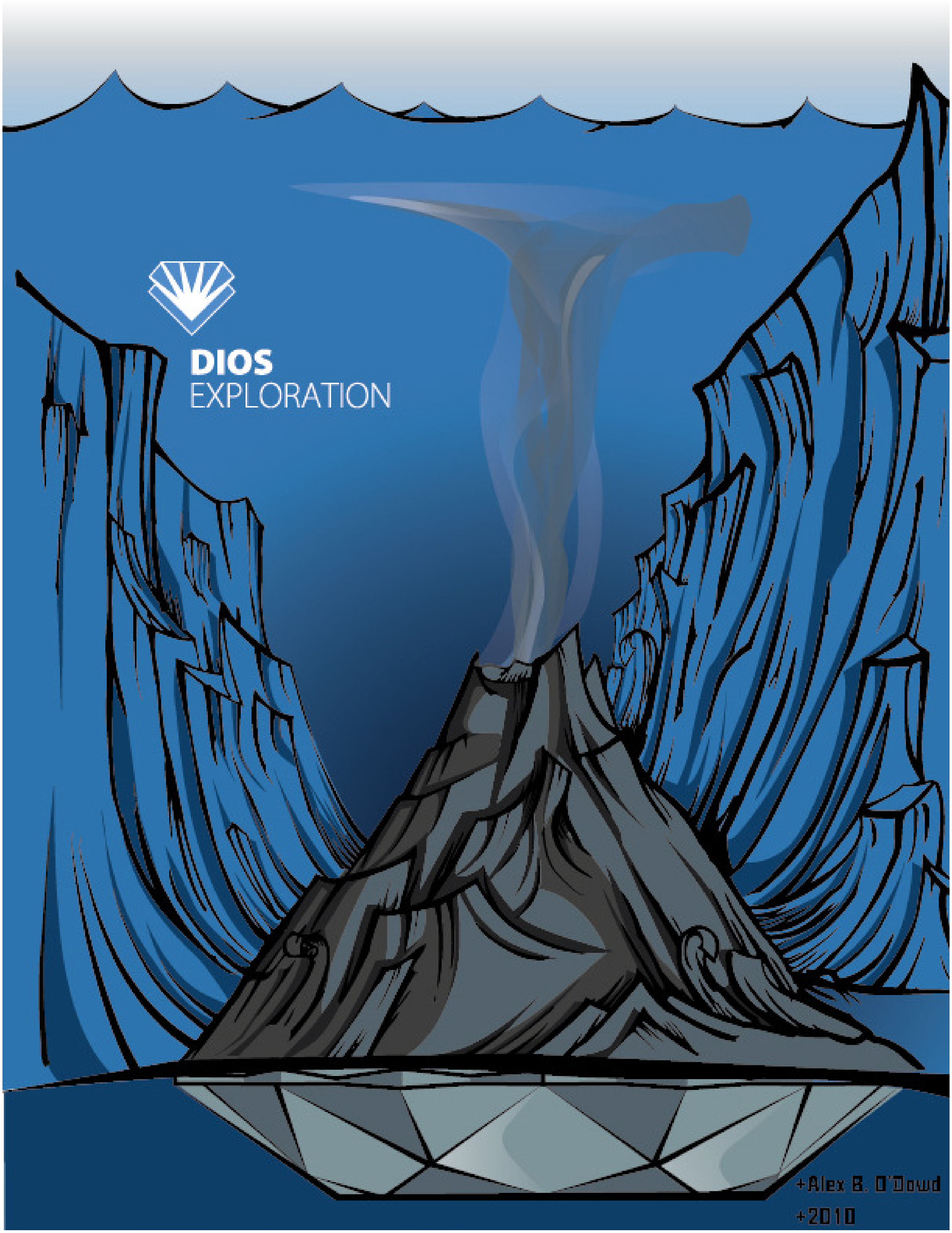
DIOS
EXPLORATION
+Alex B. O'Dowd
+2010

DIOS EXPLORATION

DIOS EXPLORATION INC.
ANNUAL MANAGEMENT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010

COMPANY PROFILE AND MISSION

Dios Exploration Inc. (the "Company" or "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 central Québec, James Bay area and the Otish Mountains, Canada. Dios pursues its diamond exploration strategy, but also diversified looking for uranium, gold and in demand exotic minerals such as lithium and niobium. Dios' systematic strategy can lead to the discovery of other commodities, 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 34,633,839 shares were issued as of December 31, 2010. 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 March 31, 2011 and provides an analysis of our financial results for the year ended December 31, 2010. This discussion and analysis of the financial position and results of operation should be read in conjunction with the audited financial statements for the year ended December 31, 2010 and the audited financial statements for the year ended December 31, 2009.

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 YEAR AND SUBSEQUENT EVENTS

- Exploration expenses totalling $1,883,572 and mining right acquisition and renewal totalling $434,220. See the item "**Summary of exploration activities**" below.
- Shipshaw property:
  - Beginning of a drilling campaign during fall 2010 on the carbonatite discovered by Dios earlier on;
  - Option agreement to purchase a balance of 25% the Company did not have;
  - Dios granted Iamgold Corporation an exclusive option to enter into an Option and Joint Venture Agreement to earn sixty percent (60%) of the property,
- AU33 property:
  - Discovery a new gold showing (the "Conductor" showing) up to 37 g/t gold on grab sampling and up to 8.1 g/t gold over one meter from diamond saw channelling;
  - Discovery of gold bearing tonalite proximal boulders near the gold dispersal train; and
  - Option agreement to purchase the Lac Caron property located near the U33 property.
- 33 Carats property:
  - Drilling planned in 2011 to test geophysical targets found from 2010 summer prospecting work;
  - Delineation of a gold tonalite target following till sampling results.
- Private placement of $1.2 million by Iamgold Corporation in February 2011.

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.

Discovery of new glacial dispersal trains indicating strong mineral 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. 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.

Following a review of the mineral properties, the Company decided during the second quarter to write down 50% of the Chibouki property ($47,345 for the property and $428,085 for deferred exploration expenses) and 100% of the Lac Chabran property ($13,685 for the property and $14,304 for deferred exploration expenses) and Ugo property ($15,985 for the property and $7,968 for deferred exploration expenses).

During the year, the Company incurred $1,883,572 in exploration expenses compared to $1,118,388 in 2009. In the 2010 financial statements, a tax credit amounting to $808,893 and write-off of $450,357 has been applied against the deferred exploration expenses ($515,548 and $325,552 respectively in 2009).

Exploration expenses analysis

Description	AU33	Shipshaw	33 Carats	Hotish	Others	Total
	$	$	$	$	$	$
Geology	252 035	61 192	74 914	20 523	15 787	424 451
Drilling and analysis	5 245	412 484	-	-	-	417 729
Sampling and analysis	157 055	-	2 940	74 151	(15 173)	218 973
Transportation, logistic and lodging	332 951	3 024	140 055	6 544	7 921	490 495
Geophysic	242 167	32 230	8 048	3 885	10 564	296 894
Office and others	20 100	5 257	4 175	5 425	73	35 030
	1 009 553	514 187	230 132	110 528	19 172	1 883 572

Acquisitions, disposals, write-off and claims renewal analysis

Properties	Acquisitions $	Claims renewal $	Options $	Write-off	Total $
AU33	180,717	-	17,000	-	197,717
33 arats	66 557	9,876	-	-	73,433
Shipshaw	9,280	-	121,250	-	130,530
Others	13,244	19,296	-	(77,015)	(44,475)
	266,798	**29,172**	**138,250**	**(77,015)**	**357,205**

These amounts represent either stake acquisitions costs or claims renewal costs or options acquisition payment in cash or in common shares of the Company. The Company always favoured the acquisition of mining properties by staking.

Following very encouraging research results obtained, Dios staked during the first semester a new wholly owned diamond-gold exploration project named AU33, covering more than 735 square kilometres, located in the north-east of the Pontax (diamond and lithium) property and a few tens of kilometers from the deposit of several million ounces of gold from Eleonore, probable future gold mine in the James Bay.

Following research results obtained, Dios has largely increased, since the beginning of the year, its land holdings in the vicinities of the Renard diamond project of Stornoway Diamond Corporation.

On November 25, 2009, the Company signed an agreement with Diagold Exploration Inc. which granted the Company the right to acquire up to 75% interest in the Shipshaw property. The Company may acquire 60% interest in the property by investing $30,000 in exploration before December 31, 2010 and increasing it to 75% by carrying $300,000 in exploration work over a period of three years . These conditions were met during the year.

On October 21, 2010, the Company signed an agreement that would allow the Company to acquire the remaining 25% interest in the Shipshaw property. The agreement consist of an initial payment of $50,000 at the time of signing of the agreement (paid), the issuance of 250,000 common shares of the Company (deemed value per share of $0.285) the fifth business day following regulatory approval (issued) and 250,000 common shares of the Company on the date which is 24 months following regulatory approval (issued in 2011). These claims are subject to a 1% royalty on production, half of which is redeemable for $500,000.

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

Shipshaw property (Niobium, Tantalum & REE), Saguenay, Qc

Dios discovered in 2010 the *Shipshaw Carbonatite Complex* (the "Complex), near Chicoutimi, Quebec, with niobium, tantalum and rare earth potential as well as strontium, barytine and carbonate potential. The discovery was made by drill testing a magnetic anomaly targeting a carbonatite intrusive for strategic metals (niobium, tantalum) and rare earths, located seven kilometres away from the 30 years old operating Niobec niobium mine and ferro-niobium milling facilities owned by IAMGOLD Corporation ("IAMGOLD"). Niobium is used in the making of specific alloys used in the aerospace industry, for instance. The Dios Shipshaw property itself is road accessible and located near various facilities. Dios has now acquired 100 % of the project (277 mining cells totalling about 145 square kilometres).

Dios entered into a letter of offer from IAMGOLD to participate in a private placement of $1.2 million in Common Shares of Dios, at a price of $0.35 per share. IAMGOLD is consequently granted an exclusive option (the "Option") to enter into an Option and Joint Venture Agreement (the "Option Agreement") to earn sixty percent (60%) of Dios 's interest in the Shipshaw Project, Saguenay area, Quebec, within two years of the private placement in Dios, which Option may not be exercised until the earliest of the time taken by Dios to spend 80% of the Subscription Amount on the Shipshaw Carbonatite program (under Dios' management), or of a period of one year after IAMGOLD has subscribed to the initial private placement.

No less than 80% of the private placement would be committed to Dios ' Shipshaw Carbonatite program, and any surrounding claims; Dios grants IAMGOLD a pre-emptive right to subscribe to any future financing of Dios to maintain its percentage interest (around 9.9 %) in the total issued and outstanding Common Shares of Dios; Dios grants IAMGOLD the right to subscribe to another private placement of Dios, in the event of options and/or warrants; and Dios grants IAMGOLD the Option to enter into the Option Agreement to earn sixty percent (60%) of Dios 's interest in the Shipshaw Project, within two years of this private placement.

To be able to earn 60% of the Interest and of all mining claims acquired by Dios in the Niobec Niobium Mine area, IAMGOLD would have to spend, over a three year period after the Option Agreement would have been executed, work expenditures in an amount equivalent to 200% of past expenditures incurred by Dios on the property, including, all exploration expenses incurred through IAMGOLD private placement and all acquisition costs incurred by Dios; and, during the Option Period, IAMGOLD would have to purchase for $250,000 of common shares of Dios**:** a minimum of $30,000 upon Execution of the Option Agreement, $50,000 on or before the first anniversary, $70,000 on or before the second anniversary, and $100,000 on or before the third anniversary. From the Execution Date, IAMGOLD would be appointed operation manager. A transition period will be discussed and negotiated with management of Dios to ensure a smooth transition in any current exploration program and in the transfer of knowledge by DIOS professionals. Upon the Option being exercised, a joint venture will be established with 60% interest for IAMGOLD and 40%

interest for Dios, including all necessary provisions commonly used in the mining industry for joint venture agreements.

A carbonatite outcrop was discovered last fall on the property, showing different episodes of carbonatite intrusives. Advanced interpretation of last spring detailed helicopter borne geophysical survey (550 km-lines at a line-spacing of 75 meters and altitude of 60 meters) completed by Dios helped locate the sheeted horizons to be drilled within the Carbonatite Complex. The exploration drilling was undertaken by a Shipshaw diamond drilling firm and technical support is being provided by a local Saguenay Consultant Firm, under the supervision of DIOS' geologists. Ten drill holes totalling 2,610 meters were completed by the end of December, 2010. A total of twenty-two holes for 5 300 meters is planned for the first phase program in order to better assess the niobium (and rare earths) potential of the carbonatite complex. Systematic drilling of the magnetic intrusive rim surrounding the rare-earth enriched carbonatite core (initial discovery) is underway. The 2011 summer-fall program should included :-additional magnetic airborne survey on Dios claims located in the NE rims of the carbonatite complex as well as on the NW anomaly (both in 22D/11 NTS sheet); -systematic diamond-drilling (20-30 holes for 4,000 m) of other magnetic rims targets defined by the geophysics; - additional mapping-prospecting along rivers and various geophysical targets.

The Complex is related to the Saguenay Rift Zone and a fault zone related to the Shipshaw River, discovered through testing an ancient topographic parallel bedrock low. The rift zones are favourable locations for development of deep-rooted alkaline (magmatic) volcanoes such as kimberlites (diamond), ultramafic lamprophyres, and carbonatites (niobium, tantalum, rare earths) that used the same structures to ascend to surface. To date, Dios works confirm the discovery of a Twin-system to the Niobec one, with a signature showing numerous similarities. Dios exploration work is about at the same stage it was at Niobec, a few months after its discovery of the rare-earth zone. The applied geological model is the one associated with the sheeted dykes, i.e. various alternating complex layers. Historical data showed that Niobec discovery was initially made from its (rare-earth carbonatite) core system, and later with the following drilling outlining the outer surrounding economic niobium rim-zones.

On the map http://diosexplo.com/images/g.jpg, the rather circular low magnetic signature in blue corresponds to Complex.

AU33 property (gold-diamond), Eastmain 1 Area, Lower Eastmain river region, Qc

Back in 2009, Dios initiated a grass root reconnaissance airborne glacial sand sampling program of 88 samples for kimberlite indicator and heavy minerals, following which some 1,447 claims for 762 square kilometres were staked as map-designated cells in 2010. In late spring 2010, 167 more till samples were taken and significant results again obtained confirming the occurrence of a major gold glacial dispersal train, indicating a different source than the Gold Conductor showing later discovered last summer. Forty-four additional tills were also collected late last fall. But other areas also returned very significant values such as 6 and 10 grams per ton gold in glacial till (heavy minerals concentrates) that remain to be explained.

One of Dios main targets was a major NW-oriented structure highly prospective for diamond as well as the Fallara gold showing (9,9 g/t Au; 7,7 g/t Au and 2,5% As (MRNFQ 2000); all associated with disseminated pyrite within silicified intermediate volcanics located within 13 km from the Clearwater gold deposit (1,09 Mt @ 9,46 g/t Au). The gold showing is located within 12 km from the contact between the LaGrande-Opinaca Sub-provinces. Golcorp Eleonore gold deposit is also located 50 km northwest further along this favourable contact (3,15 M ounces of gold in measured and indicated resources with an average grade of 11,92 g/t Au; and 6,25 M ounces of gold in inferred resources with an average grade of 12,93 g/t Au).

Diamond exploration

The Caron Lake target area consists of two favourable kimberlite indicator mineral trains that include G11 garnet, kosmochlor diopside and fosterites olivines. The indicators are centered within a 7 x 7 kilometers area stopping just down-ice of a regional northwest striking diabase dyke (a large deep intra-continental structure belonging to the Mistassini diabase cluster and similar to the large structures associated with the Renard diamond deposit). Numerous north-northwest, northwest and north-south topograghic lineaments are visible in the area.

Dios carried out follow-up work on the results of its detailed airborne geophysical survey (8,300 km-lines, 100 m tight line-spacing) on its diamond-gold AU33 project. The survey shows abundance of favourable NNW, N-S and NNE magnetic lineaments, and some oriented E-W in its eastern part. Several regional diabase-gabbro dykes are also well outlined by geophysics. Independent data processing outlined 114 geophysical targets for diamondiferous kimberlite. So far, surface prospecting for outcrops and/or glacial floats was carried on 87 of these targets and magnetic granite outcrops explained twenty-four (24) of the prospected anomalies. So 63 remain as potential drill targets.

Gold exploration

Field check of geophysical targets in the vicinities of a major regional structure led to the discovery of the Conductor gold showing on AU33 eastern block, located about 1 km south of the Fallara gold showing.Let us recall that outcrop grab sampling of the Conductor showing had returned:

- ¤ 37.3 g/t gold , 16.8 g/t silver;
- ¤ 24.0 g/t gold, 29.6 g/t silver;
- ¤ 16.0 g/t gold, 3.9 g/t silver, 0.18% zinc;
- ¤ 14.2 g/t gold, 54.0 g/t silver, 1.75% lead, 1.06% zinc;
- ¤ 6.0 g/t gold, 3.9 g/t silver;
- ¤ 5.0 g/t gold, 4.5 g/t silver;
- ¤ 4.5 g/t gold, 1.4 g/t silver;
- ¤ 4.2 g/t gold, 53.6 g/t silver, 0.82% lead, 0.75% zinc;
- ¤ 2.9 g/t gold, 15.8 g/t silver, 0.56% lead, 0.11% zinc.

Diamond saw channel sampling of *Dios* ' Gold Conductor showing returned from east to west:

- ¤ 9.64 g/t gold / 0.7 m (grams per ton over meter length) (eastern track)
- ¤ 4.9 g/t gold, 14 g/t silver, 0.28% lead, 0.15% zinc / 1 m
- ¤ 8.1 g/t gold, 22.6 g/t silver, 0.31% lead, 0.32% zinc / 1 m & 2.1 g/t gold / 1.5 m totalling 2.1 g/t gold / 4.5 m;
- ¤ 3.44 g/t gold / 1 m totalling 1.3 g/t gold / 2.5 m (western track);

See result map at: http://diosexplo.com/pdfs/carteU33.pdf

To date, the exposed outcrop hosting the Conductor gold showing is twenty meters long and remains open laterally, consisting of a 4-5 meters wide corridor with two series of centimetric quartz veins containing traces to 2% pyrite-arsenopyrite-(chalcopyrite-galena) in chloritized-carbonatized-silicified metavolcanics (basalts) that may contain 1-2% disseminated sulfides (pyrite-pyrrhotite-arsenopyrite-galena-sphalerite). It is east-west striking with a 65 degrees dip towards the north. An airborne EM (electromagnetic) conductor is located within a low topography (at the contact between dacitic and basaltic volcanics) within 250 meters west/southwest of the Conductor showing. Down-ice till results showed anomalous gold contents in the heavy minerals concentrates: 0,666 g/t Au; 0,925 g/t Au and 1,035 g/t Au.

Last fall, work was also carried out over the vicinities of the Conductor gold showing in the eastern block of the AU33 project. A 40 km-lines gridline was cut and surveyed by induced polarization. Six first-priority kilometric conductors were outlined by the survey, including one coincidental with the Conductor gold showing. In 2011, trenching and stripping along the I.P. conductor extending from the gold showing is planned. Geological mapping and prospecting of the gridline was also done and 210 rock samples were analyzed at Val D'Or ALS-Chemex laboratory. Last fall 44 samples till sampling defined a 1-2 km by 6-7 km gold glacial dispersal train (composed of 12 samples) down-ice of the **Conductor** and **Fallara (up to 9.9 g/t Au)** gold showings. Heavy mineral concentrates from this dispersal train yielded 4 samples (25%) over 0.6 g/t Au (0.666, 0.925, 1.035, 1.160 g/t Au). Other significant clusters of anomalous gold from heavy mineral concentrates in till were also observed near Le Caron Lake (1.305 & 6.63 g/t Au) and Tiki Lake (0.983 & 3.510 g/t Au) within the AU33 property. Additional mapping-prospecting should be carried out up-ice of anomalous gold in tills, as well as in the southern part of the volcanic complex.

Pursuant to an Option and Purchase Agreement dated the first day of October, 2010 between 2229667 ONTARIO INC., the "Optionor", and Dios, the Optionor granted Dios the right to earn a 100 % undivided interest in 35 mining claims situated near the U33 project. The Optionor shall be entitled to a royalty equal to a 2% royalty from production payable from the 35 claims. Dios may at any time purchase 50% of the Royalty Interest from the Optionor for $1,000,000 thereby leaving the Optionor with a 1% Royalty Interest. In the event of a discovery of a diamond mine, the Optionor shall be entitled to receive a Diamond Royalty of $1 per ton of ore processed. Dios may at any time purchase 50% of the Diamond Royalty Interest from the Optionor for $1,000,000 leaving the Optionor with a $0.50 per ton Diamond Royalty Interest.

<u>The western block of the AU33 project</u> hosts a well-structured 3 to 5 kilometers by 15 kilometers gold glacial dispersal train from which heavy minerals concentrates from 47 till samples averaged 0.48 grams per ton gold. The till gold train yielded:

- 16 samples (34%) over 0.5 g/t gold;
- 11 samples (23%) over 0.75 g/t gold; and
- 7 samples (15%) over 1.0 g/t gold (1.085, 1.13, 1.255, 1.39, 1.60, 1.75, 2.09 g/t gold)

Last fall, field follow-up work on this major gold train confirmed the presence of porhyry-gold type mineralization in tonalite rocks within 5 km from the access road.

A small (2-3 days) reconnaissance gold prospecting program on this area mainly targeted volcanic rocks as the possible (and most logical) source of the gold train in tills. However, it outlined five tonalite glacial floats (40-100 cm in diameter) with 1 to 5% disseminated pyrite that respectively assayed 2.3 g/t Au, 6,6 g/t Ag; 2.3 g/t Au, 1,6 g/t Ag; Au, 0.84 g/t Au, 1,5 g/t Ag; 0.74 g/t Au and 2.2 g/t Au, the latter being a sub-in place boulder about 400-500 m north of the other floats. The association of gold and tonalite is significant as only the third of the samples were tonalite comparative to the volcanic ones. There is also an hematitized tonalite (injected by cm quartz veinlets with traces of pyrite) outcrop close by the 2.2 g/t Au, therefore suggesting possible proximal sources for gold from till samples. There are numerous other tonalite outcrops to prospect in the same area. The auriferous tonalite floats are of different sizes, but generally of metric size and sub-angular. However, multiple sources are considered in reason of the presence of 9 gold anomalous till samples (0.4 to 2.09 g/t Au) located 3 to 10 km up-ice of the auriferous tonalite floats. Last fall. 44 additional till samples were collected (including 16 along the main gold train). All the area is dominated by tonalite rock outcrops. The tonalite is generally medium to coarse-grained and contains 15-25% mm quartz phenocrysts and 5% mm k-feldspar phenocrysts. Dios magnetic data show a well-developped set of NNW-NS lineaments that cross-cuts the tonalite in this target-area.

33 Carats diamond (-gold) property, Upper Eastmain River area, Qc

Diamond exploration

Following very encouraging research results obtained by Dios, the company largely increased its land holdings in the vicinities of Stornoway-SOQUEM RENARD diamond project, Otish region, Quebec. Dios applied for about 350 additional claims (cdc) covering 180 square kilometres after extensive kimberlite targeting compilation work this winter and over the last few years. Three main claim blocks were acquired, three being located 10 to 20 km away from the Renard-Lynx cluster. The 33 CARATS diamond project currently comprises 877 claims (457 sq. kilometres) and Dios delineated 96 priority kimberlite targets for further testing. Its 33Carats 2010 geological program consisted in the surface mapping-prospecting of all 96 selected geophysical targets for diamondiferous kimberlite outlined by independent geophysicist Camille St-Hilaire. Targeting was based on magnetic/electromagnetic data analysis, target location related to a known kimberlite indicator mineral train, quality of the chemistry of associated indicators, the presence of favourable structures and its proximity to the Renard-Lynx diamond-bearing kimberlite cluster.

On each target, the immediate vicinity (100-200m dia) of the center of the selected anomaly was prospected for outcrops, as well as its down-ice area (500-1500m) for possible glacial floats. Twelve (12) of the investigated anomalies were explained by magnetic granite outcrops and therefore eliminated as potential drill targets. A fifteen holes drilling program is planned in 2011 to test a selection of the best remaining targets.

The most recent (22th march, 2010) preliminary assessment of the Renard Diamond Project was updated to 42.6 MT @ 70 cpht (for 30 million carats) for a 25 years mine life. Its Pre-tax Net Present Value (NPV) is now estimated at C$885 million. The total capital cost of the Renard project is estimated at C$511 million. RENARD seems to be the most promising and advanced diamond development project in Quebec. Dios has the largest diamond potential and kimberlite target land position in the vicinities and still remains the most active grass root diamond explorer in Québec.

Gold exploration

The southern part of the 33 Carats property is also overlying part of the Eastmain greenstone belt, hosting the Eastmain gold mine. Glacial studies completed by Dios over the years delineated a gold dispersal train with values of 519, 582, 1165, 2 090 ppb gold in the heavy mineral concentrates from the till and pointing towards the volcanic belt wrapping around a tonalite complex on Dios ground. Additional mapping-prospecting is planned up-ice this gold train.

Pontax diamond property, Pontax River region, Qc

The Pontax project is a diamond-gold exploration project located in the Pontax River area, about 350 km northeast of Matagami, James Bay, Quebec. It is composed of 447 claims (225 sq. km) and is located about 30 km south of (truck) Relay km 381. In 2009, additionnal till sampling were carried out by Dios on the Southern KIMs train, and its limit was pushed further up-ice. Untested up-ice geophysical targets were later reviewed. In 2010, possible sources for the indicators are high mag 555-003, 004, 006, 034, 035, 036, 037, 038, and 039 anomalies that are all located in the vicinities (within 3km) from a regional NNW magnetic diabase dyke. In strike with Northern KIMs train, three low mag anomalies (CSH-43, 44, 45) remain untested and are priority drill targets.

Hotish uranium-silver-copper-gold property, Otish Mountains area, Upper Eastmain River region, Qc

Detailed structural interpretation and lineament studies were undertaken over the whole Hotish property located at the western shallow edge of the Otish Proterozoic sedimentary Basin, in Quebec, in order to locate other such structures as the Butte zone, as well as on the GODZILA showing.

In 2009, on the Butte zone, three biotitite boulders assayed respectively 0.461%; 0.679% and 0.937% U_3O_8 and drilling almost underneath at a vertical depth of 120 under the surface intersected up to 0.093% U3O8 over 3.5 m (incl. in 0.04 % U3O8 over 12.5 m or 0.036 over 13.5 m in the same glimmerite material) and 5.9 g/t Ag; 0.26% Pb; 0.19% Zn over 60.2 m and hole #6 returned 0.056% U_3O_8 over 5.1 m at a further vertical 120 m depth underneath that hole in the same section, then some 40 m away, hole #7 returned 0.083% U_3O_8 over 2.6 m and a value of 0.045% U_3O_8 over 2 m in another section, this last one is included within 0.031% U_3O_8 over 5m. Hole #10 returned 0.048% U_3O_8 over 4 m. The Butte showing clearly hosts a very specific and distinct uranium bearing occurrence almost never observed elsewhere in the world: it seems of Proterozoic age, structure related though with large mineral crystals and hosted within what seem to be Laguiche metasediments. The mineralization extends over a few meters wide and is now followed at depth down to 220 m and seems open at depth and along strike

The GODZILA showing returned interesting results: 0.66% U3O8 (uranium oxide) over 1 meter at SRC and values over one meter each such as 0.255%, 0.151%, 0.067%, 0.067%, 0.026% and 0.021%, U3O8, each sample measuring one meter wide perpendicular to the 16 meter exposed and manually trenched mineralized zone (assays by Delayed Neutron Counting at Actlabs). Leached alteration is very different from the Butte occurrence. Follow-up prospecting and trenching on the Gozila extensions are planned in 2011.

Processing and assaying for a detailed soil survey on Butte and B1 zones were also completed this winter. Let us recall that the B1 zone returned this fall 0.34% and 0.23% U_3O_8. In the Spring 2009, nine samples over 0.3% U3O8, up to 0.854% and that a discovery of Rare Earth and Zirconium was completed: 0.36% REE (rare earth elements, not oxide values), 0.1% Y (yttrium), 1.5% Zr (Zirconium). Also the same area returned 0.787% U_3O_8. In 2008-2009, on the Ring Dyke Target, a total of ten samples were taken including six grab-samples that were collected on amphibolitic floats containing 1-2% pyrite and traces-1% of chalcopyrite-malachite. Of these six amphibolitic samples, five returned assays between 0.06-0.13% U308; 0.10-1.9% Cu, and 2-182 g/t Ag. The concentration of these specific boulders suggests a very proximal source. Re-examination of lake sediments, soils, rocks analysis as well as of the geophysical data is underway to evaluate the Hotish property potential for IOCG (iron oxide copper-gold) mineralizations. In 2011, a field program is planned to investigate such IOCG targets.

Summary of planned exploration programs for 2011

PROJECTS	PLANNED WORK	BUDGET $	FOLLOWING WORKS
SHIPSHAW	Geophysics and drilling	1,075,000	Drilling
AU33 TONALITE	Prospecting, mapping, tills, outcrop grab sampling and diamond saw channel	500,000	Additional prospecting and drilling
AU33 NORTH	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**	

Summary of exploration work planned in 2010 and Results

PROJECTS	PLANNED WORK	BUDGET $	RESULTS $
HOTISH	Geological and geophysical compilation, structural interpretation and ground prospecting	300,000	110,528
SHIPSHAW	Geological compilation and prospecting	325,000	514,187
PONTAX	Geological compilation and drilling	325,000	3,734
AU33	Airborne geophysics, prospecting and mapping	352,000	1,009,553
33 CARATS	Geological compilation and till sampling	240,000	230,132
UPINOR	Geological compilation and geochemistry	67,000	1,786
OTHERS	Geological and geophysical compilation	97,000	13,652
TOTAL 2010		**1,706,000**	**1,883,572**

The differences are explained as follows

HOTISH	Work carried over in 2011.
SHIPSHAW	Drilling planned in 2011 begin in winter 2010.
PONTAX	Report of drilling work planned due to the discovery on the AU33 property.
AU33	Additional work (ground work, sampling, etc.) due to the discovery of gold showings.
UPINOR	Works carried over in 2011.

OPERATION RESULTS AND SELECTED ANNUAL INFORMATION

Net loss for the year is $150,257 ($701,461 for 2009) whereas administration expenses for the year totalled $516,913 ($341,098 for 2009).

	As at December 31, 2010 $	**As at December 31, 2009 $**	**As at December 31, 2008 $**
Other Income	57,524	87,520	200,823
Net loss	(150,257)	(701,461)	(1,145,368)
Administrative expenses	516,913	341,098	788,243
Net loss per share (basic and diluted)	(0.004)	(0.02)	(0.03)
Total assets	11,844,464	12,327,093	12,929,870

Other Income

2010 compared to 2009

- In 2010, Other income relates to realized interest on investments. Decrease in 2010 is due to use term deposits in order to provide sufficient funds for exploration activities and lower rates obtained on term deposits.

2009 compared to 2008

- In 2009, Other income relates to realized interest on investments. Decrease in 2009 is due to retraction of term deposits in order to provide sufficient funds for exploration activities and lower rates obtained on term deposits.

Net loss and administration expenses

2010 compared to 2009

- Administrative expenses decreased in 2010 going from $341,098 in 2009 to $516,913 in 2010 due to the following:
    - Increase of Stock based compensation: New options granted during the first quarter, therefore a number of options exercisable higher in 2010 compared to 2009.
    - The Company paid director salaries for twelve months in 2010 (six months in 2009). In the third quarter of 2009, a portion of wages to certain directors have been charged to exploration expense.
    - Increase in promotion expenses:
        - New investor relations contract dated February 10, 2010 (term completed during the second quarter);
        - Participation in the Vancouver Mining show in January 2010 and June 2010, PDAC in March 2010, the Salon du monde mineral 2010 (UQAC) in March 2010 and The New-York Mining World Investments in April 2010;
        - Investors meeting in June at the Richmond Club in Toronto;
        - Asian tour in July organized by Investissement Quebec; and
        - Financial contribution ($15,000) to a communication lobby for mineral exploration in Quebec.
    - Increase the tasks of an assistant to the President for the day to day management.
    - During the year, the Company has paid an amount of arrears to the CSST.
- During the year, future income tax liability related to mining rights have been written off.
- Non cash items included in the 2010 loss are the following:
    - Write-off of a mining property and its deferred exploration expenses: $527,372;
    - Future income tax : Credit of $842,534;
    - Unrealized loss on listed shares: $6,030; and
    - Stock based compensation expense: $187,180.

2009 compared to 2008

- Administrative expenses decreased in 2009 going from $788,243 in 2008 to $341,098 in 2009 due to the following:
    - Reduction of Stock based compensation: Decrease in the number of options exercisable in 2009.
    - Decrease in promotion expenses: Public relation and Communications contracts ended in November 2008 and January 2009.
    - The Company paid during the year director fees (nil in 2008).
    - Reduced legal fees (plan to protect the rights of shareholders in 2008) and audit fee.
    - Capitalization of certain office and insurance costs in 2009.
    - Decrease in press releases number issued and TSX's maintenance costs in 2009.
    - Rent in 2009 is allocated to deferred exploration expenses. The premises are now dedicated to Dios's geologists.
- Non cash items included in the 2009 loss of $701,461 are the following:
    - Write-off of a mining property and its deferred exploration expenses: $431,192;
    - Future income tax expenses: $33,274;
    - Unrealized gain on listed shares: $16,583; and
    - Stock based compensation expense: $126,820.

Total assets

2010 compared to 2009

- No financing by share issuance in 2010. Contributed surplus increased by $187,180 following the grant of stock options in March 2010.
- Increase in net exploration expenses ($624,322) following the retraction of term deposits. See "**Summary of exploration expenses**". Write-off of a mining property and related deferred exploration expenses totalling $527,372.
- During the year, future income tax liability related to mining rights of $842,534 have been written off.

2009 compared to 2008

- No share issuance in 2009. Contributed surplus increased by $126,820 following the grant of stock options in May 2009.
- Increase in net exploration expenses ($277,288) following the retraction of term deposits. See "**Summary of exploration expenses**". Therefore, following the decrease in exploration expenses, Tax credits receivable decreased by $1,468,463. Write-off of a mining property and related deferred exploration expenses totalling $431,192.
- Taxes receivable increased du to the high level of exploration activities in the final two quarters of 2008.

SUMMARY OF QUARTERLY RESULTS

	2010					2009			
($ 000 except loss/share)	**Q4**	**Q3**	**Q2**	**Q1**		**Q4**	**Q3**	**Q2**	**Q1**
Other Income and (expenses)	(12)	16	(494)	14		21	(406)	30	28
Net (loss) earnings	762	(79)	(650)	(183)		(21)	(497)	(93)	(90)
Net (loss) earnings per share (basic and diluted)	0.022	(0.002)	(0.019)	(0.005)		(0.001)	(0.014)	(0.002)	(0.003)

Variations in quarterly loss can be explained by the following:

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.
2009-Q3 Write-off of a mining property and related deferred exploration expenses for $431,192.
2009-Q2 New Director fees policy in force during the quarter. Grant of 980,000 options in May 2009.
2009-Q1 End of the Public relation and Communications contract in January. Decrease in the number of options exercisable in 2009 resulting in a reduction of the stock compensation charge.

FOURTH QUARTER

Highlights of the fourth quarter of 2010 are the following :

- Exploration expenses totalling $601,602 mainly on AU33 ($394,435) and Shipshaw ($195,338);
- The future income tax liability related to mining rights of $842,534 have been written off resulting of a Future income taxes income at the statement of earnings.
- Interest income of $14,088.
- On October 21, 2010, the Company signed an agreement that would allow the Company to acquire the remaining 25% interest in the Shipshaw property

CASH FLOW SITUATION

The working capital decreased by $555,652 as at December 31, 2010 going from $2,632,859 as at December 31, 2009 to $2,076,207 as at December 31, 2010. The decrease is mainly due to exploration activities during the year, the administrative expenses and the purchase of long term investments. There are no financing during the year. However, on the February 3 2011, the Company completed a private placement of $1,200,000. See "SUBSEQUENT EVENTS”.

The cash and term deposits (free cash flow) totalled $1,650,806 as at December 31, 2010 compared to $3,146,323 as at December 31, 2009.

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.

As at March 31, 2011, the Company considers the cash on hand sufficient for the known obligations. As at December 31, 2010, the Company did not have any debt or any financial commitments in the upcoming quarters.

FINANCING

There is no financing by share issuance in 2010

As at December 31, 2010 :

- 34,633,839 common shares were issued; and
- 4,710,000 options were granted (4,269,000 exercisable) and can be exercised in the future at prices between $ 0.15 to $ 0.75 between 2011 to 2014. Each option can be exchanged by the holder for one common share of the Company.

Variations in share capital as at March 31, 2011 are the following:

Description	**Number of shares**	**Amount $**
As at December 31, 2009	34,333,839	16,146,451
Acquisition of mineral properties	300,000	85,250
As at December 31, 2010	**34,633,839**	**16,231,701**
Private placement	3,428,572	1,200,000
Exercised options	140,000	21,000
Attributed value to exercised options	-	11,200
Acquisition of mineral properties	250,000	82,500
As at March 31, 2011	**38,452,411**	**17,546,401**

Options

Variations in outstanding options as at March 31, 2011 is the following :

Date	**Number of options**	**Average exercise price $**
As at December 31, 2009	3,730,000	0.41
Issued	980,000	0.34
As at December 31, 2010	**4,710,000**	**0.40**
Issued	(140,000)	0.15
Cancelled	(490,000)	0.43
As at March 31, 2011	**4,080,000**	**0.40**

On March 22, 2010, the Company granted a total of 980,000 stock options that may be exercised over a period of five years, at an exercise price of $0.34 and having a fair value of $0.26. These options have been granted to employers, directors and officers. The fair value of these options was estimated using the Black Scholes stock option evaluation model with the following assumptions: estimated average duration of 5 years for these options, risk free interest rate of 1.5%, forecast volatility of 101% and no forecast dividend.

Options granted and exercisable as March 31, 2011:

Expiry date	**Number of options**	**Exercisable**	**Exercice price ($)**
April 7, 2011	240,000	240,000	0.33
January 29, 2012	400,000	400,000	0.50
March 8, 2012	900,000	900,000	0.75

October 29, 2012	50,000	50,000	0.38
February 12, 2013	780,000	780,000	0.31
May 19, 2014	840,000	840,000	0.15
March 22, 2015	870,000	739 500	0.34
	4,080,000	3,949,500	0.40

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

	2010	2009
Expected dividend	0%	0%
Expected volatility	101%	91%
Risk free interest rate	1.50%	1.65%
Estimated weighted average duration	5 years	5 years

RELATED PARTY TRANSACTIONS

The Company is related to another company since they have certain directors in common.

As at December 31, 2010, there is a balance payable of $3,960 ($3,098 as at December 31, 2009) to this company. This balance bears a monthly interest of 0.5%.

Also, during the year, in the normal course of activities, a company with a common director invoiced the Company $47,470 ($39,005 in 2009) for professional fees.

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

SUBSEQUENT EVENT

Under the agreement signed on October 21, 2010, the Company issued on January 6, 2011, 250,000 common shares to Exploration Diagold Inc., which allows the Company to fulfill the last condition to obtain the remaining 25% interest in the Shipshaw property.

On February 3, 2011, through a private placement, the Company issued to IAMGOLD Corporation ("IAMGOLD") 3,428,572 common shares at a price of $0.35 per share for a total of $1,200,000 and IAMGOLD is also granted an exclusive option to earn 60% interest in the Shipshaw Property under certain conditions, within two years of this private placement. No less than 80% of the private placement will be committed to the Shipshaw property.

ACCOUNTING POLICIES

Accounting Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 Fiscal 2010, the Company did not set up any off-balance sheet arrangements.

International financial reporting standards

In February 2008, Canada's Accounting Standards Board ("AcSB") confirmed January 1, 2011 as the changeover date to move financial reporting for Canadian publicly accountable enterprises to the International Financial Reporting Standards ("IFRS"). The Company followed the key events timeline proposed by the AcSB to obtain training and thorough knowledge of IFRS, finalize assessment of accounting policies with reference to IFRS and plan convergence to be ready for the changeover planned for the first quarter 2011.

The action plan is as follow:

Step 1 – Planning, training and assessment

This step, which consists mainly of understanding and assessing the impact of producing financial information which corresponds with the IFRS, was completed at the end of September 2010.

The company started its planning at the end of 2008, which included the creation of a responsible committee comprising the CFO and an independent member of the verification committee, and proceeded with a detailed evaluation and the elaboration of a general implementation strategy. During the fall 2009 and 2010, the CFO participated in a training seminar prepared by Raymond Chabot Grant Thornton chartered accountants, focusing specifically on mining exploration companies. During that same period, he attended a training course on IFRS and mining companies prepared by the Ordre des Comptables Agréés du Québec.

Step 2 - Evaluation and elaboration of a conversion plan

a) Accounting policies

The detailed analysis of accounting policies affected by the changeover to IFRS has been completed on September 30, 2010. However, the final choice regarding the IFRS accounting policies has not yet been made (for example on tax credits and flow-through shares, see below). The company plans to finalize its choices in time for the preparation of the March 31, 2011 interim report. Moreover, many efforts will be made before then on the presentation of financial statements since IFRS ask for more disclosure of information. Based on a preliminary analysis, the following IFRS might have an impact on the financial statements of the company:

IFRS 1: Provides guidance on the general approach to be taken when first adopting IFRS. Under IFRS 1, there is now a requirement to disclose not only comparative information but also, the year of adoption, the opening balance sheet at the start of the comparative period. IFRS 1 also provides guidance concerning retrospective application and prescribes optional exemptions and exceptions. The Company has determined that its opening balance sheet of January 1, 2010 established in accordance with IFRS will be similar to the balance sheet as at December 31, 2009 established in accordance with the GAAP.

IFRS 2 Share-based payments: For grades-vesting features, this IFRS requires each instalment to be treated as a separate share option grant. However, pre-change accounting standards allow an entity the option of either using the graded vesting method or the straight-line method which recognizes equally over the average life of the grant. The Company is currently using the straight-line method for its grants. The use of the graded vesting model will not result in material impact over the complete vesting period. The use of the graded vesting model will result in the recognition of greater expenses in the first quarters of the vesting period and fewer expenses in the lasts quarters compared to the model currently in use by the Company. It's not expected to have a material impact for the Company.

IFRS 6 : As per this IFRS, the Company is required to develop an accounting policy to specifically identify which expenditures on exploration and evaluation activities will be recorded as assets. The company intends to keep its actual accounting policy which defers exploration expenses until the production phase. Expenses incurred beyond the exploration and evaluation phase will need to be considered in line with the capitalisation criteria for property, plant and equipment. As the Company's mineral properties are not in development phase, no significant impact is expected. There will be no changeover impact on the status of the financial situation or the statement of results. The company will choose to present its assets as intangible assets.

IAS 36 (International Accounting Standards) Impairment tests have been applied on the carrying value of projects on a quarterly basis, as required under Canadian GAAP. Although the methodology of testing impairment under IFRS is slightly different, no complications are expected on the transition to IFRS. IFRS requires reversal of impairment losses where there has been a change in estimates used to determine the recoverable amount. This standard concerns the method of depreciation of assets based on discounted cash flows.

Some issues specific to mining exploration companies, such as flow-through shares and mining exploration tax credits do not have their equivalents IFRS:

- There is currently no equivalent IFRS standard for flow-through shares. The Company has never issued flow-through shares and does not plan to do so by August 31, 2011. Therefore, no adjustment will be necessary for the changeover date. After that date, the Company will adopt accounting methods chosen by the industry.
- The Company intends to adopt IAS 20 concerning the accounting treatment of mining exploration tax credits and these will be recorded as a reduction of assets. No adjustment will be necessary for the changeover date.
- Regarding the Mining rights tax credit, the Company deducted this credit against assets. While IFRS does not provide a specific accounting treatment for this credit, the Company shall decide in the first quarter 2012 the appropriate IFRS treatment in accordance with industry.

b) Accounting, internal controls and information system

The accounting system and its internal controls, since it is still an exploration company, are simple and the Company believes to be able to adapt it under the IFRS. The main changes have been identified. For example, since the presentation of financial statements is modified significantly, a charter of account project has been created in accordance with IFRS. The IFRS convergence will not prevent the Company from pursuing its business plan or continue to certify the financial information.

c) Impact on commercial activities

As at the date of this management report, the changeover to IFRS has had no significant impact on the activities of the Company.

Step 3 – Implementation

This step comprises the implementation of all changes approved during the evaluation and elaboration of the changeover plan which will allow the preparation of the interim financial statements of March 31, 2011 (with the comparative figures of March 31, 2010) with the opening balance of January 1, 2010. The Company confirms that it will be able to establish the interim financial statements of 31 March 2011 in accordance with IFRS.

FINANCIAL INSTRUMENTS

Initially, all the financial assets and liabilities are evaluated and recognized at fair value, at the exception of the assets and liabilities arising from certain operations with related parties. The costs of transaction are recognized in earnings when they are incurred. Subsequently, financial assets and liabilities are measured and recognized as follows:

- Held-for-trading financial assets are measured at their fair value and changes in fair value are recognized in earnings. Changes in fair value that are recognized in earnings include interest, realized and unrealized gains or losses, and are presented under section Interest and others and Change in value of listed shares held for trading. Cash, short and long term investments and listed shares are classified as held-for-trading assets. They are classified under level 1 that is valuation based on active market price in determining fair value. Term deposits included in short and long term investments are designated as held for trading because the Company envisages repurchasing them, entirely or partly, before their maturing date.
- Loans and receivables are evaluated at amortized cost using the effective interest method, less any impairment. The calculated interest using the effective interest method are presented in the earning statement under Interest and others. The accounts receivable from a mining company are classified as loans and receivables.
- Other financial liabilities are evaluated at amortized cost using the effective interest method. The calculated interests using the effective interest method are presented in the earning statement under Interests and others. Accounts payable and accrued liabilities and account payable to a mining company are classified as other financial liabilities.

The Company recorded a fair value variation for financial instruments held for trading as follows:

	2010	2009
	$	$
Listed shares held for trading	(6,030)	16,583

Objectives and politics concerning financial risks management

The Company is exposed to different financial risks resulting from both its operations and investing activities. The management of the financial risks is done by the management of the Company. The Company does not conclude agreements for financial instruments including financial derivatives for speculation purpose.

Financial risks

The principal financial risks to which the Company is exposed as well as its politic concerning the management of the financial risks are detailed as follow:

Interest rate risk
Some investments and the account receivable from a mining company are at fixed rates and therefore expose the Company to risk of fair value variation due to interest rate variation. The Company does not use financial derivatives to decrease its exposure to interest risk.

Liquidity risk
The management objective is to maintain sufficient cash to ensure that the Company has at its disposal sufficient sources of financing such as private financing. The Company also establishes budget and liquidity forecasts to ensure that it has to its disposal sufficient funds to meet its financial obligations. Obtaining additional funds make it possible to the Company to continue its 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.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is subject to concentrations of credit risk through cash, investments and account receivable from a mining company. The Company reduces its credit risk by maintaining its cash and an important part of investments in financial instruments guaranteed by and held with a Canadian chartered bank. The Company aims at signing partnership agreements with established companies and follows closely their cash position to reduce its credit risk on accounts receivable.

Market risk related to listed shares
The listed shares held by the Company are exclusively shares from an issuer acting in the mineral exploration area. The Company is exposed to market risk in trading its shares and unfavorable market conditions could result in the disposal of its listed shares at lesser prices than their book value. As at December 31, 2010, the value of these listed shares is $21,105 with an original cost of $104,417. A 10% variation in the closing price on the stock market would result in an estimated variation of $2,110 of the loss at the end of 2010.

Fair value of listed shares

The fair value of the Listed shares is equivalent to the market value based on the current bid price.

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 additionnale 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, Chief Financial Officer

Montreal, March 31, 2011