

**GREAT WESTERN MINERALS GROUP LTD.**  
**FORM 51-102F1**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE QUARTER ENDED MARCH 31, 2010**

**Dated:** May 19, 2010

**OVERVIEW:**

Great Western Minerals Group Ltd. is a Canadian-based company with wholly-owned subsidiaries of Less Common Metals Limited located in Birkenhead UK, and Great Western Technologies Inc., located in Troy, Michigan which produce a variety of specialty alloys for use in the battery, magnet and aerospace industries. These "designer" alloys include those containing copper, nickel, cobalt and the rare earth elements. Refined rare-earths are high-value products used as catalysts and in high-technology applications that utilize the rare-earths' unique and exceptional magnetic, optical and electronic properties. In particular, they are critical to many alternate energy applications including fuel cells, rechargeable batteries, hydrogen storage materials and permanent magnets. The automotive industry, and in particular the hybrid vehicle sector, are major consumers of rare earths. The Company has six rare earth exploration and development properties in North America with an option on a sizable additional property in South Africa this is part of the Company's strategy to pursue a vertically-integrated business model.

The following discussion of the financial condition, changes in financial condition and results of operations of the Company for the quarter ended March 31, 2010 should be read in conjunction with the unaudited consolidated financial statements of the Company as at March 31, 2010.

**Overall Performance:**

During the quarter the working capital improved significantly to \$7,493,950, compared to \$817,140 at December 31, 2009. This increase in net working capital is due to the issuance of share capital for gross proceeds of \$8,050,000. For the quarter ended March 31, 2010, the Company recorded a net loss of \$705,662 or a \$0.003 loss per share compared to a net loss of \$776,026 or \$0.004 loss per share for the quarter ended March 31, 2009.

***Risk Factors***

Because of the nature of mineral exploration and development, the securities of the Company must be considered speculative. The following should be considered by prospective investors:

- ***Mineral Exploration and Development***  
Mineral exploration and development involve a high degree of risk, and few properties ever advance to commercial production. There is no assurance that even if a body of commercial ore is discovered on the Company's properties ("Properties"), a mine will be brought into commercial production. The feasibility of developing a mineral deposit, once discovered, is dependent on a number of factors, including the particular attributes of the deposit such as size, grade, and proximity to infrastructure, commodity prices and government regulations.

The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration and development programs, which may be affected by a number of factors which are beyond its control.

- ***Economics of Developing Mineral Properties***  
Substantial expenditures are required to establish ore reserves through drilling, to develop the appropriate metallurgical processes to economically extract the metals or elements from the ore and to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that minerals will be present in sufficient quantities and grades to justify these development expenditures or that the funds required can be obtained in a timely fashion.

The marketability of any minerals discovered may be affected by numerous factors beyond the Company's control and which cannot be predicted, such as commodity prices and market fluctuations, proximity to markets, government regulations including regulations relating to trade and the environment, and competition. Should pricing and operating cost factors move adversely, the Company may determine that it is not commercially feasible to commence or continue commercial production.

- ***Government Regulations and Environmental Factors***  
The exploration, development and mining of the Properties will be affected to varying degrees by: government regulations relating to environmental protection and worker health and safety; mining law; taxes and tariffs; land use; and aboriginal land claims. All regulations impact the economic viability of carrying out exploration and mining activities and any amendments or changes to existing laws and regulations could have a material adverse affect on the Company's operations and prospects.
- ***Aboriginal Rights***  
The Company is not aware of any aboriginal land claims with respect to the Properties; however, there is no assurance that such claims will not be asserted in the future. The Company believes in and is supportive of cooperative relationships with indigenous people in conducting exploration and development activities, and recognizes the mutual benefit in such cooperation.
- ***Additional Funding***  
The Company does not currently have sufficient financial resources to undertake by itself all of its planned exploration and possible development programs. The exploration and subsequent development of the Properties may therefore depend on the Company's ability to obtain required financing. The Company has limited financial resources and there is no assurance that additional funding will be available to allow the Company to fulfill its obligations on the Properties. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration and the possible loss of the Company's interest in the Properties.
- ***Competition***  
The resource industry is competitive in all of its phases, and the Company competes with many companies possessing far greater financial resources and technical facilities than it has. Competition could adversely affect the Company's ability to acquire, explore and develop properties in the future.
- ***Management***  
The Company currently has nine employees and one contract senior officer who manage its affairs with the assistance of its non-executive directors and independent consultants. GWTI has seven employees including management. LCM has twenty four employees including management, all at their head office in Birkenhead, UK. Development of the

Company will be dependent upon it having the funds necessary to, and being successful in, employing and retaining skilled personnel.

The ability of the Company to realize its goal of becoming a producer of rare earth element products, outside of China, is dependent on its ability to raise capital to finance the evaluation and development of its rare earth projects. The company must demonstrate that one or more of the projects will generate the internal rate of return demanded for a positive production decision and then raise the capital required to construct and run the mine until commercial production is achieved.

The viability of any one or more of these rare earth projects very much depends on the ability of the Company to establish markets for its rare earth products. The supply side of the rare earths industry is currently largely controlled by production from China.

**Mineral properties consist of the following:**

	Douglas River	Hoidas Lake	Deep Sands	Rareco	Benjamin River	True Blue	Misty	Red Wine	Other	Total
<b>Balance, 2009</b>	<b>155,338</b>	<b>\$11,774,244</b>	<b>\$6,935,427</b>	<b>\$204,863</b>	<b>\$754,575</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$2,100</b>	<b>\$ 19,826,547</b>
<b>Expenditures during the period</b>										
Acquisition	-	-	-	108,215	2,367	-	-	1,500	-	112,082
Assays/metallurgy	-	36,280	15,704	-	-	-	-	-	-	51,984
Camp operations	-	26	14,742	-	-	-	-	-	-	14,768
Drilling	-	-	-	-	-	-	-	-	-	-
GeoChem	-	373	-	-	-	-	-	-	-	373
Labor	20,501	-	16,831	29,692	13,943	-	-	-	-	80,967
Management fees	900	-	-	600	300	-	300	-	-	2,100
Pre-feasibility	3,160	625	-	-	-	1,933	992	-	-	6,710
Survey/mapping	-	-	2,609	-	33,905	-	-	-	-	36,514
Travel	-	(1,215)	-	56,600	-	-	-	-	-	55,385
Loss on abandonment	-	-	-	-	-	-	-	-	-	-
<b>Balance Mar 31, 2010</b>	<b>\$179,899</b>	<b>\$11,810,333</b>	<b>\$6,985,313</b>	<b>\$339,970</b>	<b>\$805,090</b>	<b>\$1,933</b>	<b>\$1,292</b>	<b>\$1,500</b>	<b>\$2,100</b>	<b>\$ 20,187,430</b>

- ***Hoidas Lake Rare Earth Project***

The Company currently holds a 100% interest in the Hoidas Lake rare earth minerals (“REE”) property subject to a 1.8% gross royalty capped at \$1,000,000, payable to the original prospector.

The property comprises 14 mineral dispositions totaling 12,522 ha, and covers over 30 known rare earth showings.

The current 43-101 compliant resource estimate for Hoidas Lake, date November 2009 is given in the following table as estimated by Barr Engineering of Minneapolis , MN, USA, using Ordinary Kriging methodology:

Category	Cut-Off Grade WT.% TREE + Y	Tonnes	TREE + Y WT.%	TREO* + Y2O3 WT.%
Measured	1.5	963,808	2.142	2.568
Indicated	1.5	1,597,027	1.958	2.349
Total		2,560,835	2.028	2.431
Inferred	1.5	286,596	1.784	2.139

\*Total Rare Earth Oxide-calculated from TREE for comparison purposes.

The above resource estimate is based on all drilling up to December 31, 2009 and the associated 120 drill holes totaling 15, 223 meters and 4,730 assays. A Preliminary Assessment Report will be developed upon the completion of various metallurgical testing programs. The Zones now have a strike length of 1 km and remain open to the NE, SW and down dip.

During 2009 the following work was undertaken:

- Barr Engineering was contracted to produce a resource estimate incorporating all available drilling results for the JAK Zone. This work was completed in November, 2009. Results, as compared to the previous estimate, increased by 123% in the tonnage value of the combined Measured and Indicated categories. There was an associated drop of the combined Measured and Indicated categories TREE+Y grade of 12%.
- The metallurgical study that was initiated with The General Research Institute For Non-Ferrous Metals, a renowned institute located in Beijing China was re-started after being suspended due to financial constraints. The purpose of this study is to approach the Hoidas Lake rare earth extraction processes from a non-typical prospective using metallurgical reagents not readily available outside of China in test sized quantities. Completion of this study took place in the first quarter of 2010. The related report is expected to be completed by end of July with the delay due to a large work load within the assaying facilities.
- The mineralogical study that was initiated through Xstrata's laboratory was also re-started after being suspended due to financial constraints. This work is testing the existence and distribution of various rare earth carrying minerals throughout the Hoidas Lake deposit. Completion of this study occurred in the first quarter of 2010.
- A metallurgical study was initiated and completed in the last quarter of 2009 testing new fine particle separation technology that may be applicable to the extraction of the rare earth metals from Hoidas Lake rock. Initial results showed negative characteristics which eliminated this technology

During 2010 the following work was undertaken:

- A new metallurgical study may be initiated depending on the opportunities defined within the pending study report due July, 2010.
- The Company continues to work towards optimizing metallurgy issues related to the Hoidas Lake property.

- ***Deep Sands Project, Utah***

The Company holds a 25% interest in rare earth elements (“REE”) contained in a heavy mineral sands project in Utah acquired for total consideration of US \$4.3 million. The vendor holds the remaining 75% interest in the rare earth minerals contained in the Property, and has exclusive rights to deal with 100% of the non-rare earth-bearing minerals. Following the completion of the agreed to drilling and evaluation program, the Company has the right to negotiate with the vendor either the acquisition of the remaining 75% of the REE mineral rights or the participation in a joint venture. In the event that the Company and the vendor cannot agree to the terms of a participation agreement regarding the commercial exploitation of REE, each party has a right of first refusal to match any bona fide offer the other party receives from a third party. In the event that the Company does not exercise its right of first refusal and a third party commences mining of any mineral at the property or if the Vendor sells its interest in the property, the Vendor or such third party will be required to pay the Company an amount equal to two times all documented expenses the Company has incurred under the agreement in connection with the work program.

The parties are currently reviewing the 2008 drilling program results to determine the appropriate program for 2010. It is anticipated that the process to gain sufficient data to complete a 43-101 compliant resource estimate, suitable for a Preliminary Economic Assessment Report and move toward a feasibility study will require three phases of drilling, permitting and extensive metallurgical testing requiring two to four years to complete.

- ***Benjamin River Project***

On December 1, 2008 the Company entered into an Option Agreement to earn a 100% interest in a REE property near Bathurst, New Brunswick. The interest can be earned by making an initial payment of \$5,000 (paid January 2009) and issuing 100,000 common shares (issued Jan 2009) of the Company and subsequent payments of \$10,000 on November 30, 2009, \$30,000 on November 30, 2010, \$50,000 on November 30, 2011, \$100,000 on November 30, 2012 and \$300,000 on November 30, 2013. The Company issued 50,000 common shares of the Company on November 30, 2009. At such time when minerals are extracted and sold from the property, the Optionor will receive a royalty interest of 2% of the Net Smelter Returns. The Company has an option to purchase back 1% of the NSR for \$1,000,000.

The property covers 55 claims totaling 880 hectares (ha) and hosts an apatite-diopside-magnetite vein that has been traced on surface for 800 metres along strike, with an apparent width of up to 50 metres. As part of the agreement, GWMG has staked an additional 436 claims (approximately 9500 ha).

Grab samples of the vein material taken by the Company vary from 0.6% Total Rare Earth Oxide (“TREO”) to 1.0% TREO. While the overall TREO grade appears low compared to some other deposits, the proportion of heavy rare earth oxides (europium through lutetium) is high at over 11%, including a dysprosium content of over 3% of the total rare earth oxide content. Additionally the phosphate content of the samples grades up to 18% and iron (Fe<sub>2</sub>O<sub>3</sub>) content as high as 39%. The fact that the property is located near water, roads, rail and power make large tonnage by-product production potentially feasible.

During the first quarter of 2009, the Company completed a 41 km grid over the main showing area and a magnetometer and VLF-EM survey.

During the third quarter of 2009, the Company carried out a stripping program in three areas of the vein (approximately 400<sup>2</sup>m) in order to identify continuity, possible dilution and the extent of the mineralization. Additionally, in preparation for geological mapping an additional 35 km of linecutting was carried out in order to tighten the grid spacing to 25m.

Fugro Airborne Surveys completed a 1,712 line km airborne radiometric and magnetic survey over the property. Based on the geophysics and ground work results to date, several drill locations were selected and drilling commenced in mid November, 2009. 2,316 meters of drilling have been completed.

- ***Misty Project***

On June 3, 2008 the Company and CanAlaska Uranium Limited entered into a \$6 Million option agreement whereby GWMG can acquire up to a 51% interest in CanAlaska's Misty Project near Lac Brochet in northwestern Manitoba.

The Project, with an area of 53,080 hectares, is underlain by Wollaston Group metasedimentary rocks and granitic rocks. Rare Earth Elements ("REE") mineralization was discovered by CanAlaska exploration teams during the reconnaissance sampling program in the search for uranium mineralization. On March 11, 2008, CanAlaska reported REE assay results up to 10.4% REE from samples collected during this program. Most of the samples are from outcrop over an area of one square kilometre and are dominantly described as granite, with some samples described as metasedimentary rocks. The samples lie within and along the margins of a magnetic high which CanAlaska believes is related to this very high grade REE mineralization.

Under the terms of the Letter of Agreement (the "Agreement"), the Company will pay to CanAlaska a total cash payment of \$100,000 with \$10,000 payable on execution date of the agreement, \$10,000 on each of the first four anniversary dates, and \$50,000 payable on the fifth anniversary of the execution date. In addition to the cash payments, the Company will issue to CanAlaska a total of 200,000 shares with 100,000 to be issued on the execution date of the agreement and the remaining 100,000 shares to be issued on the first anniversary. During the course of the agreement period, the Company will be required to perform a total of \$6,000,000 of exploration work, with a total of \$450,000 during the first four years of the agreement, a further \$2,550,000 on or prior to the fifth anniversary date, and a further \$3,000,000 on or before the sixth anniversary date.

Upon receipt of the necessary permits and approvals, GWMG will begin its preliminary exploration activities on this project, including geological mapping, prospecting, and ground geophysics, to establish drill targets for further exploration. As part of its community awareness program, GWMG will also meet with the First Nations communities in the region to introduce the Company and present its exploration program for the area.

For the quarter ended March 31, 2010, time was spent on permitting for Misty.

- ***Rareco Project***

On December 22<sup>nd</sup>, 2008, the Company entered into an Option Agreement with Rare Earth Extraction Co. Ltd. ("Rareco") of Stellenbosch, South Africa, to refurbish, re-commission, and operate the currently abandoned Steenkampskraal underground REE

mine in the Western Cape, South Africa. In addition, GWMG can acquire exclusive access to 100% of the REE mined there (“Supply Agreement”).

Under the terms of the agreement, GWMG has paid to Rareco an amount of ZAR 1 Million (approximately C\$125,000) in two tranches for the option. The first payment of ZAR 500,000 was paid on signing the agreement and the second payment of ZAR 500,000 was paid during the third quarter of 2009. As amended, GWMG and Rareco will, after the issuance of a “new order” mining license by the South African Department of Mineral Resources (“DMR”), negotiate the terms of a Supply Agreement under which GWMG will be able to obtain from Rareco 100% of the REE concentrate production from the Steenkampskraal mine for a ten-year period, after which a new Supply Agreement can be negotiated. GWMG will provide mine development financing based on an up-dated capital budget to secure the Supply Agreement. It is expected that the DMR will issue the new order mining lease early in the second quarter of 2010.

On February 3, 2010, GWMG and Rareco entered into an Exclusivity Agreement whereby GWMG will pay to Rareco R75,000 monthly in return for specific undertakings which include, but are not limited to: working with the DMR to expedite the conversion of the old order mining right; obtaining all necessary governmental and regulatory approvals required to operate the Steenkampskraal mine once the “new order” mining license is issued; financing the rehabilitation guarantee required by the DMR in respect of the Steenkampskraal mine; and facilitating the receipt of all necessary governmental and regulatory approvals for GWMG's involvement in the ownership structure of the project.

Subject to GWMG's completion of satisfactory due diligence, the issuance of the “new order” mining license by the DMR and other conditions, in addition to entering into the Supply Agreement, GWMG intends to procure the financing necessary for Rareco to further evaluate and, if warranted, re-commence operations at the Steenkampskraal mine. As part of its efforts to secure production from the Steenkampskraal mine, GWMG intends to consider one or more transactions which may result in the acquisition of an equity interest in Rareco.

- ***Douglas River***

The Company owns 100% interests in two mineral dispositions in the Douglas River area of Saskatchewan. These claims were acquired based on previous work that identified significant yttrium and heavy rare earth mineralization on the property. Payments have been made in lieu of assessment work to satisfy regulatory requirements to keep the property in good standing.

During the third quarter the company carried out a helicopter assisted prospecting and MMI (mobile metal ion) geochemical sampling program. During this program, the Beatty River Trench (sampled by SMDC in 1985) was re-located, cleaned out and re-sampled. The program was successful in confirming the historic assays of mineralization in the trench, with values as high as 8.75% TREO including Dy<sub>2</sub>O<sub>3</sub> assayed at 1.15%. The geochem sampling program was carried out in order to test the validity of the MMI technique for identifying buried extensions of this mineralization. The analytical results are pending.

An MMI soil sampling orientation survey was undertaken in this area. The analytical results for this program are pending.

- ***True Blue***

The Company entered into an option agreement to acquire up to 65% working interest in True North Gems Inc's (TGX) True Blue property in the Yukon. The True Blue property is located 55 kilometers south of Ross River, Yukon.

Under the terms of the Agreement, the Company can earn a 51% interest in the property (the "First Option") with an initial cash payment of C\$50,000 on signing which was paid on April 7, 2010, followed by additional cash payments totaling C\$350,000 on or before January 30, 2013. In addition, to exercise the First Option, the Company was required to issue TGX 300,000 common shares on signing the agreement which were issued April 6, 2010, followed by an additional 900,000 common shares on or before January 30, 2012.

The First Option also requires the Company to complete a total of C\$5.0 million in exploration costs on or before December 31, 2013 with a commitment to incur C\$1.0 million of such exploration costs during 2010. Once the Company earns its 51% interest, the Company may exercise a second option (the "Second Option") that will grant the Company a further 14% interest (total 65%) by completing all expenditures in connection with the completion of a bankable feasibility study. The Company will be the operator of the True Blue property during the term of the First and Second Option. The Company will also have the right to market TGX's share of REE production with TGX having the option to renew such marketing agreement every three years.

- ***Red Wine***

The Company entered into an option agreement to acquire up to a 50% working interest in Alterra's Red Wine property, located approximately 100 km north-east of Churchill Falls, Labrador. The Red Wine Property comprises 10,025 hectares held under 401 claims, all of which are in good standing.

Under the terms of the Agreement, the Company will pay an aggregate of \$225,000, with \$50,000 payable on the date of the execution of the Letter Agreement which was paid May 7, 2010, \$75,000 payable on or before April 30, 2011 and \$100,000 payable on or before April 30, 2012. The Company will issue an aggregate of 1,050,000 common shares, with 200,000 common shares issuable on the execution of the Letter Agreement which were issued on May 4, 2010, 350,000 common shares issuable on or before April 30, 2011 and 500,000 common shares issuable on or before April 30, 2012.

The Company will also fund an exploration program of an aggregate of \$1,500,000 over a three year period, commencing on or before the date of the Letter Agreement, of which a minimum of \$750,000 must be completed within the first year following the date of the Letter Agreement, a further \$250,000 must be completed within the second year following the date of the Letter Agreement and any balance must be completed within the third year following the date of the Letter Agreement.

Alterra will be the operator and the Company will pay Alterra a 10% management fee, payable in cash. Upon the completion of the annual payments, the share issuances and the Work Program, the Company and Alterra will form a joint venture or incorporate a new company for the development and exploitation of the Red Wine Property. On commencement of commercial production, the Company will have a three year renewable right to market Alterra's share of production of rare earth elements, niobium and tantalum from the Red Wine Property. Alterra will retain the option to renew such marketing agreement every three years.

**Manufacturing assets consist of the following:**

- **Less Common Metals:** On June 27, 2008, the Company, through a newly incorporated wholly owned United Kingdom subsidiary (LCMG Limited) acquired all of the issued and outstanding shares of common stock of Less Common Metals Ltd. (“LCM”), a corporation domiciled in Birkenhead, United Kingdom (the “LCM Shares”). The purchase price of \$9,660,433 was funded as follows:
  - (i) \$3,882,214 in cash of which £1,500,000 (\$3,041,400) was funded with a loan secured against the assets of LCM. LCM then lent the money to LCMG who used it to pay the vendors a portion of the purchase price.
  - (ii) The Company issued a £2,800,000 (\$5,677,280) convertible debenture (the “Convertible Debenture”) which includes a \$608,280 completion fee and 750,000 common share purchase warrants (the “Warrants”) valued at \$100,939 to the Vendors.

During 2009, the Company converted the outstanding debenture and completion fee into shares at the price outlined in the debenture agreement.

The Warrants have a term of two years and are convertible into common shares of the Company at a price of \$0.30 per common share.

As part of the acquisition of the LCM Shares, the Company entered into a series of commitments as described in note 14. The acquisition was accounted for using the purchase method and the following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition.

As at June 27, 2008

Current Assets	\$7,378,354
Property, plant and equipment	3,194,155
Intangible assets	1,700,678
Goodwill	<u>3,160,154</u>
Total assets acquired	15,433,341
Current liabilities	4,610,846
Future income tax liability	<u>1,162,062</u>
<b>Net Assets Acquired</b>	<b><u>\$9,660,433</u></b>

LCM manufactures rare earth metals and alloys. Specializing in alloys demanding tight compositional tolerance, LCM has flexible processing capability enabling the production of a wide range of the most reactive metals and their alloys in a variety of physical forms.

- **Great Western Technologies Inc**

In December 2005, the Company incorporated a US subsidiary called Great Western Technologies Inc. (“GWTI”). Through GWTI, the Company signed a formal Purchase Agreement with Energy Conversion Devices Inc. (“ECD”), (NASDAQ:ENER) and an affiliate, whereby GWTI purchased certain specialty metal production assets located in Troy, Michigan. The production equipment, located in two adjacent plants, is capable of producing nickel metal hydride (NiMH) powder, used in hydrogen storage materials and

NiMH rechargeable batteries, and a range of other specialty, metals, powders and super alloys. The plants are currently in operation. GWTI forms the basis of GWMG's marketing strategy for specific products it expects to produce from the Hoidas Lake deposit. GWTI commenced operations January 1, 2006 and it currently supplies specialty products to customers in the automotive, magnet, and aerospace industries.

### Financial Highlights

The following table presents consolidated financial data for the quarters ended March 31:

	2010 \$	2009 \$
Total revenues	3,988,647	2,999,904
Net loss	(705,662)	(776,026)
Basic and diluted loss per share	(0.003)	(0.004)
Total assets	38,097,883	32,811,397
Long-term liabilities	1,030,292	2,622,252
Cash dividends	Nil	Nil

### Results of Operations

For the quarter ended March 31, 2010, the Company recorded a net loss of \$705,662 or a \$0.003 loss per share compared to a net loss of \$776,026 or \$0.004 loss per share for the quarter ended March 31, 2009. The Company's cash position was \$6,136,855 at March 31, 2010 compared to \$1,164,764 at December 31, 2009. During the quarter, \$8,050,000 was raised from the issuance of shares compared to \$3,849,878 last quarter. Capital expenditures for the quarter were \$380,222 for mineral property additions and capital asset purchases. This compares to \$1,046,031 in capital expenditures for last quarter.

### Revenues

For the quarter ended March 31, 2010 the Company reported manufacturing revenue of \$3,886,651. This is compared to manufacturing revenue of \$2,883,577 for the quarter ended March 31, 2009. Other income for the quarter ended March 31, 2010 was \$32,229 compared to \$12,501 for the quarter ended March 31, 2009. Interest income for the quarter ended March 31, 2010 was \$69,768 compared to \$103,827 for the quarter ended March 31, 2009.

### Expenses

Expenses for the quarter ended March 31, 2010 totaled \$1,613,410 representing a net increase of \$387,955 compared to \$1,225,456 for the quarter ended March 31, 2009. Wages and benefits were \$711,486 for the current quarter compared to \$546,919 for the quarter ended March 31, 2009. General and administrative combined with other direct overhead was up \$102,040 over the quarter ended March 31, 2009. Investor relations costs increased by \$94,962 over the quarter ended March 31, 2009.

### Assets and Liabilities

Current assets increased \$4,915,772 to \$10,496,846 at March 31, 2010 as compared to \$5,581,074 at December 31, 2009. Current liabilities decreased by \$1,761,030 to \$3,002,896 at March 31, 2010, compared to \$4,763,934 at December 31, 2009. Mineral property assets increased \$360,883 during the quarter.

## Liquidity and Capital Resources

During the quarter the working capital improved to \$7,493,950, compared to \$817,140 at December 31, 2009. This increase in net working capital of \$6,676,810 is due mainly to the issuance of share capital for gross proceeds of \$8,050,000. Inventory at the end of the quarter was approximately \$413,555 less than at the end of December 2009 due to an effort to reduce overall inventory levels.

## Cash Flow

The Company's cash position increased \$4,972,091 compared to December 31, 2009.

## Summary of Quarterly Results

The following table represents selected financial information for the eight most recently completed quarters:

For the quarter ended	March 31, 2010	December 31, 2009	September 30, 2009	Jun 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008	Jun.30, 2008
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	3,988,647	3,209,827	3,132,227	3,173,876	2,999,905	2,653,914	4,126,087	109,226
Net loss	(705,662)	(3,917,318)	(1,094,993)	(1,166,639)	(776,026)	(3,693,690)	(427,009)	(711,804)
Loss per share	(0.003)	(0.023)	(0.007)	(0.008)	(0.004)	(0.032)	(0.004)	(0.006)

All data is in Canadian dollars prepared in accordance with Canadian generally accepted accounting principles applied on a consistent basis.

## Quarterly Comparison

### Revenues

A significant increase in revenues occurred in the quarter ended September 30, 2008 as this was the first quarter that GWMG consolidated its revenues with those of LCM. Prior to that quarter, revenues remained fairly constant with fluctuations arising due to the fluctuations in manufacturing revenues earned at GWTI. There is a marked reduction in revenues from quarter ended September 30, 2008 as compared to the recent quarters due to the downturn in the global economy.

### Net income/loss

The first quarter of 2010 saw a net loss of \$705,662 with gross revenues of \$3,988,647. Revenues increased \$778,820 over the previous quarter.

## Related party transactions

During the three months, salaries, bonuses, management and consulting fees of \$424,400 (2009 - \$142,869) were paid to directors, officers and companies controlled by common directors. \$21,850 (2009 - \$24,600) was included in mineral properties, \$43,267 (2009 - \$14,700) was

included in management fees, and \$355,684 (2009 - \$113,769) was included in salaries. During the three months, \$11,492 was incurred for legal services rendered by a law firm, of which a director of the Company is a partner. These transactions are in the normal course of operations and are measured at the exchange amount and is the amount of consideration established and agreed to by the related parties.

### **Critical Accounting Estimates**

The Company's consolidated financial statements are prepared in conformity with Canadian Generally Accepted Accounting Principles ("GAAP"). The Company's accounting policies are described in note two in the unaudited quarterly interim financial statements. Generally accepted accounting principles require that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Areas of significance requiring the use of management estimates related to the determination of the recoverability of capitalized mineral exploration costs, stock based compensation and the determination of future income tax assets and liabilities. Actual amounts could differ from those estimates.

- **Going concern**

The financial statements have been prepared on the basis of generally accepted accounting principles as applicable to a going concern, which contemplates the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

- The Company has incurred significant operating losses in its exploration and manufacturing operations and its ability to continue as a going concern is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete their development and fund their operations until commercially successful, and future production or proceeds from the disposition thereof. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. While the Company has been successful in raising financing to date, there can be no assurances that it will be able to do so in the future.

- **Mineral properties**

The company holds the right to explore for and develop mineral resources on various Crown property dispositions within the Province of Saskatchewan.

The cost of mineral properties and related exploration and development costs are deferred until the properties to which they relate are placed into production, sold or abandoned. These costs will be amortized on the unit-of-production method following the commencement of production or written-off if the properties are sold or abandoned. Management periodically assesses carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that are allowed to lapse, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of mineral properties is dependent on the existence of economically recoverable ore reserves; the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The company has not yet determined whether any of its mineral properties

contain economically recoverable reserves. Amounts capitalized as mineral properties represent costs incurred to date, less write-downs and recoveries, and do not necessarily reflect present or future values.

- **Future income taxes**

The company uses the asset and liability method of recording income taxes. This method recognizes the future income tax inflows and outflows that will result whenever the carrying amount of an asset or liability is recovered or settled.

The company finances a portion of its exploration activities through the use of flow through shares. The company records the tax cost of expenditures renounced to subscribers on the date the deductions are renounced to the subscribers. Share capital is reduced and future income tax liabilities are increased by the estimated tax benefits renounced by the company to the subscribers, except to the extent that the company has unrecorded loss carry forwards and tax pools in excess of book value available for deduction.

- **Foreign currency translation**

For integrated foreign operations, foreign currency transactions are translated to Canadian dollars using the temporal method. Under this method, all monetary assets and liabilities expressed in foreign currencies are translated at year end exchange rates. Income statement items are translated at the average rate prevailing during the year. All other assets and liabilities are translated at the rates prevailing at the dates the assets were acquired or liabilities incurred. The resulting foreign currency translation gains and losses are included in the determination of loss for the year. For self-sustaining foreign operations, foreign currency transactions are translated to Canadian dollars using the current rate method. Under this method, all assets and liabilities expressed in foreign currency are translated at the year end exchange rate. Income statement items are translated at the average rate prevailing during the year. The resulting foreign currency translation amount is shown in a separate part of other comprehensive income.

- **Stock-based compensation plan**

Options granted under the share option plan are accounted for using the fair-value method. Under this method, the fair-value of stock options granted is measured at estimated fair-value at the grant date and recognized over the vesting period. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus on options granted is transferred to share capital.

## **International Financial Reporting Standards (“IFRS”)**

In February 2008, the Accounting Standards Board (“AcSB”) confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011. The Company's first financial statements presented in accordance with IFRS will therefore be the year ended December 31, 2011. Though IFRS uses a conceptual framework similar to Canadian GAAP, there are some significant differences on recognition, measurement and disclosure requirements. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating some of the impact of adopting IFRS at the changeover date. The International Accounting Standard Board (“IASB”) will, however, also continue to issue new accounting standards during the conversion period. As a result, the final impact of IFRS on the Company's financial statements will only be measureable once all IFRS applicable at the conversion date are known.

As a result of this convergence, the Company has developed a three phase plan to convert its financial statements to IFRS.

*Phase 1 – Preliminary Plan & Training – in progress*

Raise awareness within the Company and have financial staff take training on new IFRS requirements. Perform high-level impact assessment to identify key area that may be affected by the conversion. Analyze accounting software to assess whether information technology systems used to collect financial data require modification in order to meet the new reporting requirements under IFRS. Identify external advisors to participate in the facilitation of the IFRS conversion process and help focus on the accounting issues most relevant to the Company.

Financial staff began attending IFRS training sessions in 2009. Peters Elworthy More the Company's UK based auditors have agreed to provide guidance in the IFRS conversion. They have expertise as the standards have been in use in the UK for several years already. An information technology consulting group has been tasked with reviewing our current systems and the accounting software is also under review by our financial staff. It is currently in the information gather stage and no decision on software or systems have been made yet. This is planned to be completed by Q3 2010.

*Phase 2 - Detailed Assessment, Conversion Planning & Development – in progress to be completed Q3 2010*

Identify differences in relevant Canadian GAAP and IFRS accounting policies, selection of ongoing IFRS policies, selection of IFRS first-time adoption of IFRS choices, development of new financial statement format.

Management has not yet completed its quantification of the effects of adopting IFRS. The financial performance and financial position as presented in the Company's Canadian GAAP financial statements may be significantly different when presented in accordance with IFRS.

*Phase 3 – Implementation & Review – to be completed Q4 2010*

During this phase, the Company will:

- Obtain formal approval from the Audit Committee on the recommended policy changes
- Implement the changes to business processes and procedures identified in Phase 2
- Collect financial information necessary to compile 2010 IFRS compliant financial statements
- Continue ongoing education and training while continuously monitoring the changes to IFRS

A detailed analysis of the differences between IFRS and the Company's accounting policies as well as an assessment of the impact of various alternatives is being carried out. Some specific areas reviewed and considered to date are:

(a) Property, Plant and Equipment (Mineral Properties)

IFRS and GAAP contain the same basic principles of accounting for property plant and equipment; however, differences in application do exist. GWMG does not anticipate this to have any material affect on the company.

(b) Impairment of non-current assets

IFRS uses a one-step approach for testing and measuring asset impairments, with asset carrying values being compared to the higher of value in use and fair value less costs to sell.

Under IFRS, previous impairment losses may be reversed where circumstances change such that the impairment has reduced. Currently the only impaired asset GWMG has is goodwill.

(c) Stock based compensation

IFRS requires that cash-settled share-based payment to employees is measured (both initially and at each reporting date) based on fair values of the awards. Canadian GAAP on the other hand requires that such payments be measured based on intrinsic values of the awards.

(d) Cash Flow Statement

Under Canadian GAAP the indirect method of reporting cash flows is permitted under IFRS the direct method is the only one permitted. This is just a simple presentation issue that will not affect recognition of the numbers presented.

(e) IFRS 1, First time Adoption of International reporting Standards

IFRS 1 provides entities adopting IFRSs for the first time with fourteen optional exemptions and five required exceptions, in certain areas. The most significant IFRS 1 exemptions for the company are in regards to:

*Business Combinations:* The Company may elect, on transition to IFRSs, to either restate all past business combinations or to apply a more limited restatement approach. If the limited restatement approach is chosen, specific requirements must be met, such as: maintaining the classification of the acquirer and the acquiree, recognizing or derecognizing certain acquired assets or liabilities as required under IFRSs and remeasuring certain assets and liabilities at fair value.

*Fair value or revaluation as deemed cost:* The company may elect to report items of property, plant and equipment, in its opening balance sheet on the transition date, at a deemed cost instead of the actual cost that would be determined under IFRSs. The deemed cost of an item may be either its fair value at the date of transition to IFRSs or an amount determined by a previous revaluation under Canadian GAAP (as long as that amount was close to either its fair value, cost or adjusted cost). The exemption can be applied on an asset-by-asset basis.

*Share-based payments:* The Company may elect not to apply IFRS 2, “Share-Based Payments” to equity instruments granted on or before November 7, 2002 or which vested before the company’s date of transition to IFRSs.

*Foreign exchange:* On transition, cumulative translation gains or losses in accumulated other comprehensive income can be reclassified to retained earnings at the company’s election. If not elected, all cumulative translation differences must be recalculated under IFRSs from inception.

### **Management certifications – Internal control over financial reporting**

Recent changes in securities laws no longer require the CEO and CFO of TSX Venture Exchange listed companies such as GWMG to certify they have designed internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. Instead, an optional form of certification has been made available to TSX Venture Exchange listed companies and has been used by GWMG’s certifying officers for the December 31, 2007 annual filings. The new certification reflects what the Company considers to be a more appropriate level of CEO and CFO certification given the size and nature of the Company’s operations. This certification requires that the certifying officers state:

- i) they have reviewed the annual MD&A and financial statements;
- ii) they have determine there is no untrue statement of a material fact, or any omission of material fact required to be stated which would make any statement not misleading in light of the circumstances under which it was made within the interim MD&A and financial statements;

- iii) that based upon their knowledge, the annual filings, together with the other financial information included in the annual filings, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of the date and for the periods presented in the filings.

For purposes of this certification, management believes fair presentation in accordance with Canadian GAAP constitutes fair presentation under securities laws.

## Outstanding Share Data

### Share capital

Authorized unlimited common shares, without par value:

Issued	Common Shares	Share Capital
<b>Balance, December 31, 2008</b>	<b>145,811,357</b>	<b>\$ 39,243,321</b>
Issued for mineral properties	150,000	23,000
Private placements	2,155,443	241,590
Conversion of debentures	21,936,750	5,298,834
Exercise of warrants	30,656,568	3,812,878
Exercise of options	450,000	81,000
Renunciation of Canadian exploration expenses	-	(972,630)
Cash issue costs	-	(499,075)
Non-cash issue costs	-	(526,731)
<b>Balance, December 31, 2009</b>	<b>201,160,118</b>	<b>46,702,187</b>
Issued for mineral properties	28,750,000	8,050,000
Private placements	2,658,715	531,743
Conversion of debentures	9,861,371	2,510,168
Exercise of warrants	-	(816,788)
Cash issue costs	-	(279,127)
Non cash issue costs	-	-
<b>Balance March 31, 2010</b>	<b><u>242,430,204</u></b>	<b><u>\$ 56,698,183</u></b>

\*Fully diluted number of shares outstanding at March 31, 2010 was 290,457,664 (including 17,600,000 options outstanding and 30,427,460 warrants outstanding).

### Additional Data

Additional information relating to the Company can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. It should be read in conjunction and in context with all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation for analysis on any particular issue. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented.

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements expressly stated or implied by such forward-looking statements. Such factors include, among others, financial performance, business prospects, strategies, regulatory developments, exploration, competition, development activities and commitments, and obtaining permits and licenses.