GEOMEGA RESOURCES INC.
INTERIM MANAGEMENT REPORT
FOR THE NINE-MONTH PERIOD ENDED FEBRUARY 29, 2012

This Management Discussion and Analysis ("MD&A") is dated April 26, 2012, and provides an analysis of Geomega Resources Inc. (the "Company" or "GéoMégA") interim financial statements as at February 29, 2012. This discussion and analysis of the financial position and results of operation should be read in conjunction with the unaudited interim financial statements for the three and nine month periods ended February 29, 2012 and 2011and the audited financial statements for the year ended May 31, 2011. The unaudited interim financial statements for the period ended February 29, 2012 were not reviewed by the external auditors.

Unless otherwise indicated, all financial information has been prepared in accordance with the International Accounting Standard ("IAS") 34, Interim Financial Reporting, within Part 1 of the Canadian Institute of Chartered Accountants Handbook, which are within the framework of International Financial Reporting Standards ("IFRS"). Prior to 2012 (year-end), the Company prepared its Financial Statements and Interim Financial Statements in accordance with Canadian generally accounting principles in effect prior to June 1, 2011. Note 4 to the interim financial statements dated August 31, 2011 provides details of these new accounting policies. Since the company began its exploration operations after the transition date (July 1st 2010) and that its corporate structure was established after the transition date, no differences were found in the reconciliation between the accounting standards in force before the changeover and the new standards.

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 28,899,113 shares were issued as of April 26, 2012. Additional information may be available through the www.sedar.com web site, under the Company's section "Sedar filing" or at www.ressourcesgeomega.ca.

SUMMARY OF ACTIVITIES DURING THE THIRD QUARTER

Montviel Property

- Highlights of Phase 2 definition and exploration drilling ("Phase 2") :
    - 2% total rare earth oxide ("TREO") over 327 m and 0.75% Niobium ("Nb_2O_5") over 32.9 m in hole MVL-11-26. See December 15th 2011 press release;
    - 3.09% TREO and 0.6% Nb_2O_5 over 46.5 m in hole MVL-11-34. See February 14th 2012 press release;
- Exploration expenses of $2,459,541 incurred on the Montviel property mainly for drilling, assays and geology costs. See "**Summary of exploration activities**" section;
- Completion of Phase 2 for a total of 24,234 m. See March 20th 2012 press release;
- Engagement of G Mining Services Inc to complete a Preliminary Economic Assessment ("PEA"). See January 10th 2012 press release;

- Engagement of Golder Associates to perform hydrogeological, geotechnical, geomechanical and geochemical tests required for the PEA. See March 20th 2012 press release;

Others properties
- Staking of graphite properties in the Mont-Laurier area of the Grenville Province. See December 7th 2011 press release;

Corporate
- Closing of a $1,500,000 bridge loan from SIDEX. See March 16th 2012 press release;
- Closing of a $3,500,000 Brokered Private Placement. See April 10th 2012 press release;

ABOUT GEOMEGA

GéoMégA, which owns 100% of the Montviel Rare Earths/Niobium project, is a Québec mineral exploration and development company focused on finding economically viable deposits of Minor Metals in Québec. 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.

RESULTS OF OPERATION

Summary of exploration activities

During the third quarter, the Company incurred $2,459,541 in exploration expenses on the Montviel property.

Works	$	Description
Drilling	1,078,646	Direct cost of drilling of Phase 2
Assays	677,420	Laboratory assays costs related to Phase 2
Geology and labour	383,530	Salaries and professional fees of geologists, assistants and support staff. Professional fees related to the resource estimate calculation, mineralogical report and metallurgical tests
Mineralogy and Metallurgy	17,825	Mineralogical report and metallurgical tests
Transport and lodging	196,619	Mining camp: Rent, installation costs, repairs, energy and security
Logistics and access roads	68,404	Drilling grid for Phase 2
Permits, insurance and rights	2,582	Permits for access roads and insurance.
Office, furniture and small tools	26,440	Field work, furniture and tools
Geophysics	8,075	Airborne geophysical survey of a portion of the property
	2,459,541	

Other exploration work totalling $32,022 was performed as follows:

Mining Properties	$	Description
Pump Lake	6,263	Analysis of soil samples.
Sidney	2,524	Prospecting, mapping and soil sampling
Mining properties surrounding Montviel (8 mining properties)	23,235	Airborne geophysical survey and prospecting and mapping
	32,022	

MINERAL PROPERTIES

Montviel and Pump Lake Option

On September 30, 2010, the Company concluded its initial public offering (IPO) and formalized an agreement with NioGold Mining Corp. (“NioGold”) which gave the Company an option to earn up to seventy five percent (75%) interest in the Montviel and Pump Lake properties (the "Properties") by (i) making a cash payment of $100,000, (paid) (ii) by issuing 1,500,000 shares (of which 1,100,000 were issued following the IPO) of the Company over a three-year period and (iii) incurring at least $3,350,000 in exploration expenditures over four years.

On May 2, 2011, the above agreement was amended as follows: GéoMégA immediately acquired a 100% interest in the Montviel property by (i) issuing 1,525,000 common shares, which include the balance of shares of 400,000 common shares owed under the original agreement, to NioGold,(ii) forfeiting its buy-back of 50% of the 2% net output return royalty (NSR) on the future production of the Montviel property. In addition, the Company will, upon securing 70% of the capital requirements for commercial production for the Montviel property, pay to NioGold $4,500,000 in cash or common shares, at the option of NioGold, which amount shall be treated as a non-refundable advance royalty payment.

As for the Pump Lake Property, the Company can acquire a 75% interest in the property by incurring an aggregate of $400,000 in exploration expenditures on or before September 30, 2014. Upon completion of these expenditures, the Company will have the option to either abandon the property or form a joint venture with NioGold. Upon formation of the joint venture , the Company will have the option to acquire the remaining 25% of the Pump Lake Property by paying to NioGold $7,500,000 in cash or common shares and granting a 1% net output return royalty on the future production of the property, of which the Company may buy back one-half for $500,000. As at April 26, 2012, the Company has spent $363,972 in exploration expenditures on Pump Lake.

Geological information presented herein was summarized), Alain Cayer, Geological Engineer qualified person pursuant to National Instrument 43-101.

Montviel property (100%)

The Montviel Property is located in the Montviel Township (Quebec) about 215 km north-west of Val-d’Or, Quebec. A major logging road gives an all-season access from Highway 113, 40 km north of Lebel-sur-Quévillon. The property is made of 216 claims totaling 11,998 hectares and is subject to a 2% net royalty. The Montviel Sud property, a continuous bloc of 57 claims, which is connected to the property on its south side, was also acquired by the Company with 100% interest.

The regional topography is gently rolling with gravel and sand quaternary deposits and swampy areas covering most of the Property. There are very few outcrops. The Nomans River, which is less than 12 meters wide, flows south-west to northeast across the Property.

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

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

A first resource estimate was completed by SGS Géostat from Blainville, Quebec, over the ferro-carbonatite zone covering 750 meters by 350-400 meters and at a depth of 450 meters. The resource estimate is based on 19 of the 20 holes drilled between November 2010 and May 2011. The indicated resources are defined by a drilling grid of less than 100 meters. The next tables provide a summary of the published 43-101 resource estimate (see September 29, 2011 and November 14, 2011 press releases).

Cut-off TREO (%)	Resources	Tonnage (million T)	Density (t/m3)	TREO (%)	LREO (%)	IREO (%)	HREO (%)
1,00	Indicated	183,9	2,92	1,453	1,404	0,037	0,004
1,00	Inferred	66,7	2,89	1,460	1,408	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 detailed mineralogical study by SGS-Lakefield identified the main REE-minerals as being fluoro-carbonates of the Basnasite-Synsichite Family (Huangoite and Cebaite) (see august 24, 2012 press release). The metallurgical processes to extract the REE from those fluoro-carbonates are well known and proven to work at an industrial scale, as demonstrate at the two largest producers in the world: Mountain Pass in California, and Bayan Obo in China. Rare Earth mineralisation is relatively homogenous in the Montviel ferro-carbonatite, but a notable enrichment can be observed from the north-east to the south-west.

G Mining Services Inc was retained to complete a Preliminary Economic Assessment ("PEA"). See January 10th 2012 press release.

Phase 2 drilling campaign, started in September 2011, was completed in March 2012. The first part of the campaign, completed in December, aimed to complete a 90 to 100 meter drilling grid deemed necessary for the resource to be classified as indicated. The second part of the campaign, completed in March 2012, aimed to define a starter pit area over the richest part of the Core Zone, with a 45 metre drilling grid in between sections 5+00W and 6+80W.

A total of 50 diamond drill holes (DDH) were completed with two drill rigs, 27 of which were completed between December 2011 and February 2012. Nine more DDH were completed in March 2012 to complete the 45 m definition of the Core Zone starter pit area. The following table provides a summary of the technical details of the drill holes performed during the December 2011-February 2012 period:

DDH	Target	Section	UTM Nad 83 zone 18		Azimut	Dip	Length (m)	Number of samples	Number of blanks	Number of Duplicates
			X	Y						
MVL-11-38	Core Zone	6+35W	389733	5520310	330	-55	249	139	6	2
MVL-11-39	Core Zone	6+35W	389755	5520264	330	-55	342	201	12	4
MVL-11-40	Core Zone	5+00W	389828	5520437	330	-55	303	171	12	4
MVL-11-41	Core Zone	6+35W	389783	5520211	330	-55	384	228	15	6
MVL-11-42	Core Zone	5+90W	389731	5520388	330	-55	543	330	21	8
MVL-11-43	Core Zone	6+35W	389810	5520165	330	-55	489	296	19	8
MVL-12-44b	Core Zone	5+45W	389802	5520375	330	-56.5	411	250	16	6
MVL-12-45	Core Zone	6+35W	389833	5520115	330	-55	564	349	22	9

MVL-12-46	Core Zone	5+45W	389784	5520413	330	-55	411	247	17	7
MVL-12-47	Core Zone	6+35W	389860	5520068	330	-55	621	390	26	9
MVL-12-48	Core Zone	5+45W	389823	5520342	328	-57	378	223	15	6
MVL-12-49	Core Zone	6+80W	389759	5520170	330	-55	357	202	12	5
MVL-12-50	Core Zone	5+45W	389764	5520448	330	-55	147	71	4	2
MVL-12-51	Core Zone	6+80W	389809	5520082	330	-55	381	232	15	6
MVL-12-52C	Core Zone	5+45W	389847	5520289	330	-55	354	274	15	10
MVL-12-53	Core Zone	5+90W	389811	5520247	330	-55	414	247	16	8
MVL-12-54	Core Zone	5+00W	389801	5520482	330	-55	219	123	8	4
MVL-12-55	Core Zone	5+90W	389866	5520154	330	-55	408	248	13	8
MVL-12-56B	Core Zone	4+50W	389843	5520484	330	-55	227	125	6	3
MVL-12-57	Core Zone	5+90W	389921	5520059	330	-55	561	347	19	8
MVL-12-58B	Core Zone	5+45W	389874	5520247	330	-54.5	414	273	15	7
MVL-12-59B	Core Zone	6+80W	389860	5519974	330	-54.5	501	358	19	13
MVL-12-60B	Core Zone	5+45W	389900	5520198	330	-55	486	300	16	10
MVL-12-61	Core Zone	5+45W	389921	5520151	330	-55	606	380	16	9
MVL-12-62	Core Zone	6+35W	389886	5520020	330	-55	501	311	13	8
MVL-12-63	Core Zone	5+45W	389953	5520108	330	-55	501	308	13	8
27 DDH							10,772	6,623	381	178

Over 3,600 assays were received during the reference period. With the exception of assays from DDH MVL-11-33b, which investigated the southern periphery of the ferro-carbonatite, all other assay results are from DDHs in the Core Zone. MVL-11-32D intersected the most enriched zone with results of 2.08% TREO over 245.9m close to surface and MVL-11-34 intersected the enriched zone at greater depth with results of 2.25% over 119.25m.

The following table summarises the best DDH intersections (see February 14, 2012 press release).

	Target	Section	From (m)	To (m)	Length. (m)	TREO (%)	Nd_2O_3 (%)	Ratio MHREO / TREO	Nb_2O_5 (%)
MVL-11-27	Core Zone	5+90W	72.70	152.00	79.30	1.51%	0.22%	3.17%	0.16%
			204.00	716.50	512.50	1.21%	0.21%	5.00%	0.16%
MVL-11-28	Core Zone	4+00W	63.00	192.00	129.00	1.49%	0.22%	1.94%	0.10%
MVL-11-29B	Core Zone	4+00W	95.50	266.60	171.10	1.45%	0.24%	2.58%	0.14%
			335.50	512.60	177.10	1.54%	0.27%	4.01%	0.12%
			428.30	*486.50*	*58.20*	*incl. 2.11%*	*0.36%*	*3.00%*	*0.13%*
			466.50	*469.50*	*3.00*	*incl.: 7.70%*	*1.30%*	*2.68%*	*0.70%*
MVL-11-31	Core Zone	6+80W	35.50	171.70	136.20	1.47%	0.25%	3.27%	0.14%
MVL-11-32D	Core Zone	6+80W	52.60	372.00	319.40	1.87%	0.29%	3.24%	0.21%
			52.60	*298.50*	*245.90*	*incl.: 2.08%*	*0.32%*	*3.23%*	*0.22%*
			174.00	205.50	31.50	*incl.: 3.28%*	*0.49%*	2.97%	*0.25%*
			219.00	*238.50*	*19.50*	*incl.:*	-	-	*0.55%*
MVL-11-33B	*SouthSector*	3+00W	312.00	336.00	24.00	2.09%	0.33%	5.40%	0.19%
			798.00	804.00	6.00	1.26%	0.25%	20.40%	1.98%
MVL-11-34	Core Zone	6+80W	187.50	437.25	249.75	1.84%	0.28%	3.19%	0.30%
			318.00	437.25	119.25	*incl.: 2.25%*	*0.33%*	2.84%	0.39%
			318.00	364.50	46.50	*incl.: 3.09%*	*0.41%*	2.41%	0.60%
MVL-11-35	Core Zone	3+00W	206.80	364.30	157.50	1.74%	0.30%	2.76%	0.19%
			258.70	*364.30*	*105.60*	*incl.: 1.91%*	*0.34%*	*2.87%*	*0.20%*

DDH MVL-11-33b investigated the southern part of the Core Zone. This allowed to update several levels that are mineralised in rare earth oxides, including a level, which is more than 500 metres south of the Core Zone, which showed an enrichment in heavy rare earths and Niobium (1.26% TREO, 1.98% Nb2O5/6m and an

IREO/TREO ratio of 20.4%). This REE mineralisation is associated to calcio-carbonatite units that are enriched in rare earth phosphates.

A two hole satellite drilling campaign was started in mid-February, 8 km north of the Core Zone grid, in order to investigate a magnetic anomaly that is similar to the Montviel ferro-carbonatite. The 2 planned DDH intersected a mix of ferro and calcio-carbonatite over the first 200 metres and silico-carbonatite with some levels of ferro-carbonatite in the rest of the drill hole. The ferro & calcio-carbonatite at the beginning of the drill hole has similar mineralogical characteristics and phosphate and rare earth fluoro-carbonate mineralisation as in the main Montviel zone.

Two other DDH were planned 4 km west of the Core Zone grid to investigate other magnetic anomalies.

Other properties (100%)

During the summer of 2011, the Company had two geological mapping teams in the field. Detailed prospecting and mapping were performed on Montviel, Emily, Oriana, 109, Pakacic, Clement properties, while reconnaissance and some limited mapping were done on Annick, Annick North and Julie. The main results are:

• Emily: Half a dozen narrow carbonatite dykes were discovered in the center and in the North of the property, two of those gave pretty good grade in cerium and lanthanum.
• Oriana: A series of carbonatite dykes of varied composition were found at three locations on the property, some exhibited similarities with Montviel.

Airborne magnetic and radiometric surveys were performed during the fall over Sydney (1,299 km) and Emilie (461 km) properties, and also on the northern part of Zaza (827 km). These high definition surveys will help fine-tune the geological interpretation and better define the best eventual.

On December 7 2011, the Company announced the acquisition of 14 properties in the Mont-Laurier region in Quebec for their graphite potential. A compilation of geological information is in progress and a work plan for the summer 2012 will be contemplated by May 31, 2012.

An intervention permit for the Oriana property DDH campaign, Chapais sector, has been obtained. This campaign is planned for the month of April.

MINING PROPERTIES ACCOUNTING VALUES

At the end of each quarter, mining properties are reviewed to evaluate their potential. Following this analysis, no write off has been conducted during the quarter, all properties have future working programs.

SUMMARY OF FINANCIAL ACTIVITIES

Net loss for the quarter is $332,656 (net loss of $160,987 for the three-month period ending February 28, 2011), whereas administration fees for the quarter totalled $327,923 ($154,046 for the nine-month period ending February 28, 2011).

Analysis of Administrative expenses

Description	Quarter ended February 29	
	2012	2011
	$	$
Salaries and employees benefits expenses	**133,861**	66,364
Professional fees	**70,426**	16,005
Travel and Business development	**70,471**	16,838
Office expenses	**19,366**	16,835
Trustee and registration	**17,375**	20,607
Insurances, taxes and permits	**3,071**	2,713
Rent	**6,686**	11,653
Amortization of property and equipments	**6,667**	3,031
	327,923	154,046

Observations for the three-month period ended February 29, 2012 are as follows:

<u>Salaries and employee benefits expenses</u>

- 3 new employees;

<u>Professional fees</u>

- Legal fees for the Pre-Development Agreement with the Cree Nation of Waswanipi;

<u>Travel and Business development</u>

- Technology Metals Summit 2012 in Toronto;
- Cambridge House Vancouver;
- Global Resources in Shenzhen, China;
- Plan Nord related conferences;
- Public relations Services engagement;
- Promotional tour in New-York;

Net loss for the nine-month period ended February 29, 2012 is $1,281,403 (net loss of $640,829 for the nine-month period ended February 28, 2011), whereas administration fees for the nine-month period ended February 29, 2012 totalled $1,287,312 ($651,260 for the nine-month ended February 28, 2011).

Analysis of Administrative expenses

Description	Nine-month period ended February 29	
	2012	2011
	$	$
Salaries and employee benefits expenses	**482,152**	487,925
Professional fees	**332,644**	52,071
Business development	**304,154**	19,857
Office expenses	**55,407**	32,771
Trustee and registration fees	**49,536**	32,294
Rent	**13,959**	4,840
Insurance, taxes and permits	**19,775**	15,968
Bad debts	**11,425**	-
Amortization of property and equipments	**18,281**	5,533
	1,287,312	651,260

Observations for the nine-month period ending February 29, 2012 are as follows:

Salaries and employee benefits expenses

In 2010, 100% of the share-based payments were registered as an expense. On March 4, 2011, the Company's stock option plan was modified whereby options granted now vest over a 2 year period (25% every 6 months) rather than vesting immediately. Consistent with these changes, in 2011 share-based payments expenses are now spread over several quarters;

Professional fees

- Important fees paid for the planning of the 2011 Annual shareholder meeting ; and
- Legal fees for the Pre-Development Agreement with the Cree Nation of Waswanipi.

Travel and Business development

- Participation in several mining and rare earth conferences:
  - Val d'Or and Quebec Exploration 2011;
  - Cambridge House in Montreal, Toronto and Vancouver;
  - Technology Metals Summit 2012 in Toronto;
  - Global Resources in Shenzhen, China;
  - Plan Nord related conferences.
- Marketing activities:
  - Financial analyst visits of Montviel property;
  - Marketing tour in New-York.
- Investor relations contract granted at the beginning of the year;
- Fees paid for the production of an independent research report.

Office expenses

- Office installation as a result of new hiring of geometrician.

Trustee and registration fees

- Maintenance fees for TSX Venture Exchange for 2012;
- Annual fees paid to registrar and costs related to the annual SEDAR deposit.

SUMMARY OF QUARTER RESULTS

	2012			**2011**			
(000$ except loss/share)	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenues	4	12	10	8	7	4	-
Net loss	333	632	317	217	148	443	50
Net loss per share – basic and diluted	0.02	0.03	0.01	0.01	0.01	0.03	0.02

Revenues consist of interest income on repurchasable Guaranteed Investment Certificates. The variations in the quarter results are explained as follow:

2012-Q2 Important fees paid related to the 2011 Annual shareholder meeting and marketing efforts to publicize the Company.
2012-Q1 Efforts to publicize the Company: Investors relations contract and independent research report.
2011-Q2 Stock-based compensation expense of $364,000 following the grant of options.
2011-Q1 Professional fees relative to the audit, preparation before the initial public offering (new board of directors, opening of the charter, acquisition of mining properties, etc.).

CASH FLOW SITUATION

The working capital decreased by $1,505,287 during the third quarter, going from $4,391,720 as at November 30, 2011 to $2,866,433 as at February 29, 2012. The decrease is mainly due to exploration costs and the administrative expenses incurred during the period.

The cash and investments (free cash flow) amounted to $1,152,782 as at February 29, 2012, compared to $2,883,803 as at November 30, 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 financing in the future.

Following the contraction of a $1,500,000 secured loan from SIDEX and the closing of a $3,500,000 Brokered Private Placement (See **SUBSEQUENT EVENTS** section), the Company considers the cash on hand to be sufficient for the short term known obligations. However, additional funding will need to be obtained in the future for its properties' exploration and development programs. As at February 29, 2012, the Company did not have any debt or any financial commitments in the upcoming quarters, with the exception of the lease of its office premises until September 30, 2013 totalling $43,024 and the obligations under capital leases related to equipment totalling $247,406.

As at February 29, 2012:

- 23,039,112 common shares were issued;
- 2,218,540 options were outstanding (670,000 can be exercised) which can be exercised at a price varying from $0.35 to $3.95 on or before September 29, 2015 and October 9, 2016. Each option can be exchanged by its holder thereof for one common share of the Company;
- 4,947,871 warrants were issued, entitling their holders to subscribe for the same amount of common shares of the Company at a price between $0.55 and $5.50 with an expiry date ranging from March 31, 2012 and July 8, 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.

Variation in share capital as at April 26, 2012 is the following:

Description	**Number**	**Amount ($)**
Balance May 31, 2011	19,561,690	11,870,947
Private placement	2,127,659	4,999,999
Pre-Development Agreement with the Crees	150,000	229,500
Private placement - Issue expenses		(1,141,097)
Exercise of options	400,000	244,000
Exercise of warrants	799,763	535,855
Balance February 29, 2012	**23,039,112**	**16,734,704**
Private placement	5,707,878	3,500,000
Private placement – issue expenses	-	(278 463)
Exercise of warrants	152,123	95,837
Balance April 26, 2012	**28,899,113**	**20,052,078**

On July 8, 2011, the Company issued 2,127,659 units through brokers at a price of $2.35 per unit for total gross proceeds of $4,999,999. Each unit consists of one common share and one warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $2.85 until July 8, 2013. A sum of $4,999,999 was allocated to capital stock while no value was allocated to the warrants. Issuance costs totaling $1,139,426 (including an amount of $518,787 representing the value of brokers' options) were recorded as a reduction of share capital. The Company paid to the brokers a remuneration of $328,781 and issued 134,750 options to brokers allowing them to acquire 134,750 units until July 8, 2013.

On October 20, 2011, the Company signed a Pre-development agreement for its Montviel Rare Earths Project with the Grand Council of the Crees and The Cree First Nation of Waswanipi. Pursuant the agreement, the Company issued 150,000 common shares of the Company (attributed value of $225,000 and issue expenses of $1,671).

On April 10, 2012, the Company closed a brokered private placement consisting of 3,904,545 units at a subscription price of $0.55 per Unit and 1,803,333 flow-through shares at a subscription price of $0.75 per Flow-Through Share for aggregate proceeds of $3,500,000. Each Unit consisted of one common share and one-half of a share purchase warrant. Each whole Warrant entitles its holder to acquire one additional common share at a price of $1.00 per share till September 30, 2013. A value of $0.24 was attributed to warrants using Black & Scholes ($0.12 for one-half of a warrant) for a total value of $468 545. The Company has paid the Agents a commission of $278 463 (including an amount of $72 060 representing the broker's options value).

Options

Variations in outstanding options as at April 26, 2012 are as follows:

Date	**Number of options**	**Average exercise price $**
As at May 31, 2011	1,145,000	0.67
Exercised	(400,000)	0.35
Granted	1,473,540	2.45
As at February 29, 2012	**2,218,540**	**1.44**
As at April 26, 2012	**2,218,540**	**1.44**

On June 22, 2011, the Company granted a total of 220,000 stock options to an officer that may be exercised over a period of five years, at an exercise price of $2.70.

On August 29, 2011, the Company granted a total of 120,000 stock options to an employee that may be exercised over a period of five years, at an exercise price of $2.05.

On September 30, 2011, the Company granted a total of 878,540 stock options that may be exercised over a period of five years, at an exercise price of $1.50. These options have been granted to directors, officers and employees.

On October 10, 2011, the Company granted a total of 225,000 stock options to a director that may be exercised over a period of five years, at an exercise price of $1.54.

Since the beginning of the year, 400,000 options were exercised at a price of $0.35 each for a total of $140,000.

Options granted and exercisable as at April 26, 2012:

Expiry date	Number of options	Exercisable	Price ($)
September 29, 2015	525,000	525,000	0.35
December 29, 2015	100,000	50,000	0.90
January 12, 2016	40,000	20,000	0.90
March 2, 2016	10,000	2,500	3.60
March 20, 2016	70,000	17,500	3.95
June 21, 2016	220,000	55,000	2.70
August 28, 2016	150,000	37,500	2.05
September 29, 2016	878,540	219,635	1.50
October 9, 2016	225,000	56,250	1.54
	2,218,540	983,385	1.44

Warrants

Variations in outstanding warrants since the beginning of the year are as follows:

Date	Number of warrants	Average exercise price $
As at May 31, 2011	3,619,975	0.95
Issued	2,127,659	2.85
Exercised	(799,763)	0.59
As at February 29, 2012	**5,235,371**	**1.75**
Granted	2,352,273	1.02
Expired	(1,956,985)	0.55
Exercised	(152,123)	0.55
As at April 26, 2012	**5,191,036**	**1.99**

Warrant characteristics as at April 26, 2012 are as follows:

Number	Exercise price	Expiry date
455,549	$1.35	July 27, 2012
55,555	$1.35	August 2, 2012
200,000	$5.50	September 30, 2012
400,000	$1.25	April 16, 2013
2,127,659	$2.85	July 8 , 2013
1,952,273	$1.00	September 30, 2012
5,191,036	**$1.99**	

Broker options

The number of outstanding Brokers options as at February 29, 2012 which could be exercised for an equivalent number of units is as follows:

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

In connection with the private placement in July 2011, the Company issued 134,750 Broker options to brokers allowing them to acquire 134,750 units until July 8, 2013. Each unit consists of one common share and one warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of $ 2.85 until July 8, 2013.

The average fair value of the broker options granted of $3.85 each option for a total of $518,787 was estimated using the Binomial option pricing model and based on the following weighted average assumptions:

Average share price at date of grant	$3.29
Dividend yield	0%
Expected volatility	100%
Risk-free interest rate	1.66%
Expected average life	2 years
Average exercise price at date of grant	$2.85

SUBSEQUENT EVENTS

On March 16th 2012, a 1.5 M$ 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 31st 2013. In connection with the loan, GéoMégA issued 400,000 non-transferable warrants allowing SIDEX to acquire 400,000 shares of the Company at a price of $1.25 per share for a period of 12 months.

On April 10th, the Company closed a Brokered Private Placement, composed of 3,094,545 units at a price of $0.55 per unit and 1,803,333 flow-through shares at a price of $0.75 per share for gross proceeds of $3,500,000. Each unit consists of one common share and one half warrant. Each full warrant entitles the holder to acquire one common share at a price of $1.00 before September 30th 2013. A cash commission of $206,403 was paid to the brokers and 225,187 non-transferable broker options were granted. Each option allows the holder to acquire one common share at a price of $0.55 per share before September 30th 2013.

ACCOUNTING POLICIES

Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. Significant estimates include the recoverability of mineral properties and deferred exploration expenses, future income taxes and stock-based compensation. Actual results may differ from those estimates.

Off-balance sheet arrangements

During the period, the Company did not set up 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 financial statements of the Company were prepared in accordance with IFRS. These 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 financial statements, management has amended certain accounting and valuation previously applied in the Canadian GAAP financial statements to comply with IFRS. The presentation of the comparative figures for 2011 has been changed to reflect these adjustments. Certain information and footnote disclosures which are considered material to the understanding of the Company's interim financial statements and which are normally included in annual financial statements prepared in accordance with IFRS are provided in note 21 of the interim financial statements, along with reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on equity, earnings and comprehensive loss.

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

The Company's IFRS accounting policies presented in Note 4 of the interim financial statements dated August 31, 2011 have been applied in preparing the financial statements for the reporting period ended February 29, 2012, 2011 and the comparative information.

Upon transition, IFRS 1 dictate 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 derecognised 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.

Optional exemption

The Company has chosen not to apply IFRS 2, Share-based Payment, retrospectively to options granted on or before November 7, 2002 or granted after November 7, 2002 and vested before the date of transition to IFRS.

Transition to IFRS

Changes observed for the transition to IFRS are mainly the following:

a) Presentation differences at the Statement of Financial Position

The account Tax credit and credit on duties receivable is shown separately.

b) Presentation differences in the Statements of earnings and comprehensive loss

Salaries and employee benefits expense for IFRS was adjusted as follows:

	Period ended February 28, 2011 (3 months)	(9 months)
	$	$
Balance before the transition date	39,617	85,694
Grouping		
Stock-based-compensation	-	364,000
Professional fees paid to an officer	26,747	38,231
Balance as per IFRS	66,364	487,925

The accounts *Trustees and registration fees* and *Shareholders information* have been grouped for presentation under *Trustees and registration fees*.

The *Public relations and promotion* and *Travel* accounts have been grouped for presentation under *Business* d*evelopment.*

c) Impairment losses recognized at the date of transition

The Company applied IAS 36, Impairment of assets, in determining whether any impairment losses arose at the date of transition to IFRS. No impairment losses (or reversals) were identified.

d) Reconciliation of equity and comprehensive loss

Since the company began its exploration operations after the transition date and that its corporate structure was established after the transition date, no differences were found in the reconciliation between the accounting standards in force before the changeover and the new standards.

RISK AND UNCERTAINTIES

Risks inherent in the nature of mineral exploration and development

Mineral exploration and development involve several risks which experience, knowledge and careful evaluation may not be sufficient to overcome. Large capital expenditures are required in advance of anticipated revenues from operations. Many exploration programs do not result in the discovery of mineralization; moreover, mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in the conduct of exploration programs and the operation of mines.

The commercial viability of exploiting any mineral deposit is dependent on a number of factors including infrastructure and governmental regulations, in particular those respecting the environment, price, taxes, and royalties. No assurance can be given that minerals of sufficient quantity, quality, size and grade will be discovered on any of the Company's properties to justify commercial operation.

Numerous external factors influence and may have significant impacts on the operations of the Company and its financing needs. Furthermore, exploiting REE deposits is dependent on risk factors that are specific to the REE market, including the complexity and costliness of the REE separation process, potential difficulties in finding buyers and the potential for buyers to develop replacement technologies that use less or no REEs.

Financial risks
The Company is an exploration company. The Company will have to raise additional funds to continue operations, there can be no assurance it will be able to do so in the future.

Internal controls over financial reporting
The Company is responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. The Company has assessed the design of the internal controls over financial reporting, and during this process the Company identified certain weaknesses in internal controls over financial reporting which are due to the limited number of staff at the Company, making it unfeasible to achieve complete segregation of incompatible duties.

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

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

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

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

Conflicts of interest
Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith to the best interests of the Company, and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

Environmental risks
The Company is subject to various environmental incidents that can occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

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

(Signed) Simon Britt C.A., CEO (Signed) Mario Spino, Chief Financial Officer

St-Lambert, April 26, 2012