

## K2 PROJECT

DIOS EXPLORATION new wholly-owned K2 gold property along Opinaca River, James Bay, Quebec, increases its strategic land position (68 claims for 35.9 sq. km) near Kali Lake. **K2 is centered on numerous Gold-Silver-Copper occurrences hosted in felsic volcanics and tuffs spatially associated with NW striking Kali fault and margins of a regional distinct 4 x 1 km magnetic high anomaly located along Kali (QP) Quartz-Diorite Porphyry contact. Mineralization is composed of disseminated and stringer sulphides (pyrite-chalcopyrite, and minor sphalerite-pyrrhotite) associated with a strong silica-chlorite-carbonate-(ankerite) stockwork alteration zone (bell-shaped rhyodacitic /dacitic dome?).** Mineralization is generally coincidental with +/- formational VLF-EM conductors. The Alteration Zone is centred on NW Kali fault and overlaps the southern margin of the magnetic high anomaly. It was traced over a 500 m width and a 2 km lateral extent within the felsic volcanic sequence.

**Dios August 2016 rock sampling returned 64 gold assays between 0.1 and 8.08 g/t Au, including 12 samples greater than 1.0 g/t Au (1.03, 1.35, 1.46, 1.65, 1.71, 1.74, 2.12, 2.28, 2.44, 2.52, 3.64 & 8.08 g/t Au). Gold is associated with significant silver values grading up to 123 g/t Ag (including 36 samples over 10.0 g/t Ag & 8 samples over 50.0 g/t Ag ) and copper values up to 6.42% (65 samples over 0.1% Cu and 18 samples over 1.0% Cu).**

The **Badji gold** occurrence from one day of prospection by Dios previously assayed up to: **5.39 g/t Au, 111 g/t Ag, 5.05 % Cu** & 93 ppm Bi.

Best assays were obtained in the felsic volcanic sequence (rhyodacite dome) over-lying the Kali Quartz-Diorite Porphyry. A chalcopyrite-rich stringer/stockwork zone extending over 75m and about 5-15m wide yielded up to 8.08 g/t Au, 96.7 g/t Ag, 2.43% Cu & 0.17% Zn. A total of 13 rock samples collected from the «**Attila Zone**» returned **average grades of 1.07 g/t Au, 38.8 g/t Ag, 1.25% Cu & 0.01% Bi.** Six samples of the **Attila zone** also assayed higher than 0.1% Zn (up to 0.976 % Zn). Approximately 100m north, a plurimetric sub-parallel horizon extending over 50m with narrow quartz-carbonate-pyrite veins returned five samples greater than 1.0 g/t Au (up to 3.64 g/t Au & 26.7 g/t Ag). Previous Westmin b-horizon soil survey outlined gold (9, 9, 9, 12, 15, 15, 21, 21, 114 ppb Au)-copper (>75ppmCu)--zinc (>70ppmZn) anomalies up to 300meters to the east of the Attila zone.

**Several VLF-EM16 conductors coincidental to disseminated sulphidic mineralisation in the rhyodacite dome are present SW to the Kali Fault.** These include two kilometric conductors that host SDBJ 2308-13 (northern) and SDBJ 2308-14 & 15 (southern). The northern VLF conductor is located at the southern margin of the 4 x 1km magnetic anomaly and its SW section remains unexplained for 500meters. An east-west VLF conductor is also coincidental with a copper (>75ppmCu) soil anomaly, but the soil (b-horizon) sampling grid was not extended over the southern conductor. At **SDBJ 2308-11** , 1-7% disseminated py-cpy in N070 foliated (and N320 fractured) acid volcanics returned 0.65 g/t Au (versus previous 1.49 g/t Au), 10.1-16.6 g/t Ag, 1.40-1.82% Cu & 4-

9 ppm Bi. **SDBJ 2308-09 to 16** sulphidic (1-5% pyrite, traces-3% chalcopryrite/malachite) mineralisation in the foliation of the felsic volcanics/ volcanoclastics assays from 0.58 to 1.72% Cu associated to 11-29.2 g/t Ag, 8-35 ppm Bi with weak anomalous gold (less than 0.2 g/t Au). **SDBJ 2308-15** occurrence assays up to 2.52 g/t Au, 116 g/t Ag, 0.58% Cu & 35 ppm Bi.

The **Kali Lake Cu-Ag-Au** showings consists in a mineralized zone **within (and at the margin of) the well silicified (and ankeritized) quartz porphyry along the NW Kali fault**. A well-developed structural set of N130-140, N115-120, 300-330 & N160-180 fractures and N50, N230-250 shears controls the mineralisation. Sulfides (traces-3% chalcopryrite /malachite stringers & 1-5% disseminated pyrite) are generally enclosed in centimetric quartz veins or structures; with 1-2% widely disseminated pyrite in the altered wall-rock. 2016 Dios sampling **yielded values between 0.02-0.20 g/t Au (with a kick up to 0.82 g/t Au), 11.9-14.5 g/t Ag and 0.53-1.87% Cu**. Some high-grade quartz-chalcopryrite veins returned bismuth values between 33-299 ppm Bi, suggesting a magmatic input. Previous work on the **Kali Lake** showing assayed up to 2.60 g/t Au, 72 g/t Ag & 8.28% Cu. The **Kali Lake** showing has a weak in-phase VLF signature.

At **SDBJ 2308-08**, a grab-sample assays **1.03 g/t Au** and another yielded 0.42 g/t Au, 5-6 g/t Ag & 0.8% Cu within sheared magnetic QP. Previous Barrick regional humus soil survey previously outlined a gold anomaly (43 & 12 ppb Au) coincidental with a two-line VLF-EM16 conductor just north of the later occurrence.

Elsewhere, the **Curry Cu-Ag showings** consisted of centimetric chlorite-filled fractures with 1-2% chalcopryrite-1-10% pyrite within a silicified-ankeritized sequence of felsic volcanics/tuffs injected by numerous cm-m basic dykes. Assays vary from **0.23% to 6.42% Cu, 14.4 to 112 g/t Ag, 4 to 56 ppm Bi and 0.042 to 0.165 g/t Au**. Main orientations of these fractures are N60-65, N80-90, N115-120 (and N-S). The mineralized chloritic structures generally don't display any rust/ oxidation stain. The Curry Cu-Ag showings are located along the margin of the 4x1km magnetic anomaly.

The new **Shiva gold showing** is located along a one-kilometers E-W trending VLF conductor. Foliated (N260-265/80) felsic volcanics injected by basic dykes contain 2-4% (locally up to 10-15% in cm horizons) disseminated pyrite with traces chalcopryrite and/or sphalerite. Assays included **2.12, 1.35, 0.73 g/t Au; 14.9 & 28 g/t Ag; with minor copper (0.23% & 0.36%Cu), 9-34 ppm Bi and zinc (up to 1.4% Zn) credits**. In the same area, another E-W oriented VLF kilometric conductor is coincidental with SDBJ 2308-23 & 24 (13.8-19.7 g/t Ag, 0.61-1.08% Cu and Badji copper-silver-gold showings (GM 45720). The conductor is also coincidental with copper (>100ppmCu) soil anomalies. They are located along N280-290 trending foliated/sheared dacite with 5-10% disseminated chalcopryrite-pyrite (& stringers). The **Badji gold** occurrence previously assayed up to: **5.39 g/t Au, 111 g/t Ag, 5.05 % Cu** & 93 ppm Bi. SDBJ 2308-17 & 2308-21 Cu-Ag (5.02 & 1.75% Cu; 19 g/t Ag) occurrences as well as the **Samosa gold** showing (**3.39 g/t Au**) are located along a N070 shear in the QP. The new **Rama** gold showing is located on the western shore of the Kali Lake. Silicified, ankeritized and pyritized (1%)

wall-rocks (quartz-porphyry) along a N065-oriented centimetric basic dyke yielded **2.44 g/t Au** & 1.2 g/t Ag.

Dios 2014 and 2016 exploration work outlined a 10 km-long x 1.5-3km thick felsic sequence injected by the syn-volcanic Kali Quartz-Diorite porphyry, favourable for gold-silver-copper (Bousquet/ Rainy River-type) mineralized system. Several types of gold-bearing mineralization were observed: disseminated and stringer sulphide (pyrite-chalcopyrite) zones hosted in felsic volcanics sub-parallel to the stratigraphy, shear zones, cross-cutting fractures and narrow (cm-dm) quartz-carbonate-sulphides veins. A fractured rhyodacitic/dacitic dome with lateral breccia/ volcaniclastics is associated with most sulphidic mineralization. Other such domes may be present laterally or at depth in the volcanic sequence. Topping this felsic sequence, the sericitic-silica-aluminosilicate altered (20m-wide shear) Opinaca Fault is about 0.2 to 1.0km above (south of) the rhyodacitic dome.

Due to positive results obtained so far, Dios recently extended the K2 property further west. The new claims also cover a N265° striking shear coincidental with 2-3 channels input (& vtem) electromagnetic anomalies over a 2km-strike (nad83 300000-302100e/5796000n).

Targeting gold-silver-copper disseminated & stockwork sulfides, future exploration (outcrop mapping/rock & soil sampling) work should focus on the margins of the magnetic high anomaly associated with the contact between the syn-volcanic Kali Quartz Porphyry and felsic volcanic-tuff sequence. The Kali Lake & Attila showings still remain untested by channel sampling and drilling. Ground geophysical (Magnetic, 2 km (10x 200m-spaced lines) x 1km Induced Polarization) survey and line-cutting should also be considered on the Attila zone and its lateral extensions (i.e. along the rhyodacitic dome).

Dios geologists successfully extended historical showings and additionally discovered new gold-silver-copper occurrences (**Shiva & Rama**). A total of 268 outcrop samples were collected and analyzed at Val D'or ALS-Globals laboratory for gold (AU-AA23) and others elements (ME-ICP41). Dios inserted 28 blanks for quality control.