GWR RESOURCES INC.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the period ended December 31, 2011

The following management's discussion and analysis ("MD&A") of the financial condition of GWR Resources Inc. ("GWR" or the "Company") and results of operations of the Company should be read in conjunction with unaudited condensed interim financial statements including the notes thereto for the three months ended December 31, 2011 and the audited financial statements including the notes thereto for the year ended September 30, 2011.

The unaudited condensed interim financial statements and related notes are presented in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") which were revised to incorporate International Financial Reporting Standards ("IFRS"). GWR's accounting policies are described in note 2 of the December 31, 2011 unaudited condensed interim financial statements. These financial statements, together with the following MD&A dated March 28, 2012, are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward –looking statements relating to the potential future performance. The information in this MD&A may include forward-looking statements. All dollar amounts are in Canadian dollars unless otherwise noted.

Special Note Regarding Forward Looking Information

The Company's unaudited condensed interim financial statements for the three months ended December 21, 2011 including the notes thereto and this accompanying MD&A, contain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, *Continuous Disclosure Obligations* of the Canadian Securities Administrators. Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting", and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions/ Forward-looking statements in this MD&A include statements regarding the Company's future exploration plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which the Company is a part, the ability of the Company to hire and retain employees and consultants and estimated administrative assessment and other expenses. The forward-looking statements that are contained in this MD&A involve a number of risks and uncertainties. As a consequence, actual results might differ materially from results forecast or suggested in these forward-looking statements. Some of these risks and uncertainties are identified under the heading "RISKS AND UNCERTAINTIES" in this MD&A. Additional information regarding these factors and other important factors that could cause results to differ materially may be referred to a part of particular forward-looking statements. The forward-looking statements are qualified in their entirety by reference to the important factors discussed under the heading "RISKS AND UNCERTAINTIES" and to those that may be discussed as part of particular forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that 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. Factors that could cause the actual results to differ include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, the timing and receipt of regulatory approvals, timing of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward looking statements, whether as a result of new information, future events or results or otherwise. 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.

Additional information relating to the Company and its operations can be obtained from the offices of the Company or on SEDAR at www.sedar.com.

Overall Performance

GWR is a mineral exploration company engaged in the expansion and exploration of mineral resource properties. The Company is a Tier One issuer that trades on the TSX Venture Exchange under the symbol GWQ. As at the date hereof, the Company holds a 100% interest in the Lac La Hache property, except for the Peach Lake claims where it holds an 80% interest. The Company also has also entered into an agreement to purchase 100% interest in 81 claims, plus six pending claims, located ion Bellchase and Rolette townships on Quebec.

Activity of the Company is generally dependent on the sources of capital and access to funding in the capital markets. During the three months ended December 31, 2011, the Company has working capital of $2,663,781 (September 30, 2011 - $4,543,887) an accumulated deficit of $14,549,096 (September 31, 2011 - $13,891,727), limited resources and no source of operating cash flow. The ability of the Company to continue as a going concern is dependent on the ability to generate future profitable operations and receive continued financial support from its shareholders. Management will be actively seeking to raise the necessary capital in the venture capital market. There is no assurance that equity financing will be available or if available, will be on reasonable terms.

During the quarter ending December 31, 2011, the Company issued 2,543,457 common shares for total proceeds of $532,715. Subsequent to this period, the Company issued an additional 850,961 common shares for a total proceed of $162,782. These shares were issued as a result of the exercise 3,394,418 share purchase warrants and 120,000 share purchase options. The Company also expects to claim approximately $801,600 in BC METC and $10,500 in Quebec Mines Tax Credit for exploration expenditures during 2010 and 2011.

Drilling continued at Lac La Hache during the quarter with seventeen holes (4,478.9m) extending North Spout 100m further to the east, and testing the new Peach magnetic trend in four locations, prior to a brief shut-down over Christmas. New high grade drill intersections within North Spout (see January 26, 2012 News Release at www.gwrresources.com) and lateral extension of South Spout, are expected to improve tonnages in SRK's estimate for the Zones, relative to unpublished in-house calculations completed previously in August 2011 by SRK. SRK will deliver these first ever resource figures before the end of the second quarter, and GWR will release them after careful review and approval. The formal 43-101 compliant report describing the resource will follow within 45 days after announcement of the resources figures. The Peach anomaly occurs inside the Murphy intrusion with low copper concentrations relative to the volcanic-hosted skarn-type setting at Spout, further supporting our exploration model. Future exploration will focus on extension of Spout-type mineralization into targets designated M1 and M2 within the Murphy Block. At the time of writing ground magnetic surveying is underway to support this work. Deep induced polarization (IP) Titan-24 surveys were planned during the quarter along three test lines (15 km total) crossing the Peach-Aurizon area, Peach magnetic anomaly and M1 trend.

It has been determined that more delineation drilling is required on both the Spout and Aurizon zones located within the Lac La Hache group of claims. The priority targets are the M-2 and M-1 zones with further targets in the Murphy area. These will be further delineated by final Titan survey results, the ground magnetic survey that is presently in progress, basic geological mapping and a test pit program.

The commencement and extent of this drill program is dependent on the successful raising of additional funds through equity financing. An initial budget for this program is as follows:

Ground electromagnetic survey	$ 100,000
Mapping	80,000
Drilling	3,000,000
Assaying	40,000
Reports	10,000
Miscellaneous	10,000
TOTAL	$ 3,240,000

Drilling was completed in the quarter at Sainte Sabine, Quebec, with eleven holes (3881 meters) testing several new targets defined by airborne geophysical (magnetic, radiometric, electromagnetic) and soil geochemical (As, Au, Cu, Pb, Zn) patterns. Mineralization occurs within fine grained metasedimentary and intrusive host rocks locally cut by quartz-carbonate veins and stock-works, as trace to a few percent concentrations of sulphides (pyrrhotite, pyrite, chalcopyrite, galena, sphalerite, and arsenopyrite). No visible gold was noted. Core logging, cutting and sampling continued into the following quarter and representative samples will be sent for analysis. No planned exploration on this property is being anticipated in the near future.

Results of Operations

Activities of the Company for the three months ended December 31, 2011 focused on the continuing exploration work on its Lac La Hache and Sainte Sabine properties s as indicated in the *Overall Performance* described above.

Total exploration expenditures in the three months ending December 31, 2011 were $1,689,666, an increase of 91% from $881,982 during the same period in 2010. The increase in expenditures is attributable to the increased drilling in support of a NI43-101 Resources estimate for the Spout Lake deposits and increased sampling and assaying recommended by the Company's exploration advisor. These activities also resulted in the increase to related costs, including vehicle, reclamation, equipment rentals, and staff costs.

Net administrative costs during the three months ending December 31, 2011 totaled $647,431, an increase of 73% from $172,106 over the same period in 2010.

Significant administrative costs include the following:

- **Professional fees** - $41,962 (2010 - $25,380) increased mainly due to legal costs incurred in the acquisition of the 93 claims representing a 100% interest in a group of claims referred to as the Murphy Block that are contiguous to the Company's existing Lac La Hache property.
- **Stock-based compensation** - $229,013 (2010 - $Nil).
- **Consulting fees** - $80,885 (2010 - $6,000) increased primarily as a result of Management Fees ($30,000) and consulting services provided for administrative purposes ($50,886) which had not previously been allocated to administrative costs.

- **Other expenses** - $167,147 (2010-$75,101) increased mainly as a result of additional travel costs incurred by management in the promotion to the investment community of the Company.

Summary of Quarterly Results

The selected information set out below has been gathered from the previous eight quarterly financial statements for each respective three month financial period and reflects the impacts of the Company's adoption of IFRS:

	Revenue	Loss	Loss per share
	$	$	$
December 31, 2011	Nil	647,431	.005
September 30, 2011	Nil	301,637	.002
June 30, 2011	Nil	252,328	.006
March 31, 2011	Nil	252,323	.003
December 31, 2010	Nil	172,106	.002
September 30, 2010	Nil	732,859	.020
June 30, 2010	Nil	138,160	.002
March 31, 2010	Nil	142,941	.002

First Quarter Results

The Company incurred a loss of $647,431 during the first quarter as a result of normal operating costs totaling $267,180 and stock-based compensation in the amount of $229,013.

Liquidity

The Company's cash and cash equivalents are comprised of bank deposits and highly liquid temporary investments and have no exposure to asset backed commercial paper.

The Company's historical capital needs have been met by issuance of shares. As at December 31, 2011, the Company's working capital was $2,663,781 (September 30, 2011 - $4,543,887) an accumulated deficit of $14,719,157 (September 31, 2011 - $14,073,069) The Company proposes to meet any additional financing requirements through equity financing.

The Company's cash position as at September 30, 2010 was $3,020,913 (September 30, 2011 - $4,884,731). The decrease in cash was due primarily to an exploration and development expenditures in the amount of $1,725,994 and $209,361 in operating activities, offset by a proceeds from the issue of common shares in the amount of $532,715.

Outstanding contractual obligations include the leased equipment acquired in December, 2011 in the amount of $271,177. The minimum annual rental payments under the leasing agreement are as follows: 2012 - $103,282, 2013 – 103,282 and 2014 - $82,345.

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.

Authorized share capital is an unlimited number of common shares without par value. Issue and outstanding common shares at December 31, 2011 was 137,954,206 (September 30, 2011– 135,370,749).

During the quarter, the Company issued 532,715 common shares as a result of the exercise of 2,543,457 share purchase warrants and 40,000 common shares as payment relating to the acquisition of additional clams in the Lac La Hache group of claims.

Transactions with Related Parties

During the period, amounts paid to companies controlled by directors and officers of the Company were as follows:

Included in property exploration costs:

	As at December 31, 2011	**As at December 31, 2010**
Contractors' fees	$ 40,886	$ 69,154
Field supervision	-	24,000
Equipment rental	-	75,600
Shop rent	-	18,000
	$ 40,886	$ 186,754

Included in operations:

	As at December 31, 2011	**As at December 31, 2010**
Management fees	$ 30,000	$ 6,000
Consulting fees	34,748	-
Office rent	-	3,600
	$ 64,748	$ 9,600

These transactions are in the normal course of operations and are measured at the exchange vale (the amount of consideration established and agreed to by the related parties), which approximate the arm's length equivalent value for sales of product.

As at December 31, 2011, there were no amounts due to or from related parties.

Outstanding Share Data

As At December 31, 2011, the Company had the following common shares, stock options and warrants outstanding:

Common shares	137,954,206
Stock options	6,395,000
Warrants	12,433,235
Agent’s Compensation Options	485,714

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Proposed Transactions

The Company has not 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.

Critical Accounting Estimates

The Company's discussion and analysis of its financial condition and results of operations, including the discussion on liquidity and capital resources, are based on its financial statements that have been prepared in accordance with Canadian generally accepted accounting principles. The preparation of these financial statements requires management to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management re-evaluates its estimates and judgments, particularly those related to the determination of the impairment of long-lived assets.

Management bases its estimates and judgments on historical experience, contractual arrangements and commitments and on various other assumptions that it believes are reasonable in the circumstances. Changes in these estimates and judgments will impact the amounts recognized in the financial statements, and the impact may be material. Management believes significant estimates and assumptions include those related to the recoverability of mineral properties and deferred exploration expenditures, estimated useful lives of capital assets, determination as to whether costs are expenses or deferred and asset retirement obligations.

Critical accounting estimates used in the preparation of the financial statements include the assumption the Company is a going concern, recoverable value of its mineral properties, asset retirement obligations, valuation of stock-based compensation and future income taxes. These estimates involve considerable judgement and are, or could be, affected by significant factors that are out of the Company's control.

Going concern

The Company's financial statements have been prepared on the basis of a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The Company has experienced recurring losses, has not generated profitable operations since inception and as at December 31, 2011 has accumulated losses of $14,719,157 since inception. Should the Company be unable to continue as a going concern, the realization of assets may be at amounts significantly less than the carrying value. The continuation of the Company as a going concern is dependent on its ability to obtain additional equity capital to finance existing operations, attaining commercial production from its mineral properties, and attaining future profitable operations. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Mineral resources properties

The Company records its interest in mineral resource properties at cost. Direct costs relating to the acquisition, exploration and development of mineral properties, less recoveries, are deferred until such time as the properties are either put into commercial production, sold, determined not to be economically viable or abandoned.

If the property is placed under production, deferred costs would be amortized over the estimated life of the mineral property. The deferred costs would be written off if the property is sold or abandoned. If it is determined that the carrying value of the property exceeds its net recoverable amount as determined by management, or exceeds the selling value of the property, a provision is made for the decline in value and charged against operations in the year of determination of value. The amounts shown for mineral resource properties and related deferred costs represent costs incurred to date, less write-offs and recoveries, and do not necessarily reflect present or future values of the particular properties.

Asset retirement obligations

The Company's exploration activities are subject to various laws and regulations for federal, regional and provincial jurisdictions governing the protection of the environment. These laws are continually changing. The Company believes its operations are in compliance with all applicable laws and regulations. In the future the Company may be liable for expenditures required to comply with such laws and regulations but cannot predict the amount or timing of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements.

Stock-based compensation

The Company uses the fair-value based method to account for all stock-based payments. Fair value is calculated using the Black-Scholes option-pricing model, which require the input of highly subjective assumptions, including expected price volatility, estimated timing of the exercise of the stock based instrument and a risk free discount rate. The fair value of the compensation cost is recorded as a charge to net earnings based over the vesting period with a credit to contributed surplus.

Financial 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 instruments outstanding:

Cash and cash equivalents	Loans and receivables
Reclamation deposit	Held to maturity investment
Amounts receivables	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Lease obligation	Other financial liabilities

Fair value of financial assets and liabilities

The carrying amount for cash and cash equivalents that are not restricted, receivables, accounts payable and accrued liabilities in the statement of financial position approximate fair value because of the limited term of these instruments.

Changes in Accounting Policies including Initial Adoption

We prepare our financial statements in accordance with the framework as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and require publicly traded accountable enterprises to apply such standards effective for years beginning on or after October 1, 2010. Accordingly, we have commenced reporting on October 1, 201 under this basis.

The December 31, 2011 unaudited condensed interim financial statements have been prepared in accordance with the International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") and IFRS 1, *First-Time Adoption of IFRS* ("IFRS 1"). Subject to certain transition elections disclosed in Note 15 to the condensed interim financial statements, we have consistently applied the same accounting policies in our opening IFRS statement of financial position as at October 1, 2010 and throughout all periods presented, as if these policies had always been in effect Note 15 discloses the impact of the transition to IFRS on our reported statements of financial position, comprehensive loss and changes in equity, including the nature and effect of significant changes in accounting policies from those used in our financial statements for the year ended September 30, 2011.

No changes in the Company's system of internal controls over financial reporting are required under the adoption of IFRS.

Risks and Uncertainties

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to; environmental, metal prices, mining, and governmental policies.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the title. Property title may be subject to unregistered prior agreements or transfer and title may be affected by undetected defects.

The Company has no significant source of operating cash flow and no revenues from operations. The Company has limited financial resources. The Company's ability to continue operating as a going concern is dependent upon management's success in raising additional monies to sustain the Company until cash-flow from operations is adequate to sustain the Company's viability. Substantial expenditures are required to be made by the Company to establish ore reserves and develop a mining operation.

The property interest owned by the Company, or in which it has interest in, are in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines. Mineral exploration may not result in any discoveries of commercial bodies of mineralization. In efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The exploration activities of the Company are subject to various laws governing prospecting,, taxes, labour standards, land use, toxic substances, land claims of local people and other matters. These laws and other governmental policies may affect investments of the Company and/or its shareholders.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of the properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.