



DIOS EXPLORATION INC.
INTERIM MANAGEMENT REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2008

COMPANY PROFILE AND MISSION

Dios Exploration Inc. (the “Company” or “Dios”) is a leading mineral research and exploration company with over 2,000 sq. kilometres of properties, in the high potential areas of central Québec and the Otish Mountains, with a focus to evaluate from the start feasible economics in relation with access and facilities. Dios diversifies its exploration strategy mainly on uranium and diamonds, two substances highly in demand in the natural resources industry. For other substances discovered, Dios’ strategy is to find a partner to develop such projects. Dios has the expertise and knows how to generate its own research projects from conceptual geological design to field discovery, so as to keep acquisition costs the lowest possible, with the benefit of shareholders in mind, developing them either alone or through farming out agreements.

The Company’s shares are traded on the TSX Venture Exchange under the symbol **DOS** and 34,333,839 shares were issued as of September 30, 2008. Additional information is available on the www.sedar.com web site, under the Company’s section “Sedar filing” or on its own new website www.diosexplo.com.

SUMMARY OF ACTIVITIES DURING THE QUARTER

- Exploration expenses totalling \$3,081,727 (see “**Summary of exploration activities**”).
- 12 drill-holes for 3,000 m on the Butte Zone, Hotish Uranium Project: right radioactive rock types recovered. 150-350 m long holes perpendicular to the targeted horizon covering a 4 km strike-length of the uranium anomalous geological horizon and crosscutting structures.
- Following encouraging results on Hotish, additional prospecting is completed on other target areas. Additional drilling planned this winter.
- Large spectrometric airborne survey on Upinor and Opinaca Nord. Several kilometre size anomalies.
- 12 drill-holes for 1,300 m on Upinor A zone; June 2008 new sampling (142 grab) along the radioactive A zone and its extents yielded 44 (31%) over 0.05% U₃O₈, including 36 (25%) over 0.07% U₃O₈, 25 (18%) over 0.10% U₃O₈, and nine values over 0.2% U₃O₈, up to 0.53% U₃O₈.
- On 33 Carats, Dios Exploration carried out a 15 hole helicopter-supported drilling program for 861 meters to test first and second-priority kimberlitic (diamond) geophysical targets.
- Reconnaissance work completed on U2, UGO, Opinaca Nord and Lac Chat Brun uranium properties.
- Implementation of new web site.

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.

During the second quarter, the Company incurred \$3,081,727 in exploration expenses mainly on Hotish, Upinor and 33 Carats properties.

Exploration Expenses Analyses

Description	Hotish	Upinor	33 Carats	Opinaca-Nord	Chibouki	Other	Total
	\$	\$	\$	\$	\$	\$	\$
Geology	263 468	30 048	15 446	14 458	1 281	35 402	360 103
Sampling and analysis	-	30 000	-	-	-	32 932	62 932
Transportation, lodging and logistic	1 033 699	226 555	230 650	-	54 549	10 113	1 555 566
Office and others	345	-	2 899	-	-	6 046	9 290
Drilling	424 360	247 251	243 799	-	-	7 168	922 578
Geophysical	-	47 388	3 779	120 091	-	-	171 258
	1 721 872	581 242	496 573	134 549	55 830	91 661	3 081 727

Acquisitions, disposals, write-off and claims renewal analysis

Properties	Acquisitions	Claims renewal	Total
	\$	\$	\$
33 Carats	2,990	6,785	9,775
Hotish	-	7,590	7,590
Opinaca-Nord	4,370	1,265	5,635
Upinor	5,232	-	5,232
Chibouki	50	1,300	1,350
U2	3,680	-	3,680
	16,322	16,940	33,262

The above amounts represent staking acquisitions costs or claims renewal costs for the third quarter. The Company always favoured the acquisition of mining properties by staking, hence reducing acquisition costs.

Geological information presented herein was summarized by Marie-José Girard, M.Sc., Geo and Harold Desbiens, M.Sc., Geo, both qualified persons pursuant to National Instrument 43-101.

Hotish Property

Dios reached a significant exploration breakthrough on its wholly owned Hotish project with the discovery in the field of 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 km long helicopter-borne spectrometric uranium anomaly (by over 750 m wide). For this Butte zone, the airborne measurements show U/Th ratios about 2 times the background and ground readings (RS-120) reached up to 45,000 cps (counts per seconds). 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.

During the quarter, Dios completed twelve drill-holes totalling 3,000 m and the right radioactive rock types were recovered. The holes are 150-350 m long, and cover a 4 km strike-length of the uranium anomalous geological horizon and perpendicular to the horizon. Core samples were sent to Saskatchewan Research Council for analysis and assays are still pending. 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 crosscutting structures across the favourable horizon.

Following encouraging results on the Hotish project, additional prospecting was completed on other target areas within the property. Additional drilling is planned this winter, when all results will be received. Dios delineated at least seven prospective areas to focus on for its 2008-2009 program on its Hotish uranium property in the Otish Basin, Quebec, Canada. These areas were selected on the basis of specific geophysical (spectrometry, U/Th, K/Th & magnetic compilation), geological-structural, and lake sediment criteria.

The Hotish property, 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.

Environmental issue

Dios has undertaken this summer the cleaning up of old campsite 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.

Upinor Property

Dios obtained rapidly very encouraging uranium oxide results on the Upinor property in surface over several kilometres of continuous outcropping radioactive rocks. New results from the June 2008 sampling (142 grab-samples) along the radioactive A zone and its extents were received after this quarter ended: 44 (31%) samples assaying more than 0.05% U₃O₈, including 36 (25%) more than 0.07% U₃O₈, 25 (18%) more than 0.10% U₃O₈, and nine values over 0.2% U₃O₈. The best assay was 0.53% U₃O₈.

From last Fall (2007), all ten outcrop samples grabbed within the A zone over a 300 m by 100 m area had returned the following economic values as U₃O₈ percentages: 2.064, 1.427, .383, .267, .218, .108, .076, .061, .056 and .038 for an average of .47 % U₃O₈. Another area more to the east had 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, had 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 around .073% U₃O₈.

Dios decided to test the geological potential of the area at depth. The technical team at Dios is of the opinion that surface trenching and channelling would still give possible surface alteration results. Dios completed a first 12 geological holes drilling program, to test the depth thickness of these rocks along a 3 kilometer strike length along the extent of the Upinor outcropping five kilometer long uranium A zone and in section. The right radioactive rock types looked for were intercepted repeatedly in the holes. They seem continuous. One pegmatite 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. A second helicopter borne spectrometric and magnetic survey was completed on the surrounding claim blocks and fieldwork was carried out on the new anomalies. The geological model of such a geological environment is targeting a large volume of mineralized rocks with U₃O₈ values, some 50-100 million pounds of 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

In September, a short (few days) follow-up (prospecting and sampling) was completed to investigate new airborne spectrometric anomalies outlined this summer. Samples have been sent to the laboratory and assays are pending.

Earlier field work had yielded the following economic uranium oxide values of .617, .103 & .162 percent of U₃O₈ from outcrop rock samples over an 800 m strike length from preliminary work completed on the Opinaca Nord property. Another area returned .136 & .142 percent of U₃O₈ from outcrop rock samples over 300 m. This area is also open along strike. 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 years period.

U2, UGO and Lac Chat Brun Properties.

During the quarter, a first reconnaissance program was completed on the U2, UGO, and Lac Chat Brun uranium properties. Prospecting, geological mapping and sampling was carried out in the vicinities of selected uranium lake sediment anomalies. Assays are pending. These projects are all located in the LaGuiche metasedimentary Basin in northern Quebec.

33 Carats Property

In July, Dios Exploration completed a 15 hole helicopter-supported drilling program for 861 meters to test first and second-priority kimberlitic (diamond) geophysical targets on 33 Carats. No kimberlitic material was intersected in the holes. Evaluation of the project and reviewing of the remaining diamond targets is planned.

Gold on 33 Carats

Several hundreds of till samples were re-processed for gold assaying and at least two significant anomalous areas (several samples with 500 to 2000 ppb Au in heavy mineral concentrates) pointing towards the Eastmain greenstone belt where covered by the Dios property will be checked, which belt is hosting the Eastmain gold mine on the neighbouring ground.

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
UPINOR	Additional airborne geophysics, prospecting drilling	500,000-1,000,000	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 assaying	50,000	prospecting, geophysics

SUMMARY OF FINANCIAL ACTIVITIES

Net loss for the quarter is \$549,372 (net loss of \$204,510 for the third quarter 2007) whereas administration fees for the quarter totalled \$193,659 (\$151,358 for the third quarter 2007).

Analysis of Administrative expenses

Description	Quarter ended September 30		Nine-month period ended September 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
Stock based compensation	126,420	98,715	370,770	265,670
Publicity and public relations	39,590	6,134	130,405	34,983
Professional fees	7,223	35,806	88,495	101,004
Shareholders information	2,136	2,330	29,950	19,272
Registration fees	3,920	3,873	19,618	26,459
Salaries-management	4,816	-	17,502	13,612
Office and rent	8,975	6,834	20,883	14,286
Insurances, taxes and permits	276	1,912	14,549	11,716
Interest on debenture	-	(4,551)	-	5,985
Banking fees and interests	303	305	703	774
	193,659	151,358	692,875	493,761

During the three-month period ended September 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.
- Decrease in professional fees: \$25,000 paid in 2007 to a financial consulting firm.

SUMMARY OF QUARTERLY RESULTS

(\$ 000 except loss/share)	2008			2007				2006
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Income	14	61	70	109	73	59	32	6
Net loss (net profit)	549	292	199	152	205	180	(208)	303
Net loss (net profit) per share	0.02	0.009	0.006	0.008	0.006	0.006	(0.01)	0.022

Variations in quarterly loss can be explained by the following:

2008-Q3 Accounting for stock based compensation expenses of \$126,420. Important future income taxes related to exploration activities.

- 2008-Q2** Accounting for stock based compensation expenses of \$126,420. Costs related to the annual shareholders meeting.
- 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 a 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). Participation in the mining shows of Montreal, Toronto and Quebec.

CASH FLOW SITUATION

The working capital decreased by \$3,168,134 as at September 30, 2008 from \$6,632,475 as at June 30, 2008 to \$3,464,341 as at September 30, 2008. The decrease is mainly due to exploration activities during the quarter.

In addition, the Company is entitled to a refundable tax credit for mining exploration companies on qualified explorations expenditures incurred after March 29, 2001. This refundable tax credit for the nine-month period ended September 30, 2008 is estimated at \$1,609,411 and will be recorded in the 2008 annual financial statements.

The Company is also entitled to a refundable mining rights tax credit on mining exploration expenditures incurred in Quebec. This tax credit refundable for the nine-month period ended September 30, 2008 is estimated at \$305,269 and will also only be recorded in the 2008 audited financial statements.

The cash and term deposits (free cash flow) amounted to \$3,029,074 as at September 30, 2008 compared to \$6,156,846 as at June 30, 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 September 30, 2008, the Company did not have any debt or any financial commitments in the upcoming quarters.

As at September 30, 2008 :

- 34,333,839 common shares were issued.
- 3,490,000 options were granted and a total of 2,834,500 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 thereof 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 October 24, 2008 is the following:

Description	Number of shares	Amount \$
As at December 31, 2007	34,333,839	16,146,451
As at September 30, 2008	34,333,839	16,146,451
As at October 24, 2008	34,333,839	16,146,451

Options

Variation in outstanding options as at October 24, 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 September 30 and October 24, 2008	3,490,000	0.48

Options granted and exercisable as at October 24, 2008

Expiry date	Number of options	Exercisable	Price (\$)
November 1, 2008	100,000	55,000	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	450,000	0.50
March 8, 2012	1,000,000	1,000,000	0.75
October 29, 2012	50,000	27,500	0.38
February 14, 2013	980,000	392,000	0.31
	3,490,000	2,834,500	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 September 30, 2008	7,018,933	1.00
As at October 24, 2008	7,018,933	1.00

Warrants characteristics as at October 24, 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 unit 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, Sirius Resources Inc. (“Sirios”), because of certain common officers. Related party transactions are limited to common deferred exploration and development expenses. As at September 30, 2008, the Company had an account receivable of \$377,491 from Sirios related to a joint exploration program on Upinor Property. This balance bears an interest rate of 1% per month. On October 1, 2008, the Company received a payment of \$100,000 from Sirios.

In consideration of accounting services and preparation of financial information's, a director received from the Company professional fees totalling \$7,080 for the third 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 quarantee 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 October 24, 2008 should be read in conjunction with the unaudited interim financial statements ended September 30, 2008 and the audited financial statements for the year ended December 31, 2007. The unaudited interim financial statements for the period ended September 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 September 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 RESPONSIBILITY 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, October 23, 2008