DIOS EXPLORATION INC.
INTERIM MANAGEMENT REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2011

Following the discovery of several gold occurrences on its wholly-owned diamond projects in the Opinaca and Otish areas, Dios Exploration Inc. (the "Company" or "Dios") diversified looking for gold while pursuing its diamond exploration strategy. Dios is a leading research and exploration company with over 2,690 sq. kilometres of properties (5,280 mining cells) in the high potential areas of James Bay. Dios' systematic strategy led to the discovery of other commodities, such as uranium or in demand exotic minerals such as lithium, rare earths and niobium which could be explored with a partner. Dios' strategy is to generate projects and develop them either alone or through farming out agreements, with the benefit of shareholders in mind.

Dios generates most of its exploration projects, from scientific conceptual design to field discovery and tries to evaluate from the start feasible economics in relation with access and facilities. The Company's shares are traded on the TSX Venture Exchange under the symbol **DOS** and 39,020,961 shares were issued as of September 30, 2011. Additional information may be available through the www.sedar.com web site, under the Company's section "Sedar filing" or at www.Diosexplo.com.

This Management Discussion and Analysis dated November 25, 2011 and provides an analysis of our interim financial statements as at September 30, 2011. This discussion and analysis of the financial position and results of operation should be read in conjunction with the interim financial statements as at September 30, 2011, the interim financial statements as at March 31, 2011 and the audited financial statements for the year ended December 31, 2010 and the audited financial statements for the year ended December 31, 2009. Unless otherwise indicated, all financial information has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), specifically International Accounting Standard ("IAS") 34, Interim Financial Reporting, within Part 1 of the Canadian Institute of Chartered Accountants Handbook, which are within the framework of International Financial Reporting Standards ("IFRS"). Note 4 to the interim financial statements as at March 31, 2011 provides details of these new accounting policies while the adjustments made to the financial statements at the transition date are explained on the note 18 in our interim financial statements dated September 30, 2011.

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.

SUMMARY OF ACTIVITIES DURING THE QUARTER

- Exploration expenses totalling $469,472 mainly on 14 Carats, 33 Carats and Shipshaw properties. See the item "**Summary of exploration activities**" below.
- Discovery of a high grade uranium lens in sub-vertical volcanics on Hotish property.
- 14 Carats and 33 Carats properties: Gold and diamond prospecting program on the properties. Numerous mineralized samples were collected and are being assayed. A reconnaissance sampling was carried out.
- Shipshaw property: End of the drilling program.
- Shadow and LeCaron properties: Gold and diamond prospecting programs were carried out on the properties, mapping and samples collected. Results are still pending.
- AU 33 West property: Option granted to Osisko Mining Corporation ("Osisko") on July 5, 2011 (60% of the property in exchange for $14 million in exploration work on the property and $700,000 in cash payments).
- Private placement of $150,000.

RESULTS OF OPERATION

Summary of exploration activities

The Company's team works with a systematic approach and is always looking for new developments in mineral exploration. Discovery of new glacial dispersal trains indicating strong potential of poorly explored regions remains one of the Company's strength.

Dios research method uncovered a well-structured gold glacial dispersal train on its new property AU33. At the end of the second quarter and the during the third quarter, the Company divided the property AU33 into three new properties: Lac LeCaron, Shadow and AU33 West (optioned to Osisko). Further research on diamond property Pontax led to the discovery of lithium while drilling an old survey magnetic anomaly led to the discovery of a new carbonatite complex on the Shipshaw property, near Chicoutimi. Dios, as for its pre-existent privileged stand in possession of claims and the expertise of its employees, diversified its exploration strategy on diamond, uranium and gold, three substances highly requested in the natural resources industry.

During the third quarter, the Company incurred $469,472 in exploration expenses mainly on the on 14 Carats, 33 Carats and Shipshaw mining properties.

Exploration Expenses Analysis

Description	14 Carats	33 Carats	Shipshaw	Shadow	Others	Total
	$	$	$	$	$	$
Geology	27 451	36 191	29 123	29 807	36 314	158 886
Transport and lodging	84 134	66 812	5 246	14 951	53 973	225 116
Office and other	5 899	4 382	385	130	263	11 059
Drilling and assays	-	-	74 411	-	-	74 411
	117 484	107 385	109 165	44 888	90 550	469 472

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

The 2011 summer field program included geological mapping, prospecting and till-esker heavy mineral sampling on several projects, as well as track-sampling with a rock saw within trenches on an uranium discovery on the Hotish project and detailed assaying of Shipshaw niobium project.

QUARTERLY 2011 SUMMER FIELD WORK

All Dios projects are located within the James Bay Agreement territory, except for the Shipshaw project adjacent to the Niobec mine in the Saguenay region.

On the **HOTISH** uranium-rare earths project, adjacent to the Cameco property in the Otish mountains, a three-week prospecting-trenching-track-sampling programme took placein June-July: Dios discovered a high grade uranium lens (1.85 % U3O8 over one-meter true width), with copper and lead mineralization in sub-vertical volcanics under two feet of sand. Five horizontal diamond-saw channels crosscut the stripped mineralized lens along a fifteen meter length returning from north to south:

- 0.5042 % uranium oxide over 2 m (*1.04 % U3O8 over 1 m*)*
- 0.155 % U3O8 over 1 m (0.087 % U3O8 over 2 m with 0.13 % copper)
- 0.621 % U3O8 over 3 m (*1.85 % U3O8* / 1 m, 0.5% lead, 0.17 % Cu 0.5% vanadium)
- 0.1 % U3O8 over 1 m
- 0.532 % U3O8 over 1 m with 0.165 % lead
**one-meter long samples collected from volcanics with a rock saw and assayed by 3 analytical methods at Saskatchewan SRC Laboratory*

Two grab samples returned 1,66 % U3O8 (0.131 % copper, 0.63 % lead, 1.5 % barium, 0.7 % vanadium) and 0,624 % en U3O8, respectively. They were discovered in outcrop following manual stripping of a 64,000 and 30,000 cps sector, with associated urano-phane and sulfides, mainly chalchopyrite. A brecciated texture super-imposed on a strong shear give a schisteous look to the host-rocks and in the brecciated areas, the fragments are hematized. Mechanical stripping was thus undertaken over a 15 m extent by 5 m width. The mineralized lens seems to follow a north-south structure crosscutting the east-west sub-vertical sheared volcanics (600 – 1000 meters width) and could be further stripped along its extents with larger machinery or drilled at depth. The actual Otish winter road and planned all weather road in the scope of the Quebec Government Plan Nord is located 15 km from the property, which overlaps the western unconformity of the Otish sedimentary basin.

On **33 CARATS**, a one week prospecting program was completed over a tonalite (granodiorite) plug and adjacent volcanics, 5-10 km northwest of the Eastmain gold deposit. Detailed geological mapping helped better define a 2 by 6 km tonalitic phase specifically targeted for its gold potential in the western part of a felsic pluton, whereas the eastern part of Dios' property mostly hosts granodioritic rocks. Numerous samples of mineralized (1-2% pyrite) sicilified tonalite glacial floats and outcrops were collected up-ice of auriferous anomalies (2090, 1165, 583 and 519 ppb gold in heavy minerals concentrates) in tills and are being assayed. A potassic radiometric anomaly was also prospected and sulfidic (2-5% pyrite) felsic volcanics were discovered and sampled.

A total of 149 rock samples were collected and sent for assays on the **33 CARATS** project. The future Otish road will crosscut the property, two kilometres east of the main targeted gold potential area.

Regional reconnaissance heavy mineral sampling was also carried out in the area by Dios (60 rock and 100 till samples) on its **14 CARATS and CARBONE 14 projects**.

On **AU33 WEST** optioned to Osisko, near EM-1, a one-month mapping-prospecting program was completed this summer and 700 samples were collected for analysis. Dios and Osisko reported the discovery of outcropping gold mineralized occurrences (up to 3.79 g/t gold) in tonalite rocks. Highlights include:

- 3 mineralized outcropping areas were discovered and could explain some of the gold in till anomalies and the occurrence of gold-bearing glacial boulders.
- 6 outcrop rock samples returned values greater than 1.5 g/t gold. Mineralization is disseminated (no quartz veins) suggesting a large bulk tonnage « gold porphyry » type mineralization potential.

First results of the several week July field campaign returned:

Sample #	**Au_g/t (*ALS-Chemex AU-AA24)***
86391177	**3.79**
86391028	**2.71**
86391161	**2.66**
86391160	**2.04**
86391338	**1.765**
86391400	**1.575**
86391314	**0.804**
86391344	**0.673**
86391026	**0.539**
86391027	**0.535**

A porphyry gold type deposit is looked for on **AU33 WEST**, in the Opinaca-Eastmain emerging gold district, also hosting the world class-multi-million ounce Éléonore gold deposit. A second one-month field campaign during October will target a 3 by 3 kilometers area, including a detailed geological survey, detailed outcrop sampling and soil geochemistry (and possible stripping).

Following the execution of an option and joint venture agreement in July, ***Osisko*** *was granted the option to earn a 51 percent participating interest in the property by incurring expenditures totalling $ 5,000,000 and making cash payments totalling $ 700,000 during a five year period.* ***Osisko*** *was granted a second option to earn up to a 9 percent additional participating interest by incurring $ 9,000,000 of additional expenditures during a period of five years.* ***Osisko*** *was granted a third option to earn an additional 10 percent participating interest by solely funding a feasibility study.*

The **AU 33-EAST** property was divided in two, the western and northern **SHADOW** project and the south-eastern **LECARON** project, hosting a high grade gold showing and many glacial till gold trains and indicator minerals some tens of km south of the world-class Eleonore gold deposit.

On **SHADOW**, a one week mapping-prospecting was completed over a foliated volcanic sequence wrapping a felsic pluton that shows pressure-shadow structures on Dios' proprietary magnetic data. The volcanics host abundant centimetric to metric quartz-carbonate-chlorite veins with 5-20% pyrite-pyrrhotite-chalcopyrite located up-ice of gold till anomalies (3510 & 863 ppb gold in heavy mineral concentrates). Assays (100) are pending. More till (40) samples are to be collected next week.

On adjacent **Le CARON** project, a one-week prospecting program was carried out on a series of extensive sulphidic (5-20% sulphides injected by quartz veins) new gossans and their extents that were coincidental with former INCO conductors within the same volcanic complex that hosts the Clearwater gold deposit. Assays (100) are also pending.

On the **SHIPSHAW** niobium-rare earths project in the Saguenay region, IOS (an independent consultant) sent for assays core samples from some twenty drill holes and a detailed report from this program is awaited this fall. Additional drill holes are planned later this year.

Summary of planned exploration programs for 2011

PROJECTS	PLANNED WORK	BUDGET $	FOLLOWING WORKS
SHIPSHAW	Geophysics and drilling	1,075,000	Drilling
AU33 WEST	Prospecting, mapping, tills, outcrop grab sampling and diamond saw channel	500,000	Additional prospecting and drilling
SHADOW AND LECARON	Prospecting, mapping, tills, outcrop grab sampling and diamond saw channel	400,000	Additional prospecting and drilling
33 CARATS	Prospecting, mapping and drilling	700,000	Drilling
HOTISH	Prospecting, mapping, outcrop grab sampling and diamond saw channel	200,000	Drilling
UPINOR	Mapping and diamond saw channel	65,000	Additional prospecting and drilling?
PAM	Mapping and diamond saw channel	50,000	Additional prospecting
TOTAL 2011		**2,990,000**	

Following the agreement with Osisko, the Company expects to decrease the exploration budget on the AU33 West property. Following the discovery on Hotish property, the Company expects to increase the exploration budget.

SUMMARY OF FINANCIAL ACTIVITIES

Net loss for the quarter is $127,763 (net loss of $84,989 for the third quarter 2010) whereas administration fees for the quarter totalled $142,499 ($105,756 for the third quarter 2010). Significant increase in losses from one year to another is explained by an increase in the share-based payments.

Net loss for the nine-month period ended September 30, 2011 is $363,745 (net loss of $960,686 for the nine-month period ended September 30, 2010) whereas administration fees for the nine-month period ended September 30, 2011 totalled $401,010 ($453,031 for the nine-month period ended September 30, 2010). Significant decrease in losses from one year to another are explained by the radiation of mineral properties and deferred exploration expenses in 2010.

Interest income for the quarter decreased to $11,095 ($36,063 for the nine-month period ended September 30, 2011) from $16,245 for the same period last year ($50,850 for the nine-month period ended September 30, 2010) due to less cash being invested and lower interest rates paid by banks.

Analysis of Administrative expenses

Description	Quarter ended September 30	
	2011	2010
	$	$
Salaries and employee benefits expense	**112,206**	84,883
Professional fees	**4,543**	-
Registration fees and shareholders information	**8,667**	1,491
Publicity and public relations	**7,700**	11,601
Office	**7,078**	5,591
Insurances, taxes and permits	**2,115**	1,962
Banking fees and interests	**190**	228
	142,499	105,756

During the three-month period September 30, 2011, one notes mainly:

- Significant increase of stock-based compensation expenses in 2011;
- Additional professional fees incurred in 2011 for the transition to IFRS;
- Transfer agent: Shareholders rights fees
- Decrease in promotional costs: Investor Relations contract ended in 2010, promotional trip to Asia in 2010;

Description	Nine-month period ended September 30	
	2011	2010
	$	$
Salaries and employee benefits expense	**140,810**	188,616
Professional fees	**42,333**	31,500
Publicity and public relations	**27,120**	72,008
Registration fees and shareholders information	**27,234**	25,851
Office	**14,962**	15,982
Insurances, taxes and permits	**5,788**	12,927
Banking fees and interests	**264**	390
	258,511	347,274

During the nine-month period ended September 30, 2011, one notes mainly:

- Significant reduction of stock-based compensation expenses in 2011;
- Additional professional fees incurred in 2011 for the transition to IFRS;
- Decrease in promotional costs: Investor Relations contract ended in 2010. Financial contribution ($15,000) to a communication lobby for mineral exploration in Quebec in 2010, promotional trip to Asia in 2010;
- In the second quarter 2010, the Company has paid an amount of arrears to the CSST.

SUMMARY OF QUARTERLY RESULTS

	2011 New GAAP				**2010 New GAAP**					**2009 Old-GAAP**
($ 000 except loss/share)	**Q3**	**Q2**	**Q1**		**Q4**	**Q3**	**Q2**	**Q1**		**Q4**
Income and others	14	7	16		(12)	16	(494)	14		(224)
Net earnings (Net loss)	(127)	(122)	(113)		777	(84)	(694)	(181)		105
Net earnings (net loss) per share(basic and diluted)	(0.003)	(0.003)	(0.003)		0.023	(0.002)	(0.02)	(0.005)		0.003

Variations in quarterly loss can be explained by the following:

2011-Q3	Increase of stock-based compensation
2011-Q2	Grant of 950,000 options in April 2011.
2011-Q1	Increase executive salaries in the first quarter.
2010-Q4	Future income tax liability related to mining rights of $842,534 have been written off.
2010-Q3	No significant fact.
2010-Q2	Write-off of a mining property and related deferred exploration expenses for $503,419.
2010-Q1	Grant of 980,000 options in March 2010. Renewal of an investors relation contract in February 2010.
2009-Q4	Future income tax expense adjustment (Future income tax income of $17,886) following the accounting of tax credits.

CASH FLOW SITUATION

The working capital decreased by $278,385 during the third quarter going from $2,416,009 as at June 30, 2011 to $2,137,624 as at September 30, 2011. The decrease is mainly due to exploration costs and the administrative expenses incurred during the period.

The cash and investments, excluding Shares listed (free cash flow) amounted to $1,876,876 as at September 30, 2011 compared to $1,844,259 as at June 30, 2011. During the quarter the Company received the 2010 tax credit totaling $710,602 and concluded a private placement of $150,000.

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

The Company considers the cash on hand sufficient for the known obligations. As at September 30, 2011, the Company did not have any debt or any financial commitments in the upcoming quarters.

As at September 30, 2011 :

- 39,020,961 common shares were issued.
- 3,985,000 options were granted and a total of 3,272,500 can be exercised at prices ranging between $0.15 to $0.75 between 2012 and 2016. Each option can be exchanged by its holder thereof for one common share of the Company.
- 428,550 warrants were issued, entitling their holders to subscribe for the same amount of flow-through common shares of the Company at a price of $0.49 until September 6, 2012 or at a price of $0.63 after September 6, 2012 until September 6, 2013.

Variation in share capital as at November 25, 2011 is the following:

Description	Number of shares	Amount $
As at December 31, 2010	34,633,839	16,231,701
Private placements	3,857,122	1,319,336
Exercised options	280,000	64,400
Acquisition of mineral properties	250,000	82,500
As at September 30, 2011 and November 25, 2011	**39,020,961**	**17,697,937**

On February 3, 2011, through a private placement, the Company issued to IAMGOLD Corporation 3,428,572 common shares at a price of $0.35 per share for a total of $1,200,000 ($1,192,914 after the issue costs of $7,086). No less than 80% of the proceeds of the private placement will be committed to the Shipshaw property.

On September 7, 2011, the Company completed a non-brokerage private placement with subscribers. An amount of $150,000 was subscribed composed of 150 units at a price of $1,000 per unit. Each unit consists of 2,857 flow-through shares and 2,857 warrants. A sum of $126,422 was allocated to share capital, whereas an amount of $23,578 was allocated to the warrants.

Options

Variation in outstanding options as at November 25, 2011 is the following:

As at December 31, 2010	4,710,000	0.40
Issued	950,000	0.30
Exercised	(280,000)	0.15
Cancelled	(1,155,000)	0.46
Expired	(240,000)	0.33
As at September 30, 2011 and November 25, 2011	**3,985,000**	**0.38**

In April 25, 2011, the Company granted 950,000 options exercisable at $0.30 to officers, directors and employees of the Company. The options have a term of five years and can be exercised gradually over a period of eighteen months.

Options granted and exercisable as November 25, 2011:

Expiry date	Number of options	Exercisable	Exercice price ($)
January 29, 2012	325,000	325,000	0.50
March 8, 2012	695,000	695,000	0.75
October 29, 2012	25,000	25,000	0.38
February 12, 2013	595,000	595,000	0.31
May 19, 2014	700,000	700,000	0.15
March 22, 2015	695,000	695,000	0.34
April 25, 2016	950,000	237,500	0.30
	3,985,000	3,272,500	0.39

The fair value of these options was estimated using the Black Scholes stock option evaluation model with the following assumptions:

	2011	2010	2
Expected dividend	0%	0%	
Expected volatility	98%	101%	
Risk free interest rate	2.0%	1.5%	1
Estimated weighted average duration	4.21 years	4.21 years	5

Warrants

Variation in outstanding warrants as at November 25, 2011 is the following:

As at December 31, 2010	-	-
Issued	428,550	0.49
As at September 30, 2011 and November 25, 2011	**428,550**	**0.49**

In respect with the private placement dated September 7, 2011, the Company issued 428,550 warrants. Each warrant entitles its holder to acquire one flow-through share of the Company at a price of $0.49 until September 6, 2012 or at a price of $0.63 after September 6 until September 6, 2013.

RELATED PARTY TRANSACTIONS

The Company is related until April 1, 2011 to another company, Sirios Resources Inc., because of certain common officers.

Also, for the period ended April 1, 2011, in the normal course of activities, a company with a common director invoiced the Company $12,234 ($31,760 for the nine-month period ended September 30, 2010) for professional fees.

These transactions were measured at the exchange amount that is the amount established and accepted by the parties.

ACCOUNTING POLICIES

Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. Significant estimates include the recoverability of mineral properties and deferred exploration expenses, future income taxes and stock-based compensation. Actual results may differ from those estimates.

Off-balance sheet arrangements

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

International financial reporting standards

In February 2008, Canada's Accounting Standards Board confirmed January 1, 2011 as the changeover date to move financial reporting for Canadian publicly accountable enterprises to the IFRS.

These interim financial statements of the Company were prepared in accordance with IFRS. As these financial statements represent the Company’s initial presentation of its results and financial position under IFRS, they were prepared in accordance with IAS 34, Interim Financial Reporting and by IFRS 1, First-time Adoption of IFRS.

The Company's financial statements were previously prepared in accordance with old canadian GAAP. Old canadian GAAP differs in some areas from IFRS. In preparing these interim financial statements, management has amended certain accounting and valuation previously applied in the Canadian GAAP financial statements to comply with IFRS. The comparative figures for 2010 were restated to reflect these adjustments. Certain information and footnote disclosures which are considered material to the understanding of the Company’s interim financial statements and which are normally included in annual financial statements prepared in accordance with IFRS are provided in note 18 of the interim financial statements, along with reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on equity, earnings and comprehensive income.

These financial statements were prepared under the historical cost convention, except for certain financial instruments are carried at fair value.

The Company’s IFRS accounting policies presented in Note 4 of the interim financial statements dated March 31, 2011 have been applied in preparing the financial statements for the reporting period ended September 30, 2011 and the comparative information.

Upon transition, IFRS 1 dictate certain mandatory exceptions and certain optional exemptions from full retrospective application. The exceptions and exemptions adopted by the Company are set out below:

Mandatory exceptions

The estimates established by the Company in accordance with IFRS at the date of transition to IFRS are consistent with estimates made for the same date in accordance with Canadian GAAP, after adjustments to reflect any difference in accounting principles, if applicable.

Financial assets liabilities that were derecognised before January 1, 2010 as per the previous GAAP, have not been accounted for under IFRS. The Company has applied the IFRS amendment in advance at the date of application of the exception, January 1, 2010.

Optional exemption

The Company has chosen not to apply IFRS 2, Share-based Payment, retrospectively to options granted on or before November 7, 2002 or granted after November 7, 2002 and vested before the date of transition to IFRS.

Transition to IFRS

Changes observed for the transition to IFRS are mainly the following:

a) Presentation differences at the Statement of Financial Position

The accounting item *Listed shares for trading,* has been grouped with *Investments* for presentation purposes.

The accounting items *Mineral properties* and *deferred exploration expenses* have been grouped for presentation under *Exploration and evaluation assets*.

b) Presentation differences in the Statements of earnings and comprehensive loss

Salaries and employee benefits expense for IFRS was adjusted as follows:

	Period ended September 30, 2010 (3 months)	Period ended September 30, 2010 (9 months)
	$	$
Balance before the transition date	19,292	57,553
Grouping		
Stock-based-compensation	49,980	137,200
Professional fees paid to an officer	10,540	31,060
Share-based payments adjustment	5,071	47,687
Balance as per IFRS	84,883	273,500

The accounting items *Write-off of mineral properties* and *Write-off of deferred exploration expenses* are have been grouped for presentation under *Write-off of exploration and evaluation assets.*

Travelling and promotion and *Publicity and promotion* have been grouped for presentation under *Publicity, travel and promotion.*

c) Share-based payments

Under pre-change accounting standards, for grants of share-based payments with graded vesting, the total fair value of the awards is recognized on a straight-line basis over the employment period necessary to vest the awards. Moreover, forfeitures of awards are recognized as they occur.

Under IFRS 2, each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis. Also, an estimate of the number of share-based payments expected to be forfeited is required, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate. As a result, the Company adjusted its expense for share-based payments to reflect these accounting method differences, resulting in an increase of contributed surplus as follows:

	Cumulative adjustments calculated		
	As at December 31, 2010	As at September 30, 2010	As at January 1, 2010
	$	$	$
	50,759	65,768	18,081

And affect the Statement of earnings and Comprehensive as follows:

	Period ended September 30, 2010	
	3 months	9 months
	$	$
Increase (decrease)	5,071	47,687

d) Statement of cash flows

Under pre-change accounting standards, interest paid and received were presented through the notes. Under IFRS, interests are allocated to investing and financing activities where they can be identified with transactions within those categories. There are no other material adjustments to the statement of cash flows. The components of cash and cash equivalents under pre-change accounting standards are similar to those presented under IFRS.

e) Impairment losses recognized at the date of transition

The Company applied IAS 36, Impairment of assets, in determining whether any impairment losses arose at the date of transition to IFRS. No impairment losses (or reversals) were identified.

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 un 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 generally accepted Canadian accounting principles. 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, President (Signed) René Lacroix CA, Chief Financial Officer

Montreal, November 25, 2011