

**DIOS EXPLORATION INC.
INTERIM MANAGEMENT REPORT
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2008**

COMPANY PROFILE AND MISSION

Dios Exploration Inc. (the “Company” or “Dios”) is a leading research exploration company with 5,300 mining claims covering over 2,750 sq. kilometres of high potential properties in central Québec and the Otish Mountains, within the pro-mining province of Québec, Canada. Dios diversifies its exploration strategy on uranium as well as diamonds. 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 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 34,333,839 shares were issued as of June 30, 2008. Additional information may be available through the www.sedar.com web site, under the Company’s section “Sedar filing” or at www.diosexplo.com.

SUMMARY OF ACTIVITIES DURING THE QUARTER

- Exploration expenses totalling \$872,254 (see “**Summary of exploration activities**”).
- Drilling completed on Upinor property (12 holes) following uranium discovery on the property with results pending. Results received in February 2008: 2.064% U3O8 in the exposed rocks, economic values over two kilometres strike length prospected, results pending on the rest of this major continuous uranium spectrometric anomaly outcropping on at least five kilometres, several more kilometres of uranium geophysical anomalies with potential to prospect and drill. Following these positive results, new claims were added during the quarter and more geophysical work completed.
- Magnetic and spectrometric survey completed on the Opinaca Nord property after results of uranium oxide values of up to 0.62% U3O8 were returned from outcrop rock samples over an 800 m length.
- Discovery of a new area surface outcropping uranium bearing geological horizon on the Hotish property. The Company initiated in July a major diamond drilling program on the property.
- Dios will undertake a diamond drilling on 33 Carats property to test some 15 kimberlite targets.
- Adoption by the Dios’ shareholders of a shareholder rights plan in June.

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.

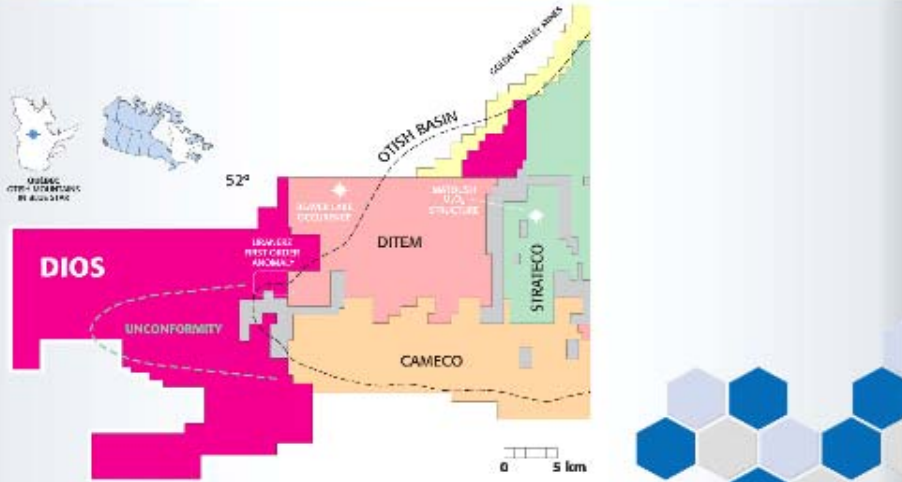
The recent and amazing growth of uranium's price offered the opportunity to Dios, as for its pre-existent privileged stand in possession of claims and the expertise of its employees, to diversify the exploration strategy on diamond and uranium, two substances highly requested in the natural resources industry. Discovery of new glacial dispersal trains indicating strong mineral potential of poorly explored regions remains one of the Company's strength.

During the second quarter, the Company incurred \$872,254 in exploration expenses mainly on the Pontax and Chibouki properties.

Exploration Expenses Analyses

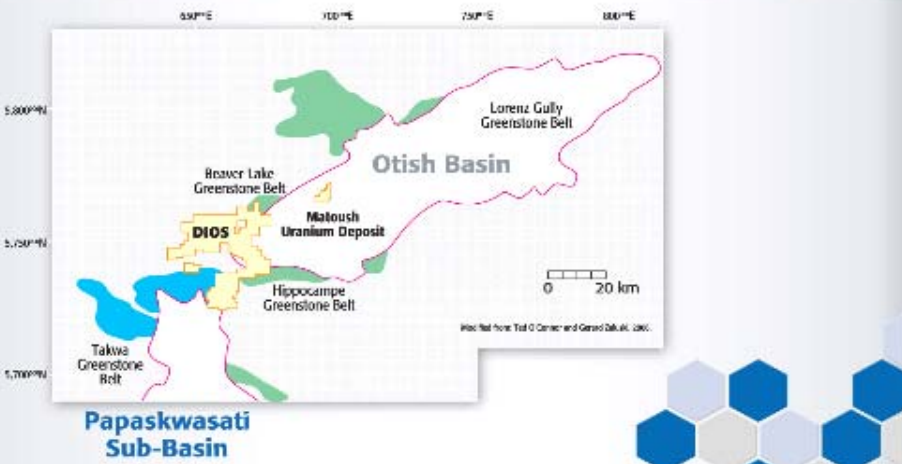
Description	Pontax	Chibouki	Hotish	33 Carats	Upinor	Others	Total
	\$	\$	\$	\$	\$	\$	\$
Geology	15 807	3 047	10 908	6 266	9 565	12 541	58 134
Sampling and analysis	-	9 353	3 406	-	3 709	10 949	5 519
Transportation, lodging and logistic	439 725	-	-	32 680	4 609	9 882	486 896
Office and others	474	336	5 360	238	-	39 694	46 102
Drilling	180 690	80 628	-	9 300	-	-	270 618
Geophysic	-	-	4 985	-	-	-	4 985
	636 696	93 364	24 659	48 484	17 883	51 168	872 254

Hotish



06-2008 - Discovery of a new surface several km long uranium-bearing geological unit

Hotish



07-2008 Several areas very radioactive with 45,000 radioactive cps- uranophane in outcrop uranium minerals observed in long intercepts of the core in the first 2 holes (1 km apart)

Acquisitions, disposals, write-off and claims renewal analysis

Properties	Acquisitions \$	Claims renewal \$	Options \$	Total \$
33 Carats	5,175	13,110	-	18,285
Hotish	(1,000)	-	-	(1,000)
Pontax	345	2,250	-	2,595
Opinaca-Nord	-	-	25,000	25,000
Upinor	7,533	-	-	7,533
UGO	15,985	-	-	15,985
Chibouki	-	600	-	600
Lac Chabran	13,685	-	-	13,685
	41,723	15,960	25,000	82,683

These amounts represent either claim acquisitions costs or claim renewal costs for the second quarter. The Company always favoured the acquisition of mining properties by staking (map staking).

During the quarter, Dios paid the second \$25,000 cash payment for the option on the Opinaca Nord property.

The Company staked two new properties, UGO and Lac Chabran, and new claims were added on the Upinor property. The Company is of the opinion it has uncovered a new uranium district.

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

Hotish Property

Dios reached a significant exploration breakthrough on its wholly owned Hotish project. A uranium bearing radioactive geological unit over some 1 kilometer wide and extending in strike over several more kilometres was discovered in the field in association with the previously defined 3 kilometer long linear helicopter borne spectrometric uranium anomaly (by over 750 m wide). This geological unit is not structural related, as was first thought due to the related linear airborne magnetic feature: the magnetic lineaments are effectively geological features, but correspond to geological contacts, the contacts of a large meta-sedimentary unit envelope, a priority target.

Dios completed two diamond drilling holes in July and the right radioactive rock types were recovered. The holes are 150 m and 200 m long, respectively, located almost one kilometer apart along the extent of the outcropping several kilometre long uranium anomalous geological horizon and perpendicular to the horizon. The occurrence of uranium minerals such as uranophane, pitchblende, very radioactive biotite concentrations (probably in association with black uranium minerals) along the core are very encouraging signs for exploration. Major research work is in progress to understand the geology of the area, including the testing of possible crosscutting structures across the favourable horizon.

Environmental issue

Dios has undertaken this summer the cleaning up of old camp site material left over from the sixties and probably the seventies by other parties on its exploration property. **Several planes were filled up with old fuel drums and flown out of the property.** Furthermore, all drilling muds are recovered and put into sealed drums.

Following encouraging results on the Hotish property, the rest of the diamond drilling campaign is currently ongoing, as these are the results of prospecting and research work on only one of the target areas on the property. Dios delineated at least seven prospective areas to focus on for its 2008 exploration program its Hotish uranium property in the Otish Basin, Quebec, Canada. These areas were selected on the basis of specific geophysical (gamma-ray spectrometry U/Th, K/Th & magnetic compilation), geological-structural, and geochemical (lake sediments) criterias.

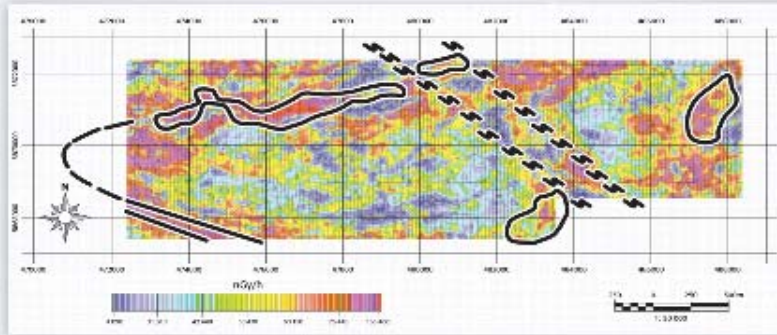
The Hotish property, wholly-owned by the Company, clearly has strong uranium potential, confirmed by large helicopter borne spectrometric surveys completed by Dios in 2007 as well as systematic lake bottom sediment sampling. This property is a large 740 sq. kilometres mining property covering the western edge unconformity contact of the Otish Sedimentary Basin over the Archean basement, such a shallow edge being a good place for fracturing and mineralized fluid circulation. The property covers as well the north-eastern part of another Proterozoic sedimentary basin and its unconformity contact over an Archean age basement, the Papaskwasati basin more to the south-west, its north-eastern part, where is located the Dios property, considered as well interesting for uranium potential due to the occurrence of continental sediments.

Upinor Property

Dios obtained rapidly very encouraging results on the Upinor property. Dios already completed a test drilling program of a dozen short holes over some 3 kilometers along the extent of the Upinor outcropping five kilometre long uranium A zone and in section. The right radioactive rock types looked for were intercepted in the holes and they are being repeated. They seem continuous. One pegmatitic dyke is 35 meters thick. Core samples were sent for assaying and results are pending. One hole has several tens of meters with 400 cps on the core, for instance. Another one returns 600 cps along its length. Rock channelling was out of the question due the element looked for in this research program. All drilling muds were recovered and put into sealed drums. A second helicopter borne spectrometric and magnetic survey has just been completed on the surrounding claim blocks and field work is already planned on the new anomalies. The geological model of such a geological environment is targeting a large volume of mineralized rocks with U3O8 values, targeting some 100 million pounds of U3O8.

Within the A zone, all ten outcrop samples grabbed late last Fall over a 300 m by 100 m area returned the following economic values as U3O8 percentages: 2.064, 1.427, .383, .267, .218, .108, .076, .061, .056 et .038 for an average of .47 % U3O8.

Upinor North Block - Uranium / Thorium Ratio



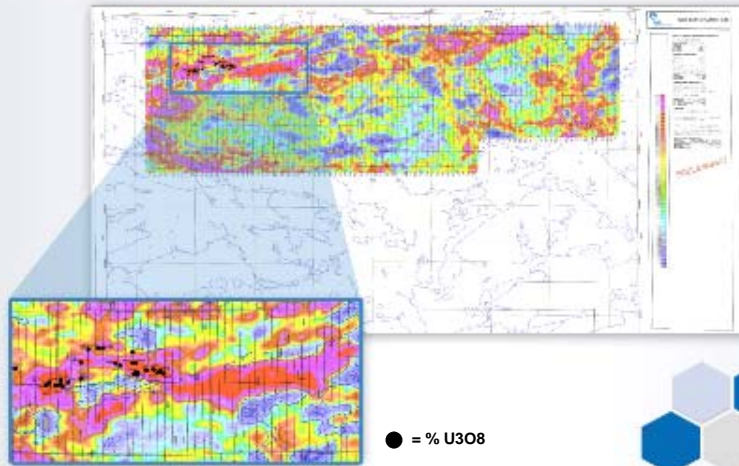
Dios & Sirius 50-50

06-2008 5 km zone confirmed to correspond to almost continuous radioactive outcrops



Upinor - Uranium – Distribution

lignes aux 100 m = line spacing



07- 2008 The large uranium zone (in red) was geologically drilled – results are pending



Another area more to the east returned for all 11 samples taken the following results in U₃O₈ percentages: .112, .102, .097, .081, .078, .063, .058, .031, .028, et .016 et .012, for an average of .06 % U₃O₈ over more than 400 m by 200 m.

Another six outcrops more to the north, in between the two first zones, returned over a 700 m strike length, for all samples collected, the following values in percent of U₃O₈ : .109, .086, .147, .026, .029 et .043, averaging again around .073% U₃O₈.

This discovery bears similarities to the Namibian Rössing deposit in the occurrence of mineralization associated with anatectic pegmatite dyke-swarms, in close proximity, making it amenable to opencast, low-cost mining. The Rössing mine, a world class uranium deposit located in Namibia, in southern Africa, accounting for 7.5% of the world's supply of uranium oxide, has been producing uranium oxide for the last 30 years, approximately 165 million pounds of uranium oxide from 0,034 % U₃O₈ ore.

The campaign just completed aimed at evaluating the potential for a large mineralized volume of surface mineralized rocks, reducing operating costs and enabling the mining of lower grades than in underground mines. Such uranium deposit projects can only be economically feasible usually less than some 100 kilometres away from a road or sea access. The A zone is located about 50 km south of the all-season Trans-Taiga road, a major favourable issue to consider. The property is held in partnership (50%-50%) by Dios Exploration and Sirios Resources, Dios as operator.

Opinaca Nord Property

The following economic uranium oxide values of .617, .103 & .162 percent of U₃O₈ were returned from outcrop rock samples over an 800 m strike length from preliminary work completed on the Opinaca Nord property. The eastern side is open several kilometres along strike and will have to be prospected. Another area returned .136 & .142 percent of U₃O₈ from outcrop rock samples over 300 m. This area is also open along strike. A detailed lake bottom sediment sampling survey was completed to cover the whole property in 2007 and data processed this winter. A first helicopter borne spectrometric and magnetic survey was completed in July. Another field campaign is planned on the new anomalies uncovered

The Opinaca Nord property (685 claims totalling 340 sq. kilometres) is owned in partnership with Sirios Resources. Dios may earn a 50% interest for \$1.35 M in exploration expenditures over a 5 year period.

Chibouki Property

Dios undertook drilling three targets on the Chibouki property during the quarter. Ultramafic intrusive rocks were intercepted, but none with a specific kimberlitic composition. Dios has other targets available. Dios acquired the Chibouki property based on favourable geochemistry of kimberlite indicator minerals it found in the region about 80 kilometres north-northeast of Chibougamau and about 300 kilometres south-southwest of Renard and the core of the Otish Mountains diamond play.

Pontax Property

Dios undertook testing some ten targets on the Pontax property during the quarter. Ultramafic and mafic intrusive rocks were intercepted by drilling, but none with a specific kimberlitic composition. Dios has other targets available. Dios acquired the Pontax property based on favourable geochemistry of kimberlite indicator minerals it found in the region.

33 Carats Property

Dios Exploration plans drilling to further evaluate the potential for kimberlites on 33 Carats.

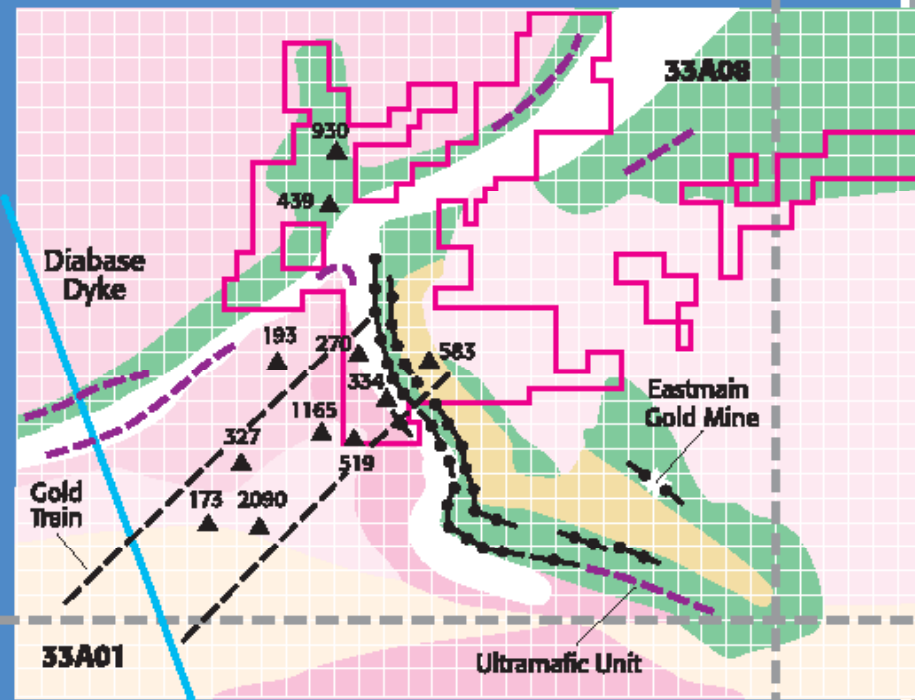
Gold on 33 Carats

The property is overlying part of the Eastmain greenstone belt, hosting the Eastmain gold mine. Glacial studies completed by **Dios** over the years delineated a gold dispersal trains with values up to 2 000 ppb gold in the till and pointing towards the volcanic belt on the **Dios** ground. Field exploration recently returned local boulders (1 m by 1 m) with chert and fine grained pyrite, arsenopyrite, suggestive of gold potential as well as mafic rocks with quartz veins and chalcopyrite and a rhyolitic sequence.

Summary of planned exploration programs for 2008

PROPERTIES	PLANNED WORK	BUDGET \$	FUTURE STEPS
HOTISH	Geological compilation, structural interpretation, prospecting drilling	1-2,000,000	Additional prospecting-mapping, drilling
CHIBOUKI	, till-soil, airborne geophysics	50,000	Till survey, prospecting, additional drilling
PONTAX	Drilling	300,000	Drilling
33 CARATS	Prospecting, drilling	500,000	Drilling
UPINOR	Additional airborne geophysics, prospecting drilling	1,000,000	Additional prospecting-mapping, drilling
OPINICA NORD	Airborne geophysics, mapping and prospecting plus drilling	250,000-350,000	Additional prospecting-mapping, drilling
U2	Reconnaissance mapping-prospecting, airborne geophysics	150,000-200,000	Additional prospecting-mapping, geophysics
PAM	Lake sediments sampling, reconnaissance mapping-prospecting	250,000-275,000	Additional prospecting, geophysics

DIOS 33 CARATS-SOUTH PROPERTY



0 5 km

DIOS Areas

Mafic volcanic

Felsic volcanic

Gold (PPB) in Till

Sediments

EM anomalies



DIOS
EXPLORATION

SUMMARY OF FINANCIAL ACTIVITIES

Net loss for the quarter is \$292,385 (net loss of \$180,346 for the second quarter 2007) whereas administration fees for the quarter totalled \$259,864 (\$190,985 for the second quarter 2007).

Description	Quarter ended June 30th		Six-month period ended June 30th	
	2008	2007	2008	2007
	\$	\$	\$	\$
Stock based compensation	126,420	98,805	244,350	166,955
Publicity and public relations	58,748	5,955	90,815	28,849
Professional fees	31,389	39,265	81,273	65,198
Shareholders information	18,511	10,483	27,813	16,942
Registration fees	10,667	11,231	15,698	22,586
Salaries-management	8,014	13,612	12,686	13,612
Office and rent	5,229	6,078	11,908	7,453
Insurances, taxes and permits	664	-	14,274	9,803
Interest on debenture	-	5,268	-	10,536
Banking fees and interests	222	288	399	470
	259,864	190,985	499,216	342,404

During the the three-month period ended June 30, 2008, one notes mainly:

- Accounting of stock based compensation following the options exercisable by the directors and officers of the Company.
- Increase in promotion expenses: Public relation and Communications contracts granted to MI3 Communication Financière Inc. in November 2007 (one year contract) and to Vector and Shift in January 2008 (one year contract) and participation in mining shows.

SUMMARY OF QUARTERLY RESULTS

(\$ 000 except loss/share)	2008		2007				2006	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Income	61	70	109	73	59	32	6	5
Net loss (net profit)	292	199	152	205	180	(208)	303	58
Net loss (net profit) per share(basic and diluted)	0.009	0.006	0.008	0.006	0.006	(0.01)	0.022	0.002

Variations in quarterly loss can be explained by the following:

- 2008-Q2** Accounting for stock based compensation expenses of \$126,420. Costs related to the annual shareholders meeting. Participation in the mining show of Vancouver (investment conference)
- 2008-Q1** Communication and marketing contract granted in January 2008 (Vector and Shift). Grant of 980,000 options in February 2008 (Accounting for stock based compensation expenses of \$117,930). Participation in the mining shows of Vancouver and Toronto (PDAC).
- 2007-Q4** Investor relation contract granted during the quarter (Publicity and promotion). Part XII.6 taxes paid during the quarter. Accounting for stock based compensation expenses of \$101,465. Participation in the mining shows of Toronto, Québec Exploration and Montreal (investir soi-même).
- 2007-Q3** Accounting for stock based compensation expenses of \$98,715. Future income taxes registered of \$125,810. Professional fees of \$25,000 paid to a financial consulting firm. Accounting of a unrealized write-down of \$19,566 on listed shares.
- 2007-Q2** Accounting for stock based compensation expenses of \$98,805. Increase in interest income due to numerous private placements closed since the beginning of year. Accounting of a unrealized write-down of \$25,659 on listed shares.
- 2007-Q1** Accounting for stock based compensation expenses of \$68,150. Accounting of a recovered future income taxes of \$135,777, following the accounting of flow-through shares renunciations. Participation in the mining shows of Vancouver and Calgary and participation to the Fonds Restor-Action Nunavik.
- 2006-Q4** Write-off of minerals properties for an amount of \$108,730 (Trans Taiga and Minti, Wemindji and Artaud) with their respective deferred exploration expenses (\$199,084).
- 2006-Q3** Accounting of a gain on sale of investment totalling \$19,708

CASH FLOW SITUATION

The working capital decreased by \$1,016,231 as at June 30, 2008 going from \$7,648,706 as at March 31, 2008 to \$6,632,475 as at June 30, 2008. The decrease is mainly due to exploration activities during the quarter.

The cash and term deposits (free cash flow) amounted to \$6,156,846 as at June 30, 2008 compared to \$6,405,730 as at March 31, 2008.

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 Company considers the cash on hand sufficient for the known obligations. As at June 30, 2008, the Company did not have any debt or any financial commitments in the upcoming quarters.

As at June 30, 2008 :

- 34,333,839 common shares were issued.
- 3,490,000 options were granted and a total of 2,447,500 can be exercised at prices between \$ 0.31 to \$ 0.75 between 2008 and 2013. Each option can be exchanged by its holder thereof for one common share of the Company.
- 7,018,933 warrants were issued, entitling their holders to subscribe for the same amount of common shares of the Company at prices between \$ 0.38 and \$ 1.15 with an expiry date ranging from December 2008 to May 2009.
- 1,290,036 broker's unit options were issued entitling their holders thereof to subscribe for the same amount of units of the Company at prices between \$ 0.45 and \$ 0.75 with an expiry date ranging from March 2009 to May 2009. Each unit is comprised of one common share and half of a warrant. Each warrant is exercisable at a price between \$ 0.80 and \$ 1.15 with an expiry date ranging from March 2008 to May 2009.

Variation in share capital as at July 25, 2008 is the following:

Description	Number of shares	Amount \$
As at December 31, 2007	34,333,839	16,146,451
As at June 30, 2008	34,333,839	16,146,451
As at July 25, 2008	34,333,839	16,146,451

Options

Variation in outstanding options as at July 25, 2008 is the following :

Date	Number of options	Average exercise price \$
As at December 31, 2007	2,835,000	0.52
Issued	980,000	0.31
Expired	(325,000)	0.36
As at June 30 and July 25, 2008	3,490,000	0.48

Options granted and exercisable as at July 25, 2008

Expiry date	Number of options	Exercisable	Price (\$)
November 1, 2008	100,000	40,000	0.40
September 7, 2009	640,000	640,000	0.37
April 7, 2011	270,000	270,000	0.33
January 29, 2012	450,000	382,500	0.50
March 8, 2012	1,000,000	850,000	0.75
October 29, 2012	50,000	20,000	0.38
February 14, 2013	980,000	245,000	0.31
	3,490,000	2,447,500	0.48

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 3.5% to 4.5%, forecast volatility of 49% to 113% and no forecast dividend.

Warrants

Variation in outstanding warrants since the beginning of year is as follows:

Date	Number of warrants	Average exercise price \$
As at December 31, 2007	7,018,933	0.85
As at June 30, 2008	7,018,933	0.97
As at July 25, 2008	7,018,933	1.00

Warrants characteristics as at July 25, 2008 are the following:

Number	Exercise price \$	Expiry date
568,750	0.38	December 2008
1,777,600	0.80	March 2009
3,333,333	1.15	March 2009
1,339,250	1.15	May 2009
7,018,933	1.00	

Broker's units options

In 2007, the Company issued, as broker's compensation, the following options:

Date of issue	Number of units options	Exercise price \$	Expiry date	Carrying value \$
March 15, 2007	355,520	0.45	March 15, 2009	157,114
March 30, 2007	666,666	0.75	March 30, 2009	365,530
May 2, 2007	267,850	0.70	May 2, 2009	80,545
	1,290,036	0.66		603,189

Each unit is comprised of one common share and half of a warrant. Each warrant can be exercised like as follows:

Number	Exercise price	Expiry date
177,760	\$0.80	March 2009
333,333	\$1.15	March 2009
133,925	\$1.15	May 2009
645,018	\$1.05	

The fair value of each option granted was estimated on the grant date using Black-Sholes and the binominal option pricing model.

RELATED PARTY TRANSACTIONS

The Company is related to another company, Sirios Resources Inc. (“Sirios”), because of certain common officers. Related party transactions are limited to common deferred exploration and development expenses. As at June 30, 2008, the Company had an account payable of \$16,825 to Sirios and received during the quarter a deposit of 75,000\$ related to common exploration expenditures planned on the Upinor property.

In consideration of accounting services and preparation of financial information's, a director received from the Company professional fees totalling \$11,227 for the second quarter 2008.

These transactions were completed in the normal course of business and were measured at the exchange amount, that is the amount established and accepted by the parties.

RISK AND UNCERTAINTIES

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.

Mining claims and title risks

Although the Company has taken steps to verify title to mining properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may subject to unregistered prior agreements and non-compliance with regulatory requirements.

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.

OTHER INFORMATION

This discussion and analysis of the financial position and results of operation as at July 25, 2008 should be read in conjunction with the unaudited interim financial statements ended June 30, 2008 and the audited financial statements for the year ended December 31, 2007. The unaudited interim financial statements for the period ended June 30, 2008 were not reviewed by the external auditors. Additional information of the Company can be obtained at the website www.sedar.com under SEDAR filings.

DISCLOSURE CONTROLS AND PROCEDURES

As required by Multilateral Instrument 52-109, the Company's evaluated the effectiveness of its disclosure controls and procedures and the internal control over financial reporting as of June 30, 2008 under the supervision and with the participation of the President and the Chief Financial Officer. Based on the results of this evaluation, the President and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were generally effective.

The only issue identified during the process was related to internal control over financial reporting. The issued identified, the concentration of some duties, is one that affects small companies. As a small organization, the Company's management is composed of a small number of key individuals, resulting in a situation where limitations in segregation of duties have to be compensated by more effective supervision and monitoring by the President and the Chief Financial Officer. Company's officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased funding costs of such hiring could threaten the Company's financial viability, the Company's management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when budgets will enable that action.

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) Dominique Doucet, Treasurer

Montreal, July 25, 2008