



**DIOS EXPLORATION INC.
Management's Discussion and Analysis
Quarterly highlights
For the three and nine-month periods ended
September 30, 2020**

The following quarterly highlights management discussion and analysis of the financial condition and operation results 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 nine-month period ended September 30, 2020.

This discussion and analysis should be read in conjunction with:

- The unaudited interim financial statements as at September 30, 2020;
- The 2019 Annual Management report; and
- The Company's audited financial statements for the year ended December 31, 2019 and December 31, 2018.

These documents and additional information may be available at www.sedar.com, 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 September 30, 2020, there are 101,207,066 Common Shares of Dios issued and outstanding.

Nature of activities

Dios focuses on gold exploration in James Bay Eeyou Istchee, Quebec. Dios is involved in mineral exploration along a major deformation zone through proprietary diamond till sampling having also defined gold glacial dispersal trains.

K2 gold-copper-silver project, directly SW in strike of Azimut's Elmer gold discovery, has been explored and enlarged by Dios for the last 4 years. Very significant results were obtained on **K2** with its Attila-Kali eastern outcrop targets and west input WI gold targets, west of Kali intrusion. Adjacent **Solo** southeast of K2 will be drilled by a partner.

Successful drilling of large AU33 gold property, adjacent to Clearwater gold deposit, led to HEBERTO GOLD discovery and 4 km NNE, to successful drilling of CLN area and in

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late 2019, a further 4-5 km east of CLN, to gold drilling discovery in WTS sector.

A few hundreds km east, a new partner will develop **33Carats-Bohier** near the Eastmain gold mine.



CURRENT DRILLING ON WHOLLY-OWNED K2 GOLD, SW OF AZIMUT'S DISCOVERY

COVID-19 Pandemic

During the first quarter, the company postponed its mining exploration work following government orders relating to the COVID-19 pandemic then since the end of the second quarter, the company resumed exploration work on its properties.

The Minister of Energy and Natural Resources of Quebec announced on April 9, 2020 the postponement of field work requirements to renew a claim, for a period of one year.

On July 10, 2020, the Department of Finance Canada proposed by way of a news release changes to the federal taxation system applicable to junior mining exploration corporations and other flow-through shares issuers. The proposed changes seek to extend by 12 months the period in which to spend the capital obtained by means of such a share issue. The harmonization to the Québec taxation system will be adopted only following assent to any federal statute implementing the changes to the federal tax legislation, taking into account technical amendments that may be made prior to assent.

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Financing activities

On March 4 and 13, 2020, the Company completed a non-brokered private placement. An amount of \$659,000 was subscribed consisting in 6,590,000 flow-through shares at a price of \$0.10. An amount of \$549,650 was allocated to share capital, while an amount of \$109,350 has been recorded in other liabilities in the statement of financial position. Finder's fees amounted to \$15,000, consisting in the issuance of 176,471 Common Shares of the Company at a price of \$0.085 for a value of \$15,000.

On April 28, 2020, the Company completed a non-brokered private placement. An amount of \$401,000 was subscribed consisting in 4,010,000 flow-through shares at a price of \$0.10. An amount of \$380,950 was allocated to share capital, while an amount of \$20,050 has been recorded in other liabilities in the statement of financial position. Finder's fees amounted to \$18,000, consisting in the issuance of 211,765 Common Shares of the Company at a price of \$0.085 for a value of \$18,000.

On September 10, 2020, the Company completed a private placement by issuing a total 9,090,000 units at \$0.12 per unit. Each unit comprises one Common Share of the Company and one warrant. Each warrant entitles its holder thereof to subscribe for one Common Share of the Company at \$0.20 during a 36-month period. An amount of \$1,090,800 was recorded to share capital. Issue costs amounted to \$68,241 including finder's fees of \$58,248.

During the nine-month period ended on September 30, 2020, 970,000 options were exercised. An amount of \$97,000 was received and an amount of \$39,380, representing the fair value of the options at the time of the issue were recorded as an increase in share capital. Also 5,252,222 warrants were exercised. An amount of \$555,694 was received and an amount of \$93,934, representing the fair value of warrants, were recorded as an increase in share capital.

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Investing activities

Quarter ended September 30, 2020

During this period, Dios paid \$3,696 for mining rights (claim renewal and acquisitions).

During the three-month period ended September 30, 2020, the Company incurred \$142,307 in exploration expenses compared to \$131,592 for the same period in 2019.

Exploration Expense Analysis

Description	14Karats	K2	AU33	Others	Total
	\$	\$	\$	\$	\$
Geology	11,876	67,213	1,334	8,938	89,361
Transportation, Lodging	-	22,358	-	-	22,358
Geophysical work	-	26,875	-	-	26,875
Office and other	-	3,713	-	-	3,713
	11,876	120,159	1,334	8,938	142,307

Nine-month period ended September 30, 2020

During this period, Dios paid \$50,488 for mining rights (claim renewal and acquisitions).

During the nine-month period ended September 30, 2020, the Company incurred \$354,211 in exploration expenses compared to \$338,821 for the same period in 2019.

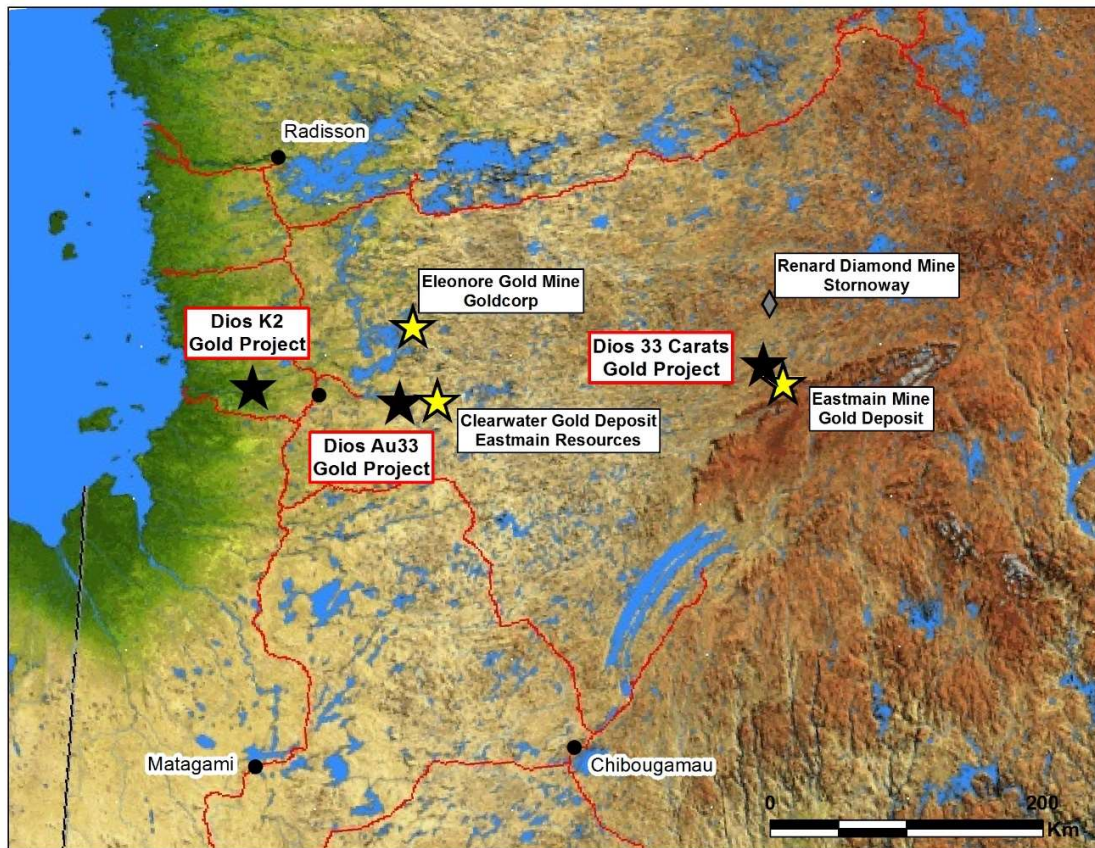
Exploration Expense Analysis

Description	14Karats	K2	AU33	Others	Total
	\$	\$	\$		\$
Geology	11,875	125,881	20,501	25,724	183,981
Transportation, Lodging	-	72,815	-	-	72,815
Geophysical work	-	89,563	-	-	89,563
Office and other	-	5,613	2,239	-	7,852
	11,875	293,872	22,740	25,724	354,211

On February 11, 2020, the Company signed an agreement with Sirius Resources Inc. ("Sirios") allowing the latter to acquire an interest in the Solo property near the lower Eastmain River (extreme southeast section of the K2 property). Sirios can get a 51% interest in this property over a three-year period with payments of \$125,000 and exploration work totaling \$600,000. Once the 51% participation is obtained, Sirios will have the option of continuing exploration in joint venture with the Company on a 51/49 basis or else of starting a second phase allowing it to increase its participation to 90% with payments of \$150,000 and drilling totaling 20,000 meters over a three-year period. During the period, the Company received an amount of \$25,000 from Sirios which was recorded as a reduction of EXPLORATION AND EVALUATION ASSETS.

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On July 1, 2020 (effective date), the Company signed an agreement with a private Australian company ("the buyer") allowing the latter to acquire an interest in the 33Carats property located along the upper Eastmain River in the Otish Mountains region of Quebec. The buyer can earn a 70% interest in this property over a five-year period with payments of \$220,000, payments of claim renewal costs plus exploration work totaling \$1,400,000. Once the 70% interest is obtained, the buyer can obtain an additional interest of 15% following the preparation by the buyer of a preliminary economic study of the property. The Company can then decide to participate in the joint venture or get a 2 % NSR half of which can be bought for \$1,000,000. During the period, the Company received an amount of \$30,000 from the buyer. An amount of \$23,997 was recorded as a reduction of EXPLORATION AND EVALUATION ASSETS and the balance of \$6,003 was recorded as Gain on disposal of exploration and evaluation assets.



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Exploration performed during the quarter ended

Dios defined Prospective drill targets on induced polarization survey completed on K2

Induced Polarization survey completed during quarter over a 3.2 km long by 700 m to 1.1 km large grid (200 m line spacing) helped better define gold WI-Targets to be drilled on **K2** gold project in Elmer Lake area, James Bay Eeyou-Istchee.

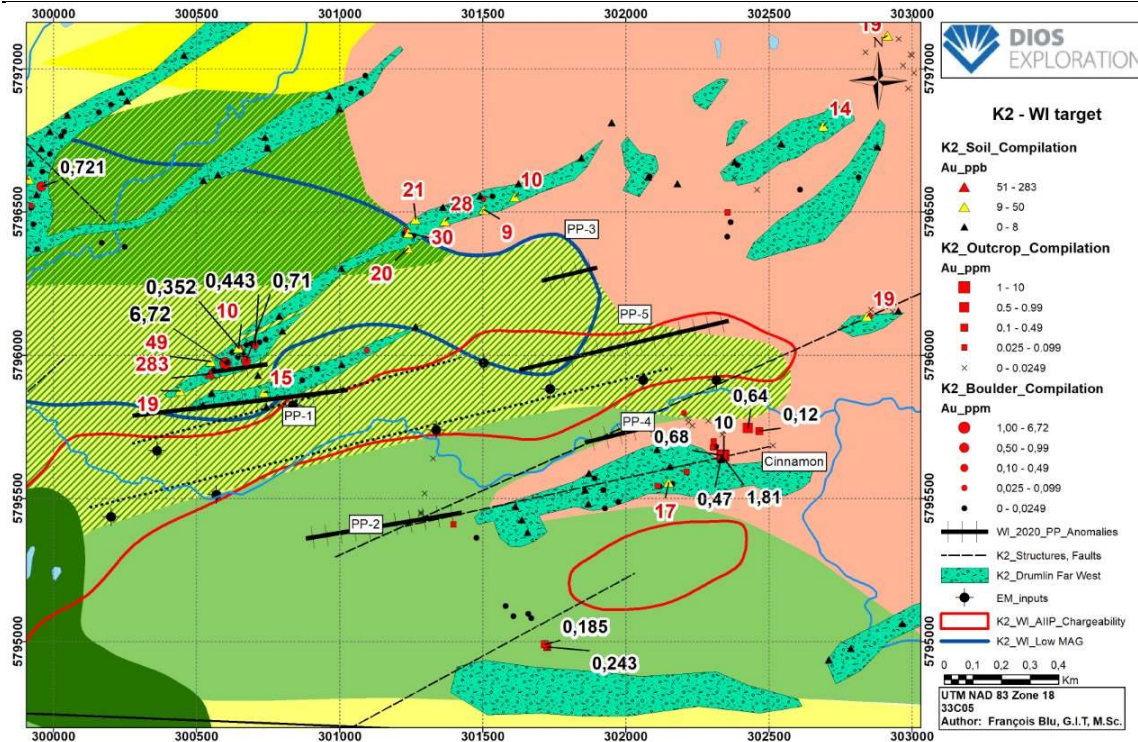
The WI-Target is a non-outcropping 3.6 km long by 150-300 m large prospective conductor previously defined by Airborne geophysics. This conductor is west-southwest striking at the western margin of Kali pluton.

At the margins of a significant corridor extending over 3 km long by 50 to 250 meters wide (poorly resistive) were outlined five areas of ground IP anomalies, directly adjacent to east-northeast elongated drumlins, characterized by: **(1)** gold-in-soil anomalies (10 to 283 parts per billion gold); **(2)** sericite altered dacite glacial floats, with 1-2% pyrite-pyrrhotite and chalcopyrite & quartz stringers grading up to 6.72 grams per ton gold , 0.2 % Cu, 29 g/t silver. Such goldbearing altered rocks Dios is looking for are weakly chargeable.

Another anomalous axis (weak 600 m long anomaly) is coincidental with a deep VTEM conductor (within the less resistive corridor) located just north of a tonalitic apophysis entering the volcanics towards west.

A sub-parallel 400 m long chargeable anomaly (PP-2) was also identified some 1 km west of, and in strike with, the Cinnamon gold showing (an east-west striking shear within tonalite with 1-2% pyrite that graded up to 10 g/t gold & 1.81 g/t Au). PP-2 is located south of the sheared altered poorly resistive corridor in the volcanics (gabbro) and at the margin of the tonalite apophysis.

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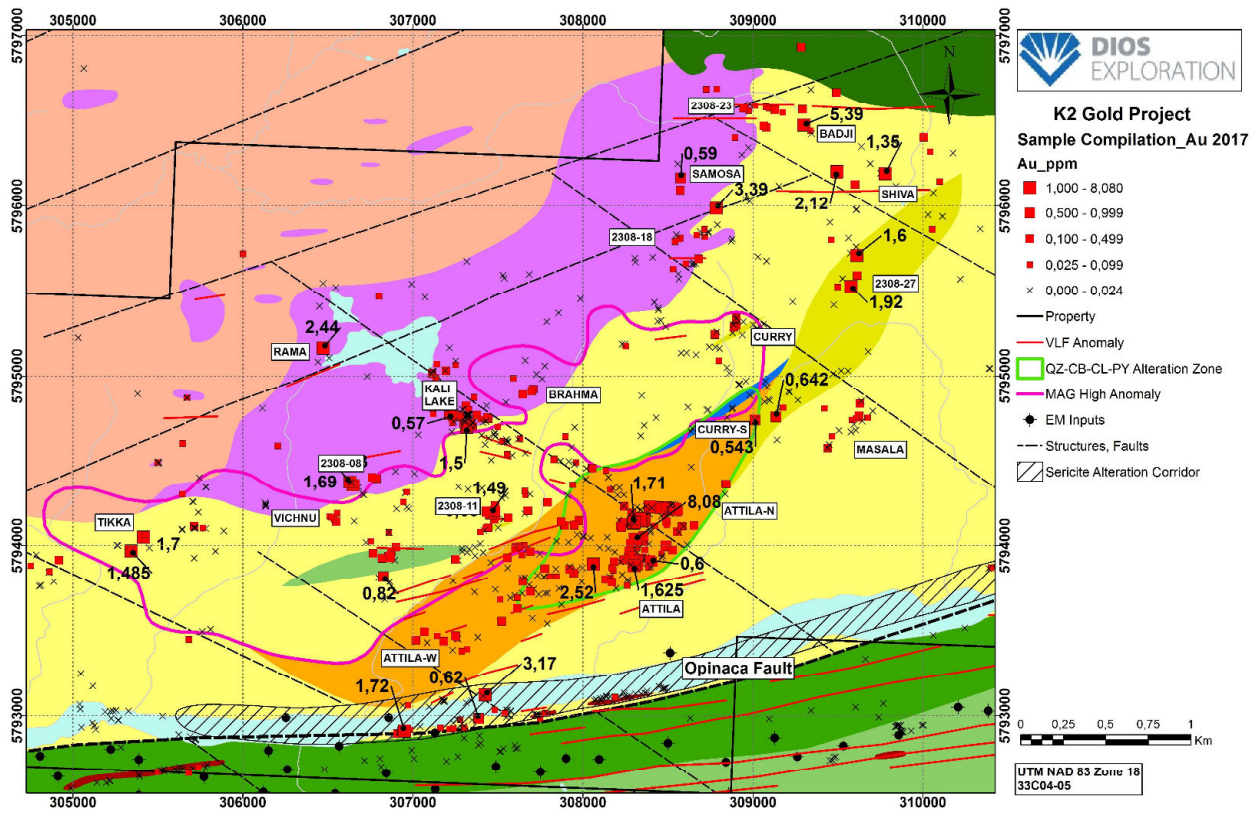
A pole-dipole configuration was used over 15.35 km-lines in this survey. The WI-Target conductor had been defined by Airborne Inductively Induced Polarization and ElectroMagnetics (INPUT) and Time Domain EM (VTEM).

Another strong drill target is Attila gold-copper showing hosted in a fractured rhyodacite dome overlying Kali quartz-diorite/tonalite Porphyry to the south, 7 km east of WI-Target, consisting in chalcopyrite-rich stringer/stockwork extending over 75 m long and 5 to 15 m wide that yielded up to 8.08 g/t gold, 96.7 g/t silver, 2.43% Cu & 0.17% Zn.

From 13 grab samples the Attila Zone averaged grades of 1.07 g/t gold, 38.8 g/t silver, 1.25% copper & 0.01% Bi (see 2017 releases). Some 100 m north, a several meter sub-parallel horizon (Attila-N) extending over 50 m long with narrow quartz-carbonate-pyrite veins returned five samples greater than 1.0 g/t gold (up to 3.64 g/t Au & 26.7 g/t Ag). Previous gold-copper-zinc soil anomalies are coincidental with Attila mineralized area (9-21, 114 ppb Au, over 75 ppm Cu and over 70 ppm Zn. Warranted depth drilling is planned.

Several other areas of the K2 gold property warrants further ground investigations and prospecting and drilling.

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Overall performance

Net loss for the quarter ended September 2020 is \$11,070 (net profit of \$19,781 for the third quarter 2019) whereas expenses for the quarter totalled \$38,501 (\$12,102 for the third quarter 2019).

During the three-month period ended September 30, 2020, one notes mainly:

- Increase of Share-based payments expenses included in *Employee benefits expense*. See below.
- Deferred income taxes recovered of \$23,613. See below.
- Other operating expenses were stable year-over-year.
- Gain on disposal of the 33Carats property of \$6,003.
- Analysis of the non-monetary operations that does not require an exit or an inflow of cash (positive: income and negative: expenditure):

	Quarter ended September 30, 2019	Quarter ended September 30, 2019
Share-based payments	\$(28,999)	\$(1,176)
Deferred income taxes recovered	\$23,613	\$30,367

Net loss for the nine-month period ended September 30, 2020 is \$74,450 (net loss of \$19,889 for the nine-month period ended September 30, 2019) whereas expenses for the nine-month period 2020 totalled \$117,980 (\$104,485 for the nine-month period ended September 30, 2019).

During the nine-month period ended September 30, 2020, one notes mainly

- Increase of Share-based payments expenses included in *Employee benefits expense*. See below.
- Deferred income taxes recovered of \$36,970. See below.
- No wages paid at the beginning of the year.
- Decrease of expenses related to postponement of the 2019 general meeting of shareholders to November 24, 2020.
- Other operating expenses were stable year-over-year.
- Analysis of the non-monetary operations that does not require an exit or an inflow of cash (positive: income and negative: expenditure):

	Nine-month period ended September 30, 2020	Nine-month period ended September 30, 2019
Share-based payments	\$(36,959)	\$(9,335)
Deferred income taxes recovered	\$36,970	\$77,591

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Financial position

- Working capital increased by \$2,220,232 as at September 30, 2020 going from \$30,250 as at December 31, 2019 to \$2,250,482 as at September 30, 2020 (furthermore including Other Liabilities of \$92,430 to simply be erased once flow-expenditures are incurred). The increase is mainly due to financings made during the period offset by exploration costs, mining right payments and administrative expenses incurred during the period.
- Cash and term deposits totalled \$2,350,985 as at September 30, 2020 compared to \$157,843 as at December 31, 2019. The Company is considered to be in the exploration stage; thus, it is dependent on obtaining regular financings in order to pursue exploration. Despite previous successes in acquiring sufficient financings, there is no guarantees of obtaining any future financings.
- The product of unspent funding related to flow-through financings as at September 30, 2020 is \$837,199 to be spent before December 31, 2021.

Exploration Budget for fiscal 2020: The planned exploration work to be conducted by Dios in 2020 is disclosed in the 2019 Annual Management report. See above section "Exploration performed during the quarter". During the first and second quarters, there was a period of time where it was not possible to carry out field exploration work due to COVID19. The Company is confident that it will make up for lost time.

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 September 30, 2020, the compensation was \$103,254 (\$59,998 for the same period last year). An amount of \$67,684 (\$53,610 for the same period last year) was capitalized in Exploration and Evaluation assets.

For the nine-month period ended September 30, 2020, the compensation was \$210,594 (\$240,581 for the same period last year). An amount of \$136,161 (\$164,511 for the same period last year) was capitalized in Exploration and Evaluation assets.

Forward-looking information

See forward-looking information in the 2019 Annual Management report.

Montreal, Quebec
November 12, 2020