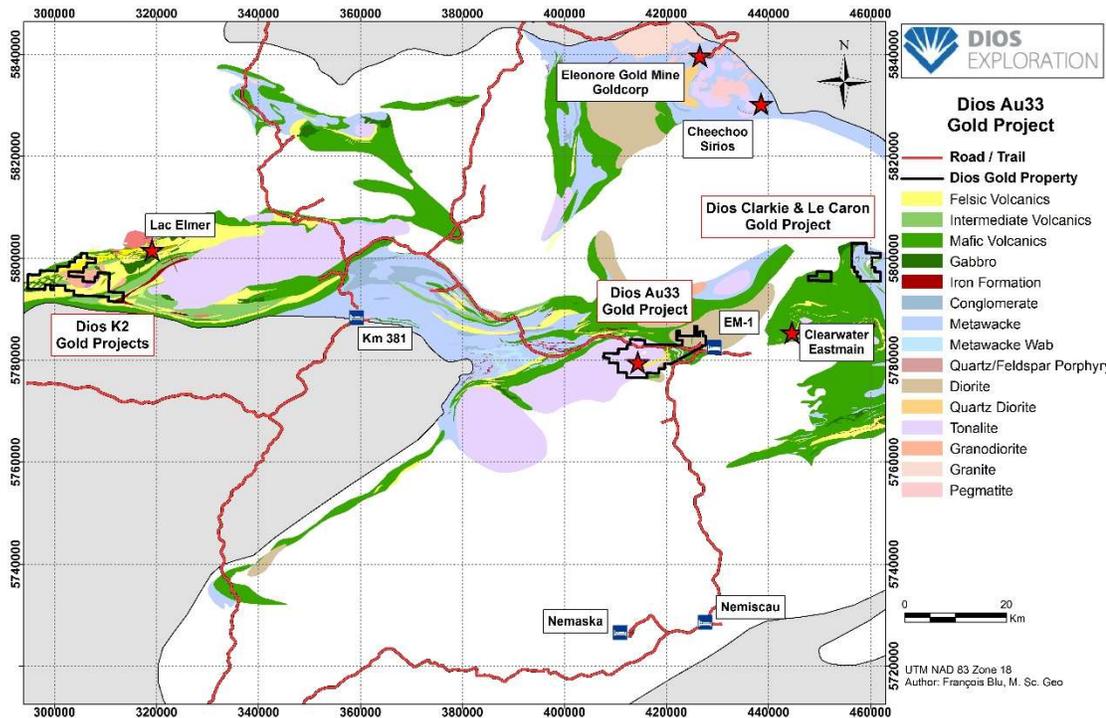




DIOS
EXPLORATION

DIOS EXPLORATION INC.
ANNUAL MANAGEMENT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019

This Management Discussion and Analysis dated April 14, 2020 provides an analysis of operations and financial position of Dios Exploration Inc. (the “Company” or “Dios”) for the year ended December 31, 2019. 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, 2019 and December 31, 2018. These audited financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”)



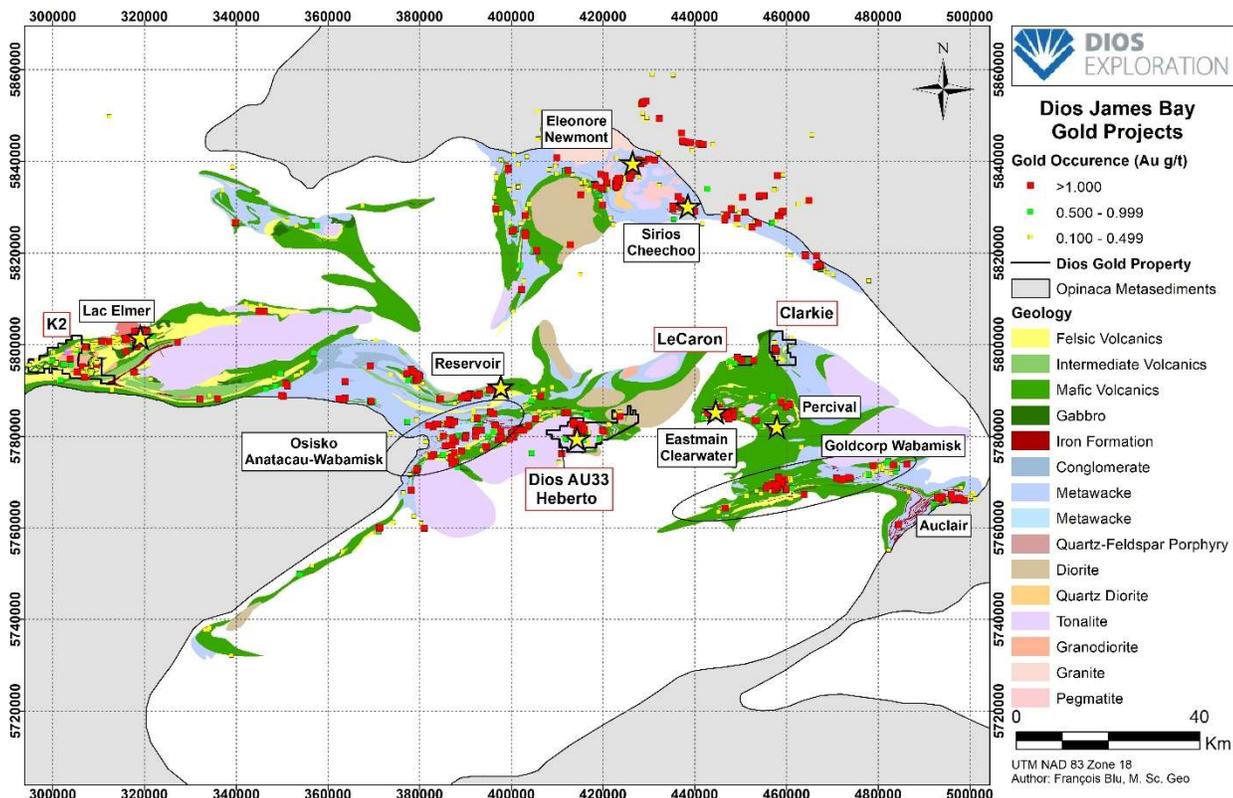
Our report contains «forward-looking statements» not based on historical facts. Forward-looking statements express, as of the date of this report, our estimates, forecasts, projections, expectations and opinions as to future events or results. Forward-looking statements herein expressed are reasonable, 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 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 4 km NNE, to successful drilling of CLN area and recently, a further 4-5 km east of CLN, to gold drilling discovery in WTS sector during this year ended.

Very significant gold-silver-copper results were obtained on K2 project with its Attila-Kali eastern targets 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 74,906,606 shares were issued and outstanding at the end of 2019. 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, 2019, the Company incurred \$760,595 in exploration expenses compared to \$758,919 for the same period in 2018.

Exploration Expense Analysis

Description	AU33	K2	Clarkie	Total
	\$	\$	\$	\$
Geology	118 804	104 729	41 272	264 805
Prospecting and assays	7 284	15 340	9 700	32 324
Transportation, lodging	72 763	65 849	22 074	160 686
Drilling and assays	285 258	-	-	285 258
Office and other	8 102	5 611	3 809	17 522
	<u>492 211</u>	<u>191 529</u>	<u>76 855</u>	<u>760 595</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

The Company plans drilling wholly-owned **K2 gold project** in 2020, directly bordering **Azimut Elmer gold property** to the west-southwest, along same trend of Opinaca River deformation Zone, an underexplored part of Lower Eastmain Greenstone belt, James Bay Eeyou-Istchee, Quebec.

K2 surrounding KALI intrusive was never drilled and was enlarged to 84 sq. km in 2019 to protect specific high priority targets defined by its high expertise geological team.

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 synvolcanic tonalite pluton. In 2019, effort was put on dozen of electromagnetic anomalies for low sulfide content and extents in mixed volcanics.

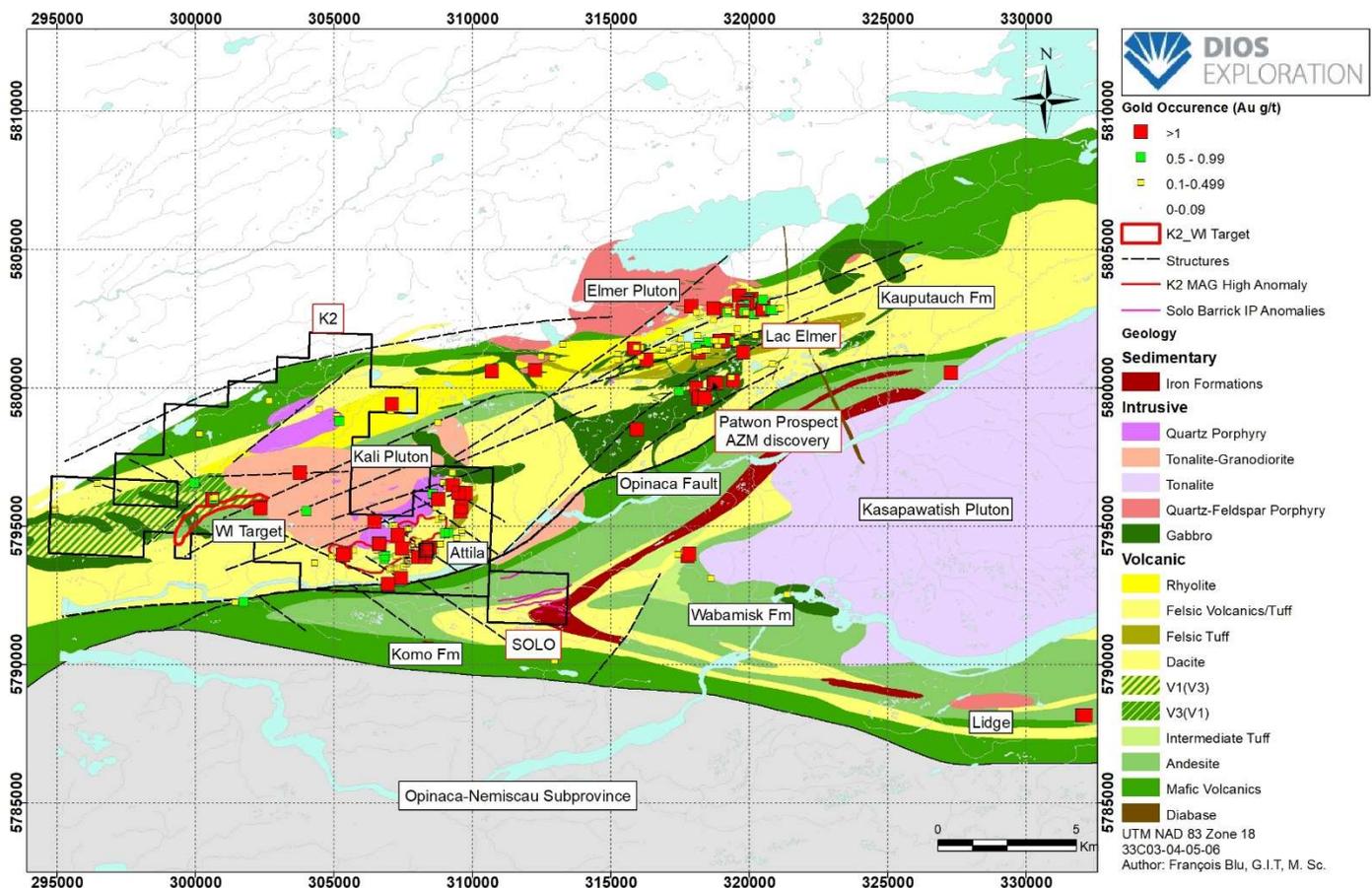
The 2019 exploration work investigated northwestern claims and **confirmed non-outcropping WI-Target as project best target**, a possible gold-silver-copper VMS mineralized system. (telescoped Doyon/Westwood +/- Bousquet-type).

Good gold-in-soil anomalies (up to 283 ppb Au in B-horizon) coupled with cm-m sericite & silicified dacite floats with 2-10% sulfide & quartz stringers (up to 6.72 g/t gold) are hosted in glacial drumlins directly adjacent to 3 km-long input electromagnetic airborne IP conductor. Negative 2019 up-ice soil sampling eliminated other sources for this gold-in-soil anomaly cluster.

About **200 m SE of WI-Target**, Kali Tonalite yielded 10 g/t gold, 1.81, 0.68, 0.62, 0.47 g/t Au in a shear structure (same orientation as WI-Target) confirming strong potential of adjacent underexplored western intrusion-volcanic contact.

Another strong drill target is Attila gold-copper showing hosted in fractured rhyodacite dome overlying Kali quartz-diorite/tonalite Porphyry to the south, 7 km east of WI-Target. It consists in chalcopyrite-rich stringer/ stockwork extending over 75 m long and about 5-15 m wide that yielded up to 8.08 g/t gold, 96.7 g/t Ag, 2.43% Cu & 0.17% Zn.

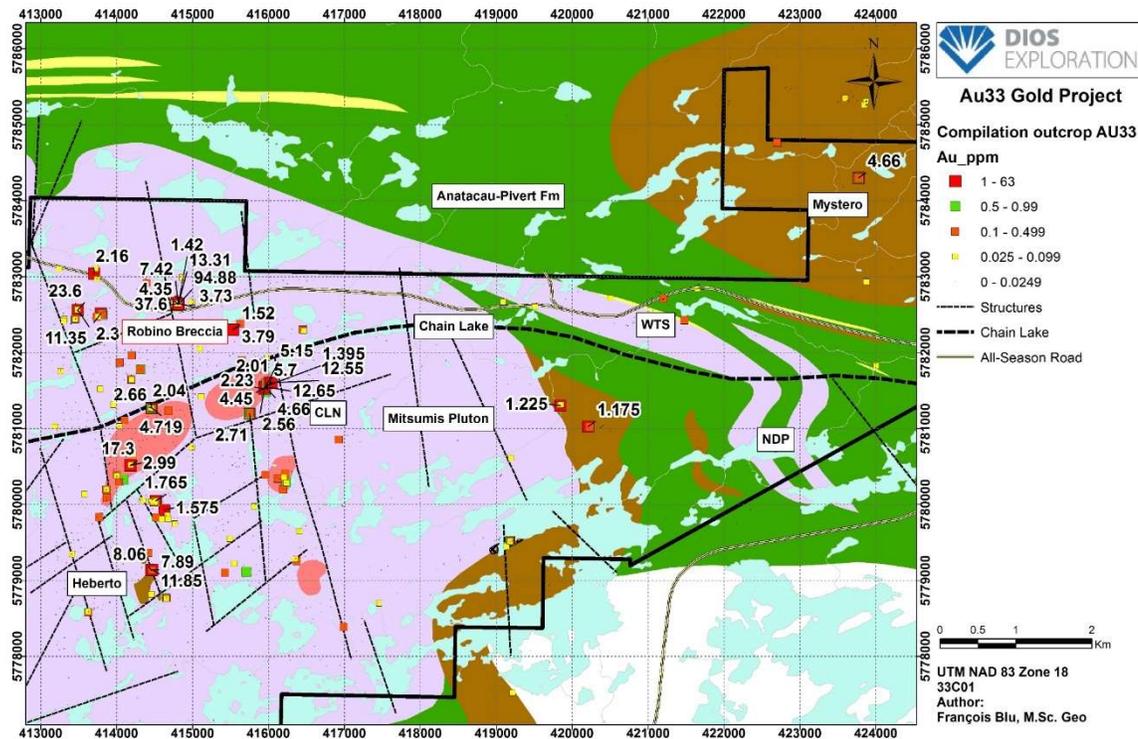
The Attila Zone averaged grades of 1.07 g/t Au, 38.8 g/t Ag, 1.25% Cu & 0.01% Bi from 13 grab samples (see 2017 releases). Approximately 100 m north, a plurimetric sub-parallel horizon (Attila-N) extending over 50 m long with narrow quartz-carbonate-pyrite veins returned five samples greater than 1.0 g/t Au (up to 3.64 g/t Au & 26.7 g/t Ag). Previous gold (9-21, 114 ppb Au)-copper (over 75 ppm Cu)-zinc (over 70 ppm Zn) soil anomalies are coincidental with Attila mineralized area. Drilling at depth is warranted.



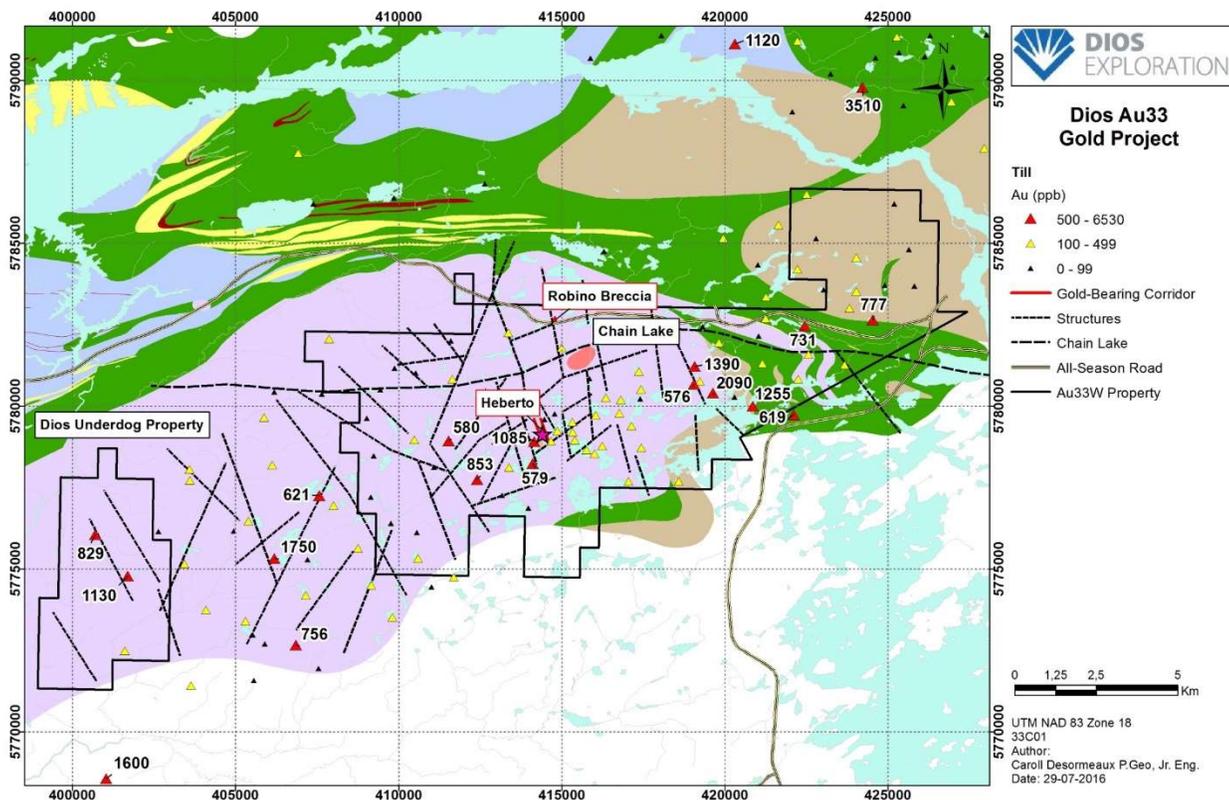
Proposed 2020 K2 BUDGET

1-Helicopter supported mapping/prospecting (7-10 days/4geo x \$8,000 /day)	\$60,000-80,000.
2-Planning, Data Management and Report.....	\$15,000.
2020 Summer Field sub-total.....	\$95,000.
3-Airborne Mag-VTEM-AIIP Geophysics subtotal (Optional: Western extend of WI-Target & extensives EM Conductors).....	\$50,000.
4- Helicopter-supported drilling of WI-Target (10-11 holes x 200m \$300/m).....	\$600,000-660,000.
Total.....	\$820,000-900,000.

AU 33 gold project

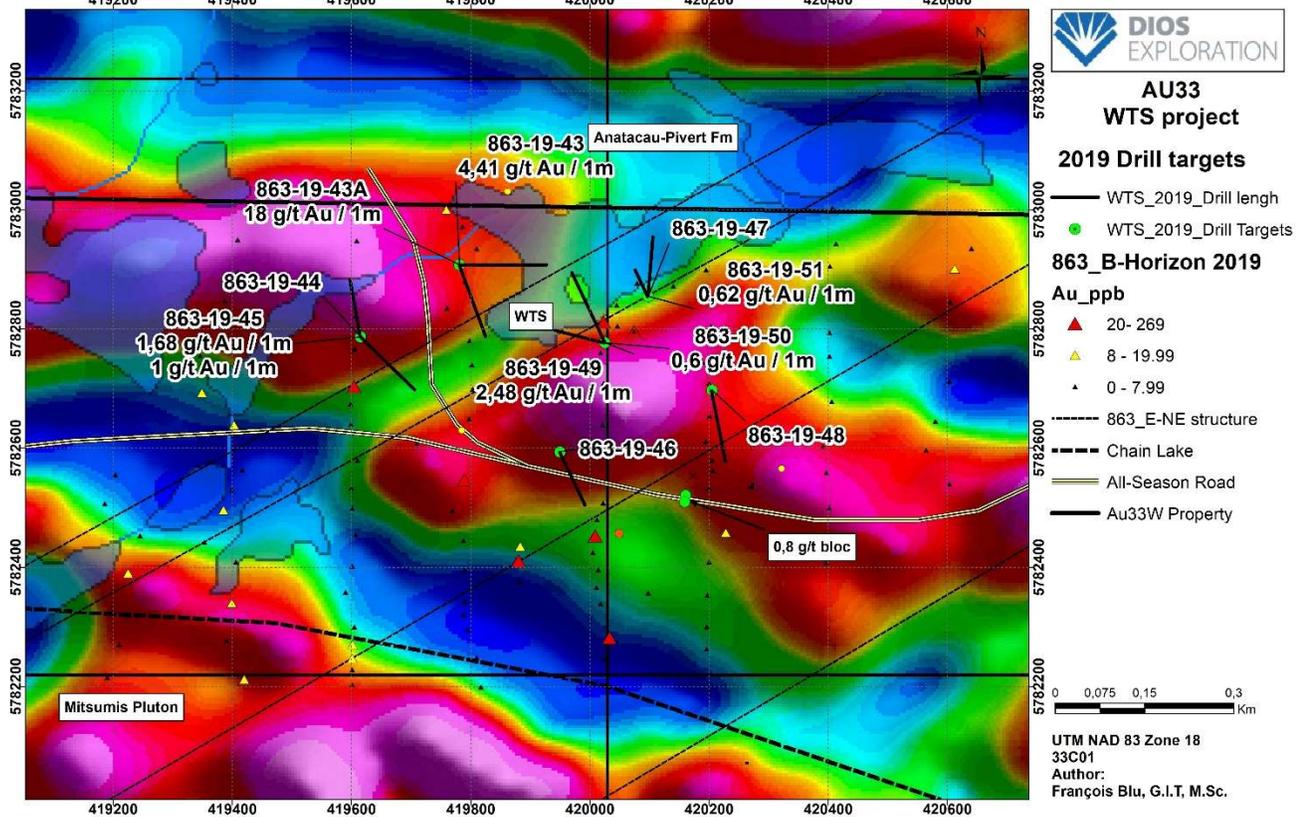
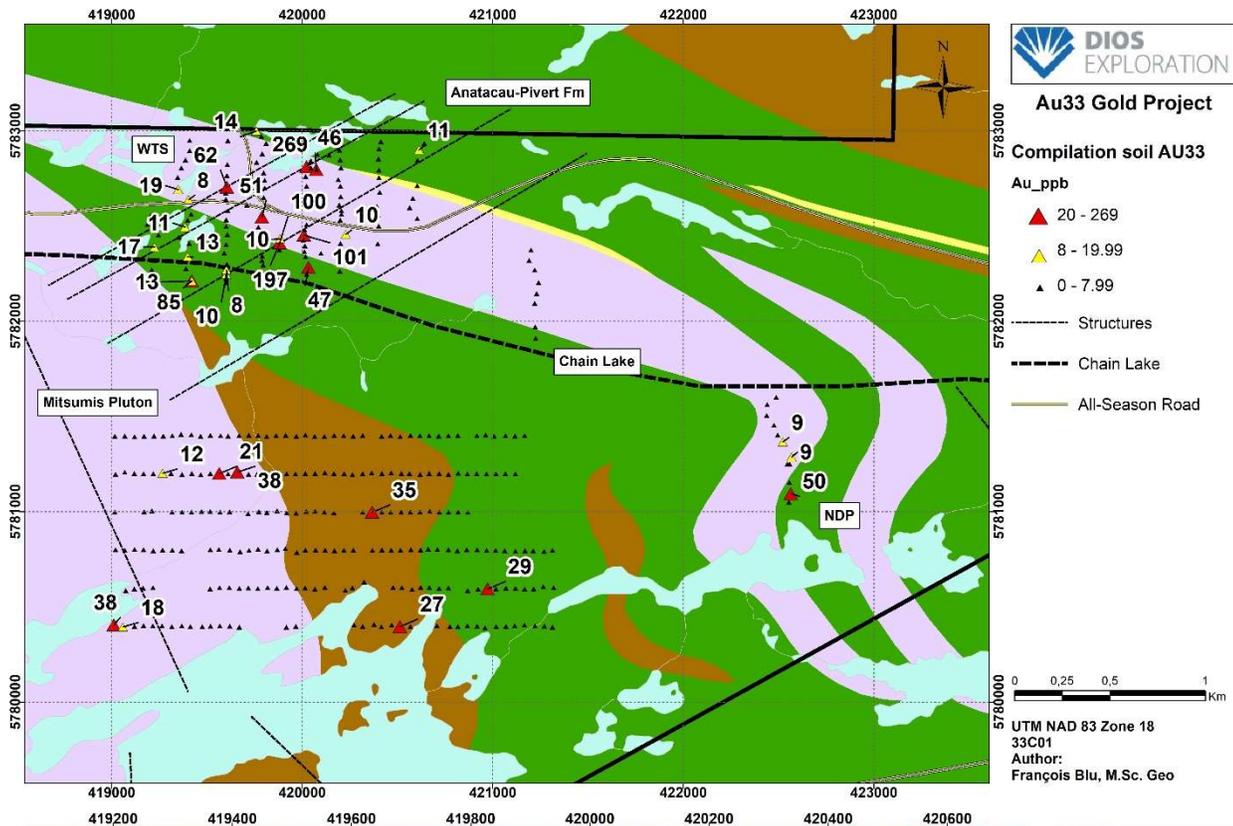


During year ended, Dios discovered on AU33 high grade gold showings of 94.88 grams/ton & 13.31 g/t Au, 7.42 g/t Au, 4.45 g/t Au in different occurrences on eastern margin of Robino breccia.



Major gold-in-till dispersal train, to be checked by drilling WTS subsidiary structures some 7-8 km northeast of HEBERTO GOLD ZONES is supported by strong one sq. kilometer gold-in-soil anomalies discovered in non outcropping WTS area at the head of glacial train.

Gold-in-soil anomalies (8 ppb gold and over, several over 20 ppb gold, with very strong gold values such as 46, 47, 51, 62, 85, 100, 101, 19, 269 ppb Au) are clustered near two sub-parallel NE structures cross-cutting magnetic WTS horizon. This large WTS horizon was never drilled. A large sub-in-place granodiorite boulder had returned 0.8 g/t gold in the area.



DIOS drills WTS gold-in-soil anomalies at the end of 2019, hits significant gold values in virgin AU33 area, up to 18 g/t gold over 1 m

Drilling in **WTS area** returned significant results, up to 18 g/t gold over 1 m (6.08 g/t gold / 3 m) and 4.41 g/t gold over 1 m in another hole (100 m apart). Dios drilled ten exploratory 100-150m holes, often 200 m apart, up-ice of strong gold-in-till values: see table and map.

Poorly outcropping **WTS** magnetic horizon was soil sampled in 2018-2019: gold anomaly clusters discovered (8 to 269 ppb gold) near two northeast low magnetic structures cut through 300-350 m wide magnetic WTS horizon. No goldbearing outcrop is known in WTS, 8 km NE of HEBERTO gold zones.

<i>Holes 2019 WTS area</i>	<i>From</i>	<i>To</i>	<i>Length (m)</i>	<i>g/t gold</i>	<i>Comment</i>
43A	140	141	1 m	18.0	Quartz-carbonates-chalcopyrite-pyrite veinlets in foliated magnetic basalt
	139	142	3 m	6.08	
43	17	18	1 m	4.41	Foliated magnetic basalt, traces pyrite
	16	25	9 m	0.547	Foliated magnetic basalt & granodiorite, traces-1% pyrite
43	90	92	2 m	0.503	Quartz carbonates veinlets in foliated magnetic basalt
49	31	32	1 m	1.51	Magnetic granodiorite, 0.5% pyrite
49	115	116	1 m	2.48	Magnetic Granodiorite dyke, 1% pyrite
45	37	38	1 m	1.68	Foliated basalt 1-2% pyrite
45	46	47	1 m	0.891	Foliated basalt 1%pyrite
45	87	88	1 m	1.0	Foliated basalt 1% pyrite

51	7	8	1 m	0.628	Qz-cb-cpy-py.veinlets in granodiorite
50	54	56	2 m	0.17	Foliated basic dyke, 5% qz-cb veinlets
50	64.5	66.5	2 m	0.2	Magnetic granodiorite dyke, 1%pyrite
50	76.5	79.5	3 m	0.274	Magnetic Granodiorite dyke, .5% pyrite
50	88.5	90.5	2 m	0.44	Foliated basic dyke, 0.5%py +qz-cb veinlets
50	123.5	125.5	2 m	0.4	Foliated basalt, 2% pyrite

Numerous narrow (1-3 m) goldbearing (0.5 to 18 g/t gold) structures with quartz (pyrite-chalcopyrite) veinlets and/or disseminated (1-4%) pyrite were hit in 2019 drilling WTS gold-in-soil anomalies.

ROBINO BRECCIA

Gold mineralization associated with Robino breccia is controlled by NNW to NS structures, including fractures, quartz stringers/veinlets, and shear zones, recalling geological context of Heberto. Channel sampling across breccia indicates that clasts are barren and mineralization occurs in altered breccia matrix. Mineralized breccias are often associated with intense hydrothermal activity in cupolas and apophysis above porphyry intrusions. Source of gold could be located in root zone of Robino breccia or could have migrated in nearby structure. This also suggests possible occurrence of magmatic-hydrothermal breccias near Heberto showing 3.5 km to the south.

Flat tension high-grade quartz-pyrite veins (up to 94 g/t gold) associated with foliated eastern margin of NNW Robino breccia are reminiscent of flat quartz-pyrite-magnetite veins associated with NNW shears observed at Heberto. They were observed on a surface of 2-3 m x 20m along a N-S foliated basic dyke, but not in hole 39, though two one-meter long channel samples had returned 5 g/t Au / 1 m each.

Hole 40 tested a NE chargeable induced polarization anomaly adjacent to Robino breccia. It intercepted fractured tonalite with 1-2% pyrite between 53-85 m and sericitic magmatic-hydrothermal Robino breccia with 2-3% disseminated pyrite between 85-155 m (0.01g/t Au) . Robino breccia is locally injected by minor metric feldspar-phyrlic diorite dykes with 2-4% pyrite. **An adjacent sericitic foliated/fractured zone with 1% pyrite assayed 2.26 g/t Au over 1 m (0.404 g/t gold over 6 m).**

<i>Holes2019 Robino</i>	<i>From</i>	<i>To</i>	<i>Length (m)</i>	<i>g/t Au</i>	<i>Comment</i>
39	3	6	3	0.085	Tonalite breccia, lightly sericitized, 2-3% pyrite
40	85	136	51	0.01	Tonalite breccia, strongly sericitized, 2-3% pyrite
40	155	159.5	4.5	0.5206	Foliated tonalite, very strongly sericitized 1% pyrite
40	158.5	159.5	1	2.26	Pyrite-rich stringers in foliated tonalite, very strongly sericitized
40A	160	269	109	0.015	Tonalite breccia, strongly sericitized, 2-3% pyrite
40A	287	294.5	7.5	0.077	Tonalite strongly sericitized & albitized 1-2% pyrite
42	306	310	4	0.061	Tonalite breccia lightly sericitized 1% pyrite

Hole 40A tested **SW extension of Robino breccia**. It intersected fractured tonalite with 1-2% pyrite between 85-160m and **sericitic magmatic-hydrothermal Robino breccia with 1-2% disseminated pyrite between 160-269 m (0.015g/t Au)**. **Robino breccia is injected by numerous metric feldspar-phyric diorite dykes with 2-4% pyrite**. These are known as favorable gold metallotect in the region. An adjacent sericitic-albite fractured zone with 1-2% pyrite yielded 0.077g/t Au/7.5m (287-294.5m). **This hole confirms N230 strike, dip 25-35 degree to the SW of the Robino breccia.**

Hole 42 tried to **test the N290/30 Robino breccia and adjacent circular low magnetic & resistive anomaly**. It intersected poorly fractured tonalite with pyrite traces between 160-303m and sericitic magmatic-hydrothermal Robino breccia with 1% disseminated pyrite between 303-310m (0.061g/t Au) at the bottom. This hole was stopped due to bad ground conditions. Robino breccia is usually injected by metric feldspar-phyric diorite dykes with 2-4% pyrite, so this hole was did not reach it.

Similarities of Robino geochemistry with Heberto diorite suggest they may both represent apophysis of deep gold-bearing intrusions injected along favorable NNW structures. Both Robino & Heberto magmatic phases are distinctive of Mistumis pluton.

Favorable area where NE-SW Robino breccia cuts NNW Heberto shears should be checked (systematically resampled for magnetite or pyrite-rich quartz vein/veinlet) at surface.

Road accessible wholly-owned (no royalties) AU33 gold property covers a prospective 20 km strike of Lower Eastmain greenstone belt, a few km west of Eastmain-1 hydropower facilities, James Bay Eeyou Istchee. It is underlain by large Mistumis intrusion which DIOS proved to be gold-bearing through a large series of gold showing and prospect discoveries, often in association with smaller intrusions.

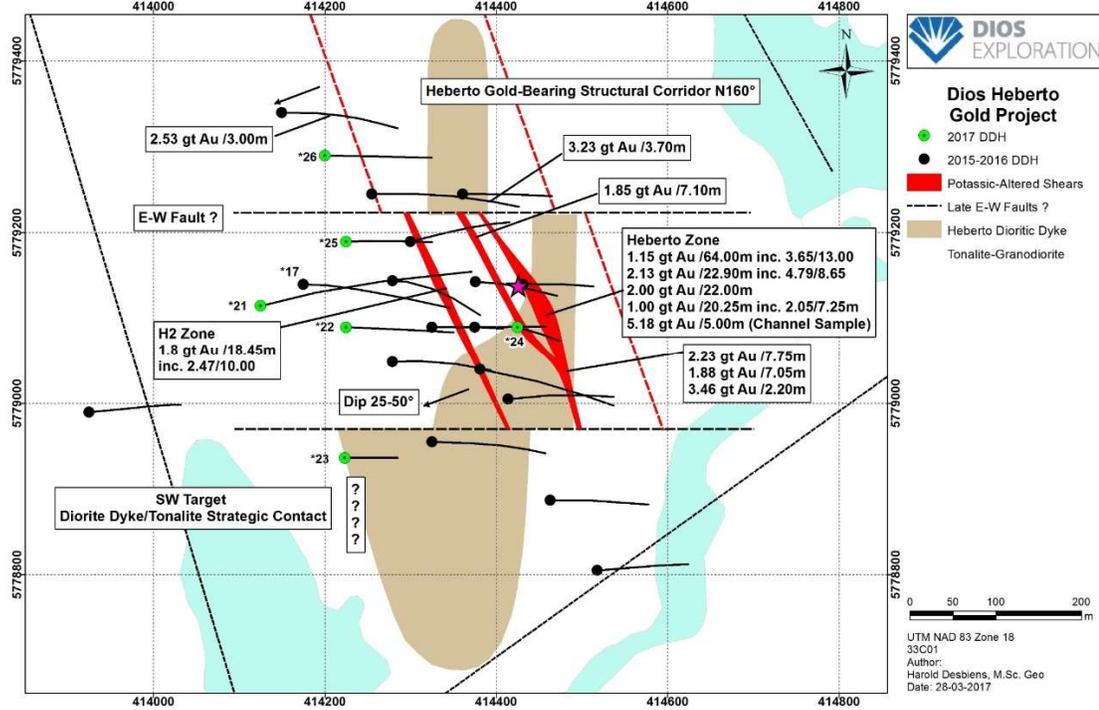
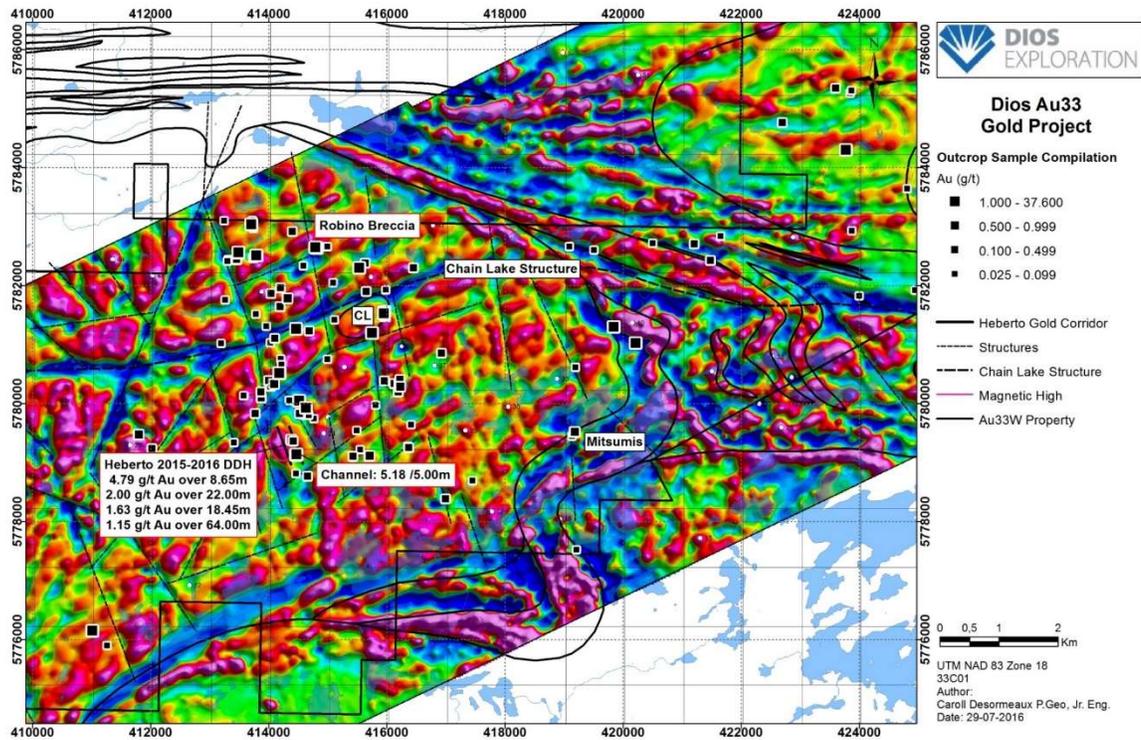
Large wholly-owned (no royalties) AU33 property hosts the Mitsumis pluton overlain by volcanics intruded by felsic-intermediate plugs and sill/dyke horizons. Several gold mineralization occurrences are strongly controlled by altered NNW and NE structures, including:

Heberto gold zones with values such as:

- 2.13 g/t gold over 23 m including 4.8 g/t gold over 8.65 m;
- 2 g/t gold over 22 m;
- 1.15 g/t gold over 64 m including 3.65 g/t gold over 13 m;
- 5.18 g/t gold over 5 m

and the CLN shear 4 km NE of Heberto (2 g/t gold over 11 m including 3.26 g/t gold over 6 m).

During last quarter, special effort was put on Robino Breccia (previously up to 37.6 g/t Au and two channels of 5.18 g/t Au over one m and 4.82 g/t Au over 1 m) and on **WTS** (Western Magnetic Tonalite Sill), to be drilled during this Fall.



Proposed 2020 AU33 Budget:

- Au33W geological mapping-prospecting
& soil-sampling:
10 days x \$8,500/day* = \$85,000*(all included);

Proposed 2020 Clarkie Budget:

- Mobilization-Demobilization = \$3,000.
- Geological mapping and prospecting: 5-6 days x \$12,000/day*
(helicopter-supported, all-included + analysis) = \$60,000-72,000
- Report, planning & administration = \$10,000.
2020 Total = \$73,000-85,000.

Summary of planned exploration programs for 2019 and results

PROJECTS	PLANNED WORK	BUDGET (\$)	RESULTS (\$)
AU33	Rock & Soil sampling and drilling	620,000	492,211
K2	Geology and drilling	577,000	191,529
CLARKIE	Soil sampling and mapping	85,000	76,855
TOTAL		1,282,000	760,595

Differences are explained as follows:

AU33	Fewer drilling added to drilling plans in 2019
K2	Drilling postponed to 2020
CLARKIE	According to budget.

OPERATION RESULTS AND SELECTED ANNUAL INFORMATION

Net profit for the year is \$41,483 (net loss of \$107,846 for 2018) whereas operating expenses for the year totalled \$127,616 (\$158,453 for 2018).

	As at December 31, 2019 \$	As at December 31, 2018 \$
Net profit (loss)	41,483	(107,846)
Operating Loss	(127,616)	(158,453)
Write-off of exploration and evaluation assets included in Expenses	2,198	-
Expenses without impairment and write-off	125,418	158,453
Net profit (loss) per share (basic and diluted)	0.001	(0.002)
Total assets	3,254,825	3,103,109

Net loss and expenses

2019 compared to 2018

- Decrease of stock-based payments (non cash item) from \$47,996 to \$9,335;
- Deferred income taxes (non cash item) recovered of \$159,856 resulting in a net profit for the year;
- Write-off of exploration and evaluation assets of \$2,198 in 2019 (Shipshaw and Autish properties) compared to nothing in 2018.
- From 2018 to 2019, taking into account the items that do not require an exit or a cash inflow, the expenses did not vary much.

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.

Total assets

2019 compared to 2018

- Exploration and evaluation assets:
 - Acquisition and claim renewal costs of \$9,819;
 - Exploration expenses of \$760,595;
 - No tax credit receivable at the end of 2019;
- One private placement totaling \$193,950 was closed in 2019.

2018 compared to 2017

- Exploration and evaluation assets:
 - Acquisition and claim 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.

SUMMARY OF QUARTERLY RESULTS

(\$ 000 except loss/share)	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Income	2	2	3	2	2	1	1	2
Net earnings (Net loss)	61	19	-	(39)	(21)	(28)	(54)	(4)
Net earnings (net loss) per share (basic and diluted)	0.001	0.001	(0.000)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)

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

2019-Q4	Deferred income taxes recovered (non cash item) of \$82,265. Write-off of the Autish and Shipshaw exploration and evaluation assets (\$2,198).
2019-Q3	Deferred income taxes recovered (non cash item) of \$30,367. Stock-based compensation of \$1,176.
2019-Q2	Deferred income taxes recovered (non cash item) of \$33,742. Stock-based compensation of \$2,940.
2019-Q1	Deferred income taxes recovered (non cash item) of \$13,482. Stock-based compensation of \$5,219. Closing of private placement of \$193,950.
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.

FOURTH QUARTER

Highlights of the fourth quarter of 2019 are as follows:

- Exploration expenses totalling \$421,774 mainly on the AU33 property.
- Administrative expenses of \$23,131.

CASH FLOW SITUATION

Working capital decreased by \$540,199 as at December 31, 2019 going from \$570,449 as at December 31, 2018 to \$30,250 as at December 31, 2019 (including Other liabilities of \$159,856 in 2018 to be erased when flow-through expenditures have been incurred). The decrease is mainly due to exploration costs, mining right payments and administrative expenses incurred during the year.

Cash amounted to \$157,743 as at December 31, 2019 compared to \$561,183 as at December 31, 2018.

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 14, 2020, the company considers it will have to finance itself in 2020 to carry out planned exploration work. At December 31, 2019, the Company did not have any debts or any financial commitments for upcoming quarters except to incur \$131,410 in exploration expenses before December 31, 2020 and \$659,000 in exploration expenses before December 31, 2021 related to the private placement closed in March 2020.

Due to the COVID-19 pandemic, the company could be forced to delay its exploration program in 2020. The Minister of Energy and Natural Resources of Quebec announced on April 9 the postponement of the requirement to carry out field work to renew a claim, for a period of one year.

Minister's press release link: <https://mern.gouv.qc.ca/covid-19-suspension-periode-validite-droits-miniers-2020-04-09/>

FINANCING SOURCES

As at December 31, 2019:

- 74,906,606 Common Shares were issued.
- 2,740,000 options were outstanding and the same amount can be exercised at a price of \$0.10 expiring between July 16, 2020 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 14, 2020 are the following:

Description	Number of shares	Amount \$
As at December 31, 2018	71,922,760	20,318,951
Private Placement	2,983,846	193,950
As at December 31, 2019	74,906,606	20,512,901
Private Placement	6,590,000	549,650
Finder's fees in common shares	176,471	15,000
As at April 14, 2020	81,673,077	21,077,551

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.

On March 4 and 13, 2020, the Company completed a non-brokered private placement. An amount of \$659,000 was subscribed consisting in 6,590,000 flow-through shares at a price of \$0.10. An amount of \$549,650 was allocated to share capital, while an amount of \$109,350 has been recorded in other liabilities in the statement of financial position. Finder's fees amounted to \$15,000, consisting in the issuance of 176,471 common shares of the Company at a price of \$0.085 for a value of \$15,000.

Options

Variation in outstanding options as at April 14, 2020 is the following:

	Number	Weighted average exercise price (\$)
As at December 31, 2018	3,840,000	0.12
Expired	(1,100,000)	0.15
As at December 31, 2019 and April 14, 2020	2,740,000	0.10

Options granted and exercisable as at April 14, 2020:

Expiry date	Number of options	Exercisable	Exercise price (\$)
July 16, 2020	880,000	880,000	0.10
February 22, 2021	880,000	880,000	0.10
February 19, 2023	980,000	880,000	0.10
	2,740,000	2,740,000	0.10

An amount of \$9,335 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, 2019 (\$47,996 for the reporting period ended December 31, 2018) and credited to Contributed surplus.

Warrants

Variation in outstanding warrants as at April 14, 2020 is the following:

	Number	Weighted average exercise price (\$)
As at December 31, 2018	5,252,222	0.11
Issued	-	-
Expired	-	-
As at December 31, 2019 and April 14, 2020	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

SUBSEQUENT EVENTS

On February 11, 2020, the Company signed an agreement with Sirios Resources Inc. ("Sirios") allowing the latter to acquire an interest in the Solo property (extreme southeast section of the K2 property). Sirios can get a 51% interest in this property over a period of three years with payments of \$125,000 and exploration work totaling \$600,000. Once the 51% participation is obtained, Sirios will have the option of continuing exploration in joint venture with the Company on a 51/49 basis or else starting a second phase allowing it to increase its participation to 90% with payments of \$150,000 and drilling totaling 20,000 meters over a three-year period.

On March 4 and 13, 2020, the Company completed a non-brokered private placement. An amount of \$659,000 was subscribed consisting in 6,590,000 flow-through shares at a price of \$0.10. An amount of \$549,650 was allocated to share capital, while an amount of \$109,350 has been recorded in other liabilities in the statement of financial position. Finder's fees amounted to \$15,000, consisting in the issuance of 176,471 common shares of the Company at a price of \$0.085 for a value of \$15,000.

ACCOUNTING POLICIES

The 2019 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 2019 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.

For the year ended December 31, 2019, the Company decided to write-off the Shipshaw and Autish properties 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 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, CA Chief Financial Officer

Montreal, April 14, 2020

