



DIOS
EXPLORATION

**DIOS EXPLORATION INC.
Management's Discussion and Analysis
Quarterly highlights
For the six-month period ended
June 30, 2017**

The following quarterly highlights management discussion and analysis of the financial condition and results of 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 six-month period ended June 30, 2017.

This discussion and analysis should be read in conjunction with:

- The unaudited interim financial statements as at June 30, 2017;
- The 2016 Annual Management report; and
- The Company's audited financial statements for the year ended December 31, 2016 and December 31, 2015.

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.

Nature of activities

Dios looks actively for significant gold deposits in southern prospective James Bay Eeyou Istchee, Quebec province, Canada, through proprietary data gathered from diamond till sampling over major geological structures.

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Investing activities

Quarter ended June 30, 2017

During this period, Dios paid \$2,673 for mining rights (claim renewal and acquisitions).

During the three-month period ended June 30, 2017, the Company incurred \$126,399 in exploration expenses compared to \$65,362 for the same period in 2016.

Exploration Expense Analysis

Description	AU33West	Solo-K2	Clarkie	Total
	\$	\$	\$	\$
Geology	61,979	14,272	2,668	78,919
Transportation, Lodging	10,434	-	-	10,434
Drilling and assays	32,835	-	-	32,835
Office and other	3,985	226	-	4,211
	109,233	14,498	2,668	126,399

Six-month period ended June 30, 2017

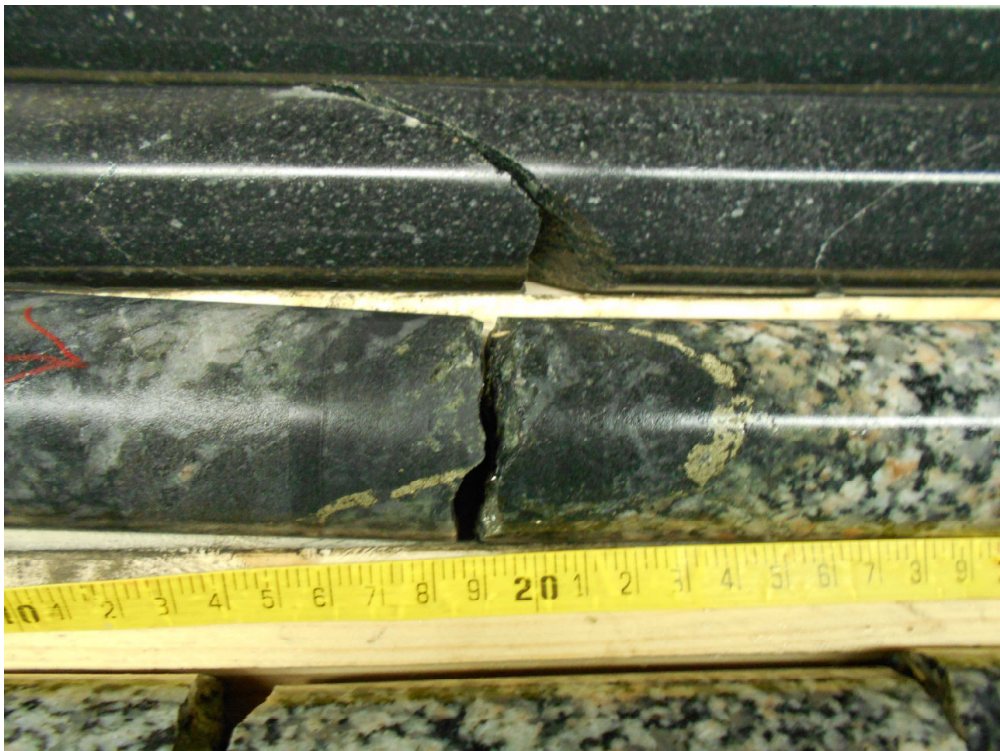
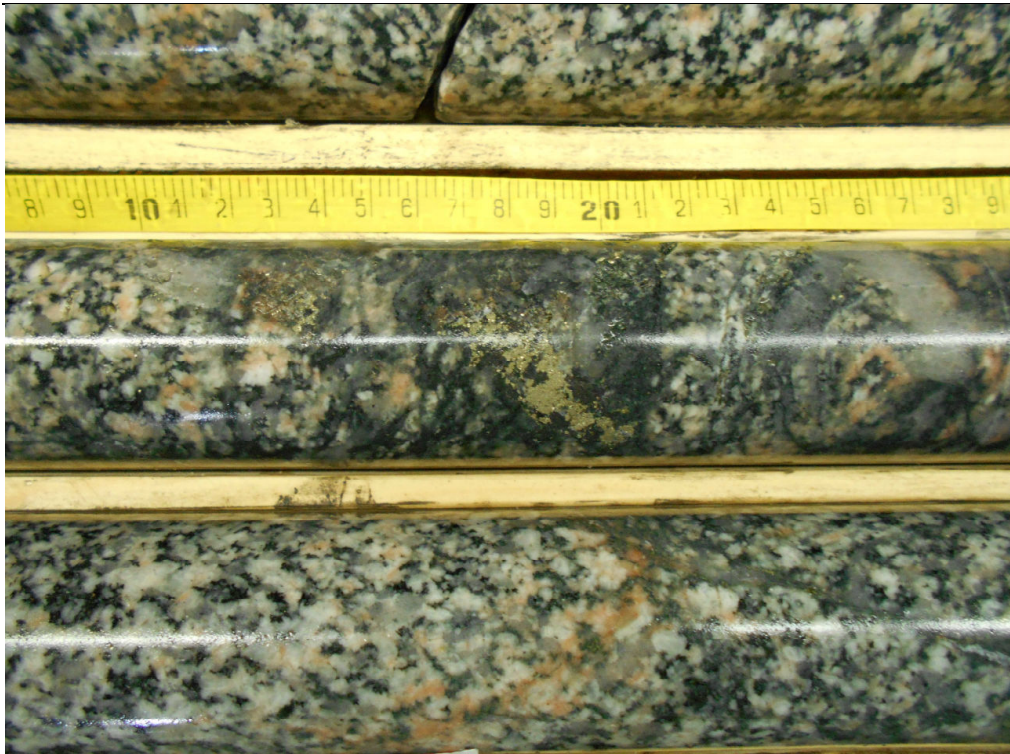
During this period, Dios paid \$4,157 for mining rights (claim renewal and acquisitions).

During the six-month period ended June 30, 2017, the Company incurred \$391,604 in exploration expenses compared to \$294,670 for the same period in 2016.

Exploration Expense Analysis

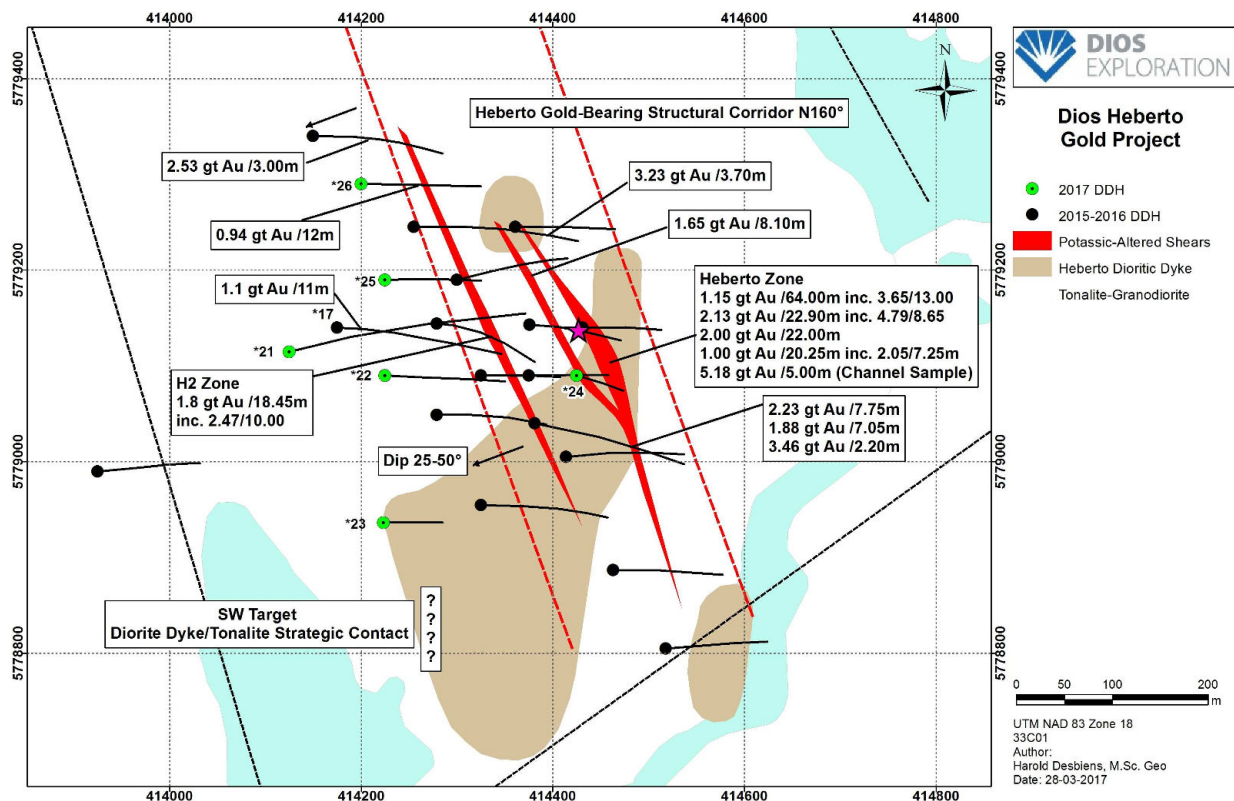
Description	AU33West	Solo-K2	Clarkie	Total
	\$	\$	\$	\$
Geology	115,548	25,503	3,398	144,449
Transportation, Lodging	43,124	-	-	43,124
Drilling and assays	197,355	-	-	197,355
Office and other	6,450	226	-	6,676
	362,477	25,729	3,398	391,604

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Hole 2017-26
around 1 g /t gold over 12 m incl. 5.3 g/t gold on 1 m and another 5 g/t gold over 1 m

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AU33 Heberto Gold Discovery (*Wholly-owned no royalties*)

Successful program on Heberto Gold Discovery: 10.3 grams gold per tonne at depth

Results obtained in June for successful Spring drilling program on **Heberto gold discovery**, Eeyou Istchee James Bay, Quebec, returned tens of meters of mineralized zones intersected in each of the seven holes, totalling 1,734 meters. Results will also help plan follow-up exploration activities on the property.

Each 2017 drill hole did hit gold mineralization. Some drill sections were tested more at depth and still encountered gold mineralization, so the drilling campaign was a success in showing the continuation of gold mineralized zones at depth and in strike for 500 m.

Deepening of hole 17 intersected :

10.3 grams gold per tonne (g/t gold) over one meter true width included in

3.3 g/t gold over 3.33 m or 1.7 g/t gold over 7.2 m (1.13 g over 11 m) at some 275 m vertical depth.

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This zone seems to fit with a deeper zone in hole 9 in same section that had returned 2.9 g/t gold over 3 m (incl. in 0.8 g/t gold over 14.75 m).

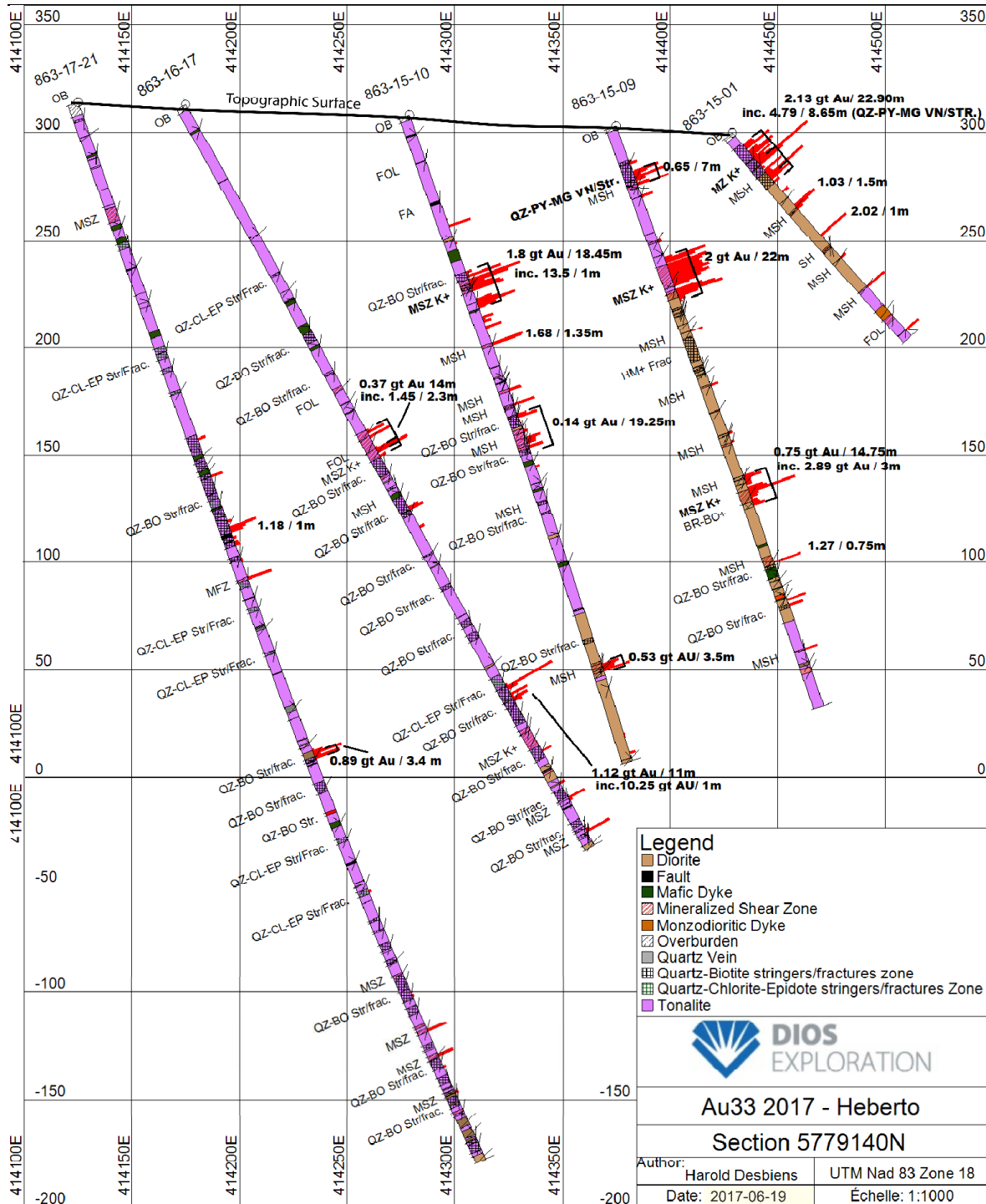
Hole 9 had also returned an upper zone of 22 m true width grading 2 g/t gold.

Hole 1 in same drill section had returned 2.13 g/t gold over 2.13 m (4.8 g/t gold over 8.65 m) and

Hole 10 had a value of 1.8 g/t over 18.45 m true width

Surface sampling returned 5.18 g/t gold over 5.25 m.

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A step-out hole some 200 m more to the north in strike still hit gold mineralization with hole 26 returning almost 1 g/t gold over 12 m true width (0.94 g/t) including values of 5 g/t gold over one m and 5.3 g/t gold over one m (0.6 g/t gold / 20.1 m). Another zone some 17 m upper in same hole returned 0.6 g/t on 8.75 m.

Silicified altered shear zones show strike continuity, as was intercepted 3.23 g/t gold over 3.7 m in section 60 m south and 2.53 g/t gold over 3 m in section 60 m north in strike.

Hole 25 in section with hole 14 returned 2.77 g/t Au / 1m, 1.92 g/t Au / 0.75 m (1.124 g/t Au/ 1.75m), 3.11 g/t Au / 0.75 m within 14.84 m with 0.41 g/t gold and then deeper, another intercept of 5.7 m with 0.622 g/t gold. That hole should be deepened. Hole 14 in section had returned 1.85 g/t Au / 7.1 m.

Hole 24 returned 0.81 g/t gold over 10 m (0.66 g / 13 m).

Hole 19 had returned 3.65 g/t Au / 13 m (1.15 g/t Au over 64 m) in section and hole 13 a value of 2.1 g/t Au / 7.25 m in same section (0.63 g/t Au over 41.50 m).

Hole 21 returned 0.882 g/t gold over 3.4 m, 0.92 g/t Au/ 1.2 m, 0.8 g/t Au/ 2 m, 0.412 g/t Au / 1.25 m.

In sections 140 m more to the south of discovery hole 1, values of 2.23 g/t Au over 7.75m in hole 6 and 1.88 g/t Au over 7.05 m (inc. 3.93 / 3.35 m) and 3.46 g/t Au over 2.2 m in hole 5 had been returned and some 100 m north 1.65 g/t Au over 8.10 m.

Interpretation work is ongoing to understand the relations between the shear zones within both rock types and the mineralized contact of the diorite plug intruding the tonalite and 3 D model studies have been undertaken to understand 3 D modeling and also biotite mapping as well as stringer vein association regarding all that gold mineralization.

The 2017 gold assays result from averaging two different 50 g fire assays with AA finish for each one meter long mineralized core sample. Thin section studies have been commissioned to better understand gold associations. Also, some metallic sieve testing will be carried out on higher sulphide content samples to check gold content.

Heberto Gold is 50 km south of Goldcorp's Eleonore gold mine, Eeyou Istchee James Bay, Quebec, and 20 km west of Clearwater gold deposit, adjacent to EM 1-A plant.

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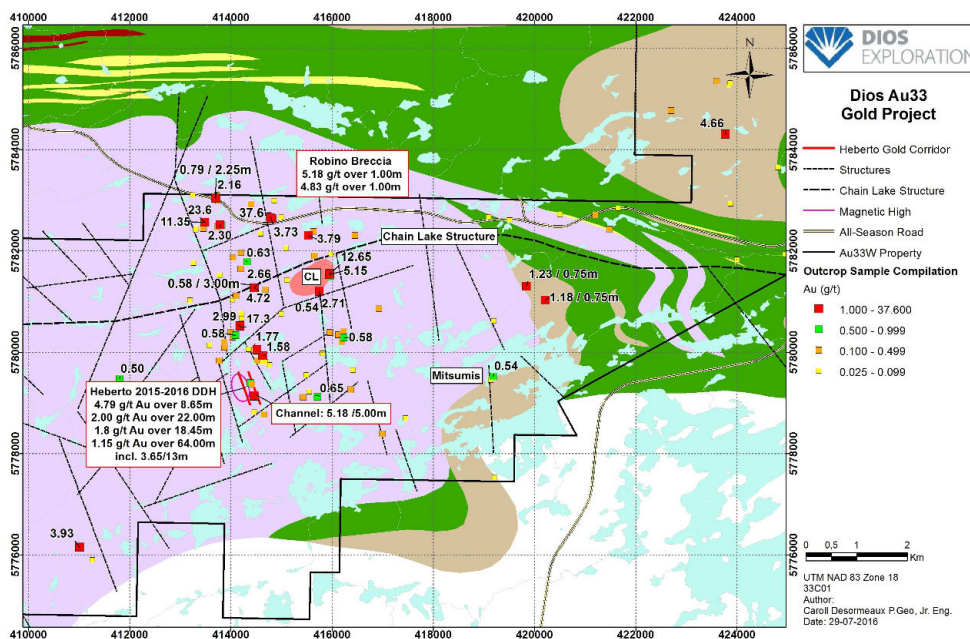
The Heberto gold structural system has a 500 m minimum NNW-SSE length, associated with a diorite dyke and potassic silicified shear zones.

Following positive results from 2,500 meters drilled at the end of 2015 & 1,531 meters in 2016, some 1,734 m of NQ core were drilled in 7 holes in 2017 and mineralized altered zones were intersected in all holes.

Mineralization consists in traces- 5 % pyrite, traces-1% magnetite and rare chalcopyrite associated with quartz stringers/veins and silica-biotite-microcline +/- carbonate-sericite alteration. Mineralized structures are locally enriched by higher-grade quartz-pyrite±magnetite stringers/veins. Significant gold intercepts (greater than 1-2 g/t Au over tens of meters) are usually at or near the tonalite and diorite dyke contact, a favourable mineralization site.

Intrusive-Related Gold (IRG) exploration model for the whole Au33 project.

Gold-bearing potassic-altered structures and magmatic-hydrothermal breccias associated with dioritic dykes suggest a buried calc-alkaline to alkaline intrusive complex under Heberto area. Goldbearing oxidized potassic-rich fluids could have been remobilized from deeper source by N160° structures.



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Overall performance

Net loss for the quarter ended June 2017 is \$38,633 (net loss of \$44,401 for the second quarter 2016) whereas expenses for the quarter totalled \$39,887 (\$59,048 for the second quarter 2016).

During the three-month period ended June 30, 2017, one notes mainly:

- Decrease of stock-based compensation expenses;
- Decrease in promotion: Investor search firm contract not renewed in 2017.

Net loss for the six-month period ended June 30, 2017 is \$85,812 (net loss of \$96,903 for the six-month period ended June 30, 2016) whereas expenses for the six-month period 2017 totalled \$88,989 (\$131,680 for the six-month period ended June 30, 2016).

During the six-month period ended June 30, 2017, one notes mainly

- Decrease of stock-based compensation expenses;
- Decrease in promotion: Investor search firm contract not renewed in 2017.

Financial position

- Working capital decreased by \$474,738 as at June 30, 2017 going from \$1,029,365 as at December 31, 2016 to \$554,627 as at June 30, 2017. The decrease is mainly due to exploration costs, mining right payments and administrative expenses incurred during the period.
- Cash totalled \$378,489 as at June 30, 2017 compared to \$849,596 as at December 31, 2016 (Cash and term deposits). 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 product of unspent funding related to flow-through financing totals \$315,246 as at June 30, 2017 to be expended before December 31, 2017.

Exploration Budget for fiscal 2017: planned exploration work to be conducted by Dios in 2017 is disclosed in the 2016 Annual Management report. This budget is in line with exploration expenses incurred during the quarter.

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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.

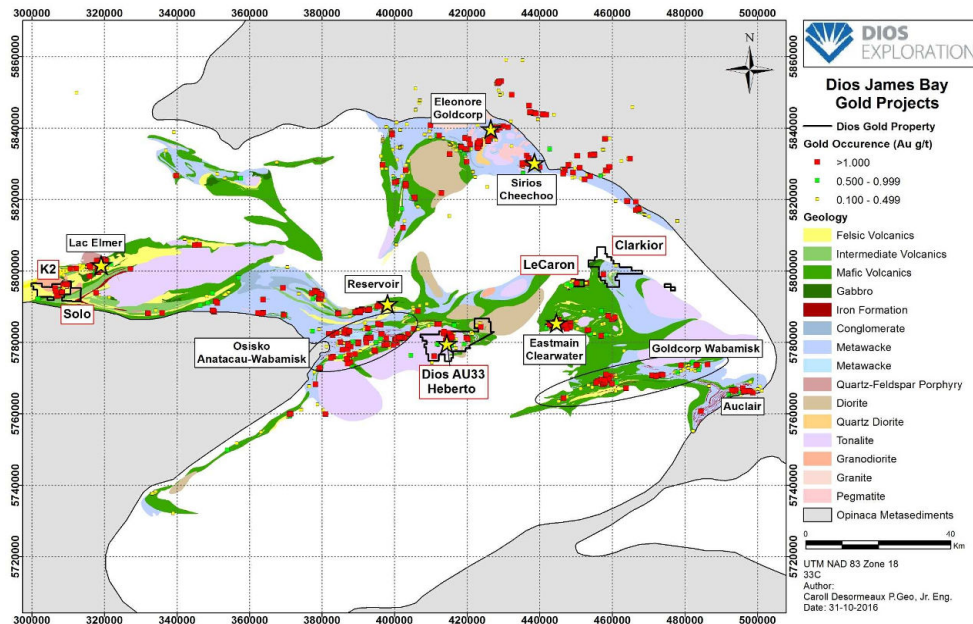
For the three-month period ended June 30, 2017, the compensation was \$83,152 (\$71,442 for the same period last year). An amount of \$67,249 (\$52,703 for the same period last year) was capitalized in Exploration and Evaluation assets. During this period, a company in which a director is an owner, charged geological fees amounting of \$15,505 recorded in Exploration and evaluation assets

For the six-month period ended June 30, 2017, the compensation was \$156,701 (\$145,235 for the same period last year). An amount of \$125,181 (\$115,516 for the same period last year) was capitalized in Exploration and Evaluation assets. During this period, a company

Forward-looking information

See the forward-looking information in the 2016 Annual Management report.

Montreal, Quebec
August 9, 2017



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