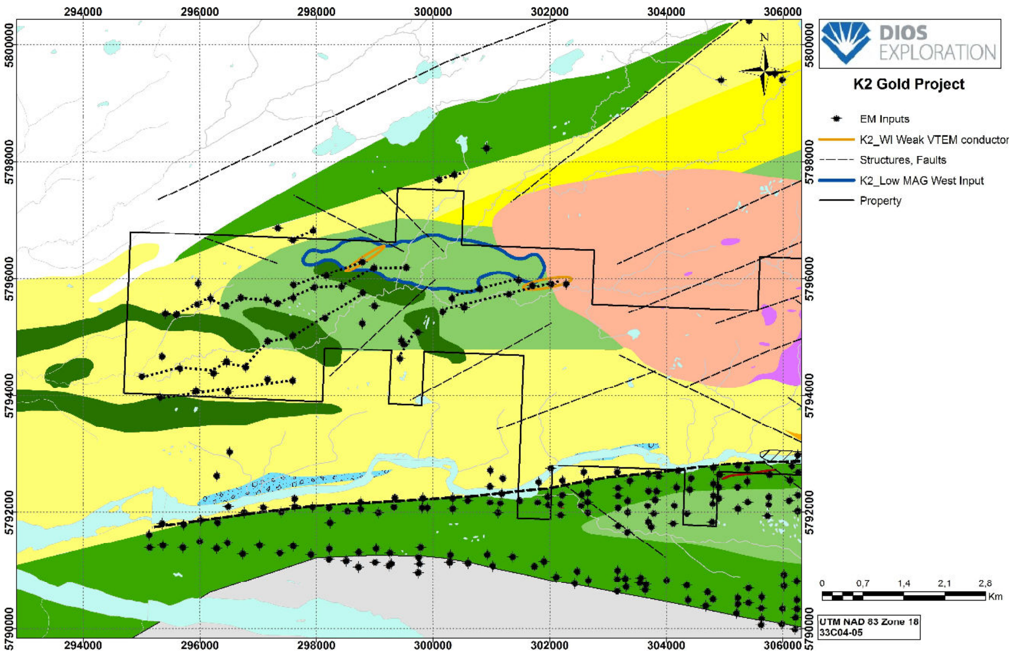
DIOS EXPLORATION

DIOS EXPLORATION INC.
ANNUAL MANAGEMENT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017

This Management Discussion and Analysis dated April 5, 2018 provides an analysis of operations and financial position of Dios Exploration Inc. (the "Company" or "Dios") for the year ended December 31, 2017. This discussion and analysis of the financial position and results of operation should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2017 and December 31, 2016. These audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS")



K2 Farwest inputs and weak VTEM conductors at low magnetic contact
New gold occurrence discovered, up to 6.72 g/t gold in rocks and 0.233 g/t gold in soils

Our report contains «forward-looking statements» not based on historical facts. Forward-looking statements express, as of the date of this report, our estimates, forecasts, projections, expectations and opinions as to future events or results. Forward-looking statements herein expressed are reasonable, but involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to, fluctuations in the market price of precious metals, mining industry risks, uncertainty as to calculation of mineral reserves and requirements of additional financing and the capacity of the Company to obtain financing.

ABOUT DIOS

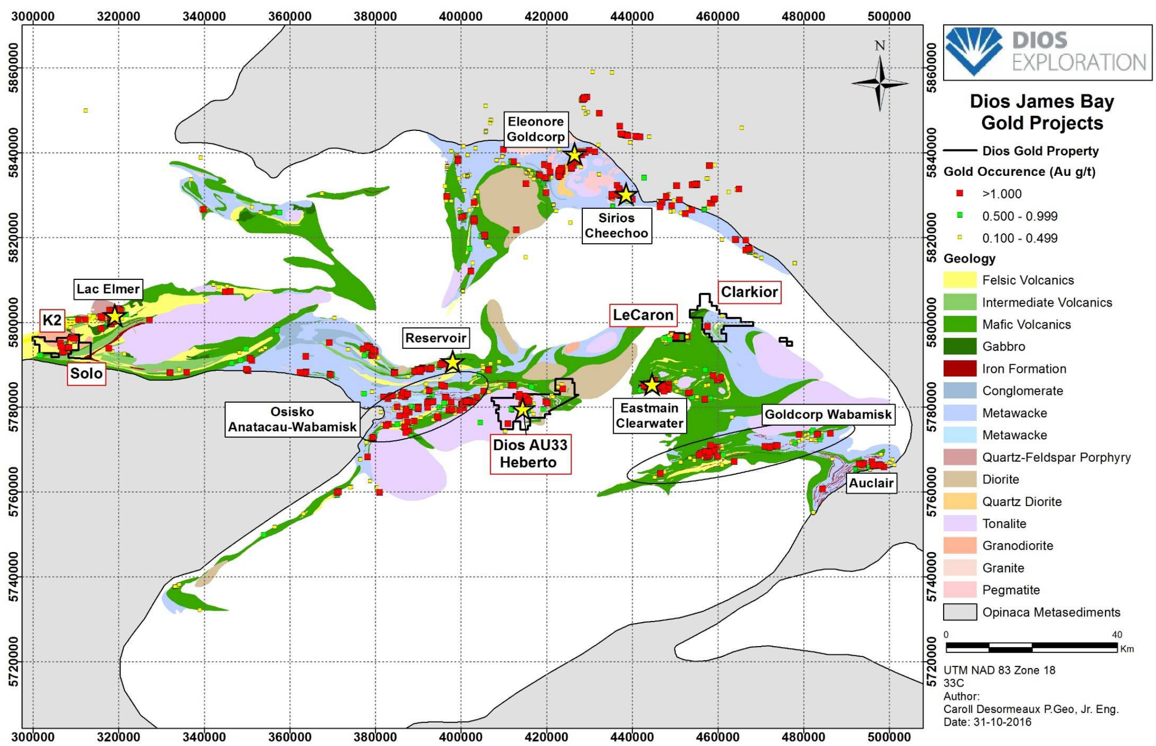
The large AU33 gold property (HÉBERTO GOLD shears, ROBINO hydrothermal magmatic breccia and CLN goldbearing pyritized splay (4 km north of HÉBERTO) and Fold Hinge gold targets 10 km east, among others) is the flagship of Dios. Systematic basal till sampling by Dios for diamonds defined a major gold-bearing dispersal train and outcrop and drilling gold occurrences were thus discovered on wholly-owned AU33 with no royalties.

Dios' gold properties are hosted within a low metamorphic geological sub-province near the Opinaca highly metamorphic sedimentary rocks. Eleonore major gold deposit is located near that contact.

Dios focuses on gold exploration in James Bay Eeyou Istchee, Quebec (stable pro-mining), along Upper and Lower Eastmain greenstone belt and deformation zone. Dios also explored K2 and Clarkie in 2017 and discovered significant gold-bearing glacial floats or outcropping high potential sources.

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

Dios' Lower Eastmain Gold Occurrence Compilation versus Dios' K2, Solo, AU33, LeCaron, Clarkie(or) projects



RESULTS OF OPERATION

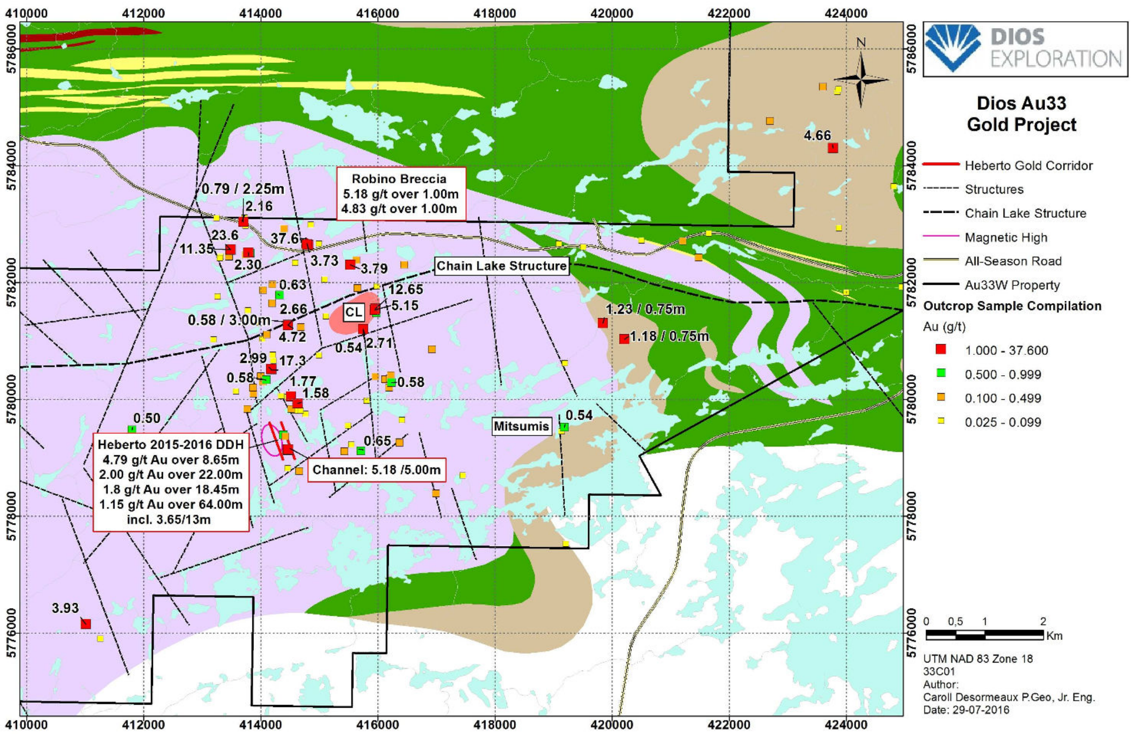
Summary of exploration activities

During the year ended December 31, 2017, the Company incurred $707,705 in exploration expenses compared to $492,297 for the same period in 2016.

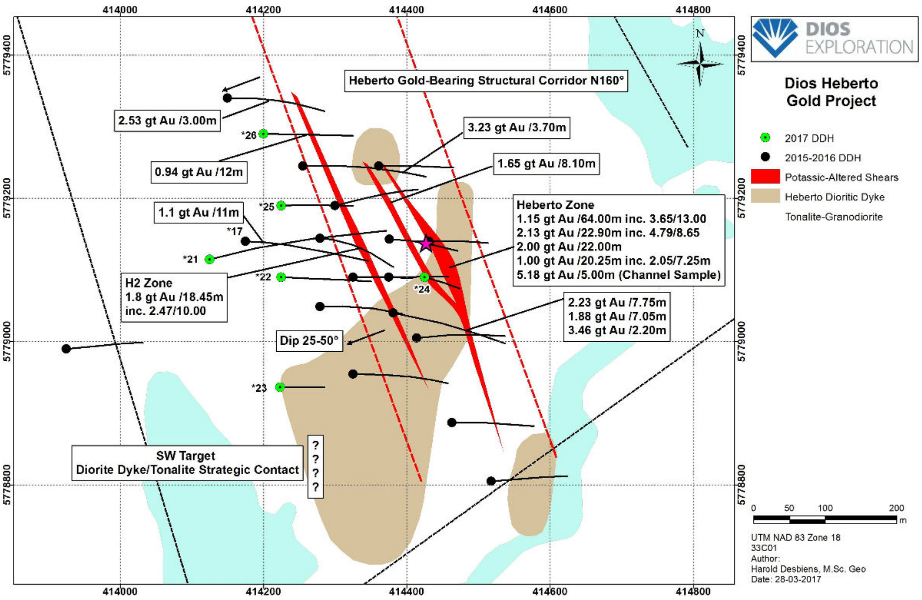
Exploration Expense Analysis

Description	AU33	K2	Clarkie	Total
	$	$	$	$
Geology	156 584	92 752	36 665	286 001
Geophysics	80 684	4 500	-	85 184
Transportation, lodging	47 012	47 257	17 486	111 755
Drilling and assays	199 647	9 782	4 989	214 418
Office and other	8 130	2 217	-	10 347
	492 057	156 508	59 140	707 705

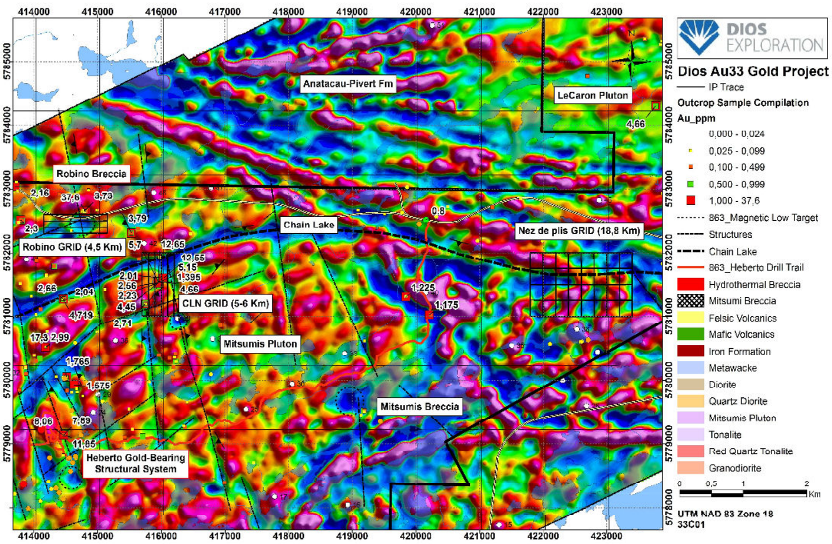
Geological information presented herein was prepared by Marie-José Girard M.Sc., Geo, qualified person pursuant to National Instrument 43-101.

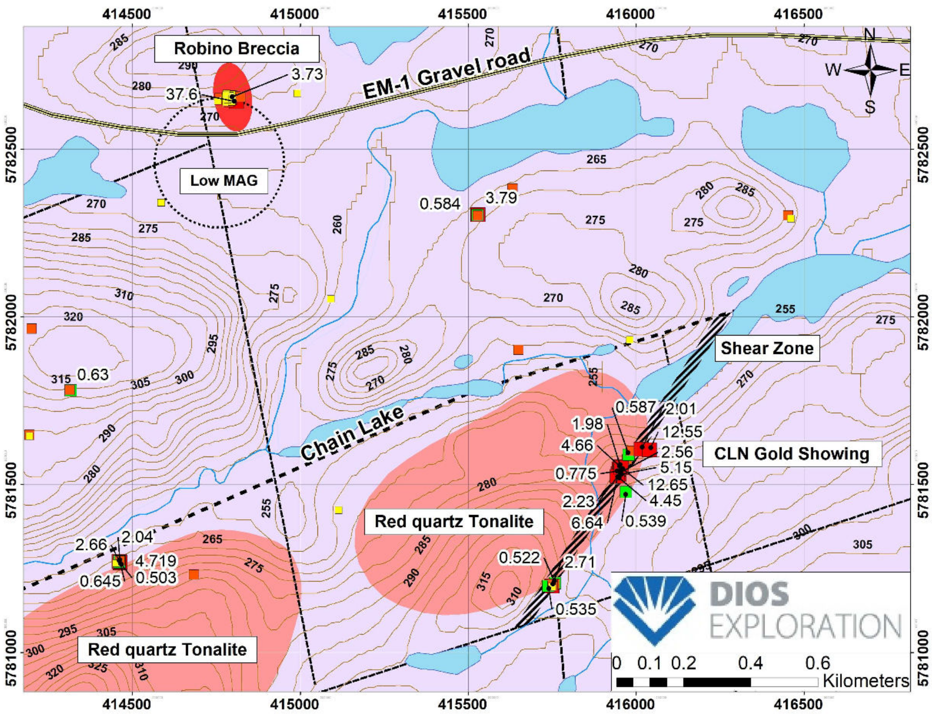


AU33 <u>HEBERTO GOLD</u> 2017 drilling results from gold-bearing hydrothermal altered shears



Au33 2017 induced polarization **IP** survey grids on <u>Robino</u> low mag, <u>CLN</u> and <u>NDP Fold Hinge</u>

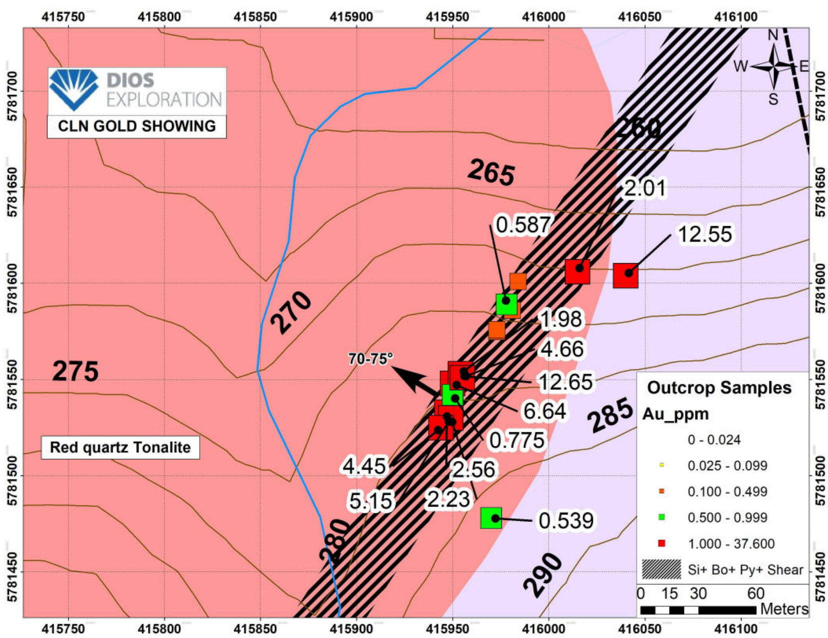




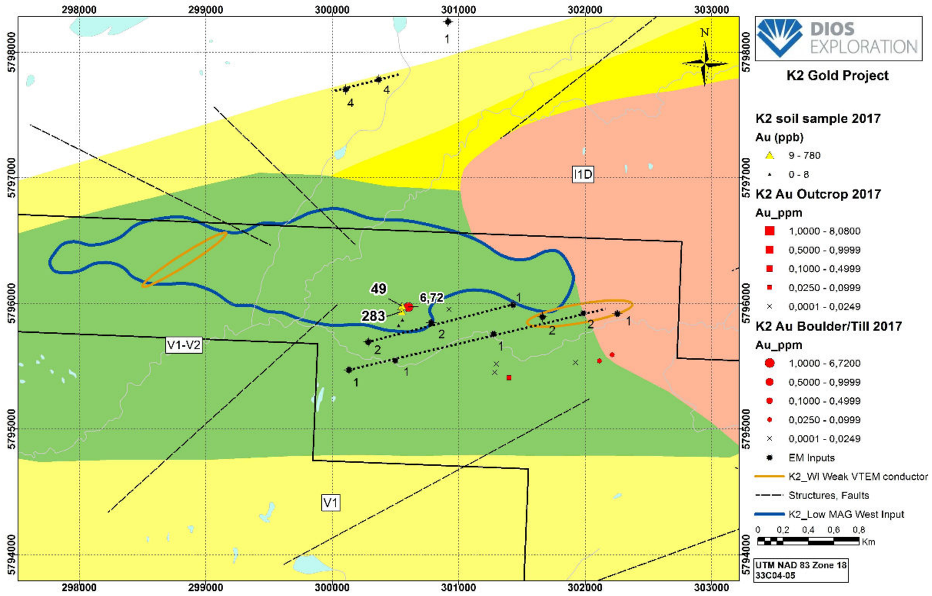
AU 33 <u>ROBINO</u> MAGMATIC HYDROTHERMAL BRECCIA and

<u>CLN</u> PYRITIZED SILICIFIED BIOTITE SHEAR 2017 RESULTS

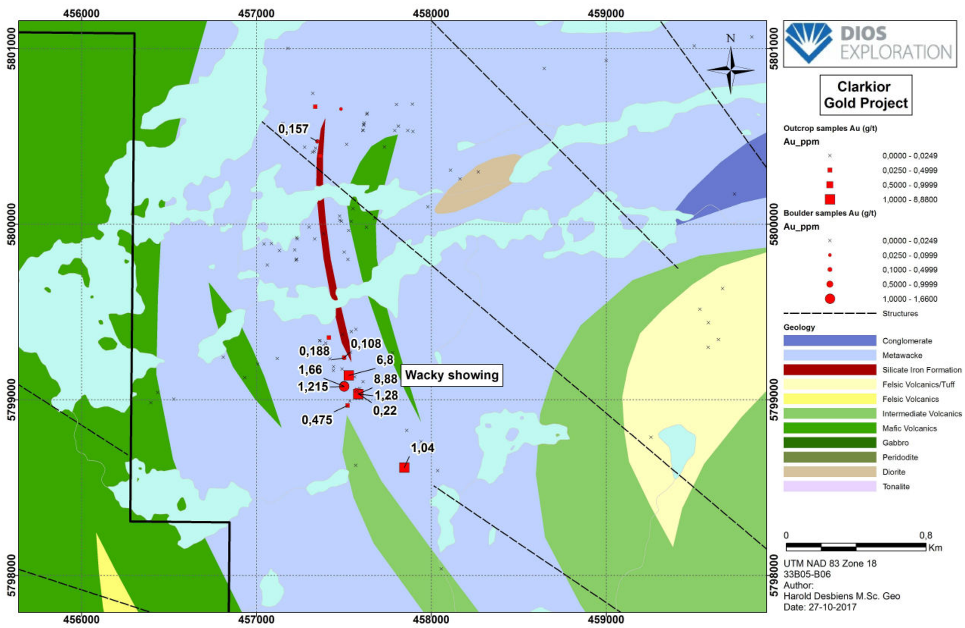
1 ppm Au = 1 gram per ton of gold (1 g/t gold)



K2 West Input claims: 2017 gold results versus weak VTEM conductors



CLARKIE 2017 OUTCROP RESULTS: UP TO 8.88 G/T GOLD IN SILICIFIED WACKES



Summary of planned exploration programs for 2018

TIMING	PROJECTS	PLANNED WORK	BUDGET ($)	FOLLOW-UP WORK
Winter	AU33	Drilling	500,000	Drilling
Summer	AU33	Linecutting and IP	60,000	Drilling
		Geology and mapping	100,000	Geology and mapping
	K2	Geology and mapping	75,000	Geology and mapping
		Soil sampling	85,000	Geophysics
		Geophysics(optional)	25,000	Drilling
	Clarkie	Geology and mapping	138,000	Drilling
TOTAL			**983,000**	

This budget is conditional on obtaining the necessary financing in 2018.

K2 summer work proposal

The 2018 exploration (mapping/prospecting/soil sampling) work on K2 should focus on the margins of the magnetic high anomaly associated with the contact between the synvolcanic Kali Quartz Porphyry and felsic volcanic-tuff sequence as well as the:

- Follow-up on the series of kilometric electromagnetic conductors over a minimum 8 km strike length including WI-Target (6.72 g/t gold glacial boulder and B-horizon test sampling graded up to 49 and 283 ppb gold along an ENE drumlin adjacent to the EM conductor). This ENE conductor (WI-Target) is bordering the southern margin of a 4 x1km eastwest low magnetic anomaly: the A-05, WWI, WWII, WWIII conductors. Systematic glacial boulder prospecting & soil sampling (150-200 x 1-2 kg B-horizon) is recommended on the drumlins near the conductors. Extending the present airborne VTEM & AIIP coverage to the southwest should be strongly considered.
- Follow-up on Tikka-North AIIP/RDI Target and Vichnu-West AIIP/RDI Target
    - A poorly outcropping 500 meter diameter bull's eye AIIP/RDI anomaly is located 500 NW of the Tikka showing composed of lightly sulfurized and moderately sericitized quartz porphyry dykes grading up to 1.7 g/t gold & 23 g/t Ag & 0.86% Cu. It is also located at the margin of the magnetic crescent anomaly at the contact between the felsic volcanics and the Kali quartz-porphyry (QP). Further prospecting is recommended on this target (mostly covered by bog) and the adjacent favourable QP contact located east of this anomaly.
    - A poorly outcropping W-NW 600 meters long AIIP/RDI anomaly extends west from Vichnu Cu-Ag showing composed of sulfurized volcanics along QP dykes that graded up to 0.36 g/t gold, 15 g/t Ag & 1.68% Cu. It is also located within the magnetic crescent anomaly at the contact between the felsic volcanics and the Kali quartz-porphyry (QP). Additional prospecting is recommended on this target, especially at the northern margin of the swamp/bog, where a QP dyke swarm was observed.

AIIP: apparent interpreted induced polarization

1. Helicopter-support mapping/prospecting (10days/4geo x $7500/day) $75,000
2. Western Soil (300 x B-horizon) sampling (8days/4geo x$7500/day) $60,000
3. Planning, data management and report $25,000

4. Airborne VTEM-AIIP/magnetic extent over western conductor area (approx. 250lines-km @$80/km; 6x 3.5km + 2.5x k.6km grids; lines at N336-156 & 100m-spaced + report)
   … (optional) $25,000

Clarkie summer work proposal

Dios successfully discovered gold mineralization (Wacky showing) in silicified metawackes with disseminated 1-2% pyrite. The Wacky gold showing yielded grab samples between 1 and 8.88 g/t gold. Dios 2017 program focused on Wacky & its northern extents, therefore a 7-10 days follow-up prospecting/soil sampling on the southern extents of the Wacky gold showing are recommended.

1. Mobilization-Demobilization $3,000
2. Geological mapping and prospecting: 7-10 days x $12 000/day (max) $120,000
3. Report, planning & administration $10 000
4. Contingencies $5,000

AU33 winter and summer work proposal

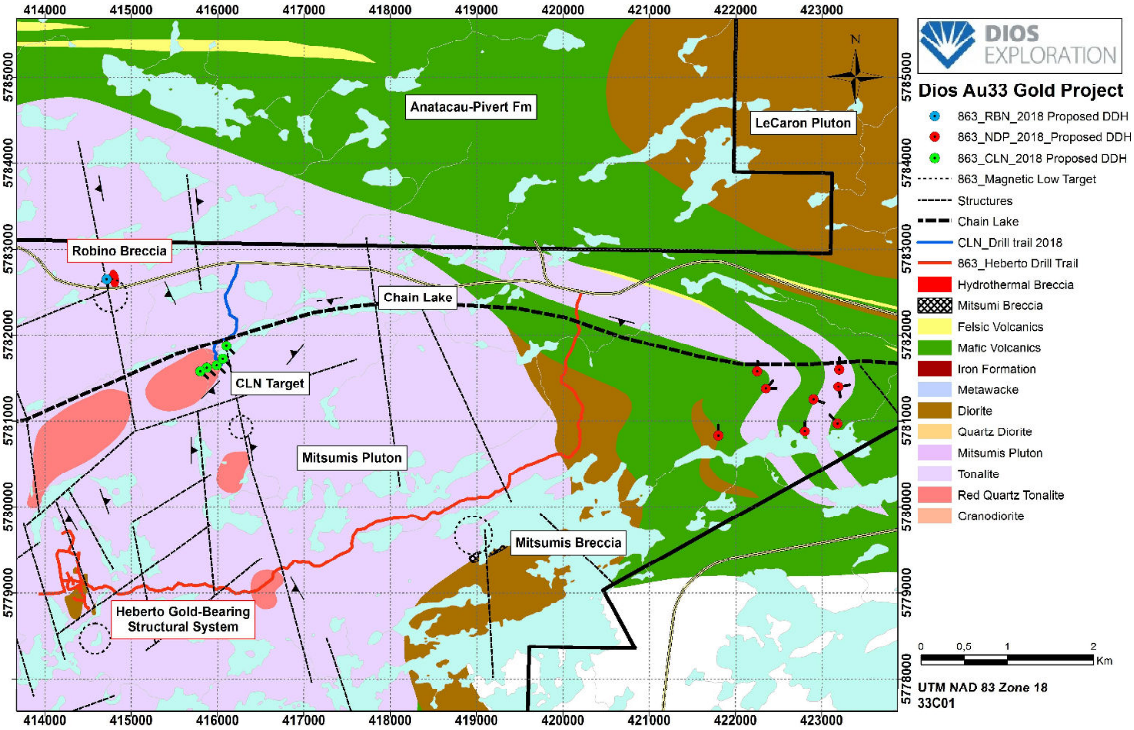
Depending on current drilling, follow-up on priority CLN & NDP areas should be considered. The Heberto/CLN B-horizon-soil grid should eventually be extended eastward for 3 km and northward for 1 km to cover the main low magnetic Chain Lake structure up to the NDP target.

Located 1 km west of CLN, another northeastern splay, a low mag gold-bearing lineament (CLW) should be systematically prospected and soil-sampled. Recheck TW5 trench and outcrop 415529. Depending of NDP target results, line cutting and induced polarisation survey could be considered over southern extent (1.5 x 1km) of NDP grid. On NDP target, soil sampling and trenching should be considered over tonalitic dikes.

Several other gold targets do occur on Au33 project (Chain Lake-South, Robino, Banano, Heberto-North showings & Mitsumis breccia) and have yet to be drilled.

- Line cutting & induced polarization on NDP south or east $60,000
- Au33 geological mapping-prospecting & soil-sampling:10 days x $10000/day $100,000
- Drilling program on various targets: 2500 m x $200/m $500,000

PLANNED 2018 DRILLING ON CLN (PYRITIZED SHEAR)
and NDP EASTERN MAGNETIC LIGHTLY CHARGEABLE TONALITE HORIZON



Summary of planned exploration programs for 2017 and results

PROJECTS	PLANNED WORK	BUDGET ($)	RESULTS ($)
AU33	Drilling	452,000	492,057
K2	Geology and geophysics	245,000	156,508
CLARKIE	Geology and mapping	10,000	59,140
TOTAL		707,000	707,705

Differences are explained as follows:

AU33	Geophysics work added to drilling plans in 2018
K2	Geophysical work postponed to 2018
CLARKIE	Additional geology work following gold discovery

OPERATION RESULTS AND SELECTED ANNUAL INFORMATION

Net loss for the year is $1,770,996 (net loss of $1,358,712 for 2016) whereas operating expenses for the year totalled $1,776,275 ($1,425,807 for 2016).

	As at December 31, 2017 $	**As at December 31, 2016 $**
Net loss	(1,770,996)	(1,358,712)
Operating Loss	(1,776,275)	(1,425,807)
Impairment and write-off of exploration and evaluation assets included in Expenses	1,649,893	1,233,399
Expenses without impairment and write-off	126,382	192,408
Net loss per share (basic and diluted)	(0.03)	(0.03)
Total assets	2,111,466	3,699,312

Net loss and expenses

2017 compared to 2016

- Decrease of stock-based payments from $63,787 to $7,776. No stock options were issued in 2017;
- Decrease in promotion: Investor search firm contract not reconducted in 2017.; and
- Impairment and write-off of exploration and evaluation assets in 2017 of $1,649,893 compared to $1,233,399 in 2016.

2016 compared to 2015

- Increase in promotion cost in 2016: Three-month promotion contract in Europe (ended in April 2016);
- Increase in the market value of listed shares; and
- Decrease of the write-off of exploration and evaluation assets in 2016.

Total assets

2017 compared o 2016

- Exploration and evaluation assets:
  - Acquisition and claims renewal costs of $9,087;
  - Exploration expenses of $707,705;
  - No tax credit receivable at the end of 2017;
  - 2017 impairment of $1,574,000 in exploration expenses and impairment and write-off of $75,893 in mining rights.
- Private placement of $156,120 closed in December 2017.
- Listed shares sold.
- Term deposits redeemed in 2017.

2016 compared to 2015

- Exploration and evaluation assets:
  - Acquisition and claims renewal costs of $78,666;
  - Exploration expenses of $492,297;
  - Tax credit of $191,463 related to exploration expenses;
  - 2016 write-off of $600,968 in exploration expenses and write-off of $632,431 in mining rights.
- Private placement of $1,155,450 closed in May 2016.
- Most of the listed shares were sold.
- Term deposits purchased in 2016.

SUMMARY OF QUARTERLY RESULTS

	2017					2016			
($ 000 except loss/share)	**Q4**	**Q3**	**Q2**	**Q1**		**Q4**	**Q3**	**Q2**	**Q1**
Income	2	1	1	2		5	30	15	13
Net earnings (Net loss)	(1,668)	(17)	(39)	(47)		(1,261)	(1)	(44)	(52)
Net earnings (net loss) per share(basic and diluted)	(0.029)	(0.001)	(0.001)	(0.001)		(0.024)	(0.001)	(0.001)	(0.001)

Variations in quarterly loss (income) can be explained by the following:

2017-Q4 Impairment and write-off of the 33 Carats and Shadow exploration and evaluation assets. No stock-based compensation expenses.
2017-Q3 Decrease of interest income. Term deposit redeemed.
2017-Q2 Decrease of stock-based compensation expenses.
2017-Q1 Decrease in promotion: Investor search firm contract not reconducted in 2017.
2016-Q4 Write-off of the diamond portion of the 33 Carats exploration and evaluation assets.
2016-Q3 Increase in the market value of listed shares.
2016-Q2 Increase of stock-based compensation expenses.
Increase in the market value of listed shares.
2016-Q1 Contract (three months) to an investor search firm.

FOURTH QUARTER

Highlights of the fourth quarter of 2017 are as follows :

- Exploration expenses totalling $164,165 on AU33, Clarkie and K2 properties;
- Administrative expenses of $19,654;
- Private placement of $156,120 closed at the end of December;
- Impairment and write-off of exploration and evaluation assets of $1,649,893 related to 33 Carats and Shadow properties.

CASH FLOW SITUATION

Working capital decreased by $731,180 as at December 31, 2017 going $1,029,365 as at December 31, 2016 to $298,185 as at December 31, 2017. The decrease is mainly due to exploration costs, mining right payments and administrative expenses incurred during the year.

Cash amounted to $376,296 as at December 31, 2017 compared to cash and term deposit of $849,596 as at December 31, 2016.

The Company is considered to be in the exploration stage, thus is dependent on obtaining regular financings to continue exploration. Despite previous successes in acquiring sufficient financing, there is no guarantee of obtaining any future financings.

As at April 5, 2018, the company considers that it will have to finance itself in 2018 to carry out the planned exploration work. As at December 31, 2017, the Company did not have any debt or any financial commitments for the upcoming quarters except to incur $156,120 in exploration expenses before December 31, 2018.

FINANCING SOURCES

As at December 31, 2017:

- 56,902,727 Common Shares were issued or to be issued.
- 2,860,000 options were outstanding and can be exercised at prices ranging between $0.10 to $0.15 and expiring between October 1st, 2019 and February 22, 2021. Each option can be exchanged by its holder thereof for one Common Share of the Company.
- 6,469,501 warrants were outstanding, entitling their holders thereof to subscribe for the same number of Common Shares of the Company at a price between $0.155 to $0.20 and expiring between May 18 and May 20, 2018.

Share capital

Variations in share capital as at April 5, 2018 are the following:

Description	Number of shares	Amount $
As at December 31, 2016	55,168,060	19,344,758
Private Placements to be issued	1,734,667	104,080
As at December 31, 2017	**56,902,727**	**19,448,838**
Private Placement	777,811	54,447
As at April 5, 2018	**57,680,538**	**19,503,285**

On December 27, 2017, the Company completed non-brokered private placement. An amount of $156,120 was subscribed consisting of 1,734,667 flow-through shares recorded at a price of $0.09 per share. An amount of $104,080 related to share capital and $52,040 related to “Other liabilities” were recorded.

On February 2, 2018, the Company completed non-brokered private placement. An amount of $70,003 was subscribed consisting of 777,811 flow-through shares recorded at a price of $0.09 per share. An amount of $54,447 related to share capital and $15,556 related to “Other liabilities” were recorded.

Options

Variation in outstanding options as at April 5, 2018 is the following:

	Number	Weighted average exercise price ($)
As at December 31, 2016	5,170,000	0.15
Canceled	(535,000)	0.14
Expired	(1,775,000)	0.19
As at December 31, 2017	**2,860,000**	**0.12**
Granted	980,000	0.10
As at April 5, 2018	**3,840,000**	**0.11**

Options granted and exercisable as at April 5, 2018:

Expiry date	Number of options	Exercisable	Exercise price ($)
October 1, 2019	1,100,000	1,100,000	0.15
July 16, 2020	880,000	880,000	0.10
February 22, 2021	880,000	880,000	0.10
February 19, 2023	980,000	98,000	0.10
	3,840,000	2,958,000	0.11

An amount of $7,776 of employee remuneration expense (all of which related to equity-settled share-based payment transactions) were included in profit or loss for the reporting period ended December 31, 2017 ($63,787 for the reporting period ended December 31, 2016) and credited to Contributed surplus.

No options were issued in 2017.

The fair value of the options granted in 2016 was estimated using the Black Scholes stock option evaluation model with the following assumptions:

	2016
Expected dividend	0%
Expected volatility	132%
Risk free interest rate	0.5%
Estimated weighted average duration	5 years
Exercise price at date of grant	$0.10

Warrants

Variation in outstanding warrants as at April 5, 2018 is the following:

	Number	**Weighted average exercise price ($)**
As at December 31, 2016	8,470,929	0.15
Issued	-	-
Expired	(2,001,428)	0.10
As at December 31, 2017 and April 5, 2018	**6,469,501**	**0.17**

In respect with the private placement dated May 18 and 20, 2016, the Company issued 6,469,501 warrants. The number of outstanding warrants which could be exercised for an equivalent of common shares is as follows:

Expiration date	**Number of warrants**	**Exercise price ($)**
May 18, 2018	332,500	0.20
May 18, 2018	280,000	0.155
May 20, 2018	2,023,667	0.20
May 20, 2018	3,833,334	0.155
	6,469,501	0.17

ACCOUNTING POLICIES

The 2017 financial statements of the Company were prepared in accordance with IFRS, as issued by the International Accounting Standards Board as described in Note 4 of 2017 financial statements.

CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Significant management judgment

Significant management judgments to be made while implementing accounting methods that are the most significant for the Company are discussed hereafter:

(a) Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exit in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

(b) Operating continuity

Determining whether to continue operating requires management's judgment to be able to raise or find sufficient funds for operating expenses and planned exploration programs, among others, to fulfill requirements for the coming period; such judgments are based on past expertise and other factors, including evaluation of probable future events that could be deemed reasonable in said circumstances.

Estimation uncertainty

(a) Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined.

Determining whether to test for impairment of exploration and evaluation assets requires management's judgment, among others, regarding the following: the period for which the Company has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

For the year ended December 31, 2017, the Company decided to impair the 33 Carats mining property for a total of $1,649,893 and to write-off the Shadow property due to the absence of significant exploration work over the past three years. No reversal of impairment losses has been recognized for the reporting periods.

For the year ended December 31, 2016, the Company decided to write-off the diamond portion of the 33Carats and other small mining properties for a total of $1,233,399 for the following reasons: Abandonment of mining claims, negative results after exploration work and / or the absence of significant exploration work over the past three years. No reversal of impairment losses has been recognized for the reporting periods.

The remaining properties have not been tested for impairment. The Company can retain properties as it has sufficient financial resources to meet its short-term obligations and exploration works are planned over next exercises. The rights to prospect for these properties will not expire soon and exploration works has been carried out on these properties over the past three years.

(b) Share-based payments

Estimation of share-based payment costs requires selection of appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model.

(c) Tax credits receivable

The calculation of the Company's refundable tax credit on qualified exploration expenditure incurred and refundable tax credit involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been issued from the relevant taxation authority and a payment has been received. Difference arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credit and refundable tax credit, exploration and evaluation assets, and income tax expense in future periods.

Off-balance sheet arrangements

During the year, the Company did not set up any off-balance sheet arrangements.

RISK AND UNCERTAINTIES

Risks inherent in the nature of mineral exploration and development

Mineral exploration and development involve several risks which experience, knowledge and careful evaluation may not be sufficient to overcome. Large capital expenditures are required in advance of anticipated revenues from operations. Many exploration programs do not result in the discovery of mineralization; moreover, mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labor are some of the risks involved in the conduct of exploration programs and the operation of mines. The commercial viability of exploiting any precious metal deposit is dependent on a number of factors including infrastructure and governmental regulations, in particular those respecting the environment, price, taxes, and royalties. No assurance can be given that minerals of sufficient quantity, quality, size and grade will be discovered on any of the Company's properties to justify commercial operation. Numerous external factors influence and may have significant impacts on the operations of the Company and its financing needs.

Financial risks

The Company is an exploration company. The Company will periodically have to raise additional 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.

Tax

No assurance can be made that Canada Revenue Agency or Quebec Minister of Revenue will agree with Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses.

Dependence on key personnel

The development of the Company's business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other employers.

Conflicts of interest

Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith of view to the best interests of the Company and to disclose any interest, which they may have on any project or opportunity of the Company. If a conflict arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

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.

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 IFRS. 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, M.Sc. Geo President *(Signed)* René Lacroix CPA, CA Chief Financial Officer

Montreal, April 5, 2018