GEOMEGA RESOURCES INC.

(an exploration stage company)

INTERIM FINANCIAL STATEMENTS (UNAUDITED)

NOVEMBER 30, 2011

Content

The attached interim financial statements have been prepared by Geomega Resources Inc. and its external auditors have not reviewed these unaudited financial statements.

GEOMEGA RESOURCES INC.
Interim Statement of Financial Position (unaudited)
(Canadian dollars)

	Notes	**November 30 2011**	May 31 2011
		$	$
ASSETS			
Current			
Cash and cash equivalents	6	**170 989**	46 952
Investments	7	**2 712 814**	1 816 776
Other receivable	8	**266 755**	287 954
Tax credit and credit on duties receivable		**1 929 690**	893 516
Prepaid expenses and deposit		**142 118**	100 670
		5 222 366	3 145 868
Non-current			
Exploration and evaluation assets	9	**10 749 136**	8 782 692
Property and equipement	10	**678 287**	50 687
Other assets		-	53 915
		11 427 423	8 887 294
Total assets		**16 649 789**	12 033 162
LIABILITIES			
Current			
Trade and other payables	12	**628 516**	383 377
Current portion of obligations under capital leases	13	**202 130**	-
		830 646	383 377
Non-current			
Obligations under capital leases	13	**113 597**	-
Total liabilities		**944 243**	383 377
EQUITY			
Share capital	14.1	**16 308 779**	11 870 947
Contributed surplus		**1 334 329**	767 654
Deficit		**(1 937 562)**	(988 816)
Total equity		**15 705 546**	11 649 785
Total liabilities and equity		**16 649 789**	12 033 162

Going concern assumption (see note 2)

The accompanying notes are an integral part of the interim financial statements

These financial statements were approved and authorized for issue by the Board of Directors on January 19, 2012

(signed) Simon Britt	*(signed) Mario Spino*
Simon Britt	Mario Spino
Director	Director

GEOMEGA RESOURCES INC.
Interim Statement of Earnings and Comprehensive loss (unaudited)

(Canadian dollars)

	Notes	Three-month period ended November 30		Six-month period ended November 30	
		2011	2010	**2011**	2010
		$	$	**$**	$
EXPENSES					
Salaries and employee benefits expense	15.1	**244 017**	401 874	**348 291**	421 561
Professional fees		**219 788**	10 213	**262 198**	35 819
Publicity, travel and promotion		**109 738**	2 273	**233 683**	3 019
Offices expenses		**23 027**	13 446	**36 041**	16 184
Trustees, registration fees and shareholders relations		**16 031**	10 838	**32 160**	11 688
Insurance, taxes and permits		**8 718**	2 127	**10 889**	2 127
Rent		**6 615**	4 315	**13 088**	4 315
Bad debts		**-**	-	**11 425**	-
Bank charges		**(222)**	132	**715**	257
Depreciation of property and equipment		**6 596**	2 298	**11 614**	2 502
OPERATING LOSS		**634 308**	447 516	**960 104**	497 472
OTHER REVENUES AND EXPENSES					
Finance income	17	**11 982**	4 425	**22 694**	4 425
Interest on obligations under capital leases		**(9 263)**	-	**(11 336)**	-
		2 719	4 425	**11 358**	4 425
NET LOSS AND COMPREHENSIVE LOSS		**(631 589)**	(443 091)	**(948 746)**	(493 047)
NET LOSS PER SHARE					
Basic and diluted loss per share	18	**(0.03)**	(0.04)	**(0.04)**	(0.06)

The accompanying notes are an integral part of the interim financial statements

GEOMEGA RESOURCES INC.
Interim Statement of Changes in Equity (unaudited)

(Canadian dollars)

	Note	Share capital	Contributed surplus	Deficit	Total equity
		$	$	$	$
Balance as at June 1, 2010		330 002	-	(130 798)	199 204
Net loss and comprehensive loss for the period		-	-	(493 047)	(493 047)
Share-based payments		-	364 000	-	364 000
Private placements		95 850	28 400	-	124 250
Initial public offering		2 573 000	398 400	-	2 971 400
Share issue expenses		(421 175)	-	-	(421 175)
Exercise of warrants		64 798	(8 228)	-	56 570
Shares issued for the acquisition of exploration and evaluation assets		491 000	-	-	491 000
Balance as at November 30, 2010		3 133 475	782 572	(623 845)	3 292 202
Balance as at June 1, 2011		11 870 947	767 654	(988 816)	11 649 785
Net loss and comprehensive loss for the period		-	-	(948 746)	(948 746)
Share-based payments	15.2	-	158 227	-	158 227
Units issued by private placement	14.1	4 999 999	518 787	-	5 518 786
Share issue expenses	14.1	(1 141 097)	-	-	(1 141 097)
Shares issued under Pre-development Agreement		225 000	-		225 000
Exercise of options	15.2	244 000	(104 000)		140 000
Exercise of warrants	14.1	109 930	(6 339)	-	103 591
Balance as at November 30, 2011		16 308 779	1 334 329	(1 937 562)	15 705 546

The accompanying notes are an integral part of the interim financial statements

GEOMEGA RESOURCES INC.
Interim Statement of Cash Flows (unaudited)

(Canadian dollars)

	Notes	Six-month period ended November 30 2011	2010
		$	$
OPERATING ACTIVITIES			
Net loss		**(948 746)**	(493 047)
Adjustments			
Share-based payments		**145 261**	364 000
Depreciation of property and equipement		**11 614**	2 502
Changes in working capital items	19	**224 890**	14 886
Cash flows from operating activities		**(566 981)**	(111 659)
INVESTING ACTIVITIES			
Investments redeemed		**3 126 514**	-
Investments		**(4 022 552)**	(1 804 211)
Additions of property and equipement		**(263 190)**	(28 369)
Additions to exploration and evaluation assets		**(2 700 730)**	(473 724)
Cash flows from investing activities		**(3 859 958)**	(2 306 304)
FINANCING ACTIVITIES			
Issuance of units		**4 999 999**	3 029 250
Required additional consideration-mining properties		**-**	36 000
Issuance cost of shares		**(568 396)**	(354 775)
Exercice of warrants		**103 591**	56 570
Exercice of options		**140 000**	-
Payments on obligations under capital leases		**(124 218)**	-
Cash flows from financing activities		**4 550 976**	2 767 045
Net change in cash and cash equivalents		**124 037**	349 082
Cash and cash equivalents, beginning of period		**46 952**	89 854
Cash and cash equivalents, end of period		**170 989**	438 936
Cash transactions:			
Interest received (investing activities)		**26 656**	214
Interest paid (financing activities)		**(22 694)**	-

The accompanying notes are an integral part of the interim financial statements

1. NATURE OF OPERATIONS

Geomega Resources Inc. (the "Company"), is an exploration company with activities in Canada.

2. GOING CONCERN ASSUMPTION

The financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. As at November 30, 2011, the Company has a negative cumulated retained deficit of $1,937,562 ($988,816 as at May 31, 2011). These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

In July 2011, the Company has completed a private placement for a total amount of $5MM. See details in Note 14.1.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

3. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS

The 2011 interim financial statements of the Company were prepared in accordance with IFRS (CICA Handbook, Part I). As these financial statements represent the Company's initial presentation of its results and financial position under IFRS, they were prepared in accordance with IAS 34, Interim Financial Reporting and by IFRS 1, First-time Adoption of IFRS.

The Company is incorporated under the Canada Business Corporations Act. The address of the Company's registered office and its principal place of business is 475, Victoria ave, Saint-Lambert, Quebec, Canada. The Company's shares are listed on the TSX Venture Exchange.

4. SUMMARY OF ACCOUNTING POLICIES

4.1 Overall considerations and first-time adoption of IFRS

The financial statements have been prepared using accounting policies specified by those IFRS that will be in effect at the end of the year-end May 31, 2012.

We can find the significant accounting policies used in preparing these financial statements from the interim financial statements dated August 31, 2011.

These accounting policies have been used throughout all periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to IFRS. The exemptions applied by the Company and the effects of transition to IFRS are presented in Note 21.

4.2 Basis of evaluation

These interim financial statements are prepared using the historical cost method.

4.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

The IASB (International Accounting Standards Board) aims to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety. The replacement standard (IFRS 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning on or after January 1, 2013. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Company. However, they do not expect to implement the amendments untill all chapters of IFRS 9 have been published and they can comprehensively assess the impact of all changes.

IFRS 13 Fair Value Measurement: This new standard is meant to clarify the definition of fair value, provide guidance on measuring fair value and improve disclosure requirements related to fair value measurement. Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Company.

5. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Technical feasibility and commercial viability of the exploration and evaluation assets

Decisions regarding the technical feasibility and commercial viability of the exploration and evaluation assets involves a number of assumptions, such as estimated reserves, resource price forecasts, expected production volumes and discount rates, which could all change significantly in the future.

Impairment of property and equipment and exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of exploration and evaluation assets requires management’s judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluationof mineral resources in a specific area have not led to the discovery of commercially viable.

(Canadian dollars)

5. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS (continued)

Impairment of property and equipment and exploration and evaluation assets (continued)

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires considerable management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Group's assets and earnings may occur during the next period. No impairment losses has been recognized for the reporting periods.

Deferred taxes

The assessment of availability of future taxable profits involves judgment. A deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized.

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Further information regarding going concern is outlined in Note 2.

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model.

Provisions and contingent liabilities

Judgements are made as to whether a past event has led to a liability that should be recognized in the consolidated financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, previous experience and the probability of a loss being realized. Several of these factors are source of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

	November 30, 2011	May 31, 2011
	$	$
Cash at bank and in hand	**170 989**	46 952

7. INVESTMENTS

	November 30, 2011	May 31, 2011
	$	$
Guaranteed investment certificates	**2 712 814**	1 816 776

As of November 30, 2011, short term investments include guaranteed term deposits from a Canadian financial institution cashable at any time before the maturity date of July 11, 2012. These investments bear interest at an annual rate of 1.15% .

(Canadian dollars)

8. OTHER RECEIVABLE

	November 30, 2011	May 31, 2011
	$	$
Goods and services tax receivable	**266 639**	147 242
Advance to a former employee without interest, due on demand	**-**	11 425
Advance to suppliers, without interest, due on demand	**116**	129 287
	266 755	287 954

9. EXPLORATION AND EVALUATION ASSETS

MINING RIGHTS

	May 31, 2011	Additions	November 30, 2011
QUEBEC	$	**$**	**$**
Montviel (i)	6 812 129	**225 100**	**7 037 229**
Pump Lake (ii)	263 000	**14 271**	**277 271**
Sydney (iii)	11 655	**-**	**11 655**
Émilie (iv)	166 018	**240**	**166 258**
Oriana (v)	89 192	**-**	**89 192**
Others (vi)	54 966	**15 529**	**70 495**
	7 396 960	**255 140**	**7 652 100**

EXPLORATION AND EVALUATION

	May 31, 2011	Additions	Tax credits and	November 30, 2011
QUEBEC	$	**$**	**$**	**$**
Montviel (i)	1 247 737	**2 173 385**	**(819 662)**	**2 601 460**
Pump Lake (ii)	75 697	**233 204**	**(87 950)**	**220 951**
Sydney (iii)	4 140	**76 348**	**(28 794)**	**51 694**
Others (vi)	58 158	**264 541**	**(99 768)**	**222 931**
	1 385 732	**2 747 478**	**(1 036 174)**	**3 097 036**
TOTAL	**8 782 692**	**3 002 618**	**(1 036 174)**	**10 749 136**

Montviel and Pump Lake properties

Effective September 30, 2010, the Company holds an agreement with NioGold Mining Corporation ("NioGold") which gives the Company an option to earn up to seventy five percent (75%) interest in the Montviel and Pump Lake properties (the "Properties") by making a cash payment of $100,000 (paid) and by issuing 1,500,000 shares (1,100,000 issued to date - value of $385,000) of the Company over a three-year period and incurring at least $3,350,000 in exploration expenditures over four years.

On May 2, 2011, the above agreement was amended as follows: The Company immediately acquires a 100% interest in the Montviel property by issuing 1,525,000 common shares (value of $5,368,000) to NioGold and NioGold will retain a 2% net output return royalty on the future production of the Montviel property. In addition, the Company will, upon securing 70% of the capital requirements for commercial production for the Montviel property, pay to NioGold $4,500,000 in cash or common shares, at the option of NioGold, which amount shall be treated as a non-refundable advance royalty payment.

As for the Pump Lake Property, the Company can acquire a 75% interest in the property by incurring an aggregate of $400,000 in exploration expenditures on or before September 30, 2014. Upon completion of these expenditures, the Company will have the option to either abandon the property or form a joint venture with NioGold. Upon formation of the joint venture, the Company will have the option to acquire the remaining 25% of the Pump Lake Property by paying to NioGold $7,500,000 in cash or common shares and granting a 1% net output return royalty on the future production of the property, of which the Company may buy back one-half for $500,000.

(Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

i) Montviel property (100%)

Geographically, the property is located in Montviel township, approximately 215 km north of Val-d'Or, where services and manpower are available. The property is easily accessible via a network of logging roads, after a 60 km drive from highway 113, which connects Val d'Or and Chibougamau. The Montviel property comprises a total of 216 mining claims for 11,998 ha.

ii) Pump Lake property

Geographically, the property is located approximately 110km north of Mont-Laurier, where services and manpower are available. The property is easily accessible by road from Ste-Anne-du-Lac. The Pump Lake property comprises a total 486 mining claims for 28,062 ha. The property is subject to a 2% Net Smelter Return, of which one percent (1%) can be bought back for $1,000,000.

iii) Sydney property (100%)

Geographically, the property is located approximately 100 km North of St-Michel des Saints, where services and manpower are available. The property is easily accessible via gravel roads. The Sydney property comprises a total 200 mining claims for 11,594 ha.

iv) Émilie property

100% interest
Geographically, the property is located approximately 30 km east of the town of Lebel-sur-Quevillon in the Abitibi region, where services and manpower are available. The Émilie property comprises a total 61 mining claims for 3,127 ha.

Extension option
On March 11, 2011, the Company optioned 16 mining claims adjacent to the 61 mining claims it already possessed for a total of $163,100 payable as follows: $7,500 in cash and 40,000 common shares in the Company at a price of $3.89 per share (value of $155,600). The Company shall also issue 40,000 common shares on March 29, 2012 to complete the acquisition.

v) Oriana property (100% interest)

Geographically, the property is located approximately 20 km west of the town of Chapais in the Abitibi area, where services and manpower are available. The Oriana property comprises a total of 270 mining claims for 15,014 ha.

vi) Others (100% interest)

These 17 properties were acquired by map designation and are located in the Montviel property area.

10. PROPERTY AND EQUIPEMENT

	Leasehold Improvements	Office equipement	Exploration and evaluation equipement (note)			Total
			Automobile	Field equipement	Base camp	
	$	$	$	$	$	$
Gross carrying amount						
Balance, June 1, 2011	2 350	19 296	35 130	4 175	-	60 951
Additions	-	15 078	7 300	71 570	609 187	703 135
Balance, November 30, 2011	2 350	34 374	42 430	75 745	609 187	764 086
Accumulated depreciation						
Balance, June 1, 2011	522	4 165	5 577	-	-	10 264
Depreciation	392	4 758	6 464	7 679	56 242	75 535
Balance, November 30, 2011	914	8 923	12 041	7 679	56 242	85 799
Carrying amount as at November 30, 2011	1 436	25 451	30 389	68 066	552 945	678 287

(Canadian dollars)

10. PROPERTY AND EQUIPEMENT (continued)

Note:
Included in Property and Equipment there are Warehouse and land having book value of $145,701 as at November 30, 2011 and Exploration and evaluation equipement under finance lease having book value of $386,817 as at November 30, 2011.

Depreciation expense is included in the account *Depreciation of property and equipment* and depreciation charges related to specific exploration projects are capitalized as *Exploration and evaluation assets.* An amount of $11,614 was registered as an expense while an amount of $63,921 was capitalized as Exploration and evaluation assets during the period.

11. LEASES

The Company's future minimum operating lease payments are as follows:

	Minimum lease payments due			
	Within 1 year	1 to 5 years	After 5 years	Total
	$	$	$	$
November 30, 2011	26 801	22 890	-	49 691
May 31, 2011	26 409	36 357	-	62 766

The Company leases its offices under a lease expiring in September 2013.

Lease payments recognized as an expense during the reporting period amount to $13,088 ($0 in 2010). This amount consists of minimum lease payments. No sublease payments or contingent rent payments were made or received. The Group's operating lease agreements do not contain any contingent rent clauses, renewal options or escalation clauses or any restrictions, such as those concerning dividends, additional debt, and further leasing. No sublease income is expected as all assets held under lease agreements are used exclusively by the Company.

12. TRADE AND OTHER PAYABLES

	November 30, 2011	May 31, 2011
	$	$
Trade accounts	**548 461**	164 305
Credit cards	**19 895**	25 757
Payroll deduction at source	**60 160**	26 893
Accrued	**-**	166 422
	628 516	383 377

13. OBLIGATIONS UNDER CAPITAL LEASES

	November 30, 2011	May 31, 2011
	$	$
Obligation under capital lease (equipement), 25,86%, reimbursable in monthly instalments, maturing in January 2012	**25 318**	-
Obligation under capital lease (Base camp), 8%, reimbursable in monthly instalments, maturing in May 2013	**90 748**	-
Obligation under capital lease (Base camp), 8%, reimbursable in monthly instalments, maturing in May 2013	**36 260**	-
Obligation under capital lease, 11% (Base camp), reimbursable in monthly instalments, maturing in July 2013	**163 401**	-
	315 727	-
Current portion of obligations under capital leases	**202 130**	-
Non-current portion	**113 597**	-

(Canadian dollars)

13. OBLIGATIONS UNDER CAPITAL LEASES (continued)

The instalments on the obligation under capital leases for the next years are as follows:

	$
2012	124 367
2013	199 879
2014	17 423
	341 669
Interest included in minumum lease payments	(25 942)
	315 727

14 Equity

14.1 Share capital

Authorized

Unlimited number of common shares without par value, voting, participating, dividend as declared by the Board of Directors.

	Number of shares		
	Six-month period ended		Year ended
	Nov. 30, 2011	Nov. 30, 2010	May 31, 2011
Shares issued at the beginning	**19 561 690**	4 200 001	4 200 001
Private placement (a)	**2 127 659**	355 000	1 466 110
Initial public offering	**-**	8 300 000	8 300 000
Acquisition of mining rights	**-**	1 300 000	3 065 000
Pre-development Agreement (b)	**150 000**	-	-
Exercise of options	**400 000**	-	475 000
Exercise of brokers' options	**-**	-	415 000
Exercise of warrants	**123 693**	102 855	1 640 579
Total shares issued at the end	**22 363 042**	14 257 856	19 561 690

(a) On July 8, 2011, the Company issued through brokers 2,127,659 units at a price of $2.35 per unit for total gross proceeds of $4,999,999. Issuance costs totaling $1,139 426 (including an amount of $518,787 representing the value of brokers' options, see Note 14.3) were recorded as a reduction of share capital. Each unit consists of one common share and one warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $2.85 until July 8, 2013. A sum of $4,999,999 was allocated to capital stock while no value was allocated to the warrants. The Company paid to the brokers a remuneration of $328,781 and issued 134,750 options to brokers allowing them to acquire 134,750 units until July 8, 2013. Each unit consists of one common share and one warrant. Each warrant entitles the brokers to acquire one common share of the Company at a price of $ 2.85 until July 8, 2013.

(b) On October 20, 2011, the Company signed a Pre-development agreement for its Montviel Rare Earths Project with the Grand Council of the Crees and The Cree First Nation of Waswanipi. Pursuant the agreement, the Company issued 150,000 common shares of the Company (attributed value of $225,000 and issue costs of 1 671$).

14.2 Warrants

Outstanding warrants as at November 30, 2011 entitle their holders to subscribe to an equivalent number of common shares, as follows:

	Number of warrants	Weighted average exercice price
Balance, beginning of reported period	3 619 975	$0.95
Issued	2 127 659	$2.85
Exercised	(123 693)	$0.84
Balance, end of reporting period	5 623 941	$1.67

(Canadian dollars)

14.2 Warrants (continued)

The number of outstanding warrants as at November 30, 2011 which could be exercised for an equivalent number of ordinary shares is as follows:

Expiration date	Number	Exercice price
		$
January 2012	355 000	0.55
March 2012	2 142 678	0.55
April 2012	287 500	0.55
July 2012	455 549	1.35
August 2012	55 555	1.35
September 2012	200 000	5.50
July 2013	2 127 659	2.85
	5 623 941	

14.3 Brokers' options

The number of outstanding Brokers' options as at November 30, 2011 which could be exercised for an equivalent number of units is as follows:

	Number of Brokers' options	Weighted average exercice price
Balance, beginning of reported period	-	-
Issued	134 750	$2.85
Balance, end of reporting period	134 750	$2.85

In connection with the private placement in July 2011, the Company issued 134,750 Brokers' options to brokers allowing them to acquire 134,750 units until July 8, 2013. Each unit consists of one common share and one warrant. Each warrant entitles the brokers to acquire one common share of the Company at a price of $ 2.85 until July 8, 2013.

During the first quarter, the Company recorded $518,787 as issuance cost of shareholders' equity instruments when the options were issued to the brokers related to the private placement in July 2011. When granted, the fair value of the warrants, based on the fair value measured, indirectly, by reference to the fair value of the equity instruments granted (the fair value of services received cannot be estimated reliably), is recorded as an increase of the contributed surplus and decrease of share capital.

The average fair value of the brokers' options granted of $3.85 each option for a total of $518,787 was estimated using the Binomial option pricing model and based on the following weighted average assumptions:

Average share price at date of grant	$3.29
Dividends yield	0%
Expected wheighted volatility	100%
Risk-free interest average rate	1,66%
Expected average life	2 years
Average exercise price at date of grant	$2.85

(Canadian dollars)

15. EMPLOYEE REMUNERATION

15.1 Salaries and employee benefits expense

	Three-month period ended November 30,		Six-month period ended November 30,	
	2011	2010	**2011**	2010
	$	$	**$**	$
Wages, salaries	**367 586**	24 250	**588 992**	42 750
Professional fee paid to an officer	**28 400**	11 484	**60 625**	11 484
Social security costs	**21 605**	980	**32 106**	1 527
Share-based payments	**112 844**	364 000	**158 227**	364 000
Defined contribution State plans	**17 167**	1 160	**26 615**	1 800
	547 602	401 874	**866 565**	421 561
Less: Salaries capitalized in Exploration and evaluation assets	**(303 585)**	-	**(505 308)**	-
Less: Share-based payments capitalized in Exploration and evaluation assets	**-**	-	**(12 966)**	-
Salaries and employee benefits expense	**244 017**	401 874	**348 291**	421 561

15.2 Share-based payments

The Company has established a stock option plan ("the plan") whereby the Board of Directors may from time to time grant options to purchase common shares to employees, officers, directors and consultants, for such terms and at such exercise prices as may be determined by the Board in accordance with the terms of the plan.

The plan provides that the maximum number of common shares in the capital of the Company that may be reserved for issuance under the stock option plan is limited to a maximum of 10% of the common shares outstanding and the maximum number of common shares which may be reserved for issuance to any one optionee may not exceed 5% of the common shares outstanding at the date of grant. Theses options may be exercised for a period of 5 years after the grant date and are granted vest gradually over a period of 24 months from the day of grant, at a rate of 1/4 per six-month period.

The option's exercise price is established by the Board of Directors and may not be lower than the market price of the common shares at the time of grant.

On June 22, 2011, the Company granted to an officer a total of 220,000 stock options that may be exercised over a period of five years, at an exercise price of $2.70.

On August 29, 2011, the Company granted to an employee a total of 150,000 stock options that may be exercised over a period of five years, at an exercise price of $2.05.

On September 30, 2011, the Company granted to directors, officers and employees a total of 878,540 stock options that may be exercised over a period of five years, at an exercise price of $1.50.

On October 10, 2011, the Company granted to a director a total of 225,000 stock options that may be exercised over a period of five years, at an exercise price of $1.54.

Since the beginning of the year, 400,000 options were exercised at a price of $0.35 each for a total of $140,000.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options. The Company's share options are as follows for the period ended November 30, 2011.

	Options	**Weighted average exercise price**
		$
Outstanding as at May 31, 2011	1 145 000	0.67
Exercised	(400 000)	0.35
Granted	1 473 540	2.45
Outstanding as at November 30, 2011	2 218 540	1.44

(Canadian dollars)

15.2 Share-based payments (continued)

The table below summarizes the information related to share options as at November 30, 2011:

Range of exercise price	Outstanding options			Exercisable options	
$	Number of	Weighted average exercise price	Remaining life (years)	Number of options	Weighted average exercise price
		$			$
0.10 to 1.00	665 000	0.47	3.90	560 000	0.38
1.01 to 2.00	1 103 540	1.51	4.83	-	-
2.01 to 3.00	370 000	2.45	4.65	-	-
3.01 to 4.00	80 000	3.90	4.32	20 000	3.91
	2 218 540	1.44		580 000	0.51

The fair value of these options of $1.29 during the first semester ($0.41 per option issued in 2011) was estimated using the Black-Scholes stock option pricing model with the following weighted average assumptions:

	Exercice ended May 31	
	2012	2011
Average share price at date of grant	**$1.74**	$0.57
Dividends yield	**0%**	0%
Expected weighted volatility	**118%**	100%
Risk-free interest average rate	**1,25%**	1.7%
Expected average life	**3.75 years**	4.83 years
Average exercise price at date of grant	**$1.74**	$0.57

The underlying expected volatility was determined by reference to historical data of Company's shares over a period of time since its listing on the TSX Venture Exchange. However, for the first year, the Company decided to have a volatility of 100% based on the historic volatility fo similar companies. No special features inherent to the options granted were incorporated into measurement of fair value.

In total, $158,227 of employee remuneration expense (all of which related to equity-settled share-based payment transactions) were included in profit or loss ($145,261) and capitalized in *Exploration and evaluation assets* ($12,966) for the six-month period ended November 30, 2011 ($364,000 for the six-month period ended November 30, 2010) and credited to *Contributed surplus* .

In total, $112,844 of employee remuneration expense (all of which related to equity-settled share-based payment transactions) were included in profit or loss for the three-month period ended November 30, 2011 ($364,000 for the three-month period ended November 30, 2010) and credited to *Contributed surplus* .

(Canadian dollars)

16. FINANCIAL ASSETS AND LIABILITIES

Categories of financial assets and liabilities

The carrying amounts and fair values of financial instruments presented in the consolidated statement of financial position are as follows:

	November 30, 2011		May 31, 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial assets				
Loans and receivables				
Cash and cash equivalents	170 898	170 898	46 952	46 952
Guaranteed investment certificates	2 712 814	2 712 814	1 816 776	1 816 776
Advance to a former employee	-	-	11 425	11 425
Advance to suppliers	116	116	129 287	129 287
Financial liabilities				
Financial liabilities measured at amortized cost				
Trade and other payables	628 516	628 516	383 377	383 377
Obligations under capital leases	315 727	315 727	-	-

The carrying value of cash and cash equivalents, guaranteed investment certificates, trade accounts, account payable to a mining company and other liabilities are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

Financial instruments measured at fair value

The following presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

– Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

– Level 3: inputs for the assets or liabilities that are not based on observable market data.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

There have been no significant transfers between Levels 1 and 2 in the reporting periods.

The method and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

17. FINANCE INCOME

	Three-month period ended November 30,		**Six-month period ended November 30,**	
	2011	2010	**2011**	2010
	$	$	**$**	$
Interest income from guaranteed investment certificates	**11 982**	4 425	**22 694**	4 425

(Canadian dollars)

18. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted loss per share, potential common shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 14.2, 14.3 and 15.2.

	Three-month period ended November 30,		**Six-month period ended November 30,**	
	2011	2010	**2011**	2010
Net loss	**$(631,589)**	$(443,091)	**$(948,746)**	$(493,047)
Weighted average number of shares in circulation	**21 498 251**	11 166 178	**22 130 163**	7 798 783
Basic and diluted loss per share	**$(0.03)**	$(0.04)	**$(0.04)**	$(0.06)

There have been no other transactions involving ordinary shares between the reporting date and the date of authorization of these financial statements except the issue in January 2012 of 355,000 common shares following an exercised warrants. This issue of shares does not change the results above.

19. ADDITIONAL INFORMATIONS – CASH FLOWS

The changes in working capital items are detailed as follows:

	Six-month period ended November 30,	
	2011	2010
	$	$
Other receivable	**21 199**	(280 299)
Prepaid expenses and deposit	**(41 448)**	(9 531)
Trade and other payables	**245 139**	304 716
	224 890	14 886

20. RELATED PARTY TRANSACTIONS

20.1 Transactions with key management personnel

Key management personnel of the Company are members of the Board of Directors, as well as the president, the chief of finance, the secretary and the vice-president, exploration. Key management personnel remuneration includes the following expenses:

	Three-month period ended November 30,		**Six-month period ended November 30,**	
	2011	2010	**2011**	2010
	$	$	**$**	$
Short-term employee benefits				
Salaries including bonuses and benefits	**100 000**	20 000	**150 964**	38 500
Professional fees	**28 400**	11 484	**60 625**	11 484
Social security costs	**5 377**	2 041	**8 518**	3 228
Total short-term employee benefits	**133 777**	33 525	**220 107**	53 212
Share-based payments	**99 836**	364 000	**132 253**	-
Total remuneration	**233 613**	397 525	**352 360**	53 212

An important part of the remuneration of the Vice-President, Exploration has been allocated to *Exploration and evaluation assets.*

(Canadian dollars)

21. FIRST-TIME ADOPTION OF IFRS

These are the Company's first interim financial statements prepared in accordance with IFRS with the interim financial statements dated August 31, 2011. The date of transition to IFRS is June 1, 2010.

The Company's IFRS accounting policies presented in Note 4 of our interim financial statements dated August 31, 2011, have been applied in preparing the financial statements for the reporting period ended November 30, 2011 with the comparative information.

The Company has applied IFRS 1 in preparing these first IFRS financial statements. The effects of the transition to IFRS on equity, total comprehensive loss and reported cash flows already established are presented in this section and are further explained in the notes that accompany the tables.

21.1 First-time adoption – exemptions applied

Upon transition, IFRS 1 dictate certain mandatory exceptions and certain optional exemptions from full retrospective application. The exceptions and exemptions adopted by the Company are set out below:

Mandatory exceptions

The estimates established by the Group in accordance with IFRS at the date of transition to IFRS are consistent with estimates made for the same date in accordance with Canadian GAAP, after adjustments to reflect any difference in accounting principles, if applicable.

Financial assets liabilities that were derecognised before June 1, 2010 as per the previous GAAP, have not been accounted for under IFRS. The Company has applied the IFRS amendment in advance at the date of application of the exception, June 1, 2010.

Optional exemption

The Company has chosen not to apply IFRS 2, Share-based Payment, retrospectively to options granted on or before November 7, 2002 or granted after November 7, 2002 and vested before the date of transition to IFRS.

21.2 Reconciliation of equity

Since the company began its exploration operations after the transition date and that its corporate structure was established after the transition date, no differences were found in the reconciliation between the accounting standards in force before the changeover and the new standards.

	November 30, 2010	June 1, 2010	May 31, 2011
	$	$	$
Equity under pre-change accounting standards	3 292 202	199 204	11 649 785
Variation in equity reported in accordance with pre-change accounting standards, as a result of the differences between pre-change accounting standards and IFRS	-	-	-
Equity under IFRS	3 292 202	199 204	11 649 785

(Canadian dollars)

21.3 Reconciliation of comprehensive loss

Since the company began its exploration operations after the transition date and that its corporate structure was established after the transition date, no differences were found in the reconciliation between the accounting standards in force before the changeover and the new standards.

	May 31, 2011 12 months	Nov. 30, 2010 6 months	Nov. 30, 2010 3 months
	$	**$**	**$**
Comprehensive loss under pre-change accounting standards	(858 018)	(493 047)	(443 091)
Variation in Comprehensive loss reported in accordance with pre-changes accounting standards, as a result of the following differences between pre-change accounting standards and IFRS	-	-	-
Comprehensive loss under IFRS	(858 018)	(493 047)	(443 091)

21.4 Presentation differences

Certain presentation differences between pre-change accounting standards and IFRS have no impact on reported loss or total equity.

As can be seen in the following tables, some line items are described differently (renamed) under IFRS compared to pre-change accounting standards, although the assets and liabilities included in these line items are unaffected.

(Canadian dollars)

21.4 Presentation differences (continued)

The following table shows the total effect of the transition on the statement of financial position as at May 31, 2011:

PRE-CHANGE ACCOUNTING STANDARDS DESCRIPTION	Notes	May 31, 2011			IFRS DESCRIPTION
		Previous GAAP	Effect of transition to IFRS	IFRS	
		$	$	$	
ASSETS					ASSETS
Current assets					Current
Cash		46 952		46 952	Cash and cash equivalenrs
Investments		1 816 776		1 816 776	Investments
Amounts receivable	a	1 181 470	(893 516)	287 954	Others receivable
	a		893 516	893 516	Tax credit and credit on duties receivable
Prepaid expenses		100 670		100 670	Prepaid expenses and deposit
		3 145 868		3 145 868	
					Non-current
Property and equipement		50 687		50 687	Property and equipement
Mineral Properties and Deferred exploration expenses		8 782 692		8 782 692	Exploration and evaluation assets
Other assets		53 915		53 915	Other assets
		12 033 162		12 033 162	
LIABILITIES					LIABILITIES
Current liabilities					Current
Account payables and accrued liabilities		383 377		383 377	Trade and other payables
SHAREHOLDERS' EQUITY					EQUITY
Capital stock		11 870 947		11 870 947	Share capital
Contributed surplus		767 654		767 654	Contributed surplus
Deficit		(988 816)		(988 816)	Deficit
		11 649 785		11 649 785	Total equity
		12 033 162		12 033 162	Total liabilities and equity

(Canadian dollars)

21.4 Presentation differences (continued)

The following table shows the total effect of the transition on the statement of financial position as at November 30, 2010:

PRE-CHANGE ACCOUNTING STANDARDS DESCRIPTION	Notes	November 30, 2010			IFRS DESCRIPTION
		Previous GAAP	Effect of transition to IFRS	IFRS	
		$	$	$	
ASSETS					ASSETS
Current assets					Current
Cash		438 936		438 936	Cash and cash equivalenrs
Investments		1 804 211		1 804 211	Investments
Amounts receivable	a	452 754	(170 693)	282 061	Others receivable
	a		170 693	170 693	Tax credit and credit on duties receivable
Prepaid expenses		13 031		13 031	Prepaid expenses and deposit
		2 708 932		2 708 932	
					Non-current
Property and equipement		25 867		25 867	Property and equipement
Mineral Properties and Deferred exploration expenses		874 984		874 984	Exploration and evaluation assets
		3 609 783		3 609 783	
LIABILITIES					LIABILITIES
Current liabilities					Current
Account payables and accrued liabilities		317 581		317 581	Trade and other payables
SHAREHOLDERS' EQUITY					EQUITY
Capital stock		3 133 475		3 133 475	Share capital
Contributed surplus		782 572		782 572	Contributed surplus
Deficit		(623 845)		(623 845)	Deficit
		3 292 202		3 292 202	Total equity
		3 609 783		3 609 783	Total liabilities and equity

(Canadian dollars)

21.4 Presentation differences (continued)

The following table shows the total effect of the transition on the statement of earnings and comprehensive loss for the three-month period ended Nov. 30, 2010:

PRE-CHANGE ACCOUNTING STANDARDS DESCRIPTION	Notes	Three-month period ended Nov. 30, 2010			IFRS DESCRIPTION
		Previous GAAP	Effect of transition to IFRS	IFRS	
		$	$	$	
ADMINISTRATIVE EXPENSES					EXPENSES
Stock-based compensation	a	364 000	(364 000)		
Professional fees	a	21 697	(11 484)	10 213	Professional fees
Salaries and fringe benefits	a	26 390	375 484	401 874	Salaries and employee benefits expense
Public relations and promotion	a	1 761	512	2 273	Publicity, travel and promotion
Office expenses		13 446		13 446	Offices expenses
Trustees and registration fees	a	9 598	1 240	10 838	Trustees, registration fees and shareholders relations
Rental expenses		4 315		4 315	Rent
Insurance, taxes and permits		2 127		2 127	Insurance, taxes and permits
Shareholders information	a	1 240	(1 240)	-	
Travel	a	512	(512)	-	
Bank fees and interest		132		132	Bank charges
Amortization of property and equipment		2 298		2 298	Depreciation of property and equipment
		447 516		447 516	OPERATING LOSS
OTHER REVENUES AND EXPENSES					OTHER REVENUES AND EXPENSES
Interest		4 425		4 425	Finance income
Net loss and comprehensive loss		(443 091)		(443 091)	NET LOSS AND COMPREHENSIVE LOSS
Net loss per share - basic and diluted		(0.04)		(0.04)	BASIC AND DILUTED LOSS PER SHARE

(Canadian dollars)

21.4 Presentation differences (continued)

The following table shows the total effect of the transition on the statement of earnings and comprehensive loss for the six-month period ended Nov. 30, 2010:

PRE-CHANGE ACCOUNTING STANDARDS DESCRIPTION	Notes	Six-month period ended Nov. 30, 2010			IFRS DESCRIPTION
		Previous GAAP	Effect of transition to IFRS	IFRS	
		$	$	$	
ADMINISTRATIVE EXPENSES					EXPENSES
Stock-based compensation	a	364 000	(364 000)		
Professional fees	a	47 303	(11 484)	35 819	Professional fees
Salaries and fringe benefits	a	46 077	375 484	421 561	Salaries and employee benefits expense
Public relations and promotion	a	2 158	861	3 019	Publicity, travel and promotion
Office expenses		16 184		16 184	Offices expenses
Trustees and registration fees	a	10 448	1 240	11 688	Trustees, registration fees and shareholders relations
Rental expenses		4 315		4 315	Rent
Insurance, taxes and permits		2 127		2 127	Insurance, taxes and permits
Shareholders information	a	1 240	(1 240)	-	
Travel	a	861	(861)	-	
Bank fees and interest		257		257	Bank charges
Amortization of property and equipment		2 502		2 502	Depreciation of property and equipment
		497 472		497 472	OPERATING LOSS
OTHER REVENUES AND EXPENSES					OTHER REVENUES AND EXPENSES
Interest		4 425		4 425	Finance income
Net loss and comprehensive loss		(493 047)		(493 047)	NET LOSS AND COMPREHENSIVE LOSS
Net loss per share - basic and diluted		(0.06)		(0.04)	BASIC AND DILUTED LOSS PER SHARE

(Canadian dollars)

21.5 Notes to reconciliation

(a) Presentation

Statement of Financial Position

The account *Tax credit and credit on duties receivable* is shown separately.

Statements of earnings and comprehensive loss

Salaries and employee benefits expense for IFRS was adjusted as follows:

	November 30, 2010	
	3 months	6 months
	$	$
Balance before the transition date	26 390	46 077
Grouping		
Share-based payments	364 000	364 000
Professional fee paid to officers	11 484	11 484
Balance as per IFRS	401 874	421 561

The accounts *Trustees and registration fees* and *Shareholders information* are have been grouped for presentation under *Trustees, registration fees and shareholders relations*.

The accounts *Public relations and promotion* and *Travel* are have been grouped for presentation under *Publicity, travel and promotion*.

21.6 Impairment losses recognized at the date of transition

The Company applied IAS 36, *Impairment of assets*, in determining whether any impairment losses arose at the date of transition to IFRS. No impairment losses (or reversals) were identified.

21.7 Financial instruments classification

At the date of the transition, *Cash and cash equivalents* has been reclassified from *financial assets held for trading* in the category *loans and receivables*.