GWR RESOURCES INC.

(An Exploration Stage Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE PERIOD ENDED DECEMBER 31, 2014

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

GWR RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

As at		December 31, 2014		September 30, 2014
ASSETS				
Current				
Cash	$	27,078	$	85,940
Receivables		20,716		30,677
Prepaids		16,050		-
		63,844		116,617
Reclamation deposits (Note 3)		110,000		110,000
Other assets		1,008		1,008
Assets held-for-sale		185,000		185,000
Property, plant and equipment (Note 4)		544,935		555,042
Exploration and evaluation assets (Note 5)		2,488,909		2,488,909
	$	3,393,696	$	3,456,576
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	$	250,999	$	267,663
Current portion of long-term debt (Note 6)		84,647		84,647
		335,646		352,310
Shareholders' equity				
Share capital (Note 7)		34,892,826		34,892,826
Reserves (Note 7)		12,109,827		12,109,827
Deficit		(43,944,603)		(43,898,387)
		3,058,050		3,104,266
	$	3,393,696	$	3,456,576

Nature of operations and the ability to continue as a going concern (Note 1)
Commitments and contingencies (Note 11)

Approved and authorized by the Board on February XX, 2015:

"*David Brett*" Director "*Rolf Van Driesum*" Director

The accompanying notes are an integral part of these condensed interim financial statements.

GWR RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

For the three month period ended December 31		2014		2013
EXPENSES				
Depreciation (Note 4)	$	10,107	$	12,169
Exploration and evaluation expenditures		-		21,429
Filing and regulatory		1,374		6,370
Office and other		1,538		3,202
Management and consulting		15,148		41,719
Professional fees		18,049		23,197
Loss and comprehensive loss for the period	$	(46,216)	$	(108,086)
Basic and diluted loss per common share	$	(0.00)	$	(0.00)
Weighted average number of common shares outstanding		149,425,542		149,425,542

The accompanying notes are an integral part of these condensed interim financial statements.

GWR RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

For the three months ended December 31		2014		2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$	(46,216)	$	(108,086)
Non-cash items:				
Depreciation		10,107		12,169
Changes in non-cash working capital items:				
Receivables		9,961		50,796
Prepaid expenses		(16,050)		-
Accounts payable and accrued liabilities		(16,664)		34,686
Net cash used in operating activities		(58,862)		(10,435)
Change in cash during the period		(58,862)		(10,435)
Cash, beginning of period		85,940		26,369
Cash, end of period	$	27,078	$	15,934

Supplemental disclosure with respect to cash flows (Notes 11)

The accompanying notes are an integral part of these condensed interim financial statements.

GWR RESOURCES INC.
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	Share capital				
	Number	Amount	Reserves	Deficit	Total
Balance, September 30, 2013	149,425,542	$ 34,892,826	$ 12,000,449	$ (43,983,005)	$ 2,910,270
Income for the period	-	-	-	(108,086)	(108,086)
Balance, December 31, 2013	149,425,542	34,892,826	12,000,449	(44,091,091)	2,802,184
Share-based payments	-	-	109,378	-	109,378
Income for the period	-	-	-	192,704	192,704
Balance, September 30, 2014	149,425,542	34,892,826	12,109,827	(43,898,387)	3,104,266
Income for the period	-	-	-	(46,216)	(46,216)
Balance, December 31, 2014	149,425,542	$ 34,892,826	$ 12,109,827	$ (43,944,603)	$ 3,058,050

See Note 7

The accompanying notes are an integral part of these condensed interim financial statements.

1. NATURE OF OPERATIONS AND THE ABILITY TO CONTINUE AS A GOING CONCERN

GWR Resources Inc. (the "Company") was incorporated in British Columbia under the Business Corporations Act. The Company is in the business of exploring for and evaluating economically viable mineral properties in Canada.

The Company's head office, principal, registered and records office is 733 – 510 West Hastings Street, Vancouver, BC V6B 1L8.

The Company is in the process of exploring and evaluating its resource properties and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed interim financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharges its liabilities in the ordinary course of business. At December 31, 2014, the Company has a working capital deficit of $271,802, has an accumulated deficit of $43,944,603, and expects to incur further losses in the development of its business. Moreover, the Company has an outstanding debt in the amount of $84,647 to a third party which is in default. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's continuing operations and its ability to discharge its liabilities and fulfill its commitments as they come due, is dependent upon the ability of the Company to continue to obtain debt or equity financing in the short term, the continued support of related parties, and ultimately, on locating economically recoverable ore reserves in its mineral properties. Management believes the Company will be successful at securing additional funding, however, be no assurance that such plans will be successful.

If the Company is unable to obtain adequate additional financing and the continued support of related parties, the Company will be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require restatement of assets and liabilities on a liquidation basis, which would differ significantly from the going concern basis.

The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Presentation

The condensed interim financial statements have been prepared on a historical cost basis. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Use of Estimates and judgments

The preparation of these condensed interim 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:

2. BASIS OF PREPARATION *(cont'd…)*

Use of Estimates *(cont'd…)*

Critical accounting estimates

i. The determination of income tax and possible penalties, interest charges and indemnification provision related to over renounced flow-through shares under the look-back rule is inherently complex and requires making certain estimates and assumptions about future events. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes and related charges.

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. There is judgment required in determining whether exploration expenditures are eligible costs for renunciation.

New standards, interpretations and amendments adopted

The accounting policies applied in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended September 30, 2014, except for the adoption of new standards and interpretations effective as of October 1, 2014. The nature and the impact of each new standard are described below:

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

The amendment to IFRS 10, Consolidated Financial Statements, provide an exemption from consolidation of subsidiaries under IFRS 10 for entities which meet the definition of an investment entity. Instead, such entities would measure their investment in particular subsidiaries at fair value through profit or loss in accordance with IFRS 9, Financial Instruments, or IAS 39, Financial Instruments: Recognition and Measurement. The amendments to IFRS 12, Disclosure of Interest in Other Entities, and IAS 27, Separate Financial Statements, introduce disclosures required for investment entities. The adoption of these amendments did not impact the Company's condensed consolidated interim financial statements.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

The amendment to IAS 32, Financial Instruments: Presentation, requires that a financial asset and financial liability should only be offset and the net amount reported when an entity has a legal enforceable right to set off the amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The adoption of this amendment did not impact the Company's condensed consolidated interim financial statements.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

Under the amended IAS 36, Impairment, the recoverable amount of a CGU is required to be disclosed only when an impairment loss has been recognized or reversed. The adoption of this amendment did not impact the Company's condensed consolidated interim financial statements.

IFRIC 21, Levies

IFRIC 21 clarifies that obligating events giving rise to a liability to pay a levy is the activity described in the relevant legislation that triggers payments of the levy. The adoption of this standard did not impact the Company's condensed consolidated interim financial statements.

2. BASIS OF PREPARATION *(cont'd…)*

New standards not yet adopted

The following new standards, amendments to standards and interpretations have been issued but are not effective during the period ended December 31, 2014:

IFRS 9	New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets(i)

(i) Effective for annual periods beginning on or after January 1, 2018

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

3. RECLAMATION DEPOSITS

The Company is required to make reclamation deposits in respect of its expected rehabilitation obligations. The reclamation deposits represents collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company. The Company is contingently liable to the HSBC Bank of Canada in connection with letters of guarantee issued by the bank on behalf of the Ministry of Mines in the amount of $110,000 (September 2014 - $110,000). The letters of guarantee are secured by certificates of deposits.

(Expressed in Canadian Dollars)

4. PROPERTY, PLANT AND EQUIPMENT

	Field Equipment	Vehicles	Office Furniture	Computer Equipment	Software	Buildings	Land	Total
Cost								
Balance, September 30, 2013, 2014 and December 31, 2014	112,682	114,513	57,043	37,329	46,248	495,125	66,752	929,692
Accumulated depreciation								
Balance, September 30, 2013	74,119	57,374	47,643	29,570	37,603	79,665	-	325,974
Additions	7,712	11,428	1,880	2,561	4,322	20,773	-	48,676
Balance, September 30, 2014	$ 81,831	$ 68,802	$ 49,523	$ 32,131	$ 41,925	$ 100,438	$ -	$ 374,650
Additions	1,543	2,285	376	429	540	4,934	-	10,107
Balance, December 31, 2014	$ 83,374	$ 71,087	$ 49,899	$ 32,560	$ 42,465	$ 105,372	$ -	$ 384,757
As at September 30, 2014	$ 30,851	$ 45,711	$ 7,520	$ 5,198	$ 4,323	$ 394,687	$ 66,752	$ 555,042
As at December 31, 2014	$ 29,308	$ 43,426	$ 7,144	$ 4,770	$ 3,782	$ 389,753	$ 66,752	$ 544,935

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

	Lac La Hache
Balance, September 30, 2013, 2014, and December 31, 2014	$ 2,488,909

(1) Balance represents acquisitions costs paid by the Company.

Lac La Hache

The following descriptions apply to adjacent properties in the Clinton Mining and Cariboo Divisions located near Lac La Hache, British Columbia:

a) Miracle/Murphy

The Company owns a 100% interest in four mineral claims located in the Clinton Mining Division of British Columbia, located near Lac La Hache. Under the terms of an agreement dated October 27, 1994, there is a 1% net smelter return ("NSR") due to the original vendor to a maximum of $1,500,000.

b) Peach Lake

The Company owns an 80% interest in seven mineral claims located in the Clinton Mining Division of British Columbia, located near Lac La Hache. Under the terms of an agreement dated December 1, 1994, there is a 3% NSR due to the original vendor on four of the seven claims to a maximum of $500,000.

c) Ann

The Company owns a 100% interest in two mineral claims located in the Clinton Mining Division of British Columbia, located near Lac La Hache. Under the terms of the agreements, the Company is not required to pay a NSR to the original vendor.

d) Murphy Lake

The Company owns a 100% interest in six mineral claims located in the Cariboo Mining Division of British Columbia, located near Lac La Hache. Under the terms of an agreement dated June 3, 1997, the Company has agreed with the original vendor to issue 300,000 common shares, when it is confirmed that an ore body exists and the plans to commence commercial production are in place, and pay a 3% NSR to a maximum of $1,000,000. No shares have been issued to the date of these financial statements.

e) PMA/Cassidy

The Company owns a 100% interest in four mineral claims, located in the Cariboo Mining Division of British Columbia, located near Lac La Hache. Under the terms of the agreement dated February 14, 2000, the Company is not required to pay a NSR to the original vendor.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS *(cont'd…)*

f) Candorado Option Agreement

During the year ended September 30, 2012, the Company and Candorado Operating Company Ltd. entered into an option agreement whereby the Company acquired a 100% interest in certain unpatented mineral claims located east of Williams Lake, BC, near Lac La Hache. Consideration issued and paid was as follows:

- Cash payments of $870,000;
- Common shares, issuance of 2,400,000 common shares, valued at $600,000; and
- Share purchase warrants, issuance of 2,000,000 share purchase warrants with each warrant exercisable to purchase one additional common share at an exercise price of $0.40 until January 2014. These warrants were valued at $144,000.

The agreement was originally subject to a 2% NSR but this was waived by the vendor in an amendment to the agreement.

6. LONG-TERM DEBT

Payable in annual principal payments of $20,000, commencing August 30, 2008, plus interest at prime rate, collateralized by a charge on land and building included in assets held-for-sale. As at the date of the condense interim financial statements, there has been no settlement of the mortgage. For the period ended December 31, 2014 and the year ended September 30, 2014 accrued interest was not recorded due to its nominal value.

	December 31, 2014	September 30, 2014
Principal and accrued interest	$ 84,647	$ 84,647
Less current portion	(84,647)	(84,647)
	$ -	$ -

7. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common and preferred shares without par value.

b) Issued share capital

There were no shares issued during the period ended December 31, 2014 and the year ended September 30, 2014.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND RESERVES *(cont'd…)*

b) Stock options and warrants

The Company has a share purchase option plan approved by the Company's shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, and employees. The share purchase option plan (the "2011 Rolling Option Plan") is based on the maximum number of eligible shares equaling a rolling percentage of 7.5% of the Company's outstanding common shares, and may not exceed 5% to any individual, calculated from time to time. Pursuant to the 2011 Rolling Option Plan, if outstanding share purchase options are exercised or expire, and/or the number of issued and outstanding common shares of the Company increases, then the share purchase options available to grant under the plan increases proportionately. The exercise price of each share purchase option is set by the Board of Directors at the time of grant but cannot be less than the market price (less permissible discounts).

Under the Plan, if an optionee ceases to be a director, officer or employee for any reason other than death, this option shall terminate as specified by the Board and all rights to purchase common shares under such option shall cease and expire and be of no further force or effect. Options have a maximum term of five years and depending on who the optionee is and whether the optionee resigned or is terminated, will terminate on the effective date of resignation or termination or 18 months following termination, except in the case of death, in which case they terminate one year after death. Unless otherwise noted vesting of options is made at the time of granting of the options at the discretion of the Board of Directors. Vested options are exercisable at any time.

The Company did not grant any stock options during the periods ended December 31, 2013 and 2014

Stock option and share purchase warrants transactions are summarized as follows:

	Options		Warrants	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, September 30, 2013	7,060,000	$ 0.24	6,007,499	$ 0.29
Expired and cancelled	(350,000)	0.17	(6,007,499)	0.29
Balance, September 30 and December 31, 2014 outstanding	6,710,000	$ 0.24	-	$ -
Balance, December 31, 2014 exercisable	4,860,000	$ 0.24	-	$ -

As at December 31, 2014, incentive stock options were outstanding as follows:

	Number	Exercise price	Expiry date
Stock Options			
	2,085,000	0.20	September 3, 2015
	50,000	0.28	January 4, 2016
	400,000	0.42	February 24, 2016
	1,850,000	0.25	August 1, 2016*
	2,325,000	0.25	December 28, 2016
	6,710,000		

* 600,000 and 1,250,000 options vest when the share price exceeds $0.75 and $1.00, respectively.

8. RELATED PARTY TRANSACTIONS

Key management personnel comprise of the Chief Executive Officer, Chief Financial Officer, and Directors of the Company. The remuneration of the key management personnel is as follows:

- Included in management and consulting fees was $6,000 (2013 - $30,000) for services provided by the CEO.
- Included in consulting fees as part of exploration costs of $Nil (2013 - $22,500) for services provided by the former VP of Exploration.

An amount of $76,362 (2013 - $276,375) included in accounts payable is due to key management. All balances are unsecured, non-interest bearing, have no fixed repayment terms, and are due on demand.

9. CAPITAL MANAGEMENT

The Company manages its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital consists of shareholder's equity comprising: issued capital; share purchase warrants; reserves and deficit. The basis for the Company's capital structure is dependent on the Company's exploration programs. There were no changes in the Company's approach to capital management during the current year and the Company is not subject to externally imposed capital requirements, except when the Company issues flow-through shares. The Company is subject to certain requirements in relation to its use of funds raised through the issuance of flow-through shares. These funds have to be incurred for eligible exploration expenditures in accordance with Canadian federal and certain provincial income tax acts.

10. SUPPLMENTARY CASH FLOW INFORMATION

There were no significant non cash transactions during the period ended December 31, 2014.

During the period ended December 31, 2013, the Company:

a) Included $202,471 in accounts payable and accrued liabilities capitalized to exploration and evaluation assets;

b) Included $645,966 in receivables and deducted from exploration and evaluation assets the minimum BC METC claim refund due from the Canada Revenue Agency.

11. COMMITMENTS AND CONTINGENCIES

From time to time, certain claims, suits, and complaints may arise in the ordinary course of operations against the Company. In the opinion of management, any provisions related to such claims, if any, will be accrued when the claims meet the recognition criteria for contingent liabilities. Management is not aware of any unrecorded material contingent liabilities which require recording in the financial statements for the period ended December 31, 2014.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(cont'd…)*

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk that changes in market prices, such as interest rates, commodity prices, and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at December 31, 2014, the Company is not materially exposed to market risk.

b) Interest Risk

Interest risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage risk. The Company's policy as it relates to its cash balances is to invest excess cash in a reputable Canadian chartered bank.

As of December 31, 2014, the Company's exposure to interest rate risk is as follows:

- Cash	- Variable interest rate
- Current portion of long-term debt	- Variable interest rate at prime rate

A change in interest rates of 1% would not materially affect cash or the current portion of long-term debt.

c) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is on its cash and reclamation deposit.

Amounts receivable mainly consists of input tax credit receivables. Due to the nature of the assets, management believes that the credit risk concentration with respect to receivables is remote and no collateral is held as security for these balances. As at December 31, 2014, the Company had a receivables balance of $20,716 (September 30, 2014 - $30,677).

d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Company anticipates that the current funds are not sufficient to support its corporate and administrative obligations on a continuous basis. Management is evaluating other alternatives to secure financing including additional equity offerings. However, there is no assurance that these initiatives will be successful. The amount and timing of additional funding will be impacted by among other things, the strength of the capital markets.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(cont'd…)*

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; reclamation deposit; receivables; finance leases; long-term debt; and accounts payables and accrued liabilities, approximates fair value due to their short-term nature.