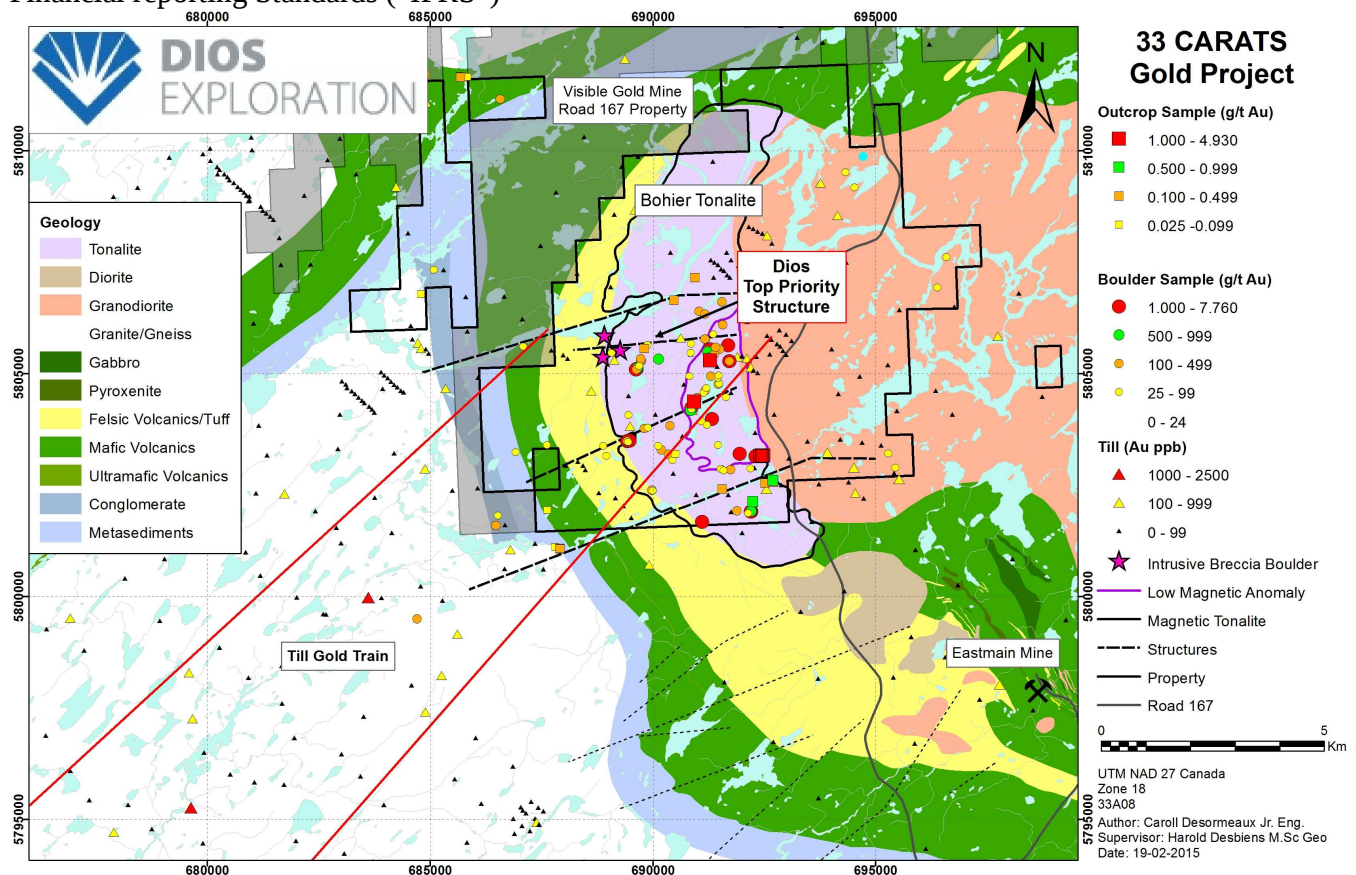




DIOS
EXPLORATION

DIOS EXPLORATION INC. ANNUAL MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

This Management Discussion and Analysis dated February 25, 2015 provides an analysis of operations and financial position of Dios Exploration Inc. (the “Company” or “Dios”) for the year ended December 31, 2014. This discussion and analysis of the financial position and results of operation should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2014 and December 31, 2013. These audited financial statements have been prepared in accordance with International Financial reporting Standards (“IFRS”)



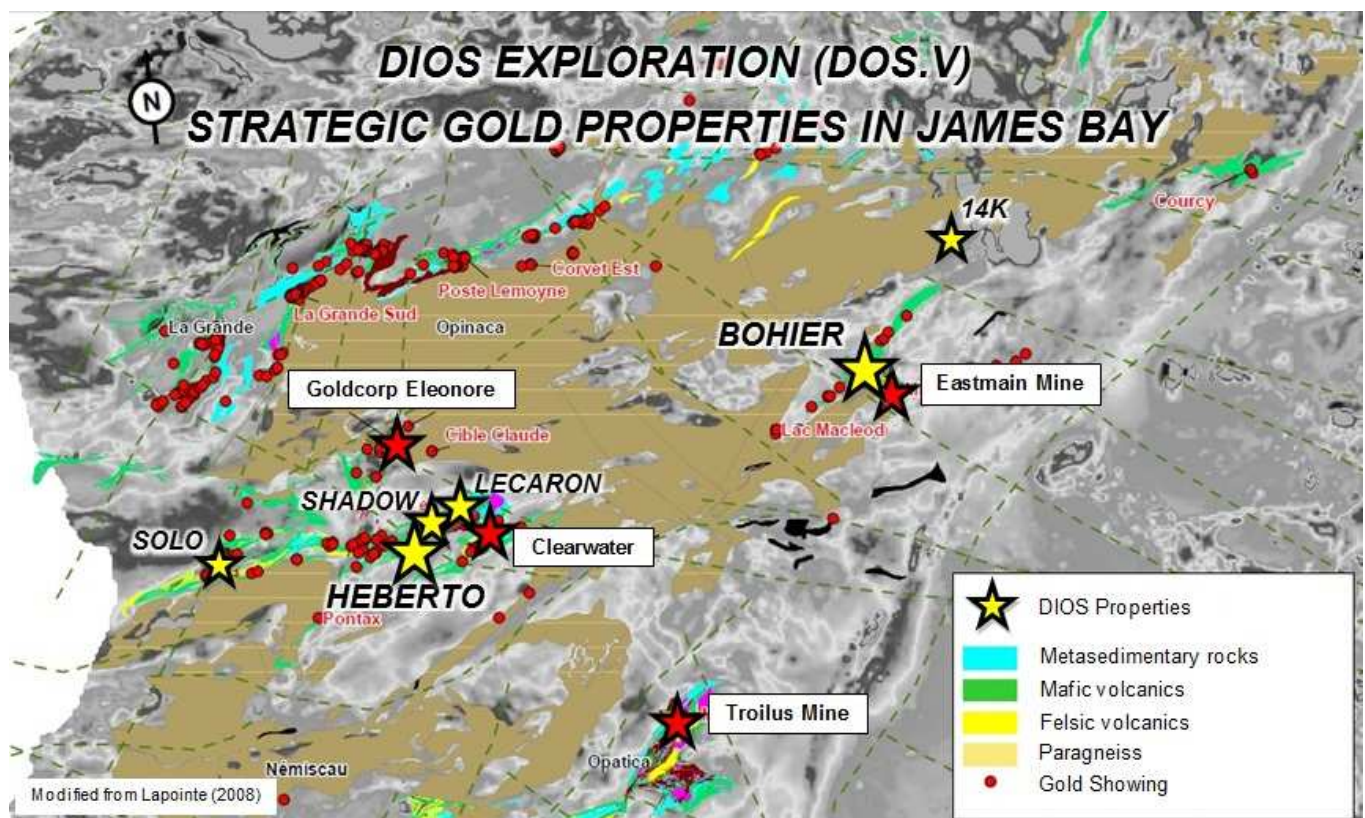
Our report contains «forward-looking statements» not based on historical facts. Forward-looking statements express, as of the date of this report, our estimates, forecasts, projections, expectations and opinions as to future events or results. Forward-looking statements herein expressed are reasonable, 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

Systematic detailed glacial till sampling by Dios for diamonds defined several gold-bearing dispersal trains and outcrop occurrences on wholly-owned Lower and Upper Eastmain projects, James Bay, QC. Dios' gold properties are hosted within a low metamorphic geological sub-province at the southern contact with Opinaca highly metamorphic paragneisses. Eleonore major gold deposit is located near that contact.

Dios focuses on gold exploration in James Bay along this major geological structure through glacial sediment sampling that defines indicator heavy mineral dispersal trains. Dios discovered significant gold-bearing glacial floats and outcropping high potential intrusive granitic rocks. Dios found several gold-bearing outcrop showings on AU33West (**HÉBERTO, ROBINO**), 33CARATS (**BOHIER**) and Le CARON. Dios also discovered a well-structured gold-in-till dispersal train at **14 Karats** and gold-bearing sedimentary rocks.

Dios' shares are traded on TSX Venture Exchange under **DOS** symbol and 40,070,961 shares were issued and outstanding and 728,575 shares were to be issued as of December 31, 2014. Additional information may be available through www.sedar.com web site, under the Company's section "Sedar filing" or at www.diosexplo.com.



SUMMARY OF ACTIVITIES DURING YEAR ENDED DECEMBER 31, 2014

- **HÉBERTO & ROBINO AREAS**, AU33 West property (*intrusion-related gold deposit potential*) :

Major several km gold system in association with clustered intrusive plugs and north-south faults.

- o Significant field work discovery: **ROBINO** hydrothermal-magmatic breccia pipe was found and yields up to 37 grams gold per ton, 14 grams silver per ton with bismuth and molybdenum association, highest value ever discovered on the property, some 3.5 kilometers from main Heberto gold showing, a major breakthrough in understanding AU33.
- o Detailed geological structural mapping of **Heberto** stripping delineates the **APEX ZONE**: a north-south striking 7 m wide mineralized envelope grading 1.89 g/t gold, open along strike possibly over 1 km, at depth and to the west. **The APEX ZONE is hosted within an open anticline structure, with limbs dipping 40-50° towards each side, suggesting potential for widening of gold mineralization close to surface.** Previous diamond saw channel sampling on newly outlined mineralized structure returned up to 5.18 g/t gold over 5 m. Two 2014 samples grabbed from quartz veinlets bearing quartz-diorite at new ends of outcrop returned 7.89 and 8.06 g/t gold.
- o **ROBINO** shows same structure orientation as **Heberto** and an anomalous gold content (0.1 to 37.6 g/t gold). It has a 30 m x 40 m sub-circular outcrop surface expression, is open to the northwest and coincidental with an ovoid 400 m x 250 m low magnetic anomaly (characteristic of magnetite destruction associated to alteration).

GOOD INDICATORS OF A BIG MINERALIZED SYSTEM on large AU33 gold property are concentric structures associated with mineralized brittle ones and magmatic-hydrothermal breccia pipes (both suggestive of buried domes), juxtaposition of alterations halos, significant regional gold in till train and anomalous gold background in fractured intrusive rocks. **Heberto** area geological context suggests structurally-controlled oxidized (IRG) intrusion-related gold system. The kilometric Heberto I.P. (induced polarization) anomaly should be considered the main priority target.

*In 2014, Dios reprocessed available **AU33West** geological data. Mineral maps were produced from detailed mineralogical descriptions and used to define geochemical characteristics of gold-bearing fluids associated with large hydrothermal pathways within the project. They show good correlation between gold and presence of pyrite, chalcopyrite and/or magnetite-hematite (oxidized system) located at the margins of several intrusions. Intrusions are interpreted from total field & vertical gradient magnetics and mapping.*

- 33 Carats property – **BOHIER TONALITE TARGET** (IRG or porphyry gold potential):

*Within Archean Upper Eastmain greenstone-belt, road accessible from Chibougamau (QC), some 40 km south of Renard diamond deposit and 6 km northwest of former Eastmain gold mine, **BOHIER TONALITE** hosts several gold-silver-copper-bismuth porphyry showings. Typical mineralization in tonalite consists in disseminated pyrite-chalcopyrite (and/or stringers), in association with 1-5% biotite-magnetite and/or quartz stringers.*

At the end of 2013, Dios only test-drilled a limited amount of **BOHIER TONALITE** targets in a poorly outcropping area located up-ice of auriferous glacial floats. Several quality targets remain to be tested:

- o Intersection of a “Tonalite breccia” with a favourable E-W magnetic lineament. Breccia float train consists of abundant metric glacial boulders composed of a tonalitic matrix with 5-10% subrounded-rounded dioritic xenoliths (average 5-15x 15-30cm). It is located down-ice of a low-magnetic anomaly.
- o Low magnetic anomaly located up-ice area of JD glacial float train (grading up to 3.18 g/t gold) intersecting the same E-W structure associated with the “Tonalite breccia”;
- o Eastern contact between tonalite and granodiorite marked by a N-S moderate magnetic lineament (gradient) located up-ice of mineralized (5.62; 6.59 and 7.33 g/t gold) tonalite glacial boulders; some weak humus gold anomalies (98.5 percentils) are present.
- o Western N-S oriented contact between the main magnetic and non-magnetic tonalite; numerous humus copper anomalies (98,5 percentils) are coincidental with the contact; including 131 000 ppb Cu
- o Possible extent of the northern biotite-alteration zone and its intersection with the magnetic tonalite (top priority target, coincidental with spectrometric potassic anomaly)
- o An I.P. survey is recommended to better define drilling targets.

- **SHADOW PROPERTY** (intrusion-related gold type deposit potential)

- o Prospecting work on poorly outcropping gold soil anomalies (see below)

- Shareholders’rights plan to allow a fair treatment of shareholders in the event of an unsolicited take over bid made for Dios confirmed during general and special shareholders’ meeting

- Adoption of sustainable development plan

RESULTS OF OPERATION

Summary of exploration activities

During the year ended December 31, 2014, the Company incurred \$248,244 in exploration expenses compared to \$725,816 for the same period in 2013.

Exploration Expense Analysis

Description	33 Carats	AU33West	Other	Total
	\$	\$	\$	\$
Geology	51 486	116 212	34 679	202 377
Transportation	-	30 263	-	30 263
Assays	-	2 703	-	2 703
Office and other	6 314	6 587	-	12 901
	57 800	155 765	34 679	248 244

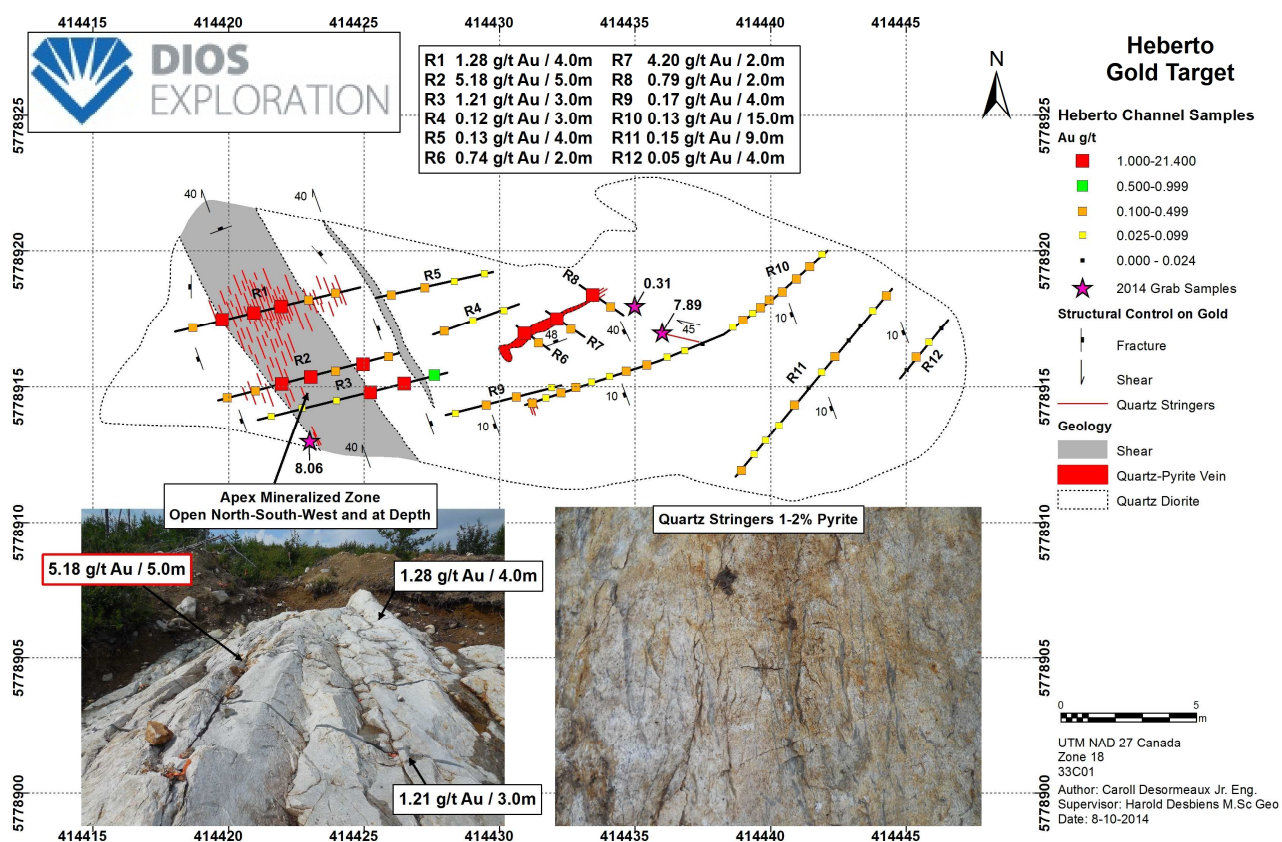
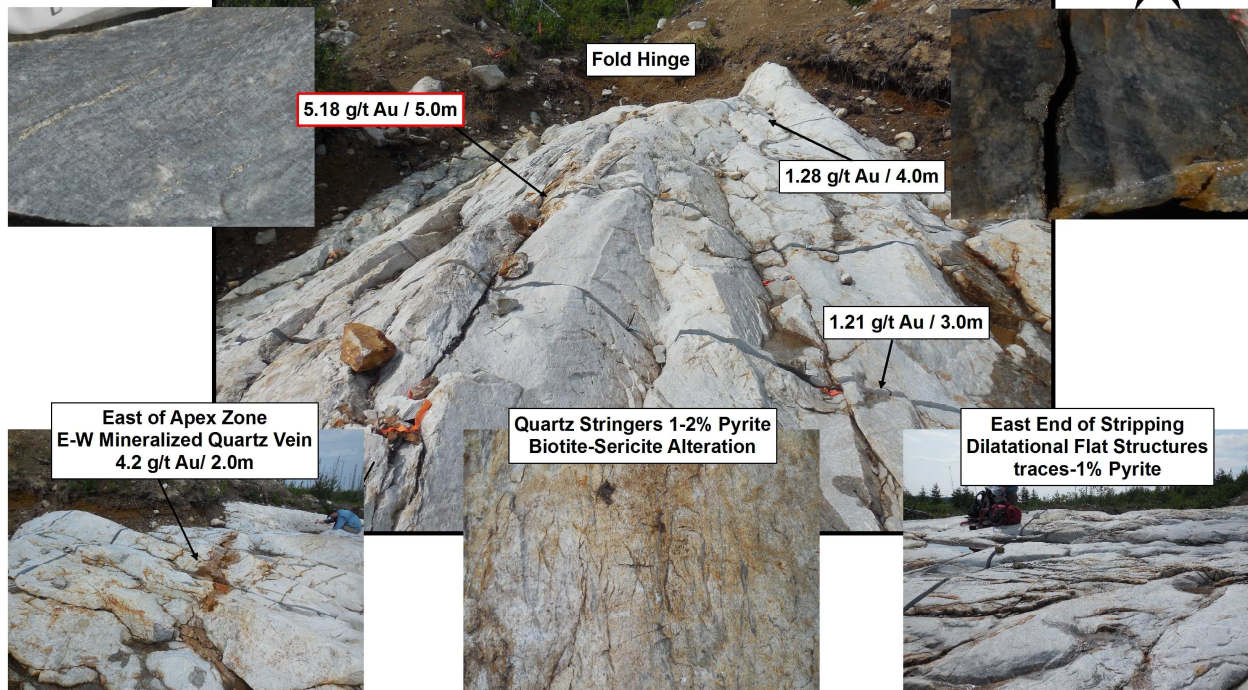
Geological information presented herein was prepared by Marie-José Girard M.Sc., Geo, qualified person pursuant to National Instrument 43-101.

AU33West Gold project: HÉBERTO AND ROBINO TARGETS

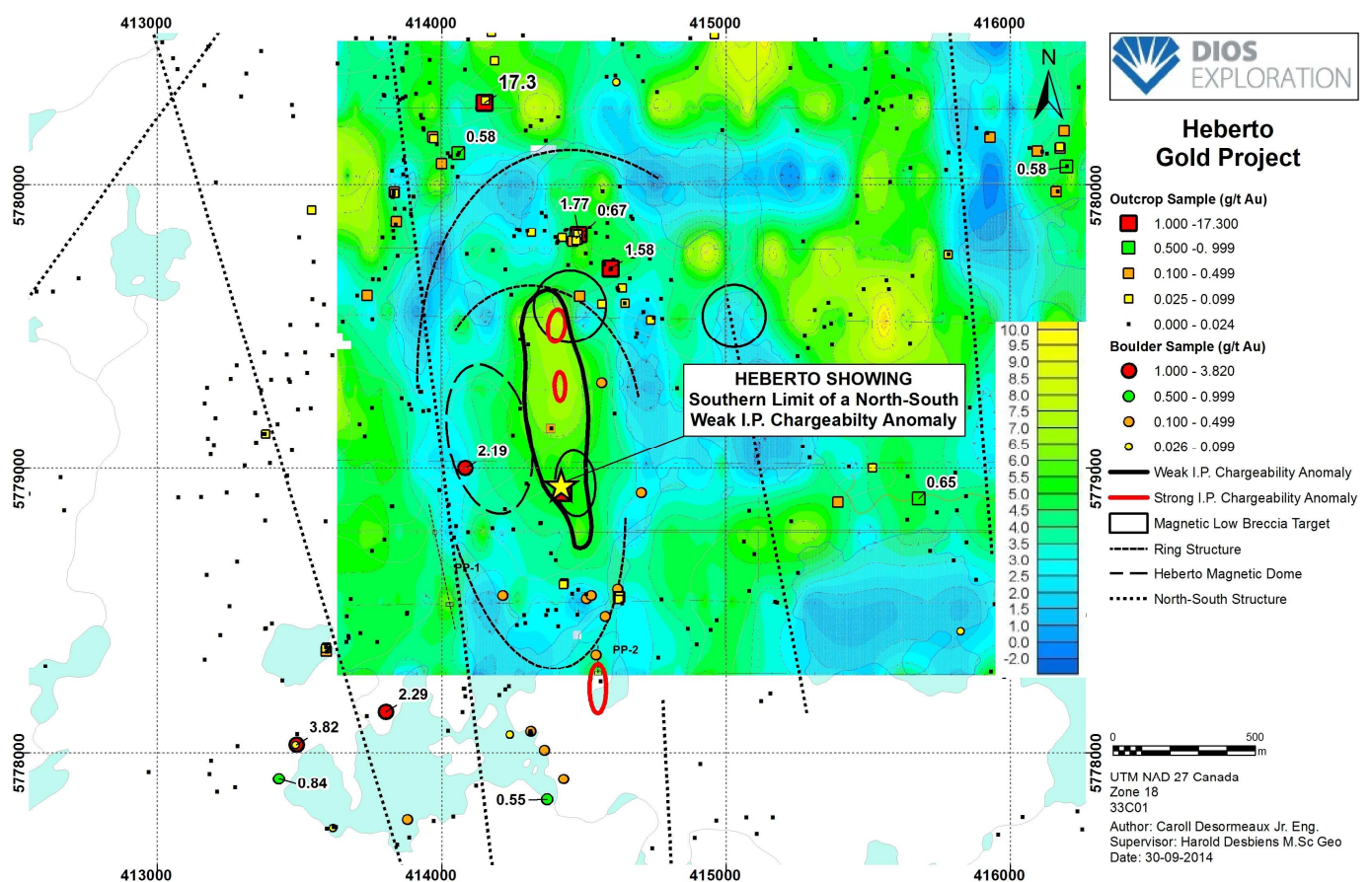
Last quarter, Dios reported a significant field work discovery: **ROBINO** hydrothermal-magmatic breccia pipe was found and yields up to 37 grams gold per ton, 14 grams silver per ton with bismuth and molybdenum association, highest value ever discovered on the property, some 3.5 kilometers from main **HEBERTO** gold showing, a major breakthrough in exploring and understanding Dios wholly-owned road accessible AU33 gold property, James Bay, QC, a few km from Eastmain-1 hydropower facilities.

Detailed geological and structural mapping of **HEBERTO** gold stripping delineated the **APEX ZONE**: a north-south striking 7 m wide mineralized envelope grading 1.89 g/t gold, open along strike possibly over 1 km, at depth and to the west. The **APEX ZONE** is hosted within an open anticline structure, with limbs dipping 40-50° towards each side, **suggesting potential for widening of gold mineralization close to surface**. Previous diamond saw channel sampling on newly outlined mineralized structure returned up to 5.18 g/t gold over 5 m and is composed of disseminated pyrite along small quartz-sericite stringers in a quartz diorite. This showing is coincidental with a weak 1 kilometer long north-south induced polarization conductor near the margin of a sub-circular magnetic anomaly, itself enclosed within a low magnetic one. **Two 2014 samples grabbed from quartz veinlets bearing quartz-diorite at new ends of outcrop returned 7.89 and 8.06 g/t gold.**

HEBERTO
Apex Anticline Mineralized Zone
Open Along Strike, West and at Depth



HEBERTO gold APEX ZONE consists of 1-5% disseminated pyrite associated with quartz stringers/stockworks and biotite-sericite alteration, hosted in sheared and altered quartz diorite. The APEX ZONE is bordered to the east by lower grade mineralization (50-450 ppb gold) consisting of traces-1% pyrite associated with dilatational flat fractures. The mineralized APEX anticline structure and dilatational flat fractures could result from an uplift related to a buried magmatic dome below **HEBERTO** area.



ROBINO shows same structure orientations as **HEBERTO**, anomalous gold content (0.1 to 37.6 g/t gold), with 30 m x 40 m sub-circular outcrop surface expression (see photo), open to the northwest, coincidental with an ovoid 400 m x 250 m low magnetic anomaly (typical of alteration related magnetite destruction).



ROBINO breccia pipe shows different facies including CORE BRECCIA, surrounded by MICROBRECCIA intruding a fractured-altered (sericite-silica) granodiorite. System is intruded by mafic ring-dykes and dykes.

CORE BRECCIA: 80-90% subangular tonalite fragments, 10-20% interstitial rock flour matrix @ 1-2% pyrite



MICROBRECCIA: 5-7% well-rounded clasts in tonalitic matrix



Lamprophyre fragments within breccia



Mafic clasts

Laterally, **ROBINO** goes from mineralized quartz-sericite stockworks to breccias, possibly hinting the same lateral set-up for Heberto (the presence of a nearby mineralized breccia at Heberto also).



Another hydrothermal breccia (Mitsumis) was also observed 5 km east of **HEBERTO** (biotite-quartz-pyrite stockworks, locally anomalous gold (up to 0.5 g/t gold) in quartz diorites like Heberto.

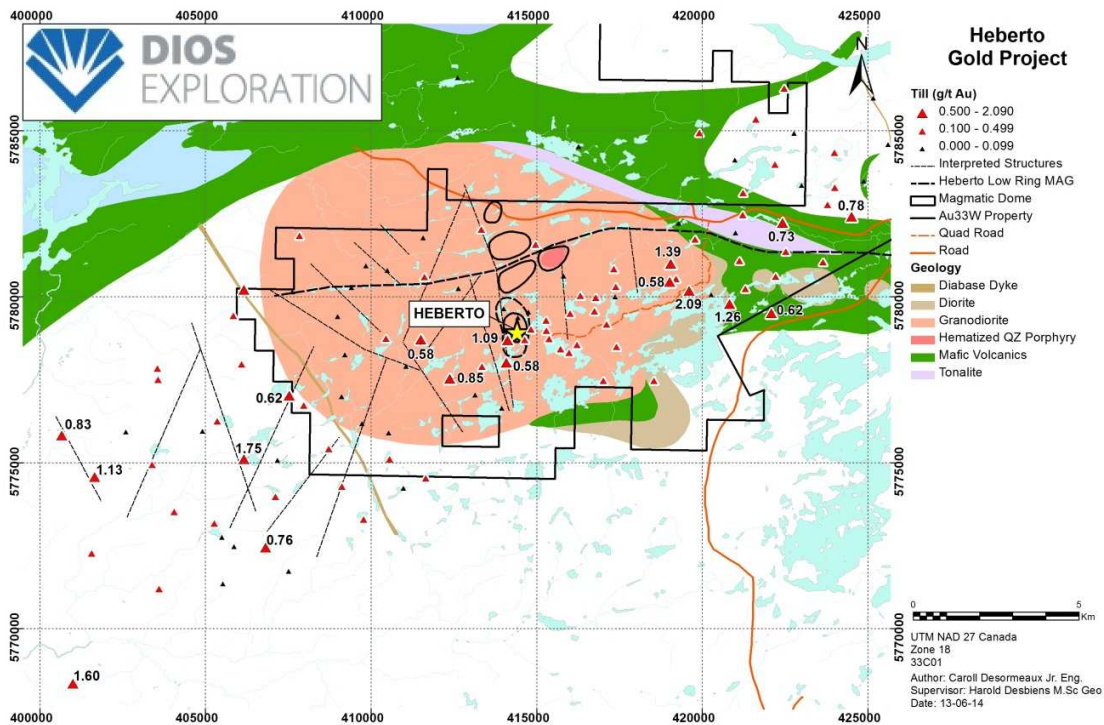
GOOD INDICATORS OF A LARGE MINERALIZED SYSTEM on the large AU33 gold property are the presence of concentric structures associated with mineralized brittle ones and magmatic-hydrothermal breccia pipes (both suggestive of buried domes), the juxtaposition of alterations halos, the significant regional gold in till train, and the anomalous gold background in the fractured intrusive rocks. **Heberto area geological context suggests a structurally-controlled oxidized (IRG) intrusion-related gold system.**

Exploration will focus on drilling the **HEBERTO** targets and neighbouring hydrothermal-magmatic breccias. Top priority-targets include:

- 1- Heberto target, 1 km-long I.P. chargeability anomaly, quartz-sericite-pyrite stockworks possibly grading into breccia;
 - 1a- North Heberto sub-circular low magnetic anomaly corresponding to altered zone under small lake along Heberto structure;
 - 1b- South Heberto sub-circular low magnetic anomaly corresponding to altered zone under small lake along Heberto structure;
- 2- Robino hydrothermal–magmatic breccia coincidental with a well-defined ovoid low magnetic anomaly;
- 3- Mitsumis hydrothermal-magmatic breccia coincidental with a low magnetic anomaly.
- 4- Other possible “breccia” magnetic targets along lineaments.

In Archean geological context, such gold systems are generally associated with small high-level stock with calc-alkaline (to alkaline) volcanism and breccia formation. Such magmatic-hydrothermal environment includes structures in the brittle rocks overlying batholithic system that focus magma ascent and fluid flow into narrow apex regions (or cupolas) (Tosdal and Richards, 2001, Richards 2011). Shallow crustal magma emplacement may cause doming in the cover rocks, with dilational fault zones providing high-permeability pathways for fluids and magma ascent. Cylindrical shapes of many porphyry stocks may have arisen first as breccia pipes or diatremes bored out by rapidly escaping volatiles, only later to be back-filled with porphyritic magma (stocks and dykes). Such high-permeability pathways are likely to have thermally weakened the wall-rocks and promote further fracturing and channeling for metals.

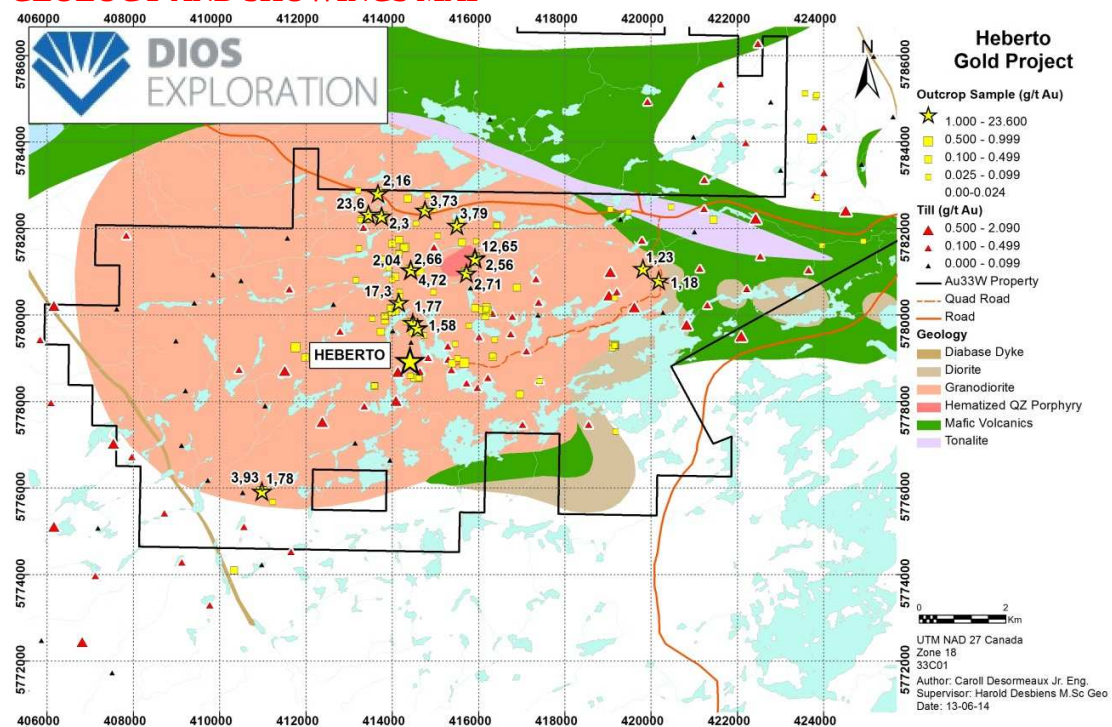
AU33WEST TILL MAP



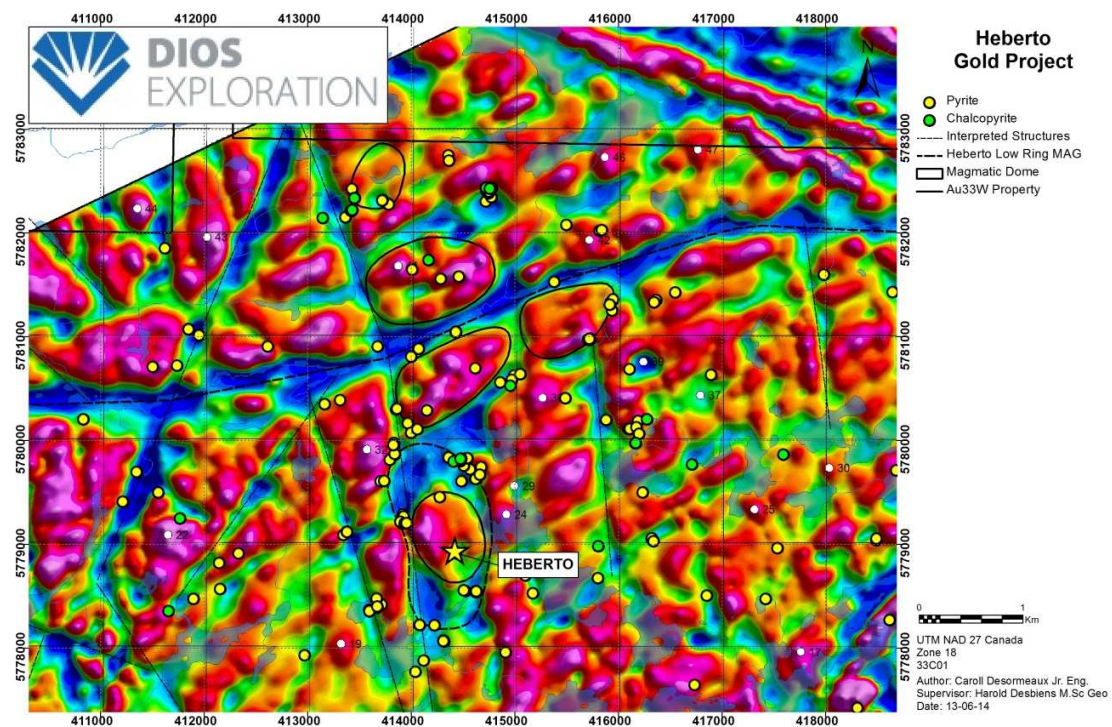
In 2014, Dios reprocessed available all **AU33West** geological data. Mineral maps were produced from detailed mineralogical descriptions and used to define geochemical characteristics of the auriferous fluids associated with large hydrothermal pathways within the project. They show good correlation between gold and the presence of pyrite, of chalcopyrite and/or magnetite-hematite (oxidized system) located at the margins of several intrusions. Intrusions are interpreted from total field & vertical gradient magnetics and geological mapping.

Gold mineralization is located within large halos of potassic-feldspar, silica, epidote, magnetite-biotite and hematite alterations. The last three may be indicative of a large hydrothermal-magmatic system characterized by strongly oxidized fluids

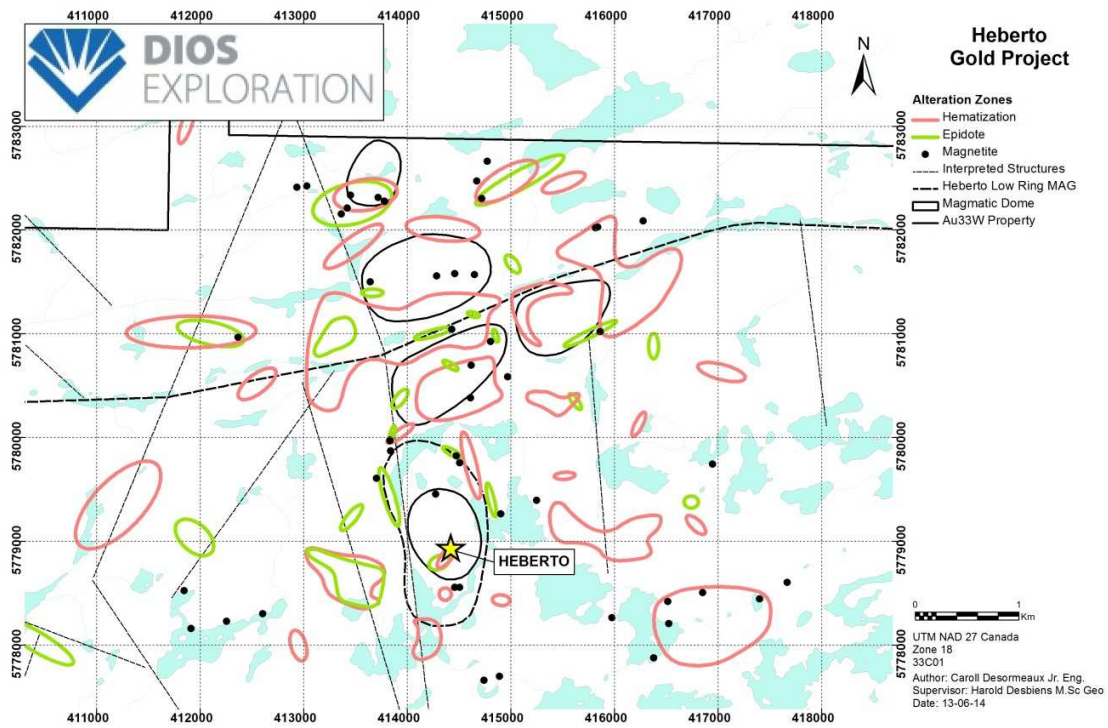
GEOLOGY AND SHOWINGS MAP



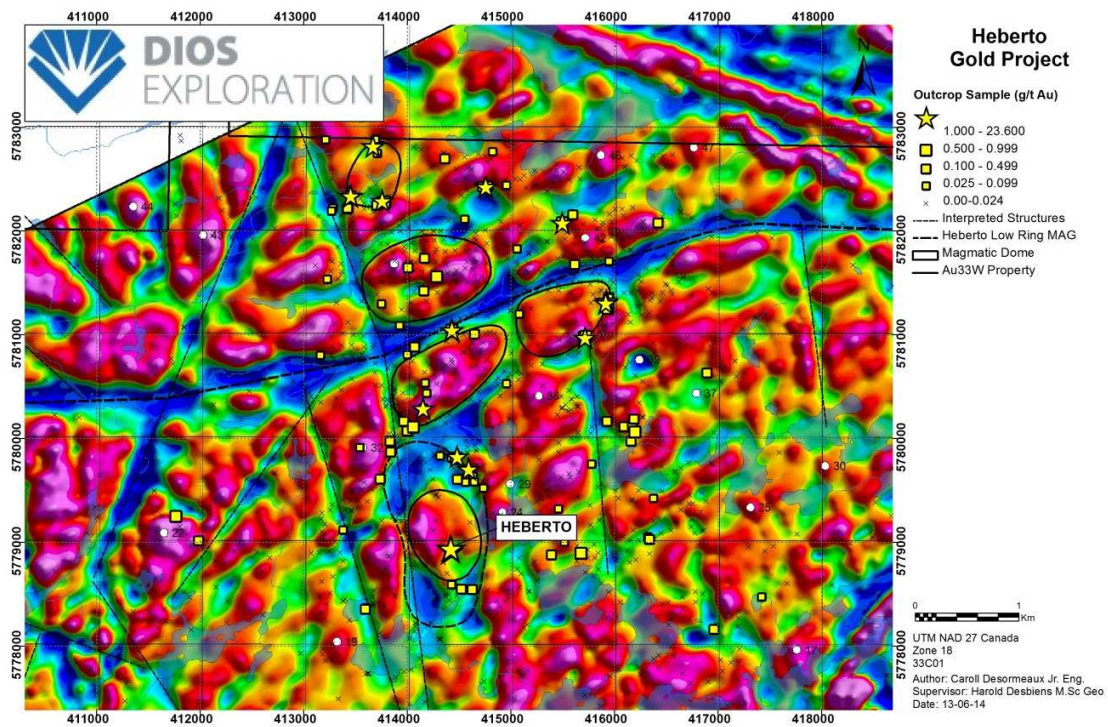
Pyrite-Chalcopyrite versus magnetics



Hematite-Magnetite-Epidote ALTERATION MAP



MAGNETIC DOME STRUCTURES VERSUS GOLD



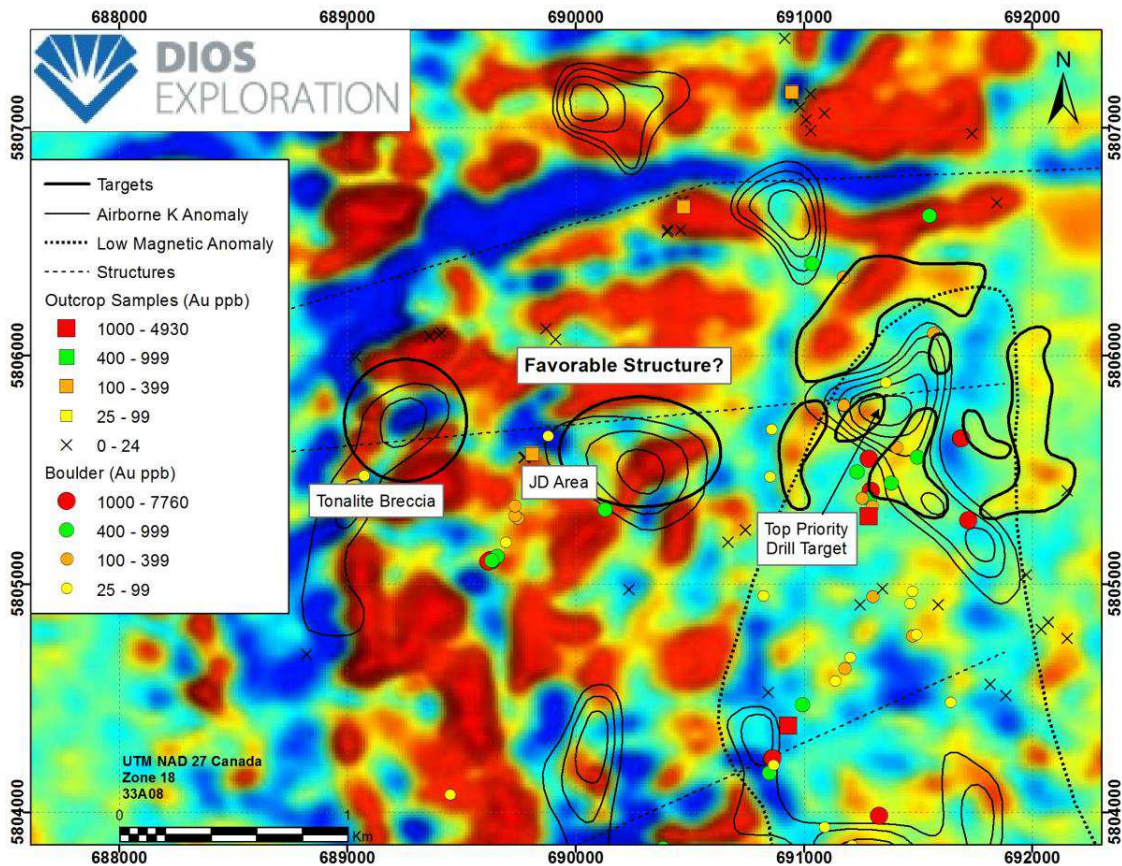
33CARATS GOLD PROJECT (BOHIER TONALITE target)

*Within the Archean Upper Eastmain greenstone-belt, road accessible from Chibougamau (QC), some 40 km south of Renard diamond deposit and 6 km northwest of former Eastmain gold mine, **BOHIER TONALITE** hosts several gold-silver-copper-bismuth porphyry showings. Typical mineralization in tonalite consists of disseminated pyrite-chalcopyrite (and/or stringers), associated with 1-5% biotite-magnetite and/or quartz stringers.*

At the end of 2013, Dios only test-drilled a limited amount of 33 Carats targets in a poorly outcropping area located up-ice of auriferous glacial floats. Several quality targets remain to be tested and they are:

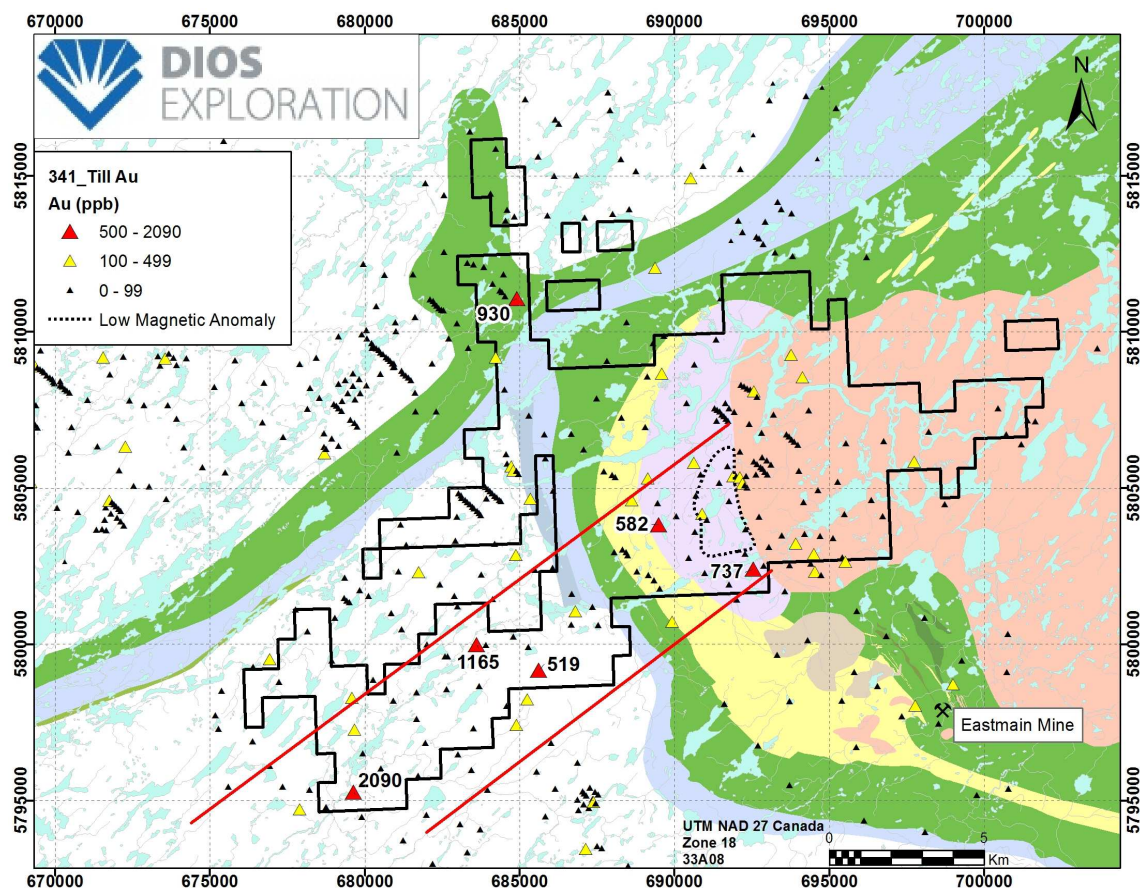
- o Intersection of a “Tonalite breccia” with a favourable E-W magnetic lineament. Breccia float train consists of abundant metric glacial boulders composed of a tonalitic matrix with 5-10% subrounded-rounded dioritic xenoliths (average 5-15x 15-30cm). It is located down-ice of a low-magnetic anomaly.
- o Low magnetic anomaly located up-ice area of JD glacial float train (grading up to 3.18 g/t gold) intersecting the same E-W structure associated with the “Tonalite breccia”;
- o Eastern contact between tonalite and granodiorite marked by a N-S moderate magnetic lineament (gradient) located up-ice of mineralized (5.62; 6.59 and 7.33 g/t gold) tonalite glacial boulders; some weak humus gold anomalies (98.5 percentils) are present.
- o Western N-S oriented contact between the main magnetic and non-magnetic tonalite; numerous humus copper anomalies (98.5 percentils) are coincidental with the contact; including 131 000 ppb Cu
- o Possible extent of the northern biotite-alteration zone and its intersection with the magnetic tonalite (top priority target, coincidental with spectrometric potassic anomaly)
- o An I.P. survey is recommended to better define drilling targets.

Future work includes completing grid and induced polarization survey on northern part of weakly magnetic tonalite where holes 1 to 6 intersected more intense alterations associated with disseminated sulphides (pyrite-chalcopyrite) and magnetite. Coincidental induced polarization conductors with magnetic lineaments will define priority drill targets. The E-W magnetic lineament associated with dioritic breccia and mineralized tonalitic floats warrant being test-drilled.



Whole rock analysis and geological studies completed by Dios indicate the BOHIER TONALITE belongs to the high silica leucotonalite suite (calc-alkaline) associated with a deformation zone, alteration and mineralization. Major and trace elements suggest geochemistry and geology (apart from thorium) similar to that of the Mooshla pluton in Abitibi (which is spatially associated with five gold deposits).

Significant length and values of gold glacial train leading to auriferous **BOHIER TONALITE** are comparable to AU33 West gold glacial dispersal train and another James Bay major gold train, as is suggested from internal and proprietary data from Dios. Geological team at Dios is of the opinion that the source of such a major long gold dispersal train with many values above 2 g/t gold in till (heavy mineral concentrates) suggests a very significant gold source.



SHADOW property (intrusion-related gold type deposit potential)

The SHADOW property is located about 10-20 km north-northeast of Hydro-Quebec EM-1 hydropower plant, about 45 km south of Goldcorp Eleonore gold deposit, and about 10-15 km NW of Eastmain Resources Clearwater gold deposit. Significant gold targets were defined by Dios following a soil geochemical survey over a poorly outcropping area up-ice of a NE gold glacial dispersal train of its wholly-owned Shadow gold project, in the emerging Opinaca-Eastmain gold area. This 4 x 1.5 km grid (1 472 totalling humus samples) grid encompasses an Archean volcano-sedimentary rock sequence wrapped around a 5 x 2 km felsic intrusive, located up-ice of gold in till anomalies including 1 120 ppb, 938 ppb Au and 3 510 ppb gold in heavy mineral concentrates (1 000 ppb equals 1 g/T). Twelve geochemical gold-arsenic-copper anomalies were outlined. Most soil geochemical anomalies are located along the targeted margin of the felsic intrusive and adjacent sedimentary rocks are underlined by a magnetic anomaly and crosscut by late structures. In 2014, prospecting work was carried out on these poorly-outcropping soil anomalies.

Summary of planned exploration programs for 2015

PROJECTS	PLANNED WORK	BUDGET (\$)	FOLLOW-UP WORK
33 CARATS	Prospecting	78,000	Drilling
	IP survey, line cutting	75,000	
AU33 West	Prospecting & mapping	90,000	Drilling
SOLO	Prospecting and mapping	81,000	Prospecting, Geophysics & Drilling
TOTAL		324,000	

OPERATION RESULTS AND SELECTED ANNUAL INFORMATION

Net loss for the year is \$5,001,831 (net loss of \$274,831 for 2013) whereas operating expenses for the year totalled \$5,095,463 (\$267,080 for 2013).

	As at December 31, 2014	As at December 31, 2013
	\$	\$
Other Income	48,632	7,922
Net loss	(5,001,831)	(274,831)
Operating Expenses	5,095,463	267,080
Net loss per share (basic and diluted)	(0.12)	(0.01)
Total assets	5,230,329	10,319,169

Other Income

2014 compared to 2013

- In 2014, Other income relates to realized interest on investments.

2013 compared to 2012

- In 2013, Other income relates to realized interest on investments. Sharp decrease in 2013 is due to used term deposits in order to provide sufficient funds for exploration activities.

Net loss and expenses

2014 compared to 2013

- Increase in net loss caused by write-off of Hotish uranium, Shipshaw and Pontax exploration and evaluation assets
- Compensation cut program in 2014
- Office fees and Professional fees: Major spending cut program in 2013

2013 compared to 2012

- Compensation: Decrease in stock-based compensation in 2013
- Office fees and Professional fees: Spending cut program in 2013

Total assets

2014 compared to 2013

- Exploration and evaluation assets:
 - o Acquisition and claims renewal costs of \$47,121;
 - o Exploration expenses of \$248,244;
 - o Tax credit of \$64,231 related to exploration expenses;
 - o Write-off of \$ 4,392,083 in 2014 in exploration expenses and Write-off of \$573,358 in mining rights .
- Redemption of investments to finance the exploration and evaluation assets.

2013 compared to 2012

- Exploration and evaluation assets:
 - o Acquisition and claims renewal costs of \$90,152;
 - o Exploration expenses of \$725,816;
 - o Tax credit of \$316,589 related to exploration expenses;
 - o No Write-off in 2013.
- Redemption of investments to finance the exploration and evaluation assets.

SUMMARY OF QUARTERLY RESULTS

	2014				2013			
(\$ 000 except loss/share)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Income	0.8	1	0.4	0.6	2	1	1	4
Net earnings (Net loss)	(61)	6	(4940)	(7)	(26)	(45)	(86)	(118)
Net earnings (net loss) per share(basic and diluted)	(0.002)	0.000	(0.12)	(0.001)	(0.002)	(0.001)	(0.002)	(0.003)

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

2014-Q4	Write-off of Pontax exploration and evaluation assets
2014-Q3	Decrease in Salaries
2014-Q2	Major compensation cut program in 2014 and no stock-based compensation; Write-off of Hotish uranium and Shipshaw exploration and evaluation assets.
2014-Q1	Major compensation cut program in 2014 and no stock-based compensation.
2013-Q4	Decrease in stock-based compensation.
2013-Q3	Decrease in banking interests and stock-based compensation.
2013-Q2	Decrease in banking interests and stock-based compensation. Spending cut program in 2013 (Office and Publicity and public relation).
2013-Q1	Increase of stock-based compensation.

FOURTH QUARTER

Highlights of the fourth quarter of 2014 are as follows :

- Exploration expenses totalling \$50,046 mainly on AU33West (\$37,661) and 33CARATS (\$6,737) properties;
- Mining right payments of \$11,410;
- Interest income of \$881;
- Flow through financing of \$51,000;
- Write-off of Pontax exploration and evaluation assets of \$15,917.

CASH FLOW SITUATION

Working capital decreased by \$207,299 as at December 31, 2014 going from \$632,613 as at December 31, 2013 to \$425,314 as at December 31, 2014. The decrease is mainly due to exploration costs, mining right payments and administrative expenses incurred during the period.

Cash and investments, excluding listed Shares (free cash flow) amounted to \$241,706 as at December 31, 2014 compared to \$316,474 as at December 31, 2013.

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 February 25, 2014 the Company considers the cash on hand sufficient for known obligations. The 2015 budget is subject to additional fundraising in 2015. As at December 31, 2014, the Company did not have any debt or any financial commitments for the upcoming quarters except to incur \$51,000 in exploration expenses before December 31, 2015.

FINANCING SOURCES

As at December 31, 2014 :

- 40,070,961 Common Shares were issued and 728,575 Common Shares were to be issued.
- 4,800,000 options were granted and 3,675,000 can be exercised at prices ranging between \$0.15 to \$0.34 between 2015 and 2019. Each option can be exchanged by its holder thereof for one Common Share of the Company.

Share capital

Variations in share capital as at February 25, 2015 are the following:

Description	Number of shares	Amount \$
As at December 31, 2013	40,070,961	17,775,898
As at December 31, 2014	40,070,961	17,775,898
Private Placement on December 31, 2014		
Issued in February 2015	728,575	43,714
Private Placement	415,000	22,825
As at February 25, 2015	41,214,536	17,842,437

On December 31, 2014, the Company completed a flow through private placement without a broker. An amount of \$51,000 was subscribed consisting of 728,575 flow-through shares recorded at a price of \$0.07 per share (issued in February 2015). An amount of \$43,714 related to share capital and \$7,286 related to “Other liabilities” were recorded.

On January 5, 2015, the Company completed a second closing of the flow through private placement without a broker. An amount of \$29,050 was subscribed consisting of 415,000 flow-through shares recorded at a price of \$0.07 per share. An amount of \$22,825 related to share capital and \$6,225 related to “Other liabilities” were recorded.

Options

Variations in outstanding options as at February 25, 2015 are the following:

	Number	Weighted average exercise price (\$)
As at December 31, 2013	4,220,000	0.23
Expired	(670,000)	0.15
Issued on October 2, 2014	1,250,000	0.15
As at December 31, 2014 and February 25, 2015	4,800,000	0.22

Options granted and exercisable as at February 25, 2015:

Expiry date	Number of options	Exercisable	Exercise price (\$)
March 22, 2015	670,000	670,000	0.34
April 25, 2016	920,000	920,000	0.30
February 28, 2017	965,000	965,000	0.235
December 12, 2017	995,000	995,000	0.15
October 2, 2019	1,250,000	312,500	0.15
	4,800,000	3,862,500	0.24

An amount of \$16,511 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, 2014 (\$114,251 for the reporting period ended December 31, 2013) and credited to Contributed surplus.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2014, a company in which a director is an owner, charged geological fees amounting of \$11,654 recorded in Exploration and Evaluation Assets.

ACCOUNTING POLICIES

The 2014 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 2014 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, 2014, the Company decided to write-off the Hotish uranium, Shipshaw and Pontax mining properties for a total of \$4,965,441 mainly due to uncertainties regarding uranium exploration in Quebec and relevance to continue the exploration of the Shipshaw property. No reversal of impairment losses has been recognized for the reporting periods.

(b) Share-based payments

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

(c) Tax credits receivable

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

Off-balance sheet arrangements

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

RISK AND UNCERTAINTIES

Risks inherent in the nature of mineral exploration and development

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

Financial risks

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

Tax

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

Dependence on key personnel

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

Conflicts of interest

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

Environmental risks

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

MANAGEMENT'S RESPONSABILITY FOR FINANCIAL INFORMATION

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

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

Montreal, February 25, 2015