GEOMEGA RESOURCES INC.
INTERIM MANAGEMENT REPORT
FOR THE SIX-MONTH PERIOD ENDED NOVEMBER 30, 2011

This Management Discussion and Analysis ("MD&A") is dated January 20, 2012, and provides an analysis of Geomega Resources Inc. (the "Company", "GéoMégA" or "GMA") interim financial statements as at November 30, 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 six-month period ended November 30, 2011, 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 November 30, 2011 were not reviewed by the external auditors.

Unless otherwise indicated, all financial information has been prepared in accordance the 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 dated August 31, 2011 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 22,718,042 shares were issued as of January 20, 2012. 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 SECOND QUARTER

Montviel Property

- Initial NI 43-101 (National Instrument 43-101 – Standards of Disclosure for Minerals Projects) 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 ("Phase 2") and issue of initial results:2% total rare earth oxide over 327 m. and 0.75% Niobium (Nb_2O_5) over 32.9 m. in hole MVL-11-26. See section "**Summary of exploration activities**" below;
- Exploration expenses of $1,607,442 incurred mainly for drilling costs. See section "**Summary of exploration activities**" below;

- Signing of a Pre-development agreement with The Grand Council of the Crees and The Cree First Nation of Waswanipi.

Others properties

- Pump Lake : Expenses of $82,942 primarily on analysis of soil samples expenses.
- Exploration projects surrounding Montviel (8 properties): Expenses of $111,330 for prospecting, mapping and geophysics.
- Staking of graphite properties.

Corporate

- Election of a new Board of Directors and nomination of Patrick Godin as Chairman of the Board at the 2011 Annual and Special Meeting of Shareholders held on September 30, 2011;

COMPANY PROFILE

GéoMégA is a Montreal-based exploration company focused on the discovery and development of economic deposits of Rare Earths and Graphite in Quebec. GéoMégA is committed to meeting stringent mining industry standards and distinguishing itself with its expertise, know-how and its support and respect for local communities and the environment.

RESULTS OF OPERATION

Summary of exploration activities

During the second quarter, the Company incurred $1,607,442 in exploration expenses on the Montviel property.

Works	$	Description
Drilling	776,784	Phase 2 drilling cost
Geology and labour	366,455	Salaries and professional fees of geologists, assistants and support staff
Mineralogy and Metallurgy	24,043	Cost of mineralogical report and metallurgical tests
NI 43-101 resource calculation	46,021	Professional fees for the initial NI 43-101 resource calculation
Assays	41, 527	Laboratory assays costs related to Phase 2
Transport and lodging	141,965	Mining camp: Rent, installation costs, repairs, energy and security
Logistic and access roads	109,673	Drilling grid for Phase 2 drill program
Permits, insurance and rights	33,970	Permits for access roads and insurance
Office, furniture and small tools	34,107	Field work furniture and tools
Geophysics	32,897	Airborne geophysical survey of a portion of the property
	1,607,442	

Other exploration work totalling $194,272 were as follows:

Mining Properties	$	Description
Pump Lake	82,942	Analysis of soil samples.
Sydney	20,687	Prospecting, mapping and soil sampling
Exploration projects surrounding Montviel (8 mining properties)	90,643	Airborne geophysical survey and prospecting and mapping
	194,272	

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 January 20, 2012, 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 Montviel Property is located in the eponym Township at about 215 km north-west of the Town of Val-d’Or, Abitibi, Quebec. A major logging road gives an all-season access from the regional paved road number 113, 40 km north of Lebel-sur-Quevillon.

The regional topography is gently rolling with gravel and sand quaternary deposits and swampy areas covering most of the Property. There are very few outcrops. The Nomans River, which is less than 12 meters wide, flows southwest to northeast across the Property.

The Montviel Property is made of 216 claims totaling 11,998 hectares. The Property is owns 100% by the Company; NioGold has a 2-per-cent net output return royalty. A block of 57 claims contiguous to the property has been acquired 100-per-cent and is referred to as Montviel-sud.

Since fall 2010, the Company completed Phase-I diamond drilling campaign totaling 20,065 meters (winter 2011), built a new camp on site (summer 2011), started metallurgical testing (fall 2011), published a first 43-101 compliant resources estimate (September 2011) and started a second drilling campaign in the Core Zone (fall 2011).

A carbonatite complex hosts the rare earths mineralization at Montviel. The central part of the complex is made of a ferro-carbonatite where the highest rare earths values are found. Up to now, our works have defined the mineralized ferro-carbonatite over 900 meters of length (NE-SW), 650 meters of width (NW-SE) and 750 meters of depth.

A first resources estimate was completed by SGS-Geostat from Blainville, Quebec, over the ferro-carbonatite zone covering 750 meters by 350-400 meters and at a depth of 450 meters. The resources estimate is based on 19 of the 20 holes drilled during 2010-2011 winter. The indicated resources are defined by a drilling grid of less than 100 meters. The next tables give the gist of the published 43-101 resources estimate (see September 29, 2011 and November 14, 2011 press releases).

Cut-off TREO (%)	Resources	Tonnage (million T)	Density (t/m3)	TREO (%)	LREO (%)	IREO (%)	HREO (%)
1,00	Indicated	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

Resources	Tonnage (million T)		Million Kg in-situ					
			Nd_2O_3	Pr_2O_3	**Dy_2O_3**	Eu_2O_3	Y_2O_3	**Nb_2O_5**
Indicated	183,9	Kg / Tonne	**2,425**	0,755	**0,023**	0,082	0,072	**1,257**
		Million-Kg in-situ	**446,0**	139,0	**4,19**	9,0	13,0	**231,0**
Inferred	66,7	Kg / Tonne	**2,404**	0,751	**0,025**	0,086	0,078	**1,403**
		Million-Kg in-situ	**160,0**	50,0	**1,65**	3,0	5,0	**94,0**

The detailed mineralogical study by SGS-Lakefield identified the main REE-minerals as being fluoro-carbonates of the Basnasite-Synsichite Family (Huangoite and Cebaite) (see august 24 press release). The metallurgical processes to extract the REE from those fluoro-carbonates are well known and proven to work at an industrial scale, as demonstrate at the two largest producers in the world: Mountain Pass in California, and Bayan Obo in China.

The second drilling campaign, started in September 2011, is aiming to complete a 90-100 meters drilling grid necessary for the indicated resources. This will allow to define a 50-70million tonnes starter pit over the richest part of the Core Zone. At the end of November, more than 80% of the 90-100 meters drilling pattern was completed. During this period, 17 drill holes were completed with two drill rigs. Of those, 13 ddh (7,335 meters and 4,439 samples) were done on the Core Zone, and 4 drill holes (2,204 meters and 1, 371 samples) were done to better define the limits of the ferro-carbonatite. The next table gives the technical details of the holes performed during the September-November period.

No. Forage	Target	Section	UTM Nad 83 zone 18		Azimut	Dip	Lenght (m)	Sample numbers	Number of blanks	Number of Duplicates
			X	Y						
MVL-11-21	Périphérique	7+25W	389756	5520057	240^{0}	-55^{0}	434.4	268	11	6
MVL-11-22	Périphérique	7+25W	389711	5520155	330^{0}	-55^{0}	336	202	8	2
MVL-11-23	Zone noyau	7+25W	389821	5519957	330^{0}	-55^{0}	450	280	10	-
MVL-11-24	Zone noyau	5+90W	389793	5520285	330^{0}	-55^{0}	357	205	9	-
MVL-11-25	Zone noyau	5+90W	389840	5520203	330^{0}	-55^{0}	497.5	290	12	3
MVL-11-26	Zone noyau	5+90W	389896	5520105	330^{0}	-55^{0}	642	364	15	7
MVL-11-27	Zone noyau	5+90W	389948	5520010	330^{0}	-55^{0}	744	471	19	6
MVL-11-28	Zone noyau	4+00W	389907	5520469	330^{0}	-55^{0}	518	291	12	3
MVL-11-29B	Zone noyau	4+00W	389960	5520365	330^{0}	-55^{0}	615	370	15	8
MVL-11-30	Périphérique	6+80W	389803	5520068	180^{0}	-45^{0}	609	383	16	10
MVL-11-31	Zone noyau	6+80W	389733	5520218	330^{0}	-55^{0}	513	310	13	6
MVL-11-32d	Zone noyau	6+80W	389785	5520124	330^{0}	-55^{0}	486	288	13	6
MVL-11-33B	Périphérique	3+00W	390111	5520323	150^{0}	-45^{0}	825	518	22	11
MVL-11-34	Zone noyau	6+80W	389834	5520023	330^{0}	-55^{0}	573	359	15	9
MVL-11-35B	Zone noyau	3+00W	389992	5520515	330^{0}	-55^{0}	438	257	11	6
MVL-11-36	Zone noyau	6+80W	389894	5519937	330^{0}	-55^{0}	600	376	16	9
MVL-11-37B	Zone noyau	3+00W	390163	5520229	330^{0}	-54^{0}	921	578	24	9
17 ddh							9558.9	5810	241	101

All the definition drill holes intersected the mineralized ferro-carbonatite, but at the end of the November, only the results of six holes were received. The next table presents the best assay results from those holes (see December 15 press release).

Ddh #	Target	Section	From (m)	To (m)	Lenght. (m)(1)	TREO (%)(2)	Nd_2O_3 (%)(3)	Ratio MHREO(4) / TREO(5)	Nb_2O_5 (%)
MVL-11-21	Périphérique	7+20W	37.0	131.0	94.0	0.89	0.12	5.80%	-
MVL-11-22	Périphérique	7+20W	183.0	230.5	47.5	1.07	0.20	9.24%	-
MVL-11-23	Zone Noyau	7+20W	186.0	276.0	90.0	1.54	0.21	2.90%	-
			Incl.220.5	255.8	35.3	-	-	-	0.20
MVL-11-24	Zone Noyau	5+90W	38.5	342.0	303.5	1.24	0.22	3.79%	-
			Incl. 70.0	146.0	76.0	2.05	0.35	2.40%	-
MVL-11-25	Zone Noyau	5+90W	80.4	407.7	327.3	1.39	0.24	3.11%	0.13
			Incl. 95.0	180.0	85.0	1.98	0.32	2.76%	-
MVL-11-26	Zone Noyau	5+90W	40.3	471.0	430.7	1.80	0.29	3.74%	0.22
			Incl.144.0	471.0	327.0	2.00	0.31	3.16%	-
			et 144.0	176.9	32.9	-	-	-	0.75

1) Épaisseur vraie estimée à 85-100% de la longueur linéaire
2) Cérium, Lanthanum, Néodimium et Praseodymium sont les Oxydes de terres rares les plus abondantes (LREO).
3) 0.1% = 1 kg / tonne
4) MHREO = *''Mid and Heavies rare earth oxydes''* = somme des MREO (Sm_2O_3, Eu_2O_3, Gd_2O_3) et des HREO (Tb_2O_3, Dy_2O_3, Ho_2O_3, Er_2O_3, Tm_2O_3, Yb_2O_3, Lu_2O_3) plus Y_2O_3
5) TREO = *''Total rare earth oxydes''* = somme de tous les oxydes de terres rares (LREO, MREO et HREO) plus l'oxyde d'Yttrium

Hole MVL-11-22 tested the 90-meters up-dip extension of hole MVL-10-09 which graded 0.76 % TREO over 17.1 meters with a ratio MHREO / TREO of 28 %. Usually, this ratio varies from 2.5 to 5% elsewhere within the ferro-carbonatite. MVL-11-22 cut a 130 meters zone made of numerous deca-metric breccias similar to those intersected in MVL-10-09. One of the breccias graded 1.07 % TREO over 47.5 meters, but the ratio MHREO / TREO is only 9.4 %. Grades of 9.47 % P_2O_5 over 47.5 meters and 0.12 % Nb_2O_5 over 40.0 meters are also associated with the rare earths values.

Holes MVL-1124 to -26 were drilled sequentially at 90 meters interval on section 5+90W. A thickening of the high-grade ferro-carbonatite (about 2% TREO) is observed with depth. The cut in MVL-11-26 (2.0% TREO/327.0m) has defined the Core Zone down to 400 meters vertical. The beginning of this intersection is characterized by an enrichment in niobium (0.75 % Nb_2O_5 over 32.9 m).

Three drill holes were drilled in order to better define the western and southern limits of the mineralized zone. MVL-11-23 intersected a sequence of silico- and ferro-carbonatite carrying rare earths over more than 300 meters to the West. Holes MVL-11-30 and -33 widened the mineralized ferro-carbonatite over an additional 200 meters to the South, as well as delineated alternating silico- and calico-carbonatites over 200 meters more to the South.

A MMI (mobile metal ions) soil geochemical soil test-survey was performed during the fall of 2011. A part of the survey was done over the Core Zone in order to complete the 2003 survey by NioGold. It should help define the geochimical signature of the carbonatites and eventually find out new peripheral anomalies. The second part of the test-survey was done over a kilometer-wide magnetic anomaly in the north of the Property. In this area, 2011 prospection works discovered two metric-size and angular drift blocks made of polygenetic breccias very similar to those found in the periphery of the Core Zone.

In October 2011, a high-definition airborne magnetic and radiometric Survey, totaling 794 kilometers, was performed in the north and the west part of the Property in order to complete the entire covering of the Property. The results will help better define exploration targets.

The drilling campaign will be ongoing till Spring 2012, mainly to transform indicate resources in measured resources over the area of the eventual starter pit. To do so, 39 drill holes (15,700m) are planned at a 45-meter grid spacing. A third drill rig will be mobilized in order to test geophysical, geochemical and geological anomalies elsewhere on the Property.

Pump Lake Property (option to acquire 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. The Company has the option to earn a 100% interest in the Property from NioGold.

During the summer of 2011, the Company had a 6-week prospecting-mapping program by a team of six people. During the fall, a map compiling all the data regarding this campaign was started. At the end of November, all the assay results were received.

Preliminary result interpretation shows that three samples were quite high in cerium, lanthanum and niobium, but unfortunately they are also pretty high in uranium and thorium. About 20 samples were send back to the lab for **more completed assays in rare earths, scandium and fluor.**

Other field Works (100% Geomega properties)

During summer 2011, the Company had two geological mapping teams in the field. 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 and Julie. 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 and in the North of the Property; two of those gave pretty good grade in cerium and lanthanum

- Oriana: A series of carbonatite dykes of varied composition were found at three locations on the Property; some exhibited similarities with Monviel carbonatites.

During Fall 2011, two teams performed mapping/prospecting (12 days) over most of the Sydney Property. No dyke of carbonatite or strongly pegmatized dyke was found within those granitic gneiss terrains. Only some weakly carbonatized narrow zones were uncovered.

Airborne magnetic and radiometric surveys were performed during the fall over Sydney (1,299 km) and Emilie (461 km) properties, and also on the northern part of Zaza (827 km). These high definition surveys will help fine-tune the geological interpretation and better define the best eventual drilling targets.

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 $631,589 (net loss of $443,091 for the second quarter 2011) whereas administration fees for the quarter totalled $634,308 ($447,516 for the second quarter 2011).

Analysis of Administrative expenses

Description	Three-month period ended November 30	
	2011	2010
	$	$
Salaries and employees benefits expenses	**244,017**	401,874
Professional fees	**219,788**	10,213
Publicity, travel and promotion	**109,738**	2,273
Office expenses	**23,027**	13,446
Trustee, registration fees and shareholders relations	**16,031**	10,838
Insurances, taxes and permits	**8,718**	2,127
Rent	**6,615**	4,315
Bank charges	**(222)**	132
Amortization of property and equipments	**6,596**	2,298
	634,308	447,516

Observations for the three-month period ended November 30, 2011 are the following:

<u>Salaries and employees benefits expenses</u>

- 100% of the shared-based payments in 2010 was registered as an expenses in 2010 while this 2011 expense is spread over several quarters.

Professional fees

- Increase in 2011 Audit fees; and
- Increase in 2011 Annual and Special Meeting of shareholders fees.

Publicity, travel and promotion

- Mining related conventions in the quarter:
  - Val d'Or Exploration 2011;
  - Québec Exploration 2011;
  - Cambridge House Toronto and Montreal.
- Marketing activities:
  - Montviel property site visits;
  - Road show in New-York.

Office expenses

- Office costs related to the hiring of a geomatician.

Trustee, registration fees and shareholders relations

- The 2011 annual meeting was held during the quarter while last year the annual meeting took place during the third quarter.

Net loss for the semester is $948,746 (net loss of $493,047 for the six-month ended November 30, 2010) whereas administration fees for the semester totalled $960,104 ($497,472 for the six-month ended November 30, 2010).

Analysis of Administrative expenses

Description	**Six-month period ended November 30**	
	2011	2010
	$	$
Salaries and employees benefits expenses	**348,291**	421,561
Professional fees	**262,198**	35,819
Publicity, travel and promotion	**233,683**	3,019
Office expenses	**36,041**	16,184
Trustee, registration fees and shareholders relations	**32,160**	11,688
Rent	**13,088**	4,315
Insurances, taxes and permits	**10,889**	2,127
Bad debts	**11,425**	-
Bank charges	**715**	257
Amortization of property and equipments	**11,614**	2,502
	960,104	497,472

Observations for the six-month period ended November 30, 2011 are the following:

Salaries and employees benefits expenses

- 100% of the shared-based payments in 2010 was registered as an expenses in 2010 while this 2011 expense is spread over several quarters.

Professional fees

- Increase in 2011 Audit fees;
- Increase in 2011 Annual and Special Meeting of shareholders fees; and
- Fees paid related to a potential dual listing on a US stock exchange.

Publicity, travel and promotion

- Mining related conventions in the quarter:
  - Val d'Or Exploration 2011;
  - Québec Exploration 2011;
  - Cambridge House Toronto and Montreal.
- Marketing activities:
  - Montviel property site visits;
  - Road show in New-York.
- Public relations contract granted at the beginning of the year;
- Fees paid for the production of an independent research report; and
- Sponsor fee to a REE website.

Office expenses

- Office costs related to the hiring of a geomatician.

Trustee, registration fees and shareholders relations

- The 2011 annual meeting was held during the quarter while last year the annual meeting took place during the third quarter; and
- Annual fees paid to TSX-V and costs related to the annual SEDAR deposit.

SUMMARY OF QUARTER RESULTS

	2012		2011			
(000$ except loss/share)	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	12	10	8	7	4	-
Net loss	632	317	217	148	443	50
Net loss per share – basic and diluted	0.03	0.01	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-Q2	Costs related to the 2011 Annual and Special Meeting of Shareholders and marketing efforts.
2012-Q1	Marketing efforts to publicize the Company: Public relations contract and independent research report.
2011-Q4	Significant wage costs related to an exercise of options and marketing US tour costs.
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 decreased by $1,729,551 during the second quarter going from $6,121,271 as at August 31, 2011 to $4,391,720 as at November 30, 2011. The decrease in cash is mainly due to exploration costs and the administrative expenses incurred during the period.

The cash and investments balance amounted to $2,883,803 as at November 30, 2011 compared to $5,088,955 as at August 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 November 30, 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 $49,691 and the obligations under capital leases related to equipment totalling $315,727.

As at November 30, 2011:

- 22,363,042 common shares were issued.
- 2,218,540 options were outstanding (580,000 can be exercised) which can be exercised at a price varying from $0.35 to $3.95 on or before September 29, 2015 and October 9, 2016. Each option can be exchanged by its holder thereof for one common share of the Company.
- 5,623,941 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 $5.50 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 January 20, 2012 is the following:

Description	Number	Amount $
Balance May 31, 2011	19,561,690	11,870,947
Private placement	2,127,659	4,999,999
Pre-Development Agreement with the Crees	150,000	225,000
Private placement - Issue expenses		(1,141,097)
Exercise of options	400,000	244,000
Exercise of warrants	123,693	109,930
Balance November 30, 2011	**22,363,042**	**16,308,779**
Exercise of warrants	355,000	223,650
Balance January 20, 2012	**22,718,042**	**16,532,429**

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. 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. Issuance costs totaling $1,139,426 (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.. 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.

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 expenses of $1,671).

Options

Variation in outstanding options as at January 20, 2012 is the following:

Date	Number of options	Average exercise price $
As at May 31, 2011	1,145,000	0.67
Exercised	(400,000)	0.35
Granted	1,473,540	1.74
As at November 30, 2011	**2,218,540**	**1.44**
As at January 20, 2012	**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 150,000 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.

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

Options granted and exercisable as at January 20, 2012:

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	55,000	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	635,000	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	(123,693)	0.84
As at November 30, 2011	**5,623,941**	**1.67**
Exercised	(355,000)	0.55
As at January 20, 2012	**5,268,941**	**1.74**

Warrants characteristics as at January 20, 2012 are the following:

Number	Exercise price	Expiry date
2,142,678	$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
5,268,941	$1.74	

Broker's 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:

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

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. These financial statements 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 presentation of the comparative figures for 2011 has been changed 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 November 30, 2011 and the comparative information.

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 November 30, 2011 (3 months)	Period ended November 30, 2011 (6 months)
	$	$
Balance before the transition date	26,390	46,077
Grouping		
Stock-based-compensation	364,000	364,000
Professional fees paid to an officer	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*.

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 CA, CEO (Signed) René Lacroix CA, Chief Financial Officer

St-Lambert, January 20, 2012