GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2015

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, 2015. 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 26, 2015. All amounts presented are in Canadian dollars.

The Company's common shares are traded on the TSX Venture Exchange under the symbol **GMA** and 62 203 116 common shares were outstanding as of August 26, 2015. 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 guarantee 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 the calculation of mineral reserves and requirements of additional financing and the capacity of the Company to obtain financing.

GOING CONCERN

The Company is engaged in the acquisition, exploration and evaluation of mining properties in Quebec and does not generate any operating revenue. The Company's financial success may come from either the economic viability of the Montviel project (exploitation of rare earths elements and niobium), development or use of its physical separation process (ore, recycling products and royalties) through its 100% owned subsidiary Innord Inc. and of the discovery of a significant gold deposit . Any funding shortfalls 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 guarantee that it will be able to do so in the future.

COMPANY PROFILE AND MISSION

GéoMégA is a mineral exploration and evaluation company focused on the discovery and sustainable development of economic deposits of metals in Québec. GéoMégA is committed to meeting the Canadian mining industry standards and distinguishing itself with innovative engineering, stakeholders' engagement and dedication to local transformation benefits.

As society moves from consumption of fossil fuels to more sustainable energy sources, GéoMégA believes that the future of clean energy resides in the rare earths elements ("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.

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OVERALL PERFORMANCE

Corporate Summary

Annual meeting of shareholders (Montreal, September 17, 2014)

- On September 17, 2014, shareholders voted in favor of:
  - Re-elect the following directors: Simon Britt, Paul-Henri Couture, Gilles Gingras, Patrick Godin, Denis Hamel, Mario Spino and Réjean Talbot;
  - Re-appointment of PricewaterhouseCoopers, LLP, Chartered Accountants as auditors for the ongoing year;
  - Re-approval of the 10% rolling stock option;
  - Approve the shareholders rights plan of the Company.

- Following the Annual Meeting, the directors granted to directors, officers and employees a total of 810,000 stock options at an exercise price of $0.26 under the terms of the Company's stock option plan.

- On March 2, 2015, the Company created Innord Inc. a private wholly owned subsidiary holding the rights to the physical separation process and laboratory equipment of the Company.

- On July 13, 2015, the Company announced the resignation of Mr. Réjean Talbot as a Director.

- On July 23, 2015, the Company announced the departure of Mr. Simon Britt as President and CEO and announced the appointment of Mr. Derek Lindsay as President and CEO on an interim basis.

- Subsequent to year end, a claim concerning the departure of a senior executive has been filed against the Company. In the opinion of management, this claim is unfounded.

- On August 26, 2015, the corporation agreed, subject to the approval of the TSX Venture Exchange, to extend to July 1, 2019 the term of the 1,000,000 share purchase warrants held by Dr. Pouya Hajiani, PhD., an employee, and issued in consideration for all rights, title and interest in two patents related to the rare earth elements physical separation process. In addition, the intrinsic fair value of the warrants shall no longer be capped at $5 million at the time they become exercisable. All other terms and conditions of the warrants remain unchanged.

- As of the management report, the Company has no obligation to incur eligible exploration expenses in connection with the flow-through financing of November 2014.

Anik Gold Project (100% interest)

- On September 4 and September 30, 2014, the Company announced the discovery of new gold showings defining a mineralized corridor over 600 meters.

- On November 11, 2014, the Company announced the beginning of a 3,000 meter initial diamond drilling campaign.

- On January 20, 2015 and February 23, 2015, the Company announced the completion and results of its initial drilling campaign totaling 22 holes and 4731 meters.

- In June 2015, the Company started another exploration campaign during which a survey of 400 soil samples, 6 trenches and nearly 240 rock samples were sent to the laboratory. Receipt of all assay results are expected by the end of August.

Private placement

- In November 2014, the Company completed a private placement totaling 4,528,278 units at a price of $0.18 and 2,000,000 flow-through shares at a price of $0.25 for a total of $815,090 and $500,000 respectively. Each unit consists of one common share and one -half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at $0.25 per share until November 20, 2016.

- In June 19, 2015, the Company completed the first tranche of a private placement totaling 1,311,112 units at a price of $0.18 per unit and 2,608,000 flow-through shares at $0.23 price for a total of $835,840. Each unit consists of one common share and one -half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of $0.23 per share for a period of 24 months, i.e. by June 19, 2017.

- On July 3, 2015, the Company completed the final tranche of a private placement totaling 1,294,444 units at a price of $0.18 per unit for gross proceeds of $233,000. Each unit consists of one common share and one -half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of $0.23 per share for a period of 24 months or no later than July 3, 2017.

Rare earth element project – Montviel (100% interest)

- On January 14, 2015, the Company announced the reception of a customized ore reactor (the "reactor") at its National Research Council of Canada ("NRC") laboratory facility and the successful completion of the energy balance optimization process which will allow the processing of Montviel ore in a REE concentrate using less than 55 MW of power.

- On May 20, 2015, the Company announced the metallurgical performance of the flowsheet to be used in the Preliminary Economic Assessment (the "PEA") for the Montviel REE and niobium project:
    - Recovery of high REE and niobium;
    - Hydropower and extra salt for the complete regeneration of hydrochloric acid ("HCl") on the site;
    - 58 kg HCl regenerated per metric ton of ore to extract the ETR and niobium;
    - 91 %, 92 % and 66% of overall recovery for neodymium, praseodymium and niobium respectively.

- On May 27, 2015, the Company signed an amendment to the original repurchase agreement for the 2% royalty fee held by Niogold, for $2 million.

- On May 27, 2015, the Company announced that the Université du Québec in Abitibi-Témiscamingue has received a grant of $204,500 for studying the REE geochemical behavior of mine tailings.

- On June 17, 2015, the Company announced the results of the updated 43-101 resource calculation for its Montviel rare earth elements and niobium project:
  - Total Indicated Resources of 82.4 million tonnes grading 1.51% total rare earth oxides "TREO" and 0.17% niobium oxide;
  - Total Inferred Resources of 184.2 million tonnes grading 1.43% TREO and 0.13 % niobium oxide.
- On July 30, 2015, the Company announced it has filed its National Instrument 43-101 technical report titled "Montviel Rare Earth Project Québec, Canada" dated June 15, 2015.

SUMMARY OF ACTIVITIES

1. Montviel Property (REE - 100% interest)

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 urbanized southern part of Northern Québec. The property carries a 2% net output royalty to NioGold Mining Corporation (TSX: NOX.V). On 27 May 2015, the Company entered into an agreement with NioGold under which an option, without charge, was granted to redeem the 2% royalty on Montviel for $2 million.

On January 14, 2015, the Company received a customized reactor to allow the bench scale testing (grams/day) of mixed REE concentrate from the ore at its Montviel NRC laboratory in Boucherville, in Quebec. The mixed ETR concentrate, according to the Montviel flow sheet, provides sufficient quantities for testing and certifying the separation quality.

The June 17, 2015, the Company announced the results of its updated 43-101 resource calculation for its Montviel REE and niobium project. This resource calculation was conducted by Elzear Belzile, P.Eng, a qualified person as defined in NI 43-101, of Belzile Solutions Inc. located in Rouyn-Noranda, Quebec. Following the conversion of open pit mining to underground mining, resources were classified according to the new criteria compared to the initial estimate of September 2011. Resource drilling in Phase 2 is targeted to the enrichment zone within the Central Zone and is included in the Aggregate indicated resources. Drilling Phase 3 targeted enrichment dysprosium along the southern edge of the Central Zone and is represented by the resources of the Dysprosium Zone. After 36,346 meters of diamond drilling, Montviel has the size, mineralization, distribution, and combined with our process flow sheet using 100% hydroelectric, Montviel represents a potential for sustainable development of REE over several generations.

On July 30, 2015, the Company announced that, further to its news release dated June 17, 2015, it has filed its National Instrument 43-101 technical report titled "Montviel Rare Earth Project Québec, Canada" dated June 15, 2015.

Montviel is a 32 km^2 alkaline intrusive system hosting carbonatite intrusions with significant REE and niobium mineralizations. The initial NI 43-101 resource estimate published in September 2011 identified (base case) 445,958 tonnes of neodymium oxide in the indicated category and 160,347 tonnes of neodymium oxide in the inferred category. As of today, drilling has outlined a mineralized ferro-carbonatite over 900 m in length (NE-SW), 650 m wide (NW-SE) and 750 m deep.

2. Update hydrometallurgical results

On May 20, 2015, the Company announced the metallurgical performance of the flowsheet for the PEA for its REE and niobium Montviel project. The process begins with a flotation step, developed by CanmetMINES Natural Resources Canada in Ottawa and continues with an innovative blend of mature technologies generating synergy effects. The hydrometallurgical section was designed and developed entirely by the GéoMégA team in the NRC laboratory in Boucherville, Quebec

Rare earth elements and niobium recoveries

	Recoveries			
	Elements	**Pre-concentrate**	**Hydrometallurgy**	**Overall**
Rare earth elements	Lanthanum	92.70%	97.90%	90.70%
	Cerium	92.90%	95.20%	88.40%
	Praseodymium	93.90%	98.30%	92.30%
	Neodymium	93.00%	97.90%	91.00%
	Samarium	91.00%	95.60%	87.00%
	Europium	89.90%	96.00%	86.30%
	Gadolinium	88.60%	90.20%	79.90%
	Terbium	83.80%	91.70%	76.80%
	Dysprosium	74.10%	84.80%	62.80%
	Niobium	92.20%	71.70%	66.10%

Only 58 kg of regenerated HCl per metric ton of Montviel ore are required to extract REE and niobium with the above-mentioned recoveries. Both acid and base reagents are produced and regenerated directly on site using hydroelectric power and make up quantities of salt. GéoMégA has filed a priority patent to protect the novelty and innovative aspects of the process flow sheet after the flotation stage.

Consumables per metric ton of ore

Consumable	Per metric ton of ore
Flotation reagents	< 5 kg
Salts make up	< 2 kg
Hydroelectricity	< 576 kWh *
Other reagents (Acid/Base)	nil

* The kWh consumption per metric ton of ore accounts for all mining and processing operations.

Updated NI 43-101 Compliant Resource Estimate

Total Mineral Resources

NSR Value (CAD$/tonne)	Category	Million Tonnes	TREO Grade (%)	Pr_2O_3		Nd_2O_3		Eu_2O_3		Nb_2O_5	
				Grade (%)	Contained (M kg)	Grade (%)	Contained (M kg)	Grade (ppm)	Contained (M kg)	Grade (%)	Contained (M kg)
335	Indicated	82.4	1.51	0.08	63.2	0.25	202.0	52	4.3	0.17	141.3
312	Inferred	184.2	1.43	0.07	137.4	0.24	448.3	47	8.7	0.13	242.3

Zone Dysprosium (Included in the Total Mineral Resources table above)

NSR Value (CAD$/tonne)	Category	Million Tonnes	TREO Grade (%)	Pr_2O_3		Nd_2O_3		Tb_2O_3		Dy_2O_3	
				Grade (%)	Contained (M kg)	Grade (%)	Contained (M kg)	Grade (ppm)	Contained (M kg)	Grade (ppm)	Contained (M kg)
234	Indicated	0.37	0.84	0.04	0.2	0.16	0.6	26	0.07	109	0.04
241	Inferred	2.58	0.94	0.05	1.2	0.17	4.4	23	0.06	94	0.24

Total Mineral Resources Sensitivity to NSR cut-off Value

Total Indicated Resources

NSR cut-off Value (CAD$/tonne)	NSR Value (CAD$/tonne)	Million Tonnes	TREO Grade (%)	Pr_2O_3		Nd_2O_3		Eu_2O_3		Nb_2O_5	
				Grade (%)	Contained (M kg)	Grade (%)	Contained (M kg)	Grade (ppm)	Contained (M kg)	Grade (ppm)	Contained (M kg)
150	334	82.5	1.51	0.08	63.2	0.25	202.2	52	4.3	0.17	141.4
180	335	82.4	1.51	0.08	63.2	0.25	202.0	52	4.3	0.17	141.3
200	335	82.1	1.51	0.08	63.0	0.25	201.7	52	4.3	0.17	141.2
225	337	81.0	1.52	0.08	62.5	0.25	199.9	52	4.2	0.17	140.3
250	341	77.7	1.53	0.08	60.6	0.25	193.8	53	4.0	0.18	137.4

Total Inferred Resources

NSR cut-off Value (CAD$/tonne)	NSR Value (CAD$/tonne)	Million Tonnes	TREO Grade (%)	Pr_2O_3		Nd_2O_3		Eu_2O_3		Nb_2O_5	
				Grade (%)	Contained (M kg)	Grade (%)	Contained (M kg)	Grade (ppm)	Contained (M kg)	Grade (ppm)	Contained (M kg)
150	310	187.2	1.42	0.07	138.5	0.24	451.8	47	8.8	0.13	244.3
180	312	184.2	1.43	0.07	137.4	0.24	448.3	47	8.7	0.13	242.3
200	314	181.3	1.44	0.08	136.1	0.24	444.1	47	8.6	0.13	240.4
225	320	170.8	1.47	0.08	130.7	0.25	426.6	48	8.2	0.14	232.2
250	331	151.8	1.51	0.08	119.8	0.26	391.4	49	7.5	0.14	214.7

Total Mineral Resources Breakdown

		Indicated Resource		Inferred Resource	
		82.4 M tonnes		184.2 M tonnes	
Rare Earth Element	Oxide	Oxide Grade (%)	Contained Oxide (M kg)	Oxide Grade (%)	Contained Oxide (M kg)
Lanthanum	La_2O_3	0.40	329.48	0.36	666.03
Cerium	Ce_2O_3	0.73	604.90	0.70	1,290.69
Praseodymium	Pr_2O_3	0.08	63.16	0.075	137.36
Neodymium	Nd_2O_3	0.25	202.04	0.24	448.25
Samarium	Sm_2O_3	0.026	21.07	0.025	45.43
Europium	Eu_2O_3	0.005	4.29	0.005	8.67
Gadolinium	Gd_2O_3	0.009	7.70	0.008	15.23
Terbium	Tb_2O_3	0.001	0.63	0.001	1.28
Dysprosium	Dy_2O_3	0.003	2.18	0.002	4.40
Holmium	Ho_2O_3	0.0003	0.28	0.0003	0.56
Erbium	Er_2O_3	0.001	0.51	0.001	1.02
Thulium	Tm_2O_3	0.00006	0.05	0.00005	0.08
Ytterbium	Yb_2O_3	0.0003	0.29	0.0003	0.55
Lutetium	Lu_2O_3	0.00002	0.02	0.00002	0.03
Yttrium	Y_2O_3	0.008	7.00	0.008	13.84
Total	**TREO**	**1.51**	**1,243.59**	**1.43**	**2,633.43**

Information on the parameters of the resource estimate

- The mineral resource model prepared by Belzile Solutions Inc. considers 89 drill holes (NQ size) drilled from 2010 to 2013. The holes include about 21,746 analyzed intervals with an average length of 1.45 meters.
- Generally, drilling density is varying from 50m x 50m to 100m x 100m depending of the location within the deposit and the depth.
- The resources shown are approximate drilling mesh of 50m x 50m.
- Inferred resources correspond to an approximate drilling mesh of 100m x 100m.
- The mineral resource estimate has been completed using three-dimensional modeling. Geological interpretation identified 6 different areas covered by the drilling area.
- No high grade capping was applied as the maximum value was 7 times higher than the average content of Total Rare Earth Oxide ("TREO") (coefficient of variation around 0.50).
- The results of mineral resources are in place and no mining dilution is applied.
- The extent of mineralization greater than 1.0% TREO encountered in drilling to date can be traced over a maximum of 700m in the NE-SW, 400m in the NW-SE direction and a maximum depth of 760m.
- Density is derived from specific gravity measurements on 308 samples of wrapped cores. The average value for the samples was 2.92 t / m³.

- The estimates were made by Ordinary Kriging ("OK") as the geostatistical interpolation method, according to analytical composites is 5.0 meters. Resources were also estimated by inverse distance interpolation squared ("ID2") for testing and comparison purposes, producing similar results, that is to say less than 1% difference in the levels of TREO and Nb_2O_5.
- All estimates are based on block size of 10 meters long, 5 meters wide and 10 meters height with estimation parameters determined by variography.
- The estimate was made using the Geovia Gems software (V 6.7).
- A 50m crown pillar underneath the overburden / rock interface was removed from the compilation of resources.
- On May 27, 2015, the Company signed a call option agreement for the royalty of 2% currently applicable to Montviel. This resource estimate does not include the 2% royalty.
- Mineral resources are valued in Canadian dollars with an exchange rate of CAD$1.28 / $ US.
- Mineral resources are estimated at a net smaller return ("NSR") cut-off of CAD $180 per tonne including the costs of mining, mineral processing, general and administrative expenses, marketing and contingency based on the assumption of an underground mining scenario of 2,500 tons per day.
- Metal recovery assumptions are based on tests results disclosed on May 20, 2015 and were adjusted to account for a final purification step following hydrometallurgy.
- Rare Earths Oxides Totals ("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.

3. Preliminary Economic Assessment

G Mining Services Inc. has been retained to conduct a PEA.

The corporate commitment to sustainable development dictated the following operational parameters of the Montviel project: i) underground mining scenario with paste backfill, ii) reduction of reagents to be transported by road and iii) electrical operations with a current line low voltage. It took more than three and a half years of metallurgical work and optimization to meet these three parameters.

The PEA will include the following assumptions:
- underground mining scenario (ramp access);
- annual production of mixed REE concentrate containing about 2,000 tons of neodymium oxide;
- power supply from a power line connected to the Hydro -Quebec network;
- opportunity to separating the concentrate using the Innord ETR separation process.

4. Environmental Geochemistry

The Company has established a collaboration with the NSERC *CREATE Mine of knowledge* program and the University of Montreal. This collaboration will advance several aspects including the establishment of criteria for environmental releases for the Montviel REE project. This collaboration involves, among other things, a review of literature on the criteria for toxicity and acute and chronic toxicity tests.

The Company continued geological and geochemical characterization of the Montviel alkaline intrusion. A total of 15 additional samples representing six lithologies have been subject to static tests to characterize the geochemical behaviour of waste rock from the property. These tests include four lithological units that have been the subject of geochemical characterization for the first time. Although all lithologies are considered leachable for certain metals and / or metalloids, no major problem has been identified. No lithology is considered hazardous according to Directive 019.

The Company ended the wet cells study of Montviel ore and waste on April 2, 2015 after 121 weeks of kinetic tests. The report outlining the environmental geochemical behaviour in the kinetic tests is being drafted and will be provided by the URSTM. Meanwhile, the Company has installed, on the future site of operation, 7 barrels containing more than 250kg of each of the lithologies encountered on Montviel. These lithologies include ore and waste rock proximal and distal to the deposit found in the center of the ramp. The leachate will be analyzed periodically, and this data will help identify or refute certain environmental issues. These kinetic tests will confirm the scaling humidity cell tests as they are performed on a larger scale (versus 250kg 1kg) and actual physical and meteorological conditions which potential tailings parks will be exposed to.

The Company is analyzing the residue from the metallurgical process, after the flotation step. These residues have undergone a series of static tests required according to the directive 019. The results are in the process of being prepared.

5. Gold property - Anik (100% interest) and other properties (all 100% interest)

The Anik project ("Anik"), is located 40 km south of the town of Chapais, Quebec, in the southern part of northern Quebec. Anik has a permanent, public infrastructure and an experienced workforce in its immediate vicinity. The Anik property consists of 151 claims.

In June 2015, a second geological survey campaign began. Its main objective is to improve the geological understanding of the sectors of the index and the new Bobby sector quartz veins with visible gold and which was updated by drilling ANK-15-16. To do so, a new soil survey (approximately 400 samples) and the creation of new trenches were made in the Bobby index sector (4) and in the ANK-15 drilling sector-16 (2). Currently 236 rock samples were sent for laboratory analysis in order to know the gold content. The results of this first response are pending and will be presented at the end of the summer 2015.

Further work on the property anticipated in the fall, 2015 includes the systematic channel sampling at gold levels identified during the phase 1 program as well as the realization of new trenches in the extensions of the gold zones. A drilling program "Phase-2" will be conducted during late fall 2015, to continue the investigation.

6. Discovery and geological context

The exploration on the property Anik began in spring 2014 by conducting a helicopter survey, HD magnetic followed by first mapping campaign and geological reconnaissance. The results of this first operation led to the discovery of the ORBI index, which assayed grades of 10.30 g / t, 8.03 g / t and 7.86 g / t Au. Following this discovery, the Company has updated two new indices (Mirador and Bobby) defining a gold lineament over 600 meters.

The Mirador index, 220 meters northeast of the ORBI index, indicated abnormal levels of 0.10 g / t and 0.74 g / t Au in a metric shear zone and three levels of 1.38 g / t, 3.16 g / t and 11.35 g / t which come from centimetric quartz- tourmaline. The Bobby index, located 350 meters southwest of the ORBI index, assayed grades of 0.51 g / t Au over 1.0 m and 1.13 g / t Au over 1.0 m grooves in sediment cut by quartz veinlets mineralized with a pyrite network.

In November 2014, a first drilling campaign began to investigate the extensions of the mineralized showings and also to check some regional targets. Phase 1 ended January 31, 2015 with 22 holes drilled for 4,731 meters of drilling. Of these, 13 were made in the area of the three gold showings (Bobby, ORBI and Mirador) and 9 regional targets have investigated that showed geological, geochemical and / or geophysical anomalies. Over 3,475 samples were sent to the laboratory to determine their gold content.

Of the 13 wells investigated in the gold showings sector, 11 intersected grades above 1 g / t Au over 1 meter and up. The 9 regional exploration drilling areas showed no abnormalities greater than 0.5 g / t Au. The following table presents the results of significant intersections from holes drilled during Phase 1.

Phase 1: Significant intersections

Drill holes	Target	Azimut/Dip	From (m)	To (m)	Length[1] (m)	Au (g/t)
AK-02[1]	ORBI / Trench 35-S	N345°/-45°	110.0	115.0	5.0	0.72
			incl. 114.0	115.0	1.0	2.06
			131.5	132.5	1.0	2.83
AK-03[1]	Mirador	N345°/-45°	64.0	65.0	1.0	1.14
AK-04[1]	ORBI	N345°/-45°	38.0	41.0	3.0	1.24
AK-05[1]	Trench 35-S	N345°/-45°	135.0	136.0	1.0	4.30
			207.0	208.2	1.2	2.73
AK-06[2]	Bobby	N165°/-45°	9.0	65.5	56.5	0.41
			incl. 21.0	36.0	15.0	1.00
AK-15-16[1]	27-16	N345°/-45^0	10	11	1.0	19.45
	ORBI		91	94	3.0	1.05
AK-15-17B[1]	ORBI	N345°/-45^0	30	31	1.0	4.67
AK-15-18[2]	Bobby	N345°/-45^0	69	71	2.0	1.60
AK-15-19B[2]	Bobby	N165°/-45^0	19	20	1.0	1.27
			58	59	1.0	1.93
AK-15-20[2]	Exploration	N345°/-45^0	77	80	3.0	1.47
			84	85	1.0	1.06
AK-15-21[2]	Bobby	N165°/-45^0	162.84	170.80	7.96	1.28
			incl. 165	*166.54*	*1.54*	*3.06*
1. True width is estimated between 70 et 90% of core length.						
2. True width is estimated between 45 et 60% of core length.						

All gold drilling intercepts in the previous table presented metric silicified veins and veinlets levels with mineralized quartz pyrite in shear corridors showing alterations sericite, ankerite and locally fuchiste. The shear corridors may overlap sedimentary, mafic volcanic and gabbros units. The corridors vary from a few meters to tens of meters.

The monitoring carried out on the gold zone ORBI by ANK - 15-16 -17 drill holes shows that the area is open to the east and at depth. In addition, the 15-16 - ANK drilling was also updated to a first level and showed a sedimentary ore containing mineralized centimeter quartz veins which showed visible gold grains. The unit assayed 19.45 g / t Au over 1 meter from the start of drilling. This new zone is open at depth and to the east.

Drilling AK- 15-18 to 22 have investigated the Bobby index. Of the 5 boreholes, 4 intersected the mineralized level plurimetric and silicified with quartz veinlets. The AK- 15-18 and 19 boreholes intersected the periphery east and west of the area while the AK- 15-20 drilling intersected the area 150 meters north. The AK- 15-21 drilling (1.28 g / t Au over 7.96 meters) intersected the mineralized zone at a vertical depth of 125 meters and the mineralizing system shows that is still active.

During the year ended May 31, 2015, exploration and evaluation expenditures in relation to the Anik property were $1,221,874 ($180,425 in 2014)

	Year Ended May 31,		Cumulative
Anik - Exploration	**2015 $**	2014 $	to date $
Salary, Geology and prospection	**465,751**	**27,276**	545,572
Lodging and Travel expenses	**178,145**	**12,214**	202,212
Geophysics	**32,688**	**129,491**	162,179
Analysis	**462,124**	**2,642**	489,923
Supplies and Equipment	**74,226**	**8,077**	93,803
Taxes, permits and insurance	**8,941**	**725**	9,666
Anik – Exploration	**1,221,874**	**180,425**	1,503,455

7. McDonald property (Gold - 100% interest)

The McDonald property is located 30 km east of the Montviel property and consists of 208 claims. In August 2012, reconnaissance and prospecting have shown alterations and lithologies favorable for gold mineralization. Following this work, a sample gave a value of 6.42 g / t Au in a highly mineralized sedimentary unit. There were no other significant results following the resampling. During the summer of 2014, some geological reconnaissance collected 43 samples and 29 till lithological units in areas that require work for the renewal of mining titles. The results of this limited work have allowed the Company to update some gold anomalies (<1.0 g / t Au) in a field of boulders. A helicopter-borne magnetic survey of HD 642 linear km (approximately 25 km2) was conducted in December 2014. This survey will both renew mining titles in some sectors showing good gold potential and also better define exploration targets for the next field operation. A full program of exploration and mapping is planned for August 2015 to continue the investigation of the property.

For the year ended May 31, 2015, expenditures for exploration and evaluation in relation to the McDonald property were $42,576 ($22,689 in 2014). These expenses were mainly incurred for the purposes of geological surveys, analysis, prospecting and sampling.

8. Other properties

For the year ended May 31, 2015, exploration expenditures and assessments for the other properties were $17,976 ($11,753 in 2014).

9. Innord Inc. (a private, wholly owned subsidiary)

The purpose of Innord is to optimize the value of the REE separation process by facilitating its development through direct investment by key financial partners.

All current and future research and development initiative will now be made by Innord Inc., beginning with scaling its proprietary process of physical separation.

Based on electrophoresis, the physical separation process has the potential to reduce the capital required to build separation plants compared to the construction of plants based on conventional techniques (i.e. fractional precipitation, ion exchange and solvent extraction), to optimize the recovery of REE and improve the environmental performance of operations. This new process does not use any organic solvent which should have a positive impact on environmental risks in addition to reducing operating costs.

Electrophoresis is the migration of charged species (ions, proteins, particles) in a solution in the presence of an electric field. Each ion moves toward the opposite electrical polarity electrode. For a given set of solution conditions and electric field intensity, the rate of migration depends on a characteristic number known as the electrophoretic mobility. The electrophoretic mobility is directly proportional to the ratio of the load and the size of the ion.

On August 22, 2014 , the Company received the international search report ("ISR") and a written opinion ("WO") of the Canadian Intellectual Property Office in relation to twenty-five claims contained in the international Patent Cooperation Treaty ("PCT") application with the title "A system and method for separation and purification of rare earth Dissolved / precious metals elements / compounds" (the "separation process").

The ISR and WO concluded positively on novelty, inventive step and industrial application of the process of separation and twenty-three claims are considered patentable. The Company is moving forward with national applications in multiple key jurisdictions.

On August 13, 2015, the Company announced support to develop its innovative process for separating REE. The Industrial Research program of the National Research Council Canada ("NRC - IRAP") will provide up to $200,000 over 2 years to Innord Inc. to develop a process which separates the concentrate mixed in individual pure rare earth oxides REE. The separation process is the last step in the production of pure individual oxides of rare earths. This process follows the already developed metallurgical process that extracts the REE and niobium ore and produces a concentrate mixed REE (see press release dated August 13, 2015).

The Company holds interests in several mining properties. The main objectives are to advance the Montviel project, Innord, and gold portfolios. The Company examines different scenarios for the development of its assets including selecting partners in joint ventures.

The geological information has been prepared and summarized by Alain Cayer, Geologist, M.Sc., VP Exploration and Qualified Person under NI 43-101.

EXPLORATION AND EVALUATION RESULTS

Montviel Property (REE – 100% interest)

During the year ended May 31, 2015, the Company incurred $1,052,065 in exploration and evaluation ("E&E") expenditures capitalized in relation to the Montviel property ($2,479,276 in 2014).

	Year Ended May 31,		Cumulative to date
Montviel- Exploration	**2015 $**	2014 $	$
Assays and drilling	**11,775**	**543,178**	4,579,311
Geology	**180,470**	**611,806**	2,912,249
Mineralogy and Metallurgy	**4,210**	**-**	721,944
Transport and lodging	**96,223**	**140,844**	952,152
Geophysics and Geochemistry	**-**	**-**	172,064
Depreciation of property and equipment	**59,183**	**204,501**	578,276
Taxes, permits and insurances	**12,427**	**27,573**	91,116
Total Exploration	**364,288**	**1,527,902**	10,008,112

Montviel - Evaluation	Year Ended May 31, 2015 $	Year Ended May 31, 2014 $	Cumulative to date $
Market study	**21,539**	6,912	134,497
Mine design	**67,243**	57,191	423,820
Hydrogeology, Geochemistry, geotechnical and geomechanical	**83,718**	178,509	557,105
Environmental baseline	**11,800**	26,518	254,541
Infrastructure	**19,635**	1,196	107,599
Tailings pond	**-**	14,749	121,619
Metallurgy and processing	**259,900**	390,904	922,397
Separation process	**173,013**	272,271	693,577
Other	**50,929**	3,124	54,053
Total Evaluation	**687,777**	951,374	3,269,208
Total Exploration and Evaluation expenditures capitalized	**1,052,065**	2,479,276	13,277,320

Exploration and evaluation activities performed during the year ended May 31, 2015 allowed the company to gather important information for the Montviel PEA, the environmental and social impact assessment and optimization of the metallurgical process

After a review of the property, the Company has decided not to renew 9 mineral claims acquired in October 2010 as it was established that these mining claims offered limited potential for geological prospecting of REE. Consequently, the Company wrote off an amount of $11,850 during the year ended May 31, 2015. This amount represents the acquisition costs and renewals for mining claims that have not been renewed.

On May 31, 2015, the carrying value of the Montviel property amounted to $17,895,108, including $7,008,321 for the costs of acquiring the mining property and $10,886,787 under exploration expenditures and capitalized assessment.

OUTLOOK

The Company is currently planning for the development of its REE physical separation process and the development of the Montviel project. The optimization trials and preliminary technical work to build a prototype are underway.

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, 2015 $	As at May 31, 2014 $	As at May 31, 2013 $
Total assets	**19,038,181**	**20,197,776**	18,599,714
Exploration and evaluation assets	**17,895,108**	**16,812,378**	14,353,599
Non-current financial liabilities	**-**	**34,826**	-
Operating expenses	**1,390,103**	**1,106,960**	1,873,754
Exploration and evaluation expenses (net of tax credits)	**1,115,537**	**271,945**	415,134
Impairment of exploration and evaluation assets	**11,850**	**140,089**	295,916
Net loss and comprehensive loss	**2,307,487**	**1,230,388**	2,340,984
Net loss per share (basic and diluted)	**0.04**	**0.03**	0.07

RESULTS OF OPERATIONS

For the year ended May 31, 2015, the Company incurred a loss of $2,307,487 ($1,230,388 in 2014). The decrease of $1,077,099 is mainly related to the following factors:

- increase in exploration and evaluation expenditures of $843,592 ($1,115,537 in 2015 compared to $271,945 in 2014) associated with the increase in exploration work on the Anik property;
- decrease in the write-off of exploration and evaluation assets of $116,340 ($11,850 in 2015 compared to $128,190 in 2014);
- increase in salaries and expenses and stock-based compensation of $99,757 ($775,918 in 2015 compared to $676,161 in 2014) primarily associated with the expense of stock-based compensation recorded in 2014 of $55,801 compared to $133,167 in 2015;
- increase in professional fees of $52,372 ($238,251 in 2015 compared to $185,879 in 2014) primarily associated with increased legal costs, recruitment agency fees and transfer agent fees;
- increased expenses for travel, convention and investor relations $137,466 ($196,720 in 2015 compared to $59,254 in 2014) primarily associated with the contract of institutional investor services;
- decrease in research and development expenses of $21,079 ($12,722 in 2015 compared to $33,800 in 2014) in connection with the new accounting policy for research and development expenses in the statement of operations and comprehensive income for 2015 for activities related to other technology applications than for Montviel;
- reduction in financial expense of $65,595 ($19,741 in 2015 compared to $85,336 in 2014) mainly due to the repayment of financial expenses on SIDEX debt in July 2013;
- decrease in deferred income tax recovery of $141,106 ($214,415 in 2015 compared to $355,521 in 2014) related to the amortization of the liability on flow-through shares of $208,462 ($279,780 in 2014) and the recognition of a deferred tax recovery $5,953 ($75,741 in 2014) related to the expiration of the warrants.

SUMMARY OF QUARTERLY RESULTS

	2015				2014			
(in thousands of dollars, except for per share amounts)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenues	1	5	3	6	1	6	10	1
Loss and comprehensive loss	391	703	647	566	567	276	186	201
Loss per share – basic and diluted	0.01	0.01	0.01	0.01	0.005	0.005	0.01	0.01

The main variations in the quarterly results from the comparable period are explained as follows:

2015-Q4 Decrease in exploration and evaluation expenses of $193,914 mainly due to reduced work on the Anik project;

2015-Q3 Increase in exploration and evaluation expenses of $455,353 related to the exploration work performed on the Anik property;

2015-Q2 Increase in exploration and evaluation expenses of $361,716 related to the exploration work performed on the Anik property;

2015-Q1 Increase in exploration and evaluation expenses of $220,437 related to the exploration work performed on the gold portfolio (Anik and other properties);

2014-Q4 Increase of exploration and evaluation expenses of $55,496, lower impairment of exploration and evaluation assets of $123,895 and decrease of the amortization of flow-through share liability of $109,397;

2014-Q3 Decrease of $121,347 in salaries, employee benefits and share-based compensation and increase of $144,983 of flow-through share related income;

2014-Q2 Decrease of $204,426 in salaries, employee benefits and share-based compensation, lower professional fees of $178,125 and reduction of exploration and evaluation expenses of $100,204;

2014-Q1 Reduction of exploration and evaluation expenses of $98,707 and a decrease of $201,848 in salaries, employee benefits and share-based compensation.

FOURTH QUARTER

For the three month period ended May 31, 2015, the Company incurred a loss of $390,766 ($566,925 in 2014). The decrease of $176,159 is mainly related to the decrease of exploration and evaluation expenses of $193,914. Other significant variances include a decrease in the impairment of exploration and evaluation assets of $116,340 ($11,850 in 2015 vs. $128,190 in 2014).

LIQUIDITY AND CAPITAL RESOURCES

As at May 31, 2015, the Company had cash and cash equivalents of $454,671, current tax credits receivable of $225,980 and non-current tax credits receivable of $129,208 (respectively $2,399,775, $433,674 and $92,092 as at May 31, 2014). The Company had a working capital of $344,349 ($2,317,791 in 2014).

Management considers the working capital insufficient to meet the Company's obligations and budgeted expenditures through May 31, 2016. Consequently, management must secure additional funding to ensure timely exploration and evaluation of the Montviel project and pay for general and administrative costs. Global economic uncertainty remains and contributes to the volatility in the capital markets making equity financings for exploration companies very difficult. Any funding shortfalls 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 guarantees that it will be able to do so in the future, or that any source of funding or initiatives will be available on reasonable terms to the Company. Note 1 of the audited financial statements for the year ended May 31, 2015 reflects this uncertainty.

Private placements

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.

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 Company paid a cash commission of $40,000 to the broker and issued 160,000 non-transferable broker options allowing the holder to acquire one common share of the Company at a price of $0.25 until November 20, 2016. At the date of this report, the Company has incurred the totality of the exploration expenditures in connection with this financing.

Tax credits for resources

On January 27, 2015, the Company received a reimbursement of $39,884 for its mining credit on duties refundable for losses for the year ended May 31, 2014.

On September 16, 2014, the Company received a reimbursement of $299,899 for its mining credit on duties refundable for losses for the year ended May 31, 2012.

Warrants

During the year ended May 31, 2015, a total of 1,000,000 warrants were exercised for gross proceeds of $250,000 and 2,074,223 warrants exercisable expired without being exercised.

Stock options

On September 17, 2014, the Company granted to directors, officers and employees 710,000 stock options at an exercise price of $0.26 for five years.

On January 23, 2015, the Company granted to directors, officers and employees 100 000 stock options at an exercise price of $0.14 for five years.

During the year ended May 31, 2015, 146,875 stock options were expired and 125,625 were forfeited.

Broker options

During the year ended May 31, 2015, no broker options were exercised and 37,800 options exercisable at $0.50 have expired without being exercised.

COMMITMENTS

Office lease: The Company has entered into two lease agreements for its corporate office and an off-site location expiring respectively on December 31, 2015 and November 30, 2016. In each lease agreement, the Company has 90 days to terminate the agreement. As of May 31, 2015, the total obligation under these agreements was $17,271 due within the next twelve months.

Flow-through Financing: at the date of this report, the Company has no obligation to incur eligible expenses in connection with the flow-through financing completed in November 2014.

Finance lease: The Company entered into a finance lease in December 2013 for the acquisition of equipment. Over the next 12 months, the payments total $34,826. This contract ends on December 1, 2015.

Operating lease: The Company entered into two operating leases for field equipment totalling $24,213 expiring respectively in May 2016 and June 2017.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Key Management Personnel Remuneration

Key management personnel of the Company include the Directors, the President and CEO, the Chief Financial Officer and the Vice-President exploration. Key management personnel remuneration includes the following expenses:

	Year Ended May 31,	
	2015	2014
	$	$
Short-term employee benefits		
Salaries including benefits	**553,200**	504,435
Social security costs	**32,894**	42,438
Professional fees	**29,000**	53,250
Total short-term employee benefits	**615,094**	600,123
Share-based compensation	**119,957**	66,462
Total remuneration	**735,057**	666,585

Transaction with related parties

On April 30, 2012, a partner of Lavery de Billy LLP ("Lavery") was appointed to the Company's Board of Directors as the Company's Corporate Secretary. During the year ended May 31, 2015, the Company paid legal fees of $132,629 ($148,124 in 2014) to Lavery. All transactions with related parties have occurred in the normal course of business of the Company and are based on normal commercial terms.

Allowance for Termination or Change of Control

There are certain employment agreements between key management and the Company that contain termination and a change of control provisions. If a termination without cause or change of control involving material changes, and the duties assigned to key management has occurred as at May 31, 2015, the amounts payable for the executive team would have totalled $344,085 and $959,235 respectively. In the case of termination for cause, no compensation will be paid.

FINANCIAL INSTRUMENTS

Financial Risk Factors

The Company is exposed to various financial risks resulting from both its activities and investments. The Company manages the financial risks. The Company does not use transactions in financial instruments, including derivative financial instruments for speculative purposes. Exposure of the Company to key financial risks and financial policies in this area are described in the annual financial statements of May 31, 2015 in Note 18.

ADDITIONAL INFORMATION

Outstanding Shareholders' Equity Data:

As of August 26, 2015, the following are outstanding:

	As at May 31, 2015	Issuance	Renunciation	As at August 31, 2015
Common Shares	56,989,560	5,213,556	-	62,203,116
Stock options	3,320,000	-	775,000	2,545,000
Warrants	6,957,304	2,606,778	-	9,564,082
Broker options	424,167	-	-	424,167

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 favourable.

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 and evaluation 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. Note 1 of the audited financial statements for the year ended May 31, 2015 reflects this uncertainty.

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 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 favourable 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 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

Although the Company has taken steps to verify title to the property on which it is conducting exploration and in which it is acquiring an interest in accordance with industry standards for the current stage of exploration and evaluation of such property, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, aboriginal claims and noncompliance with regulatory requirements.

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.

Although the Company continues to ensure that its exploration projects receive support from concerned municipals authorities and other stakeholders, amendments to various governmental regulations might affect its exploration projects. In particular, the exploration projects of the Company are located in Québec on which some are located on Eeyou Istchee James Bay territory. The creation of the Eeyou Istchee James Bay Regional Government and recent changes to the categories I, II and III lands might affect the exploration and evaluation of the Company's properties.

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, Management is not required to obtain an attestation in regards of the evaluation of internal controls and 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

The refundable credit for resources and credit on duties refundable for losses (the "tax credits") for the current period and prior periods are measured at the amount the Company expects to recover from the tax authorities as at the closing date. However, uncertainties remain as to the interpretation of tax rules and the amount and timing of the recovery of such tax credits. Accordingly, there may be a significant difference between the recorded amount of tax credits receivable and the actual amount of tax credits received following the tax authorities' review of issues whose interpretation is uncertain. However, given the uncertainty inherent in obtaining the approval of the relevant tax authorities, the amount of tax credits that will actually be recovered or the amount to be repaid, as well as the timing of such recovery or repayment, could differ materially from the accounting estimates, which would affect the Company's financial position and cash flows.

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 POLICIES, ESTIMATES, JUDEMENTS AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires Management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. There is a full disclosure and description of the Company's critical accounting policies, estimates, judgments, and assumptions in the financial statements as at May 31, 2015, Notes 1, 2, 3 and 4.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company applied the same accounting policies to each of its 2015 interim financial statements as it did to its annual financial statements for the year ended May 31, 2015, except as described in Note 3 to the financial statements dated May 31, 2015, which did not affect the Company's results.

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.