



DIOS
EXPLORATION
DIOS EXPLORATION INC.
ANNUAL MANAGEMENT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

This Management Discussion and Analysis dated April 22, 2022 provides an analysis of operations and financial position of Dios Exploration Inc. (the “Company” or “Dios”) for the year ended December 31, 2021. This discussion and analysis of the financial position and results of operation should be read in conjunction with Dios’s audited financial statements for the years ended December 31, 2021 and December 31, 2020. These audited financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”)

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-Copper Exploration in James Bay Eevou Istchee, Quebec. Wholly-owned **K2** gold-copper-silver property without any royalties is located directly SW in structural strike of Azimut’s Elmer gold discovery at Patwon (see map below) . Very significant results were obtained on **K2** project with Kali eastern targets and WI gold targets, west of Kali intrusive.

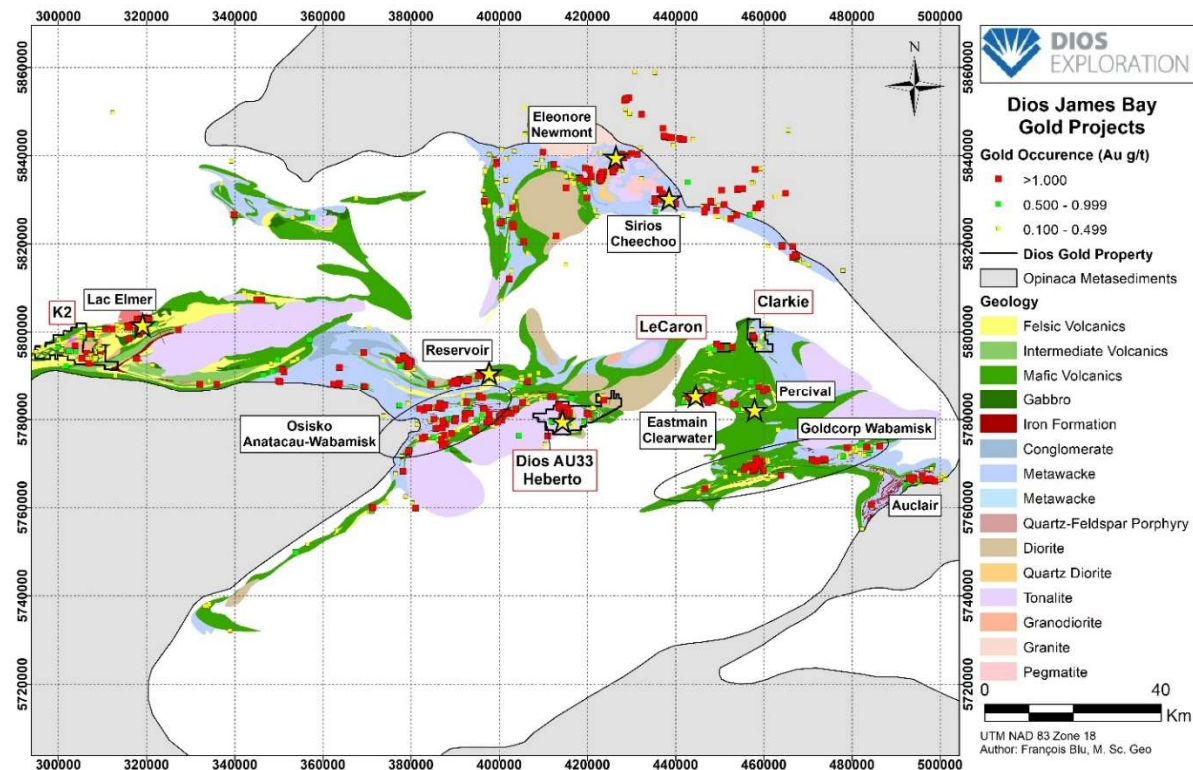
Dios is involved in mineral exploration along a major James Bay deformation zone through proprietary till sampling defining gold and diamond glacial dispersal trains. Successful drilling of large **AU33** gold property led to HEBERTO GOLD discovery on **AU33**, then 4 km NNE, to successful drilling of CLN area and a further 4-5 km east to WTS gold drilling discovery.

Also, gold was discovered by Dios on **Clarkie** (8.9 & 6.8 g/t Au in sandstones) and **Le Caron** (37 g/t Au, 4.5 m @ 2.1 g/t Au in volcanics) projects, along Newmont Eleonore gold mine - Cheechoo corridor.

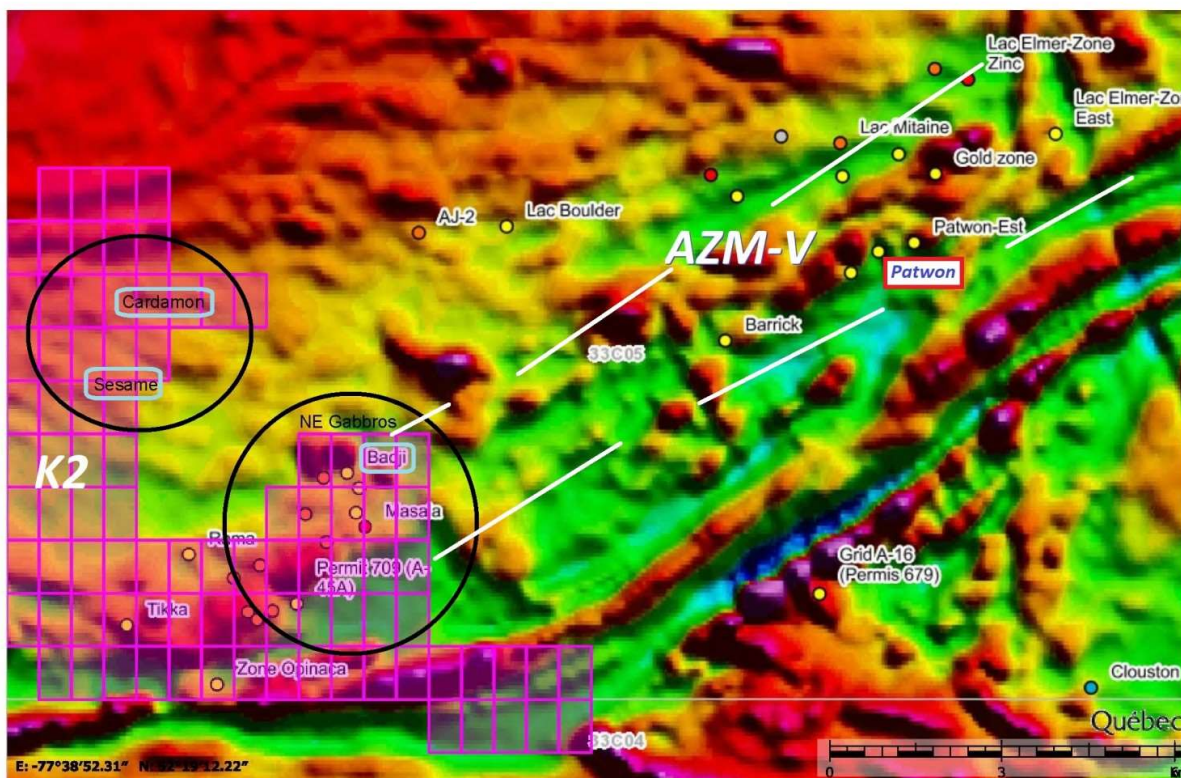
Located hundreds of km to the east are 14K and 33Carats in Upper Eastmain Greenstone Belt

Gold in outcrop & by drilling was also discovered by Dios 6 km northwest of Eastmain gold mine (Benz Mining) on Dios’ **33 Carats** property, optioned in 2020 to Australian Northern Lights Minerals, with yearly renewal payments made during this year ended and during last one as well as claim renewal payments. Ground Induced Polarization (IP) survey is planned by partners in Q2-Q3 2022 to define drilling targets.

Dios' shares are traded on TSX Venture Exchange under DOS symbol and 114,707,066 shares were issued and outstanding at the end of 2021. Additional information may be available through www.sedar.com web site, under the Company's section "Sedar filing" or at www.diosexplo.com.



Dios' properties in Lower Eastmain Greenstone Belt: K2, AU33 (Heberto), LeCaron, Clarkie



AZM gold corridor: in white structural borders....pointing directly at Dios' Badji showing- NE gabbros underexplored

RESULTS OF OPERATION

Summary of exploration activities

During the year ended December 31, 2021, the Company incurred \$1,273,497 in exploration expenses compared to \$1,204,655 for the same period in 2020.

Exploration Expense Analysis

Description	K2	AU33	14Karats	Total
	\$	\$	\$	
Geology	214 280	2 478	33 463	250 221
Compilation	111 250	-	-	111 250
Transportation, lodging	392 651	-	-	392 651
Drilling	513 144	-	-	513 144
Office and other	6 231	-	-	6 231
	<u>1 237 556</u>	<u>2 478</u>	<u>33 463</u>	<u>1 273 497</u>

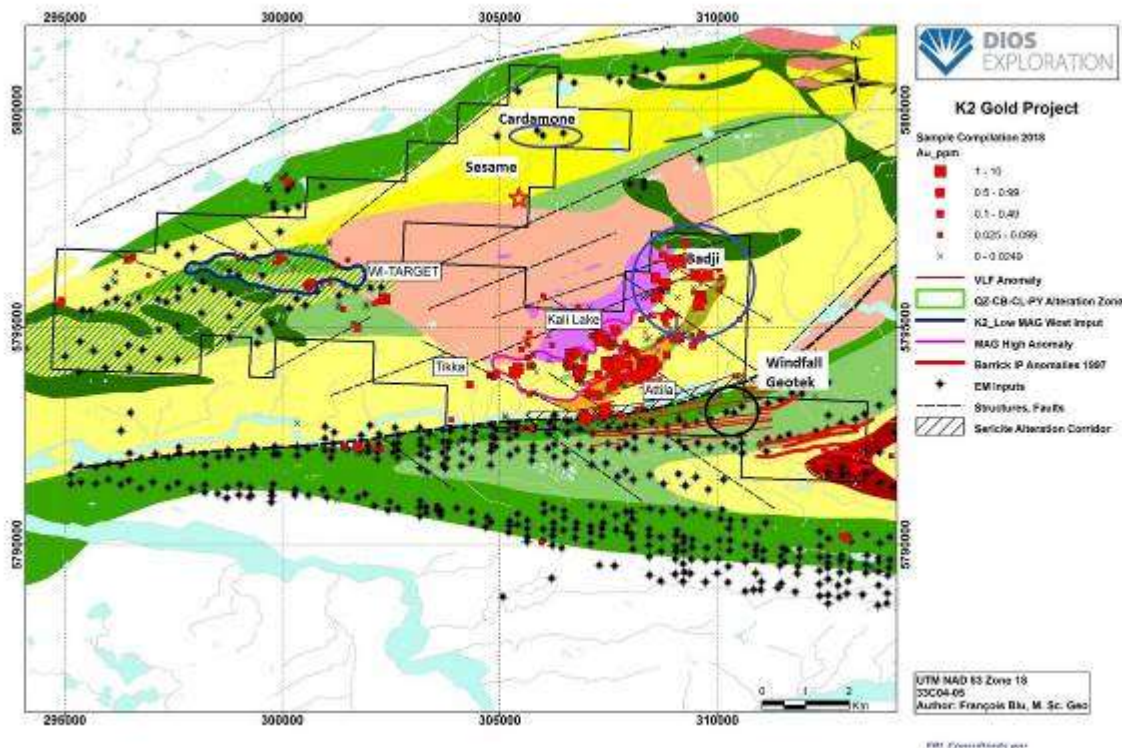
Geological information presented herein was prepared by Marie-José Girard P. Geo M.Sc., qualified person pursuant to National Instrument 43-101.

K2 gold project

K2 gold project covers 85 sq. km of wholly-owned prospective geology west-southwest of **Azimut's Elmer gold property** hosting **Patwon gold discovery**, along Opinaca River deformation Zone, an underexplored part of Lower Eastmain Greenstone belt, James Bay Eeyou-Istchee, Quebec.

First ever drill assays were undertaken in 2021 on **K2** as it was for the first time ever drilled in late 2020 (ten holes totalling 2509 meters).

K2 geology is favourable for VMS (Volcanic Massive Sulfides) and Windfall-type gold mineralization. **K2** hosts an Archean volcanic sequence injected by felsic porphyry plugs and dykes wrapped around Kali pluton.



Non-outcropping **WI-Target** returned good ground induced polarization anomalies on a 3 km long electromagnetic EM conductor with adjacent good gold-in-soil anomalies (up to 283 ppb Au in B-horizon) coupled sericite-silica altered dacite floats (up to 6.72 g/t gold).

About 200 m SE of WI-Target, the **cinnamon** showing within Kali Tonalite yielded up to **10 g/t gold**, 1.81, g/t Au in a shear of same orientation as WI-Target, confirming strong potential of adjacent underexplored western intrusion-volcanic contact.

In 2021, two parallel gold-bearing zones were discovered from this area drilling:

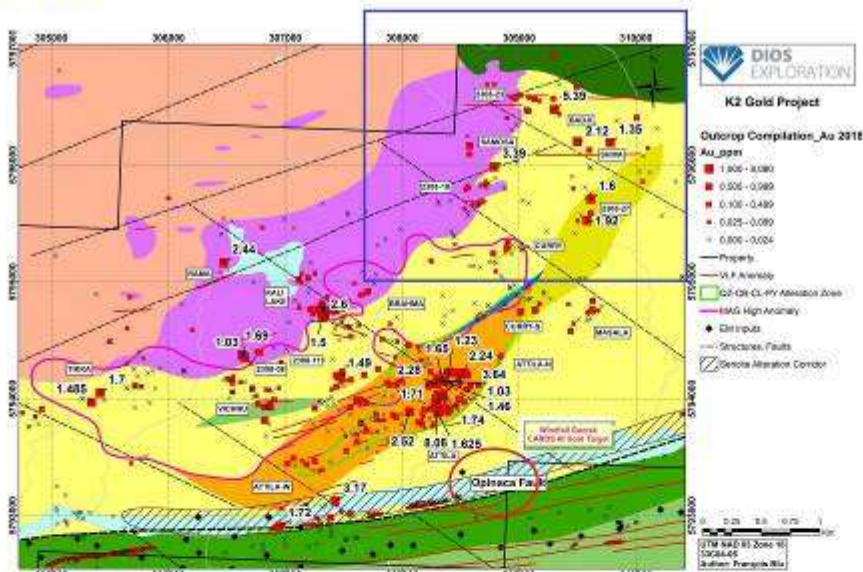
- On PP-1 ground anomaly, 1.5 km west of Kali intrusive, a poorly outcropping area, drilling hit **8.92 g/t gold over 1 m in coarse grained tonalite-diorite** in contact with a strongly foliated mafic dyke. It is open in all directions and associated with the hanging wall of a significant resistivity anomaly, at the contact between a high and low magnetic area.
- Hole 03, located 200 m northeast, cut 0.50 g/t gold over 1m in another such IP horizon, but also **no volcanic rocks that could be the source of soft & crumbly mineralized/sericitic dacite boulders grading up to 6.72 g/t gold in the WI target area.**
- And a second gold zone, located 800 m south-east of hole 01, was drill discovered in wider WI TARGET area (8 holes over 1.5 by 1 km). On **PP-2 anomaly**, hole 05 hit **3.78 g/t gold over 1 m** related to **feldspar diorite-gabbro contact**. PP-2 gold intercept is in same strike as cinnamon showing returning 10 g/T gold in outcropping shear.

About 6 km east of WI-target, **Attila gold-copper showing** is hosted in fractured rhyodacite dome overlying Kali quartz-diorite/tonalite porphyry to the south, 7 km east of WI-Target tonalite contact. It is a chalcopryrite-

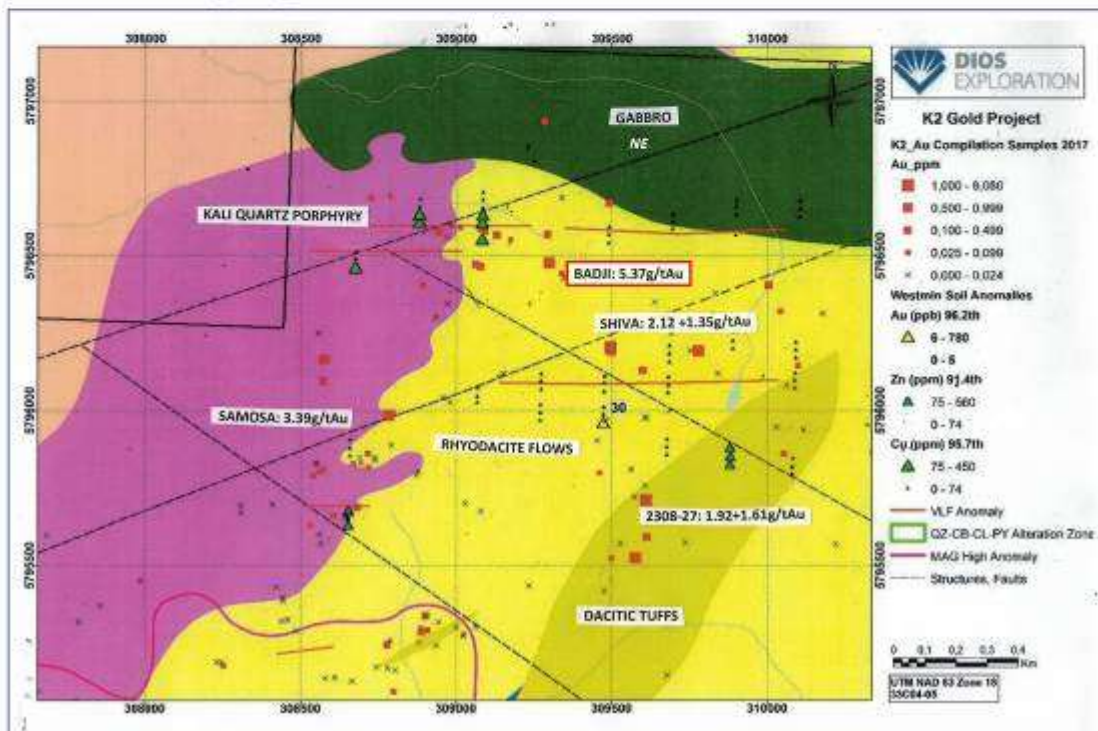
rich stringer/ stockwork over 75 m long by 5-15 m wide yielding up to 8.08 g/t gold, 96.7 g/t Ag, 2.43% Cu & 0.17% Zn.

Attila Zone averages grades of 1.07 g/t Au, 38.8 g/t Ag, 1.25% Cu & 0.01% Bi from 13 grab samples and 100 m north, a several meter sub-parallel horizon (Attila-N) over 50 m long with narrow quartz-carbonate-pyrite veins returned five samples greater than 1.0 g/t Au (up to 3.64 g/t Au & 26.7 g/t Ag).

Attila Area



NE Gabbros-Badji target



EBL Consultants enr.

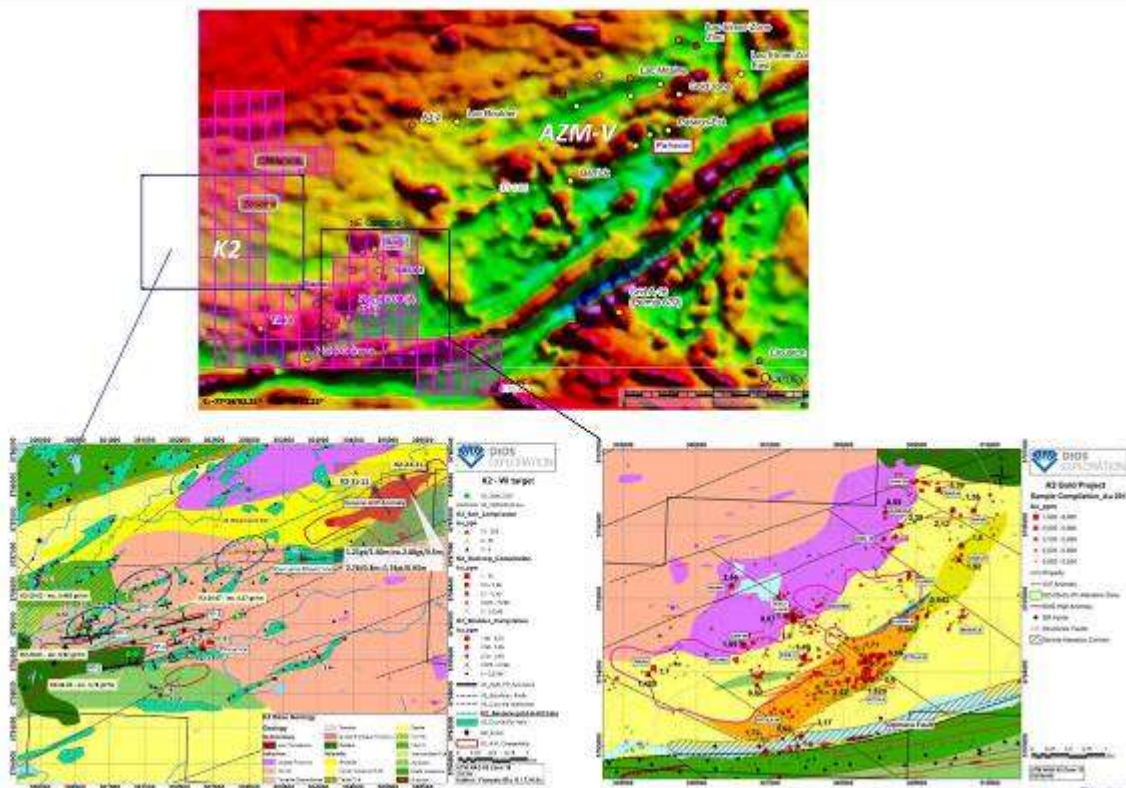
Dios discovered 2-3 gold zones by drilling **Sesame** Airborne Interpreted IP which is not outcropping in northeastern **K2**, James Bay Eeyou Istchee, Quebec, up to 2.88 g/t gold & 2.76 g/t gold in different zones some 6 km north of Opinaca fault.

Follow-up drilling is planned on **Cardamon** volcanic target 1.2 km NE of Sesame and on prospective **Badji-NE Gabbro** more to the east, in contact with felsic volcanics (**Badji** showing).

Two exploratory holes for 664 m were drilled 400 meters apart on Sesame, returning in northeastern hole 2.88 grams per ton gold on 0.50 m (1.87 g/t gold on 1 m or 1.21 g/t Au on 1.6 m), then 2.76 g/t Au on 0.30 m (0.73 g/t Au on 1.15 m), also 0.74 g/t Au on 0.95 m and many anomalous metric intercepts over 100 ppb gold up to 0.31 g/t Au and 0.26 g/t Au on 3.7 m in granodiorite. Some assay checks will be made, visible gold having returned only 0.86 g/t Au on 0.50 m.

Cardamon (Airborne IP) Target:

The **Cardamon Target** lies within **altered volcanics** (silicified & pyritized) directly north of Sesame FP/QFP intrusion. **Three eastwest EM-input anomalies are coincidental with short Airborne IP chargeable zone over one km-strike.** Strongest chargeability centered on 2 bull's-eyes (about 350m diameter, 100-275m depth) seems to increase with depth. Another EM-input (Cardamom-W) is located 800m west of this cluster. The Cardamom EM (Inputs & VTEM) and airborne IP conductors were visited by **Dios'** team but are not outcropping as they lie under a swampy area. **Interestingly, directly east of the target, a grab-sample from an eastwest felsic dyke had yielded 2.69 g/t Au.** The Cardamon target is also located about 5km up-ice (NE) of gold-bearing altered felsic volcanic floats (6.72 g/t Au) and associated to well-defined kilometric gold-in-till (WI-target) anomaly. It is located within the low-magnetic region in Greenschists-grade domain.



NE Gabbro/Badji Target:

The southern contact of magnetic NE Gabbros and felsic volcanics is a good structural target due to rheologic rock contrasts; it was also selected by Artificial Intelligence. This target-area is located in the possible SW extent of the gold-bearing Patwon and Barrick structures on neighbouring Azimut Exploration's Elmer project. It also hosts two EW VLF-EM conductors associated with sulfidic mineralization including SDBJ showing (1.08% Cu & 13.8 g/t Ag). Locally, it is well sericitized and silicified. About 100m further south, Dios had discovered the **Badji showing** consisting of centimetric pyrite-chalcopyrite stringers in foliated strongly sericitized dacite yielding **5.39 g/t Au, 111 g/t Ag, 5.05% Cu**. Several grabs had yielded anomalous gold (0.170-0.265 g/t Au)-silver (up to 19.7g/t Ag)-copper (0.2-0.6% Cu) within these southern felsic volcanics but few work was completed. A lone grab-sample within the gabbro about 400m north of the contact assayed 0.410g/t Au near NE magnetic lineaments. Systematic prospecting is planned along this favourable contact (at least 2 km strike) as well as fill-up soil-sampling and detailed magnetics. After 2022 field checks, drilling is planned on best targets/showings. See figures. This NE Gabbros-Badji target area is located a few km NE of Attila.

AU 33 gold project

Dios Au33w project hosts numerous gold occurrences associated with a magmatic-hydrothermal system within the Mistumis tonalitic-dioritic intrusive complex of the Archean Lower Eastmain Greenstonebelt. Gold-bearing stockworks, quartz veins, shear zones, magmatic-hydrothermal breccias, and dioritic intrusions are mainly associated with sub-parallel northwest-southeast to northsouth striking brittle structures, interpreted as favorable pathways for hydrothermal fluids and magma ascent. Significant gold-in-till anomalies are located northeast (up-ice) of Heberto showing, so are the western magnetic tonalite sill (WTS) & NDP areas that have good clusters of gold-in-soil anomalies, especially the latter. Therefore, **Dios 2022 exploration work should focus on three main targets on Au33w:**

1-At Heberto, extending eastward the main stripping should be strongly considered to examine for **possible eastwest structures/veins beside/or intersecting the north-northwest Heberto one**. Heberto is composed of several plurimetric potassic-altered shears and fracture zones dipping 25-50° west that graded up to

2.13 g/t gold over 22.90m (inc. 4.79 g/t Au/8.65m);

2.00 g/t Au over 22.00m;

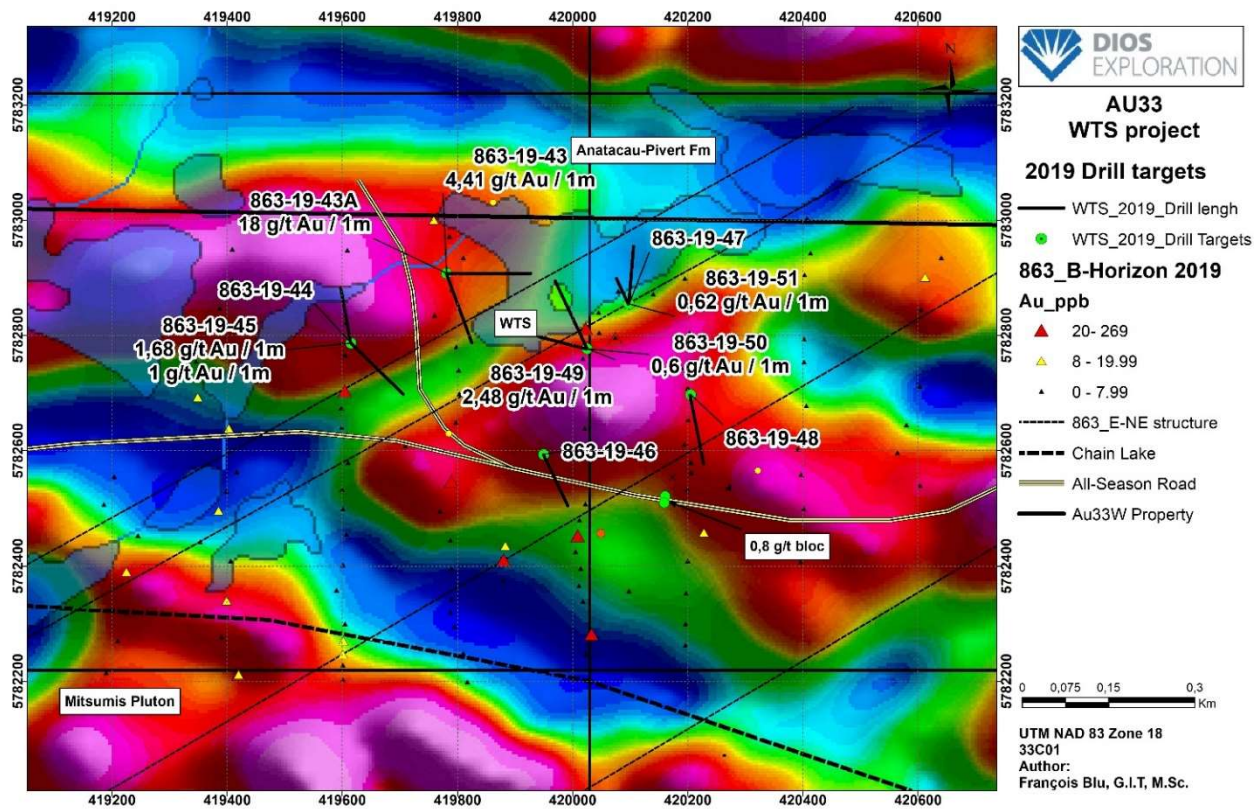
1.15 g/t Au over 64m incl. 3.65 g/t Au over 13 m.

Four diamond drill holes(ddhs) are also proposed to test this hypothesis.

2- The anomalous magnetic **WTS** is cross-cut by two **northeast low-magnetic lineaments** that are excellent structures to fix the gold-bearing fluids (ex: CLN, CLS, CLW, Robino, Heberto-N). Numerous narrow (1-3 meters) goldbearing (0.5-**18 g/t Au**) structures with centimetric quartz-(py-cpy) veinlets and/or disseminated (1-4%) pyrite were intersected by the late 2019 drilling in the vicinities of the WTS gold-in-soil anomalies. In 2022, additional soil/b-horizon sampling (& minor prospecting) is recommended over the north/north-east extensions of the favourable structures. **Three (3) ddhs** are also proposed to better test the of the targeted area.

3-The NDP strong gold-in-till (& soil) anomalies still remain unexplained. The 2018 drilling tested the east one of two north-south magnetic tonalite units within the basalts located in a hinge-fold. In 2022, 2-3 drill holes are proposed to test the non-outcropping western magnetic tonalite.

-Several other good gold targets remain to be fully investigated on the Au33w project: Chain Lake-South, Chain Lake Fault, Banano, Heberto-North showings, Mistumis breccia & possible intersection of Robino breccia with the NNW Heberto structure.



DIOS EXPLORATION 2022 PROPOSED BUDGETS

A-2022 K2 budget priorities: \$976,000

Drilling

- Cardamon target: 3DDHs (600-700m x \$330/m) \$231,000
- Cinnamon-south: 2DDHs (500mx\$330/m) \$165,000
- Curcuma/Wi-target: 2DDHs (500m x \$330/m) \$165,000
- NE Gabbro/Badji: 4DDHs (1000m x \$330/m) \$330,000

Prospecting

- NE Gabbro/Badji soil/prospecting \$ 70,000

Mob-Demob \$ 15,000

B-2022(2023) AU33 budget priorities: \$231,250

Drilling Heberto: 3ddhs (625m x \$330/m) \$206,250

Prospecting and soils WTS \$ 10,000

Mob-demob \$ 15,000

C-2022 14Karats budget priorities (optional) \$ 70,000

Prospecting and soils WTS \$ 50,000

Mob-demob \$ 20,000

TOTAL \$1,277,250

SUMMARY OF PLANNED EXPLORATION PROGRAMS FOR 2021 AND RESULTS

PROJECTS	PLANNED WORK	BUDGET (\$)	RESULTS (\$)
K2	Geology and drilling	850,000-860,000	1,237,556
AU33	Soil sampling, mapping and prospecting	20,000-30,000	2,478
CLARKIE	Mapping, prospecting and channel sampling	20,000-30,000	-
14KARATS	Soil sampling, mapping and prospecting	20,000-30,000	33,463

Differences are explained as follows:

K2	Higher cost of work
AU33	Work postponed to 2022-2023 with drilling
CLARKIE	Concentrated work on K2 property in 2021
14KARATS	No major difference

OPERATION RESULTS AND SELECTED ANNUAL INFORMATION

Net loss for the year is \$284,027 (net loss of \$16,899 for 2020) whereas operating expenses for the year totalled \$293,856 (\$177,927 for 2020).

	As at December 31, 2021 \$	As at December 31, 2020 \$
Net loss	(284,027)	(16,899)
Operating loss	(293,856)	(177,927)
Gain on disposal of exploration and evaluation assets included in Expenses	30,000	6,003
Share-based payments included in Expenses	206,826	69,938
Expenses without gain on disposal, gain on debt settlement and share-based payments	117,030	113,992
Net loss per share (basic and diluted)	(0.003)	(0.000)
Total assets	6,931,718	6,298,654

Net loss and expenses

2021 compared to 2020

- Increase of stock-based payments (non-cash item) from \$69,938 to \$206,826.
- Deferred income taxes (non-cash item) recovered of \$2,285 in 2021 compared to \$129,400 last year.
- From 2020 to 2021, taking into account the items that do not require an exit or a cash inflow, the expenses did not vary much.

2020 compared to 2019

- Increase of stock-based payments (non-cash item) from \$9,335 to \$69,938.
- Deferred income taxes (non-cash item) recovered of \$129,400 in 2020 compared to \$159,856 last year.
- No write-off of exploration and evaluation assets in 2020 compared to \$2,198 in 2019 (Shipshaw and Autish properties).
- From 2019 to 2020, taking into account the items that do not require an exit or a cash inflow, the expenses did not vary much.

Total assets

2021 compared to 2020

- Exploration and evaluation assets:
 - Acquisition and claim renewal costs of \$23,629;
 - Exploration expenses of \$1,273,497;
 - Tax credit receivable at the end of 2021 of \$516,296;
- A private placement totaling \$1,250,000 was closed in December 2021.

2020 compared to 2019

- Exploration and evaluation assets:
 - Acquisition and claim renewal costs of \$50,488;
 - Exploration expenses of \$1,204,655;
 - Tax credit receivable at the end of 2020 of \$79,638;
- Three private placements totaling \$2,150,800 were closed in 2020.
- Funds provided from the exercise of options and warrants totaled \$652,694.
- 33Carats and Solo claim block properties were optioned by third parties.

SUMMARY OF QUARTERLY RESULTS

	2021				2020			
(\$ 000 except loss/share)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Income	1	1	2	3	5	4	2	1
Net earnings (Net loss)	(44)	(39)	(87)	(114)	57	(11)	(25)	(38)
Net earnings (net loss) per share (basic and diluted)	(0.001)	(0.000)	(0.001)	(0.001)	0.000	(0.000)	(0.000)	(0.000)

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

- 2021-Q4** Deferred income taxes of \$2,285.
Stock based payments of \$32,882.
- 2021-Q3** Stock based payments of \$55,463.
Gain on disposal of the 33Carats property of \$30,000.
- 2021-Q2** Stock based payments of \$49,871.
- 2021-Q1** Stock based payments of \$68,610.
Increase in professional fees due to the timing of audit fees invoiced.
- 2020-Q4** Deferred income taxes recovered of \$92,430.
Stock-based payments of \$32,979.
Government assistance of \$ 20,000 recognized as at December 31, 2020 relating to the Canada Emergency Business Account.
- 2020-Q3** Deferred income taxes recovered of \$23,613.
Stock-based payments of \$28,999.
Gain on disposal of the 33Carats property of \$6,003.

- 2020-Q2** Increase in professional fees due to the timing of audit fees invoiced.
Postponed annual meeting due to COVID-19.
- 2020-Q1** Finalization of the new Website.
No Deferred income taxes and Stock-based compensation.
No wages paid at the beginning of the year.

FOURTH QUARTER

Highlights of the fourth quarter of 2021 are as follows:

- Exploration expenses totalling \$69,818 mainly on the K2 property.
- Administrative expenses of \$47,205 including \$32,882 in stock-based payments.
- Income interest of \$1,082.
- Closing of a private flow-through shares placement of \$1,250,000.

CASH FLOW SITUATION

Working capital increased by \$17,151 as at December 31, 2020 going from \$1,570,206 as at December 31, 2020 to \$1,587,357 as at December 31, 2021, including liabilities of \$372,715 to be erased once a \$1,242,385 flow-through funding is incurred in 2022. The increase is mainly due to financings completed at the end of the year offset by exploration costs, mining right payments and administrative expenses incurred during the year.

Cash amounted to \$1,357,993 as at December 31, 2021 compared to \$498,416 as at December 31, 2020.

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 22, 2022, the Company considers it will have to finance itself in 2022 to carry out planned exploration work while having a reasonable working capital. On December 31, 2021, the Company did not have any debts or any financial commitments for upcoming quarters except for the \$40,000 loan (Canada Emergency Business Account) payable before December 31, 2023. The product of unspent funding related to flow-through financing as at December 31, 2021 is \$1,242,385 to be spent before December 31, 2022.

As at December 31, 2021:

- 114,707,066 Common Shares were issued.
- 4,960,000 options were outstanding and 3,692,500 can be exercised at prices ranging between \$0.10 to \$0.12 expiring between February 19, 2023 and June 6, 2026. Each option can be exchanged by its holder thereof for one Common Share of the Company.
- 9,340,000 warrants were outstanding, entitling their holders thereof to subscribe for the same number of Common Shares of the Company at a price between \$0.10 to \$0.20 and expiring between September 10, 2023 and August 12, 2026.

Share capital

Variations in share capital as at April 22, 2022 are the following:

Description	Number of shares	Amount \$
As at December 31, 2020	101,207,066	23,353,319
Private Placements-Flow-through shares	12,500,000	875,000
Issuance of shares as part of a debt settlement	1,000,000	77,500
As at December 31, 2021 and April 22, 2022	114,707,066	24,305,819

Pursuant to an agreement dated June 17, 2021, the Company issued on August 12 and December 9, 2021 to Windfall Geotek Inc. (“Windfall”) 1,000,000 common shares of the Company as well as 250,000 subscription warrants entitling acquisition of same number of common shares of the Company at the price of \$0.10 per share for a period of five years. In return, Windfall provided the Company with processing of geophysical data abling to determine drilling targets on the K2 property. An amount of \$91,250 was allocated to capital stock while an amount of \$20,000, related to warrants, was recognized as an increase to contributed surplus. The average fair value of \$20,000 of the warrants was calculated using of the Black-Scholes valuation model.

On December 20, 2021, the Company completed a private placement. An amount of \$1,250,000 was subscribed for consisting in 12,500,000 flow-through shares at a price of \$0.10 per share. An amount of \$875,000 was allocated to share capital, while **an amount of \$375,000 has been recorded in other liabilities in the statement of financial position**. Issuance costs amounted to \$108,705.

Options

Variation in outstanding options as at April 22, 2022 is the following:

	Number	Weighted average exercise price (\$)
As at December 31, 2020	4,755,000	0.11
Granted	1,150,000	0.10
Expired	(945,000)	0.10
As at December 31, 2021 and April 22, 2022	4,960,000	0.11

Options granted and exercisable as at April 22, 2022:

Expiry date	Number of options	Exercisable	Exercise price (\$)
February 19, 2023	910,000	910,000	0.10
May 26, 2025	975,000	975,000	0.10
October 22, 2025	1,925,000	1,925,000	0.12
June 6, 2026	1,150,000	632,500	0.10
	4,960,000	4,442,500	0.11

An amount of \$206,826 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, 2021 (\$69,938 for the reporting period ended December 31, 2020) and credited to Contributed surplus.

Warrants

Variation in outstanding warrants as at April 22, 2022 is the following:

	Number	Weighted average exercise price (\$)
As at December 31, 2020	9,090,000	0.20
Issued	250,000	0.10
As at December 31, 2021 and April 22, 2022	9,340,000	0.20

During the exercise, 250,000 warrants were issued. Each warrant entitles its holder thereof to subscribe for one common share of the Company at a price of \$0.10 per share for a period of 60 months.

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 (\$)
September 10, 2023	9,090,000	0.20
August 12, 2026	250,000	0.10
	9,340,000	0.20

The 2021 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 2021 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 exist 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.

There were no write-off of exploration and evaluation asset for the reporting periods. 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, P.Geo M.Sc. President *(Signed)* René Lacroix CPA, CA Chief Financial Officer

Montreal, April 22, 2022