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FOR IMMEDIATE RELEASE

Great Western Minerals Group Reports Second Quarter 2013 Results and Provides Project Update

SASKATOON, SK, Canada, August 14, 2013 – Great Western Minerals Group Ltd. (“GWMG” or the “Company”) (TSX.V: GWG / OTCQX: GWMGF), a leader in the manufacture and supply of rare earth–based alloys and high purity metals with a low cost, high-grade critical rare earth asset (the “Steenkampskraal Project” or “SKK”), today released second quarter financial results through June 30, 2013, and provided an update on the Company’s activities.

Second Quarter Results and Highlights

- Revenue increased \$0.9 million, or 25.0%, to \$4.5 million in the second quarter of 2013 from \$3.6 million in the prior-year period. Company revenue was primarily attributable to its production subsidiary Less Common Metals Limited (“LCM”)
- Successful production of neodymium metal from oxide using electrolytic reduction process
- Completed installation of second strip cast furnace at LCM; successfully tested and now producing alloys for customers

Marc LeVier, President and CEO, commented, “We continue to make progress with our near term objectives. During the quarter, we vertically integrated our production capabilities as we began the development and testing phase of making neodymium metal from oxide using an electrolytic reduction process. This is significant as it will increase our raw feed material source options as we aim to utilize our recent capacity upgrades. At SKK, we initiated work for a feasibility study which is expected to wrap up in the first quarter of 2014. Also, many compliance and restoration activities that are required prior to initiating production are taking place and being completed.”

Manufacturing Services

Manufacturing services revenue increased by 25.0% to \$4.5 million in the second quarter of 2013 compared with the same period in the prior year on more than double production with the completion of the move to the new facility and installation of two new strip cast furnaces. For the recent quarter, the Company sold 69 metric tonnes of alloys compared with 33 metric tonnes of alloys for the same period in 2012. The increase in volume was attributable to the addition of the strip casting furnace in the current year and the planned reduction of 2012 sales as the Company was preparing for the move of its UK based manufacturing facility into a newer and larger facility. The change in volume was partially offset by lower prices, as average prices for alloys have decreased in the range of 16% to 20% year-over-year.

Alloy volumes are anticipated to increase during the remaining part of 2013 as a result of the added manufacturing capacity, though the growth may be limited by the Company’s ability to obtain the necessary rare earth materials at competitive pricing in order to produce alloys.

GWMG has outlined specific near-term objectives for its manufacturing services to include the continued pursuit of raw material and the expansion of its customer base.

Steenkampskraal Project

Exploration and evaluation expenses decreased \$1.0 million to \$2.4 million during the second quarter of 2013 from the prior-year period reflecting the Company's focus on critical components of the SKK Project. The majority of exploration drilling that was occurring in the prior year has been replaced with feasibility study costs including engineering and metallurgical test work.

During the second quarter, a combined airborne magnetic and radiometric survey was completed. More than 55 km² were covered by the survey. When combined with a desk top study, field studies and sampling, the Company found 47 radiometric anomalies. GWMG continues to review these results and expects to identify priority targets in its prospecting region.

The Company initiated work for its SKK feasibility study in order to further de-risk the project and improve the accuracy of capital requirements as well as address items that are not covered in the preliminarily economic assessment of the SKK Project, such as detailed health and safety procedures and processes. The Company expects to complete the feasibility study in the first quarter of 2014. Some of the major components include development of a more detailed mine plan, metallurgical process development and optimization, geological models and plant design.

GWMG has also progressed on compliance activities and surface restoration to meet regulatory requirements. These activities continue to progress as planned and include consolidation of the legacy tailings and dumps and removal of old structures.

Liquidity

The Company's cash position at June 30, 2013 was at \$34.1 million compared with \$43.9 million at March 31, 2013. The Company has implemented a number of operational initiatives and expects to lower cash outflows during the second half of the year. By the end of 2013, the Company estimates that its cash balance will be approximately \$23 million.

The Company has retained a financial advisor to provide assistance reviewing its optimal capital structure and sources of project funding.

Qualified Persons

Brent C. Jellicoe, B.Sc. (Hon.), P.Geo., Chief Geologist for Steenkampskraal Monazite Mine (Pty) Ltd., is the Qualified Person (as defined under National Instrument 43-101) responsible for supervising the preparation of the technical content of this news release.

Teleconference and Webcast

The Company will host a conference call and webcast to review its results, key market initiatives and business strategy on Thursday, August 15, 2013 at 12:30 p.m. ET. A question-and-answer session will follow.

The conference call can be accessed by calling (201) 689-8471. The live listen-only audio webcast can be monitored on the Company's website at www.gwmg.ca, where it will be archived afterwards.

A telephonic replay will be available from 3:30 p.m. ET the day of the teleconference until Thursday, August 22, 2013. To listen to the archived call, dial (858) 384-5517 and enter replay pin number 417638. A transcript will also be posted on the Company's website, once available.

About GWMG

Great Western Minerals Group Ltd. is a leader in the manufacture and supply of rare earth-based alloys and high purity metals with a low cost, high-grade critical rare earth asset. Its specialty alloys are used in the battery, magnet and aerospace industries. Produced at the

Company's wholly-owned subsidiaries, Less Common Metals Limited in Ellesmere Port, U.K. and Great Western Technologies Inc. in Troy, Michigan, these alloys contain transition metals, including nickel, cobalt, iron and other rare earth elements. As part of the Company's vertical integration strategy, GWMG also holds 100% equity ownership in Rare Earth Extraction Co. Limited, which controls the Steenkampskraal monazite mine in South Africa. The Company also holds interests in four rare earth exploration and development properties in North America that are not active.

The Company routinely posts news and other information on its website at www.gwmg.ca.

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Cautionary Statement

Certain information set out in this News Release constitutes forward-looking information. Forward-looking statements (often, but not always, identified by the use of words such as "expect", "may", "could", "anticipate" or "will" and similar expressions) may describe expectations, opinions or guidance that are not statements of fact and which may be based upon information provided by third parties. Forward-looking statements are based upon the opinions, expectations and estimates of management of GWMG as at the date the statements are made and are subject to a variety of known and unknown risks and uncertainties and other factors that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. Those factors include, but are not limited to the assumptions and estimates in the preliminary economic assessment of the Steenkampskraal project proving to be accurate over time; the construction, commissioning and operation of the proposed monazite processing facility and separation facility within estimated parameters; mine refurbishment activities; reliance on third parties to meet projected timelines and commencement of production at Steenkampskraal; risks related to the receipt of all required approvals including those relating to the commencement of production at the Steenkampskraal mine, delays in obtaining permits, licenses and operating authorities in Canada, South Africa and China, environmental matters, water and land use risks; risks associated with the industry in general, commodity prices and exchange rate changes, operational risks associated with exploration, development and production operations, delays or changes in plans, including those estimated in the preliminary economic assessment of the Steenkampskraal project; risks associated with the uncertainty of resource estimates; health and safety risks; uncertainty of estimates and projections of production, costs and expenses; risks that future Steenkampskraal and region exploration results may not meet exploration or corporate objectives; the adequacy of the Company's financial resources and the availability of additional cash from operations or from financing on reasonable terms or at all; political risks inherent in South Africa and China; risks associated with the relationship between GWMG and/or its subsidiaries and communities and governments in Canada and South Africa, radioactivity and related issues, dependence on one mineral project; loss of, and the inability to attract, key personnel; the factors discussed in the Company's public disclosure record; and other factors that could cause actions, events or results not to be as anticipated. In light of the risks and uncertainties associated with forward-looking statements, readers are cautioned not to place undue reliance upon forward-looking information. Although GWMG believes that the expectations reflected in the forward-looking statements set out in this press release or incorporated herein by reference are reasonable, it can give no assurance that such expectations will prove to have been correct. Except as required by law, GWMG does not assume any obligation to update forward looking statements as set out in this news release. The forward-looking statements of GWMG contained in this News Release, or incorporated herein by reference, are expressly qualified, in their entirety, by this cautionary statement and the risk factors contained in GWMG's Annual Information Form available at www.sedar.com.

TABLES FOLLOW.

GREAT WESTERN MINERALS GROUP LTD.
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(\$ in CAD)

| | As of | |
|---------------------------------------------------|----------------------------|-----------------------------|
| | June 30 | December 31 |
| | <u>2013</u> | <u>2012</u> |
| Assets | | |
| Cash and cash equivalents | \$34,052,181 | \$52,095,448 |
| Accounts receivable | 4,051,045 | 2,365,880 |
| Inventories | 4,368,152 | 4,199,561 |
| Escrow account | 3,786,480 | 7,163,280 |
| Deposits and prepaid expenses | <u>1,654,871</u> | <u>837,315</u> |
| Current assets | <u>47,912,729</u> | <u>66,661,484</u> |
| Property, plant and equipment | 19,775,141 | 16,388,314 |
| Exploration and evaluation assets | 16,000,152 | 17,624,225 |
| Intangible assets | 673,601 | 749,814 |
| Goodwill | <u>2,107,257</u> | <u>2,132,431</u> |
| Non-current assets | <u>38,556,151</u> | <u>36,894,784</u> |
| Total assets | <u>86,468,880</u> | <u>103,556,268</u> |
| Liabilities | | |
| Short-term borrowings | 202,211 | 699,916 |
| Accounts payable and accrued liabilities | 9,497,724 | 10,520,453 |
| Current portion of provisions | <u>659,126</u> | <u>1,065,175</u> |
| Current liabilities | <u>10,359,061</u> | <u>12,285,544</u> |
| Provisions | 1,572,799 | 1,993,766 |
| Convertible bonds – debt | 61,893,726 | 55,810,316 |
| Convertible bonds – embedded conversion option | <u>304,445</u> | <u>7,047,954</u> |
| Non-current liabilities | <u>63,770,970</u> | <u>64,852,036</u> |
| Total liabilities | <u>74,130,031</u> | <u>77,137,580</u> |
| Shareholders' Equity | | |
| Share capital | 111,747,305 | 111,747,305 |
| Warrants | 11,702,153 | 11,817,308 |
| Share based payments reserve | 10,846,224 | 10,274,967 |
| Accumulated other comprehensive income (loss) | (7,469,808) | (5,405,728) |
| Deficit | <u>(114,487,025)</u> | <u>(102,015,164)</u> |
| Total shareholders' equity | <u>12,338,849</u> | <u>26,418,688</u> |
| Total liabilities and shareholders' equity | <u>\$86,468,880</u> | <u>\$103,556,268</u> |

GREAT WESTERN MINERALS GROUP LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(\$ in CAD)

| | For the three months ended June 30, | | For the six months ended June 30, | |
|-----------------------------------------------------------|----------------------------------------|-----------------------------|--------------------------------------|-----------------------------|
| | 2013 | 2012 | 2013 | 2012 |
| Sales | \$4,543,106 | \$3,633,751 | \$8,049,449 | \$8,110,847 |
| Cost of materials | <u>3,292,977</u> | <u>2,636,676</u> | <u>5,635,789</u> | <u>5,322,836</u> |
| Gross margin | <u>1,250,129</u> | <u>997,075</u> | <u>2,413,660</u> | <u>2,788,011</u> |
| Expenses | | | | |
| General and administration | 1,477,061 | 1,111,593 | 2,736,787 | 2,226,257 |
| Wages and benefits | 1,870,482 | 1,539,075 | 3,525,021 | 2,965,137 |
| Stock based compensation | 403,641 | 1,069,138 | 571,255 | 1,916,966 |
| Professional fees | 583,301 | 1,073,568 | 1,180,738 | 1,516,783 |
| Investor relations | 45,126 | 103,371 | 122,075 | 120,765 |
| Occupancy | 473,437 | 475,556 | 1,022,450 | 992,836 |
| Depreciation and amortization | 392,328 | 116,328 | 788,245 | 487,820 |
| Exploration and evaluation | 2,405,479 | 3,418,109 | 4,781,468 | 5,577,008 |
| Property research | - | 33,781 | - | 33,990 |
| Impairment of property, plant and equipment | - | - | 153,487 | - |
| Exchange (gain) loss | <u>994,410</u> | <u>(547,795)</u> | <u>1,012,713</u> | <u>(455,228)</u> |
| Total expenses | 8,645,265 | 8,392,724 | 15,894,239 | 15,382,334 |
| Other | | | | |
| Interest expense and finance costs | (3,176,907) | (4,743,035) | (5,938,828) | (4,688,865) |
| Interest income | 485 | 40,318 | 75,814 | 98,912 |
| Gain on conversion option | 1,081,107 | 8,800,274 | 6,743,509 | 8,800,274 |
| Other income (expense) | <u>(10,883)</u> | <u>18,154</u> | <u>13,068</u> | <u>29,633</u> |
| Loss before income taxes | <u>(9,501,334)</u> | <u>(3,279,938)</u> | <u>(12,587,016)</u> | <u>(8,354,369)</u> |
| Income tax recovery (expense) | - | 26,514 | 115,155 | (115,732) |
| Net loss | <u>\$(9,501,334)</u> | <u>\$(3,253,424)</u> | <u>\$(12,471,861)</u> | <u>\$(8,470,101)</u> |
| Other comprehensive income (loss): | | | | |
| Items that may be reclassified to profit and loss: | | | | |
| Unrealized gain on available for sale investments | - | 87,202 | - | 108,262 |
| Translation adjustment | <u>29,650</u> | <u>(64,423)</u> | <u>(2,064,080)</u> | <u>(93,786)</u> |
| Other comprehensive income (loss) | <u>29,650</u> | <u>22,779</u> | <u>(2,064,080)</u> | <u>14,476</u> |
| Total comprehensive loss | <u>(9,471,684)</u> | <u>(3,230,645)</u> | <u>(14,535,941)</u> | <u>(8,455,625)</u> |
| Basic and fully diluted loss per share | <u>(0.023)</u> | <u>(0.008)</u> | <u>(0.030)</u> | <u>(0.021)</u> |
| Weighted average number of shares outstanding | <u>418,738,174</u> | <u>416,458,119</u> | <u>418,738,174</u> | <u>413,763,804</u> |

GREAT WESTERN MINERALS GROUP LTD.
CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited)
(\$ in CAD)

| | For the six months ended | |
|-------------------------------------------------------------------------------|---------------------------------|----------------------------|
| | June 30, | |
| | 2013 | 2012 |
| Cash provided by (used in) | | |
| Operating activities | | |
| Net loss for the period | \$(12,471,861) | \$(8,470,101) |
| Adjustment for: | | |
| Depreciation and amortization | 788,245 | 487,820 |
| Stock based compensation | 571,255 | 1,916,966 |
| Finance costs | 5,863,014 | 4,589,953 |
| Impairment of inventory | 107,887 | - |
| Impairment of property, plant and equipment | 153,487 | - |
| Gain on conversion option | (6,743,509) | (8,800,274) |
| Income tax (recovery) expense | (115,155) | 115,732 |
| Income tax paid | - | (262,756) |
| Other operating items | <u>(2,797,140)</u> | <u>(2,307,931)</u> |
| | <u>(14,643,777)</u> | <u>(12,730,591)</u> |
| Investing activities | | |
| Property, plant and equipment | (4,865,015) | (7,170,188) |
| Interest received | <u>69,810</u> | <u>98,912</u> |
| | <u>(4,795,205)</u> | <u>(7,071,276)</u> |
| Financing activities | | |
| Issuance of share capital, net of issuance costs | - | 471,610 |
| Issuance of convertible bonds, net of issue costs | - | 83,405,896 |
| Interest paid | (3,663,434) | (1,913) |
| Net change in amounts in escrow | 3,659,040 | (10,995,479) |
| Net change in short-term borrowings | <u>(497,705)</u> | <u>-</u> |
| | <u>(502,099)</u> | <u>72,880,114</u> |
| Net increase (decrease) in cash and cash equivalents during the period | (19,941,081) | 53,078,247 |
| Exchange rate changes on foreign currency cash balances | 1,897,814 | 1,713,945 |
| Cash and cash equivalents, beginning of period | <u>52,095,448</u> | <u>10,930,208</u> |
| Cash and cash equivalents, end of period | <u>\$34,052,181</u> | <u>\$65,722,400</u> |

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