GEOMEGA RESOURCES INC.
INTERIM MANAGEMENT REPORT
FOR THE THREE-MONTH PERIOD ENDED AUGUST 31, 2011

This Management Discussion and Analysis ("MD&A") dated November 17, 2011, and provides an analysis of Geomega Resources Inc. (the "Company", "GéoMégA" or "GMA") interim financial statements as at August 31, 2011. This discussion and analysis of the financial position and results of operation should be read in conjunction with the unaudited interim financial statements for the three-month period ended August 31, 2011 and the audited financial statements for the year ended May 31, 2011 and 2010. The unaudited interim financial statements for the period ended August 31, 2011 were not reviewed by the external auditors.

Unless otherwise indicated, all financial information has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), specifically International Accounting Standard ("IAS") 34, Interim Financial Reporting, within Part 1 of the Canadian Institute of Chartered Accountants Handbook, which are within the framework of International Financial Reporting Standards ("IFRS"). Prior to 2012 (year-end), the Company prepared its Financial Statements and Interim Financial Statements in accordance with Canadian generally accounting principles in effect prior to June 1, 2011. Note 4 to the interim financial statements provides details of these new accounting policies. 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.

Our MD&A contains «forward-looking statements» not based on historical facts. Forward-looking statements express, as of the date of this report, our estimates, forecasts, projections, expectations and opinions as to future events or results. Forward-looking statements herein expressed are reasonable, but involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to, fluctuations in the market price of precious metals, mining industry risks, uncertainty as to calculation of mineral reserves and requirements of additional financing and the capacity of the Company to obtain financing.

The Company's shares are traded on the TSX Venture Exchange under the symbol **GMA** and 22,355,899 shares were issued as of November 17, 2011. Additional information may be available through the www.sedar.com web site, under the Company's section "Sedar filing" or at www.ressourcesgeomega.ca.

SUMMARY OF ACTIVITIES DURING THE QUARTER

Montviel Property

- Initial NI 43-101 compliant resource calculation totalled 183,900,000 tonnes indicated averaging 1.45% total rare earth oxides ("TREO") in addition to an inferred mineral resource 66,700,000 tonnes grading 1.46% TREO.
- Beginning of the Phase 2 definition and exploration drilling.
- SGS Lakefield: High definition (QEMSCAN) mineralogy report identifies two fluoro-carbonates (huanghoite and cebaite) REE carrying minerals. Metallurgical tests on 600 kg of re-splitted core initiated during the quarter.

- Exploration expenses of $565,943 incurred on the Montviel property mainly for Lab analysis and the costs related to the preparation of the mining camp for the Phase 2 drilling. See section “**Summary of exploration activities**” below;
- Conclusion of a Pre-development agreement with The Grand Council of the Crees and The First Nation of Waswanipi.

Others properties

- Pump Lake : Prospecting, mapping and analysis of soil samples expenses of $150,262 during the quarter.
- Mining properties surrounding Montviel (12 properties): Prospecting, mapping and analysis of soil samples expenses of $229,559 during the quarter.

Corporate

- Brokered Private placement of $5 million of new equity completed in July 2011.
- Election of Board of Directors at Annual and Special Meeting of Shareholders

COMPANY PROFILE

GéoMégA is a Montreal-based exploration company focused on the discovery and development of economic deposits of Clean Technology metals in Quebec. The Province of Quebec is one of the world's most attractive jurisdictions for mineral exploration and development. Significant tax credits (40% of exploration expenditures reimbursed), experienced work force and validity of mining claims are all distinct advantages.

RESULTS OF OPERATION

Summary of exploration activities

During the quarter, the Company incurred $565,943 in exploration expenses on the Montviel property.

Works	$	Description
Geology and labour	234,303	Salaries and professional fees of geologists, assistants and support staff. Professional fees related to the resource estimate calculation, mineralogical report and metallurgical tests.
Assays	168,207	Laboratory assays costs related to the Phase 1
Transport and lodging	79,591	Mining camp: Rent, installation costs, repairs, energy and security
Logistic and access roads	59,280	Drilling grid for the Phase 2
Permits, insurance and rights	11,454	Permits for access roads and insurance.
Office, furniture and small tools	7,378	Field work furniture and tools
Geophysics	5,730	End of airborne geophysical survey
	565,943	

The work described in the table above has allowed the Company to:

- Identify drill targets for Phase 2;
- Beginning of the resource estimate calculation, environmental baseline study, mineralogical report and metallurgical tests;
- Obtain the final assay results of the Phase 1 diamond drilling program;

- Prepare access roads to the mining camp and drilling grid for the Phase 2;
- Install mining camp (dormitory, kitchen, office, sampling- shelter, generators, artesian well and septic tanks);
- Obtain all necessary permits to start drilling for the Phase 2.

Other exploration work totaling $379,621 were as follows:

Mining Properties	$	Description
Pump Lake	150,262	Prospecting, mapping and analysis of soil samples.
Sidney	55,661	Geophysical survey
Mining properties surrounding Montviel (12 mining properties)	173,898	Prospecting and mapping
	379,821	

MINERAL PROPERTIES

Montviel and Pump Lake Option

On September 30, 2010, the Company concluded its initial public offering (IPO) and formalized an agreement with NioGold Mining Corp. (“NioGold”) which gave 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 and by issuing 1,500,000 shares (1,100,000 were issued following IPO with an attributed book 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: GéoMégA immediately acquires a 100% interest in the Montviel property by issuing 1,525,000 common shares (including balance of 400,000 common shares, attributed book value of $5,368,000) to NioGold and GéoMégA forfeits its buy-back of 50% of the 2% net output return royalty (NSR) 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. As at November 17, 2011, the Company has spent $352,586 in exploration expenditures on Pump Lake.

Geological information presented herein was summarized), Jacquelin Gauthier, Geological Engineer qualified person pursuant to National Instrument 43-101.

Montviel property (100% interest)

The property is located in Montviel Township, approximately 215 km northeast of Val-d'Or, Abitibi, Quebec. It can be easily accessed through an all-season main logging road (over 55 kilometres) that branches off paved regional road 113, at 44 km north-east of the town of Lebel-sur-Quévillon. The topography is generally flat relief at around 300 m above sea level. Bedrock exposures are scarce due to the extensive sand and gravel quaternary deposits that alternate with swampy areas. The Nomans River, 8 to 12 meters wide, crosses the property from its north-east to south-west corner.

The Montviel property consists of 216 mining claims totalling 11 998 ha. The Company also amended its option agreement with NioGold, granting the right to acquire a 100-per-cent interest in the Montviel property in consideration of 1,525,000 shares and a 2-per-cent net output return royalty. On March 21, 2011, the Company completed the acquisition of a 100-per-cent interest in 57 claims contiguous to the property and referred to as Montviel-sud.

Exploration expenditures incurred at Montviel since last year allowed the Company to complete Phase-I diamond drilling campaign last winter, to complete a mineralogical study during the summer 2011, to build a new camp on site, to start metallurgical testing in early September and to publish a first 43-101 compliant resources estimate at the end of September.

The resources estimate was completed by SGS Geostat from Blainville, Quebec. Here the main highlights of the 43-101 published resources:

TREO cut-off (%)	Resources Category	Tonnage (million T)	Density (t/m3)	TREO (%)	LREO (%)	IREO (%)	HREO (%)
1.00	Iindicated	183.9	2,92	1,453	1,404	0,037	0,004
1.00	Inferred	66.7	2,89	1,460	1,408	0,039	0,005

Categories	Tonnage (million T)	La2O3 (kg/T)	Ce2O3 (kg/T)	Nd2O3 (kg/T)	Pr2O3 (kg/T)	Eu2O3 (kg/T)	Dy2O3 (kg/T)	Y2O3 (kg/T)	Nb2O5 (kg/T)
Indicated	183.9	3.696	7.163	2.425	0.755	0.082	0.023	0.072	1.257
Inferred	66.7	3.785	7.142	2.404	0.751	0.086	0.025	0.078	1.403

Categories	Tonnage (million T)	Nd2O3 (million kg)	Pr2O3 (million kg)	Dy2O3 (million kg)	Eu2O3 (million kg)	Y2O3 (million kg)	Nb2O5 (million kg)
Indicated	183.9	446.0	139.0	4 .19	9.0	13.0	231.0
Inferred	66.7	160.0	50.0	1.65	3.0	5.0	9.0

The resources estimate was based on a mineralised zone measuring 750 meters in length, 350-400 meters in width and a 450 meters maximum depth. The zone is still open to the northeast, the southwest, the east and at depth. Indicated resources are defined within a drill grid of 90-100 meters or better. The resources estimate is based on the results from 19 of the 20 holes completed last winter, the 20th hole having been drilled on an exploration target a kilometre to the west of the Core Zone. See September 29, 2011 press release for more details.

The best rare earths mineralization at Montviel is hosted by a ferro-carbonatite unit. From the northeast to the southwest, the overall grade is improving from 1.2-1.3% slighted higher than 2%. The Phase 2 drilling program which started in September 2011 (two rigs) will focus on defining a potential starter pit of 50-70 million tons in the southwest area. The 90-meter drilling grid spacing should be completed by December, while about 50% of the in-fill drilling at 45 meters is expected to be achieved in March 2012. This should be sufficient to define 50% of the resources in the measured category and 50% as indicated resources, over the eventual starter pit area.

During the summer 2011, the Company received a detailed mineralogical study from SGS Lakefield Lab. The study identified the main REE-mineral as being fluoro-carbonates of the Basnasite-Synsichite Family, the same family of mineral hosting the rare earths at Mountain Pass, California, and Bayan Obo, in China, the two largest REE producers in the world. This is a very important feature because the metallurgical processes to extract the REE from those fluoro-carbonates are well known and proven to work at an industrial scale, contrary to other type of mineralisation.

The Middle- to Heavy-rare-earth oxides (MHREO) content becomes relatively more important within the silico-carbonatite units located on the outskirt of the ferro-carbonatite core as well as within cross-cutting breccias and dykes. The best MHREO ratios were obtained from a late polygenic intrusive breccia cut in hole MVL-11-09 which returned a ratio of 28% MHREO over 17.10 m, a sharp contrast to the 3 to 7% ratio generally observed for the ferro-carbonatite body.

The Company commissioned SGS-Lakefield to complete metallurgical testing on a 600-kilo bulk sample from re-split core taken from both the ferro-carbonatite and the phosphate-carbonatite zone. Tests to evaluate niobium recoveries will also be performed as part of this work. Mineral processing results are expected in December, while full metallurgical/hydro-met results should be available in March /April 2012.

A detailed magnetic-spectrometric airborne survey is planned over most of the Property in order to complete the survey done by Niogold in 2003. This will help to get a more precise geological interpretation and to better define drilling targets outside the Core Zone. Soils geochemical survey (MMI) will be done on four test lines in order to verify if the technique could detect RRE mineralisation through the thick overburden.

Pump Lake Property (option to earn 100% interest)

The Pump Lake Property is located approximately 250 km northwest of Montreal, in the Hautes-Laurentides region of Quebec. The Property can be easily accessed from the town of Mont-Laurier, some 100 km to the south, and from a network of gravel roads leading to numerous outfitters in the area.

The Property consists of 414 mining claims covering 23,870 hectares. Geomega has the option to earn a 100% interest in the Property from Niogold.

The Property is situated within the highly metamorphosed Mont-Laurier plutono-sedimentary Basin of the Grenville tectonic Province. It hosts several showings of rare earths, niobium, phosphor, copper, molybdenum, gold, iron and/or uranium closely associated to the Lac Lesueur alkaline intrusive complex recently uncovered by mapping teams of the Quebec Ministry of Natural Resources. From 2007 to 2009, Niogold completed several ground and airborne surveys, as well as considerable trenching works. Their most interesting assay results were up to 1.20 % Nb_2O_5 and 0.69% REE from grab samples or short (10-15 cm) channel samples. The mineralisation is hosts by alkaline pegmatites. The Property has never been drilled.

From mid-May to the end of June 2011, Geomega had a 6-week prospecting-mapping program by a team of six (geologists and students). Main findings are:

- Discovery of a metric size carbonatite dyke on the shore of Lac Ducarny, in the west part of the Property
- Discovery of two series of carbonatites boulders, just west and north of Lac Molin, that led to the discovery of a significant carbonatites outcrop about 500 meters northeast of Lac Molin, in the southwest part of the Property
- The Lac Molin discovery is within an area characterised by a low magnetic anomaly and a high gravity anomaly
- The REE and niobium anomalous pegmatites are closely related to the Alkaline Lac Lesueur Complex and contain variable amounts of coarse carbonates
- The pegmatitic dykes are more abundant along the shores of Lac Lesueur, suggesting the source is under the lake
- The Alkaline Complex is highlighted by magnetic and gravity lows

All carbonatites and pegmatites were sampled; assay results are still pending.

Others properties (100%)

Geomega had two geological teams working during the 2011 field season. Details prospecting-mapping were performed on Montviel, Emily, Oriana, 109, Pakacic, Clement properties, while reconnaissance and some limited mapping were done on Annick, Annick North, July and Sydney. Assays are still pending. The main results are:

- Montviel: Two drift boulders of polygenetic breccias with carbonatite matrix were found in the northern parts of the Property; this breccias looks very similar to the breccias intersected in most of our drill holes on the Core Zone
- Emily: Half a dozen narrow carbonatite dykes were discovered in the center of the Property; basaltic host rocks are strongly altered and thermally metamorphosed, suggesting the proximity of an intrusive body, potentially carbonatitic
- Oriana: A series of carbonatite dykes of varied composition were found at three locations on the Property; some exhibited similarities with Monviel carbonatites

Airborne magnetic-radiometric surveys will be performed by year-end 2011 over Sydney and Emily, and the north part of Zaza.

MINING PROPERTIES ACCOUNTING VALUES

At the end of each quarter, mining properties are reviewed to evaluate their potential. Following this analysis, no write off has been conducted during the quarter, all properties have future working programs.

SUMMARY OF FINANCIAL ACTIVITIES

Net loss for the quarter is $317,157 (net loss of $49,210 for the first quarter 2011) whereas administration fees for the quarter totalled $325,796 ($49,210 for the first quarter 2011).

Analysis of Administrative expenses

Description	Quarter ended August 31	
	2011	2010
	$	$
Publicity, travel and promotion	**123,944**	746
Salaries and employees benefits expenses	**104,274**	19,687
Professional fees	**42,411**	25,606
Trustee, registration fees and shareholders relations	**16,129**	850
Office expenses	**13,014**	2,737
Rent	**6,473**	-
Insurances, taxes and permits	**2,171**	-
Bad debts	**11,425**	-
Bank charges	**938**	126
Amortization of property and equipments	**5,017**	204
	325,796	49,956

Observations for the three-month period ended August 31, 2011 are the following:

- Publicity, travel and promotion: Investor relations contract granted at the beginning of the quarter, fees paid for the production of an independent research report and sponsor fee to a REE website.
- Professional fees: Fees paid related to a potential dual listing on a US stock exchange.
- Trustee and registration fees: Annual fees paid to TSX-V and costs related to the annual meeting.

SUMMARY OF QUARTER RESULTS

	2012	**2011**			
(000$ except loss/share)	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenues	10	8	7	4	-
Net loss	317	217	148	443	50
Net loss per share – basic and diluted	0.02	0.01	0.01	0.03	0.02

Earnings are composed of interests on cashable deposits from a Canadian bank.

The variations in the quarter results are explained as follow:

2012-Q1 Efforts to publicize the Company: Investors relations contract and independent research report.

2011-Q4 Significant wage costs related to an exercise of options.

2011-Q3 Financial resources for the promotion of the Company and expenses related to the annual meeting.

2011-Q2 Stock-based compensation of $364,000 following the grant of options. Installation costs in the new office and acquisition of fixed assets.

2011-Q1 Professional fees relative to the audit, preparation before the initial public offering (new board of directors, opening of the charter, acquisition of mining properties, etc.).

CASH FLOW SITUATION

The working capital increased by $3,358,780 during the first quarter going from $2,762,491 as at May 31, 2011 to $6,121,271 as at August 31, 2011. The increase is mainly due to the closing of a private placement of $5M in July 2011.

The cash and investments (free cash flow) amounted to $5,088,955 as at August 31, 2011 compared to $1,863,728 as at May 31, 2011.

The Company is considered to be in the exploration stage, thus it is dependent on obtaining regular financing in order to continue exploration. Despite previous success in acquiring sufficient financing, there is no guarantee of obtaining any future financing.

The Company considers the cash on hand sufficient for the short term known obligations and will need in the future to obtain additional funding for its Montviel exploration program. As at August 31, 2011, the Company did not have any debt or any financial commitments in the upcoming quarters with the exception of the lease of office premises until September 30, 2013 and totalling $53,293 and the obligations under capital leases related to equipment totalling $331,654.

As at August 31, 2011:

- 21,749,649 common shares were issued.
- 1,515,000 options were outstanding (960,000 can be exercised) which can be exercised at a price varying from $0.35 to $3.95 on or before September 29, 2015 and August 28, 2016. Each option can be exchanged by its holder thereof for one common share of the Company.
- 5,687,334 warrants were issued, entitling their holders to subscribe for the same amount of common shares of the Company at a price between $0.55 and $2.85 with an expiry date ranging from January 2, 2012 and July 8, 2013.
- 134,750 broker's options were issued entitling their holders thereof to subscribe for the same amount of units of the Company at a price of $2.35 on or before July 8, 2013. Each unit consists of one common share and one warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of $ 2.85 until July 8, 2013.

Variation in share capital as at November 17, 2011 is the following:

Description	**Number**	**Amount $**
Balance May 31, 2011	19,561,690	11,870,947
Private placement	2,127,659	4,999,999
Private placement - Issue expenses		(1,137,694)
Exercise of warrants	60,300	69,993
Balance August 31, 2011	**21,749,649**	**15,803,245**
Exercise of warrants	56,250	35,438
Exercise of options	400,000	244,000
Pre-Development Agreement with the Crees	150,000	229,500
Balance November 17, 2011	**22,355,899**	**16,312,183**

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 $1,137,694 (including an amount of $518,787 representing the value of brokers' options) 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 holder to acquire one common share of the Company at a price of $ 2.85 until July 8, 2013.

Options

Variation in outstanding options as at November 17, 2011 is the following:

Date	**Number of options**	**Average exercise price $**
As at May 31, 2011	1,145,000	0.67
Granted	370,000	2.45
As at August 31, 2011	**1,515,000**	**1.10**
Granted	1,103,540	1.51
Exercised	(400,000)	0.35
As at November 17, 2011	**2,218,540**	**1.44**

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

On August 29, 2011, the Company granted a total of 120,000 stock options to an employee that may be exercised over a period of five years, at an exercise price of $2.05.

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

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

Options granted and exercisable as at November 17, 2011:

Expiry date	**Number of options**	**Exercisable**	**Price ($)**
September 29, 2015	525,000	525,000	0.35
December 29, 2015	100,000	25,000	0.90
January 12, 2016	40,000	10,000	0.90
March 2, 2016	10,000	2,500	3.60
March 20, 2016	70,000	17,500	3.95
June 21, 2016	220,000	-	2.70
August 28, 2016	150,000	-	2.05
September 29, 2016	878,540	-	1.50
October 9, 2016	225,000	-	1.54
	2,218,540	580,000	1.44

Warrants

Variation in outstanding warrants since the beginning of year is as follows:

Date	Number of warrants	Average exercise price $
As at May 31, 2011	3,619,975	0.95
Issued	2,127,659	2.85
Exercised	(60,300)	1.14
As at August 31, 2011	**5,687,334**	**1.65**
Exercised	(56,250)	0.55
As at November 17, 2011	**5,631,084**	**1.67**

Warrants characteristics as at November 17, 2011 are the following:

Number	Exercise price	Expiry date
355,000	$0.55	January 2, 2012
2,149,821	$0.55	March 31, 2012
287,500	$0.55	April 7, 2012
455,549	$1.35	July 27, 2012
55,555	$1.35	August 2, 2012
200,000	$5.50	September 30, 2012
2,127,659	$2.85	July 8 , 2013
5,631,084	$1.67	

Broker's options

The number of outstanding Brokers' options as at August 31, 2011 which could be exercised for an equivalent number of units is as follows:

Date of issue	Number of units options	Exercise price $	Expiry date	Carrying value $
July 8, 2011	134,750	2.35	July 8, 2013	518,787

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 holder to acquire one common share of the Company at a price of $ 2.85 until July 8, 2013.

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 weighted volatility	100%
Risk-free interest average rate	1.66%
Expected average life	2 years
Average exercise price at date of grant	$2.85

SUBSEQUENT EVENTS

On September 29, 2011, GéoMégA announced the initial NI 43-101 compliant resource calculation totalled 183,900,000 tonnes indicated averaging 1.45% TREO in addition to an inferred mineral resource 66,700,000 tonnes grading 1.46% TREO.

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 $229,500).

ACCOUNTING POLICIES

Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. Significant estimates include the recoverability of mineral properties and deferred exploration expenses, future income taxes and stock-based compensation. Actual results may differ from those estimates.

Off-balance sheet arrangements

During the period, the Company did not set up any off-balance sheet arrangements.

International financial reporting standards

In February 2008, Canada's Accounting Standards Board confirmed January 1, 2011 as the changeover date to move financial reporting for Canadian publicly accountable enterprises to the IFRS.

These interim financial statements of the Company were prepared in accordance with IFRS. 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's financial statements were previously prepared in accordance with Canadian GAAP. Canadian GAAP differs in some areas from IFRS. In preparing these interim financial statements, management has amended certain accounting and valuation previously applied in the Canadian GAAP financial statements to comply with IFRS. The comparative figures for 2011 were restated to reflect these adjustments. Certain information and footnote disclosures which are considered material to the understanding of the Company’s interim financial statements and which are normally included in annual financial statements prepared in accordance with IFRS are provided in note 21 of the interim financial statements, along with reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on equity, earnings and comprehensive loss.

These financial statements were prepared under the historical cost convention, except for certain financial instruments are carried at fair value.

The Company's IFRS accounting policies presented in Note 4 of the interim financial statements dated August 31, 2011 have been applied in preparing the financial statements for the reporting period ended August 31, 2011, the comparative information and the opening statement of financial position at the date of transition (June 1, 2010).

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 Company 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.

Transition to IFRS

Changes observed for the transition to IFRS are mainly the following:

a) Presentation differences at the Statement of Financial Position

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

b) Presentation differences in the Statements of earnings and comprehensive loss

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

	Period ended	
	August 31, 2010 (3 months)	May 31, 2011 (12 months)
	$	$
Balance before the transition date	19,682	136,104
Grouping		
Stock-based-compensation	-	364,000
Professional fees paid to an officer	-	86,961
Balance as per IFRS	19,687	587,065

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

c) 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.

d) Reconciliation of equity and 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.

RISK AND UNCERTAINTIES

Risks inherent in the nature of mineral exploration and development
Mineral exploration and development involve several risks which experience, knowledge and careful evaluation may not be sufficient to overcome. Large capital expenditures are required in advance of anticipated revenues from operations. Many exploration programs do not result in the discovery of mineralization; moreover, mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in the conduct of exploration programs and the operation of mines. The commercial viability of exploiting any precious metal deposit is dependent on a number of factors including infrastructure and governmental regulations, in particular those respecting the environment, price, taxes, and royalties. No assurance can be given that minerals of sufficient quantity, quality, size and grade will be discovered on any of the Company's properties to justify commercial operation. Numerous external factors influence and may have significant impacts on the operations of the Company and its financing needs.

Financial risks
The Company is an exploration company. The Company will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Territories and First Nations claims
Although the Company has the rights to explore its mining properties, it must consider the potential claims of the First Nations communities surrounding its properties. The Company strives to maintain good relations with the First Nations communities.

Tax
No assurance can be made that Canada Revenue Agency or Quebec Minister of Revenue will agree with Company’s characterization of expenditures as Canadian exploration expenses or Canadian development expenses.

Dependence on key personnel
The development of the Company’s business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other employers.

Conflicts of interest
Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith of view to the best interests of the Company and to disclose any interest, which they may have un any project or opportunity of the Company. If a conflict arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

Environmental risks
The Company is subject to various environmental incidents that can occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

MANAGEMENT’S RESPONSABILITY FOR FINANCIAL INFORMATION

The Company's financial statements are the responsibility of the Company's management, and have been approved by the board of directors. The financial statements were prepared by the Company’s management in accordance with generally accepted Canadian accounting principles. The financial statements include certain amounts based on the use of estimated and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

(Signed) Simon Britt C.A., CEO (Signed) René Lacroix CA, Chief Financial Officer

St-Lambert, November 17, 2011