FORM 51-102F1
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010

Dated: March 30, 2011 Date of Approval Audit Committee
Final

OVERVIEW:

Great Western Minerals Group Ltd. (the "Company") 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 year ended December 31, 2010 should be read in conjunction with the unaudited consolidated financial statements of the Company as at December 31, 2010.

All amounts shown are in Canadian dollars unless indicated otherwise.

Overall Performance:

During the year the working capital increased to $26,587,789, (2009 - $817,140). The increase in working capital arose primarily from share capital issued during the year in the amount of $40,211,718 (net of share issuance costs). For the year ended December 31, 2010, the Company recorded a net loss of $16,333,285 or a $0.062 loss per share (2009 - net loss of $6,954,975 or $0.042 loss per share). The loss for 2010 included the costs of $8,064,478 ($0.03 loss per share) relating to the write off of the Deep Sands project ($7,055,834), True Blue project ($1,000,476) and other ($8,168) mineral properties.

The Company completed the purchase of 20.8% of the outstanding ordinary shares of Rare Earth Extraction Co. Limited ("Rareco") for $3,518,451 in September of 2010. In November 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 37,764,700 Rareco shares not already held by the Company at a price of ZAR3.00 per share.

In December of 2010, an additional 4,621,977 ordinary shares of Rareco were purchased at a cost of $1,983,101. These purchases during 2010 resulted in the Company owning 14,621,977 ordinary shares of Rareco at a cost of $5,501,552 representing a 30.6% interest.

Subsequent to the year end, the Company announced the results of its all cash offer to Rare Earth Extraction Co. Limited (Rareco) as stated in Note 3. At the closing date of February 28, 2011, the Company had purchased an additional 29,596,032 Rareco shares for consideration of $11,842,918 and now has received and paid for 44,218,009 of the 47,764,700 Rareco shares outstanding at November 18, 2010, the date of the original offer to purchase, for total consideration of $17,344,470. This represents 92.6% of the outstanding ordinary shares of Rareco.

Mineral properties consist of the following:

	Douglas River	Hoidas Lake	Deep Sands	Steenkampskraal	Benjamin River	True Blue	Red Wine	Chaleur	Other	Total
Balance Dec 31, 2009	**$155,338**	**$11,774,244**	**$6,935,427**	**$204,863**	**$754,575**	**$ -**	**$ -**	**$ -**	**$2,100**	**$ 19,826,547**
Expenditures during the period										
Acquisition	(6,884)	-	47,399	263,119	32,367	142,609	781,315	52,434	8,082	**1,320,440**
Pre-feasibility	-	-	-	513,221	-	-	-	-	-	**513,221**
Geology	-	65,506	15,705	12,973	149,774	299,964	45,300	59,803	-	**649,025**
Exploration	899,340	21,669	57,303	441,738	32,212	557,903	767,760	300	6,575	**2,784,801**
Write down of property	-	-	(7,055,834)	-	-	(1,000,476)	-	-	(8,167)	**(8,064,478)**
Balance Dec 31, 2010	**$1,047,794**	**$11,861,419**	**$0**	**$1,435,914**	**$968,928**	**$0**	**$1,594,375**	**$112,537**	**$8,590**	**$ 17,029,557**

- ***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%.

  During the second quarter of 2010 the Company carried out an exploration program that included, geological mapping, quaternary geology, till sampling, soil and bio-geochem sampling. This program identified several target anomalies as well as a new surface showing.

  In the third quarter of 2010, a drilling and trenching program was completed on the property to test these anomalies. This work 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 tested the surface showings and geochem anomalies. Samples from these drill holes (323 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. Geochemical analysis from these drill holes are also pending.

  The Company has planned an additional three to four weeks of exploration on Douglas River in 2011.

- 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.

  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 is continuing with metallurgical testing of the Hoidas Lake material and block tests are now being conducted with final results expected in the early part of the third quarter.

- ***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 complied and a formal report has been completed and forwarded to our Joint Venture Partner, Titan Mining. The initial interpretation is that the property does not support a stand-alone rare earth mining operation.

After considering the test results in 2010 and analyzing the recoverability of the exploration costs spent on the project, management is of the opinion that the capitalized exploration costs are not recoverable at this time. Management has no plans to pursue exploration on this property, and in 2010 wrote off all costs relating to the property aggregating $7,055,834.

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. Discussions will take place with Titan Mining about any future exploration on the property.

- ***Steenkampskraal Project***
  On December 22nd, 2008, the Company entered into an option agreement (the "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 (the "Steenkampskraal Mine"). In addition, GWMG can acquire exclusive access to 100% of the REE mined at the Steenkampskraal Mine ("Supply Agreement").

Under the terms of the Option 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 Option 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: (a) working with the DMR to expedite the conversion of the old order mining right which has been completed; (b) obtaining all necessary governmental and regulatory approvals required to operate the Steenkampskraal Mine once the "new order" mining license is issued; (c) financing the rehabilitation guarantee required by the DMR in respect of the Steenkampskraal Mine; and (d) 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 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. 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.

- ***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 January 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 514 claim units totaling approximately 11,848 hectares (ha) over an area underlain by Silurian volcanic rocks of the Chaleur Group which have been intruded by two small gabbro-granite plutonic complexes of probable Devonian age. Cross cutting the eastern contact of the Dickie Brook Intrusive Complex is an apatite-diopside-magnetite pegmatitic dyke set which can be traced along strike for at least 300 metres and with an apparent combined width of at least 225 metres. The dyke consists of predominantly clinopyroxene (diopside, 50-90%), with lesser amounts of very coarse grained, euhedral apatite (5-25%). Magnetite (2-10%) occurs both disseminated and in veinlets.

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_2O_3) 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.

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:

Drill Hole Number	From (m)	To (m)	Core Length (m)	TREO %	P2O5 %
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 (the "True Blue 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 True Blue Agreement, the Company can earn a 51% interest in the property (the "First Option") with an initial cash payment of $50,000 on signing which was paid on April 7, 2010, followed by additional cash payments totaling $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 True Blue 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 $5.0 million in exploration costs on or before December 31, 2013 with a commitment to incur $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.

The rare earth mineralization is limited to the narrow veins that have been deformed and boutinaged, continuity is difficult to establish and as such there appears to be little potential for a significant REE deposit on this property.

After considering the test results in 2010 and analyzing the recoverability of the exploration costs spent on the project, management is of the opinion that the capitalized exploration costs are not recoverable at this time. Management has no plans to pursue the exploration on this property, and in 2010 wrote off all costs relating to the property aggregating $1,000,476.

- ***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 and to write off the capitalized expenditures relating to the property aggregating $8,168.

- ***Red Wine***

  The Company entered into an option agreement (the "Red Wine 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 Red Wine Agreement, the Company will pay an aggregate of $225,000, with $50,000 payable on the date of the execution of the letter agreement (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 six showings are termed Cabernet, Pinot Rose, Malbec, Zinfandel, Shiraz and Merlot. 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 and October of 2010 10 drill holes (1,890m) tested the Cabernet and Pinot Rose showings.

At the Cabernet showing, five drill holes (1009 m) tested the mineralization. Drill holes CB01, CB02 and CB 05 are approximately 100 m apart. CB03 is along strike and approximately 400 m to the SW. CB04 is a further 400 to the SW wing. Two types of mineralization were observed in drill core and analytical results for some mineralized core intervals are listed in the table below. Type 1 mineralization comprises disseminated eudialyte and eudialyte pods and veins in syenitic and pyroxenitic gneisses. Type 2 mineralization is characterized by an absence of eudialyte, and the mineralization present comprises disseminated, unidentified REE minerals in amphibole-pyroxene-nepheline gneiss.

RED WINE DRILL PROGRAM-CABERNET SHOWING												
Hole No.	CB-03		CB-05		CB-01		CB-02		CB-05		CB-03	
Mineralization	Type 1		Type 1		Type 2		Type 2		Type 2		Type 2	
Interval (m)	3.6-13.3		36.6-45.6		158.6-162.6		56.6-62.2		124.2-128.45		77.85-80.3	
Core Length (m)	9.7		9.0		4.0		5.6		4.3		2.5	
	REE (ppm)	REO (ppm)	REE (ppm)	REO (ppm)	REE (ppm)	REO (ppm)	REE (ppm)	REO (ppm)	REE (ppm)	REO (ppm)	REE (ppm)	REO (ppm)
Zr	7,772.7		8,642.0		941.3		1,675.1		1,475.1		907.5	
Nb	147.6		158.3		50.8		56.6		94.1		44.6	
La	315.0	369.5	384.1	450.4	2,120.0	2,486.3	1,379.7	1,618.0	1,896.5	2,224.1	889.2	1,042.8
Ce	680.6	836.0	888.5	1,091.4	4,827.5	5,930.0	3,056.3	3,754.2	3,898.2	4,788.5	1,614.3	1,982.9
Pr	94.2	113.9	106.8	129.1	600.5	725.5	421.3	509.0	477.6	577.0	196.8	237.8
Nd	407.2	474.9	435.6	508.1	2,455.0	2,863.5	1,798.2	2,097.4	1,978.2	2,307.4	807.5	941.9
Sm	93.9	108.9	102.9	119.4	472.8	548.2	359.7	417.1	384.5	445.8	155.7	180.5
Eu	12.4	14.4	14.9	17.3	53.2	61.6	40.8	47.3	47.6	55.2	17.3	20.1
Gd	97.1	111.9	101.4	116.8	462.0	532.5	332.6	383.4	381.6	439.8	150.6	173.6
Tb	20.6	24.2	21.0	24.7	84.1	98.9	62.7	73.7	80.0	94.1	30.1	35.4
Dy	131.2	150.6	137.1	157.3	550.3	631.5	428.6	491.9	530.6	609.0	197.7	226.9
Ho	27.7	31.8	29.4	33.7	120.0	137.2	88.3	101.1	115.7	132.6	43.0	49.3
Er	82.1	93.9	86.2	98.5	349.3	399.4	278.0	317.9	350.6	401.0	136.6	156.2
Tm	12.2	14.0	13.2	15.1	48.6	55.5	40.4	46.1	51.6	59.0	20.8	23.7
Yb	73.4	83.6	78.9	89.9	280.0	318.5	245.3	279.3	301.0	342.7	123.8	140.9
Lu	10.3	11.7	11.3	12.9	36.7	41.8	30.8	35.0	38.8	44.1	16.6	18.9
Y	751.8	954.8	786.7	999.0	3,450.5	4,381.9	2,709.7	3,441.2	3,408.1	4,328.0	1,294.2	1,643.5
TREE/TREO	2,809.7	3,393.9	3,198.0	3,863.7	15,910.5	19,212.2	11,272.4	13,612.8	13,940.6	16,848.2	5,694.2	6,874.4
LREE/LREO	1,590.9	1,903.2	1,917.9	2,298.4	10,475.8	12,553.4	7,015.2	7,015.2	8,635.0	10,342.8	3,663.5	4,386.0
HREE/HREO	1,218.8	1,490.7	1,280.1	1,565.3	5,434.7	6,658.8	4,257.2	4,257.2	5,305.6	6,505.4	2,030.7	2,488.4
%HREE/HREO	43.4	43.9	40.0	40.5	34.2	34.7	37.8	37.8	38.1	38.6	35.7	36.2

Notes:
TREE/TREO include all the lanthanides, La through Lu plus Y.
LREE/LREO include the lanthanides La through Sm.
HREE/HREO include the lanthanides Eu through Lu plus Y.

Pinot Rose Showing

An additional five exploration holes (-45° angle, 881 m) were drilled at the Pinot Rose REE-Zr-Y showing, where eudialyte-bearing veins and pods (mineralization type 1) occur at surface in syenitic gneisses. Similar small veins and pods were observed at depth in association with disseminated eudialyte mineralization, which occurs in zones from 6.2 to 13.4 m thick. The results were not as encouraging as the drilling at Cabernet, with the best results yielding 154 ppm Dy, 6061 ppm Zr, 810 ppm Y and 2669 ppm TREE (0.35% Y+TREE) over 11.8 m of disseminated mineralization with some small eudialyte-enriched veins.

Three metallurgical samples (each approximately 20 kg from channel sampling) have been collected and sent to Xstrata for metallurgical/mineralogical studies. Two samples have been collected from the Cabernet showing, one being from eudialyte-bearing mineralization (Type 1) and the second from eudialyte-absent mineralization (Type 2). The third sample was collected from eudialyte-bearing mineralization (Type 1) at the Malbec showing, which is 1 km northwest of the Cabernet showing.

- ***Chaleur***
  The Company signed a letter of intent ("LOI") 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 LOI 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.

  On February 11, 2011, the Company signed an agreement (the "Cornerstone Agreement") with Cornerstone Capital Resources Inc. which modified the original LOI. Under the terms of the Cornerstone Agreement, the size of the subject property has increased from 200 mineral claims to 380 claims and, as a result, the underlying payment and work commitments have been revised. Great Western fulfilled its initial commitments under the Cornerstone Agreement by issuing to Cornerstone 25,000 GWN shares and expending a minimum of $50,000 on exploration. Upon execution of the option agreement, Great Western made a cash payment to Cornerstone of $35,000 and will issue an additional 65,000 GWN shares following receipt of regulatory approval. Great Western may elect to make further payments of cash and shares totaling $75,000 and 340,000 respectively during the next three years and incur additional exploration expenditures totaling $1,350,000. The parties will then form a joint venture to further explore and develop mineral resources on the property. Great Western is operating the exploration programs during the option period in conjunction with their on-going Benjamin River REE project located adjacent to the Chaleur property

  During 2010 Great Western completed exploration programs on two separate project areas on the Chaleur property: i) Claim Group 5323 (200 claims); and ii) Claim Group 5720 (180 claims). Exploration work included reconnaissance geological mapping, prospecting, mobile metal ion (MMI) soil geochemistry surveys and follow up bedrock chip sampling.

  The MMI soil samples were collected at a grid spacing of 50 m x 100 m, and focused on areas where previous work by Cornerstone had identified anomalous REE concentrations in outcrop and stream sediment samples. A total of 819 MMI soil samples were collected over the east-central portion of Claim Group 5323, and 564 samples were collected over the southern portion of Claim Group 5720. With the exception of several isolated anomalies, the majority of MMI REE anomalies are concentrated along the banks and flood plains of streams and brooks. On Claim Group 5720, rock chip sampling of rhyolite outcrops exposed along the banks of two streams immediately above the MMI soil anomalies did not return significant REE values. Planned exploration work during 2011 will focus on identifying the source of the MMI soil anomalies utilizing more detailed geochemistry surveys, geological mapping and prospecting.

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 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 years ended December 31:

	2010 $	2009 $	2008 $
Total revenues	15,139,682	11,994,734	6,915,250
Net loss	(16,333,285)	(6,954,975)	(5,148,544)
Basic and diluted loss per share	(0.062)	(0.042)	(0.032)
Total assets	59,215,596	33,056,043	33,381,988
Long-term liabilities	748,807	1,038,504	1,882,569
Cash dividends	Nil	Nil	Nil

Results of Operations
For the year ended December 31, 2010, the Company recorded a net loss of $16,333,285 or a $0.062 loss per share (2009 - net loss of $6,954,975 or $0.042 loss per share). The Company’s cash position was $9,181,458 at December 31, 2010 (2009 - $1,164,764). Capital expenditures for the year were $10,768,635 for mineral property additions, capital asset purchases and the purchase or Rareco shares (2009 - $1,591,388).

Revenues
Revenue increased $3,144,948 (26.2%) to $15,139,682 in 2010 compared to $11,994,734 in 2009. The increases were primarily from service revenues for LCM in the amount of $2,951,322 (93.8%) and service revenues from GWTI in the amount of $193,626 (6.2%). These increases reflect the increase in market value and volume of the finished products in the alloy making process.

Processing Operations
Cost of sales increased $1,689,344 (18.9%) to $10,648,831 in 2010 compared to $8,959,487 in 2009. This increase was primarily a result of increases in raw material costs. Gross margin increased $1,455,604 (47.6%) to $4,490,851 in 2010 compared to $3,055,247 in 2009. The gross margin percentage on 2010 was 29.7% compared to 25.3% in 2009.

Overhead expenses increased $1,905,037 (22.9%) to $10,206,079 in 2010 compared to $8,301,043 in 2009. The increase resulted primarily from increases in general and administration (including costs for travel and consulting fees) and wages and benefits representing bonuses paid to employees for 2010 performance.

Assets and Liabilities
Current assets increased $24,748,101 to $30,329,175 at December 31, 2010 (2009 - $5,581,074). Current liabilities decreased by $1,022,548 to $3,741,386 at December 31, 2010 (2009 $4,763,934). Mineral property assets decreased $2,796,990 to $17,029,557 at December 31, 2010 primarily due to mineral property write-downs of $8,064,478 which exceeded capitalized expenditures in the year.

Liquidity and Capital Resources
During the year the working capital increased to $26,587,789 (2009 - $817,140). This increase in net working capital is due mainly to the equity financing which took place in October. Inventory at the end of the year was $224,574 less than at the end of December 2009 reflecting increased sales at the Company`s manufacturing locations.

Cash Flow
The Company's cash position increased $8,016,694 compared to December 31, 2009 primarily through the issue of new equity finances.

Summary of Quarterly Results
The following table represents selected financial information for the twelve most recently completed quarters:

For the quarter ended	December 31 2010 $	September 30 2010 $	June 30 2010 $	March 31 2010 $
Total Revenues	4,692,380	3,380,863	3,179,788	3,886,651
Net Loss	(13,036,105)	(1,089,788)	(1,501,730)	(705,662)
Loss per share	(0.049)	(0.004)	(0.006)	(0.003)

For the quarter ended	December 31 2009 $	September 30 2009 $	June 30 2009 $	March 31 2009 $
Total Revenues	2,688,726	3,132,227	3,173,876	2,999,905
Net Loss	(3,917,318)	(1,094,992)	(1,166,639)	(776,026)
Loss per share	(0.023)	(0.007)	(0.008)	(0.004)

For the quarter ended	December 31 2008 $	September 30 2008 $	June 30 2008 $	March 31 2008 $
Total Revenues	2,535,696	4,126,087	109,226	144,241
Net Loss	(3,693,690)	(427,009)	(711,804)	(316,041)
Loss per share	(0.032)	(0.004)	(0.006)	(0.003)

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 fourth quarter of 2010 saw a net loss of $13,036,105 with gross revenues of $4,692,380. Revenues increased $1,311,517 over the previous quarter. The net loss arose primarily as a result of mineral property write-downs of $8,064,478, increased interest expense for the fourth quarter of $1,012,500 relating to interim financing costs and stock based compensation.

Related party transactions

During the year, salaries, bonuses, and management and consulting fees of $932,054 (2009 - $1,188,985) were paid to directors, officers and companies controlled by common directors. $121,707 (2009 - $174,905) was included in mineral properties, $153,475 (2009 - $49,153) was included in management fees, and $656,872 (2009 - $964,927) was included in salaries. During the year, $140,131 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 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. Management believes that they will be reporting under this standard for the first quarter of 2011.

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, and finalized for LCM in Q4 2010.

The Company plans to finalize this phase for the group and has worked with its current external auditor and established a completion plan.

Phase 2 - Detailed Assessment, Conversion Planning & Development – *in progress*

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. This phase is completed for LCM and is to be completed for the group.

Phase 3 – Implementation & Review – *in progress*

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 assets GWMG has previously recorded impairment losses are mineral properties and 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) Flow through shares
From time to time, the Company may finance a portion of its exploration activities through the issue of flow-through shares. Flow-through shares are a unique Canadian tax incentive which is the subject of specific guidance under Canadian GAAP, EIC 146 – Flow-Through Shares. Under Canadian GAAP, the Company records the future tax liability associated with the issuance of flow-through shares as a reduction in share capital at the time of renouncement of the related tax deduction.

Under IFRS, the Company will set up a liability for the difference between the proceeds received and the market price of the Company`s shares on the date of the transaction (the "premium"). Once the expenditures are made, the Company will record the tax liability associated with the renouncement of the tax benefits and remove the liability originally set up. Any differences between the deferred tax liability and the original liability set up will go through earnings (loss).

(e) 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.

(f) 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.

The Company plans to apply IFRS 3 prospectively to all business combinations that occurred before the transition date, except as required under IFRS 1.

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. The Company is not planning to elect this exemption.

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.

The Company plans to apply IFRS 2 to all equity instruments granted after November 7, 2002 that had not vested as of January 1, 2010, and to all liabilities arising from share-based payment transactions that existed at January 1, 2010. The Company does not expect a material impact on its opening IFRS financial position.

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.

The Company plans to reset all cumulative translation gains and losses to zero in retained earnings (deficit) at the transition date.

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
Balance, December 31, 2008	**145,811,357**	**$ 39,243,321**
Issued for mineral properties	150,000	23,000
Private placements	1,595,443	143,590
Conversion of debentures	21,280,425	5,050,181
Settlement of long term debt	1,216,325	346,653
Exercise of warrants	39,621,454	6,323,046
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)
Balance, December 31, 2009	**210,125,004**	**49,212,355**
Issued for mineral properties	550,000	100,875
Private placements	134,968,542	29,938,568
Conversion of debentures	3,637,759	727,552
Commitment fee	2,500,000	1,012,500
Exercise of warrants	11,451,011	431,457
Exercise of options	1,300,000	371,475
Cash issue costs	-	(1,904,679)
Non cash issue costs	-	(1,558,597)
Balance Dec 31, 2010	**355,567,430**	**$ 78,331,506**

*The weighted average number of basic shares outstanding at December 31, 2010 was 262,149,841. The number of shares outstanding at March 30, 2011 was 374,024,578. The number of warrants and broker warrants outstanding at March 30, 2011 was 63,149,323 and the number of options outstanding at March 30, 2011 was 31,429,900.

Subsequent Events

Subsequent to the year end, the Company announced the results of its all cash offer to Rare Earth Extraction Co. Limited (Rareco) as stated in Note 3. At the closing date of February 28, 2011, the Company had purchased an additional 29,596,032 Rareco shares for consideration of $11,842,918 and now has received and paid for 44,218,009 of the 47,764,700 Rareco shares outstanding at November 18, 2010, the date of the original offer to purchase, for total consideration of $17,344,470. This represents 92.6% of the outstanding ordinary shares of Rareco.

Subsequent to December 31, 2010 the company has received and executed 17,492,828 warrants which have been converted into 17,492,828 common shares of the company. The Company has received $8,215,781 in cash as consideration of the exercise of these warrants.

With respect to the Chaleur project, on February 11, 2011 the Company signed an Agreement with Cornerstone Capital Resources Inc. which modified the original Letter of Intent. Under the new terms of the agreement the size of the subject property has increased from 200 mineral claims to 380 claims and, as a result, the underlying payment and work commitments have been revised. The Company fulfilled its initial commitments under the letter of intent by issuing to Cornerstone 25,000 shares of the Company and expending a minimum of $50,000 on exploration. Upon execution of the option agreement, the Company made a cash payment to Cornerstone of $35,000 and will issue an additional 65,000 shares of the Company following receipt of regulatory approval. The Company may elect to make further payments of cash and shares totaling $755,000 and 340,000 respectively during the next three years and incur additional exploration expenditures totaling $1,350,000. The parties will then form a joint venture to further explore and develop mineral resources on the property. The Company is operating the exploration programs during the option period in conjunction with their on-going Benjamin River project located adjacent to the Chaleur property.

Additional Data

Additional information relating to the Company can be found on the SEDAR website at 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.