

DIOS EXPLORATION INC. - Management's Discussion & Analysis – Quarterly Highlights – Three and six-month periods ended June 30, 2021



DIOS EXPLORATION INC. Management's Discussion and Analysis Quarterly highlights For the three and six-month periods ended June 30, 2021

The following quarterly highlights management discussion and analysis of the financial condition and results of the operation of Dios Exploration Inc. (the "Company" or "Dios") constitutes management's review of factors that affected the Company's financial operating performance for the three and six-month periods ended June 30, 2021.

This discussion and analysis should be read in conjunction with:

- The unaudited interim financial statements as at June 30, 2021;
- The 2020 Annual Management report; and
- The Company's audited financial statements for the year ended December 31, 2020 and December 31, 2019.

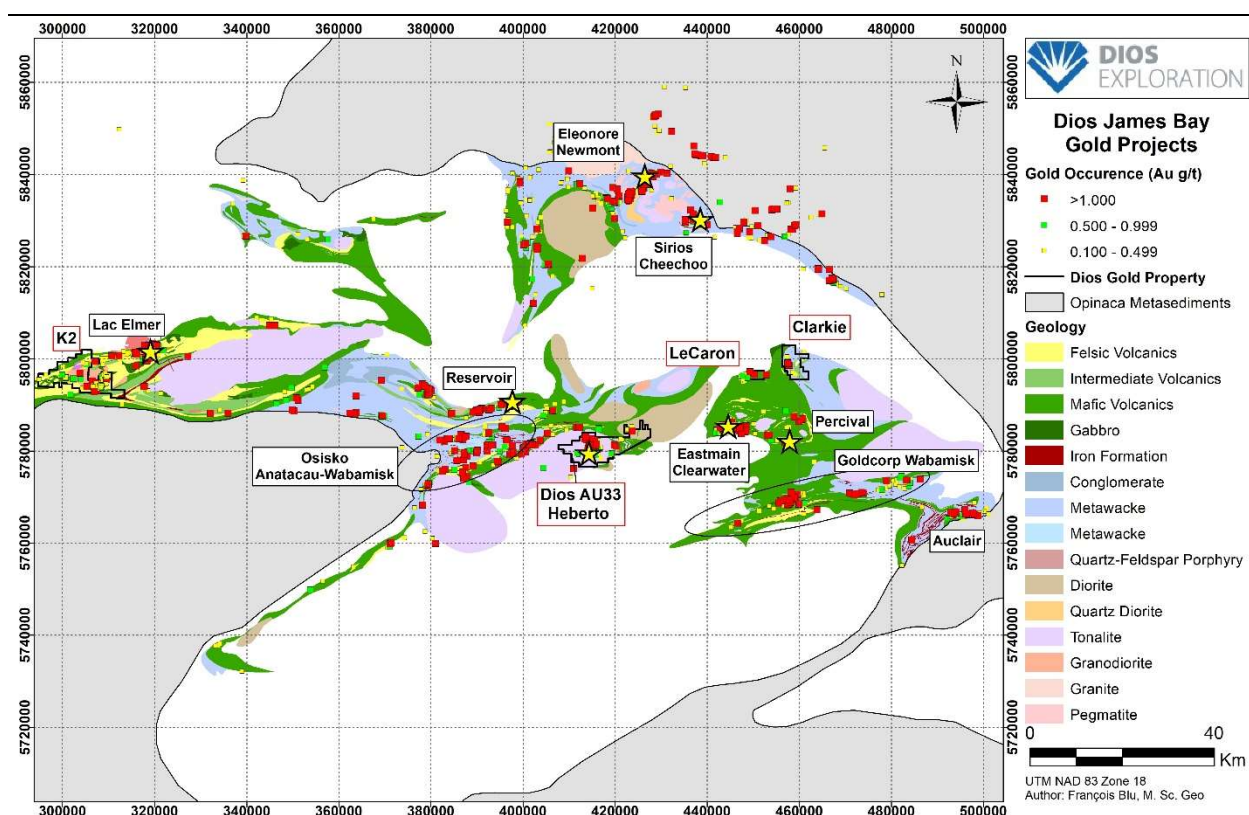
These documents and additional information may be available through www.sedar.com web site, under the Company's section "Sedar filing" or at www.diosexplo.com. The Company's shares are listed on the TSX Venture Exchange, under the symbol "DOS". As at June 30, 2021, there are 101,207,066 common shares of Dios issued and outstanding.

Nature of activities

Dios focuses on gold exploration in James Bay Eeyou Istchee, Quebec. Wholly-owned **K2** gold-copper-silver property without any royalties is located directly SW in strike of Azimut's Elmer gold discovery at Patwon. Very significant results were obtained on **K2** project with Kali eastern targets and WI gold targets, west of Kali intrusive. **K2 DRILLING STARTS IN MID-AUGUST.**

Dios is involved in mineral exploration along a major James Bay deformation zone through proprietary till sampling defining gold and diamond glacial dispersal trains. Successful drilling of large **AU33** gold property led to HEBERTO GOLD discovery, then 4 km NNE, to successful drilling of CLN area and a further 4-5 km east to WTS gold drilling discovery.

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Dios' properties: K2, AU33 (Heberto), LeCaron, Clarkie

Gold in outcrop was also thus discovered by Dios on **Clarkie** (8.9 & 6.8 g/t Au in sandstones) and **Le Caron** (37 g/t Au, 4.5 m @ 2.1 g/t Au in volcanics) gold projects, along Newmont Eleonore gold mine - Cheechoo corridor. Gold in outcrop and by drilling was also discovered by Dios 6 km northwest of Eastmain gold mine on Dios' **33 Carats** property, farmed out in 2020 to Australians.

Investing activities

Quarter ended June 30, 2021

During the three-month period ended June 30, 2021, the Company incurred \$76,900 in exploration expenses compared to \$188,972 for the same period in 2020.

Exploration Expense Analysis

Description	K2
	\$
Geology	76,176
Office and other	724
	76,900

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Six-month period ended June 30, 2021

During this period, Dios paid \$13,908 for mining rights (claim renewal and acquisitions).

During the six-month period ended June 30, 2021, the Company incurred \$203,983 in exploration expenses compared to \$211,904 for the same period in 2020.

Exploration Expense Analysis

Description	K2	14 Karats	Total
	\$	\$	\$
Geology	113,602	33,463	147,065
Transportation, Lodging	192	-	192
Sample analysis	55,656	-	55,656
Office and other	1,070	-	1,070
	170,520	33,463	203,983

Exploration performed during the quarter

K2 gold project

Wholly-owned **K2 gold project** covers 85 sq. km directly southwest of **Azimut's Elmer gold property** hosting **Patwon gold discovery**, along same trend of Opinaca River deformation Zone, an underexplored part of the Lower Eastmain Greenstone belt, James Bay, Quebec.

K2 is favourable for VMS (Volcanic Massive Sulfides) and Windfall-type gold mineralization. **K2** hosts an Archean volcanic sequence injected by felsic porphyry plugs and dykes wrapped around Kali tonalite pluton.

K2 DIAMOND DRILLING CAMPAIGN STARTS IN MID-AUGUST 2021.

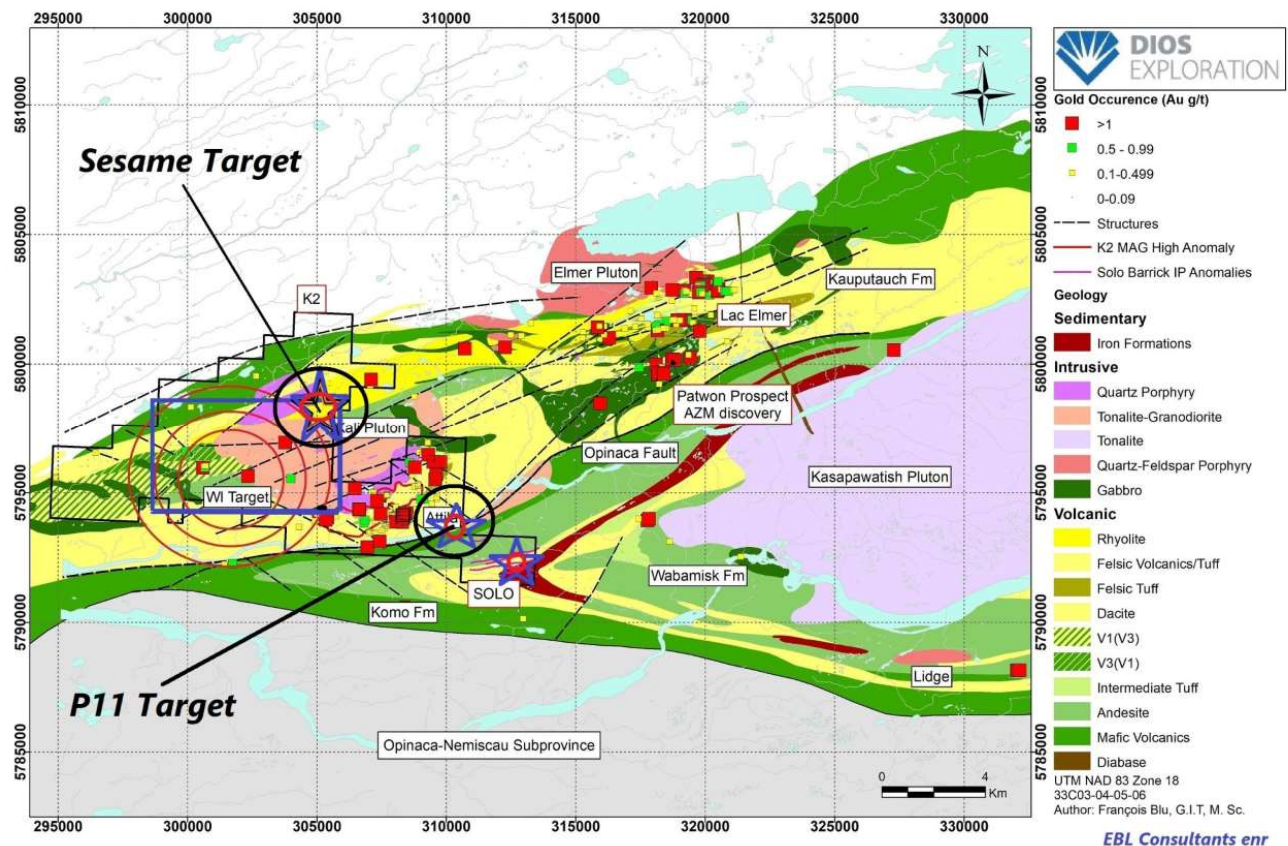
Dios completed permitting during the quarter and secured a diamond drill rig for its summer drill program on **K2** gold-copper property, James Bay, Quebec. The drill was mobilized to site by mid-August.

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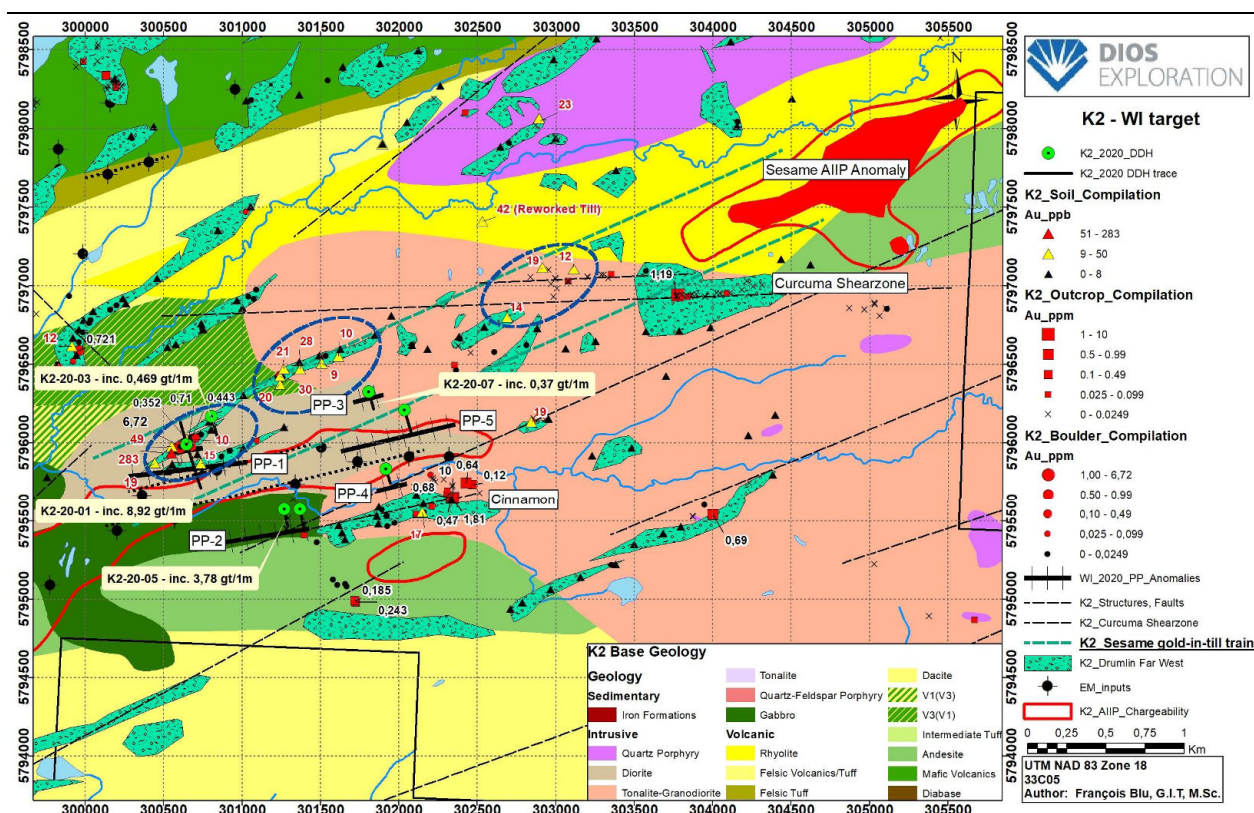
This summer, 2000 metres of drilling are planned, with drilling of:

- 1) Sesame gold Target, north of Kali pluton, a 2 km long by 200-400 m wide NE striking airborne IP anomaly, in volcanics (western extent of Elmer formation?), and
- 2) southeastern K2 strong first priority IP conductor (P-11) with good related gold-copper-As B-horizon anomalous clusters, near A-48 km size target.

When ground is frozen, further drilling is planned, in particular on SOLO, 800 m south of P-11 on parallel several km long very strong first priority IP conductors coincidental with moderate east-west gold soil anomaly P-07 (& P-06).



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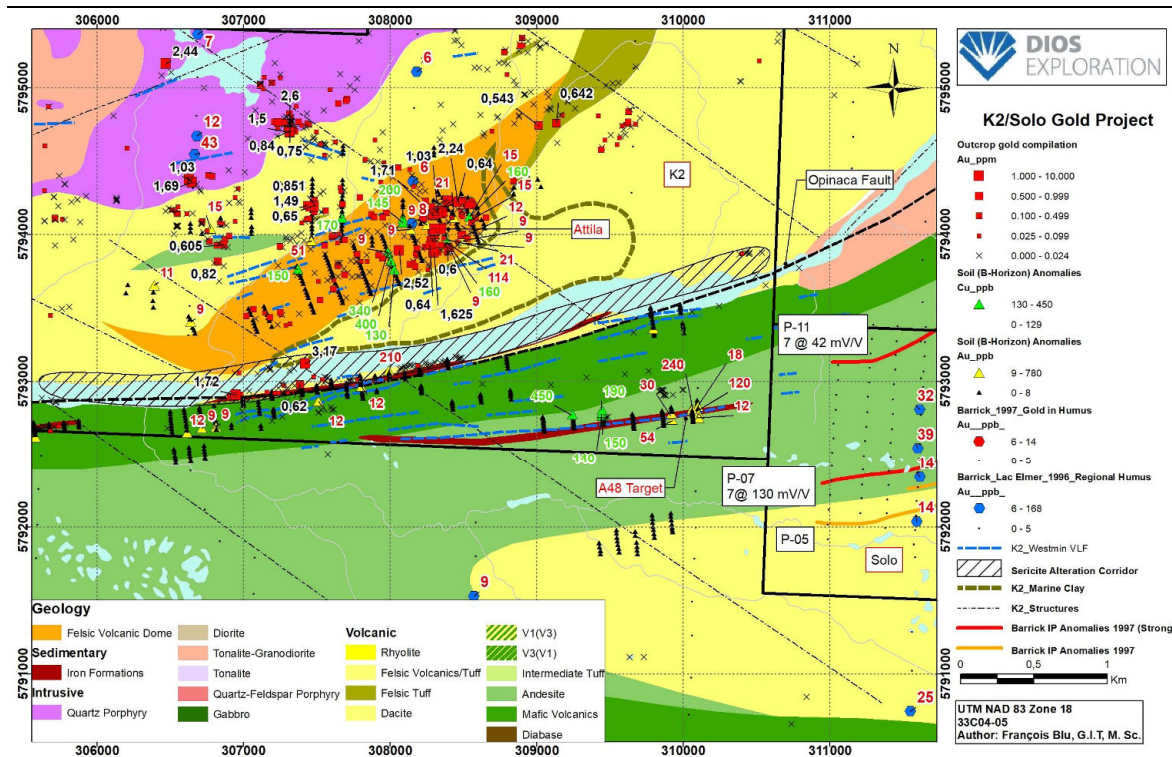
Dios uncovered a major three-kilometre-long gold glacial train (B-horizon and boulders) targeting a significant source in Sesame large volcanic hosted airborne IP.

With Dios' systematic sampling data of available B-horizon material, the team pursued its research work and found the gold train leading to Sesame anomaly

The Sesame gold target is a two km long by 200 to 400 m wide northeast-striking airborne IP anomaly, north of Kali pluton, 3.2 km up ice of crumbly sericite enriched and carbonated felsic floats with 1 to 3 per cent pyrite and quartz stringers that yielded up to 6.72 grams per tonne gold (Au), 29 g/t silver (Ag), 0.2 per cent copper (Cu), in perfect line up ice of Wi target gold-bearing glacial drumlins (10 to 283 parts per billion Au in B-horizon). The gold train is made up of three such gold-in-soil clusters.

An independent geophysicist interpreted the Sesame anomaly as a possible hydrothermal alteration zone with minor disseminated sulfides.

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Very significant kilometre-size A48 target was defined in southeastern K2, composed of a cherty iron formation with pyrite and graphite within mafic volcanic flows and tuffs, south of Opinaca fault, near crosscutting structures. It is coincidental with a 3.5-kilometre-long minimum VLF-EM (very-low-frequency electromagnetic) conductor associated with a good magnetic lineament. Its northeastern limit, covered by an IP survey (Barrick, 1997), is coincidental with a very good chargeable conductor (P-11 goes from seven to 50 millivolts per volt).

B-horizon sampling across this unit produced anomalous clusters along the VLF-EM conductor with such gold values (6, 12, 18, 120 and 240 parts per billion gold in one line and 30 and 54 ppb gold 200 metres away) as well as copper values 400 metres away (140, 150 and 150 parts per million copper and 450 ppm copper). Additional B-horizon sampling and prospecting over the VLF/magnetic lineament are planned. Drilling is planned on up-ice P-11 target.

An independent geophysicist report states this strongly chargeable P-11 must be drilled, also as it is associated with major resistivity decreases, typical of good conductors, such as massive sulphides. Further south, P-07 bears same characteristics and will be tested later on in the year.

Effectively, 800 metres south of P-11, three subparallel, several-kilometre-long IP conductors are coincidental with a moderate east-west gold-in-soil anomaly. Both geophysical and geochemical anomalies are located along northern flank of a regional fold hinge (structural trap) and may correspond to sulphidized contacts between felsic tuffs and intermediate volcanics. Most chargeable P-07 conductor is coincidental with a three-kilometre-long strong high magnetic feature. Winter drilling is planned on P-07 (P-06) IP conductors due to swampy conditions.

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Solo Gold Project

Soil (B-Horizon) Anomalies

Cu_ppb

- ▲ 130 - 450
- 0 - 129

Soil (B-Horizon) Anomalies

Au_ppb

- ▲ 9 - 780
- 0 - 8

Barrick_1997_Gold in Humus

Au_ppb

- 6 - 14
- 0 - 5

Barrick_Lac Elmer_1996_Regional Humus

Au_ppb

- 6 - 168
- 0 - 5

Alteration Zones

- ▨ Sericite Alteration Corridor
- - - K2_Marine Clay
- - - K2_Structures
- - - K2_Westmin VLF
- Barrick IP Anomalies 1997 (Strong)
- Barrick IP Anomalies 1997

Geology

Sedimentary

- Iron Formations

Intrusive

- Quartz Porphyry

K2/Solo

- Diorite
- Tonalite-Granodiorite
- Tonalite
- Quartz-Feldspar Porphyry
- Gabbro

Volcanic

- Rhyolite
- Felsic Volcanics/Tuff
- Felsic Tuff
- Mafic Volcanics
- Dacite
- Diabase

Alteration Zones

- ▨ V1(V3)
- ▨ V3(V1)
- Intermediate Tuff
- Andesite
- Mafic Volcanics
- Diabase

Targets

- A48 Target
- Barrick S2 Target
Favorable contact between intermediate flows and felsic tuffs
- Solo

Grid Coordinates

310000 311000 312000 313000 314000 315000

5791000 5792000 5793000 5794000 5795000

Scale

0 0.5 1 Km

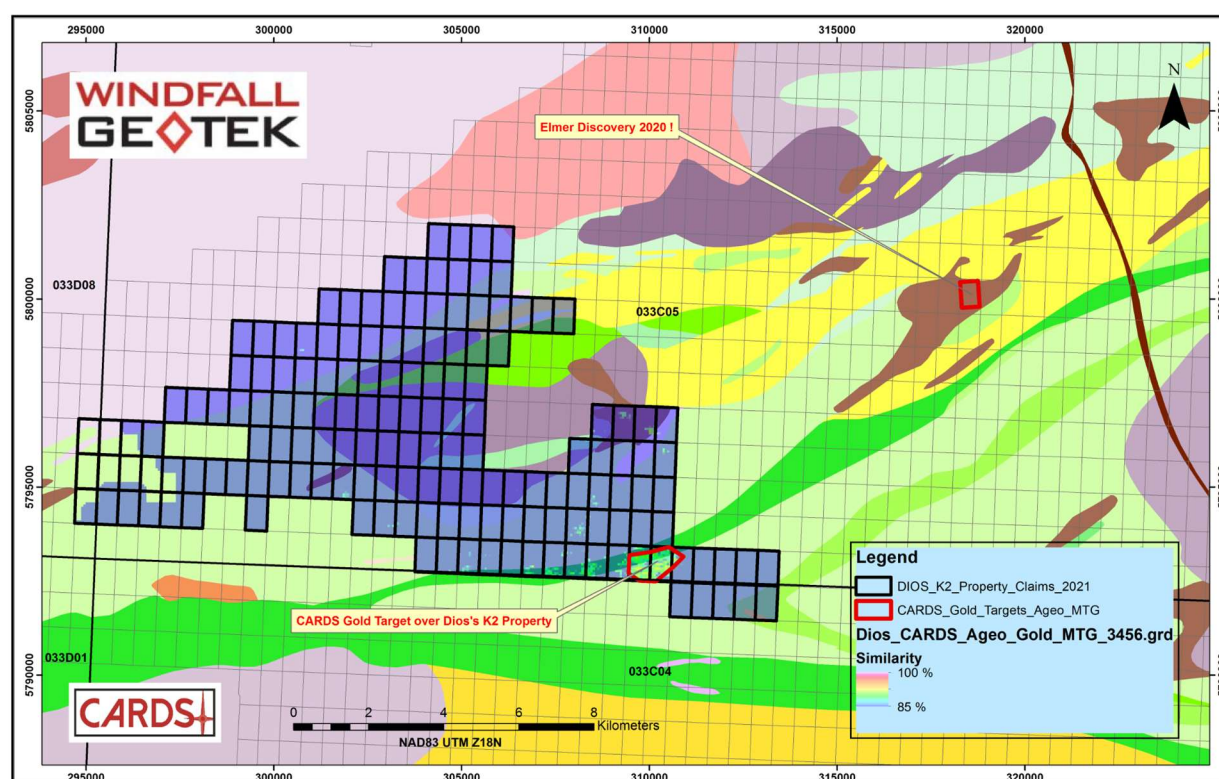
UTM NAD 83 Zone 18
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Author: François Blü, G.I.T.M. Sc.



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Artificial Intelligence Agreement Update on K2

Following an Artificial Intelligence (AI) Agreement with Windfall Geotek on K2, as mentioned in Dios' June 23 press release, 750,000 Common Shares of Dios are to be issued to Windfall Geotek as well as 250,000 warrants entitling the holder to acquire one common share of Dios at \$0.10 for five years following closing, subject to regulatory approval. Another 250,000 Common Shares of Dios are to be issued if Dios drills the provided targets within two years.



Windfall Geotek AI Targets with regional geology base layer

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Overall performance

Net loss for the quarter ended June 2021 is \$86,989 (net loss of \$25,505 for the second quarter 2020) whereas expenses for the quarter totalled \$89,156 (\$40,850 for the second quarter 2020).

During the three-month period ended June 30, 2021, one notes mainly:

- Deferred income taxes recovered of \$49,871. See below.
- Decrease in Professional fees due to the timing of audit fees invoiced.
- Increase of expenses related to the General Annual Meeting due to the postponement of the 2019 general meeting of shareholders in November 2020.
- Analysis of the non-monetary operations that does not require an exit or an inflow of cash (positive: income and negative: expenditure):

	Quarter ended June 30, 2021	Quarter ended June 30, 2020
Share-based payments	\$ (49,871)	\$ (7,960)
Deferred income taxes recovered	-	\$13,357

Net loss for the six-month period ended June 30, 2021 is \$201,165 (net loss of \$63,380 for the six-month period ended June 30, 2020) whereas expenses for the six-month period 2021 totalled \$206,661 (\$79,478 for the six-month period ended June 30, 2020).

During the six-month period ended June 30, 2021, one notes mainly:

- Deferred income taxes recovered of \$118,481. See below.
- No wages paid at the beginning of the year 2020.
- Increase of expenses related to the General Annual Meeting due to the postponement of the 2019 general meeting of shareholders in November 2020.
- Analysis of the non-monetary operations that does not require an exit or an inflow of cash (positive: income and negative: expenditure):

	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Share-based payments	\$(201,165)	\$(7,960)
Deferred income taxes recovered	-	\$13,357

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Financial position

- Working capital decreased by \$239,867 as at June 30, 2021 going from \$1,570,206 as at December 31, 2020 to \$1,330,339 as at June 30, 2021. The decrease is mainly due to exploration costs, mining right payments and administrative expenses incurred during the period.
- Cash and term deposit totalled \$1,209,108 as at June 30, 2021 compared to \$1,931,479 as at December 31, 2020. 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

Exploration Budget for fiscal 2021: The planned exploration works to be conducted by Dios in 2021 are disclosed in the 2020 Annual Management report. See above section "Exploration performed during the quarter". During the first quarter 2021, the company had to restrict exploration work on its mining properties due to containment measures relating to COVID-19 pandemic. Therefore, most of the exploration work will be carried out in 2021 on the K2 property, mainly drilling work during the last semester 2021.

Related party transactions

Key management personnel of the Company are members of the Board of Directors, as well as the president, the chief financial officer and the vice-president, exploration. Key management personnel remuneration includes salaries, professional fees and share-based payments.

For the three-month period ended June 30, 2021, the compensation was \$111,825 (\$73,560 for the same period last year). An amount of \$53,473 (\$57,521 for the same period last year) was capitalized in Exploration and Evaluation assets.

For the six-month period ended June 30, 2020, the compensation was \$242,914 (\$140,836 for the same period last year). An amount of \$106,457 (\$68,477 for the same period last year) was capitalized in Exploration and Evaluation assets.

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Subsequent event

Following an agreement dated June 17, 2021, the Company issued on August 13, 2021 to Windfall Geotek Inc. ("Windfall"), a specialist in Artificial Intelligence (AI) applied to mining exploration, 750,000 common shares of the Company as well as 250,000 warrants allowing the acquisition of the same number of common shares of the Company at a price of \$ 0.10 for a period of five years. In return, Windfall will provide the Company with the AI processing of a geophysical and geological (geochemical) database making it possible to determine, among other things, drilling targets on the K2 property. Should the Company drill these drill targets within two years of the agreement, the Company will have to issue to Windfall 250,000 additional common shares of the Company.

Forward-looking information

See the forward-looking information in the 2020 Annual Management report.

Montreal, Quebec
August 20, 2021