DIOS EXPLORATION INC.
INTERIM MANAGEMENT REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2012

This Management Discussion and Analysis dated November 26, 2012 provides an analysis of operations and financial position of Dios Exploration Inc. (the "Company" or "Dios") for the nine-month period ended September 30, 2012. This discussion and analysis of the financial position and operation results should be read in conjunction with the Company's interim financial statements dated September 30, 2012 and the audited financial statements for the year ended December 31, 2011 and December 31, 2010. These audited financial statements have been prepared in accordance with *International Financial reporting Standards* ("IFRS") as issued by the *Accounting Standards Board*.

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

During the Upper Quaternary last glacial era (18,000-5,000 years BC), glaciers occupied an area up to 44,400,000 square kilometres, including the Laurentian Inlandsis (13,400,000 sq. kilometres) that then covered the province of Québec and part of Ontario. This geological event magnitude considerably shaped the Quebec geomorphology through the erosion of its rock basement resulting from glacial dome displacement and subsequent sedimentary deposition associated with this process.

Dios' systematic diamond exploration based on detailed till sampling led to the discovery of several gold occurrences and gold glacial dispersal trains on its wholly-owned diamond projects in the Opinaca and Otish areas, James Bay, QC. Dios diversifies looking for gold while actively pursuing its diamond exploration strategy. Dios' gold properties are hosted within the La Grande geological sub-province (low metamorphism) at the southern contact of the Opinaca highly metamorphic geological sub-province. Dios has several thousand mining claims in high potential areas. Dios' strategy is to generate projects from scientific conceptual design to field discovery and develop them either alone or through farming out agreements, with the benefit of shareholders in mind, trying to evaluate from the start feasible economics in relation with access and facilities.

Dios' shares are traded on the TSX Venture Exchange under the symbol **DOS** and 39,095,961 shares were issued as of September 30, 2012. Additional information may be available through the www.sedar.com web site, under the Company's section "Sedar filing" or at www.Diosexplo.com.

Dios' team works with a systematic approach, always looking for new developments in mineral exploration. **Discovery of new glacial dispersal trains indicating strong potential of poorly explored regions remains one of Dios' strength, focusing on glacial sediment sampling and exploration.**

Dios applies exploration techniques outlining geochemical or mineralogical anomalies associated to subglacial sediments, permitting delineation of dispersal trains related to glacier movements (advances and regressions), especially in regions more proximal to glacial centres, with simpler and shorter displacements.

Dios thus first uses a regional reconnaissance approach by collecting glacial (fluvio-glacial) sediment samples (20-40 kg) following a several kilometre mesh. During this stage, sampling mainly targets regional eskers (river channels at the glacier sole) or remobilized beach sands. Samples are sent to the laboratory for screening and different fraction separation. Heavier fractions are isolated and their different minerals studied under a binocular. In precious and base metal exploration, finer fractions are also assayed for different metals. For diamond exploration, possible kimberlite indicator minerals are picked and microprobed.

If there is a positive identification for right minerals or metals, follow-up sampling with a tighter mesh is carried out up-ice of detected anomalies. This new sampling work will collect glacial material with shorter transport (i.e. till (in particular basal till), a non sorted glacial sediment). In this follow-up work, glacial float prospecting and rock outcrop mapping will also be undertaken up-ice of the anomalies.

Dios research method uncovered well-structured gold-in-till glacial dispersal trains on wholly-owned Le Caron, Shadow, 14 Karats and 33 Carats South properties and AU33 West (optioned to Osisko Mining Corporation ("Osisko")). Drilling a magnetic anomaly led to the discovery of a new alkaline complex on Shipshaw, near Chicoutimi, and of nearby Falardeau alkaline complex anomaly

SUMMARY OF ACTIVITIES DURING THE QUARTER

- Exploration expenses totalling $679,052 mainly on 33 Carats South and 14 Karats properties. See "**Summary of exploration activities**".
- 14 Karats project and 33 Carats South property (*porphyry gold type deposit potential*) :
    - Recent re-assaying of sampled for diamond till allowed the discovery of significant gold-in-till values along the structured glacial dispersal train which stops in the volcanic foldnose hosted tonalite on 33 Carats South.
    - Gold *in situ* discovery on 33 Carats South property: Exploration this summer provided the definition of a gold interest zone of a few sq. kilometers of auriferous homogeneous grey granite (tonalite) with some sixty disseminated copper sulfide bearing samples.
- AU 33 WEST property (*pophyry gold type deposit potential*) :

  Osisko's team realized at least two exploration campaigns on AU 33 WEST from June 4th to June 29th and from July 10th to July 28th with a field team of 6 people on road and by helicopter. A new soil survey was completed and Osisko completed detailed sampling (364 samples) of outcrops in the centre of the property where mineralized occurrences were discovered in 2011. New gold showings were discovered this summer.

- Shadow property:
    - Processing of kimberlite indicator minerals for promising diamond targets.
    - Soil survey on prospective 2 by 4 km gold sector up-ice of a dispersal train reaching 3,510 ppb gold in till, poorly outcropping, near a power line.
- Shipshaw property: Drilling of 1,576 m completed during the quarter.
- Launch of Dios' blog in August 2012. http://blog.diosexplo.com/

RESULTS OF OPERATION

Summary of exploration activities

During the third quarter, the Company incurred $679,052 in exploration expenses mainly on the 33 Carats and 14 Karats mining properties. Exploration fieldwork conducted in June, July and September on the AU33 WEST property was funded by Osisko.

Exploration Expenses Analysis

Description	33 Carats	14 Karats	Shadow	Shipshaw	Others	Total
	$	$	$	$	$	$
Geology	82 950	57 205	48 335	14 745	10 890	214 125
Tills sampling and analysis	90 024	4 390	12 342	-	19 931	126 687
Transport and lodging	162 121	95 385	28 676	-	7 425	293 607
Office and other	15 495	-	-	74	2 768	18 337
Drilling and assays	-	-	-	26 296	-	26 296
	350 590	156 980	89 353	41 115	41 014	679 052

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

Dios' gold projects were outlined following discovery of several gold-in-till glacial dispersal trains through systematic diamond exploration on its wholly-owned properties, thus defining gold targets in areas or within rock types previously poorly explored for gold. Positive gold exploration results to date look promising.

Lower Eastmain River area, James bay, Quebec

AU33 WEST PROPERTY

New gold showings were discovered during summer 2012 on the AU33 WEST PROPERTY, James Bay, Quebec, optioned to Osisko and located near the EM-1 hydropower plant and facilities. These preliminary results from the summer outcrop and soil sampling program revealed at least five new gold showings in a felsic (tonalite-granodiorite) intrusive complex. Best new results are shown in table below. Mechanical trenching was ongoing this fall for detailed rock sampling, further results to be released when available.

New showings discovered from outcrop grab samples on AU33 WEST PROPERTY.

Sample	Gold (g/t) ppm Au	DESCRIPTION
D512925	**17.3**	Granodiorite, fine grained, beige, rusty, 2% pyrite, 4 cm qz vein
D513054	**12.65**	Granodiorite, fine grained, beige, rusty, 3% pyrite, magnetite
D512254	**11.85**	Tonalite, fine grained, strongly oxidized, quartz network, disseminated pyrite mainly in quartz veinlets
D512901	**4.72**	Granodiorite, medium grained, beige, magnetic, rusty spots
D086612	**1.775**	Granodiorite with pegmatite, aplite and felsic dikes, quartz-hematite veinlets with traces pyrite

A summer prospecting program was undertaken by Osisko in 2012 on AU33 WEST, targeting a large felsic (tonalite-granodiorite) igneous complex with potential for low-grade disseminated bulk tonnage gold deposits. The new showings are located within a two by three kilometre area, roughly in the same area as the previously reported 2011 gold showings. Outcropping auriferous mineralization comprises 1-2% pyrite as disseminations and fracture fillings, associated with potassic alteration. The gold-bearing outcrops were found up-ice of a glacial dispersal train using historical data and Dios database for auriferous till and boulders.

A soil geochemical program was also undertaken in 2012 further up-ice of the gold-in-till glacial dispersal train, in an area of poor outcrop. Ground mechanical stripping and detailed rock sampling of at least eight trenches was undertaken in this area over gold-in-soil anomalies. Helicopter borne mechanical or ground stripping also took place this Fall on showing extents and/or 2011 gold-in-soil anomalies.

In fall 2011, a field campaign revealed outcropping gold showings in a felsic (tonalite-granodiorite) intrusive complex, with 34 of the mineralized outcrops concentrated over a 18 sq. kilometre area. All showings yielded values above 100 ppb gold (0.1 g/t Au), and seven yielded between 1.58 g/t and 23.6 g/t Au.

Gold values are associated with silver grades and generally copper as well, in addition to bismuth and molybdenite, suggesting a porphyry-type deposit. The individual outcrops remain open laterally and at depth, and future work will focus on detailed prospecting, stripping, channelling and drilling to better define the nature and extent of the mineralization. ***The style of mineralization (disseminated, not vein-hosted) and metal association suggest potential for a low-grade bulk tonnage porphyry gold deposit on the property.***

In July 2011. Dios and Osisko had discovered outcropping gold mineralized occurrences within tonalite rocks. Highlights included: 3.79 ; 2.71 ; 2.66 ; 2.04 ; 1.765 ; 1.575 ; 0.804 ; 0.673 ; 0.539 ; 0.535 g/t Au.

Osisko was granted the option to earn a 51 percent participating interest in AU33 WEST for $5,000,000 in expenditures and cash payments of $700,000 during a five year period. Osisko was granted a second option to earn up to a further 9 percent participating interest for $9,000,000 of expenditures during a period of five years and a third option to earn an additional 10 percent participating interest by funding a feasibility study.

SHADOW-LE CARON property

This property hosts a high grade gold showing discovered by Dios and kimberlite indicator mineral dispersal trains as well as gold-in-till trains, some tens of kilometres south of the Eleonore worldclass gold deposit.

Shadow gold project *(potential for intrusion-related gold mineralization)*

In June 2012, Dios commissioned an independent soil (humus) geochemical survey, completed by IOS Services Geoscientiques over a 4 x1.5 km grid on Shadow South gold project, in the emerging Opinaca-Eastmain gold camp, about 350 km northeast of Matagami, and 10 kilometres north of the Eastmain-1 hydropower facilities, James Bay, QC. This grid encompasses a volcanosedimentary rock sequence wrapped around a 5 x 2 km felsic intrusive, 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). The soil sampling program totals 1,472 humus samples (including 184 quality control material) analyzed by ICP-MS (induced coupled plasma) following sodium pyrophosphate extraction at Activation Laboratory, Ancaster, ON. Some fifty rock samples were also taken during this program. The target was the margin of the felsic intrusive and adjacent sedimentary rocks, underlined by a magnetic anomaly and crosscut by late structures. The geological environment suggests a signature for intrusion-related gold mineralization (Eleonore type ?).

Upper Eastmain River area, James bay, Quebec

33 CARATS project

Gold porphyry discovery by Dios on wholly-owned **33 CARATS** project, Upper Eastmain River area, James bay, Quebec, is made *in situ*. Exploration of this sector of **33 CARATS SOUTH** provided the definition during the period of **A GOLD INTEREST ZONE OF A FEW SQ. KILOMETERS OF HOMOGENEOUS GRAYISH GRANITE** (**tonalite**) with some sixty disseminated copper sulfide bearing samples. ***There is a clear gold-silver-copper-bismuth association typical of gold porphyry deposits.***

See map:

Dios33CaratsAulitho

2012 results greater than 0,45 grams gold per tonne

Au g/t	Ag g/t	Cu %	Bismuth g/t
7,76	17,8	1,495	14
7,33	14,5	0,625	74
6,11	3,7	0,349	7
4,93	2,5	0,171	9
3,09	20	1,975	25
3,04	5,6	0,236	25
2,21		0,02	14
2,06	7,3	0,255	7
1,965	1,6	0,166	
1,84	4,1	0,57	10
1,695	40,4	2,07	23
1,53	2,3	0,482	2
1,5	15,7	1,70	25
1,325	2	0,08	6
1,25	6,8	0,477	8
1,04	24,4	0,983	10
0,937		0,177	12
0,78	2,9	0,26	43
0,692	1,1	0,351	
0,652	11,2	0,841	5
0,561	2	0,091	5
0,488	2,3	0,1435	19
0,475	11,3	0,651	10
0,469	1,8	0,224	2
0,467	6,5	0,491	25
0,463	0,8	0,048	

Au: gold, Ag: silver, Cu: copper, g/t: gram per tonne

Metric size angular boulders grade up to 7,76 g/t Au, 15,7 g/t Ag, 2 % Cu et 74 g/t Bi. Outcrops grade up to 4.93 g/t Au, 6,8 g/t Ag, 0.477% Cu et 14 g/t Bi.

In July-August 2012, Dios completed a spectrometry and prospecting-mapping follow-up (325 rock samples including with sixty disseminated copper sulfides) targeting the tonalitic phase of Erasme Lake intrusive. Dios also just completed a soil sampling (1,200 humus samples) in the same area to define drill targets.

Many tonalitic glacial boulders returning between 1.0 and 3.2 g/t Au discovered last Fall by Dios are located up ice of a gold-in-till train (252-2,090 ppb Au). ***There is a clear gold-silver-copper-bismuth association typical of gold porphyry deposits.*** A new series of reassayed tills from diamond exploration returned anomalous values of 301, 352, 384, 424, 504, 1320, 2385, 2500 ppb Au in the heavy minerals concentrates strengthening the well structured gold glacial train. **The Otish Mountains road going to the diamond Renard deposit passes on the prospective area of the soil grid.**

14 Karats Property *(intrusion related gold mineralization – Éléonore type)*

The 14 Karats property covers a poorly explored 40 kilometre long extent further away northeast of the Archean Upper Eastmain volcano-sedimentary belt located at the contact between Lagrande (? equivalent) low metamorphic and Opinaca high metamorphic geological subprovinces. Dios' fieldwork program in 2012 was to investigate prioritary and proprietary gold-in-till anomalies (up to 2,330 ppb Au in heavy mineral concentrates) and related magnetic features at the Lagrande-Opinaca contact, looking for intrusion related gold mineralizations (Éléonore-Hemlo types). Two hundred and eleven (211) rock samples et 69 tills were taken in the magnetic structure areas in association with arsenic-in-lake bottom sediment anomalies, results pending.

Shipshaw Property

A total of 1,756 m of diamond drilling was completed in five holes mainly on the Falardeau alkaline complex anomaly. Intense carbonated alteration and hematization was intercepted by drilling over near one hundred meters, an indication of an alkaline system, the main source of which remains to be explored. During the period, the core was detailed logged, split and sent for assay. Drill intersections to date are sub-economic for niobium and rare earths.

On Falardeau anomaly, importance of carbonated alteration is high. Holes M2.5 et M2.3 are interesting. There are similarities in carbonated alterations with those noted at Niobec. The Falardeau anomaly possibly corresponds to a dike complex of altered carbonatites, altered carbonated syenites and ultramafic altered carbonated lamprophyric dikes. The significance of this alteration suggests proximity to a more massive carbonatite zone?

The altered carbonated syenite and alteration type bear similarities with transition zones (between REE and niobium zones?). To date, there are sub-economic intercepts but on metric size lengths. Carbonated and/or red (hematization) alteration cuts through rock types and is considered significant. Values are heterogeneous in different lithologies. A carbonatite breccia in Falardeau returned 1 % REE over a few m in 2011. Best targets remain red carbonatite zones.

Summary of planned exploration programs for 2012

PROJECTS	PLANNED WORK	BUDGET ($)	FOLLOW-UP WORK
SHIPSHAW	Drilling	250,000	Drilling
AU33-WEST	Prospecting, mapping, tills, outcrop grab sampling and diamond saw channel	Osisko *(750,000)*	Prospecting and drilling
SHADOW	Prospecting, mapping, tills, and sampling	250,000	Prospecting and drilling
LECARON	Prospecting, mapping, tills, and sampling (?)	475,000	Outcrop grab sampling, diamond saw channel and drilling
33 CARATS	Prospecting, tills, outcrop grab sampling (?)	275,000	Geophysics (I.P.) and drilling
14 KARATS	Prospecting, mapping, outcrop grab sampling and diamond saw channel	300,000	Geophysics, sampling and drilling
CARBON14	Prospecting and tills (?)	65,000	Prospecting and tills
GENEX	Compilation, prospecting and tills	85,000	
TOTAL 2012		**1,700,000**	

Given the difficulty of raising funds in 2012, the Company will reduce the 2012 exploration budget.

SUMMARY OF FINANCIAL ACTIVITIES

Net loss for this quarter is $122,938 (net loss of $127,763 for the quarter ended September 30, 2011) whereas administration fees for this quarter totalled $86,976 ($142,499 for the quarter ended September 30, 2011).

Net loss for this nine-month period is $409,899 (net loss of $363,745 for the nine-month period ended September 30, 2011) whereas administration fees for this nine-month period totalled $329,913 ($401,010 for the nine-month period ended September 30, 2011).

Analysis of Administrative Expenses

Description	**Quarter ended September 30**	
	2012	2011
	$	$
Salaries and employee benefit expenses	**60,416**	112,206
Professional fees	**10,000**	4,543
Office	**8,091**	7,078
Registration fees and shareholders' information	**4,045**	8,667
Insurances, taxes and permits	**2,040**	2,115
Publicity and public relations	**1,629**	7,700
Banking fees and interests	**755**	190
	86,976	142,499

During the three-month period ended September 30, 2012, one notes mainly:

- Decrease of stock-based compensation expenses in 2012;
- Higher audit fees in 2012;
- Decrease in promotional costs: Dios attended various exploration investment conferences in 2011;

Description	Nine-month period ended September 30	
	2012	2011
	$	$
Salaries and employee benefits expense	**219,588**	253,016
Professional fees	**42,300**	46,875
Office	**25,825**	22,040
Registration fees and shareholders information	**22,743**	35,787
Publicity and public relations	**9,817**	34,934
Insurances, taxes and permits	**8,422**	7,904
Banking fees and interests	**1,218**	454
	329,913	401,010

During the nine-month period ended September 30, 2012, one notes mainly

- No cash remuneration for directors in 2012;
- Additional professional fees incurred in 2011 for the transition to IFRS;
- Decrease in promotional costs: Dios attended various exploration investment conferences in 2011;
- Decrease in 2012 base fee paid to TSX Ventures Exchange and in the 2012 AGM cost.

Analysis of Other Revenues and Expenses

Finance Income

Interest income for the quarter decreased to $6,148 ($19,694 for the nine-month period ended September 30, 2012) from $11,095 for the same period last year ($36,063 for the nine-month period ended September 30, 2011) due to less cash being invested and lower interest rates paid by banks.

Other

- Gain on sale of Pontax-Lithium property of $112,513;
- Negative change in fair value of listed shares of $42,110 for the quarter ended September 30, 2012 ($168,693 for the nine-month period ended September 30, 2012);
- Following the IFRS accounting rules related to Flow-Through-Shares, the Company recorded deferred taxes of $43,500 for the nine-month period ended September 30, 2012.

SUMMARY OF QUARTERLY RESULTS

	2012				**2011**					**2010**
($ 000 except loss/share)	**Q3**	**Q2**	**Q1**		**Q4**	**Q3**	**Q2**	**Q1**		**Q4**
Income and others	6	6	7		46	14	7	16		(12)
Net earnings (net loss)	(123)	(133)	(153)		(2 346)	(127)	(122)	(113)		777
Net earnings (net loss) per share (basic and diluted)	(0.003)	(0.003)	(0.004)		(0.061)	(0.003)	(0.003)	(0.003)		0.023

Variations in quarterly loss can be explained by the following:

2012-Q3	Decrease of stock-based compensation expenses.
2012-Q2	Refundable credit on mining duties for losses of $98,290 and payment on option of $75,000 received during the quarter with respect to AU33 WEST property.
2012-Q1	Gain on sale of Pontax-Lithium property for $112,513 and negative change in fair value of listed shares for $116,985.
2011-Q4	Exploration and evaluation asset write-off of $2,272,722.
2011-Q3	Increase of stock-based compensation.
2011-Q2	Grant of 950,000 options in April 2011.
2011-Q1	Increased executive salaries during first quarter.
2010-Q4	Future income tax liability write-off related to mining rights of $842,534

CASH FLOW SITUATION

Working capital decreased by $470,983 during the third quarter going from $1,879,047 as at June 30, 2012 to $1,408,064 as at September 30, 2012. The decrease is mainly due to exploration costs and administrative expenses incurred during the period.

Cash and investments, excluding listed Shares (free cash flow) amounted to $816,266 as at September 30, 2012 compared to $945,206 as at June 30, 2012.

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

The Company considers cash on hand sufficient for known obligations. As at September 30, 2012, the Company did not have any debt or any financial commitments for the upcoming quarters.

SHARE CAPITAL, OPTIONS AND WARRANTS

As at September 30, 2012 :

- 39,095,961 Common Shares were issued.
- 3,930,000 options were granted and a total of 3,195,000 can be exercised at prices ranging between $0.15 to $0.38 between 2012 and 2017. Each option can be exchanged by its holder thereof for one Common Share of the Company.
- 428,550 warrants were issued, entitling their holders thereof to subscribe for the same amount of flow-through Common Shares of the Company at a price of $0.63 until September 6, 2013.

Share capital

Variations in share capital as at November 26, 2012 are as follows:

Description	Number of shares	Amount $
As at December 31, 2011	39,095,961	17,724,148
As at September 30, 2012 and November 26, 2012	**39,095,961**	**17,724,148**

Options

Variations in outstanding options as at November 26, 2012 are the following:

	Number	Weighted average exercise price ($)
As at December 31, 2011	3,985,000	0.38
Issued	995,000	0.235
Forfeited	(30,000)	0,30
Expired	(1,020,000)	0.67
As at September 30, 2012 and November 26, 2012	**3,930,000**	**0.27**

On February 28, 2012, the Company granted 995,000 options exercisable at $0.235 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 at November 26, 2012:

Expiry date	Number of options	Exercisable	Exercise price ($)
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	920,000	782,000	0.30
February 28, 2017	995,000	398,000	0.235
	3,930,000	3,195,000	0.27

The weighted fair value of these options ($0.16 per option issued) during the year ($0.21 per option issued in 2011) was estimated using the Black-Scholes stock option pricing model with the following weighted average assumptions:

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

	2012	2011	2
Expected dividend	0%	0%	
Expected volatility	98%	98%	
Risk free interest rate	1.1%	2.0%	1
Estimated weighted average duration	5 years	5 years	5
Average exercise price at date of grant	$0.235	$0.30	
Average share price at date of grant	$0.235	$0.30	

The underlying expected volatility was determined by reference to historical data of Company's shares over a period of time since its listing on the TSX Venture Exchange. No special features inherent to the options granted were incorporated into measurement of fair value.

In total, $169,011 of employee remuneration expense (all of which related to equity-settled share-based payment transactions) were included in profit or loss for the nine-month period ended September 30, 2012 ($134,025 for the nine-month period ended September 30, 2011) and credited to Contributed surplus.

Warrants

Variation in outstanding warrants as at November 26, 2012 is the following:

	Number	**Weighted average exercise price**
As at December 31, 2011	428,550	0.63
As at September 30, 2012 and November 26, 2012	**428,550**	**0.63**

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

ACCOUNTING POLICIES

These interim financial statements of the Company were prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB) under International Accounting Standard (IAS) 34 - Interim Financial Reporting. These interim financial statements were prepared using the same basis of presentation, accounting policies and methods of computations outlined in Note 4, SIGNIFICANT ACCOUNTING POLICIES as described in our financial statements for the year ended December 31, 2011. The interim financial statements do not include all of the notes required in annual financial statements.

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 impairment of exploration and evaluation assets and stock-based compensation. Actual results may differ from those estimates.

(a) Impairment of property and equipment and 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.

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 entity has the right to explore in the specific area has expired during the period 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.

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. Identifying the cash-generating units requires considerable management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next period. No impairment loss of the exploration and evaluation assets was recognized during the period.

(b) Share-based payments

The estimation of share-based payment costs requires the selection of an 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.

Off-balance sheet arrangements

During the period, 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 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 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, President *(Signed)* René Lacroix CPA, CA Chief Financial Officer

Montreal, November 26, 2012