GEOMEGA RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED NOVEMBER 30, 2013

NOTICE TO READER

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

GEOMEGA RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited, in Canadian Dollars)

	Note	November 30, 2013 $	May 31, 2013 $
ASSETS			
Current			
Cash and cash equivalents		**747,765**	437,855
Sales tax receivable		**86,258**	157,531
Other receivables		**898**	—
Tax credits receivable	3	**356,674**	2,459,916
Prepaid expenses and deposits		**81,186**	87,458
Current assets		**1,272,781**	3,142,760
Non-current			
Tax credits receivable	3	**100,219**	717,100
Exploration and evaluation assets	4	**15,514,263**	14,353,599
Property and equipment	5	**269,632**	386,255
Non-current assets		**15,884,114**	15,456,954
Total assets		**17,156,895**	18,599,714
LIABILITIES			
Current			
Trade and other payables	6	**556,124**	631,538
Obligation under finance leases		**—**	17,753
Debt		**—**	1,398,812
Flow-through share liability	7	**—**	203,433
Total liabilities		**556,124**	2,251,536
EQUITY			
Share capital	8	**22,133,817**	21,648,139
Warrants	9	**219,086**	22,170
Brokers' options	10	**39,186**	628,143
Stock options		**1,493,183**	1,609,364
Contributed surplus		**1,492,484**	794,692
Deficit		**(8,776,985)**	(8,354,330)
Total equity		**16,600,771**	16,348,178
Total liabilities and equity		**17,156,895**	18,599,714

The accompanying notes are an integral part of these condensed interim financial statements.

Going concern (*Note 1*)

Commitments (*Note 15*)

Subsequent events (*Note 16)*

Approved on Behalf of the Board:

/s/ "Simon Britt"	*/s/ "Gilles Gingras"*
Simon Britt	Gilles Gingras
Director	Director

GEOMEGA RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited, in Canadian Dollars, except number of common shares)

		Three Month Period Ended November 30,		Six Month Period Ended November 30,	
		2013	2012	**2013**	2012
	Note	**$**	$	**$**	$
EXPENSES					
Salaries, employee benefits and share-based compensation		**184,686**	389,112	**305,942**	713,807
Exploration and evaluation expenses, net of tax credits	12	**707**	100,911	**31,755**	230,666
Professional fees		**41,404**	219,529	**116,695**	333,584
Travel, conference and investor relations		**18,606**	38,973	**22,285**	113,175
Telecommunications		**3,835**	5,380	**7,256**	9,961
Administration		**3,656**	10,116	**5,882**	19,475
Transfer agency and regulatory fees		**21,057**	21,260	**36,357**	28,245
Rent		**7,025**	6,820	**13,912**	13,506
Insurance, taxes and permits		**4,674**	6,702	**10,533**	9,706
Depreciation of property and equipment		**3,114**	6,100	**6,488**	16,529
Loss on disposal of property and equipment		**—**	—	**3,930**	—
Impairment of exploration and evaluation assets		**—**	28,080	**—**	28,080
Loss before under noted items		**288,764**	832,983	**561,035**	1,516,734
Interest income		**(1,166)**	—	**(14,864)**	—
Finance costs		**293**	28,147	**79,094**	102,632
Other income		**(4,980)**	—	**(34,200)**	—
Loss before income taxes		**282,911**	861,130	**591,065**	1,619,366
Flow-through share related income		**(96,551)**	—	**(203,433)**	—
Loss and comprehensive loss for the period		**186,360**	861,130	**387,632**	1,619,366
Basic and diluted loss per share		**(0.01)**	(0.03)	**(0.01)**	(0.05)
Weighted average number of common shares outstanding - Basic and diluted		**36,305,201**	29,747,739	**35,640,431**	29,509,632

The accompanying notes are an integral part of these condensed interim financial statements.

GEOMEGA RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF CHANGE IN EQUITY
(Unaudited, in Canadian Dollars)

Six month period ended November 30	Note	Share Capital $	Warrants $	Brokers' Options $	Stock Options $	Contributed Surplus $	Deficit $	Total Equity $
As at May 31, 2012		19,759,206	324,089	588,957	1,504,136	156,559	(6,013,346)	16,319,601
Loss and comprehensive loss for the period		-	-	-	-	-	(1,619,366)	(1,619,366)
Share-based compensation		-	-	-	431,734	-	-	431,734
Private placement	8	1,767,150	-	34,650	-	-	-	1,801,800
Share issue cost	8	(224,466)	-	-	-	-	-	(224,466)
Shares issued - Oriana	8	17,200	-	-	-	-	-	17,200
Expired options		-	-	-	(346,338)	346,338	-	-
As at November 30, 2012		21,319,090	324,089	623,607	1,589,532	502,897	(7,632,712)	16,726,503
As at May 31, 2013		**21,648,139**	**22,170**	**628,143**	**1,609,364**	**794,692**	**(8,354,330)**	**16,348,178**
Loss and comprehensive loss for the period		**-**	**-**	-	**-**	**-**	**(387,632)**	**(387,632)**
Share-based compensation		**-**	**-**	-	**235,591**	**(242,937)**	-	**(7,346)**
Private placement	**8, 9**	**526,035**	**175,345**	-	-	-	-	**701,380**
Share issue cost	**8, 9**	**(40,357)**	**(13,452)**	-	-	-	-	**(53,809)**
Extended warrants	**9**	-	**35,023**	-	-	-	**(35,023)**	-
Expired brokers' options	**10**	-	-	**(588,957)**	-	**588,957**	-	-
Expired options		-	-	**-**	**(351,772)**	**351,772**	-	-
As at November 30, 2013		**22,133,817**	**219,086**	**39,186**	**1,493,183**	**1,492,484**	**(8,776,985)**	**16,600,771**

The accompanying notes are an integral part of these condensed interim financial statements.

GEOMEGA RESOURCES INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited, in Canadian Dollars)

	Note	Three Month Period Ended November 30,		Six Month Period Ended November 30,	
		2013	2012	**2013**	2012
	Note	$	$	$	$
OPERATING ACTIVITIES					
Loss for the period		**(186,360)**	(861,130)	**(387,632)**	(1,619,366)
Adjustments for:					
Share-based compensation		**44,424**	177,088	**(12,969)**	369,703
Depreciation of property and equipment	4	**3,114**	6,100	**6,488**	16,529
Impairment of exploration and evaluation assets		**—**	28,080	**—**	28,080
Loss on disposal of property and equipment		**—**	—	**3,930**	—
Accretion expense - debt		**—**	1,762	**62,188**	37,457
Financing fees		**—**	8,222	**—**	22,137
Recovery of flow-through share related income		**(96,551)**	—	**(203,433)**	—
Changes in non-cash working capital items:					
Sales tax receivable		**(5,183)**	(12,663)	**71,273**	116,881
Other receivables		**11,789**	—	**(898)**	—
Tax credits receivable		**80,887**	251,361	**488,545**	169,146
Prepaid expenses and deposits		**(8,863)**	90,256	**6,272**	36,640
Trade and other payables		**(18,085)**	135,017	**90,072**	180,341
Cash flows (used)/from in operating activities		**(174,828)**	(175,907)	**123,836**	(642,452)
INVESTING ACTIVITIES					
Additions of exploration and evaluation assets		**(922,291)**	(1,241,976)	**(1,217,768)**	(1,881,966)
Recovery of exploration and evaluation assets – tax credits		**538,960**	—	**2,226,336**	—
Acquisitions of property and equipment		**(2,464)**	—	**(6,312)**	—
Disposition of property and equipment		**—**	—	**15,000**	—
Cash flows (used)/from in investing activities		**(385,795)**	(1,241,976)	**1,017,256**	(1,881,966)
FINANCING ACTIVITIES					
Issuance of shares and warrants, net of issue costs	8	**647,571**	2,085,534	**647,571**	2,085,534
Repayment of debt		**—**	—	**(1,461,000)**	(789,000)
Payments on obligations under finance leases		**—**	(46,478)	**(17,753)**	(91,851)
Cash flows from/(used) financing activities		**647,571**	2,039,056	**(831,182)**	1,204,683
Net change in cash and cash equivalents		**86,948**	621,173	**309,910**	(1,319,735)
Cash and cash equivalents, beginning of the period		**660,817**	1,344,134	**437,855**	3,285,042
Cash and cash equivalents, end of the period		**747,765**	1,965,307	**747,765**	1,965,307
Additional information					
Interest received		**630**	—	**13,966**	—
Interest paid		**—**	(14,815)	**(25,923)**	(44,978)

The accompanying notes are an integral part of these condensed interim financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Geomega Resources Inc. (the "Company") is incorporated under the Canada Business Corporations Act and is engaged in the acquisition, exploration and evaluation of mining properties in Canada. The Company's shares are listed on the TSX Venture Exchange under symbol GMA. The address of the Company's registered office and principal place of business is 475 Victoria Avenue, Saint-Lambert, Quebec, Canada, J4P 2J1. These unaudited condensed interim financial statements were approved by the Company's Board of Directors on January 23, 2014.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. For the six month period ended November 30, 2013, the Company reported a loss of $387,632 and an accumulated deficit of $8,776,985 at that date. In addition to its ongoing working capital requirements, the Company must secure sufficient funding for existing commitments for exploration and pay for general and administration costs. As at November 30, 2013, the Company had working capital of $716,657. Management estimates that the working capital will not be sufficient to meet the Company's obligations and budgeted expenditures through November 30, 2014. These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described in the preceding paragraph, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These condensed interim financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

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. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in the condensed interim financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with the *International Financial Reporting Standards* ("IFRS") as issued by the *International Accounting Standards Board* ("IASB") applicable to the preparation of interim financial statements, including *International Accounting Standard* ("IAS") 34, *Interim Financial Reporting*. Accordingly, these condensed interim financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year end reporting purposes.

Basis of Presentation

The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended May 31, 2013, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies, methods of computation and presentation applied in these unaudited condensed interim financial statements are consistent with those of the previous financial year ended May 31, 2013.

(Unaudited, in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies

The Company has adopted the following new and revised standards, along with any consequential amendments, effective June 1, 2013.

IAS 1, Presentation of Financial Statements, ("IAS 1")

The Company has adopted the amendments to IAS 1 effective June 1, 2013. These amendments required the Company to group other comprehensive income items based on whether or not they may be reclassified to net earnings or loss in the future. These changes did not result in any adjustments to other comprehensive income or comprehensive income.

IFRS 13, Fair Value Measurement, ("IFRS 13")

IFRS 13 provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Company adopted IFRS 13 on June 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at June 1, 2013.

3. TAX CREDITS RECEIVABLE

	November 30, 2013	May 31, 2013
	$	$
Tax credits for resources	**56,775**	2,776,231
Credits on duties refundable for losses	**400,118**	400,785
	456,893	3,177,016
Less: Non-current portion of tax credits receivable	**100,219**	717,100
Current portion of tax credits receivable	**356,674**	2,459,916

These tax credits are related to qualifying mineral exploration expenditures incurred in the province of Québec.

4. EXPLORATION AND EVALUATION ASSETS

Montviel property (Rare Earth Element)

The Company owns 100% of the Montviel property, located approximately 100 km north of Lebel-sur-Quévillon and 45 km west of the Cree First Nation of Waswanipi. The Montviel property comprises 187 claims totalling 104 km^2 as at November 30, 2013. The property carries a 2% net output royalty to NioGold Mining Corporation.

Anik property (Gold)

The Company owns 100% of the Anik property, located 40 km south of the town of Chapais. The Anik property consisted of 140 claims as at November 30, 2013.

McDonald property (Gold)

The Company owns 100% of the McDonald property, located 30 km east of the Montviel property. The McDonald property consisted of 218 claims as at November 30, 2013.

La Trève property (Base metals)

The Company owns 100% of the La Trève property, located 12 km north of the town of Chapais. The La Trève property comprised 19 claims as at November 30, 2013.

Curières property (Graphite)

The Company owns 100% of the Curières property, located 10 km north of the town of l'Ascension. The Curières property consisted of 10 claims as at November 30, 2013.

Buckingham property (Graphite)

The Company owns 100% of the Buckingham property, located in the town of Buckingham. The Buckingham property consisted of 13 claims as at November 30, 2013.

(Unaudited, in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

	May 31, 2013	**November 30, 2013**
Mineral properties	7,097,799	**7,098,667**
Exploration and evaluation expenditures capitalized	7,255,800	**8,415,596**
Total exploration and evaluation assets	14,353,599	**15,514,263**

MINERAL PROPERTIES

	May 31, 2012	Additions	Impairment	May 31, 2013	**Additions**	**Impairment**	**November 30, 2013**
QUÉBEC	$	$		$	**$**		**$**
Montviel	7,051,327	2,155	-	7,053,482	**760**	**-**	**7,054,242**
Anik	7,020	12,662	-	19,682	**108**	**-**	**19,790**
McDonald	1,820	16,458	-	18,278	**-**	**-**	**18,278**
La Trève	2,912	1,030	-	3,942	**-**	**-**	**3,942**
Currières	1,050	-	-	1,050	**-**	**-**	**1,050**
Buckingham	1,365	-	-	1,365	**-**	**-**	**1,365**
Sydney	6,009	-	(6,009)	-	**-**	**-**	**-**
Émilie	5,469	100	(5,569)	-	**-**	**-**	**-**
Oriana	125,264	75,650	(200,914)	-	**-**	**-**	**-**
Other	59,084	8,590	(67,674)	-	**-**	**-**	**-**
	7,261,320	116,645	(280,166)	7,097,799	**868**	**-**	**7,098,667**

EXPLORATION AND EVALUATION EXPENDITURES CAPITALIZED

	May 31, 2012	Additions	Impairment	Tax Credits Receivable	May 31, 2013	**Additions**	**Tax Credits Receivable**	**November 30, 2013**
QUÉBEC	$	$	$	$	$	**$**	**$**	**$**
Montviel	4,366,899	3,693,228	(15,750)	(788,577)	7,255,800	**1,159,796**	**-**	**8,415,596**

(Unaudited, in Canadian Dollars)

5. PROPERTY AND EQUIPMENT

				Exploration and Evaluation Equipment		
	Leasehold Improvements	Office equipment	Vehicles	Field Equipment and Base Camp	Warehouse	Total
	$	$	$	$	$	$
Year ended May 31, 2013						
Opening net book value	1,044	22,393	38,923	389,721	153,091	605,172
Additions	-	3,466	-	-	-	3,466
Depreciation	(784)	(12,455)	(19,818)	(180,669)	(8,657)	(222,383)
Closing net book value	260	13,404	19,105	209,052	144,434	386,255
As at May 31, 2013						
Cost	2,350	40,831	59,454	542,008	159,388	804,031
Accumulated depreciation	(2,090)	(27,427)	(40,349)	(332,956)	(14,954)	(417,776)
Closing net book value	260	13,404	19,105	209,052	144,434	386,255
Period ended November 30, 2013						
Opening net book value	**260**	**13,404**	**19,105**	**209,052**	**144,434**	**386,255**
Additions	**-**	**-**	**-**	**6,312**	**-**	**6,312**
Disposition	**-**	**-**	**-**	**(18,930)**	**-**	**(18,930)**
Depreciation	**(260)**	**(6,228)**	**(9,909)**	**(83,280)**	**(4,328)**	**(104,005)**
Closing net book value	**-**	**7,176**	**9,196**	**113,154**	**140,106**	**269,632**
As at November 30, 2013						
Cost	**2,350**	**40,831**	**59,454**	**501,320**	**159,388**	**763,343**
Accumulated depreciation	**(2,350)**	**(33,655)**	**(50,258)**	**(388,166)**	**(19,282)**	**(493,711)**
Closing net book value	**-**	**7,176**	**9,196**	**113,154**	**140,106**	**269,632**

The field equipment and base camp includes equipment capitalized under finance leases with a net book value of $nil as at November 30, 2013 ($166,844 – May 31, 2013) and a depreciation charge of $65,490 ($73,324 - 2012) is included in the exploration and evaluation ("E&E") assets capitalized for the six month period ended November 30, 2013.

Depreciation of property and equipment related to exploration and evaluation assets is being capitalized as E&E assets. Depreciation of property and equipment not related to E&E assets is recorded on the statement of loss and comprehensive loss under depreciation of property and equipment or under exploration and evaluation expenses. An amount of $6,488 ($16,529 - 2012) was expensed to depreciation of property and equipment while an amount of $97,517 ($94,662 – 2012) was capitalized as E&E assets during the six month period ended November 30, 2013.

6. TRADE AND OTHER PAYABLES

	November 30, 2013	May 31, 2013
	$	$
Trade accounts payable	**430,615**	545,552
Salaries and source deductions payable	**52,094**	27,413
Accruals	**73,415**	58,573
	556,124	631,538

(Unaudited, in Canadian Dollars)

7. FLOW-THROUGH SHARE LIABILITY

	November 30, 2013	May 31, 2013
	$	$
Balance, beginning of period	**203,433**	-
Addition during the period, net of issue costs	**-**	569,293
Reduction related to the incurrence of qualifying exploration expenditures	**(203,433)**	(365,860)
Balance, end of period	**-**	203,433

The flow-through share liability is reduced as the company incurs qualifying flow through expenses.

8. SHARE CAPITAL

(a) Authorized Share Capital

The Company's authorized share capital consists of an unlimited number of common shares.

(b) Issued

	Number of Shares	Amount $
Balance - May 31, 2012	29,274,113	19,759,206
Private placement	5,376,000	2,058,840
Share issued – Oriana	40,000	17,200
Share issued – Separation process	50,000	15,750
Share issued – SIDEX	250,000	37,500
Share issue costs	-	(240,357)
Balance - May 31, 2013	34,990,113	21,648,139

	Number of Shares	**Amount $**
Balance - May 31, 2013	**34,990,113**	**21,648,139**
Private placement	**4,383,625**	**526,035**
Share issue costs	**-**	**(40,357)**
Balance – November 30, 2013	**39,373,738**	**22,133,817**

Six month period ended November 30, 2013

On November 4, 2013, the Company completed a private placement and issued 4,383,625 units at a price of $0.16 per unit for gross proceeds of $701,380. Each unit consisted 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 $0.21 until November 4, 2016. An amount of $526,035 was allocated to capital stock and $175,345 was allocated to the warrants. Issue costs totalling $53,809 were recorded as a reduction of share capital and warrants (respectively $40,357 and $13,452).

Year ended May 31, 2013

On October 24, 2012, the Company issued 40,000 common shares under the option agreement regarding the Oriana property (valued at $17,200 and issue costs of $625).

(Unaudited, in Canadian Dollars)

8. SHARE CAPITAL (Continued)

On November 22, 2012 and December 5, 2012, the Company completed a brokered flow-through private placement in two tranches and issued respectively 4,620,000 and 756,000 common shares at $0.50 each for gross proceeds of $2,688,000. The flow-through premiums were estimated respectively at $508,200 and $120,960 and recorded as flow-through share liability. In relation with this placement, the Company paid a cash commission of $188,160 to the brokers (total issue costs of $255,775 of which $59,867 was allocated to the flow-through share liability) and issued 268,800 non-transferable brokers' options (valued at $39,186) allowing the holder to acquire one common share of the Company at a price of $0.50 until respectively May 22, 2014 and June 5, 2014.

On February 26, 2013, the Company issued 50,000 common shares under the acquisition of a separation process for the Montviel project (valued at $15,750 and issue costs of $3,454).

On May 10, 2013, the Company issued 250,000 common shares to SIDEX as compensation for a bridge loan of $750,000 (valued at $37,500 and issue cost of $1,184).

9. WARRANTS

The following tables summarize the warrants outstanding as at November 30, 2013. Each warrant entitles the holder to subscribe to one common share.

	Number of warrants	Amount $	Weighted Average Exercise Price $
Balance - May 31, 2012	5,378,536	324,089	1.95
Expired	(1,111,104)	(301,919)	0.32
Balance as at May 31, 2013	**4,267,432**	**22,170**	**1.92**
Issued	**2,191,812**	**161,893**	**0.21**
Extended	**-**	**35,023**	**1.00**
Expired	**(2,127,659)**	**-**	**-**
Balance as at November 30, 2013	**4,331,585**	**219,086**	**0.60**

Expiration date	Number of warrants	Weighted Average Exercise Price $
December 2013	187,500	1.00
September 2014	1,952,273	1.00
November 2016	2,191,812	0.21
	4,331,585	

In connection with the private placement completed on November 4, 2013, the Company issued 2,191,812 warrants allowing the holder to acquire an equivalent number of common shares at a price of $0.21 until November 4, 2016. The warrants were recorded at a value of $161,893 ($175,345 less issue costs of $13,452) based on a Black-Scholes option pricing model using the assumptions at the time the warrants was issued; risk free interest of 1.24%, expected life of 3 years, annualized volatility rate of 117% and dividend rate of 0%.

On September 10, 2013, the Company obtained all regulatory approvals to extend the expiry date of 1,952,273 warrants until September 30, 2014 from the original expiry date of September 30, 2013. Consequently, the fair value of the warrants were re-evaluated based on the Black-Scholes pricing model with the following assumption: risk-free interest of 1.21%, expected life of 1 year, annualized volatility rate of 117% and dividend rate of 0%. The adjustment to the fair value in the amount of $35,023 was charged to the deficit. All other terms and conditions of the warrants remain unchanged.

(Unaudited, in Canadian Dollars)

9. WARRANTS (continued)

On September 30, 2013, the Company issued, subject to the approval of the TSX Venture Exchange, 1,000,000 common share purchase warrants to Dr. Pouya Hajiani in exchange of all rights, title and interest in two patents related to the physical separation technology. The Warrants become exercisable upon demonstration of high purity (>99%) separation, in a pilot plant using the separation technology. Each warrant entitles D. Hajiani to subscribe to one common share at an exercise price of $0.15 expiring July 1st, 2018.

10. BROKERS' OPTIONS

The number of outstanding brokers' options as at November 30, 2013 which could be exercised for an equivalent number of units or shares is as follows:

	Number of brokers' options for units*	Amount $	Weighted Average Exercise Price $	Number of brokers' options for common shares	Amount $	Weighted Average Exercise Price $
Balance - May 31, 2012	134,750	518,787	2.35	225,187	70,170	0.55
Issued	-	-	-	268,800	39,186	0.50
Balance – May 31, 2013	**134,750**	**518,787**	**2.35**	**493,987**	**109,356**	**0.52**
Expired	**(134,750)**	**(518,787)**	**2.35**	**(225,187)**	**(70,170)**	**0.55**
Balance – November 30, 2013	**-**	**-**	**-**	**268,800**	**39,186**	**0.50**

*Each unit consists of one common share and one warrant to acquire one common share.

Expiration date	Number of brokers' options for common shares	Weighted Average Exercise Price $
May 2014	231,000	0.50
June 2014	37,800	0.50
	268,800	

There was no issue or exercise of brokers' options during the six months ended November 30, 2013.

11. STOCK OPTIONS

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

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

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

On June 28, 2013, the Company granted to a director a total of 225,000 stock options at an exercise price of $0.15 for five years.

(Unaudited, in Canadian Dollars)

11. STOCK OPTIONS (continued)

On July 22, 2013, the Company granted to a director a total of 225,000 stock options at an exercise price of $0.16 for five years.

On September 19, 2013, the Company granted to a director a total of 225,000 stock options at an exercise price of $0.17 for five years.

All share-based compensation will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the stock options. The Company's stock options are as follows at November 30, 2013:

	Number of Options	Weighted Average Exercise Price $
Outstanding - May 31, 2012	2,278,540	1.41
Granted	930,000	0.42
Forfeited	(365,000)	1.14
Outstanding - May 31, 2013	2,843,540	1.00
Granted	**675,000**	**0.16**
Expired	**(413,905)**	**0.87**
Forfeited	**(235,885)**	**1.35**
Outstanding- November 30, 2013	**2,868,750**	**0.84**

Range of Exercise Price ($)	Options Outstanding			Options Exercisable	
	Number of Options	Weighted Average Exercise Price $	Remaining Life (years)	Number of Options	Weighted Average Exercise Price $
0.10 to 1.00	1,925,000	0.31	3.60	887,500	0.38
1.01 to 2.00	793,750	1.51	2.04	793,750	1.51
2.01 to 3.00	150,000	2.08	1.11	150,000	2.08
	2,868,750			1,831,250	

The weighted average assumptions to calculate the fair value of the stock options granted using the Black-Scholes model are as follows:

	Six Months Ended November 30, 2013	Year Ended May 31, 2013
Average share price at date of grant	**$0.16**	$0.42
Dividend yield	**NIL**	NIL
Expected weighted volatility	**119%**	117%
Risk-free interest rate	**1.66%**	1.37%
Expected average life	**3.75 years**	3.75 years
Average exercise price at date of grant	**$0.16**	$0.42

The underlying expected volatility was determined by reference to historical data of Company's shares over a period of time since its listing on the TSX Venture Exchange. In total, a recovery of $7,347 of share-based compensation was recognized during the six months ended November 30, 2013 with a recovery of $12,969 included in the statement of loss and comprehensive loss and a charge of $5,622 capitalized in E&E assets (respectively a charge of $369,703 and $62,031 for 2012).

There was no exercise of stock options during the six months ended November 30, 2013.

(Unaudited, in Canadian Dollars)

12. EXPLORATION AND EVALUATION EXPENSES

	Three Months Ended November 30, 2013		Six Months Ended November 30, 2013	
	2013	2012	**2013**	2012
	$	$	**$**	$
Salaries, geology and prospection	**503**	73,335	**25,883**	201,657
Lodging and travel expenses	**-**	18,916	**890**	39,595
Analysis	**-**	45,237	**1,797**	59,453
Supplies and equipment	**-**	24,810	**1,027**	73,296
Taxes, permits and insurance	**-**	954	**-**	1,191
Mineral properties cost	**204**	-	**2,158**	-
Exploration and evaluation expenses before tax credits	**707**	163,252	**31,755**	375,192
Tax credits	**-**	(62,341)	**-**	(144,526)
Exploration and evaluation expenses	**707**	100,911	**31,755**	230,666

13. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted loss per share, potential common shares such as stock options, brokers' options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of warrants, brokers’ options and stock options issued that could potentially dilute earnings per share in the future are given in notes 9, 10 and 11.

14. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Key management personnel of the Company are members of the Board of Directors, as well as the President and CEO, the Chief Financial Officer and the Vice-President Exploration. Key management personnel remuneration includes the following expenses:

	Three Months Ended November 30,		Six Months Ended November 30,	
	2013	2012	**2013**	2012
	$	$	**$**	$
Short-term employee benefits				
Salaries including benefits	**123,125**	205,178	**248,678**	325,178
Social security costs	**11,539**	2,669	**13,526**	5,338
Professional fees	**10,250**	6,000	**28,500**	6,000
Total short-term employee benefits	**144,914**	213,847	**290,704**	336,516
Share-based compensation	**46,637**	149,888	**121,316**	350,417
Total remuneration	**191,551**	363,735	**412,020**	686,933

On November 4, 2013, three key management personnel subscribed for 200,000 units issued at a price of $0.16 for a total of $32,000. As of November 30, 2013, the trade and other payables included an amount of $49,792 (nil in 2012) payable to related parties.

(Unaudited, in Canadian Dollars)

15. COMMITMENTS

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

	Minimum Lease Payments Due			
	Within 1 year	1 to 5 years	After 5 years	Total
	$	$	$	$
November 30, 2013	15,460	-	-	15,460

The Company leases its office and an offsite location under a lease agreements expiring respectively in September 2014 and in November 30, 2016. In each lease agreement, the Company has 90 days to terminate the agreement.

The minimum lease payments recognized as an expense during the reporting period amounted to $13,912 ($13,506 - 2012). No sublease payment or contingent rent payment was made or received. The Company’s operating lease agreement does not contain any contingent rent clauses, renewal options or escalation clauses or any restrictions, such as those concerning dividends, additional debt, and further leasing. No sublease income is expected as all assets held under the lease agreement are used exclusively by the Company.

16. SUBSEQUENT EVENTS

a) On December 3, 2013, the Company completed a second tranche of the private placement announced on November 4, 2013 and issued 328,000 units at a price of $0.16 per unit for gross proceeds of $52,480. Each unit consisted 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 $0.21 until December 3, 2016. A director purchased 15,500 units for $2,480.

b) Also on December 3, 2013, the Company issued 3,123,500 Flow-through units at a price of $0.17 per flow-through units for gross proceeds of $530,995. Each flow-through unit consisted of one flow-through common share and one-half non flow-through warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $0.25 until December 3, 2014. As part of the transaction, the Company paid finder’s fees of $41,208 and issued 242,400 non-transferable broker warrants. Each broker warrant entitles the finder to purchase one common share at a price of $0.17 until June 3, 2014. A director purchased 73,500 units for $12,495.

c) On December 18, 2013, the Company entered under a finance lease to buy equipment for its offsite location. The obligation under finance leases is approximately $124,632 and is maturing in December 2016.

d) In December 2013, 81,250 stock options expired unexercised.

e) In December 2013, 187,500 warrants expired unexercised.

f) On January 23, 2014, the Company granted to employees a total of 180,000 stock options at an exercise price of $0.295 for five years.