GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT REPORT
YEAR ENDED MAY 31, 2012
(In Canadian dollars)

This Management Discussion and Analysis ("MD&A") dated September 28, 2011, provides an analysis of Geomega Resources Inc. (the "Company", "GéoMégA" or "GMA") annual financial statements as at May 31, 2012. This discussion and analysis of the financial position and results of operation should be read in conjunction with the audited financial statements for the years ended May 31, 2012 and 2011. All amounts presented are in Canadian dollars.

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 29,274,113 shares were issued as of September 28, 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

Montviel Property

- *August 28, 2012* : the Company announced the signing of a non-binding letter of intent ("LOI") with Innovation Metals Corp. ("IMC") for the processing of a quantity of neodymium-rich concentrate in Bécancour, Quebec;
- *May 17, 2012 :* Metallurgical results demonstrating 85% and 90% recovery respectively for both Rare Earth Oxides and Niobium;
- *March 20, 2012* : Retention of Golder Associates to perform hydrogeological, geotechnical, geomechanical and geochemical studies for the Preliminary Economic Assessment ("PEA");
- *March, 20 2012:* completion of Phase 2 drilling totalled 24,000 meters. Identification of a Rare Earths/Niobium enriched nucleus within Montviel's Core Zone. Please see pages 5, 6 and 7 for drilling results;
- *January, 10 2012* : Retention of G Mining Services Inc. for Montviel Preliminary Economics Assessment ("PEA") ;
- *October 20, 2011 :* signing of a Pre-Development Agreement ("PDA") for its Montviel Rare Earths Project with the Grand Council of the Crees (Eeyou Istchee) / Cree Regional Authority and the Cree First Nation of Waswanipi;

- *September 28, 2011* : initial National Instrument 43-101 compliant mineral resource estimate totaling 183.9Mt of indicated resource grading 1.45% Total Rare Earth oxides (TREO) and 66.7Mt of inferred resource grading 1.46% TREO at a base case 1.00% TREO cut-off grade;
- Exploration expenses of $6,849,555 incurred on the Montviel property mainly for drilling and assaying. Please see the **« Summary of exploration activities»** on page 3**.**

Other Properties

- *June 18, 2012 :* termination of the Pump Lake and Émilie projects;
- *Fourth quarter of calendar year 2011 ("CY2011") and first quarter of CY2012:* staking of a portfolio of properties with strong potential for Graphite;
- *June 18, 2012 :* Signing of an Option Agreement for the option to earn a 100 % undivided interest in 15 mining claims completing the Oriana project;
- *Second and third quarters of CY2012 :* Exploration work on several properties 100% owned by the Company;
- Exploration expenses of $704,598 for prospecting, mapping and sampling. See **Summary of exploration activities** on page 3**.**

Corporate

- *June 18, 2012:* Nomination of PricewaterhouseCoopers (PwC) as auditors.
- *May 31, 2012:* closing of a non-brokered private placement for $206,250 including the Cree Mineral Exploration Board;
- *April 30, 2012 :* Nomination of Alain Cayer as Vice-president Exploration, Sébastien Vézina as Corporate Secretary, Mario Spino as Chief Financial Officer and Frédéric Gauthier as Director of Sustainability;
- *April 10 2012 :* closing of a brokered private placement for $3,500,000;
- *March 16 2012 : $*1,500,000 bridge loan granted from SIDEX, a limited partnership;
- *October 6, 2011:* Nomination of Réjean Talbot as board member;
- *October 3, 2011 :* Nomination of Patrick Godin as Chairman of the board;
- *July 8, 2011 :* closing of a brokered private placement for $4,999,999 ;

COMPANY PROFILE AND MISSION

GéoMégA is a Montreal-based exploration company focused on the discovery and development of economic deposits of clean technology metals, notably rare earths 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.

As society emerges from fossil energy to a more efficient and sustainable source, **GéoMégA** believes that the future of clean energy resides in the rare earth element called neodymium. Neodymium is vital for the production of high-performance permanent-magnet materials, used in a wide variety of electrical machines. Such machines are already in increasing demand with the growth of sustainable-energy initiatives such as hybrid and electric vehicles and direct-drive wind turbines. Neodymium permanent magnets are a key component of the 21st century's economic sustainable and durable development.

RESULTS OF OPERATION

Summary of exploration and evaluation activities

During the year, the Company incurred $6,849,555 in exploration and evaluation expenses on the Montviel property.

Works	$	Description
Drilling	2,434,739	Direct costs of Phase 2 diamond drilling
Assays	1,502,289	Laboratory analysis for Phase 2
Geology and labour	1,817,812	Salaries and professional fees of geologists, assistants and support staff
Mineralogy and metallurgy	93,644	Metallurgical testing and mineralogical report.
Transport and lodging	573,296	Mining camp: Rent, installation costs, repairs, energy and security
Logistic and access roads	240,226	Drilling grid
Permits, insurance and rights	49,366	Permits for access roads and insurance.
Office, furniture and small tools	91,481	Field work, furniture and tools
Geophysics	46,702	Airborne geophysical survey
	6,849,555	

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

- Advance the work necessary for the Montviel PEA;
- Complete the Phase 2 diamond drilling program (24,000 meters), allowing the Company to identify the Rare Earth Element ("REE") and Niobium enriched Core Zone;
- Demonstrate the metallurgical feasibility with the elaboration of a conceptual flow sheet;

Other exploration work, totaling $704,598, was performed as follows:

Properties	$	Description
Pump Lake	251,040	Sampling and assaying.
Graphite Properties	25,844	Compilation and mapping.
Other properties	427,714	Aerial surveys, prospecting, mapping and sampling.
	704,598	

MINERAL PROPERTIES

Montviel and Pump Lake Option

Effective September 30, 2010, the Company held 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 (of which 1,100,000 were issued on September 30, 2010 with an attributed value at issuance 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 March 18, 2011, the Company acquired 57 mining claims south of the Montviel property for a total amount of $1,888,000 consisting of $100,000 in cash, 200,000 common shares of the Company (value of $790,000 at the date of issuance) and 200,000 warrants entitling its holder to acquire 200,000 shares of the Company at a price of $5.50 until September 30, 2012 (value of $298,000 at the date of issuance).

On May 2, 2011, the above agreement was amended as follows: the Company acquired a 100% interest in the Montviel property by (i) issuing 1,525,000 common shares (issued with an attributed value at issuance of $5,368,000), including the 400,00 common shares as per the September 30, 2010 agreement, to NioGold and (ii) forfeiting the 50% buy-back option for $1,000,000 of the 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 election of NioGold, which amount shall be treated as a non-refundable advanced 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. On June 18, 2012, the Company notified NioGold of its decision to terminate its participation in the Pump Lake project after incurring $281,670 in exploration expenditures.

Montviel property (100% interest)

Project Overview

The Montviel property presently consists of 216 mining claims totaling 11,998 ha and is located in the Montviel Township, approximately 45 km west of the Cree First Nation of Waswanipi and 97 km north of Lebel-sur-Quévillon in the southern, developed, part of Quebec's "Plan Nord" (North of 49th parallel). On March 21, 2011, the Company completed the acquisition of a 100% interest in 57 claims contiguous to the property and referred to as Montviel-South.

The property has permanent access via a network of oversize logging roads, after a 57km drive from highway 113, which connects Val d'Or and Chibougamau. Heavy equipment can be mobilized by truck directly to the property.

The property carries a 2% net output royalty to NioGold. There are no environmental liabilities pertaining to the property nor is the property subject to any litigation. The only permits required to conduct work are the forestry management permits. There is no mining infrastructure on the property.

Exploration

In April 2011, the Company completed the Phase 1 diamond drilling campaign totaling 20,065 meters (started in November 2010). Since May 2011, the Company also built a new camp on site (July 2011), started metallurgical testing (October 2011), published an initial NI 43-101 compliant resource estimate (September 2011) and completed Phase 2 drilling campaign in the Core Zone (March 2012).

A carbonatite complex hosts the rare earths element (REE) 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 resource estimate was completed by SGS Géostat from Blainville, Quebec, over the ferro-carbonatite zone covering 750 meters by 350-400 meters and at a depth of 450 meters. The resource estimate was based on 19 of the 20 holes drilled between November 2010 and May 2011. The indicated resources are defined by a drilling grid spacing of less than 100 meters. The following tables provide a summary of the published 43-101 resource estimate (see September 28, 2011 and November 14, 2011 press releases).

Cut-off TREO (%)	Resources	Tonnage (million T)	Density (t/m3)	TREO[1] (%)	IREO[2] (%)	HREO[3] (%)
1,00	Indicated	183,9	2,92	1,453	0,037	0,004
1,00	Inferred	66,7	2,89	1,460	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 phase 2 drilling campaign, started in September 2011, was completed in March 2012. The first part of the campaign, completed in December, aimed to complete a 90 to 100 meter spacing drilling grid deemed necessary for the resource to be classified as indicated. The second part of the campaign, completed in March 2012, aimed to define a starter pit area over the richest part of the Core Zone, with a 45 metre drilling grid in between sections 5+00W and 6+80W. A total of 50 diamond drill holes (DDH) were completed with two drill rigs, of which 38 were completed in the Core Zone. A total of 15,277 samples were assayed from the 50 DDH cores. The following table summarizes the best Phase 2 DDH intersections.

[1] Total Rare Earth Oxides (TREO) include: La_2O_3, Ce_2O_3, Pr_2O_3, Nd_2O_3, Sm_2O_3, Eu_2O_3, Gd_2O_3, Tb_2O_3, Dy_2O_3, Ho_2O_3, Er_2O_3, Tm_2O_3, Yb_2O_3, Lu_2O_3, Y_2O_3.

[2] Intermediate Rare Earth Oxides (IREO) include: Sm_2O_3, Eu_2O_3 and Gd_2O_3.

[3] Heavy Rare Earth Oxides (HREO) include: Tb_2O_3, Dy_2O_3, Ho_2O_3, Er_2O_3, Tm_2O_3, Yb_2O_3 and Lu_2O_3.

Montviel - Core *Zone*

DDH	Section[1]	From (m)	To (m)	Length (m)	TREO (%)	Nd_2O_3 (%)	Nb_2O_5 (%)	MHREO TREO (%)
21	*Exploration DDH*							
22	*Exploration DDH*							
23	7+20W	186	276	90	1.54	0.21		3.2
24	5+90W	38.5	342	303.5	1.24	0.22		4.7
	Incl.	70	146	**76**	**2.05**	**0.35**		3.0
25	5+90W	80.4	407.7	327.3	1.39	0.24	0.13	3.7
	Incl.	95	180	**85**	**1.98**	**0.39**		4.1
26	5+90W	40.3	471	430.7	1.80	0.29	0.22	4.3
	Incl.	144	471	327	2.00	0.31		3.8
	Incl.	144	176.9	32.9			0.75	
27	5+90W	72.7	152	79.3	1.51	0.22	0.16	3.2
	Incl.	106.5	152	45.5	1.58	0.24	0.25	3.5
	Incl.	204	716.5	512.5	1.21	0.21	0.16	5.0
	Incl.	343.5	716.5	373	1.19	0.21	0.20	5.6
28	4+00W	63	192	129	1.49	0.22	0.10	1.9
	Incl.	69	112.5	43.5	1.80	0.25	0.07	1.7
29B	4+00W	60.2	491	430.8	1.28	0.21	0.11	3.4
	Incl.	95.5	266.6	171.1	1.45	0.24	0.14	2.6
	Incl.	428.3	486.5	58.2	2.11	0.36	0.13	3.0
30	*Exploration DDH*							
31	6+80W	35.5	171.7	136.2	1.47	0.25	0.14	3.3
32D	6+80W	52.6	372	319.4	1.87	0.29	0.21	3.2
	Incl.	52.6	298.5	245.9	2.08	0.32	0.22	3.2
	Incl.	174	205.5	31.5	3.28	0.49	0.25	3.0
	Incl.	219	238.5	19.5	2.59	0.39	0.55	3.1
33B	*Exploration DDH*							
34	6+80W	187.5	437.5	249.75	1.84	0.28	0.30	3.2
	Incl.	318	437.25	119.25	2.25	0.33	0.39	2.8
	Incl.	318	364.5	46.5	3.09	0.41	0.60	2.4
35	3+00W	206	364.3	157.5	1.74	0.30	0.19	2.8
36	6+80W	193.5	550.3	356.8	1.48	0.21	0.13	3.8
	Incl.	280.9	292.5	11.6	1.96	0.27	0.61	2.7
37	3+00W	141	921	780.0	1.62	0.29	0.15	3.1
	Incl.	616.0	707.8	91.8	2.12	0.40	0.28	3.0
38	6+35W	54.1	129.0	74.9	1.54	0.27	0.33	4.0
	Incl.	73.7	97.5	23.8	1.81	0.30	0.50	4.4
39	6+35W	49.5	157.1	107.6	1.57	0.27	0.18	2.7
	Incl.	132.0	142.5	10.5	1.59	0.30	0.54	3.4
40	5+00W	44.5	258	213.5	1.69	0.29	0.14	2.6
	Incl.	44.5	167	122.5	1.98	0.31	0.16	2.3
	Incl.	140.5	167	26.5	3.02	0.50	0.20	2.2

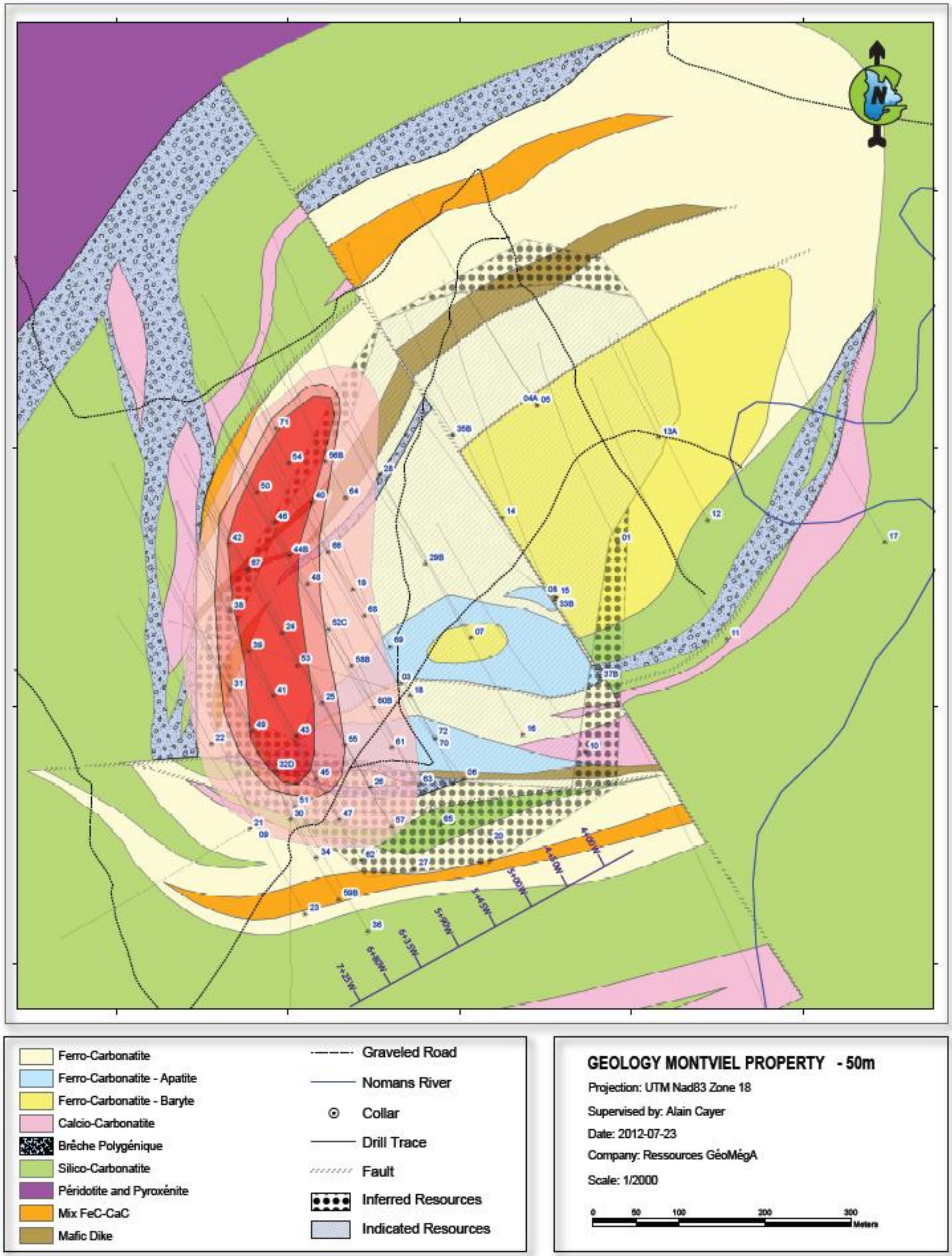
DDH	Section(1)	From (m)	To (m)	Length (m)	TREO (%)	Nd_2O_3 (%)	Nb_2O_5 (%)	MHREO TREO (%)
41	6+35W	37.0	258.0	221.0	1.53	0.26	0.15	3.0
	Incl.	37.0	88.5	51.5	2.03	0.33	0.19	2.6
42	5+90W	41.7	105.6	63.9	2.00	0.30	0.25	3.3
43	6+35W	31.0	330.0	299.0	1.79	0.30	0.27	3.0
	Incl.	117.0	169.5	52.5	2.80	0.44	0.51	2.7
	Incl.	117.0	128.0	11.0	3.14	0.48	1.37	2.6
44b	5+45W	45.6	247.2	201.6	1.44	0.25	0.11	2.8
45	6+35W	39.5	366.0	326.5	1.80	0.28	0.16	3.2
	Incl.	142.5	255.0	112.5	2.17	0.21	0.18	2.8
	Incl.	291.0	334.5	43.5	2.21	0.32	0.24	3.6
46	5+45W	40.5	169.5	129.0	1.61	0.27	0.15	2.8
	Incl.	99.7	142.5	42.8	2.41	0.26	0.24	2.7
47	6+35W	127.5	435.0	307.5	1.81	0.28	0.22	3.8
	Incl.	172.5	183.0	10.5	2.96	0.49	1.49	3.6
	et	175.5	258.0	82.5	2.22	0.35	0.33	3.1
	et	363.0	424.5	61.5	2.09	0.30	0.29	5.2
48	5+45W	46.5	150.0	103.5	1.59	0.25	0.12	2.2
49	6+80W	45.0	267.0	222.0	1.95	0.31	0.25	3.1
	Incl.	48.0	106.5	58.5	2.42	0.38	0.18	2.7
	Incl.	201.0	219.0	18.0	1.84	0.29	0.59	3.7
50	5+45W	39.3	112.5	73.2	2.57	0.40	0.33	3.1
	Incl.	87.0	109.5	22.5	2.91	0.44	0.71	3.9
51	6+80W	148.5	375.0	226.5	2.16	0.32	0.20	3.2
	Incl.	180.0	238.5	58.5	2.93	0.39	0.13	2.7
	Incl.	265.5	337.5	72.0	2.29	0.35	0.23	3.4
	Incl.	277.5	321.0	43.5			0.31	
52C	5+45W	32.9	222.0	189.1	1.59	0.26	0.11	3.2
	Incl.	108.0	147.0	39.0	2.18	0.33	0.14	3.1
53	5+90W	36.8	195.0	158.2	1.72	0.29	0.09	2.9
	Incl.	102.0	144.0	42.0	2.11	0.37	0.08	2.3
54	5+00W	40.0	136.5	96.5	1.63	0.27	0.16	2.6
55	5+90W	32.9	400.5	367.5	2.20	0.33	0.33	3.0
	Incl.	100.5	115.5	15.0	3.20	0.47	1.12	2.5
	Incl.	270	280.5	10.5	2.74	0.38	1.03	1.8
56B	4+50W	57.1	137.0	79.9	1.64	0.25	0.12	1.7
57	5+90W	157.5	400.5	243.0	1.62	0.26	0.24	3.9
	Incl.	361.5	384.0	22.5	2.04	0.30	1.05	2.9
58B	5+45W	72.0	235.5	163.5	1.61	0.26	0.11	2.7
59B	6+80W	318	501	183	1.53	0.25	0.76	3.9
	Incl.	334.5	430	95.5	2.06	0.33	1.38	3.3
	Incl.	351.4	381	29.6	2.42	0.42	3.08	3.1
60B	5+45W	28.1	387.0	358.9	1.56	0.26	0.15	3.0
	Incl.	108.0	196.5	88.5	2.00	0.32	0.17	2.6

DDH	Section[1]	From (m)	To (m)	Length (m)	TREO (%)	Nd_2O_3 (%)	Nb_2O_5 (%)	<u>MHREO</u> TREO (%)
61	5+45W	58.5	514.5	456.0	1.90	0.30	0.24	3.7
	Incl.	301.5	492.0	190.5	2.21	0.33	0.36	4.4
62	6+35W	268.5	376.5	108.0	1.72	0.29	0.29	3.5
	Incl.	351.0	372.0	21.0	2.02	0.34	0.93	3.2
63	5+45W	103.5	495.0	391.5	1.51	0.24	0.13	3.8
64	4+50W	66.9	312.0	245.1	1.39	0.23	0.14	4.0
65	5+45W	178.5	471.0	292.5	1.61	0.26	0.15	3.7
	Incl.	306.0	366.0	60.0	1.99	0.32	0.13	3.2
66	5+00W	58.5	301.5	243.0	1.46	0.25	0.12	2.8
67	5+90W	40.7	133.5	92.8	1.56	0.26	0.25	3.7
68	5+00W	73.5	313.5	240.0	1.46	0.24	0.10	3.2
69	5+00W	104.0	375.0	271.0	1.38	0.16	0.12	2.4
70	5+00W	32.0	465.0	433.0	1.64	0.27	0.22	3.3
	Incl.	276.0	420.0	144.0	2.22	0.33	0.28	2.7

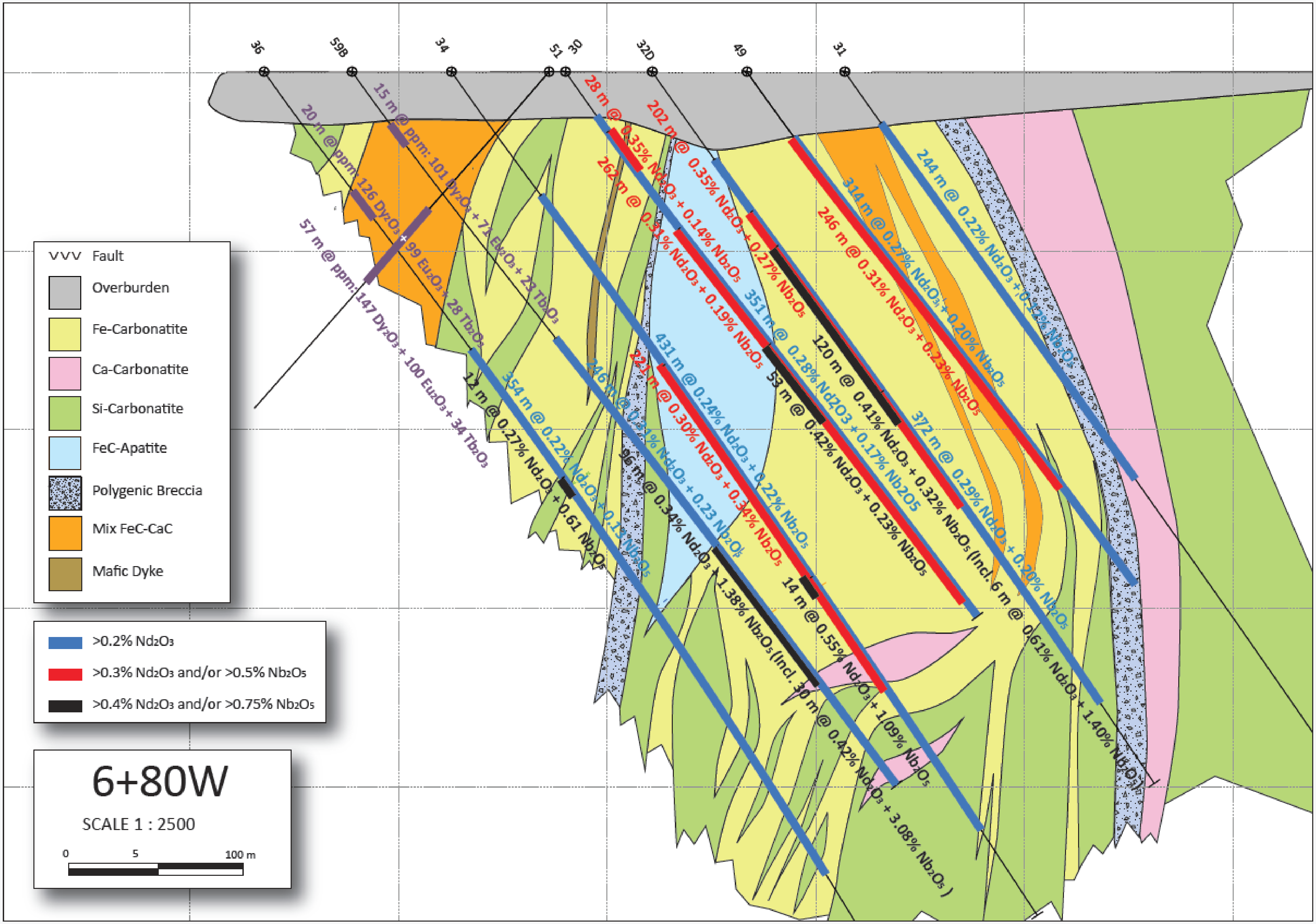
1. Azimuth = N330°, Dip= -55° for all drill holes.
2. i. For sections 7+25W to 6+35W, true width is estimated to be between 45% and 65% of core length.
   ii. For sections 5+90W to 4+50W, true width is estimated to be between 70% and 85% of core length.
3. Cerium, Lanthanum, Neodymium and Praseodymium are the most abundant rare earth oxides.

<u>Montviel - Surface Plan (-50m) *Core Zone*</u>

The following surface plan (at -50 m) and 6+80W cross section provide an overview of the geological interpretation work that resulted from Phase 2 drilling.



Montviel - 6+80W cross section



Montviel – *Exploration (Core Zone)*

DDH	Dip/Azimuth	From (m)	To (m)	Length (m)	Dy_2O_3 (ppm)	Tb_2O_3 (ppm)	Eu_2O_3 (ppm)	Nd_2O_3 (%)	Nb_2O_5 (%)
21	-55/240	37	131	94				0.12	
22	-55/330	180	230.5	47.5				0.20	
30	-45/180	108.0	165.5	57.5	147	34	100	0.19	
	Incl.	131.9	144.2	12.3	261	58	153	0.27	
33B	-45/150	312	336	24	75			0.33	0.19
	Incl.	798	804	6	248	57	165	0.25	1.98

The Phase 2 drilling campaign also allowed the Company to highlight three metric to decametric zones that are enriched in heavy rare earths (HRE). The first two are at the northern and southern peripheries of the Core Zone, whereas the third was intersected 500 meters south from the Core Zone. Some follow-up drilling work is planned for the three HRE enriched zones, particularly the one on the Southern periphery, which was intersected by 4 DDHs over 75 metres laterally and 120 meters of depth and is open in all directions. The longest intersection with the HRE zone was obtained within DDH MVL-11-30 (see table above) , with over 57.5 meters grading 147 ppm Dy_2O_3, 34 Tb_2O_3, 100 ppm Eu_2O_3 et 0.19% Nd_2O_3. This zone distinguishes itself from the other two by the absence of phosphate and by its presence in the ferro-carbonatite mixed zone, which is mineralogically similar to the Core Zone, rather than within calcio-carbonatite breccias which are mineralised in rare earth phosphates.

A four hole satellite drilling campaign was completed in February 2012, leading to the discovery of the Lord carbonatite, which is located 7 km north of the Montviel carbonatite. The presence of a strong, circular magnetic anomaly, combined with erratic boulders anomalous in rare earths and pedogeochimical anomalies had helped to target this area as an exploration priority. The two holes drilled in this area intersected the Lord carbonatite over a distance of 1.2 km. The best intersections are presented in the following table.

Montviel – *Exploration (property)*

DDH	UTM Nad 83 z18 East	UTM Nad 83 z18 North	From (m)	To (m)	Length(2) (m)	TREO(3) (%)	Neodymium Oxide (%)(4)	Niobium Oxide (%)
MVX-12-01	389102	5526866	95.0	117.0	22.0	-	-	0.11
			135.0	148.1	13.1	-	-	0.12
			319.5	327.0	7.5	1.12	0.18	-
			406.5	420.0	13.5	1.58	0.19	-
			432.0	441.1	9.1	-	-	0.19
			472.5	490.5	18.0	1.22	0.16	-
MVP-12-02b	*390122*	5527707	25.9	504	478.1	0.12	2.14 % P2O5	

Mineralogy

The detailed mineralogical study by SGS-Lakefield identified the main REE-minerals as being fluoro-carbonates of the Basnasite-Synchisite Family (Huangoite and Cebaite) (see August 24, 2012 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 rare earth mines in the world: Mountain Pass in California, and Bayan Obo in China. Rare Earth mineralisation is relatively homogenous in the Montviel ferro-carbonatite, but a notable enrichment can be observed from the north-east to the south-west.

Lithogeochemical analysis and partial characterization (thin sections and microprobe) of the mineralization present in some DDHs of the Core Zone suggest a change / enrichment of the carbonatite when progressing southwest. The presence in the Core Zone of rare earth fluoro-carbonates such as burbankite and ancylite, which are mineralizations containing less barium and more rare earths and strontium, support this hypothesis. Similarly, in the carbonatite, the baritocalcite seems to favor the sector, whereas strontianite is present in the Core Zone to the southwest. A more systematic and rigorous characterization of the mineralization of the Core Zone is planned to better define the pattern of alteration / CSES enrichment and possible implications on the metallurgy.

Metallurgy

In August 2011, the Company granted the mandate to conduct metallurgical tests on a bulk sample consisting of 600 kg of Phase 1 ¼ DDH cores taken from the Core Zone of the REE ferro-carbonatite unit to the metallurgical laboratory of SGS Lakefield ("SGS"). Tests are ongoing. SGS is also conducting tests to evaluate the treatment and recovery of niobium.

Following the initial test results of Phase 2, a bulk sample consisting of 150 kg of ¼ DDH cores from the REE / Niobium enriched nucleus of the Core Zone of the ferro-carbonatite unit has been sent to COREM, a metallurgical laboratory in Quebec.

In February 2012, the Company granted the mandate to undertake parallel ferromagnetic separation tests to the COREM metallurgical laboratory in Quebec. Multiple tests and results on grinding, temperature and magnetic gradient force have been completed. Results will be part of the PEA.

In March 2012, the Company granted the mandate to undertake parallel flotation tests to the CANMET metallurgical laboratory in Ottawa. The focus of these tests is on neodymium, dysprosium, praseodymium and niobium recovery. Tests are ongoing, final results are expected to be part of the PEA.

Development

On October 20, 2011, the Company announced the signing of a Pre-Development Agreement ("PDA") for its Montviel Rare Earths Project with the Grand Council of the Crees (Eeyou Istchee) / Cree Regional Authority and the Cree First Nation of Waswanipi. The PDA provides for business and employment opportunities for the Crees during the period of pre-development activities leading up to a potential production decision at the project, the completion of a comprehensive Business and Employment Capacity Study to assess the potential for Cree business and employment opportunities from a potential future Montviel Rare Earths Mine, and the creation of a joint communication strategy. In addition, the PDA provides for Cree assistance in the preparation of an Environmental and Social Impact Assessment for Montviel, and any other relevant environmental and social assessment studies. (Please see October 20, 2011 Press Release).

G Mining Services Inc. and Golder Associates were retained to complete a Preliminary Economic Assessment (“PEA”). Please see January 10th 2012 and March 20 2012 press releases.

More technical information can be found on the company’s website: http://ressourcesgeomega.ca/

Oriana Property (100% interest)

Project Overview

The Oriana property consists of a total of 246 claims, of which 15 were acquired on June 18, 2012, totaling 28 hectares, is located 16 km west of Chapais, is accessible by road, and is within 1 km of road 113N, a rail line and an electric power line.

On June 18 2012, the Company announced the signing of an Option Agreement between certain Vendors and GéoMégA whereby the Vendors granted GéoMégA the option to earn a 100 % undivided interest in 15 mining claims completing the Oriana Tungsten project. To exercise the option and earn the undivided interest in these claims, GéoMégA must make aggregate payments of $150,000 and issue shares with an aggregate value of $150,000 (based on the ten day volume weighted average price as of issuance, minimum of $0.35 per common share) on or before the third anniversary date to the Vendors as follows:

- $25,000 in cash on signing (paid) and 40,000 common shares within 5 days of TSX Venture Exchange (TSXV) approval (issued);
- $25,000 in cash and $25,000 in common shares on or before the First anniversary date of TSXV approval;
- $50,000 in cash and $50,000 in common shares on or before the Second anniversary date of TSXV approval;
- $50,000 in cash and $50,000 in common shares on or before the Third anniversary date of TSXV approval.

TSX approval is required for all future share based payments. The Vendors shall be entitled to a 2% royalty on net smelter return from production from the 15 claims. GéoMégA may at any time purchase 50% of the royalty from the Vendors for $1,000,000.

Exploration

A 6 DDH campaign (1417 metres) was completed during the second quarter of CY2012. One DDH tested the hypothesis of the presence of a carbonatite, 2 more investigated the Dolodau showing sector and the last 3 investigated regional geophysical and geochemical anomalies.

The drilling campaign allowed the Company to update the presence of rare earth mineralization in a syeno granitic dyke, to intersect metric Calcio-carbonatite dykes anomalous in phosphate, tungsten and rare earths. An alteration area (propylitization and phyllitisation) in a mylonitized volcano-sedimentary sequence was also intersected. The best results are presented in the following table.

DDH	UTM Nad83 z18		From	To	Intersection	Lithology
	East	North	(m)	(m)		
ORI-12-01	490743	5512229	358.5	360.0	1.16% TREO (0.22% Nd_2O_5), 0.16% Nb_2O_5, 23 g/t Ag / 1.5m	Syeno-granite
ORI-12-02	489372	5511581	62.2	71.0	3.49% P_2O_5 / 8.8m	Carbonatite dyke
			70.5	71.0	0.11% W / 0.50m	
			76.8	77.8	0.49 g/t Au, 0.32% Cu / 1.0m	Epidotised Basalt
			99.0	100.5	0.81 g/t Au, 5.6 g/t Ag / 1.5m	
ORI-12-03	489364	5511578	63.6	75.1	4.29% P_2O_5 / 11.5m	Carbonatite dyke

A geological reconnaissance campaign is planned for the second and third quarters of CY2012 in the Dolodau sector and on several geophysical and geochemical anomalies of the north-central part of the property.

Graphite Properties (100% interest)

During the fourth quarter of CY2011 and the first quarter of CY2012, the Company staked 13 properties in the Laurentians and the Côte Nord regions that have excellent potential for graphite mineralization. In the second quarter of CY2012, the compilation of geological information and previous work allowed the Company to target the most promising areas for each property and plan possible field interventions for their development.

A summary of our graphite projects is available on the web at: http://ressourcesgeomega.ca/?page_id=645.

Other Properties (100% interest)

In the second and third quarters of CY2011, properties of the Lebel-Chapais-Matagami sector were visited to assess their potential for rare earth mineralization. Following this initial geological reconnaissance, some weak anomalies were obtained. In the first quarter of CY2012, all properties were revalued by the Company for all other potentially economic metals or substances to prioritize new geological reconnaissance work for the second and third quarters of CY2012. Thus, the Pump Lake property has been abandoned completely, whereas for Émilie, the property was partially abandoned and the option was not renewed. The Company still owns 23 claims for Émilie.

Results are pending for the field work performed during the second and third quarters of CY2012.

MINING PROPERTIES ACCOUNTING VALUES

All costs incurred prior to obtaining the legal mining right on an area of interest are expensed as incurred.

The cost of acquiring claims / permits / licenses and other expenditures associated with the acquisition of mineral properties are capitalized under E&E assets.

As part of its E&E activities, the Company incurs E&E expenditures associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore like topographical, geological, geochemical and geophysical studies. E&E expenditures also comprises the costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition.

E&E expenditures are expensed until a mineral resource estimate has been obtained for an area of interest after which E&E expenditures are being capitalized under E&E assets. Once a project has been established as commercially viable and technically feasible, E&E assets related to this project are reclassified as mine development assets and related development expenditures are capitalized. An impairment test is performed before reclassification and any impairment loss is then recognized in the statement of comprehensive loss.

The Company has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for E&E assets is dependent upon the existence of economically recoverable reserves on these properties, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production from these reserves or sufficient proceeds from their disposal thereof.

Although the Company has taken steps to verify title to the mineral claims in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

SUMMARY OF FINANCIAL ACTIVITIES

Balance Sheet amounts are presented in accordance with IFRS. However, the 2010 Income Statement amounts are presented according to Canadian GAAP.

Net loss for the year is $3,638,798 ($2,243,750 for 2011), whereas administration expenses for the year totaled $3,974,327 (2,261,952 for 2011).

All comprehensive loss elements in the following table are presented as 12 months period for the respective date.

	As at May 31, 2012 $	**As at May 31, 2011 $**	**As at June 1, 2010 $**
Total assets	18,401,536	10,647,430	212,069
Non-current liabilities	17,907	-	-
Operational expenses	3,974,327	2,261,952	111,002
Other revenues and expenses	(18,698)	18,202	50
Net loss	3,638,798	2,243,750	110,952
Net loss per share (basic and diluted)	0.16	0.19	0.04

Other revenues and expenses

2012 compared to 2011:

- In fiscal year 2012 ("FY2012"), financial fees were $48 930, whereas in FY2011, financial fees were $863. The increase is the result of the $1.5 million bridge loan obtained from SIDEX as well as new lease contracts related to purchases of equipment.

2011 compared to 2010:

- In 2011, interest incomes from investment were $19,065 while no investments were made in 2010.

Net loss and administration expenses

2012 compared to 2011:

- Administrative expenses increased in 2012, going from $2,261,952 in 2011 to $3,974,327 in 2012 due to the following:
  - Stock-based compensation: Options granted during the second quarter resulting in a non-cash charge of $1,031,077.
  - Establishment of a technical team: vice-president exploration, chief geologist, geomatician.
  - During the year 2012, the Company wrote off a total of $461,616 of mining property (Emilie, Pump Lake) based on preliminary exploration results.
  - Tax Recovery: a deferred tax asset of $354,227 was recognized due to a difference between the value of the shares issued and the share price at the time of issuance.
  - Professional fees: the increase in professional fees is connected in most part to preparation fees for the annual and extraordinary meeting of shareholders and legal fees for Pre-Development Agreement at Montviel with The Grand Council of the Crees and The Cree First Nation of Waswanipi. Travel expenses: the increase in travel expenses is related to financing activities.

2011 (IFRS) compared to 2010 (Canadian GAAP)

- Administrative expenses increased in 2011 going from $111,002 in 2010 to $2,261,952 in 2011 due to the following:
  - The Company was reactivated at the beginning of 2011, and exploration expenses totaled $1,385,732, whereas operational expenses in 2010 consisted primarily of minimum expenditures to maintain the Company in good standing, as well as a $94,561 write-off for "Bartouille" property.
  - Stock-based compensation: Options granted during the second quarter resulting in a non-cash charge of $364 000.
  - Establishment of a management team: A full time president employee, a part time Chief Financial Officer and Corporate Secretary paid on the basis of professional fees.
  - Setting up a corporate office: Rental of an equipped office and hiring a full-time administrative assistant.
  - Costs related to a public company: registration and transfer fees, information to shareholders (advertising, participation in mining shows, marketing through specialized web sites, etc.).

Total Assets

2012 compared to 2011

- Increase in total assets is the result of Brokered Private Placements of $4,999,999 in July 2011 and$3,500,000 in April 2012, Non-Brokered Private Placement of $206,250 in May 2012, as well as warrant exercises totaling $699,097. These funds were used to perform substantial exploration and evaluation work on the Company's mineral properties totaling ($7,534,720).

2011 compared to 2010

- The Company was reactivated in 2011 and the increase in assets is the result of several common share issuances: Initial public offering of $2,905,000, private placement of $999,999 in January 2011, exercise of warrants, broker options and options totaling $1,213,818 and issuances of shares and warrants for the acquisition of E&E assets totalling $6,768,600. These funds allowed the acquisition of mineral properties ($213,407) and to undertake significant deferred exploration and evaluation expenditures on its mineral properties ($2,279,249) and to buy fixed assets and investments.

SUMMARY OF QUARTER RESULTS

	2012				2011			
(000$ except loss/share)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	4	4	12	10	8	7	4	-
Net loss	1,488	352	887	912	914	578	640	112
Net loss per share – basic and diluted	0,06	0,01	0,04	0,05	0,04	0,04	0,06	0,05

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

The variations in the quarterly results are explained as follow:

2012-Q4 Impairment of Pump Lake and Émilie properties totalling $461,616 and recovery of deferred income taxes of $354,227.
2012-Q3 Legal fees of $28,100 for Pre-Development agreement with the Cree First Nation of Waswanipi
2012-Q2 Fees paid related to the 2011 Annual shareholder meeting totalling $130,000 and the recognition of share-based payment totalling $112,844
2012-Q1 Efforts to publicize the Company: Investors relations contract and independent research report totalling $118,809 and E&E expenditures of $595,129.
2011-Q4 Social charges of $30,118 related to exercised share-options and E&E expenditures of $696,209
2011-Q3 Financial resources for the promotion of the Company totalling $16,713 and E&E expenditures of $430,077. **2011-Q2**Stock-based compensation expense of $364,000 following the grant of options and E&E expenditures of $196,988.
2011-Q1 Professional fees relative to the audit totalling $16,000 and E&E expenditures of $62,458.

FOURTH QUARTER

Highlights of the fourth quarter of 2012 are the following:

- *March 16, 2012 : $*1,500,000 bridge loan granted from SIDEX, a limited partnership;
- *March 20, 2012* : Retention of Golder Associates to perform hydrogeological, geotechnical, geomechanical and geochemical PEA work;
- *March 20, 2012:* completion of Phase 2 drilling totaled 24,234 meters. Identification of a Rare Earths/Niobium enriched nucleus within Montviel's Core Zone. Please see pages 5, 6 and 7 for significant drilling results;
- *April 10, 2012 :* closing of a brokered private placement for $3,500,000;

- *April 30, 2012 :* Nomination of Alain Cayer as Vice-president Exploration, Sébastien Vézina as Corporate Secretary, Mario Spino as Chief Financial Officer and Frédéric Gauthier as Director of Sustainability;
- *May 17, 2012 :* Metallurgical results demonstrating 85% and 90% recovery respectively for both Rare Earths and Niobium;
- *May 31, 2012 :* closing of a non-brokered private placement for $206,250 including the Cree Mineral Exploration Board;
- Based on preliminary exploration results, during the fourth quarter, the Company took a non-cash charge of $461,616 on its Pump Lake and Émilie mineral properties.

Financial highlights of the fourth quarter of 2012 are the following.

- Net loss of $1.49 million dollars in the fourth quarter of 2012 compared to $0,9 million in the fourth quarter of 2011.
- Based on preliminary exploration results, during the fourth quarter of 2012, the Company took a non-cash charge of $461,616 on its Pump Lake and Émilie mineral properties.
- Exploration and evaluation expenses, net of tax credit and credit on duties of $69,275.
- A non-cash recovery of deferred tax income was booked following a premium on flow-through shares issuance for a total of $354,227$.
- Administrative salaries expenses of $1,118,898 including share-based payments of $885,816.

CASH FLOW SITUATION

The working capital increased by $1,287,711 during the year going from $2,816,406 as at May 31, 2011 to $4,104,117 as at May 31, 2012. The increase is mainly due to the closing of a private placement for a total of $3,500,000 on April 10, 2012 and the exercise of warrants and options during the year.

Free cash amounted to $3,285,042 as at May 31, 2012 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 that the cash on hand will not be sufficient to meet the Company's obligations and budgeted expenditures through May 31, 2013. Any funding shortfall may be met in the future in a number of ways including but not limited to, the issuance of new equity or debt financing.. As at May 31, 2012, the Company did not have any debt or any financial commitments in the upcoming quarters with the exception of SIDEX's $1,500,000 bridge loan totalling $1,500,000, the lease of office premises until September 30, 2013 totalling $36,357 and finance leases for E&E equipment having a net book value of $313,493 as at May 31, 2012 (2011 - nil). For the next year, the portion of the finance leases that must be reimbursed totals $185,203.

Operating activities

For the year ended May 31, 2012, the operating activities used $4.1 million of cash, compared to $2.8 million for the year ended May 31, 2011. The increase of $1.3 million is mainly explained by the increase of net loss during the year which is attributable to the increase of explorations and evaluation works on our mining properties and salaries expenses which related to the increase of exploration and evaluation activities. The increase for the year in cash flow from operating activities reflects mainly the impact of our exploration and evaluation activities.

Investing activities

For the year ended May 31, 2012, investing activities used $2.5 million of cash, compared to $2.1 million for the year ended May 31, 2011. In 2012, the used of cash is related to the increase of E&E assets from E&E capitalized expenses and for the acquisition of mining properties for a total of $3.9 million. They also liquidated guaranteed investment certificates for a net total of $1.8 million. For 2011, the used of cash is related to the acquisition of guaranteed investment certificates for a net total of $1.8 million.

Financing activities

For the year ended May 31, 2012, the financing activities generated cash of $9.7 million, compared to $4.8 million for the year ended May 31, 2012. The financing activities were necessary to continue the exploration and evaluation programs on their mining properties. In 2012, the generated cash is related to the issuance of private placements for a total of $7.8 million and the issuance of a $1.5 million debt with "SIDEX', a Limited partnership. For the previous year, the generated cash came from the issuance of private placements including the IPO in September 2010 for a total of $3.6 million.

As at May 31, 2012:

- 29,274,113 common shares were issued.
- 2,278,540 options were granted and 1,033,385 can be exercised at a price from $0.35 to $3.95 with expiry dates ranging from September 28, 2015 to May 30, 2017. Each option can be exchanged by its holder thereof for one common share of the Company.
- 5 378 536 warrants were outstanding, entitling their holders to subscribe for the same amount of common shares of the Company at a price between $1.00 and $5.50, with expiry dates ranging from July 30, 2012 to December 31, 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.
- 225,187 broker's options were issued entitling their holders thereof to subscribe for the same amount of shares of the Company at a price of $0.55 on or before September 30, 2013.

Variation in share capital as at September 28 2012:

Description	Number	Amount ($)
Balance May 31, 2010	4,200,001	330,002
Private placement	1,466,110	1,095,849
Initial public offering	8,300,000	2,573,000
Share issue expenses	-	(419,335)
Acquisition of mining properties	3,065,000	6,804,600
Exercise of warrants	1,640,579	1,033,565
Exercise of options	475,000	289,750
Exercise of brokers' options	415,000	211,650
Balance May 31, 2011	**19,561,690**	**11,919,081**
Private placement	6,407,204	7,331,249
Flow-through shares	1,803,333	998,273
Pre-Development Agreement with the Crees	150,000	225,000
Private placement - Issue expenses	-	(1,590,089)
Exercise of options	400,000	244,000
Exercise of warrants	951,886	631,692
Balance May 31, 2012	**29,274,113**	**19,759,206**
Balance September 28, 2012	**29,274,113**	**19,759,206**

On July 2, 2010, the Company issued 355,000 units at a price of $0.35 per unit for total gross proceeds of $124,250. 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 $0.55 until January 2, 2012. All warrants were exercised prior to January 2, 2012. A sum of $95,850 was allocated to capital stock and a value of $28,400 was allocated to the warrants.

On August 17, 2010, the Company acquired the Oriana property by issuing 200,000 common shares of the Company. Under the definitive agreement relating to the Montviel and Pump Lake properties, the Company issued on September 30, 2010, 1,100,000 common shares to NioGold.

On September 30 and October 7, 2010, the Company issued through an IPO prospectus 8,300,000 units at a price of $0.35 per unit for total gross proceeds of $2,905,000. Each unit consists of one common share and one-half warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $0.55 until March 31 and April 7, 2012. 2,193,015 warrants have been exercised prior their expiration date. A sum of $2,573,000 was allocated to capital stock and a value of $332,000 was allocated to the warrants. The brokers received a remuneration of $186,829 and 415,000 Brokers' options entitling the brokers to purchase 415,000 common shares of the Company at a price of $0.35 per share for a period of 18 months following the closing of the public offering. The fair value of these options ($66,400) was estimated using the Black-Scholes stock option evaluation model with the following assumptions: Estimated average duration of 1.5 years for these options, risk free interest rate of 1.7%, forecast volatility of 100% and no forecast dividend. Other issue expenses totaled $167,946.

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. Following a request from regulatory authorities, an additional cash consideration of $36,000 was required for the acquisition of mineral properties on May 6, 2010.

On January 28 and February 3, 2011, the Company issued 1,111,110 units at a price of $0.90 per unit from accredited investors for total gross $999,999. Each unit consists of one common share and one-half warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $1.35 until July 27, 2012 and August 3, 2012. A sum of $999,999 was allocated to capital stock with no value allocated to the warrants.

Under the agreement regarding the Émilie-extension option property and the acquisition of the Montviel-South property, the Company issued on March 29, 2011, 240,000 common shares of the Company (stated value of $945,600).

As per the agreement to acquire 100% of the Montviel property, the Company issued, on May 2 2011, 1,525,000 common shares (attributed value of $5,368,000) to NioGold.

On July 8, 2011, the Company issued through brokers 2,127,659 units at a price of $2.35 per unit for total gross $4,999,999. 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. 44,450 warrants have been exercised prior the expiration date. A sum of $4,999,999 was allocated to capital stock while no value was allocated to the warrants. Capital stock was reduced by a financing cost amount of $1,139,426 (including an amount of $518,787 representing the broker's options value). The Company issued 134,750 options to brokers allowing them to acquire 134,750 units. Each unit consists of one common share and one warrant. Each warrant entitles 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).

On April 10, 2012, the Company closed a brokered private placement consisting of 3,904,545 units at a subscription price of $0.55 per Unit and 1,803,333 flow-through shares at a subscription price of $0.75 per Flow-Through Share for aggregate proceeds of $3,500,000. Issuance costs totalling $446,297 (including an amount of $70,170 representing the value of brokers' options) were recorded as a reduction of share capital. Each Unit consisted of one common share and one-half of a share purchase warrant. Each whole Warrant entitles its holder to acquire one additional common share at a price of $1.00 per share till September 30, 2013. An amount of $3,145,773 was allocated to Capital Stock, whereas $354,227 was allocated to other liabilities. The Company has paid the Agents a commission of $433,765 (including an amount of $70,170 representing the broker's options value – see note 12.3 in the financial statement).

On May 31, 2012, the Company issued 375,000 units at a price of $ 0.55 per unit to qualified investors for total gross proceeds of $206,250. Each unit consists of one common share and one half-warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of $1.00 until December 28, 2013. A sum of $183,750 was allocated to share capital and $22,500 was attributed to the warrants.

Options

Variations in outstanding options as at September 28 2012:

Date	Number of options	Average exercise price $
As at May 31, 2010	-	-
Exercised	1,620,000	0.57
Granted	(475,000)	0.35
As at May 31, 2011	**1,145,000**	**0.67**
Exercised	(400,000)	0.35
Expired	(40,000)	0.90
Granted	1,573,540	1.67
As at May 31, 2011	**2,278,540**	**1.41**
Exercised	100,000	0.45
Expired	(335,000)	2.39
As at September 28 2012	**2,043,540**	**1.26**

On September 30, 2010 and October 7, 2010, the Company granted a total of 1,400,000 stock options that may be exercised over a period of five years, at an exercise price of $0.35 and having a fair value of $0.26. These options have been granted to directors, officers and suppliers.

In November 2010, the plan has been amended: the options granted vest gradually over a period of 24 months from the day of grant, at a rate of 1/4 per six-month period.

On December 30, 2010, the Company granted a total of 100,000 stock options to a director that may be exercised over a period of five years, at an exercise price of $0.90.

On January 13, 2011, the Company granted a total of 40,000 stock options to a consultant that may be exercised over a period of five years, at an exercise price of $0.90.

On March 3, 2011, the Company granted a total of 10,000 stock options to an employee that may be exercised over a period of five years, at an exercise price of $3.60.

On March 21, 2011, the Company granted a total of 70,000 stock options to a director that may be exercised over a period of five years, at an exercise price of $3.95.

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.

On May 30, 2012, the Company granted a total of 100,000 stock options to employees that may be exercised over a period of five years, at an exercise price of $0.55.

On July 20, 2012, the Company granted a total of 100,000 stock options to an officer that may be exercised over a period of five years, at an exercise price of $0.45.

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 September 28 2012:

Expiry date	**Number of options**	**Exercisable**	**Price ($)**
September 29, 2015	525,000	525,000	0.35
December 29, 2015	100,000	50,000	0.90
March 2, 2016	10,000	5,000	3.60
March 20, 2016	70,000	35,000	3.95
August 28, 2016	150,000	37,500	2.05
September 29, 2016	803,540	219,635	1.50
October 9, 2016	225,000	56,250	1.54
May 30, 2017	100,000	0	0.55
July 20, 2017	100,000	0	0.45
	2,083,540	928,385	0.95

The fair value of these options was estimated using the Black Scholes stock option evaluation model with the following assumptions:

	2012	2011
Weighted average share price at grant date	$1.67	$0.57
Expected dividend	0%	0%
Expected volatility	119%	100%
Risk free interest rate	1,25%	1,7%
Estimated weighted average duration	3.75 years	4.83 years
Weighted average exercise price at grant date	$1.67	$0.57

Warrants

Variation in outstanding warrants since the beginning of year and as at September 28, 2012 is as follows:

Date	Number of warrants	Average exercise price $
As at May 31, 2010	-	-
Issued	5,260,554	0.82
Exercised	(1,640,579)	0.55
As at May 31, 2011	3,619,975	0.95
Issued	4,667,432	1,86
Exercised	(951,886)	0,59
Expired	(1,956,985)	0,55
As at May 31, 2012	**5,378,536**	**1.95**
As at September 28 2012	**4,867,432**	**2.01**

Warrants characteristics as at September 28 2012 are as follows:

Number	Exercise price	Expiry date
200,000	5.50$	September 30 2012
400,000	1.25	April 16 2013
2,127,659	2.85$	July 8 2013
1,952,273	1.00	September 30 2013
187,500	1.00	December 28 2013
4,867,432	**2.01$**	

Broker's options

On May 31, 2011, all brokered options were exercised.

In connection with the private placement in July 2011, the Company issued 134,750 Broker 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 broker options granted of $3.85 per 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
Dividend yield	0%
Expected volatility	100%
Risk-free interest rate	1.66%
Expected average life	2 years
Average exercise price at date of grant	$2.85

In connection with the private placement in April 2012, the Company issued 225,187 Broker options to brokers allowing them to acquire 225,187 shares for $0.55 until September 30, 2013.

The average fair value of the broker options ($0.32 per option for a total of $70,170) was estimated using the Black-Scholes stock option evaluation model with the following assumptions:

Average share price at date of grant	$0.56
Dividend yield	0%
Expected volatility	125%
Risk-free interest rate	1.16%
Expected average life	1.5 years
Average exercise price at date of grant	$0.55

As at September 28, 2012, none of these options were exercised.

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

Date of issue	Number of share options	Exercise price $	Expiry date	Carrying value $
April 10 2012	225,187	0.55	September 30, 2013	70,170

Related party transactions

Members of the Board of Directors, the president, the Chief Financial Officer and the vice-president, exploration are considered key management personnel of the Company. Key management personnel remuneration is presented in the following table:

	May 31, 2012 $	May 31, 2011 $
Short-term employee benefits:		
Salaries including bonuses and benefits (1)	361,547	98,500
Professional fees (2)	149,000	47,786
Social security costs (1)	23,762	9,104
Total short-term employee benefits	534,309	155,390
Share-based payments (3)	1,175,102	364,000
Total remuneration	1,709,411	519,390

(1) Salaries paid to the president, the chief of finance and the vice-president exploration including social security costs totalling $354,310 ($107,603 in 2011 paid to the president and former president).

(2) Professional fees comprise fees from former chief of finance totaling $83,400 ($47 786 in 2011) and geology consulting fees for former Chairman of the Board of Directors totaling $65,600 (nil – 2011).

(3) Shared-based payments recognized in 2012 totalling $1,089,798 were issued to members of the Board of Directors and the former vice-president exploration ($364,000 in 2011 issued to former president).

SUBSEQUENT EVENTS

On June 18, 2012, the Company announced a change in auditors.

On June 18, 2012, announced the signing of an Option Agreement between certain Vendors and GéoMégA whereby the Vendors granted GéoMégA the option to earn a 100 % undivided interest in 15 mining claims completing the Oriana Tungsten project. GéoMégA shall have the option to acquire 100% of the Oriana project by making aggregate payments of $150,000 and issuing shares with an aggregate value of $150,000 (based on the ten day volume weighted average price as of issuance, minimum of $0.35 per common share) on or before the third anniversary date to the Vendors as follows:

- $25,000 in cash on signing (paid) and 40,000 common shares within 5 days of TSX Venture Exchange (TSXV) approval (issued);
- $25,000 in cash and $25,000 in common shares on or before the first anniversary date of TSXV approval;
- $50,000 in cash and $50,000 in common shares on or before the second anniversary date of TSXV approval;
- $50,000 in cash and $50,000 in common shares on or before the third anniversary date of TSXV approval.

TSX approval is required for all future share based payments. The Vendors shall be entitled to a 2% royalty on net smelter return from production from the 15 claims. GéoMégA may at any time purchase 50% of the royalty from the Vendors for $1,000,000.

On July 2012, the Company granted a total of 100,000 stock options to an officer that may be exercised over a period of five years, at an exercise price of $0.45.

On August 28, 2012, the Company announced the signing of a non-binding letter of intent ("LOI") with Innovation Metals Corp. ("IMC") for the processing of a quantity of neodymium-rich concentrate in Bécancour, Quebec. The Company believes IMC's business model, based on a low-cost tolling fee for the processing of mixed REE concentrates into separated REEs, is very valuable for producers since it realizes the full value and pricing for the REEs, without the capital expenditure and know how required to build a REE separation facility. The added revenues could improve the economics of the Montviel PEA.

COMMITMENTS

On March 16, 2012, a $1.5 million loan was granted to the Company by SIDEX which is secured by the Mining tax credits that the Company expects to receive from Revenu Quebec. The loan has an 8% interest rate and is reimbursable in 2 manners: when tax credits are received or on December 31s, 2013.

The Company has entered into a long-term lease agreement expiring on September 30, 2013 for total lease payments of $32,357 for the rental of an office. Minimum lease payments for the next years are $27,201 in 2013 and $9,156 in 2014.

During the current year, the Company has entered into financing leases for the acquisition of E&E equipment for a total of $392,945. For the next year, the portion of the financing leases that must be reimbursed totals $185,203 ($17 807 for 2014).

ACCOUNTING POLICIES

Accounting Estimates

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

Significant judgments

Impairment of non-financial 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.

Determining whether to test E&E assets for impairment 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 evaluation of mineral resources in a specific area have not led to the discovery of commercially viable discovery quantities of mineral resources and the entity has decided to discontinue such activities in the specific area and sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists for a non-financial asset, 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 Company assets and earnings may occur during the next period. During the year, following a review of its property, the Company decided to abandon its mining rights on Pump Lake property and certain mining rights on the Émilie property which resulted in an impairment charge (Please see note 7).

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. Judgment is also involved in the determination of the expected manner of realization or settlement of the carrying amount of the Company's assets and liabilities which is expected to be through the sale of the Company's assets.

Provisions and contingent liabilities

Judgments are made as to whether a past event has led to a liability that should be recognized in the 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.

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant estimates

Refundable credit on mining duties and refundable tax credit related to resources

Refundable credit on mining duties and refundable tax credit related to resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations, including credit on mining duties and tax credit related to resources for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits, and the amount and timing of their collection. The calculation of the Company's credit on mining duties and tax credit related to resources necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been received from the relevant taxation authority. Difference arising between the actual results following final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to credit on mining duties and tax credit related to resources, exploration and evaluation assets and expenses, and income tax expense in future periods. As a result there can be substantial differences between credit on mining duties and tax credit related to resources and the amount finally recovered.

The amounts recognized in the financial statements are derived from the Company's best estimation and judgment as described above. However, the inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore impact the Company's financial position and its financial performance and cash flows.

Off balance sheet arrangements

As at September 28, 2012, the Company does not have 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.

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 which are carried at fair value.

Upon transition, IFRS 1 dictates 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 asset liabilities that were derecognized 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.

Change of accounting policy following the IFRS transition.

During the fourth quarter of the financial year ended May 31, 2012, the Company has decided to make a change, as permitted by IFRS, in its accounting policy for E&E expenditures. Initially all E&E expenditures on mining properties held by the Company were capitalized as an E&E asset. The new accounting policy states that until mineral resource estimate has been obtained for an area of interest are expensed in the statement of comprehensive loss after which they are being capitalized under E&E assets. This change in accounting policy has no effect on mining rights acquisition cost. This treatment has been applied retroactively to previous years and quarters.

This new accounting policy has been established under the IFRS 6 which offers specific guidance on the treatment of E&E expenditures. This accounting standard offers several possible policies that have each been analyzed before establishing permanently the new policy. In addition to IFRS 6 - Exploration and evaluation of mineral resources, the criteria for the recognition of an asset has been taken into consideration. These criteria are as follows: the cost of the asset can be measured, the Company has the control of the assets and the future economic benefits are probable.

Acceptable treatments under IFRS have different alternatives depending on Company approach. Among them, companies have the ability to recognize all E&E expenditures as E&E assets or wait to recognize E&E expenditures as E&E assets until technical feasibility and economic viability have been established. Several different policies can be established within the previously mentioned extremes.

The company has decided to capitalize E&E expenditures only when a mineral resource estimate report has been obtained. This change was applied retroactively on the financial statements.

This policy change has had impacts on the statement of financial position and the statement of comprehensive loss for the year ended May 31, 2012 and 2011 (see note 21 of the financial statement). For the most recent financial year, E&E expenditures, net totalling $938,723, initially capitalized, were expensed in statement of comprehensive loss ($ 1 385 732 in 2011).

RISK AND UNCERTAINTIES

Global Financial Condition

Global financial markets continue to experience significant volatility following the U.S. led financial crisis in 2008, which impacted numerous financial institutions globally, and more recently the escalating financial turmoil in Europe. Each has created considerable uncertainty as a result of excessive government debt levels and the unprecedented steps being taken to avert a full blown global crisis. These factors may impact the ability of the Company to issue equity in the future and to issue it on terms that are reasonable to the Company. Although there have been certain signs of economic recovery, these increased levels of volatility and market turmoil may continue and, as a result, the Company’s business, financial condition, results of operations and share price could be adversely impacted.

Price Volatility

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that the price of the Company’s common shares will be subject to market trends generally, notwithstanding any potential success of the Corporation in creating value in its exploration assets, and its price will be affected by such volatility.

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. Furthermore, exploiting REE deposits is dependent on risk factors that are specific to the

REE market, including the complexity and costliness of the REE separation process, potential difficulties in finding buyers and the potential for buyers to develop replacement technologies that use less or no REEs.

Mineral Resources and Reserves Estimates
The mineral reserves and resources identified on properties are estimates only, and no assurance can be given that the estimated reserves and resources are accurate or that the indicated level of minerals will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralization or formations may be different from those predicted. Further, it may take many years from the initial phase of drilling before production is possible, and during that time the economic feasibility of exploiting a discovery may change.

Resource estimates in particular must be considered with caution. Resource estimates for properties that have not commenced production are based, in many instances, on limited and widely spaced drill holes or other limited information, which is not necessarily indicative of the conditions between and around drill holes. Accordingly, such resource estimates may require revision as more drilling or other exploration information becomes available or as actual production experience is gained.

Further, resources may not have demonstrated economic viability and may never be extracted by the operator of a property. It should not be assumed that any part or all of the mineral resources on properties constitute or will be converted into reserves. Market price fluctuations of the applicable commodity, as well as increased production and capital costs or reduced recovery rates, may render the proven and probable reserves on properties unprofitable to develop at a particular site or sites for periods of time or may render reserves containing relatively lower grade mineralization uneconomic.

Moreover, short-term operating factors relating to the reserves, such as the need for the orderly development of ore bodies or the processing of new or different ore grades, may cause reserves to be reduced or not extracted. Estimated reserves may have to be recalculated based on actual production experience.

Any of these factors may require the operators to reduce their reserves and resources, which may result in a material and adverse effect on the Company's future results of operation and financial condition if one or more of its projects were to go in production.

Internal controls over financial reporting
The Company is responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. However, the Company is not required to obtain an attestation in regards of the evaluation of internal controls and we did not perform such evaluation. The Company has assessed the design of the internal controls over financial reporting, and during this process the Company identified certain weaknesses in internal controls over financial reporting which are due to the limited number of staff at the Company, making it unfeasible to achieve complete segregation of incompatible duties. Company's management is limited in its ability to put internal controls in place at reasonable cost. This could increase risks related to quality, reliability, transparency and deadlines for interim, annual and others reports in respect with securities laws.

These weaknesses in the Company's internal controls over financial reporting may result in a more than remote likelihood that a material misstatement would not be prevented or detected. Management and the board of directors work to mitigate the risk of a material misstatement in financial reporting; however, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

Financial Risks

The Company is an exploration company. The Company will have to raise additional funds to continue operations, there can be no assurance it will be able to do so in the future. Moreover, even if it succeeds in obtaining financing, there can be no assurance that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of exploration projects and may result in a material adverse effect on the Company's results of operation and its financial condition.

Dilution to Common Shares

During the life of the Company's outstanding stock options granted under its share based compensation plans, the holders are given an opportunity to profit from an increase in the market price of the common shares with a resulting dilution in the interest of shareholders. The holders of stock options may exercise such securities at a time when the Company may have been able to obtain any needed capital by a new offering of securities on terms more favorable than those provided by the outstanding rights. The increase in the number of common shares in the market, if all or part of these outstanding rights were exercised, and the possibility of sales of these additional shares may have a depressive effect on the price of the common shares.

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.

Taxes

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

Litigation

All industries, including mining, are subject to legal claims that can be with and without merit. Defense and settlement costs can be substantial, even for claims that have no merit. Potential litigation may arise with respect to a property in which the Company is in the process of evaluating as a strategic investment and/or holds an interest directly or indirectly in an exploring, developing and/or operating mineral property now or in the future (for example, litigation between joint venture partners or original property owners). Geomega might not generally have any influence on the litigation nor will it necessarily have access to data. To the extent that litigation results in the cessation or reduction of production from a property (whether temporary or permanent), it could have a material and adverse effect on the Company's results of operations and financial condition. The litigation process is inherently uncertain, so there can be no assurance that the resolution of a legal proceeding will not have a material adverse effect on our future cash flow, results of operations or financial condition.

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 to the best interests of the Company, and to disclose any interest which they may have in 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 RESPONSIBILITY 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 estimates 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 CPA, CA, CEO (Signed) Mario Spino, Chief Financial Officer

St-Lambert, September 28 2012