



Geomega Resources Inc.

Management's Discussion and Analysis
Quarterly Highlights

Six months ended November 30, 2016

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Management Discussion & Analysis – Quarterly Highlights

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The following quarterly highlights management discussion and analysis (the “MD&A Highlights”) of the financial condition and results of the operations of GéoMégA Resources Inc. (the “Company” or “GéoMégA”) constitutes management’s review of the factors that affected the Corporation’s financial and operating performance for Q2-17 YTD. This MD&A Highlights should be read in conjunction with the Corporation’s unaudited condensed interim financial statements as at November 30, 2016 prepared in accordance with the International Financial Reporting Standards (“IFRS”), as well as with the management discussion and analysis for the year ended May 31, 2016. All figures are in Canadian dollars unless otherwise noted.

Further information regarding the Corporation and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) in Canada and can be found on www.sedar.com.

Abbreviation	Period
Q1-16	June 1, 2015 to August 31, 2015
Q2-16	September 1, 2015 to November 30, 2015
Q2-16 YTD	June 1, 2015 to November 30, 2015
Q3-16	December 1, 2015 to February 29, 2016
Q4-16	March 1, 2016 to May 31, 2016
Fiscal 16	June 1, 2015 to May 31, 2016
Q1-17	June 1, 2016 to August 31, 2016
Q2-17	September 1, 2016 to November 30, 2016
Q2-17 YTD	June 1, 2016 to November 30, 2016
Q3-17	December 1, 2016 to February 28, 2017
Q4-17	March 1, 2017 to May 31, 2017
Fiscal 17	June 1, 2016 to May 31, 2017

1. NATURE OF ACTIVITIES

GéoMégA is a mineral exploration and evaluation company focused on the discovery and sustainable development of economic deposits of metals in Quebec. GéoMégA is committed to meeting the Canadian mining industry standards and distinguishing itself with innovative engineering, high stakeholder engagement and dedication to local transformation benefits.

As society moves from consumption of fossil fuels to more sustainable energy sources, GéoMégA believes that the future of clean energy resides in one of the rare earth elements (“REE”) called neodymium. Neodymium is vital for the production of high-performance permanent magnets used in a wide variety of electrical motors. Such motors are in increasing demand with the growth of sustainable-energy initiatives such as hybrid and electric vehicles and direct-drive wind turbines.

Innord Inc. (“Innord”) is the innovation arm of GéoMégA and was created in March 2015 to optimize the value of the separation technology by facilitating its development through direct investments of key financial partners. Innord is a subsidiary of GéoMégA that holds all the separation rights and laboratory equipment previously held by GéoMégA. The primary goal of Innord is to successfully scale-up its proprietary REE separation process. Looking towards the future, all research and development initiatives of GéoMégA will be conducted by Innord.

2. CORPORATE UPDATE

2.1 Innord financing

On March 3, 2016, the Company announced that the Société du Plan Nord (“SPN”), the Société de développement de la Baie-James (“SDBJ”) and the Administration régionale Baie-James (“ARBJ”), will be investing in Innord. With this injection of funds, Innord should receive a total of \$500,000 from the SPN, the SDBJ and the ARBJ. An initial portion of \$150,000 out of a total potential grant of \$250,000 was received from the SPN during the year ended May 31, 2016. The remaining balance of the government grant to be received is subject to meeting certain conditions.

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2. CORPORATE UPDATE (CONT'D)

A total equity investment of \$250,000 was received from SDBJ and ARBJ in June 2016, when the transaction closed. Following this investment, the Company now holds 96.16% of Innord. SDBJ and ARBJ have different exchange options (described in further details in note 11 of the Q2-17 financial statements) that are dependent on the conclusion, positive or negative, of the phase 1A, which is to reach one kilogram per day capacity for the REE separation process. Not controlling the outcome of phase 1A, the Company recorded a \$500,000 liability related to share exchange rights corresponding to the option where the investors would exchange their shares in Innord against shares of the Company. Also, under certain conditions, the investors can exchange their share for a 0.05% royalty on the net profits resulting from the commercial production of the separation plant or for a 0.1% net smelter return royalty on the Anik property.

2.2 Sale of the gold properties

On December 8, 2016 the Corporation signed a Conditional Gold Claims Sale Agreement (the "Sale Agreement") with a privately owned corporation, Groupe Ressources Géomines Inc. ("Géomines"). The Sale Agreement concerns all the non-rare earth elements ("non-REE") related assets held by the Corporation and are comprised of the Anik, Rivière à l'Aigle, McDonald, Gaspard, Comptois, Lac Storm, 3G and Maryse properties. The Sale Agreement will be done in conjunction with the closing of a transaction between Géomines and Black Springs Capital Corp. ("BSC") pursuant to which BSC will acquire all of the outstanding shares of Géomines (the "Acquisition"). Géomines has an exploration portfolio, comprised of the WHN and Boisvert properties located in the Province of Québec (the "Géomines Properties"). Subject to the Exchange's approval, upon completion of the Acquisition, the combined entity (the "Resulting Issuer") will continue to carry on the business of Géomines as currently constituted.

Under the terms of the Sale Agreement, an all share transaction, the Corporation will receive a total of 17,857,143 shares of the Resulting Issuer at a deemed price of \$0.14 per share representing a value of \$2,500,000 representing the book value of the Non-REE assets as of the date of the closing. The Corporation intends to distribute to its shareholders, after the closing of the qualifying transaction, approximately 7,827,464 of the shares received from the sale of its non-REE assets and will hold approximately 19.9% of the issued and outstanding shares of the resulting issuer.

Completion of the Acquisition is subject to a number of conditions. More information is available in the November 30, 2016 financial statements, note 5.

2.3 Financial Highlights

GéoMégA has a working capital of \$373,045 as of November 30, 2016 (\$861,074 as of May 31, 2016), including assets held for sale of \$98,895 (nil as of May 31, 2016). From this working capital, the Company has to dedicate \$9,176 to Canadian mining properties exploration, pursuant to the restrictions imposed by the December 30, 2015 flow-through financing. The Company is constantly seeking financing or business opportunities.

The Corporation reported a net loss of \$511,369 in Q2-17 YTD compared to \$756,782 for Q2-16 YTD. The main variations are as follows:

- Salaries, employee benefits, severance pay and share-based compensation \$229,322 (\$340,650 in Q2-16 YTD). Due to management change, the head count was reduced;
- Exploration and evaluation expenses, net of tax credits \$29,505 (nil in Q2-16 YTD) (see section 4 and section 2.2);
- Impairment on exploration and evaluation assets \$26,641 (nil in Q2-16 YTD);
- Gain on disposal of exploration and evaluation assets \$71,391 (nil in Q1-16). On April 6, 2016, the Company signed a property purchase agreement with Saint Jean Carbon Inc. ("Saint Jean") whereby Saint Jean acquired a 100% interest in the Buckingham mining property. Under the terms of the agreement, the Company received 1,500,000 common shares of Saint Jean valued at \$75,000 as per the Exchange price on the day the Company received the shares. The Company retains a 0.75% net output returns royalty on the property.

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2. CORPORATE UPDATE (CONT'D)

2.4 AMF investigation

On July 14, 2016, the Company announced that an investigation, focusing on one of the Company's employee in regards to trading activities in GéoMégA securities while in possession of information and for providing that information to others, was being conducted by the Autorité des marchés financiers ("AMF"), the securities regulatory authority in the Province of Quebec. In light of these allegations, the Company has put in place operational safeguards to protect its interests and those of its shareholders. The Company is continuing to monitor the investigation as it proceeds.

3. MONTVIEL PROPERTY (REE – 187 CLAIMS – 100% INTEREST)

3.1 Expense summary - Montviel property

Montviel	Q2-17	Q2-16	Q2-17 TYD	Q2-16 YTD
	\$	\$	\$	\$
Exploration				
Assays and drilling	476	-	3,628	25
Geology	47,739	37,434	105,715	62,659
Transport and lodging	7,349	7,401	28,539	28,299
Geophysics and Geochemistry	8,327	2,830	18,077	2,830
Depreciation of property and equipment	1,859	16,634	8,352	26,775
Taxes, permits and insurances	460	965	908	4,768
Total exploration	66,210	65,264	165,219	125,356
Evaluation				
Mine design	-	-	-	47,953
Hydrogeology, Geochemistry, geotechnical and geomechanical	-	1,113	-	4,413
Metallurgy and processing	-	-	8,595	48,418
Separation process	111,150	60,788	174,306	113,817
Depreciation of property and equipment	9,369	-	19,503	-
Other	-	(10,000)	-	13,671
Total Evaluation	120,519	51,901	202,404	228,272
Total additions	186,729	117,165	367,623	353,628
Government grants	(28,046)	-	(51,930)	-
Total Exploration and Evaluation expenditures capitalized	158,683	117,165	315,693	353,628

Alain Cayer, P. Geo., M.Sc., Vice-President Exploration of GéoMégA, a qualified persons as defined in NI 43-101 supervised the preparation of the technical information in this section.

There was no surface exploration activity during Q2-17 YTD. Compilation of the exploration work that was completed in June 2016 continued and the activities report will be completed in the beginning of 2017. Some assays are still pending.

Some claims were dropped and a partial impairment for \$17,653 was recorded.

3.2 Preliminary Economic Assessment ("PEA")

The corporate commitment to sustainable development dictated the following operational parameters for the Montviel project: i) underground mining scenario with paste backfill, ii) reduction in reagents to be transported by road and iii) electrical operations with a low voltage power line. It has taken more than three and a half years of metallurgical work and optimization to meet these three parameters.

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3. MONTVIEL PROPERTY (CONT'D)

In 2015, Montviel's flow sheet was greatly simplified. All of the acid required for hydrometallurgy will be generated on site with the insertion of a closed loop acid regeneration unit. In addition, two physical adjustments at the beneficiation step significantly decrease the ore mass moving to hydrometallurgy.

To complete the PEA, the primary remaining work is the evaluation of the cost of the plant and infrastructure based on the May 2015 flow sheet (see press release dated May 20, 2015). The Company is focussing on the separation technology and will pursue the remaining work for the PEA subsequently.

3.3 Environmental Geochemistry

The four (4) environmental studies are still ongoing with no new conclusions on the studies to date.

- Air quality study, in collaboration with Dr. Parisa Ariya from the McGill University conjointly with the CREATE – Mine of Knowledge program.
 - The first sampling campaign on Montviel and the surrounding communities was completed in June 2016.
 - The first results were delivered at the end of the trimester providing a base line for fine particles in the vicinity of the Montviel project.
- Leachates study on various Montviel lithologies, in collaboration with Dr. Benoît Plante (URSTM).
 - A sampling program took place in June and October 2016 and the leachates were sent for laboratory analysis.
 - A total of four (4) sampling programs were completed and sent for laboratory analysis since the installation the barrels (field cells). Current results don't show any environmental problems.
- A doctoral project, under the supervision of Dr. Benoît Plante (URSTM), on geochemical behaviour (speciation) of the different forms of rare earths that can be found at the Montviel site. This study will allow for a better understanding of the environmental issues by providing information on barium and rare earth mobility and is expected to last at least 10 years.
 - M. Mohamed Edahbi, the student on the doctoral project, visited the Montviel project in October 2016. As part of the project, M. Edahbi will evaluate the consequences of changing the scale from humid cells to the 250 kg field cells.
- Study on bioavailability of rare earths to microorganisms present at the Montviel project location, in collaboration with University of Lorraine (Nancy, France) and Dr. Laure Giamberini
 - The first phase of field collaboration took place at the end of June 2016. This first phase includes a summary inventory of the microorganisms present at the Montviel site and a study on the bioavailability of rare earths for these organisms.
 - The initial results were delivered and presented as a poster at the COST Action event (European Cooperation in Science and Technology, TD07). Initial conclusions suggest a poor correlation between REE identified in the environment and REE found in adjacent bedrock.

3.4 Separation of rare earths through electrophoresis (patent pending) INNORD

Dr. Pouya Hajjani, process inventor and engineer and CTO of GéoMégA supervised and approved the technical information of this section.

Rare earth separation through electrophoresis has the potential to reduce the capital required to build separation plants compared with the construction of plants based on conventional techniques (i.e. fractional precipitation, ion exchange and solvent extraction), to optimize the recovery of REE and improve the environmental performance of operations. This new process does not use any organic solvent which should have a positive impact on environmental risks in addition to reducing operating costs.

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3. MONTVIEL PROPERTY (CONT'D)

Electrophoresis is the migration of charged species (ions, proteins, particles) in a solution in the presence of an electric field. Each ion moves toward the opposite electrical polarity electrode. For a given set of solution conditions and electric field intensity, the rate of migration depends on a characteristic number known as the electrophoretic mobility. The electrophoretic mobility is directly proportional to the ratio of the load and the size of the ion.

On June 21, 2016, the Company announced that Innord has successfully completed separation of a synthetic mixture of three rare earth elements, using its own initial prototype in the lab facility in Boucherville. Innord now has two operational electrophoreses prototypes with all the knowhow in-house.

The successful separation testing was based on three elements: Lanthanum (La), Europium (Eu) and Ytterbium (Yb). Working with three elements enables validating and comparing the results to those obtained in 2014, as initial test work back then was completed in collaboration with FFE Service GmbH (Germany) on the same three elements (see January 15, 2014 news release).

Two of the main objectives set forth in the current phase of development, maximizing the throughput capacity and minimizing the cost, were successfully handled to date. The two prototypes show a significant reduction in footprint as each prototype is several times smaller in comparison with that used in 2014. More importantly, testing to date is conducted in a liquid which contains 18 fold more REE per unit volume and work continues to increase the REE concentration further. Cost reduction is just as apparent. Each prototype is approximately one tenth in cost of that used in 2014. In addition, power consumption of the system per kg of REE has been lowered significantly during the latest optimization tests. Similar to previous tests, separation of multiple elements occurs simultaneously which remains one of the main advantages of the electrophoresis separation technology.

The initial module is of a flexible design that allows to adjust the various parameters required for separation with electrophoresis. Having such a device in-house is a significant advantage as it allows to run a multitude of testing conditions on the fast track, helps in further understanding and improving REE separation using electrophoresis. Moving forward, tests will continue on other synthetic concentrates, commercial concentrates, secondary feeds and test work to achieve high purity oxides. The current objective is to further improve the technology using the current prototypes and then use that knowledge to build a larger unit that will be able to process rare earths on a higher scale.

Reduction in size and cost combined with an increase in concentration bodes well with the modular approach of the company which is expected to allow for a gradual increase in processing capacity while minimizing the capital risk. With the initial prototype now operational, the main work being conducted in parallel is the increase in concentration, a key point in demonstrating that separation using electrophoresis can be scaled up in a financially viable way.

Other important outstanding items to complete phase 1A is the numerical modeling and the construction of a larger prototype with a 1 kilogram per day capacity.

The modular approach the Company envisions, gives a lot of flexibility regardless of the market conditions. A technology that is not feed dependant (can process heavy or light primary feeds or secondary feeds), offers a solid opportunity to gradually penetrate the market while advancing the Montviel project and be in a favorable position to build a REE mine in Québec.

All the tests and assay analyses were performed at Innord's laboratory at the National Research Council Canada facility in Boucherville, Canada. The analyses were completed on every sample using ICP-EOS spectrometer.

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3. MONTVIEL PROPERTY (CONT'D)

During this quarter, additional laboratory equipment was purchased that will be used to further characterize REE separation medium. This data will be adapted to the current separation modules and used in the design of larger modules and in order to improve REE separation. Work continued to improve REE concentration during separation including selection and testing of various ligands. A wider range of electric fields is now being considered to further improve separation in higher concentration.

Some progress was made with regards to the H2 gas that is produced as part of the separation process. An indirect method, currently offered as a large-scale industrial process in North America, is being contemplated to use the gas on spot to produce water and electricity which will help in reducing operating costs.

4. GOLD PROPERTIES PORTFOLIO

	Q2-17	Q2-16	Q2-17 AAD	Q2-16 AAD
	\$	\$	\$	\$
DISCONTINUED OPERATIONS				
Anik				
Salaries, geology and prospection	23,208	20,969	28,355	80,851
Lodging and travel expenses	2,124	4,492	2,303	28,714
Analysis	109	2,662	109	22,274
Drilling	-	-	-	9,900
Geophysics	-	9,230	-	9,880
Supplies and equipment	230	190	650	7,294
Taxes, permits and insurance	46	1,005	988	1,057
	25,717	38,548	32,405	159,970
MacDonald				
Salaries, geology and prospection	290	61,665	1,618	97,154
Lodging and travel expenses	-	22,645	-	29,256
Analysis	-	27,390	-	27,390
Geophysics	-	5,090	-	5,090
Supplies and equipment	-	2,129	-	4,678
Taxes, permits and insurance	-	1,118	-	1,118
	290	120,037	1,618	164,686
Rivière à l'aigle				
Salaries, geology and prospection	7,620	14,173	31,408	27,195
Lodging and travel expenses	455	-	5,281	4,720
Analysis	5,415	138	5,415	6,356
Geophysics	21,299	-	21,299	650
Supplies and equipment	1,209	-	3,141	1,163
	35,998	14,311	66,544	40,084
Maryse				
Salaries, geology and prospection	-	1,290	-	1,290
Supplies and equipment	-	83	-	83
	-	1,373	-	1,373
Gaspard				
Salaries, geology and prospection	-	1,074	2,058	1,074
Lodging and travel expenses	-	-	1,681	-
Supplies and equipment	-	160	43	160
	-	1,234	3,782	1,234
Lac Storm				
Lodging and travel expenses	-	-	-	100
Geophysics	-	-	-	650
	-	-	-	750

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4. GOLD PROPERTIES PORTFOLIO (CONT'D)

	Q2-17	Q2-16	Q2-17 AAD	Q2-16 AAD
	\$	\$	\$	\$
DISCONTINUED OPERATIONS				
3G				
Salaries, geology and prospection	289	-	897	1,641
Geophysics	-	-	-	650
	289	-	897	2,291
Sub-total discontinued operations	62,294	175,503	105,246	370,388
CONTINUING OPERATIONS				
Generation of projects				
Salaries, geology and prospection	7,522	-	22,535	-
Lodging and travel expenses	731	-	814	-
Analysis	3,680	-	5,632	(6,518)
Geophysics	-	-	-	6,518
Supplies and equipment	524	-	524	-
	12,457	-	29,505	-
Total exploration and evaluation expenditures	74,751	175,503	134,751	370,388

Alain Cayer, P. Geo., M.Sc., Vice-President Exploration of GéoMégA, a qualified persons as defined in NI 43-101 supervised the preparation of the technical information in this section.

The gold projects portfolio includes 8 properties which are owed 100% by the Company: Anik, McDonald, Rivière à l'aigle, Maryse, Lac Storm, 3G, Gaspard and Comptois. All properties, except for Lac Storm, are located in the urbanized lower part of Northern Quebec (above the 49th parallel) and all properties benefit from permanent road access, and close proximity to both public infrastructure and an experienced workforce.

4.1 Anik (Gold – 153 claims – 100% interest)

Some geological verification work was completed at the “Bobby” and “Kovy” trenches in preparation of a proposed winter drilling campaign during the winter of 2016-17. Some claims will be dropped and a partial impairment of \$8,988 was recorded in Q2-17 YTD.

4.2 Rivière à l'aigle (Gold – 161 claims – 100% interest)

The Rivière à l'aigle property is located 30 km southwest of the Anik property and 20 km north-east from Windfall Lake area. It consists of 161 claims. The property has a particular geological setting displaying strong anomalies in the historical till survey. The property is located in an under-explored area.

In July 2016, a till sampling program was completed over the areas presenting strong gold anomalies. In total, 95 till samples were manually collected or excavated and were sent to ODM (Overburden Drilling Management Limited) in Ottawa to obtain the gold grain count. The heavy mineral concentrate of each till sample was sent to Actlabs (Activation Lab) for gold assays. In parallel, a sample of the fine fraction (<0.15mm) of each till sample was sent to ALS (ALS Laboratory Group” of Val-d’Or for multi-element analysis.

Several assays are still pending from the 95 till samples that were collected during the July 2016 program. Data compilation and the assays received to date confirm and precise the gold trains that were previously identified while some new anomalies have been identified in other areas. Data compilation and the preparation of the report for 2016 is expected in early 2017.

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4. GOLD PROPERTIES PORTFOLIO (CONT'D)

4.3 Comptois (Gold – 17 claims - 100% interest)

Two blocks of claims, 9 and 8 claims each, were staked in Q1-17 in proximity of Lebel-sur-Quévillon in the area of the “Comptois – Zone Osborne” property of Minéraux Maudore Ltee.

January 26, 2017

(s) Kiril Mugeran

Kiril Mugeran
President and CEO

(s) Ingrid Martin

Ingrid Martin
CFO