

Restructuring costs during the first quarter totalled \$5,781. The charge arises principally in respect of bringing closure to the BIA proceedings.

The foreign exchange gain arises from settling US dollar denominated payables with a stronger Canadian dollar.



Exploration activity recommenced during the final two months of 2009 and continued into January 2010.

As a result of its activities, the Company recorded a net loss of \$381,371 or \$0.01 per share during the first quarter of 2010 compared to a net loss of \$239,559 or \$0.00 per share during the corresponding quarter of fiscal 2009.

### Summary of Quarterly Results

As of the date hereof, GLR has essentially emerged from its restructuring under the BIA. The formal completion date of the restructuring process under the BIA is not known at this time; however the amount of the final distribution to GLR is expected to be in excess of \$300,000.

Quarterly results during 2009 were principally influenced by restructuring charges during the BIA process and the Company's ability to continue its exploration activities. Activities ancillary to exploration are charged to operations as incurred.

### Capital Resources and Liquidity

The financial statements are prepared in accordance with Canadian generally accepted accounting principles and on the assumption that GLR will be able to realize the carrying value of its assets and discharge its liabilities in the normal course of business as a going concern. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain additional financing and reach positive cash flows from operations.

At the close of business on January 7, 2009, the common shares of GLR were de-listed from the TSX for failure to meet the continued listing requirements of the TSX. The Company has approached the Canadian National Stock Exchange ("CNSX") to list its shares on that exchange and expects to submit a formal application to the CNSX in the near future in connection therewith. Approval of this listing application will be contingent upon GLR meeting the CNSX listing requirements and removal of the cease trade orders against the Company by the Ontario Securities Commission and other provincial regulators.

### Capital Resources

Without the ability of GLR to raise additional funding for its exploration projects and working capital expenditures, the ability of the Company to continue as a going concern will be in doubt. Although Linear paid US\$5.0 million in cash and the Linear Shares pursuant to Transaction in August 2009, the net cash received by GLR on closing was US\$3,043,401 after settlement of debt owing to the Company's secured creditor, Blackfish. Both the cash proceeds and Linear Shares received on closing were deposited to the account of the Trustee to be held in trust pending settlement of all legal costs and claims submitted by the unsecured creditors of GLR. In this regard, the Trustee paid out approximately \$1.9 million to settle unsecured creditor claims and legal costs associated with the Proposal.

Following settlement of the former Chief Operating Officer's claim, the Company expects to receive in excess of \$300,000 from the Trustee out of funds described as restrictive cash on the Company's balance sheet.

### Liquidity

#### Available Future Sources of Funds

Pursuant to the Agreement of Purchase and Sale between Linear and GLR, as amended, GLR is entitled to partial reimbursement of deposits it made to Gekko Systems Pty. Ltd. ("Gekko") and Yantai Jinyuan Mining Machinery Co., Ltd. ("Yantai") in respect of certain equipment ordered in connection with the development of the then owned Goldfields Mine. The anticipated minimum reimbursements after December 31, 2009 are as follows:

Supplier	Currency	Amount (\$)
Gekko	Canadian dollars	696,225
Yantai	United States dollars	1,779,900



The remaining amounts will be reimbursed to GLR when the related equipment is available for delivery by the respective suppliers. Reimbursements will be recognized in the accounts when received. Since the time of closing the Transaction, Linear has entered into an agreement to merge with another company. Consequently, Linear has invested cash in the investee which resulted in Linear being unable to commence and complete construction of the equipment being built by Gekko and Yantai. At the time of filing this report, Linear has not informed GLR of its plans and timing to complete construction of the relevant equipment.

Effective December 19, 2009, the Company was able to sell its investment in Linear shares following a four month hold on the shares from the date of closing on the Transaction. As of the date hereof, GLR has sold its entire holding of 727,272 Linear shares for aggregate gross proceeds of \$1,364,695.

### **Legal Proceedings**

Following settlement with the Company's former Chief Operating Officer, there are no material outstanding claims against the Company. Management is considering legal action against Strategic Resources Inc. ("SRI") to collect a \$78,292 debt for work done while the Company was managing SRI's Saskatchewan properties.

### **Commitments and Contingencies**

The Company may become subject to tax audits of the flow-through expenditures renounced to investors; however, the Company believes that all Canadian Exploration Expenditures were effected and renounced in compliance with the prescribed regulations of the *Income Tax Act (Canada)*.

Pursuant to the Proposal to creditors and approval by the Court of the Company's restructuring plan, all creditors were paid during September 2009, except those claims which were disallowed by the Trustee. One creditor, who is a former officer of the Company, appealed the disallowance of his claim for severance, punitive damages and reimbursement of legal costs. The claim amount for severance, aggregating \$360,000 was accrued in the accounts during 2008. During May 2010, the Company and the former officer reached a settlement whereby the Company delivered \$125,000, in cash, and equipment which had been previously written down to \$1 and reclassified as held for sale. Subsequent to March 31, 2010, the Trustee paid the cash portion to settle the claim and the Company executed a bill of sale that delivered the equipment to the former officer. As part of the settlement, each of the former officer and the Company released the each other from further claims. The accrual for settlement was adjusted at December 31, 2009 and the statement of operations credited for the excess salaries previously accrued.

The Company has entered into a one-year lease extension for its current location in Kirkland Lake. Lease payments for the remainder of the year total approximately \$16,684

### **Mineral properties**

The following table summarizes the Company's exploration activity during the first three months of 2010:

	<b>Opening balance (\$)</b>	<b>Additions (\$)</b>	<b>Proceeds (\$)</b>	<b>Net (\$)</b>
Stares, Ontario	790,722	-	-	<b>790,722</b>
Goldie, Ontario	498,519	-	-	<b>498,519</b>
Baldwin, Ontario	319,414	787	-	<b>320,201</b>
Kirkland West, Ontario	249,972	-	-	<b>249,972</b>
Casa Berardi, Quebec	29,480	79	-	<b>29,559</b>
Golden Pond, Saskatchewan	341,488	-	-	<b>341,488</b>
General and other	171,270	13,266	(30,440)	<b>154,096</b>
	<b>2,400,865</b>	<b>14,132</b>	<b>(30,440)</b>	<b>2,384,557</b>



## ***Sackville Project***

A drilling program was performed between October 24, 2009 and December 15, 2009 and January 18, 2010 to February 9, 2010 on mining claims 4219074 - 4219075, 4244451 – 4244454 and 4244456 – 4244457 in Marks, Adrian, and Sackville Townships, District of Thunder Bay, Ontario. The work submitted as assessment work consisted of drilling activities, core logging, assaying, soil sampling, line cutting, and geophysical surveying. Ten holes were drilled at the Sackville Project for a total of 1908 meters.

The objective was to test for wider possibilities for sources of massive sulphide boulders (zinc-lead-copper-gold-silver) in three areas of the property. These included a felsic volcanic horizon with TDEM and IP anomalies to the north. The drill intersections encountered amphibolites, gabbro, andesite, felsic (mainly rhyolite), and graphite.

Core samples selected for assaying were split in half with a diamond saw blade and one-half was submitted for chemical assaying at Accurrassay Laboratories in Thunder Bay, Ontario. The core and rock samples were processed using procedure ALFA1 and AL1CPMA. Sixty-seven core samples and twenty-nine rock samples were assayed for WR and MA. Three hundred and five core samples and fifty-four rock samples were analysed for AUMA. Also, sixty-two soil samples were submitted for chemical assaying at Actlabs in Thunder Bay, Ontario. Sixty-two samples were analysed using packages; Code 1A2-Tbay Au-Fire Assay AA and Code 1E3-Tbay Aqua Regia ICP (AQUAGEO).

The highest value obtained in drill core samples was of 6512 ppm Zn (0.65%) over 1 metre in hole S09-03 within a 1 metre zone of Zn mineralization with a weight average of 6512 ppm (0.65%). The highest weighted average was 4483.31 ppm Zn (0.45%) in hole S10-08 over a width of 13 metres. The highest in the soil samples was 147 ppm at 283341E 5368181N.

An Induced Polarization survey covering 21.75 kilometres was executed by Pierre Simone of GeoSig Inc. on the Sackville Project which detected approximately 14 anomalies.

Review of drill hole, geochemical, and geophysical data suggests more work should be carried out on this property to better define areas of significant mineralization. Therefore, it was recommended that a detailed soil sampling campaign be carried out over the Sackville Project focussing on areas where high zinc values have been found and over IP anomalies that have not been tested.

Although there is a lack of most base metal mineralization on the eastern section of the property grid there is significant Zn mineralization in select holes which requires a detailed soil sampling program to be carried out over the eastern grid especially focussing in those areas of anomalous IP anomalies that have not yet been tested and areas near contacts between sedimentary, felsic, and mafic rocks. Also more soil sampling and a deeper drill hole should be done near hole S09-04 which intersected classic "mill rock".

Nominal work was carried out on the western section of the grid. It is recommended that a more detailed soil sampling program be carried out in this area to determine areas of interest for drilling focussing on the previously drilled hole with high silver values and the anomalous IP anomalies that have not yet been tested.

## ***Baldwin Property***

The Baldwin Property consists of 9 patented mining claim units located in Eby Township west of Kirkland Lake in the Larder Lake Mining Division of Ontario. The property is in the Abitibi Sub province of the Superior Province of the Precambrian Shield.

During November and December 2009 and January 2010, 23 line kilometres of line cutting was carried out on the Baldwin and Teck properties. Insight Deep Induced polarization surveys (IP) to a depth of 300 meters was carried out on the Baldwin property which was followed up with three diamond drill holes totalling 1203 metres to investigate anomalies.



Hole B-09-01 intersected 2.03 g/t Au over 1.4 meters in the hanging wall of the Larder Lake Break. This was in an area of weak but anomalous historic gold values. It is interpreted that the Kirkland Lake Break intersects the Larder Lake Break in this area. Komatitic basalt (Ultra Mafic) was intersected in two holes on the southern part of the property. The southern contact of the ultramafic is prospective for gold with sulphide type deposits and warrant follow-up where high resistivity IP anomalies occur.

Additional drilling is recommended to follow-up high resistivity IP anomalies along the Larder Lake Break on section 11E and where the Kirkland Lake Break is interpreted to intersect the Larder Lake Break on sections 2E, 3E and 4E; and the north contact of the ultramafic on section 9E. Soil geochemical surveys are recommended to follow-up the prospective southern contact of the ultramafic from lines 0+00 to 10E from 3S to 7S for gold with sulphides type deposits.

### ***Casa Berardi Property***

This property consists of approximately 1,150 hectares in Puiseaux and Orvilliers Townships, Quebec and approximately 50 kilometres east of the currently producing Aurizon mine located within the Casa Berardi Fault Structure and which is also known to transverse the Casa Berardi property. GLR had completed a series of drill holes on the property following the discovery of the Estrades base metal deposit in 1985 which was discovered proximal to GLR's south claim boundary. No active exploration work had been completed on the property since 1987.

An exploration program during the latter part of 2009 and the early part of 2010 consisted of 74 kilometres of picket lines, 74 kilometres of a ground magnetometer survey, 45 km of Insight gradient induced polarization to a depth of 500 metres and twelve Insight sections consisting of 12 kilometres of IP chargeability and resistivity to a depth of 500 metres. In addition profiles of an enzyme leach surface geochemical survey was carried out over a deep seated Insight IP section north of the Casa Berardi Fault in intermediate volcanics. The program was followed up with three deep diamond drill holes totalling 2081m.

The company has completed three deep holes on the property to investigate known historic weak gold mineralization and deep Insight IP anomalies in arenaceous sediments associated with the Casa Berardi Fault and a large deep seated Insight Induced Polarization anomaly north of the fault which has potential for base metals.

The two deep holes were drilled to investigate gold mineralization along the steeply dipping Casa Berardi Fault in historic holes PS-87-71 on section 5+50E (1.26 g/t Au over 11.3m) and PS-87-77 on section 7+50E (1.49 g/t Au over 7.0m). The two current deep holes CB-10-01 on section 5+00E and CB-10-02 on section 7+00E intersected weak disseminated pyrite with moderate to strong alteration consisting of silicification and sericitization on the north and south sides of the fault at depths of 200 to 300m below the known mineralization and 400 to 500m below surface over widths of 4m to 15m.

Hole CB-10-01 on Section 5+00E intersected iron formation south of the Casa Berardi Fault from 72-203 metres over a width of 131 metres. The contents of the sedimentary iron formation range from 4-29% Fe and average 17.24% over a core length of 131 metres. The core length is 65% of true width. This hole encountered the Casa Berardi Fault from 660m to 663.1 assaying 0.11 g/t over 3.1m at a vertical depth of 460m below surface.

Hole CB-10-02 on Section 7+00E intersected the Casa Berardi mineralized zone from 485 metres to 488 metres over a width of 3 metres assaying 2.92 g/t Au at a vertical depth of 370 metres below surface. This includes 5.62 g/t Au over 1 metre from 486 metres to 487 metres and 4.02 g/t Au over 2 metres from 486 metres to 488 metres. The core length is 65% of true width. This hole encountered the Casa Berardi Fault from 520.4 metres to 521 metres. The Casa Berardi auriferous zone in this hole appears to be plunging east to where the Insight chargeability is strong on section 8+00E.

Hole No. CB-10-03 investigated a deep-seated Insight chargeability anomaly north of the Casa Berardi Fault at a depth of 400 to 500 metres below surface. The hole intersected stringer sulphides consisting of weak disseminated pyrrhotite, minor pyrite with traces of chalcopyrite and sphalerite in intermediate volcanics over widths up to 153.8

metres. The hole started in argillaceous siltstone and ended in arenaceous siltstone. Mafic volcanic were encountered from 295.8 to 373.2 metres, 446.5 to 523.0 metres and intermediate volcanic from 523.8 to 677.6 metres. No significant base metal or gold values were encountered in the hole. On surface a geochemical soil survey using the enzyme leach method on line 10+00E returned anomalous geochemical values in Ag, Au, Cu and Zn. As a follow-up a down hole IP survey is warranted.

#### Casa Berardi Property-Significant Assays

Hole identifier	Sect (E)	N	From (metres)	To (metres)	Width (metres)	g/t Au	Remarks
CB-10-01	5+00E		660.0	663.1	3.1	0.11	Casa Berardi Fault; vertical depth: 460m
			72.0	203.0	131.0		17.24% Fe
CB-10-02	7+00E		485.0	488.0	3.00	2.92	Casa Berardi Zone on HW
		incl	486.0	487.0	1.00	5.62	of the Casa Berardi Fault at a
		incl	486.0	488.0	2.00	4.02	vertical depth of 370m
CB-10-03	11+50 W		523.8	677.6	153.8		Stringer sulphides in felsic volcanic; no significant values; width is 65% of true width; traces of chalcopyrite, sphalerite

#### Dividend Record

There are no restrictions that prevent the Company from paying dividends. The Company has not paid any dividends on its common shares during the last 5 fiscal years. The Company currently has no intention of paying any dividends on its Class A common shares. The Board of Directors of the Company will determine if and when dividends should be declared and paid in the future, based on the Company's financial position at the relevant time.

#### Disclosure Controls and Procedures

Management is responsible for the preparation and presentation of the annual and interim financial statements and information disclosed in management's discussion and analysis ("MDA") and has in place the appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is, in all material respects, complete and reliable.

Management is comprised of three officers, the Chief Executive Officer, the Chief Financial Officer and the Corporate Secretary who are involved in preparation of the financial statements. The involvement of these officers in all aspects of the design and operation of disclosure controls and procedures is considered effective as at and for the period ended March 31, 2010 and provides reasonable assurance that all material information relating to the Company is disclosed.

The audit committee, which is comprised of three independent directors, is actively involved in approving and reviewing the Company's quarterly and annual financial statements and related MDA. The financial statements and information contained in the MDA necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information management must interpret the requirements described above, make determinations as to the relevancy of information to be included and make estimates and assumptions that affect reported information. The MDA may also include information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results, in the future, may differ materially from management's assessment of this information.





Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis disclosure controls and procedures and internal controls on financial reporting as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Changes in Management Duties**

There were no changes in management duties during the period ended March 31, 2010.

### **Critical Accounting Policies and Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in Canada requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the reporting period.

The financial statements follow the same accounting policies and methods set forth in the Company's audited financial statements as at and for the year ending December 31, 2009.

### **Future Accounting Changes**

#### **International Financial Reporting Standards ("IFRS")**

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB's strategic plan outlines the convergence of Canadian GAAP with IFRS over a five-year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Accordingly, the Company will be required to adopt IFRS on January 1, 2011. The transition will require the restatement, for comparative purposes, of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun to assess the adoption of IFRS for fiscal 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

During 2009 management was preoccupied with financial issues. During 2010, management will increase its efforts to convert from Canadian generally accepted accounting principles to IFRS develop a conversion implementation plan.

#### **Changeover to International Financial Reporting Standards**

To date, the Company has not developed a strategic plan to convert to IFRS as management was preoccupied during 2008 and 2009 with ensuring continuance of the Company as a going concern and lacked the funds to hire outside consultants to develop a conversion strategy.

2010 is the transition year to IFRS. The International Accounting Standards Board ("IAS") is in the process of changing several standards; however, IAS has deferred, until 2012, its review related to accounting for exploration expenditures. At December 31, 2008, property comprises approximately 85% of the Company's total assets.

Should IAS decide to adopt US-style GAAP for exploration companies which are considered to be development stage companies, GLR's total assets would be reported as less than \$1.5 million.



The Company will be assessing its financial assets and liabilities and any differences resulting from lack of convergence of Canada GAAP with IFRS. Following the Company's write-off of a substantial portion of plant and equipment in 2009, the differences between Canada GAAP and IFRS in respect of reporting plant and equipment are nominal. While an analysis will be required for all accounting policies, the initial key areas of assessment will include:

- Plant and equipment;
- Stock-based compensation;
- Accounting for income taxes; and
- First-time adoption of IFRS

The Company will need new accounting software to handle capture of data in the context of IFRS reporting. Management will consult with external providers on the best solution of a Company the size of GLR.

### Related Party Transactions

The financial statements include balances and transactions with directors and/or officers of the Company and/or corporations related to or controlled by them. These transactions are measured and recorded at their exchange amounts, being the amounts agreed to by the related parties.

	Three months ended March 31	
	2010	2009
	\$	\$
<b>Transactions during the period:</b>		
Exploration services	10,500	10,500
Management fees paid for services	75,000	76,875
Administrative costs	5,561	5,651
	<b>As at</b>	<b>As at</b>
	<b>March 31,</b>	<b>December 31,</b>
	<b>2010</b>	<b>2009</b>
<b>Related party receivables included in:</b>		
	\$	\$
Other (non-interest bearing, no fixed terms of repayment)	9,174	9,128
	<b>9,174</b>	<b>9,128</b>
<b>Related party payables included in:</b>		
Accounts payable and accrued liabilities	79,173	101,699

Exploration expenditures were indirectly paid to the brother of the President of GLR. Management fees paid, indirectly, are in respect of services rendered by each of the President and the Chief Financial Officer of GLR. Administrative expense is comprised of rent paid to a company controlled by the President of the Company.

Other related party receivables are miscellaneous expense advances for which expense reports have not cleared at period end.

Accounts payable is comprised of \$65,316 payable to members of the Special Committee for fees earned during the period that the Company was subject to the forbearance agreement with Blackfish and BIA proceedings. The remainder consists of fees payable in respect of exploration costs, the purchase of a truck from the brother of the President and expenses submitted in the normal course of business.



## Share Capital

GLR's share capital consists of an unlimited number of Class A voting common shares and an unlimited number of non-voting, redeemable Class B Preferred Shares, Series A. This series of shares is redeemable by GLR, in whole or in part, at the rate of \$1,000 per Series A share. The holders of Series A shares are not entitled to receive dividends. There were no Class B, Series A Preferred Shares issued as at the date of this MDA.

<b>As at June 16, 2010</b>	
Class A common shares issued	63,595,024
Shares issuable pursuant to:	
Warrants	-
Stock options	1,930,000
<b>Fully diluted as at June 16, 2010</b>	<b>65,525,024</b>

Since the Company is subject to a cease trade order, none of the options, all of which are out-of-the-money, can be exercised.

## Risks

There is uncertainty about the Company's ability to realize the carrying value of its assets and discharge its liabilities as they come due. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain additional financing and reach positive cash flows from operations.

The Company's assets are subject to the risk of increases in taxes and royalties, renegotiation of contracts and currency exchange fluctuations. Operational risks include finding and developing economic ore reserves. Financial risks include interest and U.S. dollar exchange rates, which are beyond the control of the Company. The ability of the Company to develop its properties and the future profitability of the Company are directly related to the market price of exploited minerals and metals. The Company is subject to various regulatory risks, many of which also are beyond the control of the Company.

The Company is again considered to be in the exploration stage and has not yet recorded any revenues from its on-going operations nor has the Company commenced commercial production on any of its properties. There can be no assurance that the Company will generate any revenues or that the assumed levels of expenses will prove to be accurate.

The Company expects to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Company's properties will require substantial resources to complete the development of its properties. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future.

The Company's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are added. The amounts and timing of expenditures will depend on the progress of on-going development, the results of consultant's analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control.

The Company's vulnerability to changes in metal prices may cause its share price to be volatile and may affect the Company's operations and financial results.

Changes in the market price of precious and base metals will significantly impact the ability of the Company to finance its operations and, indirectly, its share price. The Company's financial results will be very sensitive to external economic factors related to metal prices. A major risk will arise if there is a prolonged period of lower

metal prices. Many factors beyond the Company's control influence the market price of the metals the Company seeks on its mineral properties. These factors include: global supply and demand; availability and costs of metal substitutes; speculative activities; international political and economic conditions; and production levels and costs in other gold-producing countries.

The Company is subject to extensive environmental legislation and the costs of complying with these regulations may be significant. Changes in environmental legislation could increase the costs of complying with applicable regulations and reduce levels of production. Environmental legislation relating to land, air and water affects nearly all aspects of the Company's operations. This legislation requires the Company to obtain various operating licenses and also imposes standards and controls on activities relating to exploration, development and production of gold and other precious metals. The cost of obtaining operating licenses and abiding by standards and controls on its activities may be significant. Further, if the Company fails to obtain or maintain such operating licenses or breaches such standards or controls imposed on its activities, it may not be able to continue its operations in its usual manner, or at all, or the Company may be subject to fines or other claims for remediation which may have a material adverse impact on its operations or financial results. The Company will be responsible for all costs of closure and reclamation at the Goldfields Mine. While the Company is unaware of any existing material environmental liabilities, it cannot guarantee that no such liabilities currently exist or will occur in the future.

Changes in environmental laws, new information on existing environmental conditions or other events may increase future compliance expenditures or otherwise have a negative effect on the Company's financial condition and results of operations. In addition to existing requirements, it is expected that other environmental regulations will likely be implemented in the future with the objective of protecting human health and the environment. Some of the issues currently under review by environmental agencies include reducing or stabilizing air emissions, mine reclamation and restoration, and water quality. Other changes in environmental legislation could have a negative effect on production levels, product demand, product quality and methods of production and distribution. The complexity and breadth of these issues make it difficult for the Company to predict their impact. The Company expects that capital and operating expenditures will increase as a result of compliance with the introduction of new more stringent environmental regulations. Failure to comply with environmental legislation may result in the issuance of clean-up orders, imposition of penalties, liability for related damages and the loss of operating permits. While the Company believes it is now in material compliance with existing environmental legislation, it cannot give assurances that it will, at all future times, be in compliance with all federal and provincial environmental regulations or that steps to bring the Company into compliance would not have a negative effect on its financial condition and results of operations. The mining industry is intensely competitive and the Corporation must compete in all aspects of its operations with a substantial number of other junior mining companies, some of which have greater technical and financial resources. The Company may be at a disadvantage with respect to some of its competitors in the acquisition and/or development of high potential mining properties throughout the principal markets and geographical areas in which the Company carries on its business activities.

## **Forward Looking Information**

This MDA contains "forward looking information". Forward looking information includes, but is not limited to, statements concerning the appeal of the disallowance of a claim for severance by a former officer of the Company, mineral resource estimates, the potential listing of GLR's common shares on the CNSX and other statements which are not historical facts.

In certain cases, forward looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur" or "be achieved" and include the negative variation of such phrases.



With respect to forward looking information contained in this MDA, the Company has made assumptions regarding, among other things, the Company's ability to successfully defend the above-mentioned appeal, to complete the restructuring under the BIA, to satisfy the listing requirements of the CNSX, to generate sufficient cash flow from operations and to access capital markets to meet its future obligations, the regulatory framework in the provinces in which its properties are located with respect to, among other things, permits, licenses, authorizations, royalties, taxes and environmental matters, and the Company's ability to obtain qualified staff and equipment in a timely and cost-efficient manner to meet the Company's needs.

Although the Company believes that its expectations reflected in forward looking information are reasonable, such forward looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company or the Company's projects, or any of them, to be materially different from any future results, performance or achievements expressed or implied by the forward looking information. Such factors include, risks related to uncertain outcome of any litigation, changes to listing CNSX listing requirements, failure to convert estimated mineral resources to reserves, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, future prices of base and precious metals, unexpected increases in capital or operating costs, possible variations in mineral resources, grade or recovery rates, failure of equipment or processes to operate as anticipated, accidents, labour disputes and other risks of the mining industry, delays in obtaining governmental consents, permits, licences and registrations or financing, uncertainties relating to the availability and costs and availability of financing needed in the future, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices and uninsured risks, as well as those factors discussed under "Risks" in this MDA.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward looking information. The forward looking information contained herein, unless stated otherwise, is made as of the date of this MDA and the Company makes no responsibility to update them or to revise them to reflect new events or circumstances, except as required by law.

"Robert J. Kasner"  
President and Co-Chief Executive Officer

"David J. Layman"  
Senior Vice-president and Chief Financial Officer and  
Co-Chief Executive Officer

June 16, 2010

