GWR RESOURCES INC

Management's Discussion and Analysis

For the year ended September 30, 2013

The following management discussion and analysis, prepared by management of GWR Resources Inc. (the "Company") as at January 28, 2014, should be read in conjunction with the Company's annual audited financial statements for the year ended September 30, 2013 and related notes attached thereto which are prepared in accordance with International Financial Reporting Standards. Certain statements included or incorporated by reference in this Management Discussion and Analysis ("MD&A") constitutes 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 acquisition, exploration and development of mineral properties. The Company currently has the right to exploration and development of copper and gold properties located in British Columbia. These properties are comprised of approximately 400 square kilometres of contiguous claim groups located approximately 17 kilometres north northeast of Lac La Hache in south central BC. The properties are 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.

The Company also has an earned interest of 10% in the Sainte Sabine project, a high-potential gold property located within the Bellechasse Mineral Belt in southeastern Quebec. Sainte Sabine is both a gold and gold-polymetallic (Au-Ag-Zn-Cu) property and is located approximately 100 km southeast of Quebec City, within the Beauce region. The property lies immediately along and across strike of several known zones currently being tested by Golden Hope Mines on their Bellechasse Project**.** During the year ended September 30, 2012, the Company wrote-down the carrying value of this project to $Nil, given the drilling results, and the Board decision to focus exploration on the Lac La Hache project.

Exploration Program and Results

Lac La Hache Project

All field activities during this fiscal year (2012/13) were conducted during Q1 (Oct-Dec 2012) except for a brief field visit during Q3 to Lac La Hache by VP Exploration R. Shives to review the project with new Director R. McMillan. The remainder of the fiscal year encompassed data review, compilation and modelling, with highly encouraging results providing excellent new exploration strategies.

Expansion of the Lac La Hache land holdings early in 2012 added significant and new exploration potential for intrusion-related deposits. These include alkalic porphyry copper-gold-silver and related gold-rich copper bearing structures (similar to the many historical discoveries such as the Aurizon prospects), skarn-type copper-gold-silver hosted outside the intrusions within magnetite-rich zones (similar to Spout Deposit), and a third type not yet discovered within the project but present within calc-alkaline, molybdenum-copper-gold-silver bearing intrusive phases associated with the large Takomkame batholith, represented by the new Woodjam Southeast resource defined by Gold Fields 13 kilometres north of the new property boundary. The predominance of similar rocks on the new ground, within Takomkame and Murphy Intrusions, offers credible potential in multiple areas.

Much of the added ground is covered by glacial overburden or young volcanic rocks which mask the bedrock. To support exploration in these areas GWR completed new, extensive Ah-horizon geochemical surveys during Q1-2012/13 (Oct-Dec 2012) throughout the entire project, using methods shown to be useful at advanced exploration projects and producing mines elsewhere in the Quesnel Trough. Several new gold, copper and molybdenum Ah-horizon anomalies were obtained over existing mineralization and in previously unexplored areas, offering new grass-roots targets.

New 3-D data modelling has been possible only recently (2013) with acquisition of digital data (versus maps-only) from the 2008 Induced Polarization survey within the original Spout block of claims, and incorporation of that data within the new GIS for Lac La Hache. This work was completed during Q4 and forms the basis for an exciting new exploration strategy based on the relationships of strong IP chargeability highs with existing drilling results at several historical prospects, including Ann North, NK, Aurizon, Peach and other showings. There is convincing evidence that much of the historical copper intersections lie within hydrothermal breccias lying at the periphery of (above) a deeper system(s) delineated by chargeability lows. Similar situations have been shown to occur at several producing deposits elsewhere in the Quesnel Trough, A new exploration model and work proposal will be created in Q1-fiscal year 2013-2014. GWR is excited to test this encouraging new hypothesis in the future.

Resource Property Interests – Capitalized Costs

Activities of the Company for the year ended September 30, 2013 focused on the continuing exploration work on its Lac La Hache property as indicated in the *Exploration Program and Results* described above.

Total exploration expenditures in the year ended September 30, 2013 were $639,446. Costs reflected in mineral properties and deferred exploration expenditures for the year ended September 30, 2013 and the year ended September 30, 2012 detailed below:

	Lac La Hache	Total
Balance, September 30, 2012	**$ 28,116,913**	**$ 28,116,913**
Assays, core preparation and storage	**45,173**	**45,173**
Drilling	**155,745**	**155,745**
Equipment rental	**6,924**	**6,924**
Field Supervision	**185,438**	**185,438**
Geological fees	**158,946**	**158,946**
Supplies and other	**87,220**	**87,220**
Balance, September 30, 2013	**$ 28,756,359**	**$ 28,756,359**

	Lac La Hache	Sainte Sabine	Total
Balance, September 30, 2011	**$ 23,275,684**	**$ 574,393**	**$ 23,850,077**
Assays, core preparation and storage	**228,929**	**-**	**228,929**
Drilling	**1,806,981**	**587,632**	**2,394,613**
Equipment rental	**8,256**	**-**	**8,256**
Field supervision	**179,512**	**79,863**	**259,375**
Geological fees	**803,266**	**136,993**	**940,259**
Reclamation and clearing	**65,090**	**35,129**	**100,219**
Supplies and misc	**87,513**	**16,699**	**104,212**
Property option costs	**1,661,682**	**-**	**1,661,682**
	4,841,229	**856,316**	**5,697,545**
Impairment	**-**	**(1,430,709)**	**(1,430,709)**
Balance, September 30, 2012	**$ 28,116,913**	**$ -**	**$ 28,116,913**

Outlook

Over the next year, the Company's main exploration objectives are to continue to assess its exploration project in the Lac La Hache region. The Company believes the property offers excellent copper, gold, silver and magnetite potential and possesses numerous favourable criteria and will use an expected tax refund to initial operations. The Company is expecting a BCMETC claim in excess of $1,000,000 from the Canada Revenue Agency in February, 2014. The Company plans to use the funds for exploration work at Lac La Hache that make up for the current flow-through expenditure deficiency of $107,605, working capital, and payment of accounts payable and accrued liabilities.

The Company has implemented many cost saving transactions including:

a) The sale of leased equipment back to the vender, which was used to settle the lease payable liabilities;
b) Listing one of its land and building for sale. The Company plans to use the proceeds to settle its mortgage payable (Note 8 of the annual audited financial statements for the year-ended September 30, 2013), exploration, and working capital; and
c) Reducing staff levels to minimal until such time as the Company receives its BCMETC claim from the CRA.

SELECTED FINANCIAL INFORMATION

	2013	2012	2011
Net Sales	$Nil	$Nil	$Nil
Income (loss)	$1,001,534	$(2,561,966)	$(1,681,314)
Basic and diluted income (loss) per share	$0.01	$(0.02)	$(0.01)
Total Assets	$29,789,696	$30,271,304	$30,198,530
Total Long-term liabilities	$3,035,000	$4,642,618	$4,685,460
Cash dividends per common share	N/A	N/A	N/A

2. ***Results of Operations***

During the year ended September 30, 2013 the Company had an income of $1,001,534 (2012 – loss of $2,561,966). Significant activities during the year were as follows:

- **Management and consulting fees** - $157,790 (2012 - $223,568) primarily as a result of decreased activity as compared to prior year.
- **Deferred tax recovery** - $1,523,290 (2012 – $127,170) due to the company applying non-capital losses and other tax deferred assets against deferred tax liabilities.
- **Office and other expenses** - $53,635 (2012 - $194,440) as the Company slowed down operations in 2013 due to poor market conditions.
- **Professional fees** - $24,203 (2012 - $105,051) is comprised of legal fees and audit fees. The decrease is based on level of activity within the Company on as needed basis
- **Employee costs** - $8,945 (2012 - $140,781). The decrease is a reflection of deceased activity in the year as compared to prior year.
- **Share-based payments** - $145,900 (2012 - $374,913). The current year amount is less than 2012 as no options were granted during the current year and the compensation expense relates to previously issued stock options that vested during the year pursuant to a management agreement.

3. ***Summary of Quarterly Results***

	December 31, 2012	March 31, 2013	June 30, 2013	September 30, 2013
Total assets	$ 30,145,935	$ 30,057,566	$ 29,838,013	$ 29,789,696
Working capital (deficit)	(387,025)	(464,760)	(477,937)	(501,616)
Shareholders' equity	24,870,177	24,775,064	24,626,547	26,142,720
Income (loss)	(125,109)	(95,113)	(148,517)	1,370,273
Income (loss) per share	(0.001)	(0.001)	(0.001)	0.01

	December 31, 2011	March 31, 2012	June30 2012	September30 2012
Total assets	$30,766,374	$ 31,630,800	$ 29,739,986	$ 30,271,304
Working capital	4,517,308	454,979	193,282	215,153
Shareholders' equity	24,711,806	25,626,841	24,335,902	24,995,286
Income (loss)	(1,004,557)	(207,131)	(1,488,710)	138,432
Loss per share	(0.011)	(0.001)	(0.011)	0.001

During the three months ended September 30, 2013, a portion of the deferred tax liability was derecognized due to a deferred tax asset offset which resulted in a net income.

During the quarter ended June 30, 2012, the Company recorded a net loss of $1,488,710 primarily due to the Company abandoning its exploration of the Sainte Sabine mineral interests. As a result, the Company recognized an impairment loss of $1,349,704 on the statement of comprehensive income.

During the three months ended September 30, 2013 the Company reported an income of $1,370,273 (2012 – 138,432f $218,694). Significant activities during the period were as follows:

- **Management and consulting fees** - $41,962 (2012 - $20,618) primarily as a result of the Company using the services of additional consultants while cutting back on staff costs for net savings.
- **Deferred tax recovery** - $1,523,290 (2012 – $35,009) due to the company applying non-capital losses and other deferred tax assets against deferred tax liabilities.

- **Employee costs** - $8,945 (2012 - $23,083). The decrease is a reflection of deceased activity in the year as compared to prior year.

- **Share-based payments** - $145,900 (2012 - $145,900) The compensation expense relates to previously issued stock options that vested during the year pursuant to a management agreement.

Liquidity

The Company's historical capital needs have been met by issuance of shares. As at September 30, 2013, the Company's working capital deficiency was $501,616 (September 30, 2012 – surplus of $215,153). 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 September 30, 2013 was $26,369 (September 30, 2012 - $638,646). The decrease in cash was due primarily to continued incurrence of exploration and development expenditures in the amount of $390,688 and funds used in operating activities of $259,021.

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 2013/2014..

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 September 30, 2013 and as at the date of this report is 149,425,542 (September 30, 2012 – 149,425,542).

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 of the Chief Executive Office (EMC Holdings Inc.), Chief Financial Officer, VP of Explorations (GamX Management Inc.) and Directors of the Company. The remuneration of the key management personnel is as follows:

- Included in management and consulting fees of $134,971 (2012 - $164,186) for services provided by CEO and former CFO.
- Included in consulting fees as part of exploration costs of $134,934 (2012 - $159,700) for services provided by VP of Exploration.
- Recorded share-based payment expense to CEO for unvested stock options pursuant to a management agreement during the year of $145,900 (2012 – directors and officers of $240,620).

An amount of $231,638 (2012 - $60,828) 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.

6. ***Off-Balance Sheet Arrangements***

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

7. ***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.

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 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.

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 year ended September 30, 2013, prepared as at January 28, 2014.

11. ***Information regarding forward looking statements***

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 incompletion 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.