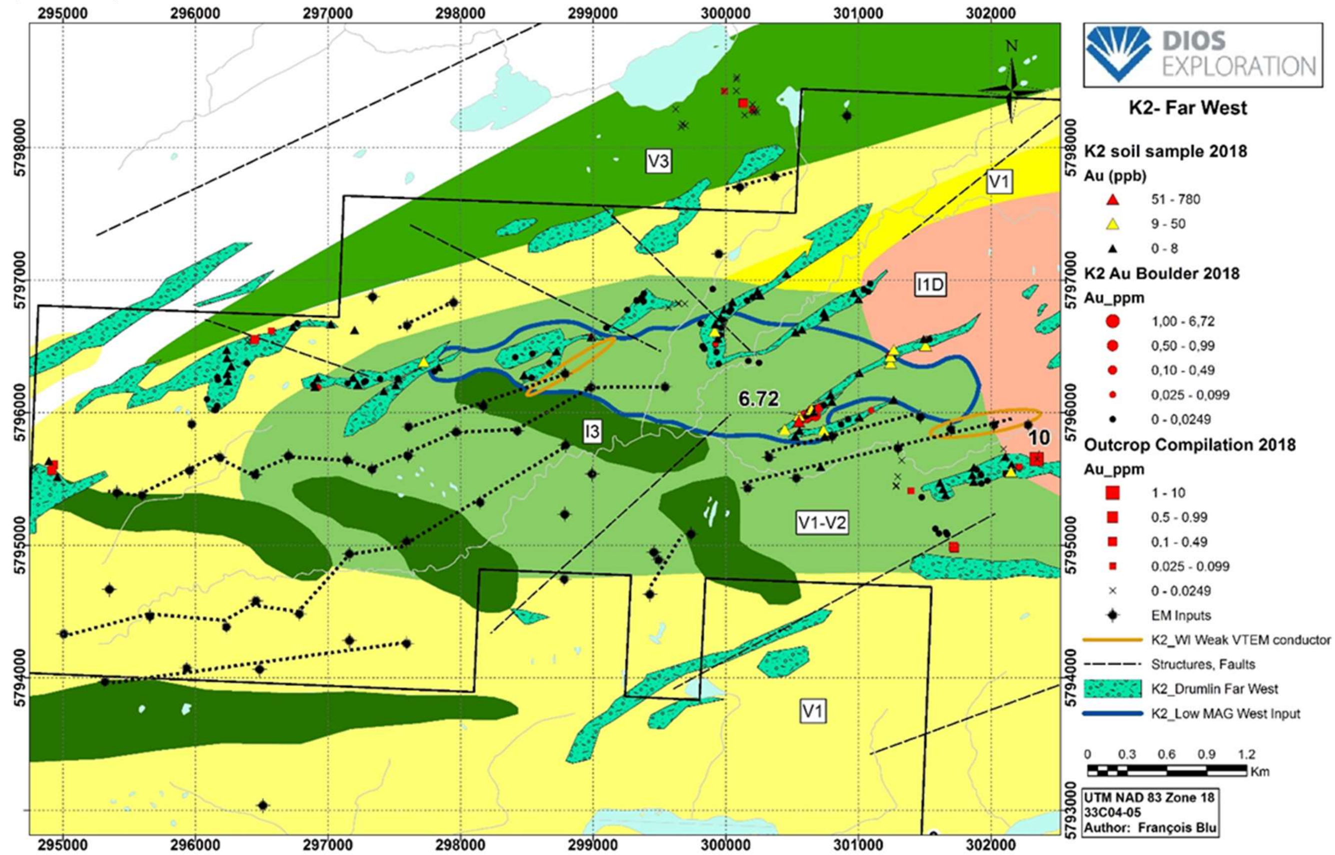
DIOS
EXPLORATION

DIOS EXPLORATION INC.
ANNUAL MANAGEMENT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018

This Management Discussion and Analysis dated April 11, 2019 provides an analysis of operations and financial position of Dios Exploration Inc. (the "Company" or "Dios") for the year ended December 31, 2018. This discussion and analysis of the financial position and results of operation should be read in conjunction with Dios' audited financial statements for the years ended December 31, 2018 and December 31, 2017. These audited financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS")



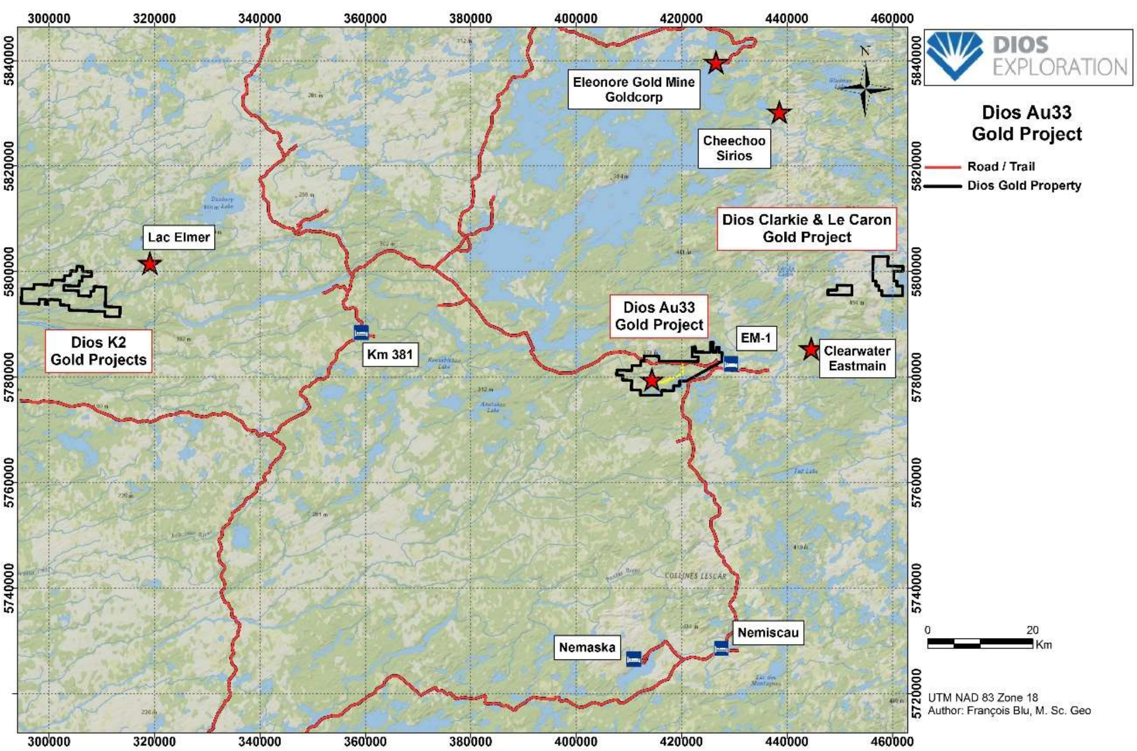
K2 Farwest claims: gold discovered for the first time in that new area by Dios, up to 10 grams gold per ton

Our report contains «forward-looking statements» not based on historical facts. Forward-looking statements express, as of the date of this report, our estimates, forecasts, projections, expectations and opinions as to future events or results. Forward-looking statements herein expressed are reasonable, but involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to, fluctuations in the market price of precious metals, mining industry risks, uncertainty as to calculation of mineral reserves and requirements of additional financing and the capacity of the Company to obtain financing.

ABOUT DIOS

Dios focuses on gold exploration in James Bay Eeyou Istchee, Quebec. Dios is involved in mineral exploration along a major deformation zone through proprietary till sampling defining gold glacial dispersal trains. Successful drilling of large AU33 gold property led to HEBERTO GOLD discovery and most recently, some 4 km NNE, to successfull first drilling of CLN area during this year ended. Very significant gold-silver-copper results were obtained on K2 project with its Attlila-Kali eastern targets and the new farwest claims and west input targets, west of the Kali intrusive, as well as on Clarkie gold project, in the Eleonore gold mine - Cheechoo corridor.

Dios' shares are traded on TSX Venture Exchange under DOS symbol and 71,922,760 shares were issued and outstanding at the end of 2018. Additional information may be available through www.sedar.com web site, under the Company's section "Sedar filing" or at www.diosexplo.com.



RESULTS OF OPERATION

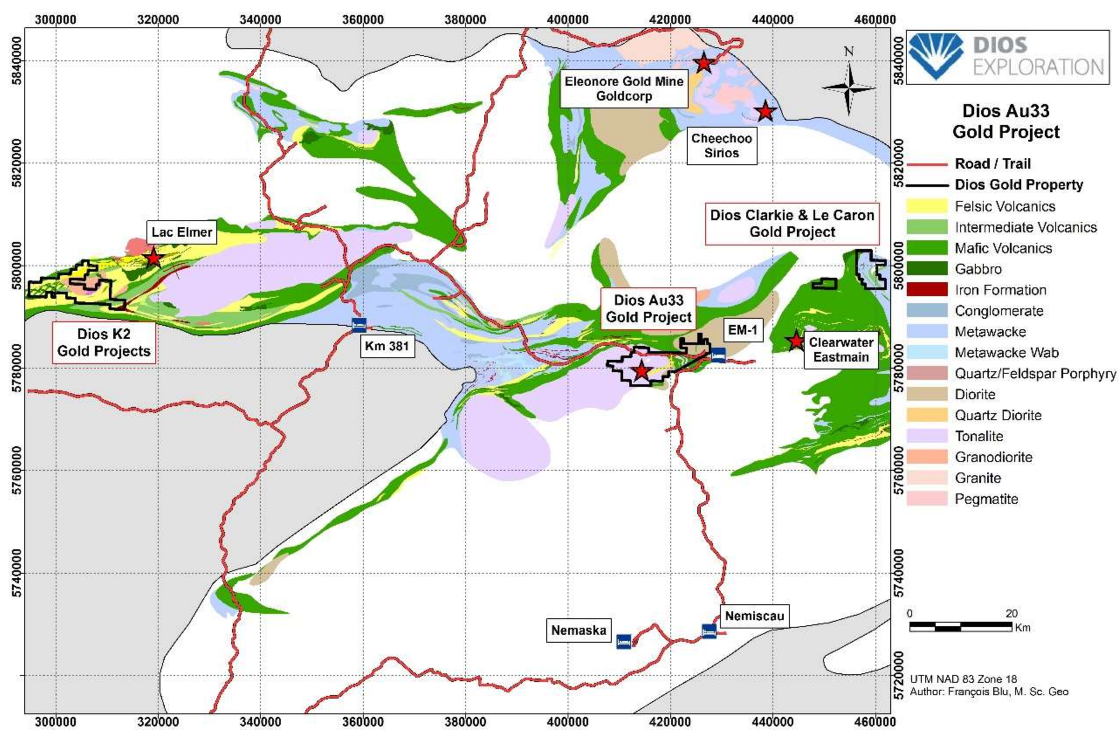
Summary of exploration activities

During the year ended December 31, 2018, the Company incurred $758,919 in exploration expenses compared to $707,705 for the same period in 2017.

Exploration Expense Analysis

Description	AU33	K2	Clarkie	Others	Total
	$	$	$	$	$
Geology	149 845	58 472	71 597	392	280 306
Prospecting and assays	3 690	9 697	9 755	-	23 142
Transportation, lodging	68 376	33 422	48 164	-	149 962
Drilling and assays	298 922	-	-	-	298 922
Office and other	6 502	-	85	-	6 587
	527 335	101 591	129 601	392	758 919

Geological information presented herein was prepared by Marie-José Girard M.Sc., Geo, qualified person pursuant to National Instrument 43-101.



Summary of planned exploration programs for 2019

K2 gold-silver-copper (zinc) project

Dios 2018 exploration work on western part of wholly-owned never drilled K2 project confirmed that the WI-Target is strongly favourable for a gold-silver-copper (telescoped Doyon-Westwood, more or less Bousquet type) volcanic massive sulfides mineralized system (VMS).

Good gold-in-soil anomalies (10 out of 16 or 62.5% are above 8 ppb gold, up to 283 ppb Au) coupled with sericitic & silicified dacitic floats with 2-10 percent sulfides & quartz stringers (0.25-6.72 g/t gold; Au/Ag ratio less than 1) are hosted in drumlins directly adjacent to a 3 km-long electromagnetic conductor (input-EM/AIIP). About 200 m SE, a tonalite outcrop yielded 10 g/t gold in a N255 shear structure (same orientation as WI-Target, more or less east-west) confirming the strong potential of the underexplored western intrusion-volcanic contact.

In 2019, additional prospecting and soil-sampling are recommended:

- within the Kali tonalite, targeting N250-260 structures in strike with the WI-Target and nearby AIIP anomalies;
- along the felsic volcanic/Kali tonalite contact on the newest north claims and NE (upice?) of 0.721 g/t Au goldbearing dacitic float and 12 ppb gold-in-soil (i.e. the NE extents of 4-B drumlin);
- along the felsic-hosted five NE input-EM, VTEM & AIIP conductors located north of Kali pluton that may (or not) correspond to a different stratigraphy than the one tested by Westmin on grids A-01 & 02 (Lac Elmer Horizon equivalent). Most of the felsic tuffs/rhyodacite contact remains untested;
- systematic drumlins soil-sampling on new NE claims;
- field rechecks on Vichnu-SW AIIP Target;
- extending the helicopterborne AIIP-VTEM survey to fully cover the inputs-EM conductors to the SW.
- Optional helicopterborne drilling of WI-Target, if budget permit.

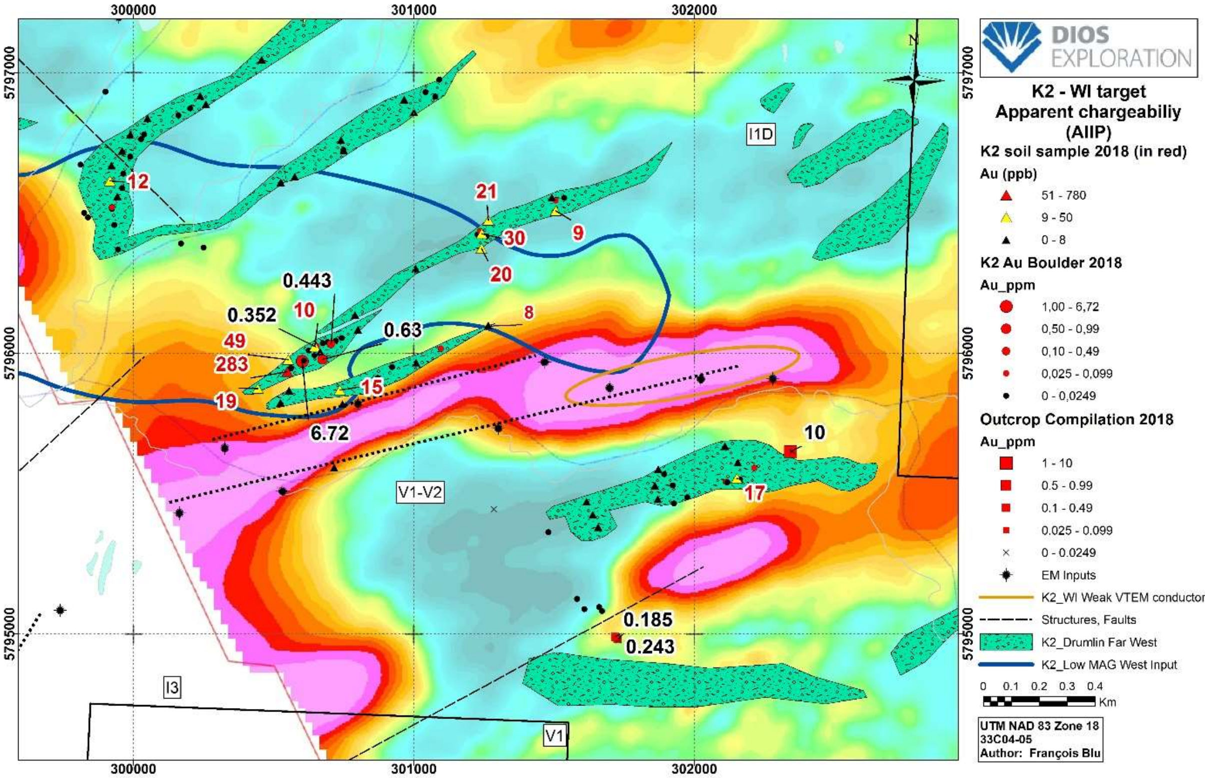
Proposed 2019 K2 budget: $577,000

1-Helicopter-support mapping/prospecting…………………………….............$112,000
2-Planification, Data Management and Report…….…………………………...$15,000
2019 Summer Field sub-total…..…………………………………………..$127,000

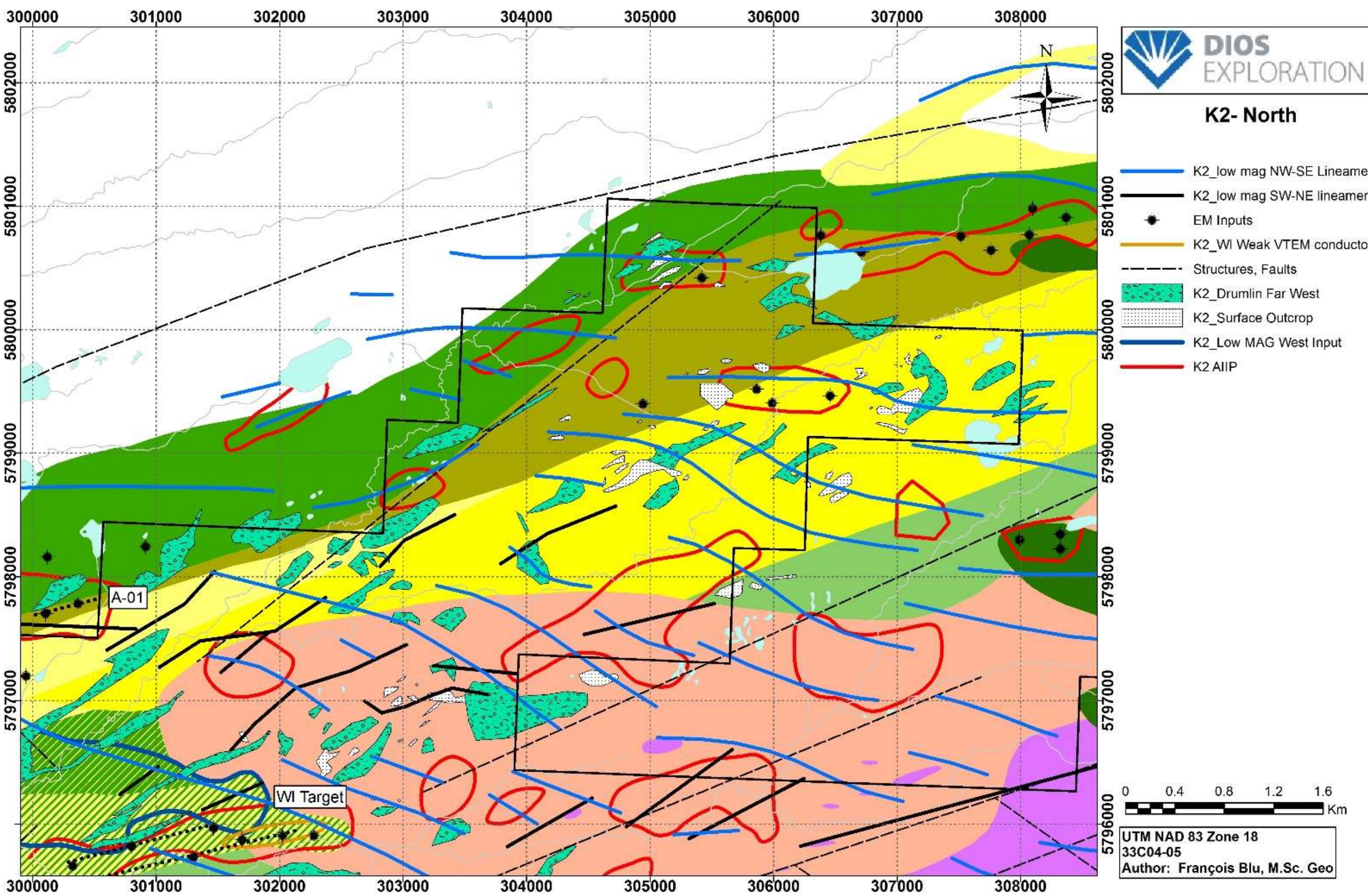
3-Airborne VTEM-AIIP Geophysics subtotal (Optional)…….…………….…..…$50,000

4- Helicopter-supported drilling of WI-Target
(8 holes x 200 m @ $250/m)…(Optional)……………………… ……………….$400,000

AAIP: apparent airborne induced polarization
Input-EM: airborne electromagnetics
VMS: volcanic massive sulfides



DIOS EXPLORATION
K2 - WI target
Apparent chargeabiliy
(AIIP)
K2 soil sample 2018 (in red)
Au (ppb)
51 - 780
9 - 50
0 - 8
K2 Au Boulder 2018
Au_ppm
1,00 - 6,72
0,50 - 0,99
0,10 - 0,49
0,025 - 0,099
0 - 0,0249
Outcrop Compilation 2018
Au_ppm
1 - 10
0.5 - 0.99
0.1 - 0.49
0.025 - 0.099
0 - 0.0249
EM Inputs
K2_WI Weak VTEM conductor
Structures, Faults
K2_Drumlin Far West
K2_Low MAG West Input
0 0.1 0.2 0.3 0.4
Km
UTM NAD 83 Zone 18
33C04-05
Author: François Blu
300000
301000
302000
5797000
5796000
5795000
I1D
V1-V2
I3
V1


DIOS EXPLORATION
K2- North
K2_low mag NW-SE Lineaments
K2_low mag SW-NE lineaments
EM Inputs
K2_WI Weak VTEM conductor
Structures, Faults
K2_Drumlin Far West
K2_Surface Outcrop
K2_Low MAG West Input
K2 AIIP
A-01
WI Target
N
0 0.4 0.8 1.2 1.6
Km
UTM NAD 83 Zone 18
33C04-05
Author: François Blu, M.Sc. Geo
300000
301000
302000
303000
304000
305000
306000
307000
308000
5802000
5801000
5800000
5799000
5798000
5797000
5796000

Clarkie gold project

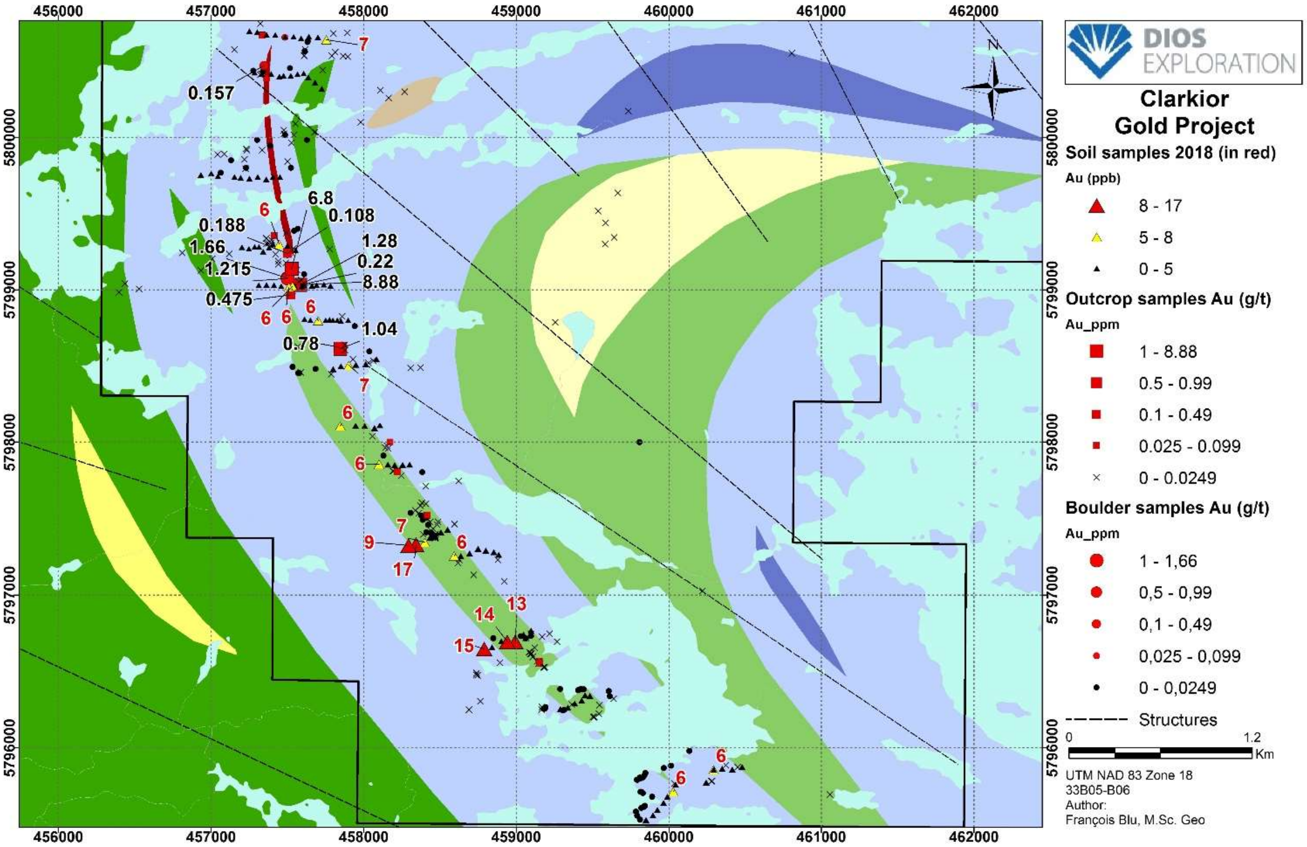
Dios 2018 Clarkie summer program covers a strategic 3.5 x 1 km area (located up-ice of a gold-in-till train) of the favourable Clarkie sedimentary Basin. This year ended mapping/prospecting helped detail the geological context (possible gold-rich VMS felsic-siliclastic model) and define focus for future gold exploration. A total of 195 rock-samples and 64 horizon soil-samples (1-2 kg B-horizon) were collected and assayed for gold (AA-AU23) and metals (ME-ICP41) during the 2018 survey.

Good gold-in-soil anomaly clusters were defined nearby Skippy and Goofy targets/showings and are distant of 1 km. Both are characterized with strong alterations (silicification & sericitization) and pyritization (1-10%) associated with the same northwest trending volcano-sedimentary contact. Both gold-in-soil anomalies overlie volcanic rocks and remain open to the west. Therefore, it is recommended to undertake:

- Manual stripping, geological mapping and channel-sampling on the Skippy and Goofy targets and their western footwalls should seriously be considered as gold-in-soil anomalies are present at both locations.
    - Additional in-filling soils (25 m-spacing) along lines 5798800N, 5796690N and 5797340N.
- Soil-lines at 25 m-spacing should be completed at 5797000N and 5796550N.
- Systematic prospecting of the western flank of the favorable NNW magnetic lineament (volcanics) could be also carried out.
- Recheck the area between Wacky & Slinky gold showings.

Proposed 2019 Clarkie budget: $85,000

1. Mobilization-Demobilization……………………………………..…………..…………$3,000
2. Soil-sampling +geological mapping
   and prospecting: (helicopter-supported, all-included + analysis)………………………….$72 000
3. Report, planning & administration………………………………………………………. $10,000



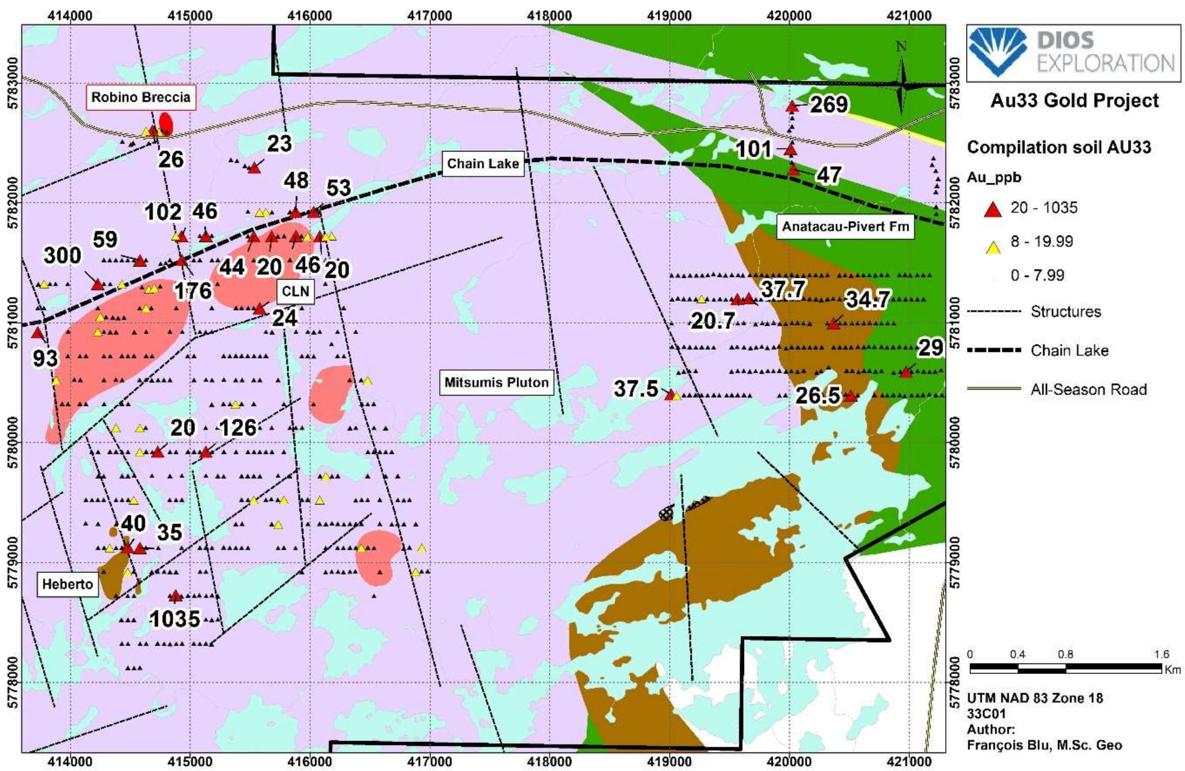
AU33 very large gold project

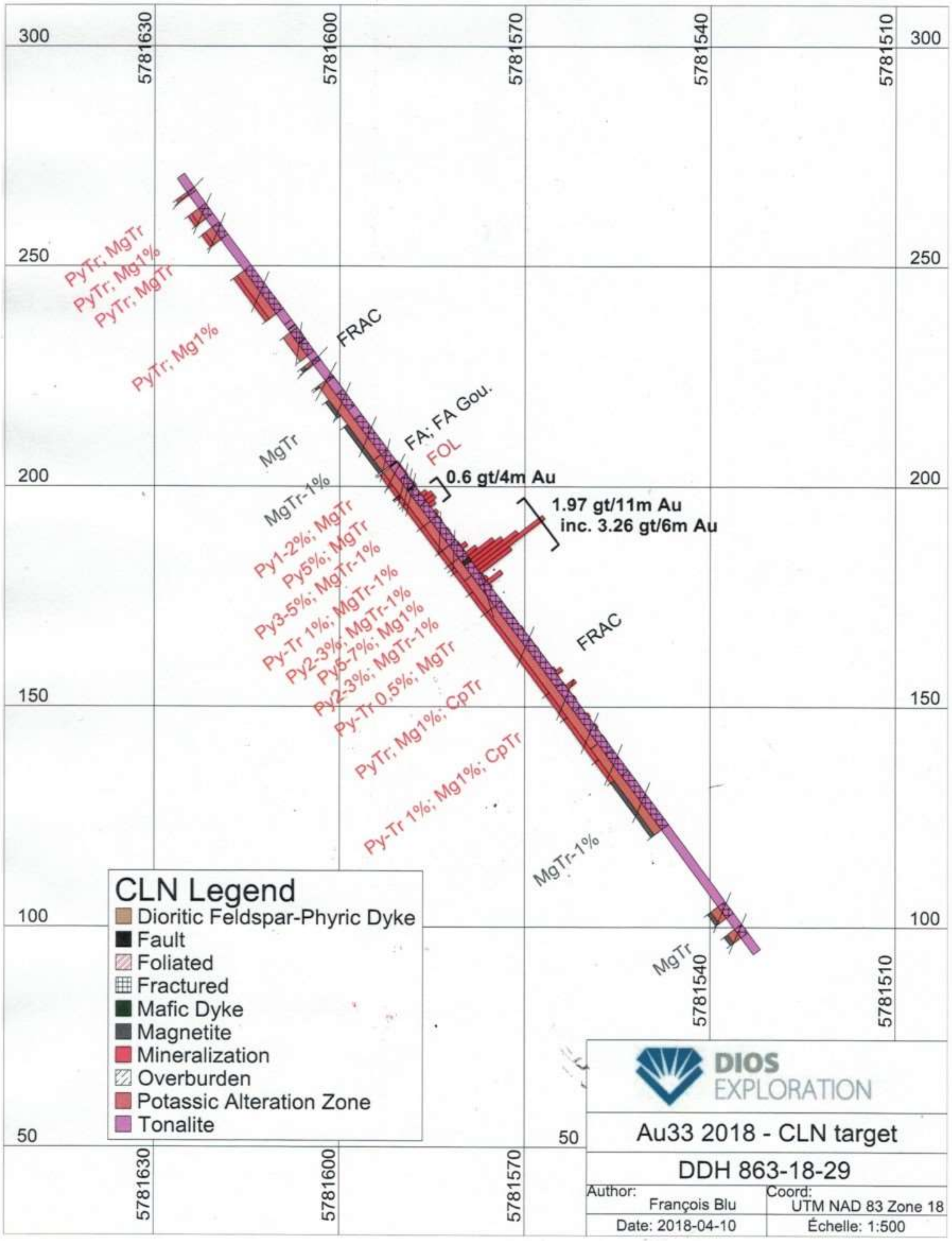
- Good potential is still present on the large Au33w project, as several gold targets (i.e. Robino, Western magnetic tonalite sill horizon (**WMTS**), Chain Lake-South, Banano, Heberto-North showings & Mitsumis breccia) have yet to be test-drilled and more drilling planned on Heberto and CLN.
- The **WMTS** B-horizon-soil & prospecting grid should be eventually in-filled near the gold-in-soil anomalies cluster and further south, the hingefold area (at least one northsouth line) should be completed to locate drill targets along this horizon.
- Mechanical stripping could be considered over the Robino gold-in-soil anomalies located north of the road and coincident with a strong induced polarization anomaly.
- Significant gold-in-till anomalies located NE (up-ice) of Heberto also remains unexplained: NDP & western magnetic tonalite sill (WMTS) target.

Proposed 2019 AU33 budget: $620,000

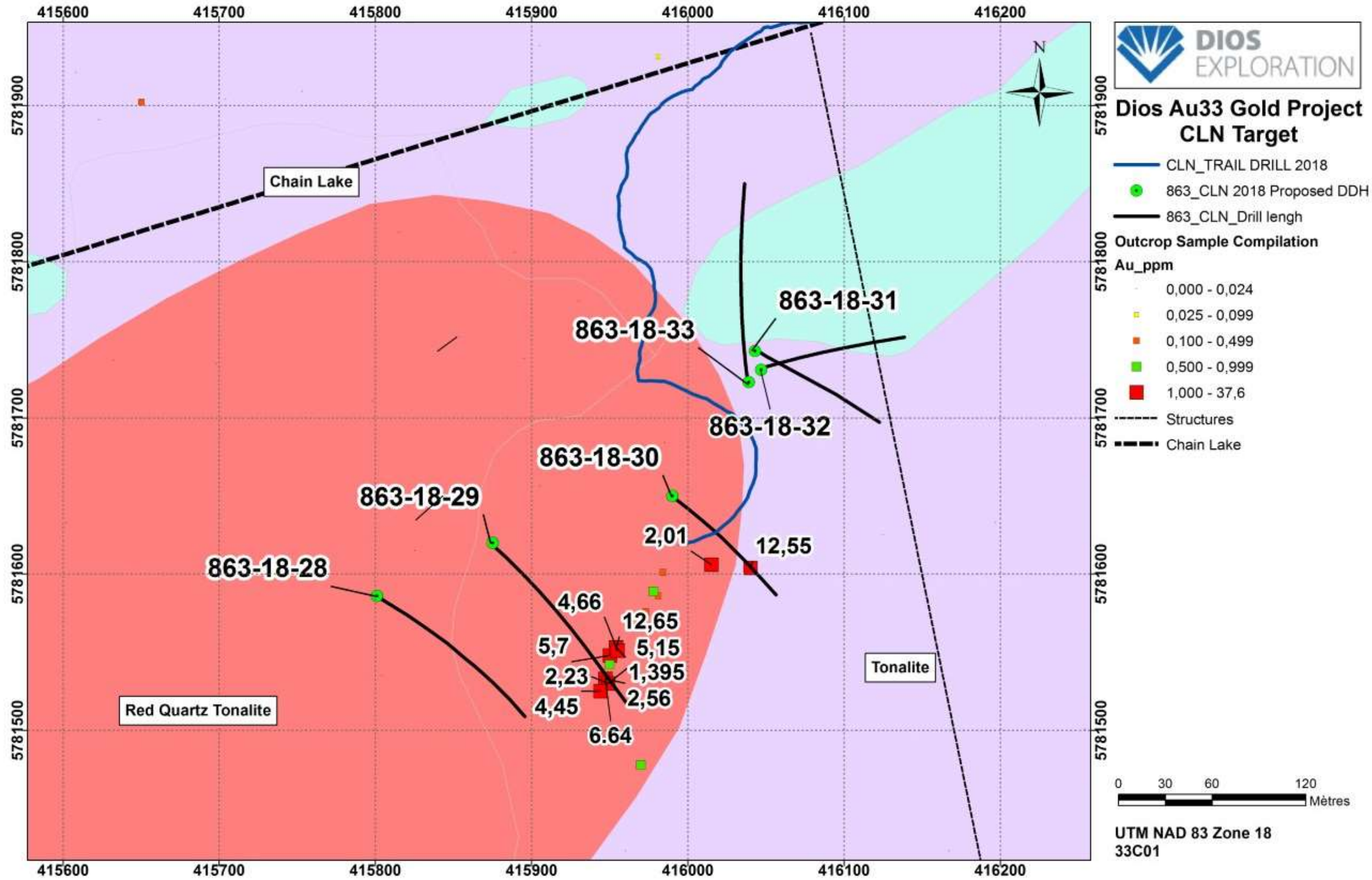
1. Au33W soil-sampling & geological mapping-prospecting: ……………………….….$100,000
2. Mechanical stripping on gold-in-soil anomalies (OPTIONAL):………………………..$20,000
3. Drilling program on various targets (OPTIONAL): 2000-2500m x $200/m………… $500,000

This budget is conditional on obtaining the necessary financing in 2019 if including the optional drilling on K2.





2018 drilling on CLN: 3.26 grams gold per ton over 6 m true width

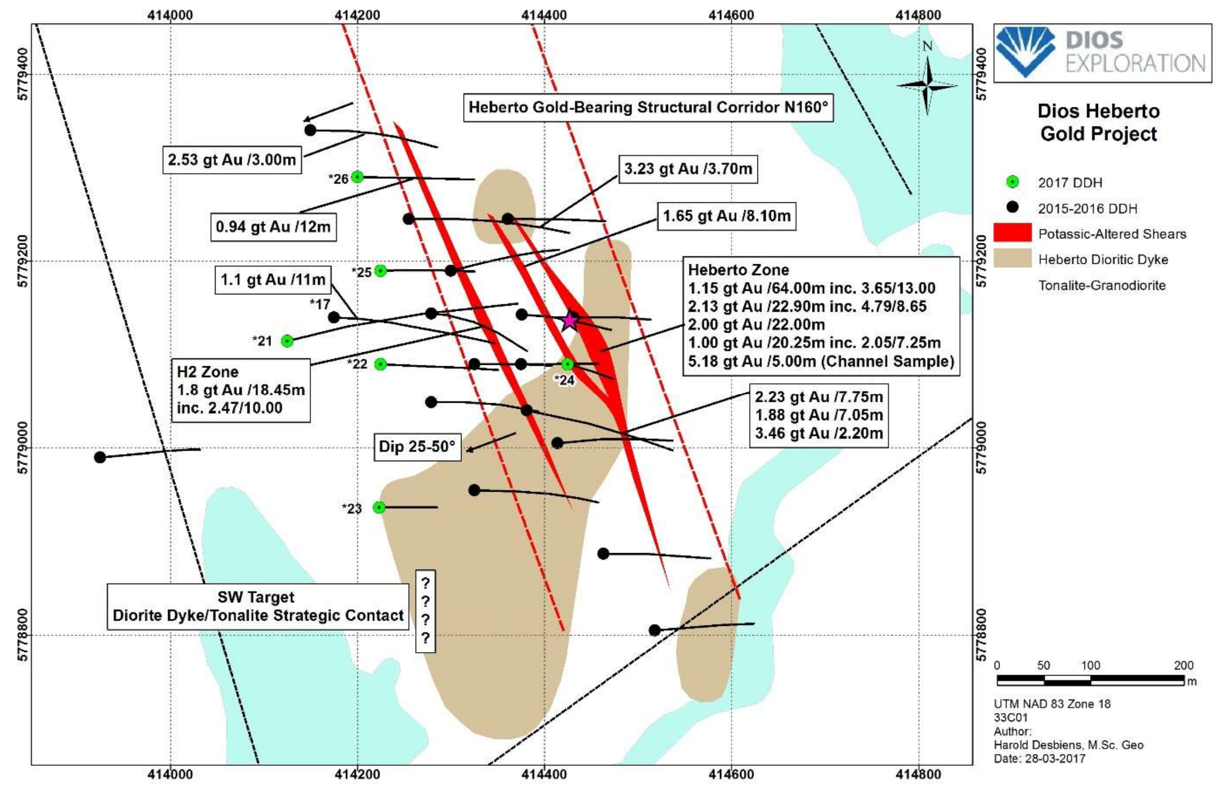


Some 2,326 metres of NQ diameter diamond drilling was completed for gold in 2018: eleven holes completed with success and two lost in the Chain Lake Break.

Dios made a drilling gold discovery in CLN area of large wholly-owned 113 square kilometer AU33 property during the year ended. First ever diamond drilling some 4 kilometers NNE of **HEBERTO GOLD** targeted the CLN area hitting **3.26 grams per tonne gold over 6 m true width** in a wider interval of some **2 g/t gold over 11 m** at a vertical depth of 85 m.

This pyritized gold zone of 3.26 g/t gold over 6 meters (1.974 g/t gold over 11 m) is hosted in the footwall of a silicified shear. Another very anomalous gold intercept returned 0.6 /t gold over 4 m (0,313 /t gold over 9 m) upper in the hole, also in the footwall. Re-checks are ongoing. This structure, well outlined over at least one km by magnetics, shows a lot of potential either in the footwall or in the structure itself. That hole is very anomalous in gold further down the hole with values such as 0.515 g/t gold/ 1 m (143-144 m) and 0.803 g/t gold/ 1 m (147-148 m).

Surface samples taken along a 100 meter strike of the altered foliated structure had returned eight samples (out of nine) with assays superior to 0.5 g/t gold, including 12.55; 6.64; 4.66; 4.45; 2.01; 1.98 g/t gold in 2017 and up to 12.65, 5.15, 2.56, 2.23 and 0.53 g/t gold upper in the CLN cliff in 2011-2012.



Summary of planned exploration programs for 2018 and results

PROJECTS	PLANNED WORK	BUDGET ($)	RESULTS ($)
AU33	Drilling	452,000	527,335
K2	Geology and geophysics	245,000	101,591
CLARKIE	Geology and mapping	10,000	129,601
OTHER			392
TOTAL		707,000	758,919

Differences are explained as follows:

AU33	More drilling added to drilling plans in 2018
K2	Geophysical work postponed to 2019
CLARKIE	Additional geology work following gold discovery

OPERATION RESULTS AND SELECTED ANNUAL INFORMATION

Net loss for the year is $107,846 (net loss of $1,770,996 for 2017) whereas operating expenses for the year totalled $158,453 ($1,776,275 for 2017).

	As at December 31, 2018 $	**As at December 31, 2017 $**
Net loss	(107,846)	(1,770,996)
Operating Loss	(158,453)	(1,776,275)
Impairment and write-off of exploration and evaluation assets included in Expenses	-	1,649,893
Expenses without impairment and write-off	158,453	126,382
Net loss per share (basic and diluted)	(0.002)	(0.03)
Total assets	3,103,109	2,111,466

Net loss and expenses

2018 compared to 2017

- Increase of stock-based payments (non cash item) from $7,776 to $47,996;
- Deferred income taxes (non cash item) recovered of $52,040;
- No impairment and write-off of exploration and evaluation assets in 2018 compared to $1,649,893 in 2017.
- From 2017 to 2018, taking into account the items that do not require an exit or a cash inflow, the expenses did not vary much.

2017 compared to 2016

- Decrease of stock-based payments from $63,787 to $7,776. No stock options were issued in 2017;
- Decrease in promotion: Investor search firm contract not reconducted in 2017.; and
- Impairment and write-off of exploration and evaluation assets in 2017 of $1,649,893 compared to $1,233,399 in 2016.

Total assets

2018 compared to 2017

- Exploration and evaluation assets:
  - Acquisition and claims renewal costs of $58,839;
  - Exploration expenses of $758,919;
  - Tax credit receivable at the end of 2018 of $263,122;
- Three private placements totaling $1,111,303 were closed in 2018.

2017 compared to 2016

- Exploration and evaluation assets:
  - Acquisition and claims renewal costs of $9,087;
  - Exploration expenses of $707,705;
  - No tax credit receivable at the end of 2017;
  - 2017 impairment of $1,574,000 in exploration expenses and impairment and write-off of $75,893 in mining rights.
- Private placement of $156,120 closed in December 2017.
- Listed shares sold.
- Term deposits redeemed in 2017.

SUMMARY OF QUARTERLY RESULTS

	2018					2017			
($ 000 except loss/share)	**Q4**	**Q3**	**Q2**	**Q1**		**Q4**	**Q3**	**Q2**	**Q1**
Income	-	-	-	-		2	1	1	2
Net earnings (Net loss)	(21)	(28)	(54)	(4)		(1,668)	(17)	(39)	(47)
Net earnings (net loss) per share(basic and diluted)	(0.001)	(0.001)	(0.001)	(0.001)		(0.029)	(0.001)	(0.001)	(0.001)

Variations in quarterly loss (income) can be explained by the following:

2018-Q4 Stock-based compensation of $8,217.
2018-Q2 Increase in Professional fees due to the timing of audit fees invoiced.
2018-Q1 Deferred income taxes recovered (non cash item) of $52,040.
2017-Q4 Impairment and write-off of the 33 Carats and Shadow exploration and evaluation assets. No stock-based compensation expenses.
2017-Q3 Decrease of interest income. Term deposit redeemed.
2017-Q2 Decrease of stock-based compensation expenses.
2017-Q1 Decrease in promotion: Investor search firm contract not reconducted in 2017.

FOURTH QUARTER

Highlights of the fourth quarter of 2018 are as follows :

- Exploration expenses totalling $76,804 on AU33, Clarkie and K2 properties;
- Administrative expenses of $21,740;
- Private placement of $625,300 closed at the end of December;

CASH FLOW SITUATION

Working capital increased by $272,264 as at December 31, 2018 going from $298,185 as at December 31, 2017 to $570,449 as at December 31, 2018 (including Other liabilities of $159,856 to be erased when flow-through expenditures have been incurred). The increase is mainly due to financings completed during the year offset by exploration costs, mining right payments and administrative expenses incurred during the year.

Cash amounted to $561,183 as at December 31, 2018 compared to $376,296 as at December 31, 2017.

The Company is considered to be in the exploration stage, thus is dependent on obtaining regular financings to continue exploration. Despite previous successes in acquiring sufficient financing, there is no guarantee of obtaining any future financings.

As at April 11, 2019, the company considers that it will have to finance itself in 2019 to carry out the planned exploration work if including the optional drilling on K2. As at December 31, 2018, the Company did not have any debt or any financial commitments for the upcoming quarters except to incur $695,303 in exploration expenses before December 31, 2019.

FINANCING SOURCES

As at December 31, 2018:

- 71,922,760 Common Shares were issued.
- 3,840,000 options were outstanding and 3,399,000 can be exercised at prices ranging between $0.10 to $0.15 and expiring between October 1st, 2019 and February 19, 2023. Each option can be exchanged by its holder thereof for one Common Share of the Company.
- 5,252,222 warrants were outstanding, entitling their holders thereof to subscribe for the same number of Common Shares of the Company at a price between $0.075 to $0.11 and expiring between June 26, 2020 and June 29, 2020.

Share capital

Variations in share capital as at April 11, 2019 are the following:

Description	Number of shares issued and to be issued	Amount $
As at December 31, 2017	56,902,727	19,448,838
Private Placements	15,020,033	870,113
As at December 31, 2018	**71,922,760**	**20,318,951**
Private Placement	2,983,846	193,950
As at April. 11, 2019	**74,906,606**	**20,512,901**

On February 2, 2018, the Company completed a non-brokered private placement. An amount of $70,003 was subscribed consisting of 777,811 flow-through shares at a price of $0.09 per share. An amount of $54,447 was allocated to share capital and $15,556 was attributed to other liabilities in the statement of financial position.

On June 26, 27 and 28, 2018, the Company completed a non-brokered private placement with four Quebec venture Capital Funds for gross proceeds of $416,000 by issuing a total 4,622,222 units at $0.09 per unit. Each unit comprises one common share of the Company and one warrant. Each warrant entitles its holder thereof to subscribe one common share of the Company at $0.11 during a 24-month period. An amount of $81,334 related to warrants was recorded as an increase of contributed surplus while an amount of $334,666 was recorded to share capital. Issue costs were $ 18,719.

On December 27, 2018, the Company closed a private placement for an aggregate proceeds of $625,300 consisting of the issuance of 9,620,000 flow-through share at $0.065. An amount of $481,000 was allocated to share capital and $144,300 was attributed to other liabilities in the statement of financial position. Issue costs amounted to $ 54,494, including a cash intermediary fee of $ 40,950 and the issuance of 630,000 warrants to subscribe for the same amount of common share at a price of $ 0.075 per share on or before June 27, 2020. A value of $12,600 related to these warrants was recorded as issue costs.

On January 31, 2019, the Company completed a non-brokered private placement. An amount of $193,950 was subscribed consisting of 2,983,846 flow-through shares at a price of $0.065 per share. An amount of $193,950 was allocated to share capital.

Options

Variation in outstanding options as at April 11, 2019 is the following:

	Number	Weighted average exercise price ($)
As at December 31, 2017	2,860,000	0.12
Granted	980,000	0.10
As at December 31, 2018 and April 11, 2019	**3,840,000**	**0.11**

Options granted and exercisable as at April 11, 2019:

Expiry date	Number of options	Exercisable	Exercise price ($)
October 1, 2019	1,100,000	1,100,000	0.15
July 16, 2020	880,000	880,000	0.10
February 22, 2021	880,000	880,000	0.10
February 19, 2023	980,000	539,000	0.10
	3,840,000	3,399,000	0.12

An amount of $47,996 of employee remuneration expense (all of which related to equity-settled share-based payment transactions) were included in profit or loss for the reporting period ended December 31, 2018 ($7,776 for the reporting period ended December 31, 2017) and credited to Contributed surplus.

On February 19, 2018, the Company granted 980,000 options exercisable at $0.10 to officers, directors and employees of the Company under its incentive stock option plan. The options have a term of five years and can be exercised gradually over a period of eighteen months.

The weighted fair value of the granted options of $0.06 per option was determined using the Black-Scholes option pricing model and based on the following weighted average assumptions:

Share price at date of grant	$0.075
Expected dividend	0%
Expected volatility	122%
Risk free interest rate	2%
Estimated weighted average duration	5 years
Exercise price at date of grant	$0.10

Warrants

Variation in outstanding warrants as at April 11, 2019 is the following:

	Number	Weighted average exercise price ($)
As at December 31, 2017	6,469,501	0.17
Issued	5,252,222	0.11
Expired	(6,469,501)	0.17
As at December 31, 2018 and April 11, 2019	**5,252,222**	**0.11**

In respect with the private placements dated June and December 2018, the Company issued 5,252,222 warrants. The number of outstanding warrants which could be exercised for an equivalent of common shares is as follows:

Expiration date	Number of warrants	Exercise price ($)
June 26, 2020	1,400,000	0.11
June 27, 2020	630,000	0.075
June 28, 2020	1,000,000	0.11
June 29, 2020	2,222,222	0.11
	5,252,222	0.11

ACCOUNTING POLICIES

The 2018 financial statements of the Company were prepared in accordance with IFRS, as issued by the International Accounting Standards Board as described in Note 4 of 2018 financial statements.

CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Significant management judgment

Significant management judgments to be made while implementing accounting methods that are the most significant for the Company are discussed hereafter:

(a) Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exit in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

(b) Operating continuity

Determining whether to continue operating requires management's judgment to be able to raise or find sufficient funds for operating expenses and planned exploration programs, among others, to fulfill requirements for the coming period; such judgments are based on past expertise and other factors, including evaluation of probable future events that could be deemed reasonable in said circumstances.

Estimation uncertainty

(a) Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined.

Determining whether to test for impairment of exploration and evaluation assets requires management's judgment, among others, regarding the following: the period for which the Company has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

For the year ended December 31, 2017, the Company decided to impair the 33 Carats mining property and to write-off the Shadow property for a total of $1,649,893 due to the absence of significant exploration work over the past three years. No reversal of impairment losses has been recognized for the reporting periods.

The remaining properties have not been tested for impairment. The Company can retain properties as it has sufficient financial resources to meet its short-term obligations and exploration works are planned over next exercises. The rights to prospect for these properties will not expire soon and exploration works has been carried out on these properties over the past three years.

(b) Share-based payments

Estimation of share-based payment costs requires selection of appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model.

(c) Tax credits receivable

The calculation of the Company's refundable tax credit on qualified exploration expenditure incurred and refundable tax credit involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been issued from the relevant taxation authority and a payment has been received. Difference arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credit and refundable tax credit, exploration and evaluation assets, and income tax expense in future periods.

Off-balance sheet arrangements

During the year, the Company did not set up any off-balance sheet arrangements.

RISK AND UNCERTAINTIES

Risks inherent in the nature of mineral exploration and development

Mineral exploration and development involve several risks which experience, knowledge and careful evaluation may not be sufficient to overcome. Large capital expenditures are required in advance of anticipated revenues from operations. Many exploration programs do not result in the discovery of mineralization; moreover, mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labor are some of the risks involved in the conduct of exploration programs and the operation of mines. The commercial viability of exploiting any precious metal deposit is dependent on a number of factors including infrastructure and governmental regulations, in particular those respecting the environment, price, taxes, and royalties. No assurance can be given that minerals of sufficient quantity, quality, size and grade will be discovered on any of the Company's properties to justify commercial operation. Numerous external factors influence and may have significant impacts on the operations of the Company and its financing needs.

Financial risks

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

Tax

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

Dependence on key personnel

The development of the Company’s business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other employers.

Conflicts of interest

Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith of view to the best interests of the Company and to disclose any interest, which they may have on any project or opportunity of the Company. If a conflict arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

Environmental risks

The Company is subject to various environmental incidents that can occur during exploration work. The Company maintains an environmental management system including operational plans and practices.

MANAGEMENT'S RESPONSABILITY FOR FINANCIAL INFORMATION

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

(Signed) Marie-José Girard, M.Sc. Geo President *(Signed)* René Lacroix CPA, CA Chief Financial Officer

Montreal, April 11, 2019