



DIOS EXPLORATION

DIOS EXPLORATION INC. ANNUAL MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31, 2022

This Management Discussion and Analysis dated April 13, 2023 provides an analysis of operations and financial position of Dios Exploration Inc. (the “Company” or “Dios”) for the year ended December 31, 2022. 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 year ended December 31, 2022 and December 31, 2021. 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.

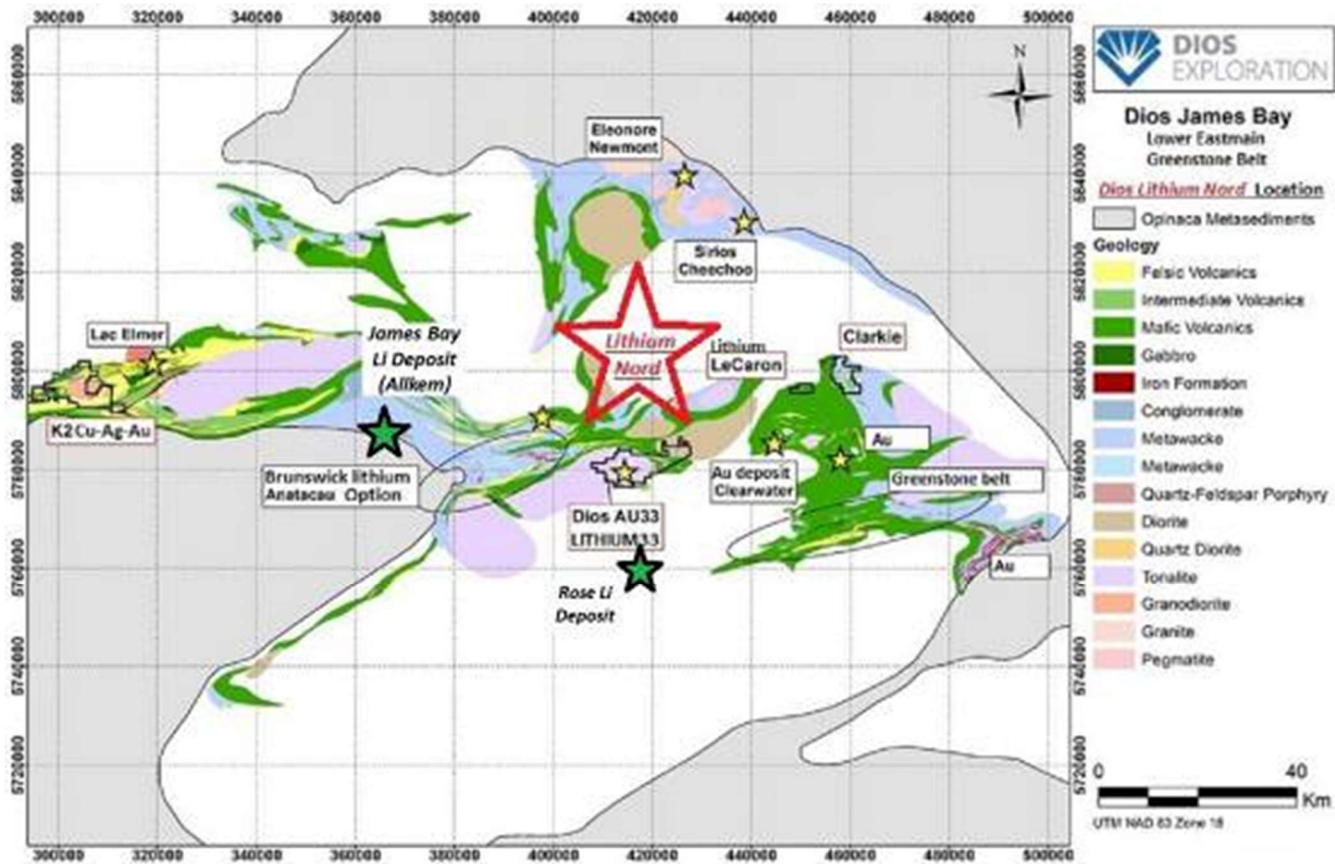
ABOUT DIOS

Dios focuses on **LITHIUM** and **GOLD-COPPER** exploration in James Bay, Quebec, Canada. Wholly-owned **K2** copper-gold-silver property is adjacent south-west in strike of Azimut’s Elmer gold Patwon discovery.

Dios is involved in mining exploration along a major James Bay structural zone. Dios acquired at least two large **LITHIUM** properties in 2022: **Nemiscau North Lithium** and **Lithium33 Battery Metal**, with contiguous **AU33** gold property hosting Dios’ **HEBERTO GOLD** discovery. Further significant **LITHIUM** acquisitions were completed in 2023.

Lithium is a critical metal in the universal fight against global warming. It is a core component of lithium-ion batteries used for powering electric vehicles and for industrial-scale energy storage.

Dios’ shares are traded on TSX Venture Exchange under DOS symbol and 121,207,066 shares were issued and outstanding at the end of 2022. 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, Lower Eastmain Greenstone Belt: K2, AU33 (Heberto), LeCaron, Clarkie, Lithium Nord

RESULTS OF OPERATION

Summary of exploration activities

During the year ended December 31, 2022, the Company incurred \$1,476,598 in exploration and evaluation assets compared to \$1,273,497 for the same period in 2021.

Exploration and evaluation assets analysis

Description	K2	AU33	Lithium 33	14 Karats	Total
	\$	\$	\$		
Geology	303 979	22 780	11 485	4 692	342 936
Geophysics	60 150	-	-	-	60 150
Transportation, lodging	517 564	-	-	-	517 564
Drilling and assays	540 266	1 839	133	-	542 238
Office and other	13 710	-	-	-	13 710
	1 435 669	24 619	11 618	4 692	1 476 598

Exploration expenses totaling \$22,724 (net of refundable tax credits of \$1,846) were spent on a mining property acquired in 2023. These expenses were charged to the statement of comprehensive income.

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

Lithium33 Battery Metal property was acquired by Dios in James Bay *Eeyou Istchee*, Quebec, to protect a 15 km lithium trend discovered by Dios in the area.

Lithium33 covers some 146 claims for 7,705 hectares contiguous to Dios' **AU33** gold property, adjacent to advanced Rose lithium-tantalum project of Critical Elements Corp., having obtained all main environmental authorizations to move project forward, in the general area north-east of Pontax-Lithium occurrences.

Lithium33 hosts 7 significant lithium metal anomalies (combined with other anomalous critical elements) uncovered through proprietary data analysis and recent research work and forming a more than 15km prospective lithium trend. Geochemical signature is comparable to Rose and Pontax-Lithium, with higher values from secondary environment.

Pontax-Lithium itself (lithium-tantalum-bearing pegmatite dikes) was first discovered and successfully drilled in the scope of former joint Dios/Sirios Resources exploration project under supervision of Harold Desbiens Geo M.Sc., V.P. of Dios & 43-101 QP. The road towards Nemiscau village some 50 km south crosses AU33 property and large Nemaska lithium deposit is located near Nemiscau.

Nemiscau-North lithium battery metal property was acquired by Dios during last period ended, for 164 wholly-owned claims over 9,274 hectares along Pontax River, approximately 15 kilometres north of Nemaska Cree village, in James Bay prolific lithium region of northern Quebec.

This 927 square-foot Nemiscau-North project lies directly east of LI-FT Power/Kenorland Moyenne trend lithium claims and west of Brunswick Exploration claims. It is also located between advanced Rose lithium project of Critical Elements to the north, Nemaska Lithium Wabouchi deposit to the east and northwest Cygnus (Stria) drilled Pontax-lithium.

Nemiscau-North lithium claims cover five significant lithium metal lake sediment anomalies (lithium over 15 parts per million (ppm), up to 28.8 ppm) combined with useful other anomalous critical elements (cesium over two ppm; rubidium over 16 ppm, up to 30.2 ppm). These Li-Cs-Rb (lithium-cesium-rubidium) lake sediment anomalies are located at margins of granitic plutons/pegmatites with paragneiss/tonalitic gneiss along a prospective 18-kilometre-long section. The claims cover a northeast low-magnetic lineament structure that intersects a 50-kilometre-long east-west anomalous trend (bottom lake sediments over 15 ppm Li). The Nemiscau-North claims are also located at the head of a robust southwest glacial dispersal train hosting anomalous bottom lake sediments varying between 15 to 37.6 ppm Li (and Rb) for over 40 to 50 km down ice.

Geochemical signature is comparable Pivert-Rose & Pontax-lithium (higher secondary environment values).

K2 north-eastern area with volcanic rocks intertwined with small gabbro plug series was surveyed by a ground IP survey in mid-August (helicopter access), 10 km SW of **Patwon** gold discovery, along prospective shear zone gold corridor.

K2 16 km-line Induced Polarization EM survey helped Dios define drilling targets for drill program undertaken at the end of September following ground prospecting and sampling in felsic volcanics intruded by small gabbro plugs, 4-5 km north of Opinaca fault, in same geological formation as underlies AZM Elmer property. By end of October, 13 drill holes for 2,560 meters were completed (11 % more than planned).

Gabbro contacts with altered dacites are good structural targets. Several specks of visible gold were noted in core. **North-eastern K2 area** is crosscut by two NE-SW shear zones and two east-west kilometric ground VLF-EM anomalies related to sulfidic mineralization, locally well sericitized and silicified. Dios previously discovered outcropping Badji (**5.39 g/t gold**, 111 g/t silver, **5.05% copper**). NE **K2** is located a few km NE of major gold-copper-silver bearing volcanic dome on top of large porphyry, on top of Kali intrusive.

Dios hit **35.2 m @ .1645 % copper & 1.93 g/t Ag** and **28.5 m @ .1032 % copper & 0.28 g/t Ag**. Copper is necessary to decarbonization and energy transition, such as lithium.

Extensive one km long **PP-5** conductor was well outlined by Dios IP survey, also coincidental with **Badji** showing (5.05% copper 5.39 g/t gold, 111 g/t silver with cm pyrite-chalcopyrite stringers in foliated and strongly sericitized dacite) and historical SDBJ showing (1.08% Cu & 13.8 g/t Ag). **PP-5** was tested by 6 holes (1 to 5 & 11) cutting **several decametric silicified dacite with disseminated PY-PO-CPY (& stringers) and QFP (quartz-feldspar porphyry) with 1-5% disseminated (& stringers) pyrite.**

HOLE	FROM	TO	copper ppm	gold (g/t)	Silver (g/t)	INTERVAL (M)	ROCK TYPE	MINERALIZATION
K2-22-1	75.80	76.30	1015	0.193	1.9	0.50	QFP	3% Pyrite stringers
1	166.35	166.85	312	0.195	1.5	0.50	DACITE	5% PY stringers
1	206.00	206.50	500	0.243	1.2	0.50	QFP	2% PY disseminated
2	171.50	172.00	645	0.139	0.9	0.50	GABBRO	3% PY 1% ChalcoPyrite
3	15.76	51.00	1645	0.013	1.93	35.24	DACITE	1% PY, TR-1% CPY
3	27.00	28.05	5870	0.060	6.0	1.05	DACITE	1% PY, 1-2% CPY
3	48.00	49.00	8490	0.086	10.1	1.00	DACITE	1% PO, 1-2% CPY
3	206.00	206.50	96	0.424	0.4	0.50	DACITE	1% PY, TR-CPY
4	8.00	36.50	1032	0.024	1.28	28.50	DACITE	1% PO, TR-1% CPY
4	19.80	20.55	3400	0.141	4.7	0.75	DACITE	1-2% PO-PY, 1%CPY
5	111.00	129.15		0.005		28.15	QFP	SiIica++ 4-5% PY
11	117.75	156.85		0.005		39.10	QFP	SiIica- BO- 1-5%PY
11	169.60	170.35	2350	0.057		0.75	QFP	20%PO 5%CPY strgs

Hole 10 hit 3.64g/t gold, 1.11g/t silver, 0.55% zinc over 0.5 m in volcanic tuff with 1-2% PO-SP (-CPY) stringers (120-120.5 m depth) along 400 m-long **PP-10** IP conductor. Such tuff represents a volcanism break, follow-up should be pursued this horizon extent.

Some 600m west of PP-10 and 300 m south of PP-5, 800m-long **PP-9** conductor in strike with Shiva showings yielded **2.12 gold and 1.35g/t Au** from sulfurized dacites intruded by gabbro dykes. PP-9 drilled by holes 06 & 07 includes following results:

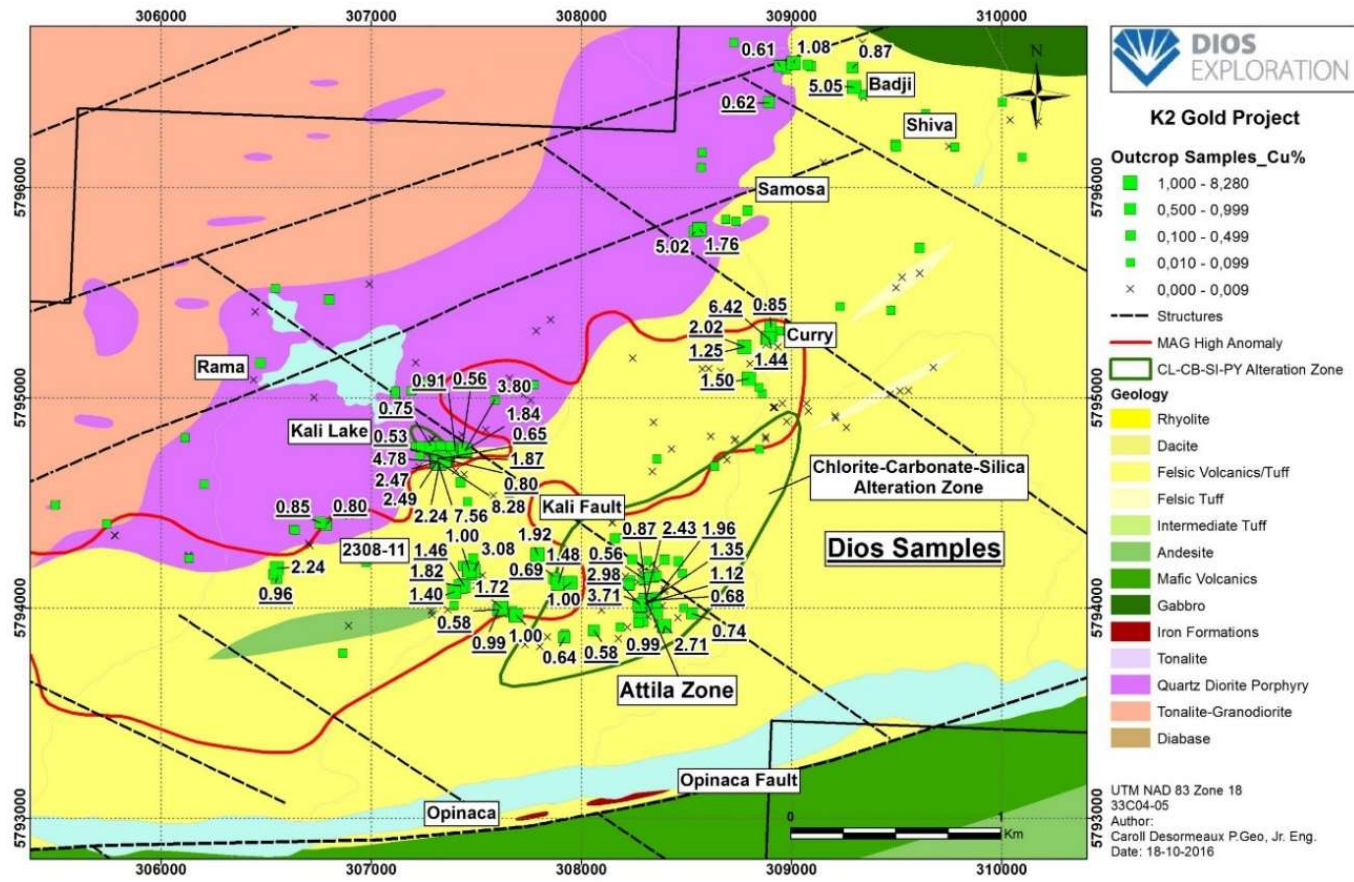
HOLE	FROM (m)	TO (m)	AU (G/T)	INTERVAL (m)	Rock type	MINERALISATION
K2-22-6	37.00	37.50	<u>0.738</u>	<u>0.50</u>	<u>GABBRO</u>	5%PO, TR-CPY in qz-cb veinlet
6	74.50	75.50	0.164	1.00	DACITE	10%PY,1%PO, TR-CPY in qz-cb vein
6	83.50	84.10	0.281	0.60	DACITE	SI+
v6	<u>230.50</u>	<u>231.00</u>	<u>2.20</u>	<u>0.50</u>	<u>QFP</u>	5%PO, 5%SP in qz-cb vein
7	<u>92.45</u>	<u>93.00</u>	<u>0.324</u>	<u>0.95</u>	<u>DACITE</u>	1%CPY,1%PY-PO in qz-cb vein
7	120.50	121.00	0.324	0.50	DACITE	Cm qz vein

Further NE, hole 13 hit 20-40% pyrite in a 0.5m-thick dacitic tuff (37.75-38.25m). About 200m north, prospecting returned **2.19 & 1.24g/t gold** from grab-samples on quartz-pyrite-chalcopyrite veins.

Along the 600m-long PP-1 conductor, 2022 surface prospecting yielded **1.425, 0.747 and 0.535g/t gold** from mineralized quartz veins in (or in contact to) the gabbro. Hole 12 cut a foliated gabbro with 5% quartz-carbonate veinlets-veins & 0.5-1% PO-PY (6-114.25m).

The 500m-long PP-3 was tested by K2-22-08, intersecting a sheared gabbro with 3-4% quartz-carbonate veinlets & 1% PO, TR-CPY (33.50-48.55m).

A few km SW, **Dios** had discovered up to 8.28 % copper at Kali Lake (2.6 g/t Au), 3.71 % copper at Attila (8.08 g/t gold) and 6.42 % copper at Curry.



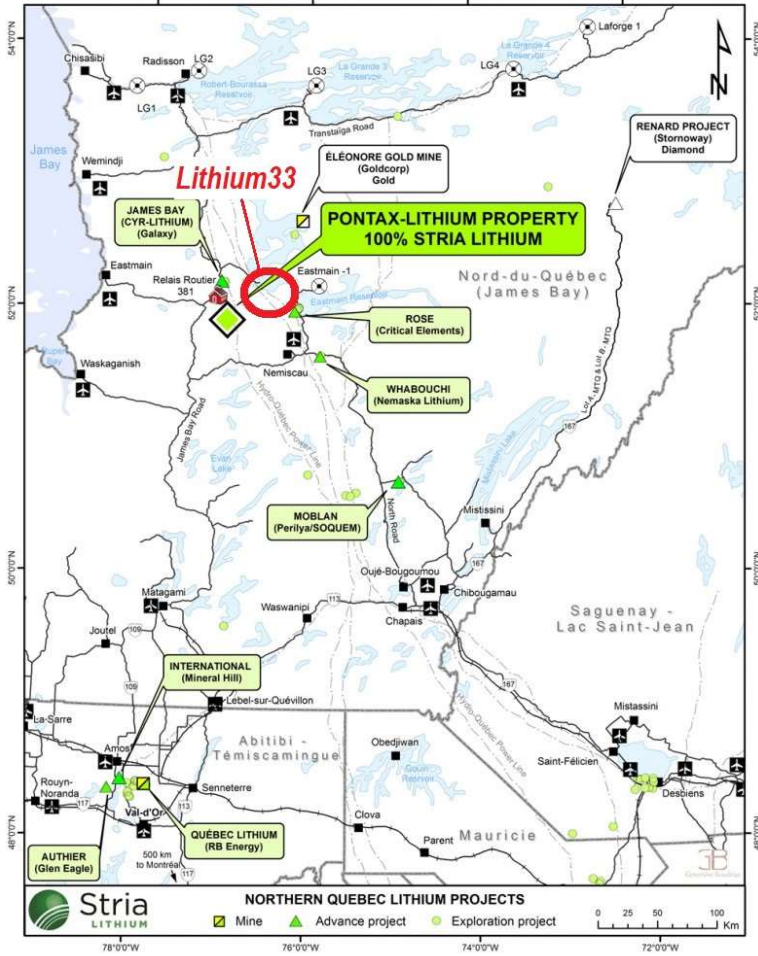
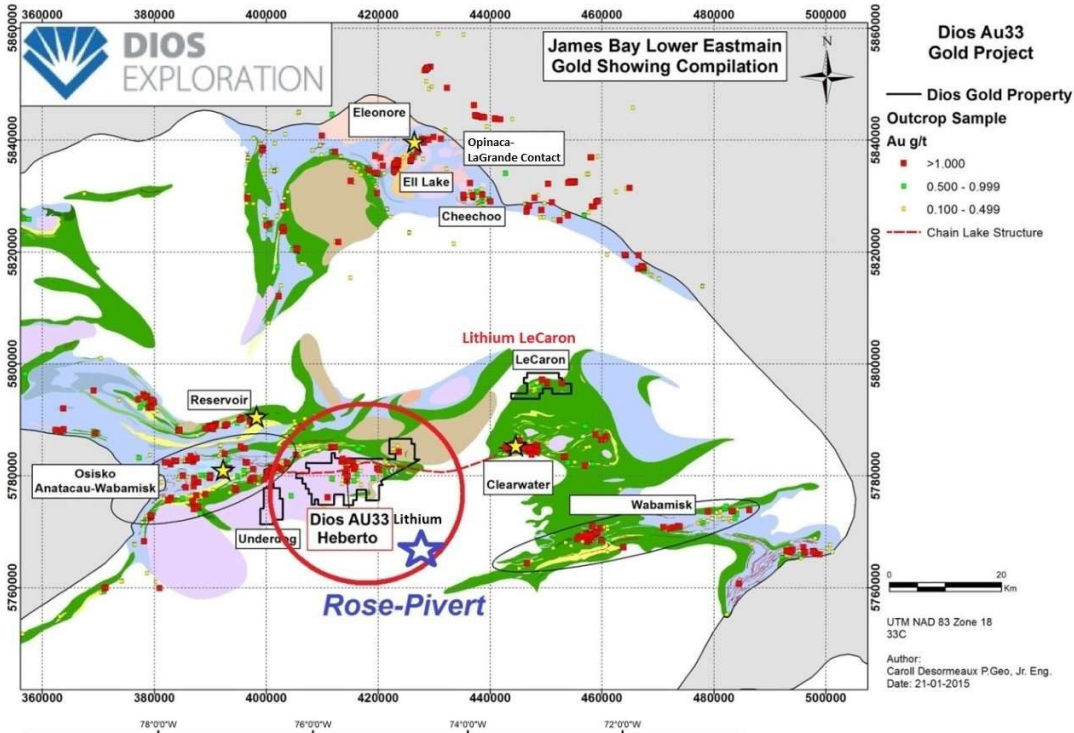
Cardamon Target within altered volcanics north of Sesame QFP intrusion remains to be drilled. Three EM-input fit with short 1 km-strike Airborne IP, and directly east of this EW structure, an EW felsic dyke returned 2.69 g/t gold, 5 km up-ice of goldbearing altered volcanic boulders (6.72 g/t Au) and related well defined kilometeric gold-in-till (WI-target) anomaly.

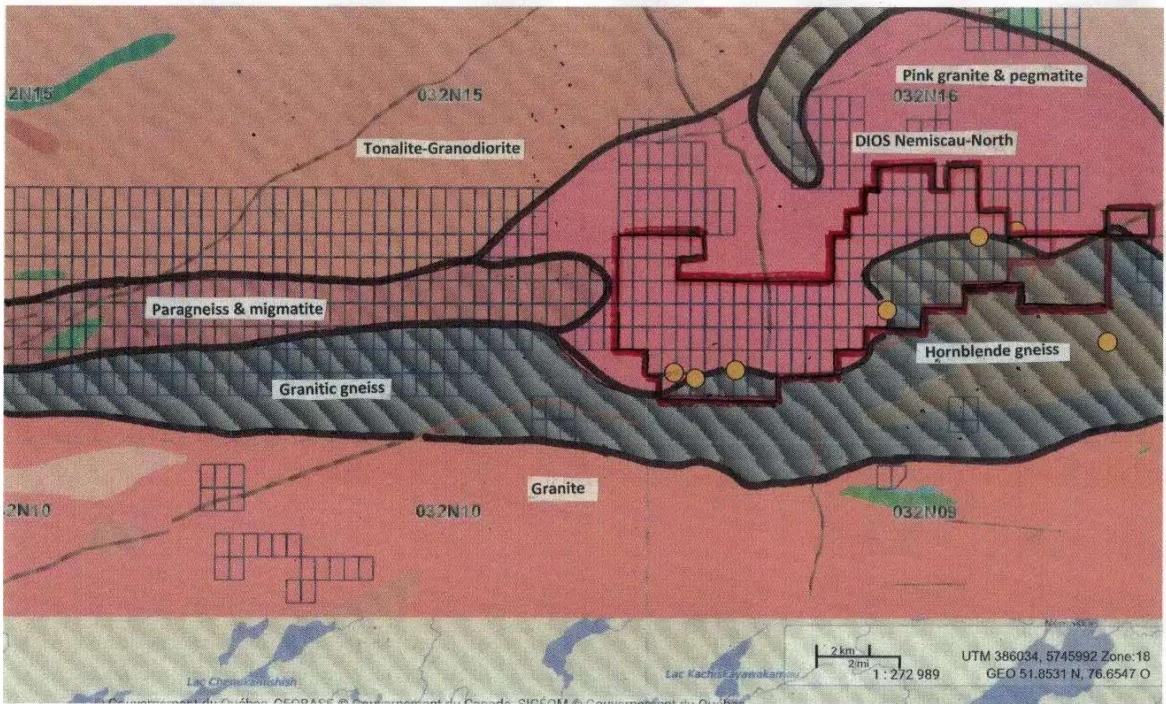
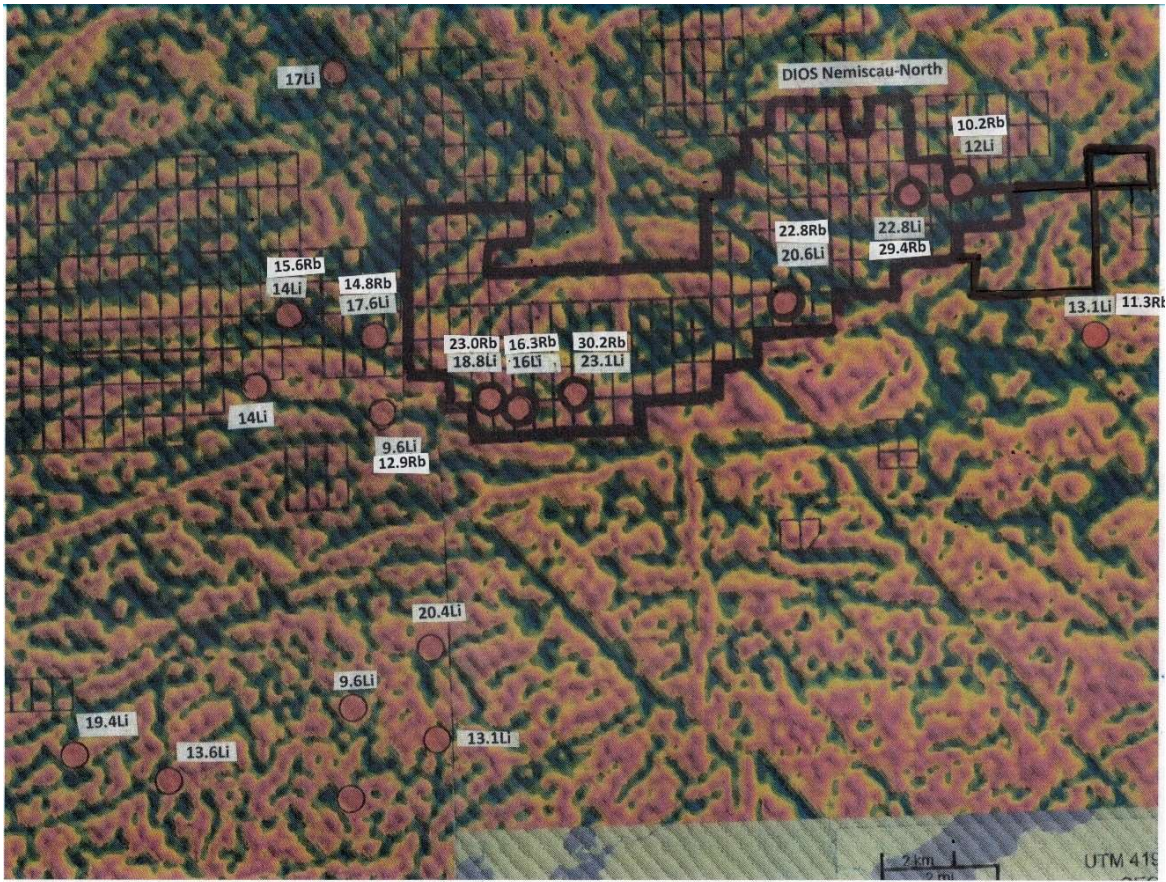
Kali Lake Showing area (up to 2.6 g/t Au, 34 g/t Ag & 8.28 % Cu) within Kali Quartz Porphyry (in purple) near volcanics, specially as associated with significant gold-in-soil anomaly, has to be drilled.

Cinnamon Airborne IP AAIP (750 m long, 300m large) in volcanics south of 10 g/t gold cinnamon tonalite shear showing also has to be drill tested. Gold occurs in the area with more to the west drill intercept of 8.92 g/t Au over 1 m and in same strike as cinnamon 3.78 g/t Au over 1 m in granodiorite. It seems this AAIP might be related to NE structure going into volcanics in that area and coming from Patwon shear or gold corridor.

DIOS EXPLORATION 2023 PROPOSED BUDGETS

Description	Nemiscau N	Lithium 33	Pontax N	LeCaron Li	Clarkie lake	K2	Total
	\$	\$	\$	\$	\$	\$	\$
Prospecting & Mapping	30 000	15 000	9 000	18 000	21 000	-	93 000
Till Sampling	9 000	-	-	3 000	6 000	-	18 000
Assaying	20 000	1 000	1 000	10 000	15 000	-	47 000
Mob-demob	17 000	-	-	17 000	17 000	-	51 000
Transportation, lodging	88 850	19 750	20 750	49 400	63 850	-	242 600
Downtime meteo	10 000	-	-	10 000	10 000	-	30 000
Planning report admin	49 228	14 563	13 812	34 510	40 627	30 000	182 740
	224 078	50 313	44 562	141 910	173 477	30 000	664 340





SUMMARY OF PLANNED EXPLORATION PROGRAMS FOR 2022 AND RESULTS

PROJECTS	PLANNED WORK	BUDGET (\$)	RESULTS (\$)
K2	Geology and drilling	976,000	1,435,669
AU33	Geology and drilling	231,250	24,619
14Karats	Soil sampling, mapping and prospecting	70,000	4,692
Lithium 33	none	-	11,618

Differences are explained as follows:

K2	Higher cost of work
AU33 and 14Karats	Insufficient budget as funds were allocated to K2
Lithium 33	New property

OPERATION RESULTS AND SELECTED ANNUAL INFORMATION

Net profit for the year is \$210,757 (net loss of \$284,027 for 2021) whereas operating expenses for the year totalled \$181,238 (\$293,856 for 2021).

	As at December 31, 2022 \$	As at December 31, 2021 \$
Net profit (loss)	210,757	(284,027)
Operating loss	(181,238)	(293,856)
Reversal of write-down of exploration and evaluation assets	30,000	30,000
Share-based payments included in Expenses	52,352	206,826
Expenses without Reversal of write-down of exploration and evaluation assets and share-based payments	158 886	117,030
Net profit (loss) per share (basic and diluted)	0.002	(0.003)
Total assets	7,526,635	6,931,718

Net profit (loss) and expenses

2022 compared to 2021

- Decrease of stock-based payments (non-cash item) from \$206,826 to \$52,352.
- Deferred income taxes (non-cash item) recovered of \$372,715 in 2022 compared to \$2,285 last year.
- Exploration expenses of \$22,724 on a property to be acquired in 2023.

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.

Total assets

2022 compared to 2021

- Exploration and evaluation assets:
 - Acquisition and claim renewal costs of \$42,441;
 - Exploration expenses of \$1,476,598;
 - Tax credit receivable at the end of 2022 of \$112,784;
- A private placement totaling \$650,000 was closed in December 2022.

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.

SUMMARY OF QUARTERLY RESULTS

	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
(\$ 000 except loss/share)								
Income	8	5	4	2	1	1	2	3
Net earnings (Net loss)	14	229	(12)	(20)	(44)	(39)	(87)	(114)
Net earnings (net loss) per share (basic and diluted)	0.000	0.002	(0.000)	(0.000)	(0.001)	(0.000)	(0.001)	(0.001)

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

- 2022-Q4** Deferred income taxes of \$73,197.
 Stock based payments of \$14,611.
 Exploration expenses of \$20 683 on a property to be acquired in 2023.
- 2022-Q3** Stock based payments of \$7,797.
 Deferred income taxes of \$247,739.

2022-Q2	Stock based payments of \$10,830. Deferred income taxes of \$21,330 Reversal of write-down of exploration and evaluation assets of \$30,000. Increase in Professional fees due to the timing of audit fees invoiced.
2022-Q1	Stock based payments of \$19,114. Deferred income taxes of \$30,449.
2021-Q4	Deferred income taxes of \$2,285. Stock based payments of \$32,882.
2021-Q3	Stock based payments of \$55,463. Reversal of write-down of exploration and evaluation assets 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.

FOURTH QUARTER

Highlights of the fourth quarter of 2022 are as follows:

- Exploration expenses totalling \$502,778 mainly on the K2 property.
- Exploration expenses of \$22,724 on a property to be acquired in 2023.
- Administrative expenses of \$67,337 including \$14,611 in stock-based payments and \$22,724 in exploration expenses.
- Income interest of \$8 085.
- Closing of a private flow-through shares placement of \$650,000.

CASH FLOW SITUATION

Working capital decreased by \$796,129 as at December 31, 2022 going from \$1,587,357 as at December 31, 2021 to \$791,228 as at December 31, 2022, including liabilities of \$195,000 to be erased once a \$650,000 flow-through funding is incurred in 2023. The decrease is due to lower flow-through financing in 2022.

Cash and term deposit amounted to \$941,122 as at December 31, 2022 compared to \$1,459,354 as at December 31, 2021.

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 13, 2023, the Company considers it will have to finance itself in 2023 to carry out planned exploration work while having a reasonable working capital. On December 31, 2022, 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, 2022 is \$650,000 to be spent before December 31, 2023.

As at December 31, 2022:

- 121,207,066 Common Shares were issued.
- 6,110,000 options were outstanding and 5,247,500 can be exercised at prices ranging between \$0.10 to \$0.12 expiring between February 19, 2023 and September 1, 2027. 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 13, 2023 are the following:

Description	Number of shares	Amount \$
As at December 31, 2021	114,707,066	24,305,819
Private Placements-Flow-through shares	6,500,000	455,000
As at December 31, 2022	121,207,066	24,760,819
Exercise of options	75,000	11,925
As at April 13, 2023	121,282,066	24,772,744

On December 21, 2022, the Company completed private placement. An amount of \$650,000 was subscribed consisting in 6,500,000 flow-through shares at a price of \$0.10. An amount of \$455,000 was allocated to share capital, while an amount of \$195,000 has been recorded in other liabilities in the statement of financial position. Issuance costs amounted to \$43,700.

Options

Variation in outstanding options as at April 13, 2023 is the following:

	Number	Weighted average exercise price (\$)
As at December 31, 2021	4,960,000	0.11
Granted	1,150,000	0.10
As at December 31, 2022	6,110,000	0.11
Exercised	(75,000)	0.10
Expired	(835,000)	0.10
As at April 13, 2023	5,200,000	0.11

Options granted and exercisable as at April 13, 2023:

Expiry date	Number of options	Exercisable	Exercise price (\$)
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	1,150,000	0.10
September 1, 2027	1,150,000	460,000	0.10
	5,200,000	4,510,000	0.11

An amount of \$52,352 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, 2022 (\$206,826 for the reporting period ended December 31, 2021) and credited to Contributed surplus.

Warrants

Variation in outstanding warrants as at April 13, 2023 is the following:

	Number	Weighted average exercise price (\$)
As at December 31, 2021	9,340,000	0.20
Issued	-	-
As at December 31, 2022 and April 13, 2023	9,340,000	0.20

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 2022 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 2022 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.

There were no write-off of exploration and evaluation asset for the reporting periods. During the year, the company recognized a reversal of an exploration and evaluation asset write-down of \$30,000 relating to the 33 Carat property (\$30,000 for the year ended December 31, 2021).

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 RESPONSIBILITY 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 Chief Financial Officer

Montreal, April 13, 2023