

**GREAT WESTERN MINERALS GROUP LTD.**  
**FORM 51-102F1**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

**Dated:** November 23, 2010

Date of Approval Audit Committee  
Final

**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 (REE). Refined REE are high-value products used as catalysts and in high-technology applications that utilize the REE 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 REE. The Company has six rare earth exploration and development properties in North America with agreements to obtain the REE production from a previously mined 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 September 30, 2010 should be read in conjunction with the unaudited consolidated financial statements of the Company as at September 30, 2010.

**Overall Performance:**

During the quarter the working capital decreased to (\$308,733), compared to \$5,571,607 at June 30, 2010. For the quarter ended September 30, 2010, the Company recorded a net loss of \$1,089,788 or a \$0.004 loss per share compared to a net loss of \$1,094,993 or \$0.007 loss per share for the quarter ended September 30, 2009.

## Mineral properties consist of the following:

	Douglas River	Hoidas Lake	Deep Sands	Steenkamp skraal	Benjamin River	True Blue	Misty	Red Wine	Chaleur	Other	Total
<b>Balance Dec 31, 2009</b>	\$155,338	\$11,774,244	\$6,935,427	\$204,863	\$754,575	\$ -	\$ -	\$ -	\$ -	\$2,100	\$ 19,826,547
<b>Expenditures during the period</b>											
Acquisition	(6,884)	-	47,399	686,914	2,367	142,609	1,592	581,314	27,434	3,428	1,486,173
Assays/metallurgy	-	51,600	16,822	12,973	-	3,453	-	-	-	-	84,848
Camp operations	454,982	12,675	15,977	3,027	11,909	390,719	-	70,618	-	-	959,907
Drilling	-	-	-	-	-	-	-	-	-	-	-
GeoChem	-	1,033	(1,117)	-	100,042	230,491	-	-	59,755	-	390,204
Labor	70,424	7,867	20,985	37,606	7,214	95,636	-	-	-	-	239,732
Management fees	900	-	-	114,157	1,017	-	6,450	11,981	300	-	134,805
Pre-feasibility	-	-	-	117,336	-	-	-	-	-	-	117,336
Survey/mapping	-	-	2,322	12,500	3,599	25,704	125	34,015	-	-	78,265
Travel	-	(732)	-	157,297	-	42,809	-	-	-	-	199,374
Loss on abandonment	-	-	-	-	-	-	-	-	-	-	-
<b>Balance Sept 30, 2010</b>	<b>\$674,760</b>	<b>\$11,846,687</b>	<b>\$7,037,815</b>	<b>\$1,346,672</b>	<b>\$880,723</b>	<b>\$931,421</b>	<b>\$8,167</b>	<b>\$697,928</b>	<b>\$87,489</b>	<b>\$5,528</b>	<b>\$ 23,517,192</b>

- ***Douglas River***

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

In September 2009, 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 Dysprosium assayed at 1.15%.

In the third quarter of 2010, a work program was completed on the property that included;

- blasting, excavating and sampling five new trenches. A total of 109 chip samples were taken and submitted to the Saskatchewan Research Council, in Saskatoon, for assay. Results are pending.
- 14 drill holes totaling 1,002.6 m were completed and 323 split core samples were submitted to the Saskatchewan Research Council for analysis. Results are pending.
- 35 mini-drill holes, using a packsack drill, were completed to test near surface mineralization on the property.

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

The Company currently holds a 100% interest in the Hoidas Lake 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 REE 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	Tonnes	TREE + Y	TREO* + Y2O3
	WT.% TREE + Y		WT.%	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:

- Metallurgical work carried out by The General Research Institute For Non-Ferrous Metals, located in Beijing China continued. 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. Initial results of the testing indicate that minor improvements in the mineral concentration may be possible as compared to the previously tested techniques.
- Mineralogical studies through Xstrata's laboratory were completed. This work tested 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 and confirmed that basnaesite was a significant host mineral for REE.
- 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 REE from Hoidas Lake rock. Initial results showed negative characteristics which eliminated this technology.

During 2010 the following work was undertaken:

- Metallurgical work commenced with the Guangzhou Research Institute for Non-Ferrous Metals, in Guangzhou, China. The focus of this work is to optimize concentrate grade and recovery. Initial results have been positive and testwork is continuing.
- The Company engaged NAGROM, in Australia, to test some of their mineral concentration techniques on the Hoidas Lake material. This testwork is also continuing.
- The Company will continue with metallurgical testing of the Hoidas Lake

material through the remainder of 2010.

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

The Company holds a 25% interest in REE contained in a heavy mineral sands project in Utah covering an area of approximately 66 square miles (170 sq km). The vendor holds the remaining 75% interest in the REE 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.

In 2008, the Company completed an airborne magnetic and radiometric survey over the property and undertook an extensive drilling program. Using Direct Push Drill Technology, 953 shallow drill holes, totaling 5,790 m, were drilled at a spacing of approximately 500 m, and 77 deeper holes, totaling 1,862 m, at a spacing of approximately 1,600 m.

During 2009/2010, the analysis of thousands of samples from these holes was undertaken.

This data has been compiled and a formal report is nearing completion. The initial interpretation is that the property would not support a stand-alone rare earth mining operation. However, the initial premise of the project was that REE would be recovered as a by-product of a magnetite mining operation and that potential still exists. There are two areas of the property that still have not been adequately tested and Titan Mining Corp. have indicated they will be doing that as well as following up on prospective areas indicated by the 2008 drilling program.

- ***Steenkampskraal 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.

On February 3, 2010, GWMG and Rareco entered into an Exclusivity Agreement whereby GWMG will pay monthly to Rareco R75,000 which was increased in April 2010 to R100,000 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 which has been completed; 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.

On June 3, 2010 the Department of Mineral Resources of South Africa granted a New Order Mining Right to a subsidiary of Rareco with respect to the Steenkampskraal Monazite Mine. Subject to GWMG's completion of satisfactory due diligence 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.

On June 9, 2010, the Company announced the appointment of SRK Engineers and Scientists of Johannesburg, South Africa to complete a feasibility study on the Steenkampskraal project and approved Phase 1 of that study.

On August 10, 2010, GWMG entered into the Rareco Offtake Agreement. Under the terms of the Rareco Offtake Agreement, Rareco has agreed to sell and deliver, and GWMG as agreed to purchase, 100% of the REE produced by Rareco and its subsidiaries from ore mined at Rareco's Steenkampskraal mine for a 10 year period after which a new supply agreement may be negotiated, subject to the satisfaction of certain conditions precedent. In addition, the Company can purchase 100% of the REE mined or obtained by Rareco or its subsidiaries from any other source of REE that is owned, controlled and/or acquired by Rareco or its subsidiaries, subject to the terms and conditions set out in the Rareco Offtake Agreement. The conditions precedent include, but are not limited to, completing a bankable feasibility study ("BFS") by December 31, 2011 and arranging project financing. Pursuant to the terms of the Rareco Offtake Agreement, the Company may undertake one or more transactions which may result in the acquisition of an equity stake in Rareco or the provision of debt financing to Rareco.

On September 7, 2010, the Company purchased 20.8% of the issued and outstanding shares of Rareco for a price of approximately \$3,000,000.

On November 22, 2010, the Company announced that it had delivered a Notice of Intention to the Board of Directors of Rareco to purchase up to 100% of the remaining shares of Rareco not already owned by GWMG. The consideration offered is ZAR3 per share, and total consideration if 100% of the remaining shares are taken up would be approximately CDN\$16.6 million.

- ***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 (paid), \$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 now covers 491 claims totaling approximately 10,380 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.

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 36 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 25 metres.

In October 2009, Fugro Airborne Surveys completed a 1,712 line km airborne radiometric and magnetic survey over the property.

Between November and December of 2009 11 NQ size diamond drill holes totaling 2,382 metres drill tested the main surface showing. The drilling delineated a complex suite of narrow east – west trending magnetite – apatite –pyroxene dykes, which together defined a north – south trending magnetic alteration zone.

Assays from the drilling were received in mid-2010 and the results failed to duplicate the surface trench results in terms of grade and width and are reported below:

<b>Drill Hole Number</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Core Length (m)</b>	<b>TREO %</b>	<b>P2O5 %</b>
BR09-01	108.3	112.1	3.9	0.221	4.72
BR09-01	117.7	119.3	1.4	0.539	8.15
BR09-02	No Significant Mineralization				
BR09-03	96.8	99.4	2.6	0.131	0.49
	260.7	262.8	2.1	0.198	5.56
	266.0	268.9	2.9	0.229	4.99
BR09-04	No Significant Mineralization				
BR09-05	17.2	26.9	9.7	0.363	5.54
Including	24.5	26.9	2.4	0.669	8.68
BR09-06	121.5	135.1	13.6	0.131	3.03
BR09-07	30.4	31.1	0.7	0.262	4.54
BR09-08	8.0	14.6	6.6	0.094	1.40
BR09-09	No Significant Mineralization				
BR09-10	No Significant Mineralization				
BR09-11	9.6	17.5	7.9	0.161	3.25

Additional target areas on the property are currently being evaluated and a work program for 2011 will be announced when finalized.

- ***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.

In summer 2010, the Company completed the following work program on the True Blue property:

- Staked an additional 241 claims to cover a large syneite body and newly discovered mineralized dykes
- Geological mapping
- 994 line-km of heliborne radiometrics and aeromagnetics flown over the property by New Sense Geophysics
- Extensive geochemical survey consisting of stream sediments samples, soil samples, chip samples and grab samples
- A mineralogical study completed by Xtrata on 4 samples indicating that significant rare earth-bearing minerals are zircon, pyrochlore, epidote, allanite, columbite and a cerium-carbonate.

Initial indications are that rare earth mineralization is limited to the dykes and continuity is difficult to establish. Once all analyses have been received, compiled and interpreted, a decision will be made on the merits of a future work program.

- ***Misty Project***

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

Due to difficulties in obtaining work permits in a timely fashion, the Company decided to drop the option on this property.

- ***Red Wine***

The Company entered into an option agreement to acquire up to a 50% working interest in Alterra Resources Inc's (Alterra) 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.

To date, six rare earth-bearing mineralized showings have been outlined on the property. The main rare earth-bearing mineral is eudialyte. The showings range from 200 m to 1,300 m in length and are from 5 m to 60 m in width. Channel samples, using a diamond saw, were taken in 17 locations and 245 samples collected. These are out for assay and results are pending.

In September 2010, four drill holes totaling 619 metres were completed before stopping work due to weather. At least 16 more drill holes are planned when work resumes.

- ***Chaleur***

The Company signed a letter of intent with Cornerstone Capital Resources Inc. on the 200 claim Chaleur East property in northern New Brunswick. The Company will make an initial payment of 25,000 shares and guarantees minimum 2010 expenditures of \$50,000, sufficient to maintain the property in good standing. Thereafter, GWMG may elect to make further payments of cash and shares totaling \$100,000 and 200,000 respectively over the next three years and incur additional exploration expenditures totaling \$950,000 in order to earn a 51% interest in the claims. The Agreement also provides that the Company and Cornerstone will enter into a formal joint venture agreement with respect to the interest that the Company may earn with respect to the Chaleur East property.

A program of geological mapping and soil geochemistry was completed in May. Results identified several areas of anomalous rare earth values and a followup chip sampling program was undertaken on available outcrop in the anomalous areas. Assay results from this program are pending.

**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”) for a purchase price of \$9,660,433. Details of the purchase can be found in the Company’s Annual Information Form dated December 31, 2009.

LCM manufactures REE 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.

The main market for LCM is permanent magnet manufacturers. LCM produces neodymium-iron-boron (“NdFeB”) and samarium-cobalt (“SmCo”) alloys for the permanent magnet industry.

- **Great Western Technologies Inc**

Incorporated in December 2005, Great Western Technologies Inc. (“GWTI”), located in Troy, Michigan, operates two adjacent plants, 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. GWTI has been operating primarily as a “job” shop for companies doing research and development. All of its work has been for US-based companies and government organizations. The industries that GWTI supplies products to include NiMH rechargeable battery manufacturers, magnet manufacturers, the aerospace industry and military applications. The products produced by GWTI are alloys in either powder or metal form.

**Financial Highlights**

The following table presents consolidated financial data for the quarters ended September 30:

	2010 \$	2009 \$
Total revenues	3,380,863	3,031,012
Net loss	(1,089,788)	(1,094,993)
Basic and diluted loss per share	(0.004)	(0.007)
Total assets	41,389,756	31,708,162
Long-term liabilities	1,426,629	1,466,426
Cash dividends	Nil	Nil

**Results of Operations**

For the quarter ended September 30, 2010, the Company recorded a net loss of \$1,089,788 or a \$0.004 loss per share compared to a net loss of \$1,094,993 or \$0.007 loss per share for the quarter ended September 30, 2009. The Company’s cash position was \$1,906,319 at September 30, 2010 compared to \$1,164,764 at December 31, 2009. Capital expenditures for the quarter were \$2,292,239 for mineral property additions and capital asset purchases. This compares to \$1,081,213 in capital expenditures for last quarter.

## Revenues

For the quarter ended September 30, 2010 the Company reported manufacturing revenue of \$3,380,863. This is compared to manufacturing revenue of \$3,031,012 for the quarter ended September 30, 2009. Other income for the quarter ended September 30, 2010 was \$170,661 compared to nil for the quarter ended September 30, 2009. Interest income for the quarter ended September 30, 2010 was \$69,978 compared to \$101,214 for the quarter ended September 30, 2009.

## Expenses

Expenses for the quarter ended September 30, 2010 totaled \$1,743,985 representing a net increase of \$267,867 compared to \$1,476,118 for the quarter ended September 30, 2009. Wages and benefits were \$767,565 for the current quarter compared to \$627,941 for the quarter ended September 30, 2009. Stock based incentives were nil for the current quarter compared to \$194,706 for the quarter ended September 30, 2009. General and administrative combined with other direct overhead was up \$149,098 over the quarter ended September 30, 2009. Investor relations costs decreased by \$94,413 over the quarter ended September 30, 2009.

## Assets and Liabilities

Current assets increased \$2,300,701 to \$7,880,751 at September 30, 2010 as compared to \$5,581,074 at December 31, 2009. Current liabilities increased by \$3,426,574 to \$8,189,484 at September 30, 2010, compared to \$4,763,934 at December 31, 2009. Mineral property assets increased \$3,690,645 to 23,517,192 at September 30, 2010.

## Liquidity and Capital Resources

During the quarter the working capital decreased to (\$308,733), compared to \$817,140 at December 31, 2009. This decrease in net working capital of is due mainly to the issuance of debentures. Inventory at the end of the quarter was \$225,638 more than at the end of December 2009.

## Cash Flow

The Company's cash position increased \$741,555 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	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	Jun 30, 2009	March 31, 2009	December 31, 2008
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	3,380,863	3,179,788	3,886,651	3,209,827	3,132,227	3,173,876	2,999,905	2,653,914
Net loss	(1,089,788)	(1,501,730)	(705,662)	(3,917,318)	(1,094,993)	(1,166,639)	(776,026)	(3,693,690)
Loss per share	(0.004)	(0.006)	(0.003)	(0.023)	(0.007)	(0.008)	(0.004)	(0.032)

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

## **Quarterly Comparison**

### **Revenues**

Revenues have remained fairly constant with fluctuations arising due to the fluctuations in manufacturing revenues earned at GWTI.

### **Net income/loss**

The third quarter of 2010 saw a net loss of \$1,089,788 with gross revenues of \$3,380,863. Revenues increased \$201,075 over the previous quarter.

### **Related party transactions**

During the quarter, salaries, bonuses, and management and consulting fees of \$171,100 (2009 - \$135,970) were paid to directors, officers and companies controlled by common directors. \$12,500 (2009 - \$17,400) was included in mineral properties, \$3,600 (2009 - \$4,200) was included in management fees, and \$155,000 (2009 - \$113,769) was included in salaries. During the quarter, \$17,050 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 gathering stage and no decision on software or systems have been made yet. This was planned to be completed by Q3 2010, but will be finalized in Q4 2010.

### *Phase 2 - Detailed Assessment, Conversion Planning & Development – in progress to be completed Q4 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.

## **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 ten 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 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 REE industry is currently largely controlled by production from China.

#### **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 determined that 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	525,000	91,125
Private placements	28,750,000	8,050,000
Conversion of debentures	3,637,759	727,552
Exercise of warrants	10,857,679	2,755,188
Exercise of options	350,000	71,250
Cash issue costs	-	(846,201)
Non cash issue costs	-	(45,155)
<b>Balance Sept 30, 2010</b>	<b><u>245,280,556</u></b>	<b><u>\$ 57,505,946</u></b>

\*Fully diluted number of shares outstanding at September 30, 2010 was 292,860,735 (including 19,375,000 options outstanding and 28,205,179 warrants outstanding).

#### Subsequent Events

During October 2010 the Company issued 106,060,606 non-flow through units at \$.33 per unit for gross proceeds of \$35,000,000. Each unit consists of one common share of GWMG and one-half of one common share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share for a price of \$.45 per common share until October 19, 2012. The agents were paid an aggregate cash commission of \$2,100,000 in connection with the unit offering and received an aggregate of 6,363,636 broker warrants to acquire up to 6,363,636 common shares at a price of \$.45 per common share until October 19, 2012.

On October 20, 2010, the Company issued 500,000 stock options to consultants at a price of \$0.40, 100,000 of which expire October 20, 2012 and the remaining 400,000 expiring on October 20, 2015.

On November 18, 2010, the Company delivered a notice to the board of directors of Rareco confirming its intention to make an all-cash offer to the registered shareholders of Rareco to purchase up to all of the 37,764,700 Rareco shares not already held by GWMG at a price of ZAR3.00 per share.

### **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.