



DIOS
EXPLORATION

**DIOS EXPLORATION INC.
Management's Discussion and Analysis
Quarterly highlights
For the three and six-month periods ended
June 30, 2018**

The following quarterly highlights management discussion and analysis of the financial condition and results of the operation 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 and six-month periods ended June 30, 2018.

This discussion and analysis should be read in conjunction with:

- The unaudited interim financial statements as at June 30, 2018;
- 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. The Company's shares are listed on the TSX Venture Exchange, under the symbol "DOS". As at June 30, 2018, there are 62,302,760 Common Shares of Dios 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 semester some 4 km NNE of HEBERTO GOLD.

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Financing activities

On February 2, 2018, the Company completed a non-brokered private placement. An amount of \$70,003 was subscribed consisting of 777,811 flow-through shares at a price of \$0.09 per share. An amount of \$54,447 was allocated to share capital and \$15,556 was attributed to other liabilities in the statement of financial position.

On June 26, 27 and 28, 2018, the Company completed a non-brokered private placement with four Quebec venture Capital Funds for gross proceeds of \$416,000 by issuing a total 4,622,222 units at \$0.09 per unit. Each unit comprises one common share of the Company and one warrant. Each warrant entitles its holder thereof to subscribe one common share of the Company at \$0.11 during a 24-month period. An amount of \$81,334 related to warrants was recorded as an increase of contributed surplus while an amount of \$334,666 was recorded to share capital. Issue costs were \$ 14,940.

Investing activities

Quarter ended June 30, 2018

During this period, Dios paid \$20,229 for mining rights (claim renewal and acquisitions).

During the three-month period ended June 30, 2018, the Company incurred \$74,438 in exploration expenses compared to \$126,399 for the same period in 2017.

Exploration Expense Analysis

| Description | AU33 | K2 | Clarkie | Total |
|-------------------------|-------------|-----------|----------------|--------------|
| | \$ | \$ | \$ | \$ |
| Geology | 30,836 | 7,603 | 5,934 | 44,373 |
| Transportation, Lodging | 624 | - | - | 624 |
| Drilling and assays | 28,240 | - | - | 28,240 |
| Office and other | 1,201 | - | - | 1,201 |
| | 60,901 | 7,603 | 5,934 | 74,438 |

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Six-month period ended June 30, 2018

During this period, Dios paid \$46,658 for mining rights (claim renewal and acquisitions).

During the six-month period ended June 30, 2018, the Company incurred \$502,128 in exploration expenses compared to \$391,604 for the same period in 2017.

Exploration Expense Analysis

| Description | AU33 | K2 | Clarkie | Total |
|-------------------------|-------------|-----------|----------------|--------------|
| | \$ | \$ | \$ | \$ |
| Geology | 114,143 | 16,725 | 5,934 | 136,802 |
| Transportation, Lodging | 61,856 | - | - | 61,856 |
| Drilling and assays | 298,922 | - | - | 298,922 |
| Office and other | 4,548 | - | - | 4,548 |
| | 479,469 | 16,725 | 5,934 | 502,128 |

AU33: 3.26 grams gold / tonne over 6 m true width in wider interval of **2 g/t gold over 11 m**

Some 2 326 metres of NQ diameter diamond drilling was completed for gold: eleven 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 during the semester. First ever diamond drilling some 4 kilometers NNE of HEBERTO GOLD targeted the CLN area hitting **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).

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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.

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.

SUMMER WORK

Dios will use the proceeds of the placement completed at the end of the quarter to pursue exploration work this summer on flagship **AU33 gold project (recent drilling discovery of 6 meter true width returning 3.26 grams gold per tonne: 2 g/t Au over 11 m)**, as well as on promising Clarkie Gold project along Eleonore gold mine – Cheechoo corridor and on K2 gold-silver-copper, James Bay Eeyou Istchee, Quebec and also for working capital purposes.

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Overall performance

Net loss for the quarter ended June 2018 is \$53,734 (net loss of \$38,633 for the second quarter 2017) whereas expenses for the quarter totalled \$51,970 (\$39,887 for the second quarter 2017).

During the three-month period ended June 30, 2018, one notes mainly:

- increase of Share-based payments expenses. See below;
- Increase in Professional fees due to the timing of audit fees invoiced.
- Analysis of the non-monetary operations that does not require an exit or an inflow of cash (positive: income and negative: expenditure):

| | Quarter ended June 30, 2018 | Quarter ended June 30, 2017 |
|----------------------|-----------------------------|-----------------------------|
| Share-based payments | \$(15,539) | \$(2,117) |

Net loss for the six-month period ended June 30, 2018 is \$58,375 (net loss of \$85,812 for the six-month period ended June 30, 2017) whereas expenses for the six-month period 2018 totalled \$109,339 (\$88,989 for the six-month period ended June 30, 2017).

During the six-month period ended June 30, 2018, one notes mainly

- Increase of Share-based payments expenses. See below.
- Deferred income taxes recovered of \$52,040. See below.
- Analysis of the non-monetary operations that does not require an exit or an inflow of cash (positive: income and negative: expenditure):

| | Six-month period ended June 30, 2018 | Six-month period ended June 30, 2017 |
|---------------------------------|--------------------------------------|--------------------------------------|
| Share-based payments | \$(27,239) | \$(6,835) |
| Deferred income taxes recovered | \$52,040 | - |

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Financial position

- Working capital increased by \$22,459 as at June 30, 2018 going from \$298,185 as at December 31, 2017 to \$320,644 as at June 30, 2018. The increase is mainly due to financing made during the period offset by exploration costs, mining right payments and administrative expenses incurred during the period.
- Cash totalled \$427,914 as at June 30, 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 success 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 June 30, 2018 to be expended before December 31, 2019.

Exploration Budget for fiscal 2018: The planned exploration works to be conducted by Dios in 2018 are disclosed in the 2017 Annual Management report. Following the gold discovery on CNL structure area on the 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, professional fees and share-based payments.

For the three-month period ended June 30, 2018, the compensation was \$65,620 (\$83,152 for the same period last year). An amount of \$43,271 (\$67,249 for the same period last year) was capitalized in Exploration and Evaluation assets.

For the six-month period ended June 30, 2018, the compensation was \$155,253 (\$156,701 for the same period last year). An amount of \$109,064 (\$125,181 for the same period last year) was capitalized in Exploration and Evaluation assets. During this period, a company in which a director is an owner, charged geological fees amounting of \$16,742 recorded in Exploration and evaluation assets.

Forward-looking information

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

Montreal, Quebec
August 13, 2018