GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2013

The following Management's Discussion and Analysis ("MD&A") of financial condition and results of operations of Geomega Resources Inc. (the "**Company**" or "**GéoMégA**") should be read in conjunction with the Company's audited financial statements and related notes for the year ended May 31, 2013. These financial statements of the Company have been prepared by management in accordance with *International Financial Reporting Standards* ("IFRS") as issued by the Accounting Standards Board ("ASB"). This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations.* The information presented in this MD&A is dated August 15, 2013. All amounts presented are in Canadian dollars.

The Company's common shares are traded on the TSX Venture Exchange under the symbol **GMA** and 34,990,113 common shares were outstanding as of August 15, 2013. Additional information is available through www.sedar.com or www.ressourcesgeomega.ca

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, economic conjuncture, 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.

GOING CONCERN

Global economic uncertainty continues to contribute to volatility in the capital markets and equity financing for exploration companies continues to be extremely difficult. In addition, the newly proposed royalty and taxation framework by the Québec provincial government provided further uncertainties. The Company's financial success depends largely on the extent to which it can demonstrate the economic viability of its Montviel deposit. While a Preliminary Economic Assessment ("PEA") is underway for Montviel, there is no guarantee of production nor that positive financial results will be realized. As of the date of this report, the cash position is insufficient to meet the Company's financial obligations. Any funding shortfall may be met in the future in a number of ways including but not limited to, the issuance of new equity or debt financings. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future.

COMPANY PROFILE AND MISSION

GéoMégA, which owns 100% of the Montviel Rare Earth/Niobium project located in province of Québec, is a mineral exploration and evaluation company focused on the discovery and sustainable development of economic deposits of metals, such as rare earth elements ("REE"), niobium and graphite in Québec. GéoMégA is committed to meeting Canadian mining industry standards and distinguishing itself with its innovative engineering, stakeholders' engagement and its dedication to local transformation benefits.

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

CORPORATE UPDATE

On May 6 and July 22, 2013, the Company announced the respective appointments of Mr. Denis Hamel and Mr. Paul-Henri Couture as directors of the Company. Mr. Jean-Charles Potvin resigned as director on July 10, 2013.

Sustainable Development Policy

The Company's sustainable development policy has been reviewed by the Board of directors and is being finalized. It will outline the Company's commitment towards sustainability and will provide guidelines for the decisions, actions and a yearly assessment on sustainable development.

The Company's sustainable development policy based on five (5) fundamental principles:

- Respect for the host territories
- Good Governance
- Environment quality and biodiversity
- Health, safety and skills development
- Local transformation benefits

As stipulated by Québec's Sustainable Development Act, the government would like 20% of Québec companies to have implemented a sustainable development plan by the end of 2013. The Company's sustainable development policy was developed based on the applicable BNQ 21000 principles.

SUMMARY OF ACTIVITIES

Montviel Property (REE - 100% interest)

The Montviel project ("Montviel") benefits from permanent access, public infrastructure and skilled labour in the immediate area. The project is located approximately 100 km north of Lebel-sur-Quévillon and 45 km west of the Cree First Nation of Waswanipi in the urbanised southern part of Northern Québec.

Montviel is a 32 km^2 alkaline complex hosting carbonatites intrusions with significant REE and niobium mineralization. The 3 km^2 central part of the complex ("Core Zone") is made of a ferro-carbonatite where the highest values in both REE and niobium are found. Up to now, the Company has defined the mineralized ferro-carbonatite over a length of 900 metres (NE-SW), a width of 650 metres (NW-SE) and a depth of 750 metres.

The following tables provide a summary of the initial NI 43-101 resource estimate published in September 2011 (see September 28 and November 14, 2011 press releases for details).

Cut-off TREO (%)	Resources	Tonnage (million T)	Density (t/m3)	TREO[1] (%)	MREO[2] (%)	HREO[3] (%)
1.00	Indicated	183.9	2.92	1.453	0.037	0.004
1.00	Inferred	66.7	2.89	1.460	0.039	0.005

Resources	Tonnage (million T)		Oxides					
			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

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

Phase 2 diamond drilling program ("Phase 2")

During the summer of 2012, the Company received the final results of its Phase 2 drilling program, completed in March 2012 (see June 6 and July 25, 2012 press release). The best mineralised intersections of REE, heavy REE and niobium were intersected during Phase 2 which totaled 24,034 metres over 50 holes.

Hole MVL-12-37, positioned at the center of the Core Zone (section 3+00W, -55º dip), tested the depth of mineralized carbonatite and ended at a vertical depth of 768 metres, still in REE mineralisation. Hole #37 returned a 780 metres intersection grading 1.62% TREO (0.29% neodymium oxide) from 141 metres with 1.72% TREO over the last 60 metres. In addition, Phase 2 delineated a REE/niobium enrichment zone and two heavy REE enriched zones.

Phase 2 - REE/niobium enrichment Zone highlights include:

REE/niobium enrichment Zone							
Hole #	**Section[1]**	**From (m)**	**To (m)**	**Core length[2] (m)**	**TREO (%)**	**Neodymium oxide (%)**	**Niobium oxide (%)**
49	6+80W	45	267	222	1.95	0.31	0.25
	Incl.	48	106.5	58.5	2.42	0.38	0.18
	and	201	219	18	1.84	0.29	0.59
51	6+80W	148.5	375	226.5	2.16	0.32	0.20
	Incl.	180	238.5	58.5	2.93	0.39	0.13
	and	265.5	337.5	72	2.29	0.35	0.23
55	5+90W	32.9	400.5	367.5	2.20	0.33	0.33
	Incl.	100.5	115.5	15	3.20	0.47	1.12
	and	270	280.5	10.5	2.74	0.38	1.03
59B	6+80W	318	501	183	1.53	0.25	0.76
	Incl.	334.5	430	95.5	2.06	0.33	1.38
	Incl.	351.4	381	29.6	2.42	0.42	3.08
61	5+45W	58.5	514.5	456	1.90	0.30	0.24
	Incl.	301.5	492	190.5	2.21	0.33	0.36
1	Azimuth = N330º, -55º dip on all diamond drill holes						
2.i	True width is estimated between 45 and 65% of core length on section 6+80W						
2.ii	True width is estimated between 70 and 85% of core length on sections 5+45W and 5+90W						

The REE/niobium enrichment Zone is in the western area of the Core Zone. The Company has defined the REE/niobium enrichment mineralisation over a length of 450 metres (N-S), a width of 120 metres (E-W) and a vertical depth of 350 metres.

Compilation of the mineralized intersections from Phase 2 highlighted two distinct heavy REE enriched zones. The southern lithological contact of the Core Zone is characterized by a decametric heavy REE enriched zone ("HRE-S Zone"), which has similar fluoro-carbonate mineralisations then the Core Zone.

Phase 2 – HRE-S Zone highlights include:

Heavy REE enriched zone – south ("HRE-S Zone")									
Hole #	Section(1)	Az°/Dip°	From (m)	To (m)	Core length[1] (m)	TREO (%)	Neodymium oxide (%)	Dysprosium oxide (ppm)	M+HREO TREO (%)
23	7+25W	330/-55	31.5	64.5	33	1.17	0.19	98	8.5
30	6+80W	180/-45	108	165.5	57.5	1.00	0.19	147	14.2
	Incl.		132	144	12.0	1.42	0.27	261	16.8
33B	3+00W	70/-45	209.5	220.5	11	1.16	0.19	145	12.9
36	6+80W	330/-55	82.5	102	19.5	1.03	0.18	126	12.6
59B	6+80W	330/-55	35.9	51	15.1	0.99	0.15	101	10.4
1	True width is estimated between 60 and 75% of core length over the entire HRE-S Zone								

The HRE-S Zone which has up to 35 metres in true thickness, was intersected by four (4) drill holes covering 75 metres in length (E-W) and 120 metres in depth. A fifth drill hole (#33B) intersected the extension of the HRE-S Zone 400 metres to the east. The HRE-S Zone is open in all directions.

The northwest lithological contact of the Core Zone is also characterized by a decametric heavy REE enriched zone ("HRE-N Zone") and is associated with phosphate rich minerals within the polygenic breccia and calico-carbonatites units.

Phase 2 – HRE-N Zone highlights include:

Heavy REE enriched zone – north ("HRE-N Zone")								
Hole #	Section[1]	From (m)	To (m)	Core length[2] (m)	TREO (%)	Neodymium oxide (%)	Dysprosium oxide (ppm)	M+HREO TREO (%)
42	5+90W	264.5	462	197.5	0.56	0.10	100	18.3
43	6+35W	397.5	414	16.5	0.83	0.18	166	21.0
45	6+35W	475.5	483	7.5	0.92	0.19	140	16.8
46	5+45W	342	355.5	13.5	0.53	0.09	120	24.1
		391.5	397.5	6	0.64	0.12	136	21.4
47	6+35W	409.5	424.5	15	2.16	0.30	127	6.9
		595.5	604.5	9	0.51	0.08	115	23.5
50	5+45W	91.5	97.5	6	3.56	0.53	115	4.6
56B	4+50W	210	218.3	8.3	0.90	0.15	153	17.2
1	Azimuth = N330°, -55° dip on all diamond drill holes							
2.i	True width is estimated between 25 and 65% of core length on section 5+90W and 6+35W							
2.ii	True width is estimated between 70 and 85% of core length on sections 4+50W to 5+45W							

The HRE-N Zone which is between 5 to 50 metres true thickness, was intersected by seven (7) drill holes covering 200 metres in length (SW-NE) and 350 metres depth. The HRE-N Zone is open in all directions.

Updated NI 43-101 compliant resource estimate

With Phase 2, the Company has better defined and expanded the Montviel mineralised envelop. The publication of the updated NI 43-101 compliant resource estimate is expected around the same time as the PEA. It will include the results from Phase 2 and the cut-off grade will be adjusted from open pit mining considering TREO to underground (ramp access) mining considering neodymium, europium, dysprosium, praseodymium, terbium, yttrium and niobium as economic elements. In addition, the updated resource estimate will highlight mineralisation of the Core Zone, the REE/niobium enrichment zone and the HRE-S Zone.

Mineralogy

The detailed Core Zone mineralogical study prepared by SGS-Lakefield identified the main REE carrying minerals as being coarse grained fluoro-carbonates of the bastnaesite-synchysite family (see August 24, 2011 press release). Fluoro-carbonates of the bastnaesite family, found in the Mountain Pass REE mine (California, USA), are favorable for processing and proven on an industrial scale since the 1960s.

Mineralogical testing conducted on core samples from the REE/niobium enrichment Zone and the HRE-S Zone identified similar fluoro-carbonates minerals found in the Core Zone. Current working capital does not allow the Company to conduct in depth testing on the mineralogy however, as funds become available, a definition diamond drilling program and detailed mineral characterization of the HRE-S Zone will be budgeted.

Preliminary Economic Assessment

G Mining Services Inc. ("G Mining") and Golder Associates Ltd. ("Golder") have been retained to complete a PEA (see January 10, 2012 and March 20, 2012 press releases).

The mine design uses an underground approach via ramp access with paste backfill minimizing the environmental impacts. An initial annual production in the range of 2,000 tonnes of neodymium oxides is targeted. Anticipated project energy would be provided by the Hydro-Québec distribution grid using an average power line.

Beneficiation tests optimizing the recovery of both rare earths and niobium are now completed (see April 16, 2013 press release). Hydrometallurgical tests to produce standard grade mixed rare earths concentrate are also completed. Tests to produce a niobium concentrate from liberated pyrochlore in the leaching residue are nearing completion. G Mining, SGS Minerals in Lakefield and CANMET in Ottawa have developed a process flow sheet including: flotation, leaching (early high purity rare earths extraction), HCl regeneration and precipitation.

Highlights include an average overall recovery of:

- 83% for Neodymium, Europium, Praseodymium, Terbium and Gadolinium
- 64% for Dysprosium
- 45% for Yttrium
- 93% for Niobium (after rare earths leaching)

Currently, a short flotation program is ongoing at CANMET. The goal is to reduce the ore mass of the pre-concentrate before the leaching step. The ore mass reduction will likely decrease overall recovery of economic elements but will favorably decrease both capital and operating expenditures of the process flow sheet. Completion is expected by the end of October 2013. The PEA results are expected prior to the end of calendar year 2013.

Environmental and Social Impact Assessment ("ESIA")

In summer 2012, Roche Ltd, Consulting Engineers ("Roche") conducted an environmental baseline study to complement the one performed by Geodefor Inc. in 2011. Roche also completed an aerial survey of mammals in February 2013. In July 2013, EnviroCri Ltd. conducted a surface water sampling and flow measurements. The information collected will be used as benchmarks for conducting the ESIA study, which is expected to begin in the calendar year 2014.

Environmental geochemistry

In December 2012, the Company retained "L'unité de recherche et de services en technologie minérale" ("URSTM") from "Université du Québec en Abitibi-Témiscamingue" ("UQAT") to perform kinetic tests on five (5) lithologies present at Montviel. These tests will clarify the results obtained in static tests conducted in summer 2012 by Golder as well as predicting the geochemical behavior of the ore and waste rock. The results are expected by the end of calendar year 2013.

A geological and geochemical characterisation of rocks located in the area of the projected infrastructure of the project is planned. Static tests are also planned on the different lithologies identified.

Physical Separation of REE

GéoMégA and École Polytechnique in Montreal (“Polytechnique”) have worked, since November 2011, on developing a process to separate REE from mixed rare earth concentrate based on their respective physical properties. The goal is to significantly reduce operating and capital costs compared to the solvent based separation technology currently used in the rare earth industry.

On January 21, 2013, the Company entered into a technology assignment agreement with Equapolar Consultants Ltd (“Equapolar”) pursuant to which GéoMégA acquired all of Equapolar’s rights, title and interest in and to a REE physical separation process (the “Pearse Technology”) in exchange for 1,000,000 common shares, to be issued upon reaching different milestones, of the Company and licencing fees (see January 21, 2013 press release). The Pearse Technology focused on the different magnetic susceptibility of each REE and rare earth compounds to achieve separation. While results were conclusive when performed on a bench scale prototype with various rare earth carbonates, the scaling up process revealed industrial limitations.

The industrial limitation of magnetic field has been resolved with the use of a much more powerful electric field. REE ions grow in size from the lighter element (lanthanum) to the heavier element (lutetium) and consequently have different electrophoretic mobilities. Bench scale prototypes have been developed with Polytechnique and GéoMégA has filed two additional patent applications. Disclosure and proof of concept is expected prior the end of calendar 2013.

Following the separation process progress, management decided not to pursue the development of the Pearse Technolgy. The Company impaired the $15,750 value attributed to the 50,000 common shares issued to Equapolar in the statement of loss and comprehensive loss, under impairment of exploration and evaluation assets.

Relationships with communities

On August 6, 2013, the Company signed a Partnership Agreement with the city of Lebel-sur-Quévillon. The Partnership Agreement provides for the creation of a Montviel Development Committee that will consolidate efforts towards mutual interest such as communication, local employment and the economic diversification. (See August 6, 2013 press release for additional information.)

EXPLORATION RESULTS

Montviel property (REE – 100% interest)

During year ended May 31, 2013, the Company added $3,677,478 (before tax credits of $788,577) in exploration and evaluation ("E&E") expenditures capitalized in relation to the Montviel property (respectively $6,068,593 and $1,701,694 in 2012).

	Year Ended May 31,		Total to date
Montviel - Exploration	**2013 $**	2012 $	$
Assays and drilling	**272,419**	3,751,939	4,024,358
Geology	**578,705**	1,541,268	2,119,973
Mineralogy and metallurgy	**624,090**	93,644	717,734
Transport and lodging	**233,413**	482,672	716,085
Geophysics and geochemistry	**131,092**	40,972	172,064
Depreciation of property and equipment	**189,326**	125,266	314,592
Taxes, permits and insurances	**18,284**	32,832	51,116
Total Exploration	**2,047,329**	6,068,593	8,115,922

	Year Ended May 31,		Total to date
Montviel - Evaluation	**2013 $**	2012 $	$
Market study	**106,046**	-	106,046
Mine design	**299,386**	-	299,386
Hydrogeology, geochemistry, geotechnical and geomechanical	**294,878**	-	294,878
Environmental baseline	**216,223**	-	216,223
Infrastructure	**86,768**	-	86,768
Tailing pond	**106,870**	-	106,870
Metallurgy and processing	**272,135**	-	272,135
Separation process	**247,843**	-	247,843
Total Evaluation	**1,630,149**	-	1,630,149
Total E&E expenditures capitalized	**3,677,478**	6,068,593	9,746,071

The E&E activities performed during the year ended May 31, 2013 have allowed the Company to gather valuable information to include and advance the Montviel PEA, the environmental and social impact assessment study and the metallurgical optimisation of the flow sheet process.

As at May 31, 2013, the carrying value of the Montviel property is $14,309,282 and comprised of $7,053,482 for acquisition cost of the mineral property and $7,255,800 in capitalized E&E expenditures.

Anik property (Gold – 100% interest)

The Anik property is located 40 km south of the city of Chapais, Québec and consists of 140 claims. The previous geological compilations have confirmed the potential of the property for gold-bearing mineralization. Several gold-bearing anomalies and deposits (Philibert, Néligan, Lake Meston, Monster Lake) are found in the vicinity of the Anik property. The first field programme which took place in June 2012 identified gold anomalies in tills (heavy mineral concentrate from 0 g/t to 34 g/t Au) and erratic boulders (from 0.19 g/t to 3.46 g/t Au). In September 2012, a second short field programme identified three new gold anomalous areas (from 0 to 71 gold grains in tills). Both 2012 geological reconnaissance programmes confirmed the potential of the Anik property for gold mineralization.

A complete exploration program, including mapping, is suggested in order to continue the investigation and evaluation of anomalous zones. The program should also be accompanied by till sampling and geological reconnaissance of the entire property.

For the year ended May 31, 2013, exploration and evaluation expenses related to the Anik property amounted to $101,155 ($1,225 in 2012).

McDonald property (Gold - 100% interest)

The McDonald property is located 30 km east of the Montviel property and consists of 218 claims. In August 2012, the geological reconnaissance and exploration works highlighted favorable alterations and lithologies for gold mineralisations From this programme, a sample returned 6.42 g/t Au in a highly mineralized sedimentary unit and there was no other significant assay results obtained from the resampling. A complete exploration and mapping program is proposed to continue the investigation of the property.

For the year ended May 31, 2013, exploration and evaluation expenses at McDonald property amounted to $60,207 (nil in 2012).

Buckingham property (Graphite – 100 % interest)

The Buckingham property consists of 23 claims and is located near Gatineau, 31 km northeast of Ottawa. In May 2013, a short geological programme helped position, investigate and evaluate historical works on the property (former Bell mine located on the property and old mine "New Québec Graphite" located at the southern boundary of property).

The work carried out in May 2013 suggests that both mines, which are spaced 2 km apart, could have used the same graphitic horizon in the sedimentary sequences. A total of 46 samples from various lithologies were sent to the laboratory and assay results ranged from 0 to 20% organic carbon (C_{org}).

Sample	% C_{org}	Sample	% C_{org}	Sample	% C_{org}
N125153	22.8	N125262	13.1	N125159	12.3
N125254	17.6	N125215	13.0	N125267	11.6
N125266	16.0	N125260	12.8	N125258	10.6

A geological and geophysical in the mineralized axis between the two mines should be contemplated as the next programme on the Buckingham property.

For the year ended May 31, 2013, exploration and evaluation expenses at the Buckingham property amounted to $26,019 (nil in 2012).

Curières property (Graphite – 100% interest)

The Curières property is located 10 km north of the city of l'Ascension, Québec and consists of 45 claims. In December 2012, a short field programme was completed to evaluate historical graphite showings on the property and has led to the discovery of three new graphite showings. A total of 23 samples were sent to the laboratory for multi-elemental and organic carbon (C_{org}) analysis. The results ranged from 5% to 17% C_{org}. Following these results, a complete exploration and mapping program over all anomalies (graphitic and electromagnetic) is suggested.

For the year ended May 31, 2013, exploration and evaluation expenses at the Curières property amounted to $16,033 ($653 in 2012).

Oriana property (Rare earth element - 100% interest)

The Oriana property is located 16 km west of the city of Chapais and is comprised of 201 mining claims. In July 2012, a geological exploration programme investigated the Dolodau showing and some other areas of the Oriana property. Sampling highlighted erratic gold and tungsten surface anomalies but those are difficult to repeat and were not intersect at depth. Other areas were also investigated and did not return economic base or precious metal grades.

For the year ended May 31, 2013, exploration and evaluation expenses at the Oriana property amounted to $82,371 ($42,234 in 2012).

On April 9, 2013, the Company terminated the Dolodau agreement signed on June 18, 2012 and on May 31, 2013 wrote-off the carrying value of the Oriana property of $200,914.

Other properties

For the year ended May 31, 2013, exploration and evaluation expenses for the Company's other properties amounted to $162,780 ($31,511 in 2012). On May 31, 2013, the Company wrote-off the $67,674 carrying value (12 properties totalling 361 claims) of its other properties as no further exploration was planned.

Joint ventures opportunities

The Company holds interest in several mineral properties. The main focus is to advance Montviel and the Company is looking at different scenarios in order to advance its other projects, including finding joint venture partners.

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

SELECTED ANNUAL INFORMATION

All comprehensive loss elements in the following table are presented as 12 months period for the respective date.

	As at May 31, 2013 $	As at May 31, 2012 $	As at May 31, 2011 $
Total assets	**18,599,714**	18,401,536	10,647,430
Exploration and evaluation assets	**14,353,599**	11,628,219	7,396,960
Operating expenses	**1,873,754**	2,573,988	876,220
Exploration and evaluation expenses (net of credits)	**415,134**	938,723	1,385,732
Impairment of exploration and evaluation assets	**295,916**	461,616	-
Net loss and comprehensive loss	**2,340,984**	3,638,798	2,243,750
Net loss per share (basic and diluted)	**0.07**	0.16	0.19

RESULTS OF OPERATIONS

For the year ended May 31, 2013, the Company incurred a loss of $2,340,984 (2012 - $3,638,798). The decrease of $1,297,814 is mainly related to the following factors:

- Decrease of salaries, employee benefits and share-based compensation of $445,788 (2013 - $1,136,991 vs 2012 - $1,582,779) related to the reduction of the non-cash share-based compensation recorded during the year and to the reversal charges related to the forfeited options;

- Decrease of professional fees of $63,248 (2013 – $385,578 vs 2012 – $448,826) related to lower legal fees;
- Decrease in travel, conference and investor relations of $165,460 (2013 - $174,461 vs 2012 - $339,921);
- Decrease of exploration and evaluation expenses of $523,589 (2013 - $415,134 vs 2012 - $938,723) of which $508,892 is related to the Company's accounting policies where the E&E expenditures are capitalized after a mineral resource estimate , which was the case for Montviel in September 2011;
- Decrease of impairment of the E&E assets of $165,700 (2013 - $295,916 vs 2012 - $461,616 in 2012). The Company wrote-off the carrying value of its other properties during 2013, and;
- Increase of finance costs of $114,735 (2013 - $163,665 vs 2012 – $48,930) related to the interest charges and the deferred financing charges on the bridge loans with SIDEX.

The Company's loss of the year ended May 31, 2013 was reduced by a flow-through share income of $365,860 (2012 - $354,227) related to the reduction of the flow-through share liability and a recognition of a tax attributes of $ 40,608 (nil in 2012) related to the expiry of warrants.

SUMMARY OF QUARTERLY RESULTS

	2013				2012			
(in thousands of dollars, except for per share amounts)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	1	-	-	-	4	4	12	10
Loss and comprehensive loss	370	352	861	758	1,488	352	887	912
Loss per share – basic and diluted	0.01	0.01	0.03	0.02	0.06	0.02	0.04	0.04

The main variations in the quarterly results are explained as follow:

2013-Q4 Impairment of mining properties of $267,836 offset by a flow-through share related income of $181,155 and a recovery of deferred income tax of $ 40,608;

2013-Q3 Increase in salaries, employee benefits and shared-based compensation of $212,703 and income related the reduction of the flow-through share liability of $184,705;

2013-Q2 Significant reduction in exploration and evaluation expenses of $153,840 compared to Q2-2012;

2013-Q1 Significant reduction in exploration and evaluation expenses of $465,374 compared to Q1-2012;

2012-Q4 Impairment of Pump Lake, Émilie, Sydney and Oriana properties totalling $461,616;

2012-Q3 Legal fees of $28,100 for Pre-Development agreement with the Cree First Nation of Waswanipi;

2012-Q2 Costs related to the 2011 AGM in Montreal and the recognition of option-based payment totalling $112,844;

2012-Q1 Marketing efforts to publicize the Company: Investors relations contract and independent research report totalling $118,809 and E&E expenses of $595,129.

FOURTH QUARTER

For the three month period ended May 31, 2013, the Company incurred a loss of $370,777 (2012 – $1,487,947). The decrease of $1,117,170 is mainly related to the decrease of salaries, employee benefits and share-based compensation of $1,024,891 (2013 - $75,736 vs 2012 - $1,100,627) related to the reduction of the non-cash share-based compensation. Other significant variances include a $193,780 (2013 - $267,836 vs 2012 - $461,616) reduction in impairment of exploration and evaluation assets and a $173,072 (2013 - $181,155 vs 2012 - $354,227) reduction in flow-through share related income.

LIQUIDITY AND CAPITAL RESOURCES

As at May 31, 2013, the Company had cash and cash equivalents of $437,855, current tax credits receivable of $2,459,916, non-current tax credits receivable of $717,100, debt and obligations under finance leases of $1,416,565 and working capital of $891,224 (May 31, 2012, $3,285,042, $2,334,650, $nil, $1,618,715 and $4,104,117 respectively).

As at May 31, 2013, the Company had to incur a total of $960,539 by December 31, 2013 in relation to the flow-through share financings completed in 2012. GéoMégA also had a liability of $17,753 related to obligations under finance leases over the next twelve months. The Company is aware that the current cash position is not sufficient to meet its current flow-through obligation, assume all its liabilities and cover its general and administrative costs. These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

Although the Company received a tax credits refund of $2,095,034 in July 2013, management considers the working capital insufficient to meet the Company's obligations and budgeted expenditures through May 31, 2014. In July 2013, the Company terminated several employees and reduced significantly other administrative expenses in order to preserve its cash and meet its flow-through obligation by December 31, 2013. Consequently, management must secure additional funding to ensure timely development and pay for general and administrative costs. Global economic uncertainty continues to contribute to volatility in the capital markets and equity financing for exploration companies continues to be extremely difficult. In addition, the newly proposed royalty and taxation framework in Québec provided further uncertainties. Any funding shortfall may be met in the future in a number of ways including but not limited to, the issuance of new equity or debt financing. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future, or that any sources of funding or initiatives will be available on reasonable terms to the Company.

Private placement

On November 22, 2012 and December 5, 2012, the Company completed a brokered flow-through private placement and issued respectively 4,620,000 and 756,000 common shares at $0.50 each for gross proceeds of $2,688,000. The proceeds were for exploration on its properties in Québec and the advancement of the PEA at Montviel. In relation to this placement, the Company issued respectively 231,000 and 37,800 non-transferable brokers' options allowing the holder to acquire one common share of the Company at a price of $0.50 until May 22, 2014 and June 5, 2014.

Bridge loan

On May 10, 2013, the Company obtained a bridge loan of $750,000 from SIDEX, Limited Partnership, which bears interest at an annual rate of 8%. The loan is secured by GéoMégA's tax credits receivable from Revenu Québec for the fiscal year ended in May 2012. In connection with the bridge loan, GéoMégA issued 250,000 common shares at a price of $0.15 each.

On July 10, 2013, the Company received the reimbursement of tax credits related to the fiscal year 2012 by Revenu Québec of $2,095,034 and repaid $1,461,000 to SIDEX in connection with the loans of the Company.

Warrants

There was no issue or exercise of warrants during the year ended May 31, 2013.

On June 28, 2013, the Company extended the term of a total of 1,952,273 warrants expiring on September 30, 2013 by 12 months. The warrants were issued with an original term of 18 months in connection with the closing of two private placement financings as announced by the Company on March 30, 2012 and April 10, 2012. All other terms of the warrants remain the same.

On July 8, 2013, 2,127,659 warrants exercisable at $2.85 expired unexercised.

Stock options

On July 20, 2012, the Company granted to an officer a total of 100,000 stock options at an exercise price of $0.45 expiring on July 20, 2017.

On October 30, 2012, the Company granted to directors, officers and employees a total of 830,000 stock options at an exercise price of $0.42 expiring on October 30, 2017.

On June 28, 2013, the Company granted 225,000 stock options to a director at an exercise price of $0.15 expiring on June 28, 2018.

On July 22, 2013, the Company granted 225,000 stock options to a director at an exercise price of $0.16 expiring on July 22, 2018.

There was no exercise of stock options during the year ended May 31, 2013 and a total 365,000 options were forfeited.

Brokers' options

There was no exercise of brokers' options during the year ended May 31, 2013.

On July 8, 2013, 134,750 brokers' units exercisable at $2.35 expired unexercised.

Commitments

SIDEX bridge loans: As at May 31, 2013, the loans totalled $1,461,000 with accrued interest of $12,689. The loans bore an 8% interest rate and matured respectively on December 31, 2013 and May 10, 2014. As previously mentioned, the loans (including interests) were repaid to SIDEX in full on July 10, 2013.

Office lease: The Company has entered into two lease agreements for its corporate office and other premises expiring respectively on September 30, 2013 and April 30, 2014. As at May 31, 2013, the total obligation under these agreements was $28,770 due in the next twelve months.

Capital leases: The Company has entered into finance leases for the acquisition of E&E equipment. As at May 31, 2013, the balance due under these leases was $17,753. The finance leases were all paid in July 2013.

Flow-through Financing: As at May 31, 2013, the Company had a flow-through obligation of $960,539 to be incurred by December 31, 2013. As of the date of this MD&A, the flow-through obligation approximates $590,000.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The key management personnel is comprised of members of the Board of Directors, the President and CEO, the Chief Financial Officer and the Vice-President Exploration. Key management personnel remuneration is presented in the following table:

	Year Ended May 31,	
	2013	2012
	$	$
Short-term employee benefits		
Salaries including bonuses and benefits	**505,821**	361,547
Social security costs	**25,806**	23,762
Professional fees	**24,000**	149,000
Total short-term employee benefits	**555,627**	534,309
Stock-based compensation	**631,232**	1,175,102
Total remuneration	**1,186,859**	1,709,411

As of May 31, 2013, the trade and other payable comprise an amount of $27,071 (nil in 2012) payable to related parties.

Certain employment agreements between key management and the Company contain termination and change of control provisions. If a termination or change of control involving material changes in the duties assigned to key management had occurred as at May 31, 2013, the amounts payable for the executive team would have totalled $252,500 and $640,000 respectively.

FINANCIALS INSTRUMENTS

The Company's financial instruments consist of the following:

Financial assets	**Category**
Cash and cash equivalents	Loans and receivables

Financial liabilities	**Category**
Trade and other payables	Financial liabilities at amortized cost
Obligation under finance leases	Financial liabilities at amortized cost
Debt	Financial liabilities at amortized cost

Fair Value

The carrying value of cash and cash equivalents, trade and other payables and obligations under finance lease are considered to be a reasonable approximation of fair their value because of the short-term maturity and contractual terms of these instruments.

Liquidity risk

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

The current working capital of the Company as at May 31, 2013 is not sufficient to cover its flow-through commitment of $960,539 and assume its trade and other payables of $631,538 and ongoing administrative expenses to May 31, 2014. If additional financing cannot be obtained on reasonable terms, this will cast significant doubt about the Company's ability to continue as a going concern. The Company's financial statements do not include the adjustments that would result if the Company is unable to continue as a going concern.

Interest rate risks

The debt and obligations under capital lease are at fixed rated. The other financial assets and liabilities of the Company do not bear interest. The Company does not use financial derivatives to decrease its exposure to interest risk.

ADDITIONAL INFORMATION

Outstanding Shareholders' Equity Data:

As of August 15, 2013, the following are outstanding:

• Common Shares	34,990,113
• Stock Options	3,293,540
• Warrants	2,139,773
• Brokers' options	493,987

RISK AND UNCERTAINTIES

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

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

Financial risk and going concern risk

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

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

The audited financial statements of the Company do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern. There is no assurance that any assumptions of management of the Company regarding the ability to continue as a going concern will remain accurate or that the Company will in fact be able to continue as a going concern.

Insolvency Risk

The Company generates cash flow primarily from its financing activities. As at May 31, 2013, the Company does not have sufficient funds to settle its liabilities and commitments for the next 12 months. The Company must achieve new financings to continue the exploration and evaluation projects, to cover general and administration expenses and to meet its commitments. Current trade and other payables total $631,538 on May 31, 2013 and most of them are overdue as of the date of this MD&A. The Company could be exposed to insolvency risk if it is unable to meet its obligations under the terms of its various commitments and liabilities. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

Volatility risk of the financial markets

During the last few years, the securities markets have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that the price of the Company's common shares will be subject to market trends generally, notwithstanding any potential success of the Corporation in creating value in its exploration assets, and its price will be affected by such volatility.

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

Dilution risk of Common Shares

During the life of the Company's outstanding stock options granted under its share based compensation plans, the holders are given an opportunity to profit from an increase in the market price of the common shares with a resulting dilution in the interest of shareholders. The holders of stock options may exercise such securities at a time when the Company may have been able to obtain any needed capital by a new offering of securities on terms more favorable than those provided by the outstanding options. The increase in the number of common shares in the market, if all or part of these outstanding options were exercised, and the possibility of sales of these additional shares may have a depressive effect on the price of the common shares.

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

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. 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.

Mineral Resources and Reserves Estimates

The mineral reserves and resources identified on properties are estimates only, and no assurance can be given that the estimated reserves and resources are accurate or that the indicated level of minerals will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralization or formations may be different from those predicted. Accordingly, such resource estimates may require revision as more drilling or other exploration information becomes available or as actual production experience is gained. Further, it may take many years from the initial phase of drilling before production is possible, and during that time the economic feasibility of exploiting a discovery may change.

Further, resources may not have demonstrated economic viability and may never be extracted by the operator of a property. It should not be assumed that any part or all of the mineral resources on properties constitute or will be converted into reserves. Market price fluctuations of the applicable commodity, as well as increased production and capital costs or reduced recovery rates, may render the proven and probable reserves on properties unprofitable to develop at a particular site or sites for periods of time or may render reserves containing relatively lower grade mineralization uneconomic.

Moreover, short-term operating factors relating to the reserves, such as the need for the orderly development of ore bodies or the processing of new or different ore grades, may cause reserves to be reduced or not extracted. Estimated reserves may have to be recalculated based on actual production experience.

Any of these factors may require the operators to reduce their reserves and resources, which may result in a material and adverse effect on the Company's future results of operation and financial condition if one or more of its projects were to go in production.

Titles to Property

While the Company has diligently investigated title to the various properties in which it has interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

Permits and Licenses

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

Environmental and Other Regulations

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

Mining Law and Governmental Regulation

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

In particular, the exploration projects of the Company are located in Québec and might be affected by an eventual revision of the Québec's Mining Act. Bills amending the Mining Act were prepared in recent years but were never adopted. Although the Company continues to ensure that its exploration projects receive support from concerned municipals authorities and other stakeholders, amendments to the Québec's Mining Act might affect its exploration projects.

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

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. However, the Company is not required to obtain an attestation in regards of the evaluation of internal controls and we did not perform such evaluation.

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. Company's management is limited in its ability to put internal controls in place at reasonable cost. This could increase risks related to quality, reliability, transparency and deadlines for interim, annual and others reports in respect with securities laws.

These weaknesses in the 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.

Taxes

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

Litigation

All industries, including mining, are subject to legal claims that can be with and without merit. Defense and settlement costs can be substantial, even for claims that have no merit. Potential litigation may arise with respect to a property in which the Company is in the process of evaluating as a strategic investment and/or holds an interest directly or indirectly in an exploring, developing and/or operating mineral property now or in the future.
GéoMégA might not generally have any influence on the litigation nor will it necessarily have access to data. In case where that litigation results in the cessation or reduction of production from a property (whether temporary or permanent), it could have a material and adverse effect on the Company's results of operations and financial condition. The litigation process is inherently uncertain, so there can be no assurance that the resolution of a legal proceeding will not have a material adverse effect on our future cash flow, results of operations or financial condition.

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 mining companies.

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.

CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgements, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results may differ from those estimates.

The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

- The going concern assumption that the Company will continue to operate. The current financial position casts significant doubt about the Company's ability to continue as a going concern.
- Recoverability of the tax credits and credits on duties that are included in the audited statements of financial position;
- Estimated value of exploration and evaluation assets that is recorded in the audited statements of financial position;

CHANGES IN ACCOUNTING POLICY

Change in accounting policies

In completing the financial statements for the current year, the Company has decided to change the presentation of the cash flows related to the additions to exploration and evaluation assets and the related tax credits in the statement of cash flows. The cash flows related to exploration and evaluation assets were previously presented net of the related tax credits in investing activities and changes in the balances of the tax credits receivable were included in operating activities. Due to the punctual character of the reimbursement of the tax credits claimed and the significant amounts of expenditures on exploration and evaluation assets since the 2012 fiscal year, the Company has changed its accounting policy for the preparation of the statement of cash flows to present on a gross basis the expenditures on exploration and evaluation assets and to present separately in investing activities the cash flows from the related tax credits. Management considers that this presentation provides reliable and more relevant information to the users of the financial statements to assess the Company's cash flows.

The statement of cash flows for the year ended May 31, 2012 has been adjusted to reflect this change. The effect of the modification in the statements of cash flows for each period is summarized below:

	As previously reported $	Adjustment $	Balance as adjusted $
For the year ended May 31, 2012 (audited)			
Change in non-cash working capital - tax credits receivable	(1,441,134)	1,701,694	260,560
Cash flow used in operating activities	(4,053,494)	1,701,694	(2,351,800)
Additions to exploration and evaluation assets	(4,039,921)	(1,701,694)	(5,741,615)
Cash flow used in investing activities	(2,522,814)	(1,701,694)	(4,224,508)

The impact of this change in accounting policy is as follows on the unaudited condensed interim statements of cash flows for the following interim periods:

(unaudited)	As previously reported $	Adjustment $	Balance as adjusted $
For the three month period ended August 31, 2012			
Change in non-cash working capital - tax credits receivable	(310,524)	228,339	(82,185)
Cash flow used in operating activities	(694,854)	228,339	(466,515)
Additions to exploration and evaluation assets	(411,681)	(228,339)	(640,020)
Cash flow used in investing activities	(411,681)	(228,339)	(640,020)
For the three month period ended November 30, 2012			
Change in non-cash working capital - tax credits receivable	(373,118)	624,479	251,361
Cash flow used in operating activities	(786,471)	624,479	(161,992)
Additions to exploration and evaluation assets	(1,440,859)	(624,479)	(2,063,338)
Cash flow used in investing activities	(1,440,859)	(624,479)	(2,063,338)
For the three month period ended February 29, 2013			
Change in non-cash working capital - tax credits receivable	(83,920)	720,320	636,400
Cash flow used in operating activities	(481,993)	720,320	238,327
Additions to exploration and evaluation assets	(819,889)	(720,320)	(1,540,209)
Cash flow used in investing activities	(819,889)	(720,320)	(1,540,209)

Accounting standards issued but not yet effective

Unless otherwise noted, the following revised standards and amendments that have relevance to the Company are effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IAS 1, Presentation of Financial Statements, ("IAS 1")

IAS 1 was amended to change the disclosure of items presented in Other comprehensive income ("OCI"), including a requirement to separate items presented in OCI into two groups based on whether or not they may be reclassified to profit or loss in the future. This amendment is required to be applied for years beginning on or after July 1, 2012. The Company does not expect any impact from this amendment.

IFRS 9, Financial Instruments ("IFRS 9")

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39, Financial Instruments: Recognition and Measurement, for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010, and they mainly carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. This standard is required to be applied for years beginning on or after January 1, 2015. The Company has not yet assessed the impact of this standard.

IFRS 11, Joint Arrangements, ("IFRS 11")

IFRS 11 replaces IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 requires a single method, known as the equity method, to account for interests in jointly controlled entities which is consistent with the accounting treatment currently applied to investments in associates. IAS 28, Investments in Associates and Joint Ventures, was amended as a consequence of the issuance of IFRS 11. In addition to prescribing the accounting for investment in associates, it now sets out the requirements for the application of the equity method when accounting for joint ventures. The Company does not currently have any joint ventures as at May 31, 2013.

IFRS 13, Fair Value Measurement, ("IFRS 13")

IFRS 13 provides guidance on how fair value should be applied where its use is already required or permitted by other standards within IFRS, including a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The Company does not expect any impact from this amendment.

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL INFORMATION

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