Geomega Resources Inc.

Management's Discussion and Analysis

May 31, 2019

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The following management discussion and analysis (the "MD&A") of the financial condition and results of the operations of Geomega Resources Inc. (the "Corporation" or "Geomega") constitutes management's review of the factors that affected the Corporation's financial and operating performance for the year ended May 31, 2019. This MD&A should be read in conjunction with the Corporation's audited consolidated financial statements as at May 31, 2019 prepared in accordance with the International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless otherwise noted.

The MD&A contains forward-looking statements not based on historical facts. Forward-looking statements express, as of the date of this MD&A, management's 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 guarantee 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; economic conjuncture, fluctuations in the market price of metals, mining industry risks, uncertainty as to the calculation of mineral reserves and requirements of additional financing and the capacity of the Corporation to obtain financing.

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
Q1-18	June 1, 2017 to August 31, 2017
Q2-18	September 1, 2017 to November 30, 2017
Q3-18	December 1, 2017 to February 28, 2018
Q4-18	March 1, 2018 to May 31, 2018
Fiscal 18	June 1, 2017 to May 31, 2018
Q1-19	June 1, 2018 to August 31, 2018
Q2-19	September 1, 2018 to November 30, 2018
Q3-19	December 1, 2018 to February 28, 2019
Q4-19	March 1, 2019 to May 31, 2019
Fiscal 19	June 1, 2018 to May 31, 2019
Fiscal 20	June 1, 2019 to May 31, 2020

1. NATURE OF ACTIVITIES

Geomega is a mineral exploration and evaluation Corporation focused on the discovery and sustainable development of economic deposits of metals in Quebec. Geomega is committed to meeting the Canadian mining industry standards and distinguishing itself with innovative engineering, high stakeholder engagement and dedication to local transformation benefits. The common shares of the Corporation are trading under the symbol GMA on the TSX Venture Exchange (the "Exchange").

As society moves from consumption of fossil fuels to more sustainable energy sources, Geomega 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.

1. NATURE OF ACTIVITIES (CONT'D)

Innord Inc. ("Innord") is the innovation arm of Geomega 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 Geomega that holds all the separation rights and laboratory equipment. The primary goal of Innord is to successfully scale-up its proprietary REE separation process. All research and development initiatives of Geomega is conducted by Innord.

2. CORPORATE UPDATE

2.1 Private placement

On July 3 and 10, 2019, the Corporation closed a private placement in two tranches consisting of 8,800,215 units at a price of $0.14 for total gross proceeds of $1,232,010. Each unit being comprised of one share and one half-warrant, each whole warrant entitling the holder hereof to acquire one share at a price of $0.20 per share for 2 years.

2.2 Other sources of financing

On June 27, 2018, the Corporation and its subsidiary Innord, in collaboration with the Centre d'études des procédés chimiques du Québec (CÉPROCQ), obtained a total of $288,000 in grants from several Federal and Provincial government programs to conduct research on selective metal extraction and purification processes. Research will be conducted under the supervision of Innord's Chief Technology Officer ("CTO"), Dr. Pouya Hajiani, in collaboration with CÉPROCQ at Innord's facilities in Boucherville, Quebec.

On September 24, 2018, the Corporation announced having obtained, through its subsidiary Innord Inc., the approval for conditional funding from the National Research Council of Canada Industrial Research Assistance Program (NRC IRAP) for an amount of up to $350,000 over a period of 18 months to advance the scale up work on the ISR proprietary technology for recycling rare earth elements in the permanent magnet industry.

In April 2019, 550,000 warrants were exercised for gross proceeds of $66,000.

On August 11, 2019, all holders of the convertible debentures exercised their right to convert the debenture into common shares at $0.12 per share. A total of 916,665 shares were issued following this conversion.

Between June 1 and September 12, 2019, 282,500 stock options were exercised for a total of $26,425.

2.3 Demonstration Plant

Following the validation of it's ISR proprietary technology and the successful construction of a mini-pilot on a lab scale level, the Corporation announced on April 3, 2019 its intentions to build a demonstration plant to produce rare-earth oxide through processing of third-party sourced magnet (see section 3.4 for more details).

This announcement is a major step in the Corporation's activities as it should permit to move from a Research and Development focused company to a Production company. The Corporation has focused in recent weeks on securing its supply, its customers and its visibility on the market in order to position itself as a Rare Earth Producer.

2. CORPORATE UPDATE (CONT'D)

On February 28, 2019, the Corporation announced having entered into a non-binding Letter of Intent ("LOI") with RockLink GmbH, a German based rare earth, cobalt and minor metals recycling company to acquire up to 100 tonnes per year of feed material for extracting and refining rare earth oxides using its proprietary ISR technology. The agreement shall be in effect for a minimum of two years starting from the effective date of the definitive agreement while the amount can be increased to up to 200 tonnes per year following a mutual agreement between the parties.

On March 14, 2019, the Corporation announced having appointed Ginger International Trade & Investment Pte Ltd ("GITI"), as consultants that will serve as Innord's official sales representative for Europe and Asia. GITI will be responsible for sales of Innord's rare earth products to designated customers in Europe and Asia and assisting to source feed material in Asia.

On April 12, 2019, the Corporation announced having engaged The Howard Group as its capital markets communications advisor to assist with both traditional and online initiatives targeting institutional and retail investing groups as well as the larger investment community.

On May 13, 2019, the Corporation announced having selected Seneca Inc. ("Seneca"), a Montreal based engineering consulting firm specializing in industrial process engineering, to complete the Front End Engineering Design (FEED) study for the rare earth recycling demonstration plant with the focus on the permanent magnet industry. The FEED study will produce an externally validated construction and operating cost estimates, project completion schedule, process flow and control diagrams and environmental impact review and process safety measures and provisions that are required for permit requests.

See Section 3 for an outlook on upcoming activities.

2.4 AMF investigation

On July 14, 2016, the Corporation announced that an investigation, focusing on one of the Corporation's employees in regards to trading activities in Geomega 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 Corporation has put in place operational safeguards to protect its interests and those of its shareholders. The Corporation is continuing to monitor the investigation as it proceeds.

2.5 Change of Chief Financial Officer

On October 25, 2018, the Corporation announced the hiring of a new Chief Financial Officer. As part of its growth strategy and the many upcoming projects, the Company has made the decision to hire a dedicated internal CFO. Mathieu Bourdeau, CPA, CA, has joined the management team of the Corporation.

2. CORPORATE UPDATE (CONT'D)

2.6 Selected Annual Information

	Fiscal 2019	Fiscal 2018 As presented	Fiscal 2018 Restated*	Fiscal 2017
	$	$	$	$
Operating loss	(797,099)	(855,120)	(855,120)	(1,422,629)
Other income	218,551	70,225	199,857	40,463
Net income (loss)	(578,458)	(784,895)	(655,263)	169,983
Basic and diluted income (loss) per share	(0.006)	(0.010)	(0.008)	0.002

* See section 14.2 regarding the corrections in Fiscal year 2018.

2.7 Shares outstanding

	As at September 12, 2019	As at May 31, 2019
	Number of shares	Number of shares
Shares	100,749,514	90,750,134
Stock options	6,532,500	6,565,000
Warrants	10,778,886	6,378,778
	118,060,900	**103,693,912**

See sections 2.1 and 2.2 for issues and conversions that occurred during the year and after the date of the financial position.

On July 29, 2019, the Corporation granted to a consultant 250,000 options exercisable at $0.175, valid for 5 years. Those options were granted at an exercise price higher to the closing market value of the shares the previous day of the grant.

3. OUTLOOK ON THE UPCOMING MONTHS

Validation of the separation technology through processing industrial residues was and remains Geomega's main objective since 2015. The Corporation is focusing on producing rare earth oxides, which are used in the production of permanent magnets, from high grade industrial residues.

The Corporation's objectives over the next months include:

- Complete the Front-End Engineering Design (FEED) study for the construction of the demonstration plant
- Find and secure the facilities for the demonstration plant
- Finalise debt financing in order to complete financing of the demonstration plant.
- Start and complete the EPCM (Engineering, Procurement, Construction and Management) on the demonstration plan.
- Separation tests to obtain a purity of 99.9% and higher.
- Secure more supply to ensure long-term profitability of commercial plant operations.
- Secure offtake agreements.

4. EXPLORATION AND VALIDATION OF THE SEPARATION TECHNOLOGY ACTIVITIES

4.1 Expense summary - Montviel property

Montviel	Fiscal 2019	Fiscal 2018
	$	$
Acquisition and maintenance	**10,337**	**8,085**
Exploration		
Salaries and benefits	437	6,177
Share-based compensation	7440	19,343
Geology	1,272	239
Transport and lodging	6,883	639
Geophysics and Geochemistry	-	14,882
Depreciation of property and equipment	12,151	11,235
Taxes, permits and insurances	5,595	2,057
Billing – rental	(48,621)	(33,620)
Total exploration	**(14,843)**	**20,952**
Evaluation		
Salaries and benefits – Separation process	305,851	266,199
Separation process	101,692	48,134
Depreciation of property and equipment	35,502	51,540
Total evaluation	**443,045**	**365,873**
Gross E&E expenses	**438,539**	394,910
Government grants	(176,587)	(124,209)
Tax credits	(46,382)	49,244
Net E&E expenses - Montviel	**215,570**	**319,945**

Alain Cayer, P. Geo., M.Sc., Vice-President Exploration of Geomega, a qualified person as defined in NI 43-101 supervised the preparation of the technical information in sections 4.1, 4.2 and 4.3.

The Corporation 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 177 mining claims totalling 9,831 ha as at May 31, 2019.

There was no surface exploration activity on the Montviel property during the Fiscal 19.

4.2 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.

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 restatements at the beneficiation step significantly decrease the ore mass moving to hydrometallurgy.

4. EXPLORATION AND VALIDATION OF THE SEPARATION TECHNOLOGY ACTIVITIES (CONT'D)

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 scaling up its activities and will pursue the remaining work for the PEA subsequently.

4.3 Environmental Geochemistry

There are four (4) environmental studies that are ongoing on Montviel. Sampling for the leachates study (in collaboration with Dr. Benoît Plante of unité de recherche et de service en technologie minérale (URSTM) and the bioavailability of rare earths to microorganisms study (in collaboration with University of Lorraine and Dr. Laure Giamberini) took place in September 2017. These are long term studies with repetitive sampling.

4.4 Separation and extraction of rare earths - ISR Technology - INNORD

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

Innord is continuing the research and development activities for separating rare earth elements using its proprietary separation technology that does not use organic solvents ("Innord Separation of Rare Earths (ISR Technology)"). Following up on the successful developments of 2017 and 2018, the Corporation is focusing on scaling up activities by processing rare earth enriched feed that is coming from the permanent magnet industry. The products of the Corporation have been already tested and validated by potential end users for manufacturing of permanent magnets.

On April 3, 2019, the Corporation provided an update on Innord Inc.'s continuing successful validation of its proprietary ISR technology and its plans for a 1 ton per day of third-party sourced magnet waste demonstration plant. The Corporation first announced having successfully completed the construction and full operation of the lab scale pilot unit in its facility in Boucherville, enabling the Corporation to validate the ISR technology on a 20-liter reactor scale and to evaluate the operating costs related to rare earth oxide (RTO) extraction from permanent magnet residues at $3.00 / kg REO (based on an average grade of 30%). The Corporation then announced the beginning of the process to set up a demonstration plant that will treat up to 1 ton per day of permanent magnet residues and generate cash-flow.

On November 26, 2018, the Corporation announced to have entered, through its subsidiary Innord, into a collaboration agreement with University of Liege who is conducting work with Comet Traitements SA as part of a pilot study on hybrid and electric vehicle recycling on behalf of a major vehicle manufacturer. Within the scope of this collaboration, Innord will be conducting separation testing on rare earth element ("REE") concentrates produced by University of Liege from magnets contained in hybrid and electric vehicles which are recovered through the pilot study. Participating in this study opens the door for a potential new supply source through recycling electric motors from the transportation industry in the future

On November 20, 2018, the Corporation announced to have purchased, through Innord, additional equipment to complete the current scale up activities to a 20 liters unit. The new equipment includes a 30 liters filtration system and pumps, larger capacity furnace and most importantly, a larger crusher with a working rate of 12 kg/hr to process some of the residues that the Corporation is receiving. Furthermore, the equipment was designed and manufactured such that it will be able to be used in future scale ups thereby reducing costs and significantly improving upon construction time.

4. EXPLORATION AND VALIDATION OF THE SEPARATION TECHNOLOGY ACTIVITIES (CONT'D)

On October 25, 2018, the Corporation announced that Innord entered into a non-binding Letter of Intent ("LOI)" with an American NdFeB magnet manufacturer based in Texas to acquire up to 1,000 kg per month of feed material for extracting and refining rare earth oxides using its proprietary ISR technology. The feed material will be processed to produce saleable +99% neodymium and dysprosium oxides. Following a mutual agreement, the amount can be increased to up to 2,000 kg per month. The agreement shall be in effect for a minimum of 1 year starting from the effective date of the definitive agreement. The purpose of this agreement is to begin securing enough material for a commercial production plant to be set up in Quebec, Canada that will be able to process 1.5 tonnes of feed per day or 500 tonnes per year.

On September 17, 2018, the Corporation announced that it has successfully separated Neodymium oxide (Nd_2O_3) and Dysprosium oxide (Dy_2O_3) using the ISR technology from magnetic residues after removing other impurities such as iron, cobalt, nickel, boron and other minor metals.

Recoveries of Dysprosium per single run range between 60% and 85% and keep improving as the technology advances. Dysprosium that is not recovered in the first separation run, is not lost but is recirculated back to the process.

The key parameter to look at when comparing ISR versus solvent extraction (SX) is the separation factor (SF) between two separating elements which quantifies readiness and efficiency of a single stage of separation. In the case of Nd and Dy, the SF in SX is reported between 22 and 42 while ISR technology shows a consistent SF of around 30 (see Table 1). The higher the SF, the smaller the number of repetitions is required to attain a certain purity which makes the technology more cost effective. Additional work continues to further increase the SF and current indications are positive.

On September 4, 2018, the Corporation announced that it has completed the assembly of its first scale up unit for processing magnetic residues containing rare earth elements ("REE") Neodymium (Nd) and Dysprosium (Dy).

The unit has been built with off-the-shelf equipment and is now ready for larger scale testing at Innord's laboratory at the National Research Council Canada facilities. The 20-liter unit has been built on budget with an estimated cost of approximately $20,000 and has the processing capacity of up to 7 kg per batch of recycling material. This unit includes most of the ISR processing features such as water recycling and acid recovery system which is currently estimated to occur at over 90% yield.

Work in 2018 has resulted in several improvements such as higher purities, lower residence time (approximately 8 hours) and a significant increase to the separation factor (Nd/Dy of approximately 30). With this first unit, work will focus on demonstration with larger batches and the objective to further increase the scale in 2019 to up to 200-liter unit. This will include increasing the purity to over 99.9%, increasing the recovery per run, further lowering the residence time and potentially increasing the separation factor. Table 1 below shows the progression over the years.

To begin testing the newly built unit, Innord acquired and has received over 200 kg of several types of magnetic residues with variable grades of rare earths which will allow it to produce over 100 kg of Nd and Dy once it is all processed. Discussions continue with several groups around the world to secure large volumes of magnetic residues and the outlook remains very positive for the supply to keep growing every year as more and more technologies that use large and easily recyclable magnets (e.g. wind turbines, electric vehicles, air conditioners, etc…) reach their end of life. Many global initiatives are focusing on recycling these products and Innord is well positioned with its ISR Technology to extract all the REE and cobalt in these magnets in a sustainable and price competitive way.

4. EXPLORATION AND VALIDATION OF THE SEPARATION TECHNOLOGY ACTIVITIES (CONT'D)

Table 1

	2014	2016	2017	2018[i]
Separation Technique	FFE	M. Rotofor	ISR	ISR
Capacity of a Single Separation Reactor, (ml)	30	50	2,500	20,000
REE Concentration in Separation Reactor, (g/l) [iii]	0.0035	0.0625 - 30	~130	~100
Approx. Cost of Prototype, (US$)	150,000	15,000	15,000	20,000
Type of Sample Separated	Synthetic	Synthetic	Industrial Residue	Industrial Residue
Major Separated Elements	Multi-Elements	La, Eu, Yb	Nd, Dy	Nd, Dy
Purity of Separated REO, (%)	94 to 98	85 to 90	85 to 95	+99.5
Single Run Recovery, (%)	70 to 90	40 to 55	60 to 90	60 to 95
Residence Time in Separation Reactor, (hr) [iv]	1/6-1/2	4-6	~12	~8
Separation Factor (Nd/Dy) [v]	-	-	~10	~30

[i] Plan for this year
[ii] Objectives and estimates
[iii] Volume averaged concentration
[iv] Single run
[v] SX: HCl/HDEHP SF = 42; SX: HCl/EHEHPA SF = 22 (Gupta)

All the sample analyses have been performed internally by Innord using ICP-OES (Industrial coupled optical emission spectrometry).
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5. FINANCIAL HIGHLIGHTS

During Fiscal 19, the Corporation reported a net loss of $578,458 (net loss of $655,263 during Fiscal 18). The main variations are as follow:

- Directors' fees of $45,000 ($10,000 gain for fiscal year 18 including a $52,500 waiver). In Q1-18, two directors waived their cumulative compensation for a total amount of $52,500 creating a gain in the financial statements;

5. FINANCIAL HIGHLIGHTS (CONT'D)

- Exploration and evaluation expenses, net of tax credits of $215,570 ($319,945 in Fiscal 18). Gross exploration and evaluation expenses increased from $394,910 in fiscal 18 to $438,539 in fiscal 19 with the increase in SRI technology development activities, but government Tax credits increased from $74,965 to $222,969 for the same period, notably attributable to the IRAP program that started in September 2018 (see section 2.2). In addition, on August 31, 2018, the Corporation received notices of assessment from a tax authority for the fiscal years ended May 31, 2012 and 2013, denying certain expenditures in the calculation of the resource tax credits as well as credit appropriations refundable credits for losses. During Q4-18, the Company recognized $64,587 in E&E expenses and $20,412 in administrative expenses for interest related to these notices of assesment. See also the analysis of work on the Montviel property in Section 4.1 for an explanation of the Company's research activities;
- Professional fees of $167,445 ($274,184 in 2018). In November 2018, the Company hired an internal CFO (see section 2.5). This reduced the professional fees related to CFO and accounting and services which were $109,517 for Fiscal Year 18 and $77,388 for Fiscal Year 19. Legal fees were also reduced by nearly $37,000 in 2019, mainly due to private placements that took place in Fiscal 18, but not in Fiscal 19.
- Share of loss of an associate of $929,664 ($514,867 in Fiscal 18) and net gain on the dilution of investment in an associate of $1,176,709 ($769,428 during Fiscal 18). Kintavar is the only associate of the Corporation and this investment is accounted for using the equity method. The investment in Kintavar has decreased from 28.76% to 21.77% since the beginning of Fiscal 19 as a result of shares issued and exercise of warrants and options for a total number of 19,945,598 Kintavar shares. In addition, exploration work increased in Kintavar following private placements in June 2018, also increasing the share of the loss attributed to Geomega.

6. SUMMARY OF QUARTERLY RESULTS

For the eight most recent quarters:

	Q4-19	Q3-19	Q2-19	Q1-19
	$	$	$	$
Operating loss	188,143	188,145	139,434	281,377
Other income (expenses)	(81,494)	(163,263)	(363,503)	826,811
Net income (loss)	(269,637)	(351,408)	(502,937)	545,434
Basic and diluted income (loss) per share	(0.002)	(0.004)	(0.006)	0.006

	Q4-18	Q3-18	Q2-18	Q1-18
	$	$	$	$
Operating loss	233,660	180,916	235,362	205,182
Other income (expenses)	466,699	(82,742)	(89,919)	(94,181)
Net income (loss)	233,039	(263,658)	(325,281)	(299,363)
Basic and diluted income (loss) per share	0.002	(0.003)	(0.004)	(0.004)

As indicated in section 1, the Corporation is still in the exploration and evaluation phase. It has not started generating revenue yet, which makes it normal to find a net loss in the profit and loss statement.

6. SUMMARY OF QUARTERLY RESULTS (CONT'D)

For Q1-19, the net income generated was mainly due to a net gain following the dilution of the investment in an associate of $1,126,065 following the issuance of 17,297,007 shares by Kintavar in June 2018. The Corporation's share in Kintavar decreased from 28.76% to 22.49%.

For Q4-18, the explanation of the net profit generated is roughly the same. A gain of $582,113 was realized following the dilution of the investment in an associate following the issuance of 2,500,000 shares by Kintavar in April 2018.

7. LIQUIDITY AND CAPITAL RESOURCES

As at May 31, 2019, the Corporation had $33,438 in cash and $23,256 in accounts receivable. The Corporation had a negative working capital of $829 780 (negative of 98,048 as at May 31, 2018), of which $500,000 relates to the liability related to share exchange rights held by the Société de développement de la Baie-James and the Administration Régionale Baie-James.

On July 3 and 10, 2019, the Corporation closed a private placement in two tranches consisting of 8,800,215 units at a price of $0.14 for total gross proceeds of $1,232,010. Each unit being comprised of one share and one half-warrant, each whole warrant entitling the holder hereof to acquire one share at a price of $0.20 per share for 2 years.

On June 14, 2019, the Corporation entered into a private transaction for the sale of 1,000,000 of its shares in Kintavar at a price of $0.16 per share, for gross proceeds of $160,000, less transaction costs of $16,000. A net gain of $0.0298 per share for a total of $29,800 was generated by this transaction. The transaction was made in accordance with the available prospectus exemptions and constitutes a single sale of Kintavar shares. Following this transaction, Geomega owns 20.55% of Kintavar's outstanding shares and thus retains its significant influence.

The funds raised after the end of the fiscal year will be used to finance the construction of the demonstration plant announced for Fiscal 20. Management therefore considers that the working capital will not be sufficient to meet the obligations and anticipated expenditures until May 31, 2020. Discussions are currently underway with institutional groups to complete the funding required for the development of the plant. Although management has been successful in obtaining funding in the past, there is no guarantee of success for the future, and there can be no assurance that these sources of funding or initiatives will be available to the Corporation or that they will be available on terms acceptable to the Company. Note 1 to the audited consolidated financial statements for the year ended May 31, 2019 reflects this significant doubt as to the Company's ability to continue as a going concern.

8. COMMITMENTS

The Corporation leases its offices under contracts expiring in March 2021.Under the lease agreement, the Corporation may terminate the contract with 30 days' notice. Therefore, the Corporation's future minimum operating lease payments total $6,001.

9. OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

10. RELATED PARTY TRANSACTIONS

10.1 Key Management Remuneration

Key management personnel of the Corporation include the Directors, the President and Chief Executive Officer, the Chief Financial Officer, the Vice-President Exploration and the Chief Technology Officer. Key management remuneration includes the following expenses:

	Fiscal 2019	Fiscal 2018
	$	$
Short-term employee benefits		
Salaries, director fees and settlement	236,449	197,450
Director's fees	45,000	(10,000)
Benefits	41,766	17,947
Professional fees	34,227	34,227
Total short-term employee benefits	357,628	239,624
Share-based compensation	57,670	58,438
Total remuneration	**415,298**	**298,062**

10.2 Transaction with related parties

In addition to the amounts listed above in the compensation to key management (section 10.1), following are the related party transactions:

In the normal course of business:

- A firm in which an officer is a partner charged professional fees amounting to $30,523 ($55,630 in Fiscal 2018);
- A company controlled by an officer (in office until October 24, 2018) charged professional fees of $80,216 ($95,396 in Fiscal Year 2018) for Chief Financial Officer services and for its accounting staff;
- As at May 31, 2019, the balance due to related parties amounted to $6,666 ($62,198 as at May 31, 2018).

Out of the normal course of business:

- Directors and officers of the Corporation exercised 175,000 warrants in 2019 for a total value of $21,000.

10.3 Allowance for Termination or Change of Control

There are certain employment agreements between key management and the Corporation that contain a termination provision and a change of control provision. If the provision for termination without cause or change of control involving adverse changes to duties assigned to key management had occurred as at May 31, 2019, the amounts payable for the executive team would have totalled $404,525 and $1,098,100 respectively. In the case of termination for cause, no compensation will be paid.

10. RELATED PARTY TRANSACTIONS (CONT'D)

10.4 Billing according to agreement with Kintavar

	Fiscal 2018	Fiscal 2018
	$	$
Exploration and evaluation expenses, net of tax credits	49,472	41,540
Travel, conference and investor relations	23,009	-
Administration expenses	118	122
Filing fees	-	6,576
Rent	12,975	10,500
	85,574	**58,738**

As at May 31, 2019, the balance receivable from Kintavar amounted to $23,241 ($15,519 as at May 31, 2018).

11. FINANCIAL INSTRUMENTS

The Corporation is exposed to various financial risks resulting from both its activities and investments. The Corporation manages the financial risks. The Corporation does not use transactions in financial instruments, including derivative financial instruments for speculative purposes. Exposure of the Corporation to key financial risks and financial policies in this area are described in the annual financial statements of May 31, 2019 in Note 20.

12. STOCK OPTION PLAN

The purpose of the stock option plan is to serve as an incentive for the directors, officers and service providers who will be motivated by the Corporation's success as well as to promote ownership of common shares of the Corporation by these people. There is no performance indicator relating to profitability or risk attached to the plan. The maximum number of common shares in the capital of the Corporation that may be reserved for issuance under the plan is limited to a maximum of 10% of the common shares outstanding.

13. RISK AND UNCERTAINTIES

An investment in the securities of the Corporation is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Corporation and its financial position.

The following discussion reviews a number of important risks which management believes could impact the Corporation's business. There are other risks, not identified below, which currently, or may in the future, exist in the Corporation's operating environment.

13.1 Financial risk and going concern risk

The Corporation is an exploration and evaluation company and has no source of income. The Corporation has to raise additional funds to continue operations. The Corporation relies upon its ability to secure significant additional financing to meet the minimum capital required to successfully complete the projects and continue as a going concern. Even if the Corporation succeeded in obtaining financing in the past, there can be no assurance that it will be able to do so in the future, that adequate funding will be available to the Corporation or that the terms of such financing will be favourable.

13. RISK AND UNCERTAINTIES (CONT'D)

The Corporation may be required to delay discretionary expenditures if such additional financing cannot be obtained on reasonable terms, which could result in delay or indefinite postponement of exploration and evaluation projects and may result in a material adverse effect on the Corporation's results of operation and its financial condition.

The audited financial statements of the Corporation do not give effect to restatements that would be necessary should the Corporation be unable to continue as a going concern. There is no assurance that any assumptions of management of the Corporation regarding the ability to continue as a going concern will remain accurate or that the Corporation will in fact be able to continue as a going concern. Note 1 of the audited financial statements for the year ended May 31, 2019 reflects this uncertainty.

13.2 Volatility risk of the financial markets

During the last few 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 fluctuations in price will not occur. It may be anticipated that the price of the Corporation'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.

As a result of the extreme volatility occurring in the financial markets, investors are moving away from assets they perceive as risky to those they perceive as less so. Companies like Geomega are considered risky assets and as mentioned above are highly speculative. The volatility in the markets and investor sentiment may make it difficult for the Corporation to access the capital markets to raise the capital it will need to fund its current level of expenditures.

13.3 Dilution risk of common shares

During the life of the Corporation's outstanding stock options, warrants, convertible debentures and share exchange rights, 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 may exercise such securities at a time when the Corporation may have been able to obtain any needed capital by a new offering of securities on terms more favourable than those provided by the outstanding options. The increase in the number of common shares in the market, if all or part of these outstanding options were exercised, and the possibility of sales of these additional shares may have a depressive effect on the price of the common shares.

Furthermore, the Corporation will require additional funds to fund further exploration. If the Corporation raises additional funding by issuing additional equity securities, such financing may dilute the holdings of the Corporation's shareholders.

13.4 Risks inherent to the industry

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.

13. RISK AND UNCERTAINTIES (CONT'D)

The commercial viability of exploiting any 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 Corporation's properties to justify commercial operation.

Numerous external factors influence and may have significant impacts on the operations of the Corporation 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.

13.5 Titles to Property

Although the Corporation has taken steps to verify title to the property on which it is conducting exploration and in which it is acquiring an interest in accordance with industry standards for the current stage of exploration and evaluation of such property, these procedures do not guarantee the Corporation's title. Property title may be subject to unregistered prior agreements, aboriginal claims and noncompliance with regulatory requirements.

13.6 Permits and Licenses

The Corporation's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

13.7 Environmental and Other Regulations

Current, possible or future environmental legislation, regulations and measures may entail unforeseeable additional costs, capital expenditures, restrictions or delays in the Corporation's activities. The requirements of the environmental regulations and standards are constantly re-evaluated and may be considerably increased, which could seriously hamper the Corporation or its ability to develop its properties economically. Before a property can enter into production, the Corporation must obtain regulatory and environmental approvals. There can be no assurance that such approvals will be obtained or that they will be obtained in a timely manner. The cost related to assessing changes in government regulations may reduce the profitability of the operation or altogether prevent a property from being developed. The Corporation maintains an environmental management system including operational plans and practices and considers that it is in material compliance with the existing environmental legislation.

13.8 Research and Development Goals and Progress Frames

The Corporation sets goals for and makes public statements regarding the results of its research and development in its separation technology, and the expected timing of these results. Future results, and the timing of these results, are material to the success of the Corporation, but are uncertain and can vary due to factors such as delays or failures in the Corporation's contemplated financings, uncertainties inherent in the research and development process, reliance on key personnel and other factors. There can be no assurance that the Corporation will be able to adhere to its current schedule for achieving desired research and development results.

13.9 Mining Law and Governmental Regulation

The Corporation's activities entail compliance with the applicable legislation or review processes and the obtaining of land use and all other permits, and similar authorizations of future overall mining operations are subject to the constraints contained in such legislation. The Corporation believes that it is in compliance in all material respects with such existing laws. Changing government regulations may, however, have an adverse effect on the Corporation.

13. RISK AND UNCERTAINTIES (CONT'D)

Although the Corporation continues to ensure that its exploration projects receive support from concerned municipals authorities and other stakeholders, amendments to various governmental regulations might affect its exploration projects. In particular, the exploration projects of the Corporation are located in Quebec on which some are located on Eeyou Istchee James Bay territory. The creation of the Eeyou Istchee James Bay Regional Government and recent changes to the categories I, II and III lands might affect the exploration and evaluation of the Corporation's properties.

In addition, political and social debates on the distribution of mining wealth in Quebec and elsewhere may result in increased mining taxes and royalties, which could adversely affect the Corporation's business and mining operations.

13.10 Internal controls over financial reporting

The Corporation 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, management is not required to obtain an attestation in regards of the evaluation of internal controls and did not perform such evaluation.

The Corporation has assessed the design of the internal controls over financial reporting, and during this process the Corporation identified certain weaknesses in internal controls over financial reporting which are due to the limited number of staff at the Corporation, making it unfeasible to achieve complete segregation of incompatible duties. Corporation'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 Corporation'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.

13.11 Territories and First Nations claims

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

13.12 Taxes

The refundable credit for resources and credit on duties refundable for losses (the "tax credits") for the current period and prior periods are measured at the amount the Corporation expects to recover from the tax authorities as at the closing date. However, uncertainties remain as to the interpretation of tax rules and the amount and timing of the recovery of such tax credits. Accordingly, there may be a significant difference between the recorded amount of tax credits receivable and the actual amount of tax credits received following the tax authorities' review of issues whose interpretation is uncertain. However, given the uncertainty inherent in obtaining the approval of the relevant tax authorities, the amount of tax credits that will actually be recovered or the amount to be repaid, as well as the timing of such recovery or repayment, could differ materially from the accounting estimates, which would affect the Corporation's financial position and cash flows. On August 31, 2018, the Corporation received assessments from a tax authority for the years ended May 31, 2012 and 2013, denying certain expenses in the calculation of tax credits.

13. RISK AND UNCERTAINTIES (CONT'D)

13.13 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 Corporation 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.

Geomega might not generally have any influence on the litigation nor will it necessarily have access to data. In case where 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 Corporation'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.

13.14 Dependence on key personnel

The development of the Corporation's business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Corporation faces competition for personnel from other mining companies.

13.15 Metal Prices

Even if the Corporation's exploration programs are successful, factors beyond the control of the Corporation may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Corporation's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

13.16 Competition

The mining industry is intensely competitive in all its phases. The Corporation competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

13.17 Conflicts of interest

Certain directors of the Corporation 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 Corporation are required by law to act honestly and in good faith to the best interests of the Corporation, and to disclose any interest which they may have in any project or opportunity of the Corporation. 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.

14. CRITICAL ACCOUNTING POLICIES, ESTIMATES, JUDGEMENTS AND ERRORS

The preparation of financial statements in conformity with IFRS requires Management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. There is a full disclosure and description of the Corporation's critical accounting policies, estimates, judgments, and assumptions in the financial statements as at May 31, 2019, Notes 1, 2, 3 and 4.

14. CRITICAL ACCOUNTING POLICIES, ESTIMATES, JUDGEMENTS AND ERRORS (CONT'D)

14.1 IFRS 9, Financial instruments

The Corporation has for the first time adopted the requirements of IFRS 9 - Financial Instruments, with an initial application date of June 1, 2018. This standard replaces the guidelines for IAS 39, Financial Instruments: Accounting and Valuation ("IAS 39"). IFRS 9 eliminates the categories of financial instruments "available for sale" and "held to maturity" as well as the requirement to present integrated derivatives for hybrid financial assets separately. This standard incorporates a new model for hedging accounting that expands the scope of covered items eligible for hedging accounting and more closely links hedging accounting to risk management. This standard also changes the depreciation model by introducing a new "anticipated credit loss" model for calculating depreciation. This new standard also requires more information about the entity's risk management strategy, cash flows from hedging activities, and the impact of hedge accounting on financial statements.

IFRS 9 uses a single approach to determine whether an asset is measured at an amortized cost or at fair value, replacing the multiple rules set out in IAS 39. The approach advocated in IFRS 9 is based on the way the entity manages its financial instruments and on the characteristics of the contractual cash flows of financial assets. Most of the IAS 39 requirements for the classification and valuation of financial liabilities and the derecognition of financial assets have been retained in IFRS 9.

The following table summarizes changes in the classification and valuation of the Corporation's financial assets and liabilities resulting from the adoption of IFRS 9.

	IAS 39	IFRS 9
Financial Assets		
Cash and Cash equivalent	Loans and receivables	At amortized cost
Accounts receivable	Loans and receivables	At amortized cost
Tax credits and government grants receivable	Loans and receivables	At amortized cost
Financial Liabilities		
No change	-	-

The accounting of these instruments and the items in which they are included in the statements of financial position are not affected by the adoption of IFRS 9.

In accordance with the transitional provision of IFRS 9, the financial assets and liabilities held on June 1, 2018 were reclassified retrospectively with prior period restatement based on the new classification requirements taking into account the business model under which they are held at June 1, 2018 and the cash flow characteristics of the financial assets at their date of initial recognition.

There were no measurement restatements to the opening balances as at June 1, 2018 and 2017 and to the year ended May 31, 2018.

14. CRITICAL ACCOUNTING POLICIES, ESTIMATES, JUDGEMENTS AND ERRORS (CONT'D)

14.2 Correction of errors

14.2.1 Trade and other payables

During the preparation of the 2019 annual financial statements, management found an error in trade and other payables, which were overstated by $50,000 relating from an error relating to the 2017 financial statements. The Corporation owes $50,000 to a supplier for preliminary economic assessment work conducted between 2013 and 2015. In return for this account payable, a deposit of $50,000 had been made to pay the last invoices related to this work, a deposit which was classified in the E&E assets of the Montviel property. In 2017, a change in accounting policies was made and E&E assets were reclassified as expenses in the consolidated statement of loss. As a result, the $50,000 deposit was expensed, so there was no counterpart on the statement of financial position to compensate for the account payable. This deposit should have been compensated with the account payable at the time of the change of accounting policy.

14.2.2 Calculation of gain on dilution of investment in an associate

In October 2018, management also found an error in the May 31, 2018 financial statements. The gain on dilution of the investment in an associate was made by calculating the difference between the Corporation's interest in Kintavar Exploration Inc. ("Kintavar") as at May 31, 2018 compared to its stake at the end of Kintavar's third quarter, September 30, 2017. Rather, the change between the participation as at May 31, 2018 and at the end of the Corporation's previous quarter, February 28, 2018, should have been considered for the calculation. Considering that 7,420,756 shares were issued by Kintavar between September 30, 2017 and February 28, 2018, the Corporation's ownership decreased by more than 4%, creating a significant gap that needed to be restated. The investment in an associate and the gain on dilution of an investment in an associate were understated by $129,632 as of May 31, 2018.

14.2.3 Extract from the consolidated Statement of financial position

	As at May 31, 2018, as presented	Restatement	As at May 31, 2018, Restated
	$	$	$
Investment in an associate	1,662,610	129,632	1,792,242
Total assets	**2,615,492**	**129,632**	**2,745,124**
Trade and other payables	383,179	(50,000)	333,179
Total liabilities	**1,059,298**	**(50,000)**	**1,009,298**
Deficit	(32,335,402)	179,632	(32,155,770)
Equity	**1,556,194**	**179,632**	**1,735,826**
Total liabilities and equity	**2,615,492**	**129,632**	**2,745,124**

	As at May 31, 2017, as presented	Restatement	As at May 31, 2017 Restated
	$	$	$
Trade and other payables	439,994	(50,000)	389,994
Total liabilities	**917,834**	**(50,000)**	**867,834**
Deficit	(31,558,230)	50,000	(31,508,230)
Equity	**1,200,603**	**50,000**	**1,250,603**
Total liabilities and equity	**2,118,437**	**-**	**2,118,437**

14. CRITICAL ACCOUNTING POLICIES, ESTIMATES, JUDGEMENTS AND ERRORS (CONT'D)

14.2.4 Extract from the consolidated Statement of income and comprehensive income

	Fiscal 2018, as presented	Restatement	Fiscal 2018 Restated
	$	$	$
Net gain as a result of the dilution of the investment in an associate	639,796	129,632	769,428
Net loss and overall loss	**(784,895)**	**129,632**	**(655,263)**
Net loss attributable to			
Shareholders of Geomega Resources Inc.	**(771,961)**	**129,632**	**(642,329)**
Non-controlling interests	**(12,934)**	**-**	**(12,934)**

14.2.5 Extract from the Consolidated Cash Flow Table

	Fiscal 2018, as presented	Restatement	Fiscal 2018 Restated
	$	$	$
Net loss	(784,895)	129,632	(655,263)
Restatement for:			
Net gain as a result of dilution of the investment in an associate	(639,796)	(129,632)	(769,428)
Cash Flow from Operating Activities	**(406 990)**	**-**	**(406 990)**

15. SUBSEQUENT EVENTS

See sections 2.1, 2.2, 2.6 and 7 for details on subsequents events.

16. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Corporation's financial statements are the responsibility of the Corporation's management. The financial statements were prepared by the Corporation's management in accordance with IFRS. The financial statements include certain amounts based on the use of estimates, judgements 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.

The financial statements have been approved by the board of directors based on the estimates, judgements and assumptions as presented by management and the certifications by the CEO and CFO.

September 13, 2019

(s) Kiril Mugerman
Kiril Mugerman
President and CEO

(s) Mathieu Bourdeau
Mathieu Bourdeau
CFO

Management

Kiril Mugerman, President & CEO
Alain Cayer, VP Exploration
Mathieu Bourdeau, CFO
Pouya Hajiani, CTO

Board of directors

Gilles Gingras, President of the Audit Committee [1)]
Kosta Kostic[1)]
Mario Spino [1)]
Jean Demers
Kiril Mugerman

Notes:
1) Member of the Audit Committee

Head office

75 boul. de Mortagne
Boucherville (Quebec)
J4B 6Y4
Tel.: (450) 641-5119
Website: https://ressourcesgeomega.ca

Lawyers

McMillan S.E.N.C.R.L., s.r.l./LLP
1000 Sherbrooke O., #2700
Montréal, Québec
H3A 3G4

Auditors

PricewaterhouseCoopers, s.e.n.c.r.l.
1250, boul. René-Lévesque Ouest, bureau 2500
Montréal (Quebec)
H3B 4Y1

Transfer agents

Computershare inc.
1500, rue Robert-Bourassa, bureau 700
Montréal (Quebec)
H3A 3S8
Tel.: (514) 982-7888