

GEOMEGA RESOURCES INC. ANNUAL MANAGEMENT REPORT YEAR ENDED MAY 31, 2011

This Management Discussion and Analysis (“MD&A”) dated August 29, 2011, and provides an analysis of Geomega Resources Inc. (the “Company”, “GéoMégA” or “GMA”) annual financial statements as at May 31, 2011. This discussion and analysis of the financial position and results of operation should be read in conjunction with the audited financial statements for the years ended May 31, 2011 and 2010.

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 21,749,649 shares were issued as of August 29, 2011. 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 YEAR

Montviel Property

- Completion of the Phase 1 diamond drill program totalling 10,065 meters. Highlights include drill intersections grading 1.24% to 1.51% total rare earth oxides (TREO) over core length nearing or exceeding 500 meters with 2.15% TREO over 250 meters. See Significant REO Assay results table in page 6;
- Exploration expenses of \$2,052,275 incurred on the Montviel property mainly for drilling and the costs related to the mining camp. See section “**Summary of exploration activities**” on page 3;
- Acquisition of 100% interest in the Montviel property.

Others properties

- Summer campaign of exploration at the Pump Lake property: Prospecting, mapping and analysis of soil samples.
- Summer campaign of exploration on the mining properties surrounding Montviel: Prospecting, mapping and analysis of soil samples.

Corporate

- Completion of our initial public offering of \$2.9M and listing on the TSX Venture Exchange.
- Private placement of \$1M in January 2011.
- Brokered private placement of \$5M in July 2011.

COMPANY PROFILE AND MISSION

GéoMégA is a Montreal-based exploration company focused on the discovery and development of economic deposits of Clean Technology metals in Quebec. The Province of Quebec is one of the world's most attractive jurisdictions for mineral exploration and development. Significant tax credits (40% of exploration expenditures reimbursed), experienced work force and validity of mining claims are all distinct advantages.

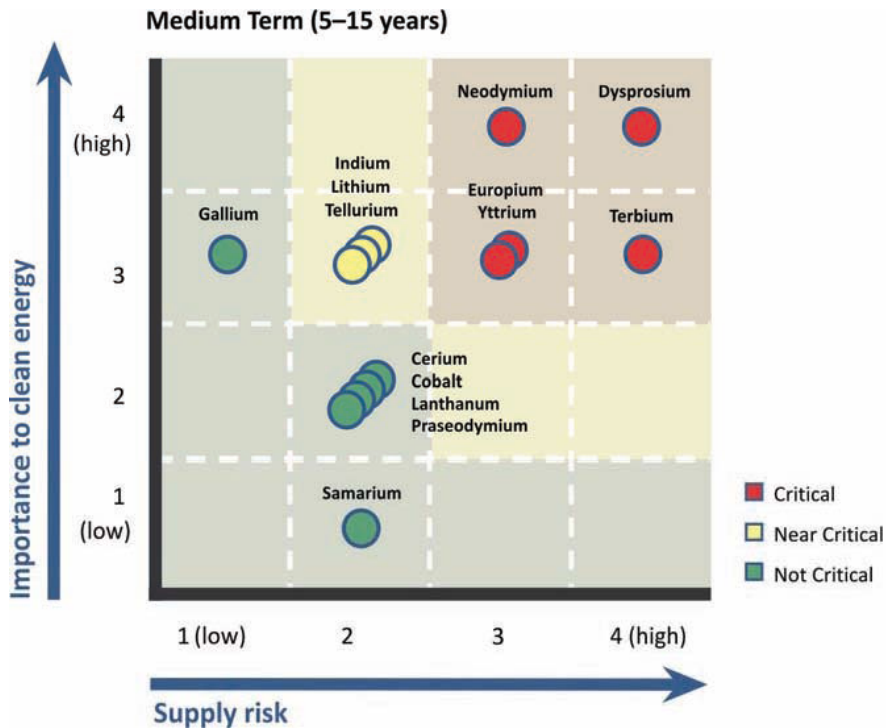
As society emerges from fossil energy to a more efficient eco friendly source, GeoMegA believes that the drivers of the 21st century Clean Technology metals are the Rare Earth Elements (“REE”). These elements are critical to clean energy technologies (electric vehicles, wind power turbines, light-emitting diode light source), existing and emerging high-tech uses (cell phones, fiber optics, lasers, hard disk drives) and numerous defense applications. These elements are the foundation of the 21st century’s economic sustainability and durable development.

INDUSTRY OUTLOOK

Currently, 95% of the world's supply in REE comes from mines in China. China consumes approximately 55% of global demand, leaving 45% in need of supply. In order to secure its own consumption needs, China has significantly reduced its exportation of REE to the rest of the world (“ROW”) since 2009. In addition, China capped its 2011 production to 93,800 mt¹, a significant reduction (27%) from the total production of 129,400 mt in 2009.

Realizing the sudden supply crisis, producing countries such as Japan, United States, Germany and South Korea around the world are scrambling to secure REE resources outside of China. Today, five elements of the REE family stand out as critical for clean energy technologies: dysprosium and neodymium for the permanent magnets, terbium and europium for phosphors and yttrium.

U.S. Department of Energy, December 2010.



¹ Reuters, March 31, 2011.

Total global demand for REE is expected to increase from 124,000 metric tonnes (“mt”) in 2008 to 180,000 mt by 2014². The increase in global demand is mainly driven by two emerging mass markets: hybrid and electric vehicles and wind power. Current technology for both markets is based on permanent magnets composed, amongst other, of neodymium and dysprosium.

Projected growth in megawatts (MW) from the World wind energy Association (WWEA) is astonishing. In 2009, worldwide capacity reached 159,213 MW of wind power (equalling 2% of global electricity consumption), out of which 38,312 MW were added in 2009 alone. Over the last 13 years, the global wind power market increased 28.6% on average³. Based on accelerated development and further improved policies, WWEA has increased its predictions and sees a global capacity of 1,900,000 MW as possible by the year 2020. High end wind turbines need one (1) metric ton (2,200 pounds) of neodymium for every three (3) MW⁴ of wind power.

According to a recent study conducted by JPMorgan, hybrid sales are about to take off. In 2008, there were some 480,000 total hybrid vehicles sold around the world, which represents less than 1% of global sales. By 2020, though, JPMorgan predicts that 11.28 million hybrids will be sold annually, representing over 13% of all vehicles sold. Currently, producers such as: Toyota (Prius), Nissan (Leaf), Honda (Insight) and Ford (Focus Electric) use the neodymium permanent magnet as motor.

The neodymium permanent magnet offers significant weight and performance advantage over the other technologies.

RESULTS OF OPERATION

Summary of exploration activities

During the year, the Company incurred \$2,052,275 in exploration expenses on the Montviel property.

Works	\$	Description
Drilling	742,608	10,065 m of diamond drilling
Transport and lodging	385,988	Mining camp: Rent, installation costs, repairs, energy and security
Analysis	307,325	Laboratory analysis
Geology and labour	294,988	Salaries and professional fees of geologists, assistants and support staff
Logistic and access roads	229,293	Drilling grid
Office, furniture and small tools	34,979	Field work furniture and tools
Geophysics	28,428	Airborne geophysical survey
Permits, insurance and rights	28,666	Permits for access roads and insurance.
	<u>2,052,275</u>	

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

- Complete the winter diamond drilling program (10,065 meters) and obtain drilling results; Prepare access roads to the mining camp and drilling grid;
- Install mining camp (dormitory, kitchen, office, sampling- shelter, generators, artesian well and septic tanks);
- Obtain all necessary permits to start drilling.

² Roskill Consulting Group Ltd, a metal market consultant.

³ Global Energy Wind Council.

⁴ Industrial Mineral Company of Australia.

Other exploration work totaling \$226,973 were as follows:

Mining Properties	\$	Description
Pump Lake	124,505	Prospecting, mapping and analysis of soil samples.
Mining properties surrounding Montviel	102,468	Prospecting and Mapping
	226,973	

MINERAL PROPERTIES

Montviel and Pump Lake

Effective September 30, 2010, the Company holds an agreement with NioGold which gives the Company an option to earn up to seventy five percent (75%) interest in the Montviel and Pump Lake properties (the "Properties") by making a cash payment of \$100,000 (paid) and by issuing 1,500,000 shares (1,100,000 issued to date) of the Company over a three-year period and incurring at least \$3,350,000 in exploration expenditures over four years.

On May 2, 2011, the above agreement was amended as follows: The Company immediately acquires a 100% interest in the Montviel property by issuing 1,525,000 common shares (value of \$5,368,000) to NioGold and NioGold will retain 2% net output return royalty 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 election of NioGold, which amount shall be treated as non-refundable advances royalty payment.

As for the Pump Lake Property, the Company can acquire a 75% interest in the property in 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.

Geological information presented herein was summarized by Kateri Marchand, Geologist (Montviel property), and Jacquelin Gauthier, Geological Engineer (Others properties), qualified persons pursuant to National Instrument 43-101.

Montviel property (100% interest)

The property is located in Montviel Township, approximately 215 km north of Val-d'Or, Québec, and can be easily accessed by travelling 58 km on a well-maintained, all-season logging road that branches off provincial Highway no.113, at 44 km north-east of the town of Lebel-sur-Quévillon. The topography and vegetation at Montviel is typical of the Abitibi region with a generally flat relief that sits at around 300 m above sea level. Bedrock exposures are scarce due to the extensive quaternary deposits covering the region that alternate with swampy areas. The Nomans River is the main water body crossing the property from its north-east to south-west corner.

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

The Company also amended its option agreement with NioGold Mining Corp., in respect to the Montviel and Pump Lake properties granting the Company the right to acquire right away a 100-per-cent interest in the Montviel property in consideration of 1,525,000 shares and a 2-per-cent net output return royalty.

Exploration expenditures incurred at Montviel over the last year are now totalling \$2,052,275. These monies were used to complete the Company Phase-I diamond drilling campaign totalling 10,065 m in 20 NQ-size drill holes.

The winter drill program undertaken at Montviel proved highly successful the Company having confirmed the presence of continuous REE mineralization within a wide ferro-carbonatite body with bulk mining potential. For now, the REE-bearing carbonatite has been identified over a strike length of 700 m, a 400-m width and to a vertical depth of 550 m below surface. It is worth mentioning that several holes ended in mineralization including hole MVL-11-15, drilled down to 549 m at an angle of -83° (see Table 1). Also noteworthy is the intersection of high-grade RE zone returning 2.15 % TREO over 250.65 m in hole MVL-11-18. This hole cut the northern tip of a long High Mag geophysical anomaly suggesting this high-grade zone could extend further to the south. Above average Niobium values are also associated with this zone returning an intersection of 0.346 Nb_2O_5 over 184.95 m (Table 2).

The REE mineralization at Montviel is mainly contained within the ferro-carbonatite unit and consists predominantly of the four light rare earth elements cerium, lanthanum, neodymium and praseodymium. Neodymium oxide (Nd_2O_3) approximates 18% of the total rare earth oxide (TREO) content. This metal represents an essential component of the iron-boron-neodymium super-magnets now being used in several hi-tech products from cellular phones to hybrid cars.

The Middle- to Heavy-rare-earth oxides (MHREO) content become relatively more important within the silico-carbonatite units located on the outskirts of the ferro-carbonatite core (Table 3) as well as within cross-cutting breccias and dykes. Best MHREO ratios were obtained from a late polygenic intrusive breccia cut in hole MVL-11-09 which returned a ratio of 28% MHREO over 17.10 m, a sharp contrast to the 3 to 5% ratio generally observed for the ferro-carbonatite body.

Drilling completed this winter also uncover in the south-west corner of the grid area a near-surface, shallow-dipping phosphate-rich zone straddling the silico- to ferro-carbonatite contact. The phosphate content is thought to originate primarily from apatite, a calcium-phosphate mineral. See Table 2.

The Company is currently in the process of having its first NI43-101 compliant resource estimate completed by SGS-Géostat of Blainville, Qc. The Technical Report for this study should be filed on SEDAR in October. The Company also commissioned SGS-Lakefield to complete metallurgical testwork on a 600-kilo bulk sample assembled from ¼-split core taken from both the REE-bearing ferro-carbonatite and the Phosphate-carbonatite zone. Tests to evaluate niobium recoveries will also be performed as part of this work.

Montviel Phase-I Drilling Program

Table 1. Significant REO Assay Results in Carbonatite Core Zone

DDH No.	Drill Section	Az	Dip	Depth (m)	From (m)	To (m)	Core length ⁽¹⁾	TREO	Neodymium Oxide ⁽²⁾	Ratio	
							(m)	(%)	(%)	<u>MHREO</u> TREO	
MVL-10-01 incl.	2+00 W	332	-60	501	21 266.6	501 306	480 39.4	1.24 2.03	0.22 0.321	3.50% -	
MVL-11-03 incl.	5+00 W	328	-55	534	21.3 132	534 183.8	512.7 51.8	1.38 2.28	0.236 0.34	4.20% -	
MVL-11-04A	2+00 W	327	-53	459	70.4	236.35	165.95	1.17	0.209	3.80%	
MVL-11-05 incl.	2+00 W	326	-67	483	33.5 299.45	429 361.5	395.5 62.05	1.19 2.1	0.19 0.307	3.70% -	
MVL-11-06 incl.	5+00 W	323	-55	519	33.55 368.3	519 479.45	485.45 111.15	1.44 2.09	0.231 0.296	3.90% -	*
MVL-11-07 incl.	4+00 W	330	-55	531	29.4 151.9	519 193.3	489.6 41.4	1.29 1.91	0.231 0.318	4.00% -	
MVL-11-08 incl.	3+00 W	320	-55	501	20.1 348.6	501 421.7	480.9 73.1	1.38 2	0.229 0.315	2.50% -	*
MVL-11-09 incl. Incl.	7+00 W	327	-54	501	27 54.2 460.9	154.55 71.45 478.00	127.55 17.25 17.10	1.51 2.00 0.76	0.216 0.255 0.147	3.60% - 28.0%	
MVL-11-10 incl.	3+50 W	324	-55	567	22.4 421.5	567 513	544.6 91.5	1.41 2	0.246 0.305	3.70% -	*
MVL-11-11 incl.	1+00W	327	-54	591	329.8 576	587 587	257.2 11	1.04 1.68	0.208 0.31	4.60% -	*
MVL-11-12 incl. incl.	1+00W	330	-60	495	67.9 334.4 395.9	468.7 344.7 405.8	400.8 10.3 9.9	1.13 2.06 2.16	0.194 0.373 0.413	4.50% - -	
MVL-11-13A incl.	1+00 W	333	-55	252	18.4 164.45	252 225.15	233.6 60.7	0.92 1.32	0.18 0.272	5.00% -	
MVL-11-14 incl.	3+00 W	330	-53	453	29.5 404.6	453 453	423.5 48.4	1.28 2.08	0.206 0.337	3.00% -	*
MVL-11-15 Incl. Incl.	3+00 W	302	-83	549	28.35 244.3 467.25	549 270.7 482.1	520.65 26.4 48.7	1.51 2.16 2.05	0.278 0.404 0.325	3.00% - -	*
MVL-11-16 incl. incl.	4+00 W	330	-55	621	27.5 413.1 497.5	588.55 428 517.7	561.05 14.9 20.2	1.34 2.19 1.94	0.241 0.369 0.267	3.60% - -	
MVL-11-18 incl.	5+00 W	287	-54	477	28.55 133.55	384.2 384.2	355.65 250.65	1.92 2.15	0.299 0.32	3.00% -	
MVL-11-19	5+00 W	325	-55	426	50.75	334.75	284	1.4	0.239	2.80%	
MVL-11-20 incl.	5+00 W	328	-65	507	22 36.05	507 53.2	485 17.15	1.02 2.14	0.171 0.303	4.40% -	

1) True width is estimated to be 80% to 100% of core length.

2) 0.1% = 1 kg/t

* Hole ended in mineralization

Table 2 - Significant Niobium and Phosphate Assay Results

DDH No.	Niobium				Phosphate			
	From (m)	To (m)	Core length (m)	Nb ₂ O ₅ (%)	From (m)	To (m)	Core length (m)	P ₂ O ₅ (%)
MVL-10-01	280.95	306.0	25.05	0.251				
incl.	424.5	457.55	33.05	0.163				
MVL-10-03	246	513.0	267	0.210	21.3	79.7	58.4	5.41
incl.	475.35	510.0	34.65	0.354				
MVL-11-04A	203.65	241.95	38.3	0.179				
MVL-11-05	243	268.3	25.3	0.256				
incl.	310.4	412.5	102.1	0.230				
incl.	338.95	361.5	22.55	0.450				
MVL-11-06	318.0	428.8	108.8	0.208				
	398.4	482.55	84.15	0.241	35.0	206.1	171.1	6.58
incl.	398.4	427.5	29.1	0.401				
MVL-11-07	324.9	395	70.1	0.246				
incl.	501.1	519	17.9	0.538	29.4	73.25	43.85	5.31
MVL-11-08	351.0	377.8	26.8	0.285				
incl.	455.4	501	45.6	0.132	80.6	91.5	10.9	8.57
MVL-11-09	129.9	169.25	39.35	0.227	460.9	478	17.1	18.4
MVL-11-10	186.4	327.95	141.55	0.180				
incl.	224.4	306	81.6	0.224	22.4	197.3	174.9	7.35
incl.	403.4	439.35	35.95	0.188				
incl.	496.3	535.7	39.4					
MVL-11-11	292.0	455.7	163.7	0.152	34.6	129.4	94.8	4.27
incl.	393.0	455.7	62.7	0.233	178.9	205.4	26.5	5.33
MVL-11-12	229.5	493.6	264.1	0.179				
incl.	304.5	344.7	40.2	0.162				
incl.	382.1	487.35	105.25	0.26				
incl.	458.15	468.7	10.55	0.511				
MVL-11-13A	129.0	147.35	18.35	0.172				
	166.9	237.75	70.85	0.18				
incl.	175.8	199.5	23.7	0.29				
incl.	175.8	189.55	13.75	0.414				
incl.	219.55	237.75	18.2	0.199				
MVL-11-14	150.2	165.7	15.5	0.121				
	237.55	298.9	61.35	0.153	106	162.8	56.8	5.24
	338.45	429.65	91.2	0.206				
incl.	373.3	416.75	43.45	0.285				

DDH No.	Niobium				Phosphate			
	From (m)	To (m)	Core length (m)	Nb ₂ O ₅ (%)	From (m)	To (m)	Core length (m)	P ₂ O ₅ (%)
MVL-11-15	171	549	378	0.151				
incl.	243	276.8	33.8	0.202	91.05	119.3	28.25	7.05
incl.	477.2	549	71.8	0.242				
MVL-11-16	60.9	434.95	374.05	0.131				
incl.	317.45	37.7	30.25	0.201	27.5	134.2	106.7	6.09
incl.	366.7	434.95	68.25	0.21				
incl.	413.1	434.95	21.85	0.344				
MVL-11-17	272.5	282	9.5	0.181	329.35	388.3	58.95	5.40
MVL-11-18	117.95	430.6	312.65	0.270				
incl.	205.35	390.3	184.95	0.346	28.55	89.3	60.75	6.05
incl.	237.65	270.8	33.15	0.606				
incl.	346.0	385.65	39.65	0.441				
MVL-11-19	116.15	144.4	28.25	0.196				
	177.7	205.1	27.4	0.194				
	267.9	419	151.1	0.138				
incl.	267.9	282	14.1	0.269				
MVL-11-20	46.5	77.8	31.3	0.126				
	112.25	134.4	22.15	0.151	164.35	272.05	107.7	4.42
	316.55	329.0	12.45	0.147				
	439.65	505.85	66.2	0.151				

Table 3. Exploration Holes Assay Results located outside of Core Zone

DDH No.	Az	Dip	Depth (m)	From (m)	To (m)	Core length ⁽¹⁾ (m)	TREO (%)	Neodymium Oxide ⁽²⁾ (%)	Ratio MHREO /TREO
MVL-10-02	340	-45.5	498	42	284.9	242.9	0.3	0.035	11.40%
MVL-11-17	330	-56	468	329.35	388.3	58.95	0.93	0.117	6.80%
Incl.				360	388.3	28.3	1.34	0.157	-
1) True width is estimated to be 80% to 100% of core length.									
2) 0.1% = 1 kg/t									

Pump Lake Property (option to earn 100% interest)

The Pump Lake Property is located approximately 250 km NW of Montreal, in the Hautes-Laurentides region of Quebec. The Property can be easily accessed from the town of Mont-Laurier, some 100 km to the south, via an all-weather road to Sainte-Anne-du-Lac, then by several all-weather gravel roads leading to numerous outfitters in the area.

The Property consists of 414 mining claims covering 23,869 hectares. The Company has the option to earn a 100% interest in the Property from NioGold.

The Property is situated within the highly metamorphosed Mont-Laurier plutono-sedimentary Basin of the Grenville tectonic Province. It hosts several showings of rare earths, niobium, phosphor, copper, molybdenum, gold, iron and/or uranium closely associated to the Lac Lesueur alkaline intrusive complex recently uncovered by mapping teams of the Quebec Ministry of Natural Resources. From 2007 to 2009, NioGold completed ground mapping, spectrometric and soil geochemistry surveys, airborne magnetic, electromagnetic and gravity surveys, as well as considerable trenching works. Their most interesting assay results were up to 1.20 % Nb₂O₅ and 0.69% REE from grab samples or short (10-15 cm) channel samples. The mineralisation is hosted by strongly pegmatitic alkaline dykes. The Property has never been drilled.

Mid-May 2011, the Company started a 6-week prospecting-mapping survey by a team of six (geologists and students). Preliminary observations are:

- The REE and niobium anomalous dykes are pegmatites related to the Alkaline Lac Lesueur Complex exhibiting various amounts of coarse carbonates
- The pegmatitic dykes are more abundant along the shores of Lac Lesueur, suggesting the source is under the lake.
- The Alkaline Complex is highlighted by magnetic and gravity lows.
- The pegmatites dykes, and most likely the entire Alkaline Complex, are almost undeformed compared to the host rocks.
- The high carbonate contents of some of those dykes suggest a good probability of finding real carbonatites on the Property.

These works should lead to a better understanding of the geological environment and should help to define drilling targets.

Zaza Property (100%)

The Zaza Property is located some 800 km north of Montreal, and 60 km north of the mining town of Mattagami in northern Abitibi, Quebec. Access is facilitated by a main logging road from Mattagami that crosses the Property from south-west to north-east. The Property is made of 173 mining claims totalling 9,179 hectares.

The property is within the Archean Opatika volcano-sedimentary domain which is the most northern major geological division of the Abitibi greenstone Belt. The lithologies in the area are mainly felsic to mafic intrusive within mafic volcanic rocks. The Property is characterized by a circular magnetic anomaly quite similar to those created by carbonatite intrusives like the one at Montviel.

A 18-days prospecting-mapping survey by a team of six geologists and students was performed in May 2011 on the Property. Tonalites, diorites and gabbro, some with minor copper mineralisation, were the main lithologies observed, but also some interesting syenites and pyroxenites that could indicate there is an alkaline complex on the Property. The team hasn't seen any carbonatites but the characteristic magnetic anomaly is under a swampy area where there is no outcrop.

MINING PROPERTIES ACCOUNTING VALUES

At the end of each quarter, mining properties are reviewed to evaluate their potential. Following this analysis, no write off is expected for the year ended May 31, 2011, all properties have future working programs.

SUMMARY OF PLANNED EXPLORATION PROGRAMS FOR 2012

PROPERTY	WORKS PLANNED	ESTIMATED COSTS \$	TERMS	FOLLOWING WORKS
Montviel	Prospecting, sampling and mapping First 43-101 resources estimate Phase 2 drilling (20,000 m) First metallurgical test : 600kg Scooping study	10,000 65,000 3,000,000 300,000 150,000	Summer 2011 Fall 2011 Fall 2011 to Spring 2012 Fall 2011 to Winter 2012 Winter to Spring 2012	Feasibility study
Pump Lake Émilie Julie Anik Nord Anik Zaza 109 Pokacik Clément	Prospecting, sampling and mapping	550,000	Summer 2011	Geophysics and drilling (according to the results)
Sydney	Mag-spectrometer campaign Prospecting, sampling and mapping	75,000 25,000	Fall 2011 Winter 2012	Prospecting, sampling and mapping
Zaza Oriana Émilie	Drilling	250,000	Winter 2012	Drilling (according to the results)
		4,425,000		

The Company planned to have the two geological teams working on most of our Properties during the 2011 summer season. Details prospecting-mapping is scheduled on Montviel, Emilie, Oriana, 109, Pokacik, Clément, while reconnaissance and some details are planned on Anik, Anik Nord, Julie and Sydney. Airborne magnetic-radiometric survey will be performed over Sydney and some part of Montviel. Extensive delineation drilling we resumed on Montviel in September. Drilling of the best targets on the other properties will be done during next winter.

SUMMARY OF EXPLORATION WORK PLANNED IN 2011 AND RESULTS

MINING PROPERTIES	BUDGET	RESULTS
	\$	\$
Montviel Property	1,947,000	2,052,275
Others mining properties	-	226,974
	1,947,000	2,279,249

The differences are explained as follows

Montviel Property	The positive results of the first drilling have increased the number of assays to be made.
Others mining properties	The Company was to begin an exploration program to perform its statutory works on the Pump Lake property while work was carried out following the acquisition of new properties.

OPERATION RESULTS AND SELECTED ANNUAL INFORMATION

Net loss for the year is \$858,018 (\$110,952 for 2010) whereas administration expenses for the year totalled \$877,083 (\$16,441 for 2010).

	As at May 31, 2011 \$	As at May 31, 2010, \$	As at May 31, 2009 \$
Other revenues and expenses	19,065	(94,511)	-
Net loss	(858,018)	(110,952)	(6,718)
Administrative expenses	877,083	16,441	6,718
Net loss per share (basic and diluted)	(0.07)	(0.04)	(0.00)
Total assets	12,033,162	212,069	244,976

Other revenues and expenses

2011 compared to 2010

- In 2011, the revenues relates to realized interest on investments while in 2010, this item consists of a write-off of mineral properties.

2010 compared to 2009

- In 2009, other revenues consisted of a write-off of mineral properties, while in 2009, the Company was inactive.

Net loss and administration expenses

2011 compared to 2010

- Administrative expenses increased in 2011 going from \$16,441 in 2010 to \$877,083 in 2011 due to the following:
 - The Company was reactivated at the beginning of 2011 and administrative expenses in 2010 consist primarily of minimum expenditures to maintain the Company in good standing.
 - Stock-based compensation: Options granted during the second quarter resulting in a non cash charge of \$364 000.
 - Establishment of a management team: A full time president employee, a part time Chief Financial Officer and Corporate Secretary paid on the basis of professional fees.
 - Setting up a corporate office: Rental of a office equipped and hiring a full-time administrative assistant.
 - Costs related to a public company: registration and transfer fees, information to shareholders (advertising, participation in mining shows, enrolment in specialized web sites, etc.).

2010 compared to 2009

- The Company was reactivated at the beginning of 2011 and administrative costs for years 2009-2010 consist primarily of minimum expenditures to maintain the Company in good standing. The largest net loss in 2010 is the result of a write-off of a mining property.

Total assets

2011 compared to 2010

- The Company was reactivated in 2011 and the increase in assets is the result of several issuance of common shares: Initial public offering of \$2.9MM, private placement of \$1MM in January 2011 and exercise of warrants stock and options totaling \$1.2 MM. These funds allowed the acquisition of mineral properties (\$213,407) and to undertake significant deferred exploration expenditures on its mineral properties (\$2,279,249) and to buy fixed assets and investments.

2010 compared to 2009

- Issuance of common shares at the end of 2010 (\$80,000) and acquisition of mineral properties (\$117,828).
- Write-off of the Bartouille mining property (\$94,561).
- No activity in 2009.

SUMMARY OF QUARTER RESULTS

(000\$ except loss/share)	2011			
	Q4	Q3	Q2	Q1
Revenues	8	7	4	-
Net loss	217	148	443	50
Net loss per share – basic and diluted	0.01	0.01	0.04	0.02

Earnings are composed of interests on cashable deposits from a Canadian bank.

The variations in the quarter results are explained as follow:

2011-Q4	Costs of a U.S. tour promotion. Significant wage costs related to an exercise of options.
2011-Q3	Financial resources for the promotion of the Company and expenses related to the annual meeting.
2011-Q2	Stock-based compensation of \$364,000 following the grant of options. Installation costs in the new office and acquisition of fixed assets.
2011-Q1	Professional fees relative to the audit of the financial statements, preparation before the initial public offering (new board of directors, opening of the charter, acquisition of mining properties, etc.).

FOURTH QUARTER

Highlights of the fourth quarter of 2011 are the following:

- Exploration expenses totalling \$1,136,056 mainly on Montviel property (\$931,789).
- Interest income of \$8,037.
- On May 2, 2011, the Company immediately acquire a 100% in the Montviel property by issuing 1,525,000 common shares (attributed value of \$5,368,000) to NioGold.

CASH FLOW SITUATION

The working capital increased by \$2,680,240 during the year going from \$82,251 as at May 31, 2010 to \$2,762,491 as at May 31, 2011. The increase is mainly due to the closing of private and public placements and the exercise of warrants and options during the year.

The cash and investments (free cash flow) amounted to \$1,863,728 as at May 31, 2011 compared to \$89,854 as at May 31, 2010.

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 the cash on hand sufficient for the short term known obligations and will need in the future to obtain additional funding for its Montviel exploration program. As at May 31, 2011, the Company did not have any debt or any financial commitments in the upcoming quarters with the exception of the lease of office premises until September 30, 2013 and totalling \$62,766.

As at May 31, 2011:

- 19,561,690 common shares were issued.
- 1,145,000 options were granted and 925,000 can be exercised at a price from \$0.35 to \$3.95 before September 29, 2015 and March 20, 2016. Each option can be exchanged by its holder thereof for one common share of the Company.

- 3,619,975 warrants outstanding, 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 January 2, 2012 and September 30, 2012.

Variation in share capital as at August 29, 2011 is the following:

Description	Number	Amount \$
Balance May 31, 2010	4,200,001	330,002
Private placement	1,466,110	1,131,849
Initial public offering	8,300,000	2,573,000
Share issue expenses		(467,469)
Acquisition of mining properties	3,065,000	6,768,600
Exercise of warrants	1,640,579	1,033,565
Exercise of options	475,000	289,750
Exercise of brokers' options	415,000	211 650
Balance May 31, 2011	19,561,690	11,870,947
Exercise of warrants	60,300	69,994
Private placement	2,127,659	4,999,999
Share issue expenses		(592,759)
Balance August 29, 2011	21,749,649	16,348,181

On July 2, 2010, the Company issued 355,000 units at a price of \$0.35 per unit for total gross proceeds of \$124,250. 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 \$0.55 until January 2, 2012. A sum of \$95,850 was allocated to capital stock and a value of \$28,400 was allocated to the warrants. The value of the warrants was estimated using the Black-Scholes valuation model with volatility estimated at 100%, a risk-free interest rate of 1.4% with no expected dividend yield and an estimated duration of 18 months.

On August 17, 2010, the Company acquired the Oriana property by issuing 200,000 common shares of the Company (attributed value of \$70,000). Under the definitive agreement relating to the Montviel and Pump Lake properties, the Company issued on September 30, 2010, 1,100,000 common shares to NioGold (attributed value of \$385,000).

On September 30 and October 7, 2010, the Company issued through a prospectus 8,300,000 units at a price of \$0.35 per unit for total gross proceeds of \$2,905,000. Each unit consists of one common share and one-half warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of \$0.55 until March 31 and April 7, 2012. A sum of \$2,573,000 was allocated to capital stock and a value of \$332,000 was allocated to the warrants. The value of the warrants was estimated using the Black-Scholes valuation model with volatility estimated at 100%, a risk-free interest rate of 1.4% with no expected dividend yield and an estimated duration of 18 months. The brokers received a remuneration of \$186,829 and 415,000 Brokers' options entitling the brokers to purchase 415,000 common shares of the Company at a price of \$0.35 per share for a period of 18 months following the closing of the public offering. The fair value of these options (\$66,400) was estimated using the Black-Scholes stock option evaluation model with the following assumptions: Estimated average duration of 1.5 years for these options, risk free interest rate of 1.7%, forecast volatility of 100% and no forecast dividend. Other issue expenses totaled \$167,946.

Following a request from regulatory authorities, an additional cash consideration of \$36,000 was required for the acquisition of mineral properties on May 6, 2010.

On January 28 and February 3, 2011, the Company issued 1,111,110 units at a price of \$0.90 per unit from accredited investors for total gross \$999,999. Each unit consists of one common share and one-half warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of \$1.35 until July 27, 2012 and August 3, 2012. A sum of \$999,999 was allocated to capital stock with no value allocated to the warrants.

Under the agreement regarding the Émilie-extension option property and the acquisition of the Monviel-sud property, the Company issued on March 29, 2011, 240,000 common shares of the Company (stated value of \$945,600).

On July 8, 2011, the Company issued through brokers 2,127,659 units at a price of \$2.35 per unit for total gross \$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. 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. Each unit consists of one common share and one warrant. Each warrant entitles to acquire one common share of the Company at a price of \$ 2.85 until July 8, 2013.

Options

Variation in outstanding options as at August 29, 2011 is the following:

Date	Number of options	Average exercise price \$
As at May 31, 2010	-	-
Granted	1,620,000	0.57
Exercised	(475,000)	0.35
As at May 31, 2011	1,145,000	0.67
Granted	220,000	2.70
As at August 29, 2011	1,365,000	0.99

On September 30, 2010 and October 7, 2010, the Company granted a total of 1,400,000 stock options that may be exercised over a period of five years, at an exercise price of \$0.35 and having a fair value of \$0.26. These options have been granted to directors, officers and suppliers.

In November 2010, the plan has been amended: The options granted vest gradually over a period of 24 months from the day of grant, at a rate of 1/4 per six-month period.

On December 30, 2010, the Company granted a total of 100,000 stock options to a director that may be exercised over a period of five years, at an exercise price of \$0.90.

On January 13, 2011, the Company granted a total of 40,000 stock options to a consultant that may be exercised over a period of five years, at an exercise price of \$0.90.

On March 3, 2011, the Company granted a total of 10,000 stock options to a employee that may be exercised over a period of five years, at an exercise price of \$3.60.

On March 21, 2011, the Company granted a total of 70,000 stock options to a director that may be exercised over a period of five years, at an exercise price of \$3.95.

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

Options granted and exercisable as at August 29, 2011:

Expiry date	Number of options	Exercisable	Price (\$)
September 29, 2015	888,000	888,000	0.35
October 6, 2015	37,000	37,000	0.35
December 29, 2015	100,000	25,000	0.90
January 12, 2016	40,000	10,000	0.90
March 2, 2016	10,000	-	3.60
March 20, 2016	70,000	-	3.95
June 21, 2016	220,000	-	2.70
	1,365,000	960,000	0.99

The fair value of these options was estimated using the Black Scholes stock option evaluation model with the following assumptions:

	2011	2010
Expected dividend	0%	n/a
Expected volatility	100%	n/a
Risk free interest rate	1.5%	n/a
Estimated weighted average duration	5 years	n/a

Warrants

Variation in outstanding warrants since the beginning of year is as follows:

Date	Number of warrants	Average exercise price \$
As at May 31, 2010	-	-
Issued	5,260,554	0.82
Exercised	(1,640,579)	0.55
As at May 31, 2011	3,619,975	0.95
Issued	2,127,659	2.85
Exercised	(60,300)	1.14
As at August 29, 2011	5,687,334	1.65

Warrants characteristics as at August 29, 2011 are the following:

Number	Exercise price	Expiry date	Attributed value \$
355,000	\$0.55	January 2, 2012	28,400
2,206,071	\$0.55	March 31, 2012	176,486
287,500	\$0.55	April 7, 2012	23,000
455,549	\$1.35	July 27, 2012	-
55,555	\$1.35	August 2, 2012	-
200,000	\$5.50	September 30, 2012	298,000
2,127,659	\$2.85	July 8, 2013	-
5,687,334			525,886

The fair value of the warrants was estimated using the Black-Scholes stock option evaluation model with the following assumptions: estimated average duration of 1.5 years for these options, risk free interest rate of 1.7%, forecast volatility of 100% and no forecast dividend.

Broker's options

During the initial public offering, the Company issued as compensation to brokers the following options:

Date of issue	Number of units options	Exercise price \$	Expiry date	Carrying value \$
September 30, 2010	386,250	0.35	March 31, 2012	61,800
October 7, 2010	28,750	0.35	April 7, 2012	4,600
	<u>415,000</u>	<u>0.35</u>		<u>66,400</u>

On May 31, 2011, all these options were exercised.

The fair value of these options (\$0.16 per option) was estimated using the Black-Scholes stock option evaluation model with the following assumptions: estimated average duration of 1.5 years for these options, risk free interest rate of 1.7%, forecast volatility of 100% and no forecast dividend.

In the private placement closed July 8, 2011, the Company issued as compensation to brokers 134,750 brokers' options allowing them to acquire 134,750 units. Each unit consists of one common share and one warrant. Each warrant entitles to acquire one common share of the Company at a price of \$2.85 until July 8, 2013. As of August 29, 2011, these options were not exercised.

RELATED PARTY TRANSACTIONS

The Company conducts transactions with companies and entities controlled by its Officers and Directors. These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties. Related party transactions are as follows:

	<u>2011</u>	<u>2010</u>
	\$	\$
Professional fees	17,831	7,752

SUBSEQUENT EVENTS

On June 7, 2011, the Company signed a professional services contract for the production of a baseline environmental study on property Montviel estimated to \$80,604.

On June 13, 2011, the Company signed a lease agreement for a mining camp (4 units) for a period of 24 months at \$5,368 per month for a total obligation of \$ 128,755.

On June 16, 2011, the Company signed a lease agreement for a mining camp (4 units) for a period of 24 months for a total obligation of \$218,848. The lease will begin when the units will be built.

On June 16, 2011, the Company signed a professional services contract for the production of a 43-101 technical report on the property Montviel estimated to \$63,924.

On July 8, 2011, the Company issued through brokers 2,127,659 units at a price of \$2.35 per unit for total gross \$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. 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. Each unit consists of one common share and one warrant. Each warrant entitles to acquire one common share of the Company at a price of \$ 2.85 until July 8, 2013.

COMMITMENTS

The Company has entered into a long-term lease agreement expiring on September 30, 2013 for total lease payments of \$62,766 for the rental of an office. Minimum lease payments for the next years are \$26,409 in 2012, \$27,201 in 2013 and \$9,156 in 2014.

ACCOUNTING POLICIES

Accounting Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 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 ("AcSB") confirmed January 1, 2011 as the changeover date to move financial reporting for Canadian publicly accountable enterprises to the International Financial Reporting Standards ("IFRS"). The Company followed the key events timeline proposed by the AcSB to obtain training and thorough knowledge of IFRS, finalize assessment of accounting policies with reference to IFRS and plan convergence to be ready for the changeover planned for the first quarter 2012.

The action plan is as follow:

Step 1 – Planning, training and assessment

This step, which consists mainly of understanding and assessing the impact of producing financial information which corresponds with the IFRS, was completed at the end of 2010.

The company started its planning during fall 2010, which included the creation of a responsible committee comprising the CFO and an independent member of the verification committee, and proceeded with a detailed evaluation and the elaboration of a general implementation strategy. During the fall 2010, the CFO participated in a training seminar prepared by Raymond Chabot Grant Thornton chartered accountants, focusing specifically on mining exploration companies. During that same period, he attended a training course on IFRS and mining companies prepared by the Ordre des Comptables Agréés du Québec.

Step 2 - Evaluation and elaboration of a conversion plan

a) Accounting policies

The detailed analysis of accounting policies affected by the changeover to IFRS has been completed on December 31, 2010. However, the final choice regarding the IFRS accounting policies has been made. Moreover, many efforts will be made before then on the presentation of financial statements since IFRS ask for more disclosure of information. Based on our analysis, the following IFRS have an impact on the financial statements of the company:

IFRS 1: Provides guidance on the general approach to be taken when first adopting IFRS. Under IFRS 1, there is now a requirement to disclose not only comparative information but also, the year of adoption, the opening balance sheet at the start of the comparative period.

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 assets 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 exemptions

No optional exemptions have been chosen since there were few transactions before the date of transition.

IFRS 2 Share-based payments: For grades-vesting features, this IFRS requires each instalment to be treated as a separate share option grant. However, pre-change accounting standards allow an entity the option of either using the graded vesting method or the straight-line method which recognizes equally over the average life of the grant. The Company is currently using the straight-line method for its grants. The use of the graded vesting model will not result in material impact over the complete vesting period. The use of the graded vesting model will result in the recognition of greater expenses in the first quarters of the vesting period and fewer expenses in the lasts quarters compared to the model currently in use by the Company. At the date of transition, there will be no impact since there were no options granted before June 1, 2010.

For the year 2011, the Company will adjust its stock based compensation expenses to account for differences in accounting methods.

IFRS 6 : As per this IFRS, the Company is required to develop an accounting policy to specifically identify which expenditures on exploration and evaluation activities will be recorded as assets. The company intends to keep its actual accounting policy which defers exploration expenses until the production phase. Expenses incurred beyond the exploration and evaluation phase will need to be considered in line with the capitalisation criteria for property, plant and equipment. As the Company's mineral properties are not in development phase, no significant impact is expected. There will be no changeover impact on the status of the financial situation or the statement of results. The company will choose to present its assets as intangible assets.

IAS 16 (International Accounting Standards) Property, plant and equipment: Under IFRS, the Company can elect to measure fixed assets using either the cost model or the revaluation model. Canadian GAAP only accepts the cost model. The Company will not select the revaluation model due to the difficulty and effort needed to determine the fair value and the ability for the company to measure using the cost model.

IAS 36 (International Accounting Standards) Impairment tests have been applied on the carrying value of projects on a quarterly basis, as required under Canadian GAAP. Although the methodology of testing impairment under IFRS is slightly different, no complications are expected on the transition to IFRS. IFRS requires reversal of impairment losses where there has been a change in estimates used to determine the recoverable amount. This standard concerns the method of depreciation of assets based on discounted cash flows.

Some issues specific to mining exploration companies, such as flow-through shares and mining exploration tax credits do not have their equivalents IFRS:

- There is currently no equivalent IFRS standard for flow-through shares. The Company has never issued flow-through shares and does not plan to do so by August 31, 2011. Therefore, no adjustment will be necessary for the changeover date. After that date, the Company will adopt the US accounting for the flow-through shares accounting method: Issuance of flow-through shares is accounted for similarly to the issuance of a compound financial instrument. The liability component represents the obligation to revert the tax benefit to the investors. Proceeds from the issuance of shares by flow-through private placements are allocated between shares issued and a liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to the liability.
- The Company intends to adopt IAS 20 concerning the accounting treatment of mining exploration tax credits and these will be recorded as a reduction of assets. No adjustment will be necessary for the changeover date.

b) Accounting, internal controls and information system

The accounting system and its internal controls, since it is still an exploration company, are simple and the Company believes to be able to adapt it under the IFRS. The main changes have been identified. For example, since the presentation of financial statements is modified significantly, a charter of account project has been created in accordance with IFRS. The IFRS convergence will not prevent the Company from pursuing its business plan or continue to certify the financial information.

c) Impact on commercial activities

As at the date of this management report, the changeover to IFRS has had no significant impact on the activities of the Company.

Step 3 – Implementation

This step comprises the implementation of all changes approved during the evaluation and elaboration of the changeover plan which will allow the preparation of the interim financial statements of August 31, 2011 (with the comparative figures of August 31, 2010) with the opening balance of June 1, 2010. The Company confirms that it will be able to establish the interim financial statements of August 31, 2011 in accordance with IFRS.

FINANCIAL INSTRUMENTS

Initially, all the financial assets and liabilities are evaluated and recognized at fair value, at the exception of the assets and liabilities arising from certain operations with related parties. The costs of transaction are recognized in earnings when they are incurred. Subsequently, financial assets and liabilities are measured and recognized as follows:

- Held-for-trading financial assets are measured at their fair value and changes in fair value are recognized in earnings. Changes in fair value that are recognized in earnings include interest and are presented under Interest. *Cash* is classified as a held-for-trading asset. *Investments* are designated as held-for-trading because the Company intends to redeem them, entirely or partly, before their maturity date.
- Loans and receivable: Loans and receivable are measured at amortized cost, which is generally the initially recognized amount, less any allowance for doubtful accounts.
- Other financial liabilities are evaluated at amortized cost using the effective interest method. The calculated interests using the effective interest method are presented in the earning statement under *Bank fees and interest*. Accounts payable and accrued liabilities are classified as other financial liabilities.

Objectives and politics concerning financial risks management

The Company is exposed to different financial risks resulting from both its operations and investing activities. The management of the financial risks is done by the management of the Company. The Company does not conclude agreements for financial instruments including financial derivatives for speculation purpose.

Financial risks

The principal financial risks to which the Company is exposed as well as its politic concerning the management of the financial risks are detailed as follow:

Interest rate risk

Some investments are at fixed rates and therefore expose the Company to risk of fair value variation due to interest rate variation. The other financial assets and liabilities of the Company do not represent interest risk because they are concluded without interest. The Company does not use financial derivatives to decrease its exposure to interest risk.

Liquidity risk

The management objective is to maintain sufficient cash to ensure that the Company has at its disposal sufficient sources of financing such as private financing. The Company also establishes budget and liquidity forecasts to ensure that it has to its disposal sufficient funds to meet its financial obligations. Obtaining additional funds make it possible to the Company to continue its operations and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Generally, the maximum credit risk is equivalent to the carrying value of financial assets exposed to credit risk, less any impairment. The Company is subject to credit risk through cash and investments. The Company reduces its credit risk by maintaining its cash and an important part of investments in financial instruments guaranteed by and held by a Canadian chartered bank but the Company is subject to concentration of credit risk. The Company aims at signing partnership agreements with established companies and follows closely their cash position to reduce its credit risk on accounts receivable.

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 precious 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 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.

Financial risks

The Company is an exploration company. The Company will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

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 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 of view to the best interests of the Company and to disclose any interest, which they may have un 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 estimated 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., President

(Signed) René Lacroix CA, Chief Financial Officer

St-Lambert, August 29, 2011