



Management's Discussion and Analysis

For the period ended December 31, 2015

The following Management Discussion and Analysis (“MD&A”), prepared by the management of GWR Resources Inc. (the “Company”) as at February 29, 2016, should be read in conjunction with the Company’s condensed interim financial statements for the period ended December 31, 2015 and the Company’s annual audited financial statements for the year ended September 30, 2015 and related notes attached thereto which are prepared in accordance with International Financial Reporting Standards. Certain statements included or incorporated by reference in this MD&A constitute forward-looking statements or forward-looking information under applicable securities legislation. These forward-looking statements are not guarantees of future performance and involve risk and uncertainties, which could cause actual results to differ materially from those anticipated. The Company expressly disclaims any obligation to update forward-looking statements unless so required by applicable laws.

These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. In particular, this MD&A contains forward-looking statements, pertaining to the following:

1. capital expenditure programs;
2. development of resources;
3. expectations regarding the Company's ability to raise capital;
4. expenditures to be made by the Company to meet certain work and flow-through commitments; and
5. work plans to be completed by the Company.

With respect to forward-looking statements listed above and contained in the MD&A, the Company has made assumptions regarding, among other things:

1. the British Columbian and Quebec legislative and regulatory environment;
2. the impact of increasing competition;
3. unpredictable changes to the market prices for minerals;
4. anticipated results of exploration activities; and
5. the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A:

1. volatility in the market prices for minerals;
2. uncertainties associated with estimating resources;
3. geological, technical, drilling and processing problems;
4. incorrect assessments of the value of acquisitions;
5. unanticipated results of exploration activities; and
6. unpredictable weather conditions.

All dollar amounts are expressed in Canadian dollars unless otherwise indicated. Note that additional information related to the Company is available on SEDAR at www.sedar.com.

1. Nature of Operations and Overall Performance

Description of Business

GWR Resources Inc. is incorporated under the Business Corporations Act (British Columbia) and is listed on the TSX Venture Exchange under the trading symbol "GWQ". The Company is a mineral exploration company whose principle focus is the exploration and development of Lac La Hache property located approximately 17 kilometres north northeast of Lac La Hache in south central BC (the “Property”). The Property is accessed by approximately 30 kilometres of all-weather logging roads. Lac La Hache is located on BC Highway 97 approximately 65 Kilometres south of Williams Lake, and is well served by rail, road and power infrastructure. Operations on the Property may be carried out 12 months of the year. The Company has accumulated the Property and conducted exploration since 1988.

Exploration Program and Results

Lac La Hache Property

During the period, expenditures of \$130,720 were incurred on the Lac La Hache property for drilling and other exploration costs, which activity was a continuation of the \$321,810 in exploration expenditures were incurred during the 12 month period ending September 30, 2015, which expenditures were part of a 2,600 metre drill program at the property. The results of the program were encouraging.

The Lac La Hache (LLH) Property lies within the Quesnel Trough in British Columbia, Canada's largest and most prolific porphyry copper-gold-molybdenum belt. The property hosts gold, copper, silver and magnetite within porphyry/skarn geological settings located between producing mines at Imperial Metals' Mt. Polley Copper-Gold Mine and New Gold Inc.'s New Afton Copper-Gold project (Teck-Cominco's Afton mine), and is adjacent to Woodjam Consolidated Copper – Gold Fields' Woodjam Project. Access and infrastructure are excellent.

Management believes the LLH Project offers strong potential for discovery. The extensive core library has been well documented in a robust digital database. During 2014, management completed a review of LLH data. This included additional compilation, 3D data GIS examination (Shives) and re-appraisal of past work. A detailed report authored by GWR VP of Exploration Robert Shives and former director Ron MacMillan recommended new exploration, guided by the new modeling.

During the year, management decided that the most compelling prospect on the Property was the Aurizon South zone, which previously had yielded significant high grade gold copper values over potentially minable widths. During the fourth quarter of fiscal 2015, GWR completed a \$400,000 flow-through equity financing and commenced a 2,600 metre diamond drilling program targeting the Aurizon South. Results of the program, carried out in two phases, one of which was completed subsequent to year end, confirmed and expanded the known high-grade gold/copper zones. Management considered the results to be very encouraging and plans are now underway to fund an expanded dill program at Aurizon South in 2016.

In addition to successful drill results at Aurizon South, GWR identified a new zone of porphyry copper mineralization named the Berkey Zone. The Berkey Zone exhibits copper grades in host rocks geologically similar to large orebodies in the region. The Company is actively seeking a joint venture partner to help explore the Berkey Zone, as management sees this path as the most efficient means of quickly and effectively exploring the new area.

Management of GWR is presently seeking funding to continue exploring the LLH Project in 2016.

To review the detailed results of the above noted exploration activities, please visit the Company's Website at www.gwrresources.com

Resource Property Interests – Exploration and evaluation expenditures

Activities of the Company for the period ended December 31, 2015 focused on the continuing exploration work on its Lac La Hache property as indicated in the *Exploration Program and Results* described above.

Exploration and evaluation expenditures for the period ended December 31, 2015 and 2014 are detailed below:

	2015	2014
Assays	3,909	-
Drilling	57,931	-
Equipment	3,537	-
Geological services	10,200	-
Field Supervision	33,640	-
Rent	8,047	-
Supplies and other	3,602	-
Travel	9,854	-
Total	130,720	-

Outlook

The strong exploration results obtained in 2015 at the Lac La Hache Property have renewed management's commitment to aggressively exploring and developing the Property. Management hopes to be able to raise sufficient funds in the near term for an expanded drill program at Aurizon South that would provide enough data to complete a resource calculation that can be disclosed in accordance with NI 43-101. Management is also hopeful that a joint venture partner can be engaged to significantly expand exploration efforts at the new Berkey Porphyry Copper Prospect.

2. Results of Operations

During the period ended December 31, 2015, the Company had a loss of \$174,134 (2014 – \$46,216). Significant activities during the period were as follows:

- **Management and consulting fees** – increased to \$25,415 (2014 - \$15,148) as a result of an increase in salary to the CEO along with a bonus for completing the flow-through financing as well as actively fighting and settling various litigations against the Company.
- **Filing and regulatory** – decreased to \$957 (2014 - \$1,374) as the Company did not incur fees associated with appointing directors in prior quarter.
- **Professional fees** – decreased to \$8,946 (2014 - \$18,049) as the Company incurred fees for tax work in prior quarter along with legal fees with various litigations.
- **Exploration and evaluation expenditures** – increased to \$130,720 (2014 – \$Nil) as the Company completed the flow-through financing and began work on its exploration projects.
- **BCMETS refund** – refund of \$25,870 (2014 – \$Nil) as the Company recovered BC METC claim refund due from the Canada Revenue Agency (the "CRA").
- **Office and other** – increased to \$16,222 (2014 - \$1,538) as the Company updated its web page and began paying rent for the office where the CEO works from.
- **Legal provision** – \$18,482 (2014 - \$Nil) as the Company recorded a claim made by former CEO John Van Driesum awarded by the Provincial Court of Victoria subsequent to period end.

3. Summary of Quarterly Results

	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015
Total assets	\$3,381,839	\$3,547,513	\$3,166,840	\$2,987,175
Working capital (deficit)	(358,648)	(113,353)	(22,072)	(192,435)
Shareholders' equity	2,958,097	3,234,991	2,802,755	2,628,621
Income (loss)	(224,053)	240,494	(678,136)	(174,134)
Income (loss) per share	(0.001)	0.001	0.001	0.001

	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
Total assets	\$4,081,593	\$ 4,043,435	\$ 3,456,576	\$ 3,393,696
Working capital	(123,816)	(113,186)	(235,693)	(271,802)
Shareholders' equity	3,273,731	3,248,193	3,104,266	3,058,050
Income (loss)	(174,419)	620,428	(253,305)	(46,216)
Loss per share	(0.001)	(0.000)	(0.003)	(0.000)

During the three months ended June 30, 2014, the Company recognized its BCMETS refund from the CRA. During the three months ended September 30, 2014 the Company received the BCMETS refund of \$1,110,170 less \$232,114 in Part XII.6 tax and penalties of \$318,981 from the CRA that was reversed in the quarter ended June 30, 2015.

Liquidity

The Company's historical capital needs have been met by issuance of shares. As at December 31, 2015, the Company's working capital deficiency of \$192,435 (September 30, 2015 –\$22,072). The Company proposes to meet any additional financing requirements through equity financing, selling of non-core assets, tax refunds, and other cost reduction measures.

The Company's cash position as at December 31, 2015 was \$135,640 (September 30, 2015 - \$311,368). The decrease in cash is mainly from exploration and evaluation expenditures.

The Company does not have operations that generate cash flow and it is unlikely that it will generate cash flow from operations in the foreseeable future.

Cash requirements will depend primarily on the extent of future exploration programs. Subsequent phases will depend, both on cost and duration, and on results from previous phases, and it is therefore extremely difficult to predict future cash requirements. As of the date of this filing, the Company does not have the adequate funds on hand to complete its planned exploration program for the fiscal year 2016.

The Company is dependent on raising funds by the issuance of shares in order to undertake exploration and development interests and meet general and administrative expenses beyond one year in the future. There can be no assurance that the Company will be successful in obtaining their required financing.

4. Capital Resources

The Company's ability to raise additional funds from the equity markets will largely depend upon general market conditions and the Company's ability to achieve certain exploration milestones.

Issue and outstanding common shares at the date of this report is 157,425,542 (September 30, 2015 – 157,425,542).

Instruments and Other Instruments

The following is a summary of the accounting model the Company has elected to apply to each of its significant categories of financial instruments outstanding:

Cash	Loans and receivables
Amounts receivable	Loans and receivables
Reclamation deposit	Loans and receivables
Accounts payable and other liabilities	Other financial liabilities
Long-term debt	Other financial liabilities

Determination of Fair value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying values for: cash; receivables; finance leases; long-term debt; trade payables and other liabilities, approximates fair value due to their short-term or demand nature.

5. Related Party Transactions

Key management personnel comprise the Chief Executive Officer, Corporate Secretary, Vice President of Exploration and Directors of the Company. The remuneration of the key management personnel is as follows:

- Included in management and consulting fees was \$15,000 (2014 - \$6,000) for services provided by the CEO and \$3,000 (2014 - \$2,000) paid to the corporate secretary.
- Included in exploration and evaluation expenditures are \$24,400 (2014 - \$Nil) for geological consulting services provided by the Vice President of Exploration.

An amount of \$14,627 (September 30, 2015 - \$32,003) included in accounts payable is due to current and former management. All balances are unsecured, non-interest bearing, have no fixed repayment terms, and are due on demand.

Off-Balance Sheet Arrangements

There is no off-balance sheet arrangement to which the Company is committed.

6. Proposed Transactions

The Company has no specific proposed transactions. However, consistent with the nature of the Company's operations, the Company is continuously reviewing potential mineral property acquisitions and is likely to acquire additional mineral properties in the future.

7. Legal Proceedings

During the period, the Company was a party to a number of legal proceedings.

- *Birch v GWR*. In 2012, a suit in the Supreme Court of BC was brought by a former investor relations employee seeing a finder's fee on a private placement completed in 2011. GWR believes the suit is completely without merit, there is no fee due and has vigorously defended the case, for which a summary trial was held in June, 2015. On January 27, 2016, GWR received Reasons for Judgement from the court awarding Birch \$55,000 plus cost. GWR does not agree with the judgment and filed an appeal on January 28th, 2016.
- *Glimhagen v GWR*. In fiscal Q4 of 2015, a former accounting contractor who was also CFO and an employee for one year (ending September, 2012) brought suit in the Supreme Court of BC against GWR for wrongful dismissal. Management is of the view that the case is wholly without merit and is vigorously defending the case. No contingent liability has been recorded on the Company's books for this case.
- *Eisler v GWR*. In fiscal Q4 of 2015, a holding company 100% owned by a former CEO of the Company brought suit in the Supreme Court of BC against GWR for wrongful dismissal arising out of the termination of Mr. Irvin Eisler's employment in 2011. Management believes that the Company's termination of Mr. Eisler for cause was entirely justified, and the present case is wholly without merit. The Company has filed a counterclaim against Eisler et al for unspecified damages relating to significant amounts of inappropriate related party payments that accrued to Mr. Eisler's benefit during his tenure. No contingent liability has been recorded on the Company's books for this case.
- *EMC Holdings v GWR*. In 2014, a consulting company 100% owned by former GWR President & CEO John Van Driesum brought suit in BC Small Claims Court claiming unpaid management fees and expenses and seeking issuance of stock options to the claimant. Although GWR believed that the suit is completely without merit and that no monies whatsoever are due to the claimant and GWR counterclaimed EMC for \$25,000 in management fees paid to EMC that should not have been paid, on February 29, 2016, the Victoria Provincial Court dismissed GWR's counterclaim and determined that EMC was owed \$18,482 in fees and expenses. GWR intends to appeal this ruling.
- *Sinclair v GWR*. During the period securities lawyer and former GWR Corporate Secretary Harley Sinclair brought suit against GWR in BC Small Claims Court for payment of an invoice allegedly rendered in 2006 for \$21,510.28, plus interest. GWR denied that any money was due to Mr. Sinclair. A trial took place in Vancouver on May 15th, 2015. GWR was represented by GWR CEO David Brett. A written judgement was rendered on June 24, 2015, wherein Mr. Sinclair's claim was dismissed and zero dollars were awarded to Mr. Sinclair, who was ordered to pay GWR's costs of \$50.00
- *Other proceedings*. Two small claims brought by two former employees (2013 and prior) for various alleged amounts due were settled during the period for a total of \$12,500.00
- *ICBC Matter*. A 2012 minor automobile accident involving a GWR vehicle may result in small residual claim against GWR, Although GWR denies any fault whatsoever in the accident, \$2000.00 was paid in 2015 to ICBC in relation to the claim and a contingent liability of \$10,000 has been recorded on the books in relation to this matter.

8. Critical Accounting Estimates and Judgements

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

Critical accounting estimates

- i. The Company has not recognized a deferred tax asset as management believes it is not probable that taxable profit will be available against which deductible temporary differences can be utilized.

- ii. Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Because the Company's warrants have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

Critical accounting judgments

- i. The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project. Management has assessed these indicators and does not believe an impairment provision is required.
- ii. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.
- iii. The estimate for contingencies and settlement provisions require management to make judgments as to the likelihood of outcomes, and estimates of the timing and the possible outflow of economic benefits.

9. Disclosure Control and Procedures

Internal Controls and Procedures

The Chief Executive Office and Chief Financial Officer are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes accordance with IFRS.

Certain weaknesses exist in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas which existed. The existence of these weaknesses is to be compensated by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue will also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and workload will enable the action.

Risk Factors

In conducting its business, the Company, like all development-stage mineral exploration companies, faces a variety of risks uncertainties. While unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible.

Exploration and Development - Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, but not limited to, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. Few exploration projects successfully achieve development due to factors that cannot be predicted or anticipated, and even one such factor may result in the economic viability o a project being detrimentally impacted such that it is neither feasible nor practical to proceed. The Company closely monitors its activities and those factors that could impact them, and employs experienced consulting to assist in its risk management and to make timely adequate decisions.

Title Risks - Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties.

Permitting Risks - The development of mineral resources in British Columbia is subject to a comprehensive review, approval and permitting process involving various provincial and regional agencies, in addition to the various First Nations groups that have jurisdiction in the Company's area of claims. There can be no assurance given for the required approvals and permits for a mining project, even if technically and economically warranted, can be obtained in a timely or cost effective manner.

Fluctuating Metal Prices - Factors beyond the control of the Company have a direct effect on global metal prices, which have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the Company's exploration projects and the Company's ability to finance the development of its projects cannot be accurately predicted and may be adversely affected by fluctuations in metal prices.

Environmental Regulations, Permits and Licenses - Environmental laws and regulation could also impact the viability of a project. The Company has ensured that it has complied with these regulations, but there can be changes in legislation outside the Company's control that could also add a risk factor to a project.

Competition - The mineral exploration industry is intensely competitive in all its phases, and the Company competes with some companies that have greater financial and technical resources. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

Future Financings - The Company's continued operation will be dependent in part upon its ability procure additional financing. To date, the Company has done so through a combination of: (i) equity financing; and (ii) cash payments received as property option payments from third parties. The current state of global equity markets has had a direct effect on the ability of exploration companies, including the Company, to finance project acquisition and development through the equity markets. There can be no assurance that forms of financing can be obtained at a future date. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in some or all of the properties or joint ventures, or reduce or terminate some or all of the operations.

Price Volatility of Publicly Traded Securities - During recent months, global securities markets have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur.

10. Approvals

The Board of Directors of GWR Resources Inc. has approved the disclosures contained in the Management Discussion and Analysis for the period ended December 31, 2015, prepared as at February 29, 2016.

Information regarding forward looking statements

The technical disclosures herein have been reviewed and approved by Mr. Robert Shives, PGeo, vice-president of exploration to the company and a qualified person as defined in National Instrument 43-101.

This Management's Discussion and Analysis of Financial Condition and Results of Operations contain certain forward-looking statements. Forward-looking statements include but are not limited to those with respect to the prices of gold and other metals, the estimation of mineral resources and reserves, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, Government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the actual results of current exploration activities, conclusions or economic evaluations, changes in project parameters as plans continue to be refined, possible variations in grade and or recovery rates, failure of plant, equipment or processes to operate as anticipated, accidents, labour disputes or other risks of the mining industry, delays in obtaining government approvals or financing or incompleteness of development or construction activities, risks relating to the integration of acquisitions, to international operations, and to the prices of gold and other metals. While the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law.