



GEOMEGA RESOURCES INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED FEBRUARY 28, 2015

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

GEOMEGA RESOURCES INC.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited, in Canadian Dollars)

	Note	February 28, 2015 \$	May 31, 2014 \$
ASSETS			
Current			
Cash and cash equivalents	1, 3	897,750	2,399,775
Sales tax receivable		104,850	126,836
Tax credits receivable	4	37,116	433,674
Prepaid expenses and other		108,145	55,495
Current assets		1,147,861	3,015,780
Non-current			
Tax credits receivable	4	274,610	92,092
Exploration and evaluation assets	5	17,616,187	16,812,378
Property and equipment		250,642	277,526
Non-current assets		18,141,439	17,181,996
Total assets		19,289,300	20,197,776
LIABILITIES			
Current			
Trade and other payables		246,316	609,251
Obligations under finance leases		48,965	53,912
Flow-through share liability	6	-	30,480
Current liabilities		295,281	693,643
Non-current			
Obligations under finance leases		-	34,826
Total liabilities		295,281	728,469
EQUITY			
Share capital	7	26,525,148	25,337,856
Warrants	8	700,225	620,253
Broker options	9	119,910	110,046
Stock options		1,664,608	1,556,330
Contributed surplus		1,520,590	1,464,563
Deficit		(11,536,462)	(9,619,741)
Total equity		18,994,019	19,469,307
Total liabilities and equity		19,289,300	20,197,776

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Going concern (*Note 1*)

Approved on Behalf of the Board:

/s/ "Simon Britt"

Simon Britt
 Director

/s/ "Gilles Gingras"

Gilles Gingras
 Director

GEOMEGA RESOURCES INC.
INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited, in Canadian Dollars, except number of common shares)

	Note	Three Month Period Ended February 28,		Nine Month Period Ended February 28,	
		2015 \$	2014 \$	2015 \$	2014 \$
EXPENSES					
Salaries, employee benefits and share-based compensation		222,019	226,185	578,284	534,229
Exploration and evaluation expenses, net of tax credits	11	453,251	-	1,067,159	29,653
Research expenses, net of tax credits		6,631	-	19,584	-
Professional fees		19,223	19,291	155,519	135,986
Travel, conference and investor relations		44,904	23,475	156,230	45,760
Telecommunications		2,270	3,000	7,747	10,256
Administration		12,972	3,093	23,395	8,975
Transfer agency and regulatory fees		12,101	11,762	56,666	48,119
Rent		7,306	7,093	21,635	21,005
Insurance, taxes and permits		15,520	5,735	27,025	16,268
Depreciation of property and equipment		4,328	3,114	7,442	9,602
Loss on disposal of property and equipment		-	-	-	3,930
Impairment of exploration and evaluation assets		-	11,899	-	11,899
Loss before under noted items		800,525	314,647	2,120,686	875,682
Interest income		(4,634)	(492)	(13,570)	(15,356)
Finance costs		2,097	1,398	18,068	80,492
Other income		-	-	-	(34,200)
Loss before income taxes		797,988	315,553	2,125,184	906,618
Recovery of deferred income taxes	6	(94,444)	(39,722)	(208,462)	(243,155)
Flow-through share related income					
Loss and comprehensive loss for the period		703,544	275,831	1,916,721	663,463
Basic and diluted loss per share		(0.01)	(0.01)	(0.04)	(0.02)
Weighted average number of common shares outstanding - Basic and diluted		54,408,911	39,526,896	52,871,514	37,992,378

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

GEOMEGA RESOURCES INC.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited, in Canadian Dollars)

Nine month period ended February 28	Note	Share Capital	Warrants	Broker Options	Stock Options	Contributed Surplus	Deficit	Total Equity
		\$	\$	\$	\$	\$	\$	\$
As at May 31, 2013		21,648,139	22,170	628,143	1,609,364	794,692	(8,354,330)	16,348,178
Loss and comprehensive loss for the period		-	-	-	-	-	(663,463)	(663,463)
Share-based compensation		-	-	-	272,288	(242,937)	-	29,351
Private placements		940,215	282,170	14,544	-	-	-	1,236,929
Issue costs		(89,122)	(25,937)	-	-	-	-	(115,059)
Extension of warrants		-	35,023	-	-	-	(35,023)	-
Expired warrants		-	(22,170)	-	-	22,170	-	-
Expired broker options		-	-	(588,957)	-	588,957	-	-
Expired stock options		-	-	-	(351,772)	351,772	-	-
As at February 28, 2014		22,499,232	291,256	53,730	1,529,880	1,514,654	(9,052,816)	16,835,936
As at May 31, 2014		25,337,856	620,253	110,046	1,556,330	1,464,563	(9,619,741)	19,469,307
Loss and comprehensive loss for the period		-	-	-	-	-	(1,916,721)	(1,916,721)
Share-based compensation		-	-	-	120,043	-	-	120,043
Private placements	7, 8	933,959	181,131	-	-	-	-	1,115,090
Issue costs	7, 8	(64,573)	(8,677)	14,400	-	-	-	(58,850)
Shares issued - Anik	5	15,150	-	-	-	-	-	15,150
Exercise of warrants	7, 8	302,756	(52,756)	-	-	-	-	250,000
Expired warrants	8	-	(39,726)	-	-	39,726	-	-
Expired stock options		-	-	-	(11,765)	11,765	-	-
Expired broker options	9	-	-	(4,536)	-	4,536	-	-
As at February 28, 2015		26,525,148	700,225	119,910	1,664,608	1,520,590	(11,536,462)	18,994,019

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

GEOMEGA RESOURCES INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, in Canadian Dollars)

	Note	Three Month Period Ended February 28,		Nine Month Period Ended February 28,	
		2015	2014	2015	2014
		\$	\$	\$	\$
OPERATING ACTIVITIES					
Loss for the period		(703,544)	(275,831)	(1,916,721)	(663,463)
Adjustments for:					
Share-based compensation	10	47,256	30,721	109,304	(17,752)
Depreciation of property and equipment		4,328	3,114	7,442	9,602
Impairment of exploration and evaluation assets		-	11,899	-	11,899
Recovery of deferred income taxes	6	(94,444)	(39,722)	(208,462)	(243,155)
Loss on disposal of Property and Equipment		-	-	-	3,930
Accretion expense - debt		-	-	-	62,188
Changes in non-cash working capital items:					
Sales tax receivable		(6,111)	9,754	21,986	81,027
Other receivables		-	(490)	-	(1,388)
Tax credits receivable		(25,252)	-	4,099	488,545
Prepaid expenses and other		(28,021)	(9,031)	(52,651)	(2,759)
Trade and other payables		(13,020)	100,453	(231,968)	190,525
Cash flows from (used) in operating activities		(818,807)	(169,133)	(2,266,971)	(45,297)
INVESTING ACTIVITIES					
Additions of exploration and evaluation assets		(163,463)	(639,837)	(914,095)	(1,857,605)
Tax credit received		32,136	-	273,680	2,226,336
Additions of property and equipment		(29,555)	(2,949)	(30,859)	(9,261)
Disposal of property and equipment		-	-	-	15,000
Cash flows from (used) in investing activities		(161,882)	(642,786)	(671,274)	374,470
FINANCING ACTIVITIES					
Issuance of units and shares, net of issue costs		-	529,047	1,225,994	1,176,618
Repayment of debt		-	-	-	(1,461,000)
Exercise of warrants		-	-	250,000	-
Payments on obligations under finance leases		(13,690)	(11,807)	(39,774)	(29,560)
Cash flows from (used) financing activities		(13,690)	517,240	1,436,220	(313,942)
Net change in cash and cash equivalents		(993,380)	(294,679)	(1,502,025)	15,231
Cash and cash equivalents, beginning of the period		1,891,130	747,765	2,399,775	437,855
Cash and cash equivalents, end of the period		897,750	453,086	897,750	453,086
Additional information					
Interest received		8,990	2	15,464	13,968
Interest paid		(1,873)	(1,141)	(17,446)	(27,064)
Addition of exploration and evaluation assets included in trade and other payables		(19,190)	-	82,898	-
Share issue cost included in trade and other payables		-	-	3,104	-
Depreciation of property and equipment included in trade and other payables		8,015	-	50,301	-

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

GEOMEGA RESOURCES INC.
Notes to Condensed Interim Consolidated Financial Statements
February 28, 2015
(Unaudited, in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Geomega Resources Inc. (the “Company”) is incorporated under the Canada Business Corporations Act and is engaged in the acquisition, exploration and evaluation of mining properties in Canada. The Company’s shares are listed on the TSX Venture Exchange under symbol GMA. The address of the Company’s registered office and principal place of business is 475 Victoria Avenue, Saint-Lambert, Quebec, Canada, J4P 2J1. These unaudited condensed interim consolidated financial statements were approved by the Company’s Board of Directors on April 24, 2015.

The Company has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the ability of the Company to obtain necessary financing to pursue the exploration and evaluation on its mining properties.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. For the nine month period ended February 28, 2015, the Company reported a loss of \$1,916,721 and an accumulated deficit of \$11,536,462 at that date. As of February 28, 2015, the Company had working capital of \$852,580 and cash and cash equivalents of \$897,750. Management estimates that the working capital will not be sufficient to meet the Company’s obligations and commitments and budgeted expenditures through February 28, 2016. These circumstances lend a significant doubt as to the ability of the Company to ensure its continuity of operation and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company’s ability to continue as a going concern as described in the preceding paragraph, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

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 that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with the *International Financial Reporting Standards* (“IFRS”) as issued by the *International Accounting Standards Board* (“IASB”) applicable to the preparation of interim financial statements, including *International Accounting Standard* (“IAS”) 34, *Interim Financial Reporting*. Accordingly, these condensed interim consolidated financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year end reporting purposes.

Basis of Presentation

The condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended May 31, 2014, which have been prepared in accordance with IFRS as issued by the IASB and with the condensed interim consolidated financial statements ended as at November 30 and August 31, 2014. The accounting policies, methods of computation and presentation applied in these unaudited condensed interim consolidated financial statements are consistent with those of the previous financial year ended May 31, 2014.

Basis of consolidation

These consolidated financial statements incorporate the accounts of the Company and the accounts of its wholly owned subsidiary, Innord Inc. Control is defined by the authority to direct the financial and operating policies of a business in order to obtain benefits from its activities. All intercompany transactions, balances, income and expenses are eliminated at consolidation.

GEOMEGA RESOURCES INC.
Notes to Condensed Interim Consolidated Financial Statements
February 28, 2015
(Unaudited, in Canadian Dollars)

3. CASH AND CASH EQUIVALENTS

	February 28, 2015	May 31, 2014
	\$	\$
Cash	147,750	134,775
Investments redeemable at any time	750,000	2,265,000
	897,750	2,399,775
<u>Less : cash reserved for qualifying exploration expenditures</u>	<u>-</u>	<u>596,109</u>
Cash and cash equivalents	897,750	1,803,666

4. TAX CREDITS RECEIVABLE

	February 28, 2015	May 31, 2014
	\$	\$
Tax credits for resources	152,461	56,775
Credits on duties refundable for losses	122,149	391,991
Investment tax credits for research and development	37,116	77,000
	311,726	525,766
<u>Less: Non-current portion of tax credits receivables</u>	<u>274,610</u>	<u>92,092</u>
Current portion of tax credits receivables	37,116	433,674

Tax credit for resources and credit on duties refundable for losses are related to qualifying mineral exploration expenses incurred in the province of Québec. The investment tax credits are related to expenditure on research and development incurred by the Company.

5. EXPLORATION AND EVALUATION ASSETS

Montviel property (Rare Earth Elements and Niobium)

The Company owns 100% of the Montviel property, located approximately 100 km north of Lebel-sur-Quévillon and 45 km west of the Cree First Nation of Waswanipi. The Montviel property comprises 164 mining claims totalling 9,109 hectares as of February 28, 2015. The property carries a 2% net output royalty to NioGold Mining Corporation.

Anik property (Gold)

The Company owns 100% of the Anik property, located 40 km south of the town of Chapais. The Anik property consisted of 151 claims totalling 8,452 hectares as of February 28, 2015.

On August 26, 2014, the Company signed a purchase and sale agreement to acquire 1 mining claim located in the North-East of Anik property for \$2,000 in cash and 30,000 common shares of the Company. The Company's common shares were issued on September 8, 2014 for a value of \$9,750. On September 22, 2014, the Company signed a purchase and sale agreement to acquire 6 mining claim located in the surrounding area of Anik property for \$2,000 in cash and 30,000 common shares of the Company. The Company's common shares were issued on October 9, 2014 for a value of \$5,400.

McDonald property (Gold)

The Company owns 100% of the McDonald property, located 30 km east of the Montviel property. The McDonald property consisted of 208 claims totalling 11,526 hectares as of February 28, 2015.

GEOMEGA RESOURCES INC.

Notes to Condensed Interim Consolidated Financial Statements

February 28, 2015

(Unaudited, in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Buckingham property (Graphite)

The Company owns 100% of the Buckingham property, located in the town of Buckingham, Québec. The Buckingham property consisted of 13 claims totalling 782 hectares as of February 28, 2015.

MINERAL PROPERTIES

QUÉBEC	Montviel	Anik	McDonald	Buckingham	La Trève	Curières	Total
May 31, 2013	7,053,482	19,682	18,278	1,365	3,942	1,050	7,097,799
Additions	4,882	555	8,419	807	102	645	15,410
Impairment	(125,000)	-	(9,350)	-	(4,044)	(1,695)	(140,089)
May 31, 2014	6,933,364	20,237	17,347	2,172	-	-	6,973,120
Additions	5,282	28,007	4,615	-	-	-	37,905
February 28, 2015	6,938,646	48,244	21,962	2,172	-	-	7,011,025

EXPLORATION AND EVALUATION EXPENDITURES CAPITALIZED

QUEBEC	Montviel
May 31, 2013	7,255,800
Additions	2,479,276
Tax credits, net	104,182
May 31, 2014	9,839,258
Additions	829,640
Tax credits, net	(63,736)
February 28, 2015	10,605,162

	February 28, 2015	May 31, 2014
Mineral properties	7,011,025	6,973,120
Exploration and evaluation expenditures capitalized	10,605,162	9,839,258
Total exploration and evaluation assets	17,616,517	16,812,378

6. FLOW-THROUGH SHARE LIABILITY

	February 28, 2015	May 31, 2014
	\$	\$
Balance, beginning of year	30,480	203,433
Addition during the year, net of issue costs ⁽ⁱ⁾	177,982	106,827
Reduction related to qualifying exploration expenditures	(208,462)	(279,780)
Balance, end of period	-	30,480

(i) The addition for the period represents the excess of the proceeds received from flow-through shares issued over the fair market value of the shares issued, net of issue costs. For the nine months period ended February 28, 2015, the Company recorded a liability of \$177,982 following the issuance of flow-through shares on November 20, 2014. The flow-through share liability is reduced as the Company incurs qualifying flow-through expenses.

GEOMEGA RESOURCES INC.
Notes to Condensed Interim Consolidated Financial Statements
February 28, 2015
(Unaudited, in Canadian Dollars)

7. SHARE CAPITAL

(a) Authorized Share Capital

The Company's authorized share capital consists of an unlimited number of common shares.

(b) Issued

	Number of Shares	Carrying Value \$
Balance – May 31, 2014	49,401,283	25,337,856
Private placements	6,528,277	933,959
Issue costs	-	(64,573)
Shares issued - Anik	60,000	15,150
Exercise of warrants	1,000,000	302,756
Balance – February 28, 2015	56,989,560	26,525,148

Nine month period ended February 28, 2015

During the nine month period ended February 28, 2015, 1,000,000 common shares were issued following the exercise of warrants at a price of \$0.25. The weighted average share price at the exercise date for all warrants exercised during the period was \$0.33 per share.

In November 2014, the Company completed a private placement and issued 4,528,277 units at a price of \$0.18 per unit for gross proceeds of \$815,090. Each unit consisted 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 \$0.25 until November 20, 2016 at the latest. An amount of \$633,959 was allocated to share capital and \$181,131 was allocated to the value of the warrants. Issue costs totaling \$39,048 were recorded as a reduction of share capital and warrants, \$30,371 and \$8,677 respectively.

On November 20, 2014, the Company completed a brokered flow-through private placement and issued 2,000,000 flow-through shares at a price of \$0.25 for gross proceeds of \$500,000. The flow-through premium was estimated at \$200,000 and recorded as flow-through share liability. In relation with this placement, the Company paid a cash commission of \$40,000 to the broker (total issue costs of \$55,044 of which \$22,018 was allocated to the flow-through share liability) and issued 160,000 non-transferable broker options (valued at \$14,400) allowing the holder to acquire one common share of the Company at a price of \$0.25 until November 20, 2016.

On September 22, 2014, the Company issued 30,000 common shares under the acquisition of 6 mining claims located in the surrounding area of Anik property (valued at \$5,400 and issue costs of \$270).

On September 8, 2014, the Company issued 30,000 common shares under the acquisition of 1 mining claim located in the North-East of Anik property (valued at \$9,750 and issue costs of \$907).

GEOMEGA RESOURCES INC.

Notes to Condensed Interim Consolidated Financial Statements

February 28, 2015

(Unaudited, in Canadian Dollars)

8. WARRANTS

The following tables summarize the warrants outstanding as of February 28, 2015. Each warrant entitles the holder to subscribe to one common share.

	Number of warrants	Carrying Value \$	Weighted Average Exercise Price \$
Balance - May 31, 2013	4,267,432	22,170	1.92
Issued	6,905,428	733,080	0.40
Issue costs	-	(80,912)	-
Exercised	(1,090,312)	(66,938)	0.23
Expired	(2,315,159)	(22,170)	2.70
Extended	-	35,023	1.00
Balance - May 31, 2014	7,767,389	620,253	0.57
Issued	2,264,138	181,131	0.25
Issue costs	-	(8,677)	-
Exercised	(1,000,000)	(52,756)	0.25
Expired	(2,074,223)	(39,726)	1.00
Balance – February 28, 2015	6,957,304	700,225	0.40

Expiration date	Number of warrants	Weighted Average Exercise Price \$
September 2015	1,866,666	0.90
November 2016	1,662,500	0.21
November 2016	2,264,138	0.25
December 2016	164,000	0.21
July 2018	1,000,000	0.15
	<u>6,957,304</u>	

During the nine month period ended February 28, 2015, 1,000,000 warrants were exercised (valued at \$52,576) and 2,074,223 warrants expired unexercised (valued at \$39,726).

In connection with the private placement completed in November 2014, the Company issued 2,264,138 warrants allowing the holder to acquire an equivalent number of common shares of the Company at a price \$0.25 until November 20, 2016 at the latest. The warrants were recorded at a value of \$172,454 (\$181,131 less the issue costs of \$8,677) based on the Black-Scholes model using the following weighted average assumptions: risk-free interest rate of 1.01%, expected life of 2 years, annualized volatility rate of 146% and dividend rate of 0%.

On January 31, 2014, the Company obtained all regulatory approvals to issue 1,000,000 purchase warrants to Dr. Pouya Hajiani, a Company's employee, in exchange of all rights, title and interest in two patents related to the Rare Earth Elements (REE) physical separation process. The warrants become exercisable upon demonstration of high purity (>99%) separation in a pilot plant using the REE physical separation process no later than July 1, 2018 ("performance criteria"). Each warrant entitles Dr. Hajiani to acquire to one common share at an exercise price of \$0.15 expiring July 1, 2018. The intrinsic fair value of the exercisable warrants shall not exceed \$5 million at the time they become exercisable, in which case the number of warrants will be reduced. For the nine month period ended February 28, 2015, no warrants were exercisable since the demonstration of the high purity separation in a pilot plant has not been completed yet and no expense for these warrants was recorded as the performance criteria has not been met.

GEOMEGA RESOURCES INC.

Notes to Condensed Interim Consolidated Financial Statements

February 28, 2015

(Unaudited, in Canadian Dollars)

9. BROKER OPTIONS

The number of outstanding broker options as at February 28, 2015 which could be exercised for an equivalent number of units or shares is as follows:

	Number of broker options for units	Carrying Value \$	Weighted Average Exercise Price \$	Number of broker options for common shares	Carrying Value \$	Weighted Average Exercise Price \$
Balance - May 31, 2013	134,750	518,787	2.35	493,987	109,356	0.52
Issued	242,400	14,544	0.17	264,167	105,510	0.60
Exercised	(242,400)	(14,544)	0.17	(60,000)	(9,000)	0.50
Expired	(134,750)	(518,787)	2.35	(396,187)	(95,820)	0.55
Balance – May 31, 2014	—	—	—	301,967	110,046	0.59
Issued	—	—	—	160,000	14,400	0.25
Expired	—	—	—	(37,800)	(4,536)	0.50
Balance – February 28, 2015	—	—	—	424,167	119,910	0.47

Expiration date	Number of broker options for common shares	Weighted Average Exercise Price \$
September 2015	174,367	0.60
October 2015	89,800	0.60
November 2016	160,000	0.25
	<u>424,167</u>	

In connection with the private placement completed in November 2014, the Company issued 160,000 broker options allowing the holder to acquire an equivalent number of common shares at a price of \$0.25 until November 20, 2016. The fair value of the broker options was estimated at \$14,400. When granted, the fair value of the broker options, based on the fair value measured, indirectly, by reference to the fair value of the equity instruments granted (the fair value of services received cannot be estimated reliably), is recorded as an increase of the broker options and decrease of share capital.

The average fair value of the broker options of \$14,400 (\$105,510 as of May 31, 2014) was estimated using the Black-Scholes model and based on the following weighted average assumptions:

	Nine months Ended February 28, 2015	Year Ended May 31, 2014
Average share price at date of grant	\$0.16	\$0.62
Dividend yield	NIL	NIL
Expected weighted volatility	149 %	148 %
Risk-free interest rate	0.55 %	1.06 %
Expected average life	2 years	1.5 years
Average exercise price at date of grant	\$0.25	\$0.60

During the nine months ended February 28, 2015, there was no exercise of broker options.

GEOMEGA RESOURCES INC.
Notes to Condensed Interim Consolidated Financial Statements
February 28, 2015
(Unaudited, in Canadian Dollars)

10. STOCK OPTIONS

The Company has a stock option plan ("the Plan") whereby the Board of Directors (the "Board") may from time to time grant options to purchase common shares to employees, officers, directors and consultants, for such terms and at such exercise prices as may be determined by the Board in accordance with the terms of the Plan.

The Plan provides that the maximum number of common shares in the capital of the Company that may be reserved for issuance under the Plan is limited to a maximum of 10% of the common shares outstanding and the maximum number of common shares which may be reserved for issuance to any one optionee may not exceed 5% of the common shares outstanding at the date of grant. These options may be exercised for a period of 5 years after the grant date and they vest gradually over a period of 24 months from the day of grant, at a rate of one-quarter per six-month period.

The stock option exercise price is established by the Board and may not be lower than the market price of the common shares at the time of grant. The exercise price is the closing price of the Company's common shares the day before the stock options are granted.

On January 23, 2015, the Company granted to an officer and employees a total of 100,000 stock options at an exercise price of \$0.14 expiring on January 23, 2020.

On September 17, 2014, the Company granted to directors, officers and employees a total of 710,000 stock options at an exercise price of \$0.26 expiring on September 17, 2019.

All share-based compensation will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the stock options. The Company's stock options are as follows at February 28, 2015:

	Number of Options	Weighted Average Exercise Price \$
Outstanding - May 31, 2013	2,843,540	1.00
Granted	855,000	0.18
Expired	(550,155)	1.53
Forfeited	(365,885)	0.98
Outstanding - May 31, 2014	2,782,500	0.81
Granted	810,000	0.25
Expired	(37,500)	0.42
Outstanding - February 28, 2015	3,555,000	0.58

Range of Exercise Price (\$)	Options Outstanding			Options Exercisable	
	Number of Options	Weighted Average Exercise Price \$	Remaining Life (years)	Number of Options	Weighted Average Exercise Price \$
0.10 to 1.00	2,780,000	0.29	3.07	1,685,000	0.33
1.01 to 2.00	625,000	1.51	1.60	625,000	1.51
2.01 to 3.00	150,000	2.08	1.50	150,000	2.08
	<u>3,555,000</u>			<u>2,460,000</u>	

GEOMEGA RESOURCES INC.

Notes to Condensed Interim Consolidated Financial Statements

February 28, 2015

(Unaudited, in Canadian Dollars)

10. STOCK OPTIONS (continued)

The weighted average assumptions to calculate the fair value of the stock options granted using the Black-Scholes model are as follows:

	Nine Months Ended February 28, 2015	Year Ended May 31, 2014
Average share price at date of grant	\$0.16	\$0.19
Dividend yield	NIL	NIL
Expected weighted volatility	129 %	121 %
Risk-free interest rate	0.52 %	1.58 %
Expected average life	3.75 years	3.75 years
Average exercise price at date of grant	\$0.25	\$0.19

The underlying expected volatility was determined by reference to historical data of Company's shares over a period of time since its listing on the TSX Venture Exchange. In total, \$120,043 of share-based compensation was recognized during the nine months ended February 28, 2015 with \$109,304 included in the statement of loss and comprehensive loss and \$10,739 capitalized in exploration and evaluation assets (\$17,752 and \$11,779 respectively for the same period in 2014).

During the nine months ended February 28, 2015, there was no exercise of stock options.

11. EXPLORATION AND EVALUATION EXPENSES

	Three Months Ended February 28,		Nine Months Ended February 28,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Salaries, geology and prospection	135,084	-	429,327	25,883
Lodging and travel expenses	55,637	-	169,774	890
Geophysics	-	-	64,174	-
Analysis	114,927	-	219,520	1,797
Drilling	155,317	-	243,825	-
Supplies and equipment	19,228	-	73,408	1,027
Taxes, permits and insurance	5,895	-	7,995	56
Mineral properties cost	167	-	693	-
Exploration and evaluation expenses before tax credits	486,255	-	1,208,716	29,653
Tax credits, net	(33,004)	-	(141,557)	-
Exploration and evaluation expenses	453,251	-	1,067,159	29,653