

**GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016**

The following Management's Discussion and Analysis ("MD&A") of financial condition and results of operations of GéoMégA 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, 2016. 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 31, 2016. All amounts presented are in Canadian dollars.

The Company's common shares are traded on the TSX Venture Exchange under the symbol **GMA** and 77,433,712 common shares were outstanding as of August 31, 2016. 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 earth elements and niobium), development or use of its physical separation process (ore, recycling products and royalties) through its wholly owned subsidiary Innord Inc. ("Innord") 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 Quebec. GéoMégA is committed to meeting the Canadian mining industry standards and distinguishing itself with innovative engineering, high stakeholder 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 one of the rare earth 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.

**GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016**

OVERALL PERFORMANCE

Corporate Summary

- On June 17, 2015, the Company announced the results of the updated 43-101 resource calculation for its Montviel rare earth elements and niobium ("REE/Nb") 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 13, 2015, the Company announced the resignation of Mr. Réjean Talbot as a Director of the Company.
- On July 23, 2015, the Company announced the departure of Mr. Simon Britt as President and CEO and the appointment of Mr. Derek Lindsay as President and CEO on an interim basis.
- On July 30, 2015, the Company announced it had filed its National Instrument 43-101 technical report titled "Montviel Rare Earth Project Quebec, Canada".
- On August 13, 2015, the Company announced the receipt of financial support to develop its innovative process for separating REE. The Industrial Research Assistance Program of the National Research Council Canada ("NRC - IRAP") will provide up to \$200,000 over 2 years to Innord to develop a process to separate a mixed REE concentrate into pure individual rare earth oxides.
- On September 14, 2015, the Company announced the appointment Mr. Kiril Mugerma as President and CEO succeeding Mr. Derek Lindsay previously appointed on an interim basis. Mr. Mugerma was granted 300,000 stock options at an exercise price of \$0.085 per share for a period of 5 years under the terms of the Stock Option Plan of the Company.
- On September 28, 2015, the Company announced the first set of results from its 2015 surface exploration campaign at the Anik gold property, located 40 km south of the town of Chapais, Quebec.
- On November 17, 2015, the Company issued a press release noting that the Company's board of directors proposed a modified structure of director compensation described on page 17 of the Management Proxy Circular dated October 23, 2015. Under the proposed director compensation plan, each non-executive director will be entitled to an annual attendance fee of \$10,000 for Board meetings or Board committee meetings. Furthermore, the following persons will also be entitled to receive the following amounts: (i) the Chairman of the Board will be entitled to an annual fee of \$10,000 and (ii) the Chair of the Company's audit committee will be entitled to an annual fee of \$5,000. This represents a total compensation of \$65,000, a reduction of almost 60% in director's compensation relative to the previous year's compensation of \$156,500.
- On November 23, 2015, the Company held its annual general meeting ("AGM") in Montreal, Quebec. At the AGM shareholders voted in favor of all resolutions put forth including:
 - Re-electing Patrick Godin, Denis Hamel, Mario Spino, Paul-Henri Couture, and Gilles Gingras as directors of the Company;
 - Electing Mr. Kiril Mugerma, President and CEO, to serve as a director;
 - Re-appointing PricewaterhouseCoopers, LLP, a partnership of Chartered Professional Accountants, as auditors for the upcoming year;
 - Re-approving the 10% rolling stock option plan.

GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016

- On November 23, 2015, subsequent to the AGM, the Directors renewed Mr. Patrick Godin as Chairman of the Board, Mr. Kiril Mugerman as President and Chief Executive Officer, Mr. Alain Cayer as Vice President of Exploration, Mr. Pouya Hajjani as Chief Technology Officer, Mr. Derek Lindsay as Chief Financial Officer and Mr. Sébastien Vézina as Corporate Secretary. In addition, the directors granted to directors, officers and employees a total of 790,000 stock options at an exercise price of \$0.07 under the terms of the Company's stock option plan.
- On February 23, 2016, the Company announced the closing of a private placement. As part of this private placement, Nexolia Investments Inc. ("Nexolia"), has acquired 7,142,857 shares of GéoMégA. GéoMégA also announced that Mrs. Vicky Lavoie, President and Founder of Nexolia, has joined the Board of Directors of GéoMégA.

Nexolia is a private company focused on investing in natural resources, renewable energy and other projects that could result in a sustainable economic development and job creation, provide services and resources to northern communities while operating in a transparent and respectful manner towards the communities and the environment in which it operates.

GéoMégA welcomes Nexolia as a strategic investor and a local partner in the pursuit of our common goal of developing a sustainable and competitive REE industry in Northern Quebec. With Nexolia's investment, GéoMégA is looking forward to taking the Montviel project to the next stage while our private subsidiary Innord continues to develop its proprietary rare earths separation technology.

Mrs. Vicky Lavoie, M. Sc., is a business entrepreneur focusing on contributing to sustainable, social and economic development of the remote regions by implementing projects that create jobs, offer services and provide resources through concrete, transparent and respectful actions towards the communities and the environment. As President and founder of Nexolia Inc., and through demonstrating a creative and innovative entrepreneurial vision, Mrs. Lavoie became the first non-resident of the Côte-Nord to sit on the board of directors of "Comité de maximisation des retombées économiques de Sept Rivières (COMAX)". Mrs. Lavoie is a partner at Drakkar & Partners and Ekkinox, Natural Resources & Energy, companies focusing on providing strategic solutions and job creation in the northern regions. Previously, Mrs. Lavoie served as executive director and director of business development for "Société de développement économique Uashat mak Mani-Utenam (SDEUM)" and as executive director and director of economic development for the Matimekoshe First Nation reserve.

Nexolia has indicated that Nexolia will own 7,142,857 common shares and 3,571,428 warrants of GéoMégA, or approximately 9.2% of GéoMégA's then issued and outstanding common shares making it the largest current shareholder of the Company. Nexolia has further indicated that it has acquired these 7,142,857 common shares of GéoMégA for investment purposes only and, other than these common shares and warrants, Nexolia has no current intention to increase its beneficial ownership of, or control or direction over, additional securities of GéoMégA.

- On March 3, 2016, the Company announced that the Société du Plan Nord ("SPN"), the Société de développement de la Baie-James ("SDBJ") and the Administration régionale Baie-James ("ARBJ"), will be investing in Innord. With this injection of funds, Innord should receive a total of \$500,000 from the SPN, the SDBJ and the ARBJ. An initial portion of \$150,000 out of a total potential grant of \$250,000 was received from the SPN during the year ended May 31, 2016. The remaining balance to be received is subject to meeting certain conditions. A total equity investment of \$250,000 was received from SDBJ and ARBJ in June 2016, when the transaction closed.

GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016

The three main points of focus for the SPN include the development of the economic potential of the region, the support of the development of the communities in the area and the protection of the environment. Innord's proprietary separation process has the potential to meet all three of these objectives. Whether it is through exploiting the natural resources of northern Quebec like the REE/Nb Montviel project or through processing REE enriched recycled materials, industrial residues and by-products, separation into pure individual rare earth oxides is key in establishing a REE industry that in turn brings jobs to the area and helps develop the nearby communities. Furthermore, Innord's separation process has the potential to significantly improve the environmental performance of REE separation in comparison to conventional techniques (i.e. solvent extraction and fractional precipitation) thus ensuring the creation of an environmentally sustainable REE industry. As a control person of Innord, GéoMégA will be an interested party to the investment. The transaction is exempt from the formal valuation and shareholder approval requirements provided under Regulation 61-101 respecting Protection of Minority Holders in Special Transactions ("Regulation 61-101") in accordance with sections 5.5(a) and 5.7(a) of said Regulation 61-101. The exemption is based on the fact that the market value of the contribution or the consideration paid by such insiders does not exceed 25% of the market value of the Company. The transaction closed on June 8, 2016.

- On April 6, 2016, GéoMégA and Innord announced that the two companies had signed a Technology License Agreement ("TLA") pursuant to which GéoMégA is granted a non-exclusive license to build and operate processing and separation facilities using the licensed technology ("Licensed Technology"). The Licensed Technology includes the patent applications for "A system and method for separation and purification of dissolved rare earth/precious metals elements/compounds" covered under patent application 2,893,793 (Canada) and 14/653,777 (U.S.A) and for "A system and a method for metallurgical extraction of REE and Nb from Ferro-Carbonatite" covered under patent application 62/180,663. The companies will continue to work jointly on developing the technologies, scaling up, implementing pilot plants and attaining industrial application. The TLA is not limited in time and is not restricted to any particular territory. As part of the agreement, GéoMégA will pay Innord a 0.5% Net Value Royalty ("NVR") for all sales of products produced in a processing and separation facility utilizing the Licensed Technology. In the case where the processing and the separation facility are located in the James Bay Territory, the NVR will be at 0.25%. GéoMégA reserves the right to re-purchase half of the royalty (0.25% or 0.125% depending on the case) from Innord by paying a fixed fee of \$250,000. The balance of the royalty could be re-purchased by paying an additional fee, to be negotiated based on market value and agreed upon by both parties at a later date. The Royalty can only be re-purchased once GéoMégA has reached commercial production and only if Innord's main revenue is no longer from the GéoMégA royalty. Also, GéoMégA and Innord announced that they have moved their corporate headquarters from the St-Lambert office to the NRC facility in Boucherville where the Innord lab facility was already located.
- On April 6, 2016, GéoMégA signed a property purchase agreement with Saint Jean Carbon Inc. ("Saint Jean") whereby Saint Jean will acquire a 100%-interest in the Buckingham mining property. The property consists of 13 claims located in southwestern Quebec. Under the terms of the agreement, GéoMégA will receive 1,500,000 common shares of Saint Jean subject to TSX Venture Exchange approval. GéoMégA will retain a 0.75% Net Output Returns Royalty on the property. The transaction closed on June 9 2016.
- On June 21, 2016, the Company announced that Innord had successfully completed separation of a synthetic mixture of three REE, using its own initial prototype in the lab facility in Boucherville. Innord now has two operational electrophoreses prototypes with all the knowhow in-house. The successful separation testing was based on three elements: Lanthanum (La), Europium (Eu) and Ytterbium (Yb). Working with three elements enables validating and comparing the results to those obtained in 2014, as initial test work back then was completed in collaboration with FFE Service GmbH (Germany) on the same three elements (see January 15, 2014 news release).

GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016

Two of the main objectives set forth in the current phase of development, maximizing the throughput capacity and minimizing the cost, were successfully handled to date. The two prototypes show a significant reduction in footprint as each prototype is several times smaller in comparison with that used in 2014. More importantly, testing to date is conducted in a liquid which contains 18 fold more REE per unit volume and work continues to increase the REE concentration further. Cost reduction is just as apparent. Each prototype is approximately one tenth in cost of that used in 2014. In addition, power consumption of the system per kg of REE has been lowered significantly during the latest optimization tests. Similar to previous tests, separation of multiple elements occurs simultaneously, which remains one of the main advantages of the electrophoresis separation technology.

The initial module is a flexible design that allows adjustments of the various parameters required for separation with electrophoresis. Having such a device in-house is a significant advantage as it allows Innord to run a multitude of testing conditions on the fast track, and helps to further understand and improve REE separation using electrophoresis. Tests will continue on other synthetic concentrates, commercial concentrates, secondary feeds and test work to achieve high purity oxides. Innord's objective is to further improve the technology using the current prototype and then use that knowledge to build a larger unit that will be able to process REE on a higher scale.

Reduction in size and cost combined with an increase in concentration bodes well with Innord's modular approach which is expected to allow for a gradual increase in processing capacity while minimizing capital risk. With the initial prototype now operational but with lots of test work, modeling and construction of a larger prototype ahead, Innord is entering an exciting period of its Phase 1A which is expected to be complete in Q4 of 2016. Innord believes its modular approach gives it a lot of flexibility regardless of the market conditions. In addition, this technology is not feed dependant (ie. it can process heavy or light primary feeds or secondary feeds), and so offers a solid opportunity to gradually penetrate the market while the Montviel project advances and so be in a favourable position to eventually build an REE mine in Quebec.

All the tests and assay analyses were performed at Innord's laboratory at the NRC facility in Boucherville, Canada. The analyses were completed on every sample using ICP-EOS spectrometer.

- On July 14, 2016, GéoMégA notified the market regarding an investigation being conducted by Autorité des marchés financiers ("AMF"), the securities regulatory authority in the Province of Quebec. The Company, its officers and employees are fully cooperating with the AMF. To the Company's knowledge this does not involve any allegations of wrongdoing by the Company. GéoMégA will continue to cooperate, if and when requested, consistent with our practice to always cooperate with regulatory authorities. The investigation has had no impact on GéoMégA's business operations or companies. The AMF investigation, in regards to trading activity in GéoMégA securities while in possession of information and for providing that information to others, does not involve any members of the Company's board of directors. In light of these allegations, the Company has put in place operational safeguards to protect its interests and those of its shareholders. The Company will continue to monitor the investigation if and as it proceeds.
- On July 22, 2016, GéoMégA issued a clarification to the market due to a large volume of inquiries submitted to the Company by shareholders in the previous 48 hours concerning a press release issued by the AMF on July 15, 2016. The Company stated the following:
 1. As mentioned in the AMF press release, GéoMégA is not the subject of the investigation. The inquiry is about, and only about one employee's and two of his acquaintances' alleged trading in GéoMégA securities;
 2. To address the majority of recent shareholder inquiries, the Company has reviewed the evidence as presented by the AMF on the Company employee's alleged insider trading activities and to date, has not been able to conclude that the alleged transactions were linked in any way to the spikes in the Company securities seen in 2014, 2015 and 2016. Based on the Company's analysis, the volumes allegedly traded generally represent a small percentage of the volume traded on the specific days and during the specific period inquired by the AMF.

**GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016**

3. The inquiry has no bearing whatsoever on the integrity of the Company's technical or financial disclosure. GéoMégA has always reviewed its technical data. Separation results in 2014 and the hydrometallurgical results in 2015 were validated by an independent third party, and the Company has no reason to doubt the integrity of the data it has published to date.

SUMMARY OF ACTIVITIES

The drafting of the geological and geochemical activity reports for the year ended December, 2015 for Anik, Montviel and McDonald properties were realized in spring 2016. A summary of activities is presented in the following pages.

1. Rare earth elements project - Montviel (100% interest)

Montviel benefits from permanent road access, public infrastructure and skilled labour in the immediate project area. The Montviel property consists of 148 claims and is located approximately 100 km north of Lebel-sur-Quevillon, near the Cree First Nation of Waswanipi. The property carries a 2% net output royalty to NioGold Mining Corporation (TSX: NOX.V). In 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.

Montviel is a 32 km² alkaline intrusive system hosting carbonatite intrusions with significant rare earth elements and niobium mineralization. The central part of the alkaline intrusive system ("Core Zone") is composed of a ferro-carbonatite where the highest values in REE are found. As of today, the Company has completed 95 drill holes for almost 39,000 meters and has defined the mineralized ferro-carbonatite over a length of 900 meters (NE-SW), a width of 650 meters (NW-SE) and a depth of 750 meters.

On June 17, 2015, the Company announced the results of its updated 43-101 resource calculation for its Montviel REE and niobium project. Following the conversion from open pit mining to underground mining, resources have been classified using new criteria compared to the initial resource estimate of September 2011. Resource drilling in Phase 2 is targeted to the enrichment zone within the Central Zone and is included in the Total indicated resources. Phase 3 drilling focused on the dysprosium enrichment along the southern margin of the Core Zone and is represented by the Dysprosium Zone resource. After 36,346 meters of diamond drilling, Montviel has size, grade and distribution. Combined with the Company's 100% hydroelectricity driven process flow sheet design, Montviel has 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 Quebec, Canada" dated June 15, 2015.

An exploration campaign including geological and geochemical characterization of the alkaline system is ongoing in parallel with the different environmental studies that is planned for summer 2016.

2. Updated NI 43-101 Compliant Resource Estimate

The first NI 43-101 compliant resource estimate was published in September 2011 and was based on the first 20 drill holes of the Phase-1 drill campaign, conducted in winter 2011, totalling approximately 10,000 meters. It considered an operating scenario based on an open pit mine. The Phase 2 and Phase 3 drilling campaigns, completed in April 2012 and December 2013 respectively, enabled the Company to further define and expand the mineralized envelope of the Montviel carbonatite by adding 69 drill holes for a total of approximately 26,000 meters, mainly focused in the enriched niobium and rare earth sectors.

GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016

On June 17, 2015, the Company announced the results of its updated 43-101 resource calculation for its Montviel REE and niobium project. The updated resource estimate is based on an underground mine scenario. 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 in collaboration with G Mining Services Inc. located in Brossard, Quebec. The following tables summarize the results of the June, 2015 resource estimate and its main parameters and characteristics.

Total Mineral Resources

NSR Value (CA\$/tonne)	Category	Million Tonnes	TREO Grade (%)	Pr ₂ O ₃		Nd ₂ O ₃		Eu ₂ O ₃		Nb ₂ O ₅	
				Grade (ppm)	Contained (M kg)						
335	Indicated	82.4	1.51	766	63.2	2,452	202.0	52	4.3	1,715	141.3
312	Inferred	184.2	1.43	746	137.4	2,433	448.3	47	8.7	1,315	242.3

Dysprosium Zone (included in Total mineral resources above)

NSR Value (CA\$/tonne)	Category	Million Tonnes	TREO Grade (%)	Pr ₂ O ₃		Nd ₂ O ₃		Tb ₂ O ₃		Dy ₂ O ₃	
				Grade (ppm)	Contained (M kg)						
234	Indicated	0.37	0.84	421	0.2	1,628	0.6	26	0.01	109	0.04
241	Inferred	2.58	0.94	459	1.2	1,693	4.4	23	0.06	94	0.24

- Mineral resources are estimated and reported in compliance with NI 43-101.
- Mineral resources are estimated at an NSR cut-off value of CA\$180 per tonne.
- Discounted metal price assumptions for REO of: US\$4.70/kg for La₂O₃, US\$2.90/kg for Ce₂O₃, US\$64.50/kg for Pr₂O₃, US\$57.30/kg for Nd₂O₃, US\$5.80/kg for Sm₂O₃, US\$501.20/kg for Eu₂O₃, US\$10.80/kg for Gd₂O₃, US\$572.80/kg for Tb₂O₃, US\$304.30/kg for Dy₂O₃ and US\$7.20/kg for Y₂O₃.
- Metal recovery assumptions: 90.8% for La₂O₃, 87.9% for Ce₂O₃, 90.3% for Pr₂O₃, 90.7% for Nd₂O₃, 86.4% for Sm₂O₃, 85.6% for Eu₂O₃, 79.3% for Gd₂O₃, 75% for Tb₂O₃, 61.7% for Dy₂O₃ and 49.1% for Y₂O₃.
- Metal price and recovery assumptions of US\$45/kg and 65.5% respectively for Nb₂O₅.
- Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Total Mineral Resources Sensitivity to NSR cut-off Value

Total Indicated Resources

NSR cut-off Value (CA\$/tonne)	NSR Value (CA\$/tonne)	Million Tonnes	TREO Grade (%)	Pr ₂ O ₃		Nd ₂ O ₃		Eu ₂ O ₃		Nb ₂ O ₅	
				Grade (ppm)	Contained (M kg)						
150	334	82.5	1.51	766	63.2	2,450	202.2	52	4.3	1,714	141.4
180	335	82.4	1.51	766	63.2	2,452	202.0	52	4.3	1,715	141.3
200	335	82.1	1.51	768	63.0	2,455	201.7	52	4.3	1,719	141.2
225	337	81.0	1.52	771	62.5	2,467	199.9	52	4.2	1,731	140.3
250	341	77.7	1.53	779	60.6	2,493	193.8	53	4.1	1,767	137.4

GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016

Total Inferred Resources

NSR cut-off Value (CA\$/tonne)	NSR Value (CA\$/tonne)	Million Tonnes	TREO Grade (%)	Pr ₂ O ₃		Nd ₂ O ₃		Eu ₂ O ₃		Nb ₂ O ₅	
				Grade (ppm)	Contained (M kg)						
150	310	187.2	1.42	740	138.5	2,414	451.8	47	8.8	1,305	244.3
180	312	184.2	1.43	746	137.4	2,433	448.3	47	8.7	1,315	242.3
200	314	181.3	1.44	751	136.1	2,449	444.1	47	8.6	1,326	240.4
225	320	170.8	1.47	765	130.7	2,497	426.6	48	8.2	1,359	232.2
250	331	151.8	1.51	789	119.8	2,578	391.4	49	7.5	1,414	214.7

Total Mineral Resources Breakdown

		Indicated Resources		Inferred Resources	
		82.4 million tonnes		184.2 million tonnes	
Rare Earth Element	Oxide	Oxide Grade (%)	Contained Oxide (M kg)	Oxide Grade (%)	Contained Oxide (M kg)
Lanthanum	La ₂ O ₃	0.40	329.48	0.36	666.03
Cerium	Ce ₂ O ₃	0.73	604.90	0.70	1,290.69
Praseodymium	Pr ₂ O ₃	0.08	63.16	0.075	137.36
Neodymium	Nd ₂ O ₃	0.25	202.04	0.24	448.25
Samarium	Sm ₂ O ₃	0.026	21.07	0.025	45.43
Europium	Eu ₂ O ₃	0.005	4.29	0.005	8.67
Gadolinium	Gd ₂ O ₃	0.009	7.70	0.008	15.23
Terbium	Tb ₂ O ₃	0.001	0.63	0.001	1.28
Dysprosium	Dy ₂ O ₃	0.003	2.18	0.002	4.40
Holmium	Ho ₂ O ₃	0.0003	0.28	0.0003	0.56
Erbium	Er ₂ O ₃	0.001	0.51	0.001	1.02
Thulium	Tm ₂ O ₃	0.00006	0.05	0.00005	0.08
Ytterbium	Yb ₂ O ₃	0.0003	0.29	0.0003	0.55
Lutetium	Lu ₂ O ₃	0.00002	0.02	0.00002	0.03
Yttrium	Y ₂ O ₃	0.008	7.00	0.008	13.84
Total	TREO	1.51	1,243.59	1.43	2,633.43

Details of the Parameters of the Resource Estimate

- The mineral resource model prepared by Belzile Solutions Inc. considers 89 core boreholes (NQ size) drilled by GéoMégA from 2010 to 2013. The drilling comprises approximately 21,746 assayed intervals with an average length of 1.45 meters.
- Generally, drilling density is varying from 50m x 50m to 100m x 100m depending on the location within the deposit and the depth.
- Indicated resources correspond approximately to a 50m x 50m drilling pattern.
- Inferred resources correspond approximately to a 100m x 100m drilling pattern.
- The mineral resource estimate has been completed using three-dimensional wireframe modelling. Geological interpretation identified 6 different domains in the area covered by drilling.
- No high grade capping was applied since maximum value was 7 times higher than average TREO grade (coefficient of variation around 0.50).
- Mineral resources results are presented undiluted and in situ.
- The extent of the mineralization higher than 1.0% TREO encountered in drilling to date can be traced for a maximum of 700m in the NE-SW direction, 400m in the NW-SE direction and a maximum depth of 760m.

GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016

- The bulk density is based on 308 specific gravity measurements taken from wrapped core samples. The average value of the samples was 2.92 t/m³.
- The estimates were done using Ordinary Kriging (OK) as the geostatistical interpolation method based on 5.0 meter analytical composites. Resources were also estimated using Inverse Distance Squared (ID2) interpolation for testing and comparative purposes, which produced similar results, i.e. less than 1% difference in TREO and Nb₂O₅ grades.
- All estimates were based on a block dimension of 10 meters long, 5 meters wide and 10 meters height with estimation parameters determined by variography.
- Estimation was done using Geovia Gems software (V 6.7).
- A 50m crown pillar located below the overburden-rock interface has been removed from the resources compilation.
- The Company signed a buy-back option agreement on May 27, 2015 for the 2% royalty currently applicable to Montviel. This resource estimate does not include the 2% royalty.
- Mineral resources are evaluated in Canadian currency using an exchange rate of 1.15 CA\$/US\$.
- Mineral resources are estimated at a NSR -cut-off value of CA\$180 per tonne corresponding to the total mining costs, processing costs, general and administrative costs, marketing costs and contingency based on the assumption of a 2,500 tonnes per day underground mining operation.
- 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.
- Total Rare Earth Oxides ("TREO") include: La₂O₃, Ce₂O₃, Pr₂O₃, Nd₂O₃, Sm₂O₃, Eu₂O₃, Gd₂O₃, Tb₂O₃, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Lu₂O₃, Y₂O₃.

On July 30, 2015, the Company filed its National Instrument 43-101 technical report titled "Montviel Rare Earth Project Quebec, Canada" dated June 15, 2015 on SEDAR at www.sedar.com.

Overall, the current resource estimate presents a higher degree of confidence relative to the maiden resource estimate presented in 2011 (see press release dated September 29, 2011) as a result of more conservative prices used, large amount of additional drilling and more detailed metallurgical work that was completed over the past three and a half years.

3. Preliminary Economic Assessment ("PEA")

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

In 2015, Montviel's flow sheet was greatly simplified. All of the acid required for hydrometallurgy will be generated on site with the insertion of a closed loop acid regeneration unit. In addition, two physical adjustments at the beneficiation step significantly decrease the ore mass moving to hydrometallurgy.

To complete the PEA, the primary remaining work is the evaluation of the cost of the plant and infrastructure based on the May 2015 flow sheet (see press release dated May 20, 2015). With the financing completed in February 2016, (see press release dated February 23, 2016), the Company will be evaluating the scenarios for completing the PEA.

The PEA will include the following assumptions:

- Mine design to use an underground approach via ramp access with paste backfill minimizing the environmental impact;
- Initial annual production in the range of 2,000 tonnes of neodymium oxide;
- Project energy to be provided by the Hydro-Quebec distribution grid;
- Mixed REE concentrate base case.

GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016

4. Environmental Geochemistry

Following the collaboration established in 2015 with the program CREATE – Mine of Knowledge (NSERC) and the University of Montreal (M. Marc Amyot and his doctoral student M. Pierre-Yves Cardon), a literature review on toxicity criteria and geochemical behavior of rare earth elements was completed in spring 2016. This review will provide valuable information in order to establish the effluent discharge objectives with the aim to obtain an authorisation certificate from the Ministry of Environment.

A collaboration with Dr. Parisa Ariya from the McGill University, conjointly with the CREATE – Mine of Knowledge program was established in early 2016. This study will help to fill gaps in the base line study database, particularly regarding air quality measurements on the Montviel site and in the communities in the vicinity of the project. The first sampling campaign on Montviel and the surrounding communities was completed in June 2016. The study protocol and initial results will be reviewed towards the end of 2016. Further collaboration with the Ariya Interfacial Chemistry Research Group is to be expected.

The Company has pursued the geological and geochemical characterisation of the alkaline intrusion of Montviel. A total of 15 additional samples representing 5 lithologies have been subjected to standard static tests in order to establish the geochemical behavior of the tailings. These tests comprise 4 new lithologies that have never been subjected to static tests in the past. Although all lithologies are considered leachable for certain metals and/or metalloids, no major environmental issues have been identified. No material has been identified as dangerous material according to the Directive 019.

Between the months of December 2013 and April 2015, the Company pursued humid cells tests (kinetic tests) on waste and mineralized rocks of the Montviel project at the Unité de recherche et de service en technologie minérale ("URSTM"). The final report, establishing the geochemical behavior of these materials over a 121 week period has been rendered. The main conclusions are as follow (according to the Directive 019):

- All rocks are non acid generating;
- All rocks are non radioactive;
- All rocks are not considered dangerous material;
- The materials are not classified as low risk due to certain exceedance in barium in the leachates. However, in the conclusions of the report, the relatively high mobility of barium is questioned considering that thermodynamic modeling shows that in natural conditions (versus laboratory conditions) mobilisation of barium would decrease considerably. The recommendations include an upscale of the kinetic tests as field cells.

In April 2015, the Company installed on the future exploitation site, 7 barrels (field cells) containing over 250 kg of each rock types encountered in the Montviel project. Theses lithologies include ore as well as proximal and distal waste rock that was encountered in the axe of the future access ramp. The leachates are analysed periodically. Three sampling sessions have been carried out (Fall 2015, Spring 2016 and Summer 2016), the results show no environmental concerns.

The collaboration between the URSTM and the Company will continue with a doctoral project (by Mr. Mohamed Adahbi under the supervision of M. Benoit Plante) that is oriented towards the geochemical behavior (speciation) of the different forms of rare earth that can be found at the Montviel site. This study will allow for a better understanding of the environmental issues by providing information on barium and rare earth mobility and is expected to last at least 10 years. The project is expected to be extended with a further collaboration involving the scale up comparison between the humid cell results and the field cells to assure full comprehension of the weathering effects on the stock piles.

GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016

The Company proceeded in analysing the residue produced from the flotation step, the physical pre-treatment of the Montviel ore. This material was subjected to the standard static tests required by the Directive 019. The principal conclusions are as follow:

- The residue is non-acid generating;
- The residue is non-radioactive;
- The residue is not considered dangerous material;
- The residue is not classified as low risk due to certain exceedance in the leachates (barium, copper, zinc, iron and pH).

The first phase of field collaboration with the University of Lorraine (Nancy, France) and Dr. Laure Giamberini took place at the end of June 2016. This first phase includes a summary inventory of the microorganisms present at the Montviel site and a study on the bioavailability of rare earths for these organisms. Another field sampling program, the study protocol and initial results will be reviewed towards the end of 2016.

5. Physical Separation of rare earths (patent pending)

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

As a result of the transactions announced March 3, 2016, Innord will receive a total of \$500,000 from the SPN, the SDBJ and the ARBJ. The \$150,000 from the SPN was received on February 25, 2016 while a total of \$250,000 from the SDBJ and ARBJ was received on June 8, 2016. Upon receiving all the funds from the SDBJ and ARBJ, GéoMégA will control 96.1% of Innord. Conditional to Innord meeting certain conditions, SPN will contribute an additional \$100,000 to Innord.

The new funds will be used to develop the process prototype to separate mixed REE concentrate into pure individual rare earth oxides by hiring staff, purchasing additional laboratory equipment and further testing.

All current and future research and development initiatives related to the separation process will now be made by Innord 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 with 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") from the Canadian Intellectual Property Office in relation to 25 claims contained in the international Patent Cooperation Treaty ("PCT") application with the title "A system and method for separation and purification of dissolved rare earth / precious metals elements / compounds" (the "separation process").

The ISR and WO concluded positively on the novelty, inventive step and industrial application of the process of separation and 23 claims are considered patentable. The Company is moving forward with national applications in multiple key jurisdictions.

GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016

On August 13, 2015, the Company announced it had received financial support to develop its innovative process for separating REE. The Industrial Research Assistance Program of the National Research Council Canada ("NRC - IRAP") will provide up to \$200,000 over 2 years to Innord to develop a process to separate a mixed REE concentrate into pure individual rare earth oxides. The separation process is the last step in the production of pure individual rare earth oxides. This process follows the already developed metallurgical process that extracts the REE and niobium from ore and produces a mixed REE concentrate (see press release dated August 13, 2015). The Company continues its discussions with other strategic groups to fund the development of its innovative process for separating REE.

On November 17, 2015, the Company announced that the majority of the new equipment has been received and that separation testing has officially begun at its laboratory facilities in Boucherville, Quebec. In addition, GéoMégA has been actively pursuing its strategy of identifying industrial residues enriched in rare earths. As of November 17, 2015, the Company has identified several potential sources and is proceeding with testing of the various materials. The focus remains to identify several sources of high grade material enriched only in certain, more desirable, rare earth elements. As a result, a high grade feed material with only 3 to 5 REE present, has the potential to accelerate the separation scale up while de-risking the Free Flow Electrophoresis ("FFE") technology.

6. Gold properties portfolio

With the improved understanding of the Montviel geology, the exploration team began in mid-2014 to focus on the Company's portfolio of gold projects in Quebec. All projects include gold anomalies discovered by the exploration team in previous exploration campaigns. The gold portfolio is comprised of the following 7 properties, all 100% owned by the Company: Anik, McDonald, Rivière à l'aigle, Maryse, Lac Storm, 3G and Gaspard. All properties, except for Lac Storm, are located in the urbanized lower part of Northern Quebec (above the 49th parallel) and all properties benefit from permanent road access, and close proximity to both public infrastructure and an experienced workforce.

7. Anik property (Gold – 100% interest)

The Anik project ("Anik"), is located 40 km south of the town of Chapais, Quebec. Anik has a permanent access, public infrastructure and skilled labour in the immediate project area. The Anik property consists of 151 claims.

A second geological exploration campaign occurred in summer 2015. Its main objective was to improve the geological understanding of the areas surrounding the Bobby showing and the new area with quartz veins and visible gold that was identified by the ANK-15-16 drill hole. To accomplish this, 4 new trenches in the Bobby area and 2 trenches in the ANK-15-16 drill hole area were mechanically excavated. Nearly 240 samples were sent for laboratory analysis to obtain gold assays.

At the Bobby showing, the samples with gold grades came from within a several meter-wide deformation corridor (shear zone) showing a higher density of quartz veins mineralized in pyrite with trace of arsenopyrite and chalcopyrite. The corridor has been explored with a trench covering 30 meters in the NE/SW direction and a width of almost 10 meters. The most significant results from the Bobby showing include 7.8m @ 1.4 g/t Au in channel (open to the north and south) and 9.39; 7.34; 7.14; 6.10 and 20.20 g/t Au from grab or saw samples.

The TR-27 trench was completed in the area of drill hole ANK-15-16, 150 meters southwest of the boulder of the ORBI showing. The trench has identified a new zone, the Kovi showing, which was not identified in previous exploration or drilling activities. The zone is hosted within a strongly deformed sedimentary unit exhibiting ankerite, silica and fuchsite alterations with quartz veins ranging from thin to over 10 cm in thickness. Mineralization, both in the host rock schist and in the veins, is present in the form of a trace and up to 10% of pyrite and pyrrhotite and trace of arsenopyrite. The most significant results from the new Kovi showing include 5.0m @ 0.95 g/t Au in channel (open to the south) and 31.8 and 7.23 g/t Au from grab or saw samples.

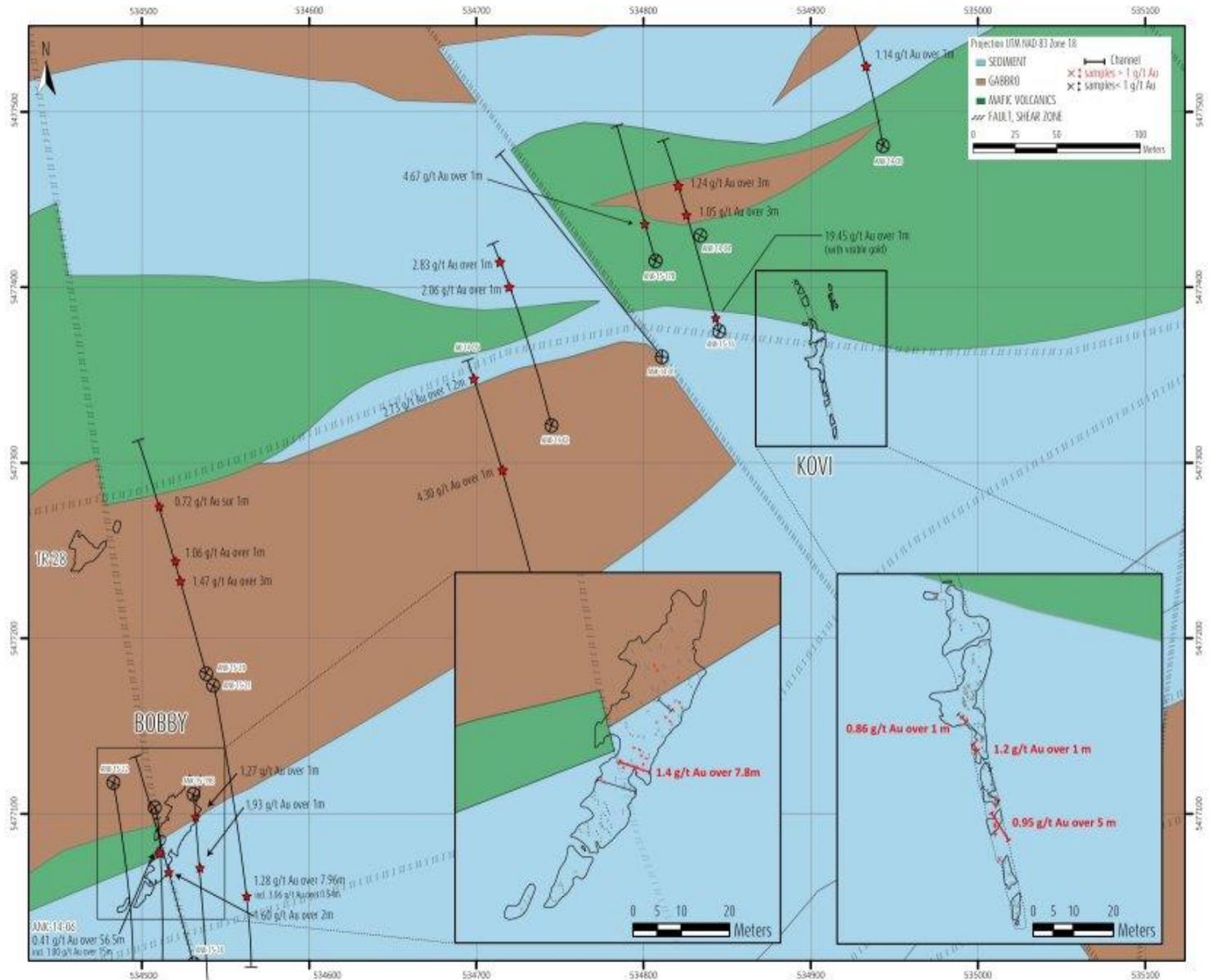
**GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016**

In September 2015, a brief exploration program was completed to follow up on the results from the summer program. The work mainly consisted of continuous channel sampling perpendicular to the mineralized zones with nearly 70 samples sent to the laboratory. The results returned values of 1.4 g/t Au over 7.8 meters for Bobby showing and 0.95 g/t Au over 5.0 meters for Kovi showing, confirming the continuity of gold mineralization in the trenches. The channels remains open to the north and to the south on the Bobby zone and open to the south on the Kovi zone.

A summary of the most significant gold grades from the summer and fall 2015 exploration campaigns are presented in the table below and a simplified map of the trenches and channels is presented in the following map.

Trench	Sample	Au g/t	Length (cm)	Lithologies	Nad83 z18 Est	Nad83 z18 Nord
TR-16 (Bobby showing)	P127552	6.10	15cm	Quartz vein / Arenite Si Sr Ak Cc 20Py	534509	5477078
	R640188	9.39	20cm	Arenite Ak Si 8Py trCp / Quartz veins	534527	5477095
	R640190	7.14	40cm	Arenite Ak Si Sr 4Py trCp / Quartz veins	534525	5477093
	R640352	20.2	Grab	Quartz vein / Arenite Sr Cl 10Py 5As	534528	5477094
	R640362	7.34	40cm	Quartz vein / Arenite Sr Ak 5Py trAs	534520	5477082
	R539009 to R539015	1.40	7.8m	Arenite Ak Si Sr 2-10PY tr As / Quartz veins	534514	5477081
	R539006	2.03	1.0m	Arenite Ak Si 2PY trAs / Quartz veins	534529	5477096
TR-27 (Kovi showing)	R640317	7.23	35cm	Quartz vein Fc Sr Ak 7As 1Py	534913	5477340
	R640324	31.8	Grab	Vein Py / arenite Py	534906	5477350
	R539071	1.02	1.0m	Arenite Ak Si Sr 7Py trPo trCp / Quartz veins	534907	5477349
	R539051 to R539055	0.95	5.0m	Arenite Si Sr trFc 3Po2PY trAsCp/Quartz veins	534913	5477332

GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016



7.1 Anik - Discovery and geological context

The exploration on the Anik property began in spring 2014 by conducting a high definition magnetic helicopter-borne survey followed by a first cartographic and geological reconnaissance campaign. The results of this first campaign led to the discovery of the ORBI showing, a very angular erratic boulder of 4 m³ which graded 10.30 g/t, 8.03 g/t and 7.86 g/t Au. Following this discovery, the Company discovered 2 new showings (Mirador and Bobby), defining a gold bearing lineament of over 600 meters.

The Mirador showing, located 220 meters northeast of the ORBI showing, returned anomalous values between 0.10 g/t and 0.74 g/t Au from a few meter thick shear zone including three assays of 1.38 g/t, 3.16 g/t and 11.35 g/t Au from quartz-tourmaline veins several centimetres in thickness. The Bobby showing, located 350 meters southwest of the ORBI showing, graded 0.51 g/t Au over 1.0 m and 1.13 g/t Au over 1.0 m (channel samples) within a sedimentary unit crosscut by a network of pyrite mineralized veinlets.

**GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016**

In November 2014, an initial drilling campaign began in order to investigate the extensions of the mineralized showings and also to test several regional targets. Phase 1 was finished on January 31, 2015 with a total of 22 drill holes completed for 4,731 meters. Of these, 13 drill holes were located in the area of the 3 gold showings (Bobby, ORBI and Mirador) and 9 drill holes were testing regional targets showing geological, geochemical and / or geophysical anomalies. Over 3,475 samples were sent to the laboratory to determine their gold content.

Of the 13 drill holes located in the area of the gold showing, 11 intersected grades above 1 g/t Au over 1 meter. The 9 regional exploration drill holes did not identify any anomalies greater than 0.5 g/t Au. The following table presents the significant intersections from drill holes completed during Phase 1.

Phase 1: Significant intersections

Drill holes	Target	Azimuth/Dip	From (m)	To (m)	Length ¹ (m)	Au (g/t)
ANK-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
ANK-03 ¹	Mirador	N345°/-45°	64.0	65.0	1.0	1.14
ANK-04 ¹	ORBI	N345°/-45°	38.0	41.0	3.0	1.24
ANK-05 ¹	Trench 35-S	N345°/-45°	135.0	136.0	1.0	4.30
			207.0	208.2	1.2	2.73
ANK-06 ²	Bobby	N165°/-45°	9.0	65.5	56.5	0.41
			incl. 21.0	36.0	15.0	1.00
ANK-15-16 ¹	27-16	N345°/-45 ⁰	10	11	1.0	19.45
	ORBI		91	94	3.0	1.05
ANK-15-17B ¹	ORBI	N345°/-45 ⁰	30	31	1.0	4.67
ANK-15-18 ²	Bobby	N345°/-45 ⁰	69	71	2.0	1.60
ANK-15-19B ²	Bobby	N165°/-45 ⁰	19	20	1.0	1.27
			58	59	1.0	1.93
ANK-15-20 ²	Exploration	N345°/-45 ⁰	77	80	3.0	1.47
			84	85	1.0	1.06
ANK-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 75 and 90% of core length.						
2. True width is estimated between 45 and 60% of core length.						

All the intersections with gold mineralization presented in the table above were identified in context with several meters of silicified zones and quartz veins and veinlets mineralized in pyrite within shear zones with sericite, ankerite and some fuchsite alteration. The shear zones tend to cross-cut sedimentary units, mafic and intermediate volcanics and gabbros. The shear zones vary from a few meters to tens of meters in thickness.

The follow-up work on the ORBI gold zone by drill holes ANK-15-16 and 17 demonstrated that the zone is open to the east and at depth. In addition, the ANK-15-16 drill hole identified for the first time a mineralized sedimentary unit with mineralized quartz veins several centimeters in thickness including one that had visible gold grains. The unit graded 19.45 g/t Au over 1 meter from the beginning of the drill hole. This new zone is open at depth and to the east.

The ANK-15-18 to 22 drill holes investigated the area of the Bobby showing. Of the 5 drill holes, 4 intersected a zone of several meters of mineralization and silicification with quartz veinlets. The ANK-15-18 and 19 drill holes intersected the eastern and western margins of the mineralized zone while drill hole ANK-15-20 intersected the area 150 meters north of the location of the showing on surface. The ANK-15-21 drill hole (1.28 g/t Au over 7.96 meters) intersected the mineralized zone at a vertical depth of 125 meters demonstrating that the mineralization is open at depth.

**GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016**

8. Other gold properties

Three other gold properties, McDonald, Maryse and Rivière à l'aigle, were explored during the 2015 summer-fall campaign. The results from the 1,350 samples submitted to the laboratory identified several gold anomalies (<1.0 g/t Au) along the extensions of geochemical vectors that were being investigated. Further exploration work on Rivière à l'aigle and Maryse is planned in the second half of 2016.

As of the date of this report, the gold portfolio, excluding Anik, McDonald, Rivière à l'aigle and Maryse comprises three projects, 3G (11 claims), Gaspard (30 claims) and Lac Storm (17 claims), and are all owned 100% by the Company. They have been acquired by the Company on the basis of their geological context and gold anomalies and pathfinders in rocks, lake sediments and tills. Except for Lac Storm, which is only accessible by air, they are all located in the urbanized southern part of Northern Quebec and benefit from permanent access, public infrastructure and experienced workforce in its immediate vicinity. On May 31, 2016, none of those properties have yet been worked by GéoMegA but the Company expects to investigate them in fall 2016 and winter 2017.

8.1 McDonald property (Gold – 100% interest)

The McDonald property is located 30 km east of the Montviel property and consists of 163 claims. In August 2012, reconnaissance and prospecting identified alterations and lithologies favorable for gold mineralization. Following this work, a sample returned 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, a geological reconnaissance of several days allowed the collection of 43 lithological samples and 29 till samples in areas that required work for the renewal of mining titles. The results of this limited work have allowed the Company to identify several gold anomalies (<1.0 g/t Au) in a field of boulders. A helicopter-borne, high definition magnetic survey of 642 linear km (approximately 25 km²) was conducted in December 2014.

In order to continue investigating the property, an exploration and mapping program was conducted in August and September 2015. A total of 657 outcrops and boulders have been visited and described. 887 samples have been sent to the lab for gold assays, including some samples for base metal and multi-element analysis. Many areas showed favorable geological context and alteration patterns, but only a few samples have returned anomalous gold assays (< 0.50 g/t Au). In addition, 39 till samples have been taken 500 meters apart at the southern margin of the property. A Few gold grains were present in the tills in proximity to anomalous areas.

8.2 Rivière à l'aigle property (Gold – 100% interest)

The Rivière à l'aigle property is located 30 km southwest of the Anik property and 20 km north-east from Windfall Lake area. It consists of 161 claims. The property has a particular geological setting displaying strong anomalies in the historical till survey which includes more than 30 till samples containing between 30 and 200 grains of gold and 80 till samples containing between 10 and 30 grains of gold. The property is located in an under-explored area. At the end of the summer 2015, a few days of geological reconnaissance work were conducted in the southern portion of the property. A total of 192 rock and boulder samples have been assayed for gold. One sample returned an anomalous gold value (<1.0 g/t Au) up-ice direction of the till trend (20 to 59 grains of gold in the glacial sediments). An exploration and geological mapping campaign is planned for the next season in the anomalous gold areas.

GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016

8.3 Maryse property (Gold – 100% interest)

The Maryse property is located 30 km west of the town of Chapais and consists of 8 claims. The property has secured a part of the Kapunapotagen fault, which is an important gold vector in the region and hosts many gold showings and historic gold mines (Cooke and Norbeau). The property hosts an historical gold showing "Alouette" that has returned 8.49 g/t Au and 10.89 g/t Ag from a grab sample in a favorable geological setting. A 22 tills sampling survey has been realized at the end of November 2015 by the Inlandsis consulting company and a few tills have returned anomalous gold count. This work will help in targeting the most promising area for the next exploration campaign.

9. Outlook next 12 months

The Company's main objectives are to advance the development of the Montviel project, Innord, and the gold portfolio. The Company examines different scenarios for the development of its assets including entering into joint ventures. Specific objectives include:

- Montviel:
 - The remaining work for the PEA is the evaluation of the cost of the plant and infrastructure based on the May 2015 flow sheet. With the financing completed in February 2016, the Company is evaluating the scenarios for completing the PEA;
 - A flotation pilot plant study is expected to be conducted in 2016 by Natural Resources Canada on the Montviel project ore as part of a broad study covering several rare earth projects under the Federal Government REE and Chromite R&D program the objective of which is to equip these 2 emerging industries with the technological innovation needed to reach production;
 - An exploration and geological characterization campaign of the alkaline system in the summer of 2016; and
 - The continuation of the various environmental studies and geochemical characterization tests on the deposit in collaboration with CREATE – Mine of Knowledge (NSERC), the University of Montreal, McGill University, URSTM (UQAT) and Lorraine University.
- Innord (Separation):
 - Currently, our program includes optimization of parameters, further testing of the technology with Innord's initial two prototypes and modeling which will lead to the construction of a larger prototype (Phase 1A). This work will establish timelines and budget for the construction of a multi-channel prototype of high purity and low capacity. Identification of industrial residues enriched in rare earths as a potential high grade material with only 3 to 5 REE present to be used as an early feed for acceleration of separation scale up and de-risking of the technology; and
 - The funding recently received allows Innord to hire additional staff to accelerate the development and testing of the prototype. Innord is hopeful to complete phase 1A towards the end of calendar 2016.
- Gold Portfolio:
 - Anik: Follow up on unvisited regional gold anomalies (outside of the north-east grid). Planning and proposal of a drilling campaign for fall 2016-winter 2017;
 - Rivière à l'aigle: Geological and geochemical follow up on the three gold anomalous areas including rock and till sampling;
 - Montviel: Evaluation of new anomalous areas for gold and base metals targets and follow up; and
 - Evaluation of partnership opportunities and evaluating new projects.

**GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016**

EXPLORATION AND EVALUATION RESULTS

Montviel Property (REE – 100% interest)

During the year ended May 31, 2016, the Company incurred \$643,043 in exploration and evaluation (“E&E”) expenditures capitalized in relation to the Montviel property (\$1,052,065 in 2015).

	Year Ended May 31,	
	2016 \$	2015 \$
Montviel- Exploration		
Assays and drilling	9,760	11,775
Geology	141,457	180,470
Mineralogy and Metallurgy	-	4,210
Transport and lodging	48,227	96,223
Geophysics and Geochemistry	13,540	-
Depreciation of property and equipment	60,042	59,183
Taxes, permits and insurances	13,124	12,427
Total Exploration	286,149	364,288

	Year Ended May 31,	
	2016 \$	2015 \$
Montviel - Evaluation		
Market study	-	21,539
Mine design	47,953	67,243
Hydrogeology, Geochemistry, geotechnical and geomechanical	4,413	83,718
Environmental baseline	-	11,800
Infrastructure	-	19,635
Tailings pond	-	-
Metallurgy and processing	65,893	259,900
Separation process	223,717	173,013
Other	14,917	50,929
Total Evaluation	356,892	687,777
Total Exploration and Evaluation expenditures capitalized	643,043	1,052,065

The exploration and evaluation activities performed during the year ended May 31, 2016 have allowed the Company to continue gathering valuable information for the Montviel PEA, the environmental and social impact assessment study and the metallurgical optimization of the flow sheet process.

After a review of the property, the Company decided not to renew 15 mineral claims acquired in November 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 \$832,013 during the year ended May 31, 2016. This amount represents the original acquisition costs and the subsequent renewal costs for mining claims that are no longer being renewed.

On May 31, 2016, the carrying value of the Montviel property amounted to \$17,420,701 including \$6,101,925 for the costs of acquiring the mining property and \$11,318,776 under exploration expenditures and capitalized assessment.

**GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016**

Gold property - Anik (100% interest)

During the year ended May 31, 2016, exploration and evaluation expenditures for the Anik property were \$178,279 (\$1,221,874 in 2015)

	Year Ended May 31,	
	2016 \$	2015 \$
Anik – Exploration		
Salary, Geology and prospection	93,087	465,751
Lodging and Travel expenses	32,726	178,145
Geophysics	9,880	32,688
Analysis	32,485	462,124
Supplies and Equipment	7,508	74,226
Taxes, permits and insurance	2,593	8,941
Anik – Exploration	178,279	1,221,874

The exploration activities performed during the year ended May 31, 2016 were mainly incurred for geological surveys, analysis, prospecting and sampling, salaries and travel expenses.

McDonald property (Gold - 100% interest)

For the year ended May 31, 2016, expenditures for exploration and evaluation for the McDonald property were \$179,087 (\$42,576 in 2015).

	Year Ended May 31,	
	2016 \$	2015 \$
McDonald – Exploration		
Salary, Geology and prospection	108,193	9,459
Lodging and Travel expenses	32,364	393
Analysis	27,390	1,221
Geophysics and other	11,140	31,503
McDonald – Exploration	179,087	42,576

The exploration activities performed during the year ended May 31, 2016 were mainly incurred for geological surveys, analysis, prospecting and sampling, salaries and travel expenses.

Other properties

For the year ended May 31, 2016, exploration and evaluation expenses for the Company's other gold properties amounted to \$66,690 (\$17,976 in 2015). The expenses were mainly incurred for geological surveys, analysis, prospecting and sampling. Less geological work occurred on these properties in 2016 versus 2015.

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

GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016

SELECTED ANNUAL INFORMATION

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

	As at May 31, 2016 \$	As at May 31, 2015 \$	As at May 31, 2014 \$
Total assets	19,190,680	19,038,181	20,197,776
Exploration and evaluation assets	17,516,788	17,895,108	16,812,378
Non-current financial liabilities	-	-	34,826
Operating expenses	903,981	1,390,103	1,106,960
Exploration and evaluation expenses (net of tax credits)	406,812	1,115,537	271,945
Impairment of exploration and evaluation assets	834,970	11,850	140,089
Net loss and comprehensive loss	1,967,265	2,307,487	1,230,388
Net loss per share (basic and diluted)	0.03	0.04	0.03

RESULTS OF OPERATIONS

For the year ended May 31, 2016, the Company incurred a loss of \$1,967,265 (\$2,307,487 in 2015). The decrease of \$340,222 is mainly related to the following factors:

- decrease in exploration and evaluation expenditures of \$708,725 (\$406,812 in 2016 compared to \$1,115,537 in 2015) primarily associated with the decrease in exploration work on the Anik and Montviel properties partially offset by an increase in work on the McDonald property;
- decrease in salaries and expenses and stock-based compensation of \$340,787 (\$435,131 in 2016 compared to \$775,918 in 2015) primarily related to gain from settlement in shares for debt with the directors of the Company and reduced spending on salaries;
- decrease in travel, conference and investor relations of \$164,110 (\$32,610 in 2016 vs \$196,720 in 2015) primarily associated with the end of a contract for institutional investor services and reduced spending on investor relations;
- decrease in deferred income tax recovery of \$40,312 (\$174,103 in 2016 compared to \$214,415 in 2015) primarily related to lower amortization of the liability on flow-through shares of \$174,103 (\$208,462 in 2015);
- increase in the write-off of exploration and evaluation assets of \$823,120 (\$834,970 in 2016 compared to \$11,850 in 2015).

SUMMARY OF QUARTERLY RESULTS

(in thousands of dollars, except for per share amounts)	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Interest and other income	2	4	1	4	1	5	3	6
Loss and comprehensive loss (gain)	1,243	(32)	311	445	391	703	647	566
Loss per share – basic and diluted	0.02	0.00	0.01	0.01	0.01	0.01	0.01	0.01

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

- 2016-Q4** Increase in the write-off of exploration and evaluation assets of \$823,120 and increase of \$61,941 in exploration and evaluation expenses, mainly due to more exploration work on the gold properties (Anik and McDonald properties);

GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016

- 2016-Q3** Decrease of \$58,340 in salaries, employee benefits and share-based compensation mainly related to the gain from settlement in shares for debt with the directors of the Company and related to reduced exploration work performed on the Anik and other properties;
- 2016-Q2** Decrease of \$186,920 in exploration and evaluation expenses, and lower travel, conference and investor relations expenses of \$60,132 mainly due to reduced exploration work on the gold properties;
- 2016-Q1** Decrease in exploration and evaluation expenses of \$56,600 mainly due to reduced work on gold properties (Anik and other properties);

FOURTH QUARTER

For the three-month period ended May 31, 2016, the Company incurred a loss of \$1,243,136 (\$390,766 in 2015). The increase in loss of \$852,370 is mainly related to the increase in the write-off of exploration and evaluation assets of \$823,120 and the decrease of salaries, employee benefits and share-based compensation, professional fees and travel, conference and investor relations of respectively \$67,000, \$32,627 and \$30,266.

LIQUIDITY AND CAPITAL RESOURCES

As at May 31, 2016, the Company had cash and cash equivalents of \$1,372,840, current tax credits and government grants receivable of \$54,612 and all non-current tax credits has been received (respectively \$454,671, \$225,980 and \$129,208 as at May 31, 2015). The Company had a working capital of \$861,074 (\$344,349 in 2015).

Management considers the working capital insufficient to meet the Company's obligations and budgeted expenditures through May 31, 2017. Consequently, management must secure additional funding to ensure timely exploration and evaluation of the Montviel project and to pay for general and administrative costs. General 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 guarantee 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, 2016 reflects this uncertainty.

Private placements

- On 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 6, 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 6, 2017.
- On November 17, 2015, the Company entered into an agreement to issue shares for debt with the directors of the Company. In consideration for settlement of a total combined debt of \$177,500 owed to the directors by the Company, GéoMégA issued each of the five independent directors of the Company 75,000 common shares of the Company for a total of 375,000 common shares at a deemed price of \$0.07 per share, representing a total value of \$26,250. The settlement with the directors of the Company was subject to the approval of the TSX Venture Exchange (the "Exchange"). The transaction was approved and the shares were issued on December 10, 2015.

GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016

- On December 30, 2015, the Company completed the first closing of a private placement offering in the amount of \$309,075, consisting of a total of 3,434,167 common flow-through shares at a price of \$0.09 per flow-through share. Each unit consists of one common share and one-half of one share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share at a price of \$0.09 per share for a period of 24 months from the closing date. Certain directors of the Company have participated in this private placement for a total of 330,000 flow-through shares distributed pursuant to the private placement (the "Insiders' Participation"). The Insiders' Participation is exempt from the formal valuation and shareholder approval requirements provided under Regulation 61-101 respecting Protection of Minority Holders in Special Transactions ("Regulation 61-101") in accordance with sections 5.5(a) and 5.7(a) of said Regulation 61-101. The exemption is based on the fact that the market value of the Insiders' Participation or the consideration paid by such insiders does not exceed 25% of the market value of the Company. The Company did not file a material change report at least 21 days prior to the completion of the private placement since the Insiders' Participation was not determined at that moment.
- The Company will use the proceeds of the aggregate of the private placement of flow-through shares and units (the "Units") for work on its exploration portfolio and working capital purposes. The flow-through shares acquired by the subscribers are subject to a hold period of 4 months plus one day from the closing date, which ended on May 2, 2016, except as permitted by applicable securities legislation and the rules of TSX Venture Exchange. In connection with this private placement, the Company has paid a cash finder's fee in an amount of \$20,689 and issued 229,875 non-transferable broker options to acquire such number of common shares at a price of \$0.09, exercisable for a period of 18 months and subject to a hold period of 4 months plus one day from the closing date.
- On February 23, 2016, the Company announced the final tranche of a private placement offering in the amount of \$799,500, consisting of a total of 11,421,429 units at a price of \$0.07 per unit, of which 9,571,429 units were held in escrow pending TSX Venture Exchange (the "Exchange") approval of the final documentation. Exchange approval was received on June 2, 2016. As part of the private placement, Nexolia, has acquired 7,142,857 shares of GéoMégA. Considering the first tranche of the private placement, the total gross proceeds are \$1,108,575. The Company will use the proceeds of the aggregate of the private placement for work on its exploration portfolio, working capital purposes, investment in Innord and the separation technology and completion of the Montviel Preliminary Economic Assessment. Each unit consisted of one common share (a "Common share") and one-half of one share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share at a price of \$0.09 per share for a period of 24 months from February 23, 2016 (the "Closing date"). The common shares and warrants acquired by the subscribers are subject to a hold period of 4 months plus one day from the closing date, which ended on June 23, 2016, except as permitted by applicable securities legislation and the rules of TSX Venture Exchange.
- On March 3, 2016, GéoMégA announced that the SPN, SDBJ and the ARBJ, will be investing in Innord. With this injection of funds, Innord should receive a total of \$500,000 from the SPN, the SDBJ and the ARBJ. Upon receiving of all the funds from SDBJ and ARBJ, GéoMégA will control 96.1% of Innord. This transaction closed on June 8, 2016.

Tax credits for resources

On June 25, 2015, the Company received a reimbursement of \$48,813 in connection with the tax credits refundable for investment in research and development for the year ended May 31, 2013.

On January 26, 2016, the Company received a reimbursement of \$266,655 in connection with the tax credits refundable for resources (\$224,684) and for investment in research and development (\$41,971), each for the year ended May 31, 2015.

On May 20, 2016, the Company received a reimbursement of \$74,481 for its mining credit on duties refundable for losses for the year ended May 31, 2013.

**GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016**

Warrants

During the year ended May 31, 2016, a total of 1,866,666 warrants exercisable expired without being exercised.

Broker options

During the year ended May 31, 2016, no broker options were exercised and 264,167 options exercisable at \$0.60 have expired without being exercised.

Stock options

On September 14, 2015, the Company granted to an officer 300,000 stock options at an exercise price of \$0.085 for 5 years.

On November 23, 2015, the Company granted to directors, officers and employees 790,000 stock options at an exercise price of \$0.07 for 5 years.

During the year ended May 31, 2016, 1,122,500 stock options expired and 142,500 were forfeited.

COMMITMENTS

Office lease: The Company has entered into one lease agreement for its corporate office expiring on March 31, 2017. In the lease agreement, the Company has 90 days to terminate the agreement. As of May 31, 2016, the total obligation under that agreement is \$15,769 due within the next 12 months.

Flow-through Financing: At the date of this report, the Company had a flow-through obligation of approximately \$295,328 related to the financing of December 30, 2015 to be incurred before December 31, 2016.

Operating lease: The Company entered into 2 operating leases for field equipment totalling \$22,877 expiring respectively in June 2017 and January 2018.

CONTINGENCY

During the year ended May 31, 2016, a claim concerning the departure of a senior executive was filed against the Company. In the opinion of management, this claim is unfounded and, accordingly, no provision has been recorded in the consolidated financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

**GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016**

RELATED PARTY TRANSACTIONS

Key Management Personnel Remuneration

Key management personnel of the Company include the Directors, the President and Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), the Chief Technologies Officer ("CTO") and the Vice-President Exploration. Key management personnel remuneration includes the following expenses:

	Year Ended May 31,	
	2016	2015
	\$	\$
Short-term employee benefits		
Salaries including benefits	508,798	553,200
Social security costs	34,848	32,894
Professional fees	48,801	29,000
Total short-term employee benefits	592,446	615,094
Share-based compensation	48,221	119,957
Total remuneration	640,667	735,051

Allowance for Termination or Change of Control

There are certain employment agreements between key management and the Company that contain a termination provision and a change of control provisions. If the provision for termination without cause or change of control involving adverse changes to duties assigned to key management had occurred as at May 31, 2016, the amounts payable for the executive team would have totalled \$224,525 and \$713,100 respectively. In the case of termination for cause, no compensation will be paid.

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, 2016, the Company incurred legal fees for \$155,344 (\$132,629 in 2015) to Lavery. Except for the gain in settlement of shares for debt, all other transactions with related parties have occurred in the normal course of business of the Company and are based on normal commercial terms.

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, 2016 in Note 18.

GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016

ADDITIONAL INFORMATION

Outstanding shareholders' Equity Data as of August 31, 2016, the following are outstanding:

	As at May 31, 2016	Issuance	Renunciation	As at August 31, 2016
Common shares	77,433,712	-	-	77,433,712
Stock options	3,145,000	-	-	3,145,000
Warrants	12,104,131	-	-	12,104,131
Broker options	389,875	-	-	389,875

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, 2016 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.

**GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016**

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.

GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016

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.

Research and Development Goals and Progress Frames

The Company sets goals for and makes public statements regarding the results of its research and development in its separation technology, and the expected timing of these results. Future results, and the timing of these results, are material to the success of the Company, but are uncertain and can vary due to factors such as delays or failures in the Company's contemplated financings, uncertainties inherent in the research and development process, reliance on key personnel and other factors. There can be no assurance that the Company will be able to adhere to its current schedule for achieving desired research and development results.

**GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016**

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 Quebec 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 Quebec 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.

**GEOMEGA RESOURCES INC.
ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2016**

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, 2016, Notes 1, 2, 3 and 4.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company applied the same accounting policies to each of its 2016 interim financial statements as it did to its annual financial statements for the year ended May 31, 2016, except as described in Note 3 to the financial statements dated May 31, 2016, 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.