



DIOS
EXPLORATION

**DIOS EXPLORATION INC.
Management's Discussion and Analysis
Quarterly highlights
For the three-month period ended
March 31, 2018**

The following quarterly highlights management discussion and analysis of the financial condition and results of operations of Dios Exploration Inc. (the "Company" or "Dios") constitutes management's review of the factors that affected the Company's financial operating performance for the three-month period ended March 31, 2018 ("2018-Q1").

This discussion and analysis should be read in conjunction with:

- The unaudited interim financial statements for 2018-Q1;
- The 2017 Annual Management report; and
- The Company's audited financial statements for the year ended December 31, 2017 and December 31, 2016.

These documents and additional information may be available through www.sedar.com web site, under the Company's section "Sedar filing" or at www.diosexplo.com. Dios' shares are traded on TSX Venture Exchange under DOS symbol and 57,680,538 shares were issued and outstanding

Nature of activities

Dios is involved in mineral exploration in the province of Quebec. Dios focuses on gold exploration in James Bay Eeyou Istchee along a major geological structure through proprietary glacial sediment sampling defining gold dispersal trains. The large AU33 gold property is the flagship of Dios with successful drilling of HEBERTO GOLD discovery and most recent successful first ever drilling of CLN area during the quarter.

Investing activities

In 2018-Q1, Dios paid \$26,429 for mining rights (claim renewal and acquisitions) compared to \$1,485 for the same period last year.

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During the three-month period ended March 31, 2018, the Company incurred \$427,690 in exploration expenses compared to \$265,204 for the same period in 2017.

Exploration Expense Analysis

Description	AU33	K2	Total
	\$	\$	\$
Geology	83,307	9,122	92,429
Transportation, Lodging	61,232	-	61,232
Drilling and assays	270,682	-	270,682
Office and other	3,347	-	3,347
	418,568	9,122	427,690

AU33

Some 2 326 metres of NQ diameter diamond drilling was completed for gold for some ten holes completed with success and two lost in the Chain Lake Break.

Dios reported a drilling gold discovery in CLN area of large wholly-owned 113 square kilometer AU33 property. First ever diamond drilling in CLN area hit **3.26 grams per tonne gold over 6 m true width** in a wider interval of some **2 g/t gold over 11 m** at a vertical depth of 85 m.

This pyritized gold zone of 3.26 g/t gold over 6 meters (1.974 g/t gold over 11 m) is hosted in the footwall of a silicified shear. Another very anomalous gold intercept returned 0.6 /t gold over 4 m (0,313 /t gold over 9 m) upper in the hole, also in the footwall. Re-checks are ongoing. This structure, well outlined over at least one km by magnetics, shows a lot of potential either in the footwall or in the structure itself. That hole is very anomalous in gold further down the hole with values such as 0.515 g/t gold/ 1 m (143-144 m) and 0.803 g/t gold/ 1 m (147-148 m).

Surface samples taken along a 100 meter strike of the altered foliated structure had returned eight samples (out of nine) with assays superior to 0.5 g/t gold, including 12.55; 6.64; 4.66; 4.45; 2.01; 1.98 g/t gold in 2017 and up to 12.65, 5.15, 2.56, 2.23 and 0.53 g/t gold upper in the CLN cliff in 2011-2012.

Detailed prospecting and sampling is planned to further define that gold zone and understand the strikes and structural relations for further targeting. Further diamond drilling is planned along strike and at depth. Adjoining Chain Lake break returned very strongly anomalous gold-in-soil anomalies in that area (B-horizon) along a 1.75 km strike also giving higher potential to the whole area.

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Further assays and checks were undertaken. Logged core was sampled in one meter long samples all the time, pursuant to industry standards, under the supervision of Harold Desbiens, M.Sc. Geo, 43-101 QP, and assayed by AA-23 or AA-24 method at ALS Laboratories, Canada. **DIOS'** AU33 gold property is road accessible 55 km south of Eleonore world-class gold mine and 15 km west of Clearwater gold deposit, James Bay Eeyou Istchee, Quebec.

Overall performance

Net loss for the quarter is \$4,642 (net loss of \$47,179 for the first quarter 2017) whereas expenses for the quarter totalled \$57,371 (\$49,102 for the first quarter 2017).

- Increase of stock-based compensation expenses. See the table below.
- Increase in promotion: Participation in the PDAC convention (Prospectors & Developers Association of Canada) during the 2018-Q1.
- Analysis of the non-monetary operations that does not require an exit or an inflow of cash (positive: income and negative: expenditure):

	Quarter ended March 31, 2018 \$	Quarter ended March 31, 2017 \$
Stock-based payments	(14,700)	(4,718)
Deferred income taxes recovered	52,040	-

Financial position

- Working capital decreased by \$275,533 as at March 31, 2018 going from \$298,185 as at December 31, 2017 to \$22,652 as at March 31, 2018. The decrease is mainly due to exploration costs, mining right payments and administrative expenses incurred during the period.
- Cash was amounted to \$281,896 as at March 31, 2018 compared to \$376,296 as at December 31, 2017. 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 successes in acquiring sufficient financing, there is no guarantee of obtaining any future financing.
- The product of unspent funding related to flow-through financing totals \$70,003 as at March 31, 2018 to spend before December 31, 2019.

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Exploration Budget for fiscal 2018: Planned exploration work to be conducted by Dios in 2018 is disclosed in the 2017 Annual Management report. Following the gold discovery on the CLN structure area on AU33 property, Dios has decided to increase its drilling budget on this property.

Related party transactions

Key management personnel of the Company are members of the Board of Directors, as well as the president, the chief financial officer and the vice-president, exploration. Key management personnel remuneration includes salaries, consulting fees and share-based payments. For 2018-Q1, the compensation is \$89,633 (\$73,549 for the same period last year). An amount of \$65,793 (\$57,932 for the same period last year) was capitalized in Exploration and Evaluation assets.

During the three-month period ended March 31, 2018, a company in which a director is an owner, charged geological fees amounting to \$16,742 recorded in Exploration and evaluation assets.

Forward-looking information

See forward-looking information in the 2017 Annual Management report.

Montreal, Quebec
May 16, 2018