GEOMEGA RESOURCES INC.
INTERIM MANAGEMENT REPORT
FOR THE THREE-MONTH PERIOD ENDED AUGUST 31, 2012

The following management's discussion and analysis ("MD&A"), of financial condition and results of operations, dated October 29, 2012, of Geomega Resources Inc. (the "**Company**" or "**GéoMégA**") should be read together with the accompanying unaudited interim condensed financial statements and related notes of the Company for the three-month period ended August 31, 2012. These financial statements of the Company have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the Accounting Standards Board. Certain information and disclosures have been omitted or condensed. The accounting principles are consistent with those set out in the Company's audited financial statements for the year ended May 31, 2012. All amounts presented are in Canadian dollars. The financial statements for the three-month period ended March 31, 2012 have not been audited or reviewed by the Company's auditors.

Our MD&A contains **forward-looking statements** not based on historical facts. Forward-looking statements express, as of the date of this report, our estimates, forecasts, projections, expectations and opinions as to future events or results. Forward-looking statements herein expressed are reasonable, but involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to, fluctuations in the market price of precious metals, mining industry risks, uncertainty as to calculation of mineral reserves and requirements of additional financing and the capacity of the Company to obtain financing.

The Company's shares are traded on the TSX Venture Exchange under the symbol **GMA** and 29,274,113 shares were issued as of October 29, 2012. Additional information may be available through the www.sedar.com web site, under the Company's section "Sedar filing" or at www.ressourcesgeomega.ca.

COMPANY PROFILE, MISSION and OUTLOOK

GéoMégA, which owns 100% of the Montviel Rare Earths/Niobium project, is a Québec mineral exploration company focused on finding economically viable deposits of Minor Metals, such as Rare Earths Elements, in Québec. The Province of Quebec provides tax credits (40%+ of exploration expenditures reimbursed), experienced work force and validity of mining claims are all distinct advantages.

GéoMégA is committed to meeting Canadian mining industry standards and distinguishing itself with its expertise, know-how and its support and respect for local communities and the environment.

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

SUMMARY OF ACTIVITIES DURING THE QUARTER

Montviel Property

- *October 16, 2012*: The Phase 2 drilling assays revealed a Heavy Rare Earths (“HRE”) enrichment zone. Located on the southern periphery of the Core Zone, the HRE enrichment zone (“HRE-S”) was intersected by four (4) drill holes covering 75 metres (east-west) by 45 meters (north-south) by 120 meters vertical. The HRE-S zone is open east, west and at depth and requires additional drilling to define its full extension;
- *August 28, 2012*: the Company announced the signing of a non-binding letter of intent ("LOI") with Innovation Metals Corp. ("IMC") for the processing of a quantity of neodymium-rich concentrate in Bécancour, Quebec;
- Exploration and evaluation expense of $652,181 incurred mainly for geology and Preliminary Economic Assessment study (“PEA”). Refer to the Summary of exploration and evaluation activities.

Corporate

- *July 20, 2012*: the Company granted a total of 100,000 stock options to an officer;
- *June 18, 2012:* Nomination of PricewaterhouseCoopers (PwC) as auditors.

Other Properties

- *June 18, 2012 :* termination of the Pump Lake and Émilie options;
- *June 18, 2012 :* Option Agreement for 15 mining claims completing the Oriana property;
- Exploration expenses of $211,941 for prospecting, mapping and sampling. Refer to the Summary of exploration and evaluation activities.

RESULTS OF OPERATION

Summary of exploration and evaluation (“E&E”) activities

During the three-month period ended August 31, 2012, the Company incurred $652,181 in E&E expenses on the Montviel property compared to $565,943 for the comparative period of previous year.

Exploration works	$	Description
Assays	20,163	Laboratory analysis for Phase 2 drilling
Geology and labour	186,493	Salaries and professional fees of geologists, assistants and support staff
Mineralogy and metallurgy	86,066	Metallurgical testing and mineralogical report.
Transport and lodging	82,042	Mining camp: Rent, installation costs, repairs, energy and security
Geophysics	31,200	Airborne geophysical survey and assistance of professional geophysics
Other	25,429	Field work, furniture and tools
Total exploration	**431,393**	

Evaluation works	$	Description
Market study	25,084	Market study on supply/demand of neodymium in 2015-2018.
Mine Design	59,154	Site visit and mine plan evaluation.
Hydrogeology, geochemical, geotechnical and geomechanical	103,050	Sampling of all Core Zone lithology's and analyses under Directive 019 guidelines.
Environmental baseline	33,500	Sampling and analysis of current conditions.
Total evaluation	**220,788**	
Total E&E	**652,181**	

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

- Advance the work necessary for the Montviel PEA;
- Complete the Phase 2 diamond drilling program (24,000 meters), allowing the Company to identify the REE and Niobium enriched zone of the Core Zone in addition to the HRE-S zone;
- Demonstrate the metallurgical feasibility with the elaboration of a processing flow sheet.

Other exploration work, totaling $211,941, was performed as follows:

Properties	$	Description
Oriana	71,442	Geological survey, prospecting and sampling.
Zaza	32,202	Geological survey, prospecting and sampling.
Other properties	108,297	Geological survey, prospecting and sampling.
	211,941	

MINERAL PROPERTIES

Montviel property (100% interest)

Project Overview

The Montviel property presently consists of 216 mining claims totaling 11,998 ha. On March 21, 2011, the Company completed the acquisition of a 100% interest in 57 claims contiguous to the property and referred to as Montviel-South.

The Montviel project benefits from public infrastructure and available labour in the immediate area. The project site is located approximately 100 km north of Lebel-sur-Quévillon (pop. 2,800) and 45 km west of the Cree First Nation of Waswanipi (pop. 1,800) in the southern, developed, part of Northern Quebec. Montviel has permanent access with a high capacity (oversize) logging road connecting to provincial highway 113.

The property carries a 2% net output royalty to NioGold Mining Corp. (TSX.V: NOX). There are no environmental liabilities pertaining to the property nor is the property subject to any litigation. The only permits required to conduct exploration work are the forestry management permits.

Exploration

A carbonatite complex hosts the Rare Earths Elements ("REE") and Niobium mineralization at Montviel. The central part of the complex ("Core Zone") is made of a ferro-carbonatite where the highest values in both REE and Niobium are found. Up to now, our works have defined the mineralized ferro-carbonatite over 900 meters of length (NE-SW), 650 meters of width (NW-SE) and 750 meters of depth.

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

Cut-off TREO (%)	Resources	Tonnage (million T)	Density (t/m3)	TREO[1] (%)	IREO[2] (%)	HREO[3] (%)
1,00	Indicated	183,9	2,92	1,453	0,037	0,004
1,00	Inferred	66,7	2,89	1,460	0,039	0,005

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

The Phase 2 drilling program, started in September 2011, was completed in March 2012. A total of 50 diamond drill holes (DDH) were completed for 24 034 meters. For results, refer to the July 19, 2012 press release.

Montviel's Core Zone has a Rare Earths/Niobium enriched nucleus in the shape of a croissant, the resource envelope has been extended both at surface and depth (mineralization still present at 780 m vertical depth) and infill drilling is completed.

In addition, the Phase 2 drilling assays revealed a Heavy Rare Earths ("HRE") enrichment zone. Located on the southern periphery of the Core Zone, the HRE enrichment zone ("HRE-S") was intersected by four (4) drill holes covering 75 metres (east-west) by 45 meters (north-south) by 120 meters vertical. The HRE-S zone is open east, west and at depth and requires additional drilling to define its full extension.

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

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

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

The updated NI 43-101 compliant resource estimate for the Montviel Core Zone is scheduled for December 2012. The economic elements considered for the cut-off grade will be: Neodymium, Europium, Praseodymium, Dysprosium, Niobium and Gadolinium.

Mineralogy

The detailed mineralogical study by SGS-Lakefield identified the main REE-minerals as being coarse grained fluoro-carbonates of the Basnasite-Synchisite Family (see August 24, 2012 press release). Processing of fluoro-carbonates carrying Rare Earths is proven on an industrial scale. Mineralization in Rare Earths is homogeneous in Montviel ferro-carbonatite, the Core Zone suggest an enrichment of both Rare Earths and Niobium when progressing southwest.

A more systematic and rigorous characterization of the mineralization of the Core Zone is planned to better define the pattern of enrichment and possible implications on the metallurgy.

Metallurgy

Beneficiation and hydrometallurgical tests to optimize the recoveries of both Rare Earths elements (“REE”) and Niobium are progressing. The PEA process flow sheet design should conclude by the fourth quarter of CY2012.

Based on the results to date, G Mining Services Inc. is developing a conventional metallurgical recovery process flowsheet including:

- Primary crushing and grinding;
- Flotation beneficiation;
- Leaching of REE from the beneficiated material with hydrochloric (“HCl”) acid;
- Amenability of Niobium to a saleable Niobium product from leaching residues;
- Precipitation of impurities from leaching solution;
- Precipitation of REE from leaching solution;
- Leaching solution neutralization;
- Regeneration of HCl acid from neutralized leach solution;
- Conversion of precipitated REE into saleable Rare Earths products.

Development

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

G Mining Services Inc. and Golder Associates were retained to complete a PEA. Refer to January 10th 2012 and March 20 2012 press releases. The PEA results are expected in the first quarter of CY2013.

Oriana Property (100% interest)

Project Overview

The Oriana property consists of a total of 216 claims, of which 15 were acquired on June 18, 2012, totaling 28 hectares, is located 16 km west of Chapais, is accessible by road, and is within 1 km of road 113N, a rail line and an electric power line.

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

- $25,000 in cash on signing (paid) and 40,000 common shares within 5 days of TSX Venture Exchange (TSXV) approval (issued);
- $25,000 in cash and $25,000 in common shares on or before the First anniversary date of TSXV approval (August 8, 2012);
- $50,000 in cash and $50,000 in common shares on or before the Second anniversary date of TSXV approval;
- $50,000 in cash and $50,000 in common shares on or before the Third anniversary date of TSXV approval.

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

Exploration

A 6 DDH campaign (1417 metres) was completed during the second quarter of CY2012. One DDH tested the hypothesis of the presence of a carbonatite, 2 more investigated the Dolodau showing sector and the last 3 investigated regional geophysical and geochemical anomalies. No significant results were obtained.

Other Properties (100% interest)

Anik property (100% interest)

The Anik property is located 40 km south of the City of Chapais and it consists of 135 claims divided into 2 blocks. The works of geological compilations had already confirmed the potential of the property for gold-bearing mineralizations. Several indications and gold-bearing outcrops find themselves in periphery of the property (Néligan, Philibert, Lake Meston). A very short field program during the third quarter of CY2012 allowed to identify 3 metric and angular erratic blocks which are anomalous in gold (0.19 - 3.46 gt Au). These blocks find themselves in a sector where the concentrate of heavy minerals in tills is strongly anomalous in gold (up to 34 g/t Au). The direction of the glacial flow suggests that the source of these anomalies would be near the contact between the intrusive and the volcanic mafics on the property. The geological work is ongoing to better define the areas of interest.

Mad property (100% interest)

The Mad property consists of 40 claims and is located 60 km North of the city of Lebel-sur-Quévillon. The short field program realized during the third quarter of CY2012 allowed to identify some outcrops (86 outcrops, 59 samples) mineralized in chalcopyrite and sphalerite. Five samples returned values between 0.14 % and 0.77 % Cu and between 2.9 and 8.7 gt Ag. A 2.16 % Zinc assay was also obtained in the same sector as the previous anomalies. The presence of mafic units (basalt and gabbro) in periphery of the tonalitic intrusive, which is at the heart of the property, and the presence of the anomalies identified in 2012 demonstrates the potential of the property for base metals mineralization. Several copper and nickel anomalies are present in the gabbroic unit north of the property.

McDonald property (100% interest)

The McDonald property is located 30 km east of the Montviel property. During the third quarter of CY2012 it consisted of 35 claims to which were added 107 claims in several blocks within a 15 km radius at the end of the third quarter of CY2012. The works of recognition-prospecting which were realized in 2012 (87 outcrops, 81 samples) allowed to identify interesting contexts in sedimentary units and intrusive mafic units. Calco-silicated, alumius, alterations, intrusive dykes in quartz phenocristals, iron formations and metric corridors of deformation sericitised is among the observations made in the sedimentary units. A sample returned a value of 6.42 g/t Au near an iron formation but the re-sampling returned marginal anomalies.

Options Terminated

Pump Lake

On June 18, 2012: the Company announced the termination of the Pump Lake agreement with Niogold Mining Corporation. There was no impact on the financial statements for the quarter ended August 31, 2012 as the carrying value of the Pump Lake mineral property of $281,670 included in E&E assets was written-off during the year ended May 31, 2012.

Émilie

Also on June 18, 2012, the Company announced the termination of its agreement with Services Miniers Mechanex on the Émilie property. A write-down of $165,908 was taken during the year ended May 31, 2012 and the termination of the agreement had no impact on the results of operations for the quarter ended August 31, 2012. The property consists of 23 claims held 100% by GéoMégA with a carrying value of $5,469 as at August 31, 2012.

Geological information presented herein was prepared and summarized by Alain Cayer, Geo., Msc., VP Exploration and qualified person pursuant to National Instrument 43-101.

MINING PROPERTIES ACCOUNTING VALUES

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

The cost of acquiring claims, permits, licenses and other expenditures associated with the acquisition of mineral properties are capitalized under exploration and evaluation assets (“E&E”).

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

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

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

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

SUMMARY OF FINANCIAL ACTIVITIES

Net loss for the three-month period ended August 31, 2012 is $758,236 (net loss of $912,286 for the three-month period ending August 31, 2011), whereas administration fees and E&E expenses represent respectively $553,996 and $129,755 ($324,858 and $595,129 in 2011).

Analysis of Administrative expenses

Description	For the three-month period ended August 31	
	2012	2011
	$	$
Salaries and employees benefits expenses	**320,100**	104,274
Professional fees	**114,055**	42,411
Travelling, conventions and investor relations	**52,066**	123,944
Telecommunication	**4,581**	1,637
Administration and furniture	**31,495**	6,568
Trustee and registration fees	**6,985**	16,129
Rent	**6,686**	6,473
Training	**4,593**	4,809
Insurances, taxes and permits	**3,004**	2,171
Bad debts	**-**	11,425
Amortization of property and equipment	**10,429**	5,017
	553,996	324,858

Observations for the three-month period ended August 31, 2012 are the following:

- Salaries and employees benefits expenses: increase related to the option-based payment charge and the expansion of the company;
- Professional fees: increase related to year-end audit fees accounted for in the three-month period ended August 31, 2012 compared to the second quarter ended November 30, 2011 of previous year;
- Travelling, conventions and investor relations: decrease related to the reduction of travelling and conventions attended;
- Telecommunication: increase related to the Company new website content and provider.

SUMMARY OF QUARTER RESULTS

	2013	**2012**				**2011**		
(in thousands of dollars, except for per share amounts)	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Revenues	1	4	4	12	10	8	7	4
Net loss	758	1 488	352	887	912	914	578	640
Net loss per share – basic and diluted	0.03	0.06	0.01	0.04	0.04	0.04	0.04	0.06

The variations in the quarterly results are explained as follow:

2012-Q4 Impairment of Pump Lake, Émilie, Sydney and Oriana properties totalling $461,616;
2012-Q3 Legal fees of $28,100 for Pre-Development agreement with the Cree First Nation of Waswanipi;
2012-Q2 Significant fees paid for the 2011 AGM in Montreal and the recognition of option-based payment totalling $112,844;
2012-Q1 Marketing efforts to publicize the Company: Investors relations contract and independent research report totalling $118,809 and E&E expenditures of $595,129;
2011-Q4 Social charges of $30,118 related to exercised options and E&E expenditures of $696,209
2011-Q3 E&E expenditures of $430,077;
2011-Q2 Stock-based compensation expense of $364,000 and E&E expenditures of $196,988.

CASH FLOW SITUATION

The working capital amounted to $3,134,491 as of August 31, 2012 compared to $4,104,177 as of May 31, 2012. The decrease is mainly due to the operations of the Company and the acquisition of exploration and evaluation assets.

Free cash amounted to $1,344,134 as at August 31, 2012 compared to $1,082,276 as at August 31, 2011.

The Company is considered to be in the exploration stage, thus it is dependent on obtaining regular financing in order to continue exploration. Despite previous success in acquiring sufficient financing, there is no guarantee of obtaining any future financing.

The Company considers that the cash on hand will not be sufficient to meet the Company's obligations and budgeted expenditures through May 31, 2013. Any funding shortfall may be met in the future in a number of ways including but not limited to, the issuance of new equity or debt financing. The Company may seek other alternatives for financing in the future depending on market conditions and exploration results; however, there can be no assurance that such financing attempts will be successful. The global economy and financial markets have been unpredictable for many months and have impacted our business and its ability to finance and as a result have affected our overall liquidity. The equity markets have not recovered and financing remains difficult, especially for junior exploration companies.

As at August 31, 2012, the Company did not have any debt or any financial commitments in the upcoming quarters with the exception of SIDEX's $1,500,000 bridge loan, the lease of office premises until September 30, 2013 totalling $29,690 and finance leases for exploration and evaluation assets equipment ("E&E") having a net book value of $344,553 as at August 31, 2012 (2011 - nil). For the next 12 months, the portion of the finance leases that must be reimbursed totals $142,582.

Operating activities
For the three-month period ended August 31, 2012, the operating activities used $694,854, compared to $1,186,515 for the three-month period ended August 31, 2011. The decrease of $491,661 is mainly explained by the reduction of E&E works on our mining properties.

Investing activities
For the three-month period ended August 31, 2012, investing activities used $411,681 of cash, compared to $2 209 862 for the three-month period ended August 31, 2011.

Financing activities
For the three-month period ended August 31, 2012, the financing activities used cash of $834,373 compared to a generation of $4,431,701 for the three-month period ended August 31, 2011. The financing activities were necessary to continue the E&E works on mineral properties. On July 15, 2012, the Company received $789,000 of the tax credit receivable related to 2011 and made a repayment for the same amount to SIDEX. As at August 31, 2012, $711,000 was due to SIDEX under the bridge loan and the Quebec provincial credits receivable by the Company was $2,220,435. For the comparable quarter of previous year, a private placement of $5 million generated a surplus.

As at August 31, 2012:

- 29,274,113 common shares were issued.
- 2,083,540 options were granted and 990,885 can be exercised at a price from $0.35 to $3.95 with expiry dates ranging from September 28, 2015 to July 20, 2017. Each option can be exchanged by its holder thereof for one common share of the Company.
- 4,867,432 warrants were outstanding, entitling their holders to subscribe for the same amount of common shares of the Company at a price between $1.00 and $5.50, with expiry dates ranging from September 30, 2012 to December 31, 2013.
- 134,750 broker's options were issued entitling their holders thereof to subscribe for the same amount of units of the Company at a price of $2.35 on or before July 8, 2013. Each unit consists of one common share and one warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of $2.85 until July 8, 2013.
- 225,187 broker's options were issued entitling their holders thereof to subscribe for the same amount of shares of the Company at a price of $0.55 on or before September 30, 2013.

Variation in share capital as at October 29, 2012:

Description	Number	Amount ($)
Balance May 31, 2012	29,274,113	19,759,206
Balance August 31, 2012	**29,274,113**	**19,759,206**
Balance October 29, 2012	**29,274,113**	**19,759,206**

Options

Variations in outstanding options as at October 29, 2012:

Date	Number of options	Average exercise price $
As at May 31, 2012	2,278,540	1.41
Exercised	-	-
Forfeited	(285,000)	1.66
Granted	100,000	0.45
As at August 31, 2012	**2,083,540**	**1.33**
As at October 29, 2012	**2,083,540**	**1.33**

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

Options granted and exercisable as at October 29, 2012:

Expiry date	Number of options	Exercisable	Price ($)
September 29, 2015	525,000	525,000	0.35
December 29, 2015	100,000	75,000	0.90
March 2, 2016	10,000	5,000	3.60
March 20, 2016	70,000	35,000	3.95
August 28, 2016	150,000	75,000	2.05
September 29, 2016	803,540	219,635	1.50
October 9, 2016	225,000	56,250	1.54
May 30, 2017	100,000	-	0.55
July 20, 2017	100,000	-	0.45
	2,083,540	**990,885**	**0.99**

Warrants

Variation in outstanding warrants since the beginning of year and as at October 29, 2012 is as follows:

Date	Number of warrants	Average exercise price $
As at May 31, 2012	5,378,536	1.95
Expired	(511,104)	1.35
As at August 31, 2012	**4,867,432**	**2.01**
Expired	(200,000)	5.50

As at October 29, 2012	4,667,432	1.86

Warrants characteristics as at October 29, 2012 are as follows:

Number	Exercise price $	Expiry date
400,000	1.25	April 16 2013
2,127,659	2.85	July 8 2013
1,952,273	1.00	September 30 2013
187,500	1.00	December 28 2013
4,667,432	**1.86**	

Broker's options

Date of issue	Number of unit options	Exercise price $	Expiry date	Carrying value $
July 8 2011	134,750	2.35	July 8 2013	518,787
April 10 2012	225,187	0.55	September 30 2013	70,170

As at October 29, 2012, none of these options brokers were exercised.

RELATED PARTY TRANSACTIONS

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

	For the three-month period ended August 31,	
	2012 ($)	**2011 ($)**
Short-term employee benefits:		
Salaries including bonuses and benefits (1)	108,125	50,965
Professional fees (2)	-	93,700
Social security costs (1)	5,193	3,141
Total short-term employee benefits	113,318	147,806
Share-based payments (3)	200,529	32,417
Total remuneration	313,848	180,223

(1) Salaries paid to the President, the Chief Financial Officer and the Vice-President exploration including social security costs totalling $113,318 ($54,106 in 2011).

(2) Professional fees in the period of 2011 comprise fees from former Chief Financial Officer totalling $28,100 and geology consulting fees for former Chairman of the Board of Directors totalling $65,600.

(3) Shared-based payments recognized during the quarter 2012 totalling $200,529 were issued to members of the Board of Directors and Vice-President exploration ($32,417 in 2011 issued to Vice-President exploration and former Vice-President exploration).

SUBSEQUENT EVENTS

On September 30, 2012, 200,000 warrants exercisable at 5.50 expired unexercised.

On September 4, 2012, the company received $85,406 in credits on duties related to FY2011.

COMMITMENTS

On March 16, 2012, a $1.5M loan was granted to the Company by SIDEX which is secured by the Mining tax credits that the Company expects to receive from Revenu Quebec. The loan has an 8% interest rate and is reimbursable in 2 manners: when tax credits are received or on December 31, 2013. On July 3, 2012, the Company reimbursed $789,000 of the $1.5M following the reimbursement of mining tax credits.

The Company has entered into a long-term lease agreement expiring on September 30, 2013 for total lease payments of $29,690 for the rental of an office. Minimum lease payments for the next years are $27,401 in 2013 and $2,289 in 2014.

The Company has entered into financing leases for the acquisition of E&E equipment for a total of $392,945. For the next 12 months, the portion of the financing leases that must be reimbursed totals $142,582 ($17 423 for 2014).

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that effects amounts reported in the financial statements and accompanying notes. There is a full disclosure and description of the Company’s critical accounting policies estimates, judgments and assumptions in the condensed interim financial statement as of August 31, 2012.

Off balance sheet arrangements

As at October 26, 2012, the Company does not have any off balance sheet arrangements.

International Financial Reporting Standards

In February 2008, Canada's Accounting Standards Board confirmed January 1, 2011 as the changeover date to move financial reporting for Canadian publicly accountable enterprises to the IFRS.

These interim condensed financial statements of the Company were prepared in accordance with IFRS. These interim condensed financial statements were prepared in accordance with IAS 34, Interim Financial Reporting and with IFRS 1, First-time Adoption of IFRS.

The Company's financial statements were previously prepared in accordance with Canadian GAAP. Canadian GAAP differs in some areas from IFRS. In preparing these interim condensed financial statements, management has amended certain accounting and valuation previously applied in the Canadian GAAP financial statements to comply with IFRS. The presentation of the comparative figures for 2011 has been changed to reflect these adjustments. Certain information and footnote disclosures which are considered material to the understanding of the Company's audited financial statements and which are normally included in annual financial statements prepared in accordance with IFRS are provided in note 21 of the audited financial statements as of May 31, 2012, along with reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on equity, earnings and comprehensive loss.

These financial statements were prepared under the historical cost convention, except for certain financial instruments which are carried at fair value.

Upon transition, IFRS 1 dictates certain mandatory exceptions and certain optional exemptions from full retrospective application. The exceptions and exemptions adopted by the Company are set out below:

Mandatory exceptions

The estimates established by the Company in accordance with IFRS at the date of transition to IFRS are consistent with estimates made for the same date in accordance with Canadian GAAP, after adjustments to reflect any difference in accounting principles, if applicable.

Financial asset liabilities that were derecognized before June 1, 2010 as per the previous GAAP, have not been accounted for under IFRS. The Company has applied the IFRS amendment in advance at the date of application of the exception, June 1, 2010. Refer to the audited financial statement as of May 31, 2012.

Change of accounting policy following the IFRS transition.

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

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

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

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

This policy change has had impacts on the statement of financial position and the statement of comprehensive loss for the three-month period ended August 31, 2012 and 2011. Refer to the audited financial statement as of May 31, 2012 for further information.

RISK AND UNCERTAINTIES

An investment in the securities of the Company 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 Company and its financial position. Please refer to the section entitled " Risk and Uncertainties" in the Company's management's discussion and analysis for the fiscal year ended May 31, 2012 available on SEDAR at www.sedar.com.

In addition to the risks outlined in the Company’s May 31, 2012, management’s discussion and analysis, GéoMégA has identified the extreme volatility occurring in the financial markets as a significant risk for the Company. As a result of the market turmoil, investors are moving away from assets they perceive as risky to those they perceive as less so. Companies like GéoMégA are considered risk assets and as mentioned above are highly speculative. The volatility in the markets and investor sentiment may make it difficult for the Company to access the capital markets to raise the capital it will need to fund its current level of expenditures.

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements are the responsibility of the Company's management, and have been approved by the board of directors. The financial statements were prepared by the Company’s management in accordance with generally accepted Canadian accounting principles. The financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

(Signed) Simon Britt CPA, CA,
CEO

St-Lambert, October 29, 2012