



DIOS EXPLORATION

DIOS EXPLORATION INC. ANNUAL MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31, 2008

This Management Discussion and Analysis dated April 15, 2009 and provides an analysis of our financial results for the year ended December 31, 2008. This discussion and analysis of the financial position and results of operation should be read in conjunction with the audited financial statements for the year ended December 31, 2008 and the audited financial statements for the year ended December 31, 2007.

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.

COMPANY PROFILE AND MISSION

Dios Exploration Inc. (the “Company” or “Dios”) is a leading research and exploration company with over 2,000 sq. kilometres of properties in the high potential areas of central Québec and the Otish Mountains. Dios diversified its exploration strategy on uranium as well as diamonds, two substances highly in demand in the natural resources industry. If other commodities are discovered, Dios’ strategy is to find a partner to develop such projects. Dios’ strategy is to generate projects and develop them either alone or through farming out agreements, with the benefit of shareholders in mind.

Dios generates most of its exploration projects, from scientific conceptual design, such as the 33 Carats gold project, to field discovery and tries to evaluate from the start feasible economics in relation with access and facilities. The Company’s shares are traded on the TSX Venture Exchange under the symbol **DOS** and 34,333,839 shares were issued as of December 31, 2008. Additional information may be available through the www.sedar.com web site, under the Company’s section “Sedar filing” or at www.diosexplo.com.

SUMMARY OF ACTIVITIES DURING THE YEAR

- Exploration expenses totalling \$4,724,731 in the James Bay Region, and mining rights totalling \$166,275 incurred by Dios (see “**Summary of exploration activities**”);
- Discovery of a new uranium-bearing structure on the Hotish property. Dios Hotish Butte Zone returns up to 0.23% U308 in outcropping surface. A 12 drill-holes program for 3,000 m tested the Butte Zone last Fall. The right radioactive rock types were recovered. Additional prospecting was completed with success on other target areas. Furthermore, another zone, up to now, zone B-1 returns up to 0.85% U308 on Hotish.
- Discovery of a new uranium district in Quebec, in the Laguiche meta-sedimentary basin, James Bay.
- Large spectrometric airborne survey on Upinor and Opinaca Nord. Several kilometre size anomalies.
- Uranium discovery on Upinor, up to 2,064% U3O8 in outcrop, economic values from grab samples over 2 km prospected: 12 drill-holes for 1,300 m over a 3 km length of Upinor “A” zone: a major continuous spectrometric uranium anomaly with a 5 km-strike length, yet to be fully explored. Additional claims were staked.
- Discovery of uranium up to 0.62% U3O8 in outcrops over a 800 m-strike length on Opinaca Nord.
- 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, Lac Chabran and PAM uranium properties.
- Implementation of a new web site; new branding and IR material.
- A poison-pill regime was adopted by shareholders in June

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 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. Discovery of new glacial dispersal trains indicating strong mineral potential of poorly explored regions remains one of the Company’s strength.

During the year, the Company incurred \$4,724,731 in exploration expenses compared to \$2,751,087 in 2007. In the 2008 financial statements, a tax credit amounting to \$2,178,101 and write-off of \$226,702 on the Chibouki property has been applied against the deferred exploration expenses (\$1,005,359 and nil respectively in 2007).

Exploration expenses analysis

Description	Hotish	Upinor	33 Carats	Pontax	Chibouki	Others	Total
	\$	\$	\$	\$	\$	\$	\$
Geology	392 481	69 315	28 190	28 092	12 668	95 577	626 323
Drilling	616 055	247 251	253 099	200 739	223 363	-	1 540 507
Sampling and analysis	3 406	15 097	-	-	9 353	54 294	82 150
Transportation, logistic and lodging	1 082 170	317 537	263 411	442 486	54 549	15 377	2 175 530
Geophysics	4 985	66 813	3 779	-	-	153 399	228 976
Office and others	18 097	2 600	5 913	3 163	6 170	35 302	71 245
	2 117 194	718 613	554 392	674 480	306 103	353 949	4 724 731

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

Hotish Uranium Property - Otish Mountains Area – James Bay Region

Dios makes new uranium discoveries in the Otish region, for instance, the Hotish Project Butte Zone returning up to 0.23% U3O8 in outcropping surface. Additional prospecting was completed with success on other target areas. Furthermore, a few tens of kilometres away, another zone, up to now, zone B-1 returns up to 0.85% U3O8 on Hotish. These are new mineralization types for the Otish area. Elsewhere, the Lady Di Target showing is uncovered, returning up to 0.201% U3O8, as well as A-3 and A-4. An important exploration program (\$1.5 M) is planned for 2009.

Dios delineated at least seven prospective areas to focus on for its 2008-2009 exploration program on its Hotish uranium property in the Otish Basin, Quebec, Canada. These areas were selected on the basis of specific exploration criteria and proprietary geophysical (gamma-ray spectrometry, U/Th, K/Th & magnetic compilation), geological-structural, and geochemical (lake sediment criteria).

Dios reached a significant exploration breakthrough on its wholly owned 740 sq. kilometre Hotish project. A uranium-bearing radioactive geological unit over some 1 kilometre-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 ratio and ground readings (RS-120) reached up to 45,000 cps (counts per seconds) in the field. The 2008 summer surface sampling of the Butte zone

returned nine grab-samples (or 22.5%) with values higher than 0.06% U₃O₈ including: 0.063; 0.064; 0.076; 0.076; 0.103; 0.105; 0.139; 0.225 and 0.23%. 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 last Fall, 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.

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.

One of these first-priority geophysical targets is the east-west oriented B-1 zone with a total of forty-four grab-samples which were collected from the vicinities of the radioactive anomaly. Twenty-three samples are located on a hill, from which six (26%) graded more than 0.05% U₃O₈; including values of 0.50%; 0.052; 0.076; 0.13%; 0.21% and 0.22% U₃O₈. The B-1 zone is characterized by U/Th ratios of 2.0 times the background and extending a minimum of 3.0 km by 0.5-1.0 km. **In the adjacent valley, an area of 100 m by 150 m returned seven assays greater than 0.3% U₃O₈ from nine samples from boulders, including 0.338%; 0.356%; 0.398%; 0.581%; 0.69%; 0.79%; 0.854% U₃O₈.** Field readings (radiation solution RS-120) varying from 1,000 cps to 10,000 cps (counts per seconds) characterize the B-1 zone. The highest assays and counts are associated with magnetite-molybdenite-uranophane-smoky quartz bearing biotite-rich granite, **a brand new type of mineralisation for the Otish area.** The B1 anomaly is located directly over a strong magnetic high associated with a pegmatitic intrusive enclosing east-west striking migmatitic gneisses. The anomaly is located directly up-ice of a northeast-southwest uranium lake sediment anomaly (values from 49 to 93 ppm U INAA) probably associated with a glacial dispersion (boulders) train. The B-1 zone is perfectly lined-up (9 km due west) with the A-1 spectrometric zone (a 3 km by 1,0-1,5 km anomaly) associated with Uranerz first-priority TICH-1 and TICH-2 uranium lake sediment anomalies. The TICH-1 anomaly was confirmed by DIOS own lake sediment survey that returned up to 1020 ppm U. The A-1 radiometric zone is characterized by U/Th of 2.1 times the background. It is also associated with an east-west striking migmatitic gneiss unit within the pegmatitic intrusive.

The alignment of the Tich 4, 2 and 1 uranium sediment anomalies indicated a possible structural feature confirmed by the discovery of the B1, B2 and A 1 spectrometric helicopter borne anomalies aligned along a several kilometre strike length and confirmed by significant uranium values in outcrops and boulders on the B1 zone.

Elsewhere, in the Lady Di Target area, fourteen blocks were sampled and four graded: 0.024%; 0.080%; 0.115% and **0.201% U₃O₈**. One sample from **the A-3 target returned 0.081% U₃O₈**, and two other ones from the A-4 target assayed 0.047% and 0.048% U₃O₈.

The Hotish property, wholly-owned by the Company, 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.

Upinor Uranium Property – James Bay Region

Significant results were rapidly returned from the Upinor property. First reconnaissance work investigated the “A” zone, a 10km by 0.25-0.50 km linear east-west radiometric anomaly characterized by U/Th ratios 2.4-3.2 times the background. **All ten outcrop grab-samples within a 300 m by 100 m area of the A zone returned the following average of 0.47 % U₃O₈, up to 2.064%.** Another area more to the east returned for all 11 samples taken the following average of 0.06 % U₃O₈ (up to 0.112%) over more than 400 m by 200 m. Another six outcrops more to the north, in between the two first zones, returned over a 700 m strike length, for all samples collected, the following average of 0.073% U₃O₈.

Results from the June 2008 surface sampling (142 grab-samples) along the radioactive A zone and its extents were received after this quarter and yielded 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. The new results include a new sub-zone (A south) that averaged 0.076% U₃O₈ (up to 0.238 %) for 21 samples over a 1,5 km length.** Results from last September prospecting program that targeted other first-priority kilometric radioactive anomalies (B, C, E, F and G) as well others on Upinor south block are still pending.

In 2008, Dios completed a first 12 holes drilling program, to test a 3 kilometres strike length along the extent of the Upinor outcropping five kilometres-long uranium A zone and in section. The right radioactive rock types looked for were intercepted in the holes and appear continuous. One pegmatite dyke is 35 meters thick. Core samples were sent for assaying to SRC (Saskatchewan Research Council) laboratory. From the 893 analyzed core-samples averaging one-meters long, seventeen (17) sections between 1.9 and 3.10 meters long assays from 0.007% to 0.017% U₃O₈ (ICP Aqua Regia digestion). All these anomalous drill sections are limited with (locally or not hematitized and fractured) low-dipping pegmatite dykes containing potassic feldspar, smoky quartz, disseminated biotite-chlorite, traces of allanite, uraninite, apatite, pyrite and molybdenite. Some of the pegmatite dykes are barren. However, that range of drill assay results is about seven to ten times lower than the surface sampling. The low-dips (30-40 degrees) of the geological sequence may have over-represented the amount of pegmatite dykes that accounts for only 10 to 30% of volume in the drill sections (the rest being 20-30% paragneiss and 50-60% migmatites). Non-homogenous distribution of disseminated uraninite and apatite within the mineralized pegmatites may also create irregular concentration bearing similarities with the nugget effect. Future exploration should focus on areas with higher concentration (50% and more) of pegmatite dykes as in fold noses.

A second helicopter-borne spectrometric and magnetic survey (2008) totalling 3,711 km-lines (100m-spaced) outlined eleven (11) new pluri-kilometric first-priority radioactive zones on the new claims and field follow-ups were complete on the new anomalies.

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 (with a cut-off grade of 0.007% U₃O₈).

The 2008 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 within the LaGuiche Basin, James Bay, Quebec 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 Uranium Property – James Bay Region

Earlier field work had yielded the following economic uranium **oxide values of 0.617, 0.103 & 0.162 percent of U₃O₈ from outcrop rock samples (grab)** over an 800 m strike length from preliminary work completed on the Opinaca Nord property. This area is open for several kilometres along strike and will be prospected. **Another outcropping area returned 0.136 & 0.142 percent of U₃O₈** from outcrop rock samples over 300 m. This area is also open along strike. A detailed lake-sediment sampling program was done to complete the full coverage of the property. A first helicopter-borne spectrometric and magnetic survey totalling 4254 km-lines with a 100m line-spacing was complete in July. Camille St-Hilaire, an independent consulting geophysicist outlined four kilometric fist-priority radioactive zones with good U/Th ratios and associated with structures in the western part of the Opinaca Nord property.

The OW-A zone is composed of 3 linear kilometric anomalous sub-zones associated with a major east-west structure over a 5.0 km strike length. It is characterized by U/Th ratios 2.0-2.4 times the background ratio and is coincidental with uranium lake sediment anomalies. The OW-B zone is 1.2 km long and also associated with a major east-west structure. Its U/Th ratios vary from 2.0 to 3.0. The OW-C and OW-D zones are both composed of 2 kilometric linear anomalies each located along the same southern flank of a major fold. Their U/Th ratios vary respectively from 2.0-3.3 and 2.1-3.1.

On the eastern part of the Opinaca Nord property, eight (8) kilometric uranium zones with U/Th ratios between 2,0 and 3,5 were outline by C. St-Hilaire. The OE-A zone composed of a 2.7km long X-shaped anomaly is cut by a major fault. It is characterized by U/Th ratios 2,0 times the background ratio and is coincidental with a uranium lake sediment anomaly. The OE-E zone is a 3.0 by 1.6km anomaly along the same fault associated with OE-A. Its U/Th ratio is about 2.7. The OE-C and OE-D zones are 2-3km long east-west striking anomalies associated with the same fault associated with the previous zones. Their U/Th ratios vary from 2.9 to 3.5. OE-B, OE-F1&2, and OE-G zones are other significant kilometric radioactive anomalies with U/Th ratios vary from 2.0 to 2.7.

In September, field follow-ups were done on these new geophysical anomalies, and the the results from the sampling are still pending.

The Opinaca Nord property (685 claims totalling 340 sq. kilometres) is owned in partnership with Sirius Resources. Dios may earn a 50% interest for \$1.35 M in exploration expenditures over a 5 years period. The property is located within the LaGuiche Basin, James Bay, Quebec, and covers part of the Opinaca River Structure.

Lac Chabran Uranium Property - James Bay Region

During the previous quarter, a first reconnaissance program was completed on the 60 sq. km Lac Chabran uranium property located in the LaGuiche meta-sedimentary Basin in northern Quebec. Prospecting, geological mapping and sampling (10 grabs) was carried out in the vicinities of selected uranium lake sediment anomalies (5 samples >100 ppm U AA). **Two biotite-rich samples returned values of 0.083 % U₃O₈ apart of one kilometres.** Field readings of 1,000 to 10,500 counts per seconds (RS-125) with U/Th ratios between 1.0 and 5.8 were observed on the property.

U2 Uranium Property - James Bay Region

The U2 property is centered on a uranium lake bottom sediment anomaly cluster from SDBJ data including 21 samples >20ppm U INAA (parts per million uranium analyzed by neutron activation). The property also host the former S.E.S. uranium Delphine showing that returned 1,000 to 5,000 cps over a minimum strike of 150 meters associated with a coarse-grained (INCO-Apple-type conglomeratic) quartzite unit (GM 34117), adjacent to ultrabasic rocks. Pluri-metric pegmatitic granite dykes hosting uraninite, uranophane and apatite were also observed by IOS geologists.

Last summer, a first (five-days) reconnaissance program was completed on this large property located within the LaGuiche Basin, James Bay, Quebec. DIOS & IOS Geoscientifiques geologists collected 25 grab-samples from radioactive outcrops. Half of the samples were sent at Val d'Or ALS-CHEMEX laboratory and the other half was processed at the Saskatchewan Research Council. **Best assays were 0.058 %; 0.036% and 0.031% U₃O₈.** Field readings (radiation solution RS-120 & 125) on two first-priority areas vary respectively from 700 to 2,400 cps and 1,000 to 7,400 cps. The associated U/Th ratios vary from 1.0 to 3.8. An airborne spectrometric survey is considered on the most favourable part of the U2 property.

UGO Uranium Property - James Bay Region

Last summer, Dios completed a first three-days reconnaissance on its UGO uranium property in the LaGuiche Basin, Quebec, Canada. Dios geologists collected thirty-two grab-samples from radioactive tonalitic and pegmatitic outcrops on this new property.

Best assays were 0.058; 0.040; 0.031 and 0.030 %U₃O₈ within a one kilometres-radius. They were analysed at the Val d'Or ALS CHEMEX laboratory. Field readings of 1,000 to 7,000 counts per seconds (radiation solution RS-125) with U/Th ratios between 1.2 and 5.0 were observed on the property. The UGO property is centered on a uranium lake bottom sediment anomaly cluster from SDBJ data including 11 samples >25 ppm U INAA (parts per million uranium analyzed by neutron activation): over a 16 km by 4 km area. Values of 1150 and 970 ppm U were obtained when analyzed by atomic absorption (AA).

PAM Uranium Property - James Bay Region

This summer, lake sediments were sampled (258 samples) over the extensive PAM property to better focus 2009 exploration work. **Two main uranium anomalies clusters were outlined by this survey:** a 3 by 5 km uranium anomalies (9samples) cluster and a 2 by 3 km anomalies (4samples) cluster. The small 2008 reconnaissance program collected 32 radioactive grab-samples on 18 boulders and 14 outcrops. In 2007, a **sample assays 0.095% U3O8.** Fields readings (RS-120) vary from 1,150 to 17,000 counts per seconds. From these results, an airborne radiometric survey as well as field follow-ups are considered in 2009 on the first-priority areas of the PAM project.

Chibouki diamond property – South of Otish Mtns Area – James Bay Region

During the first semester, Dios drilled 8 holes totalling 766 meters on first & second-priorities kimberlite-geophysical targets selected by a specialized geophysicist. The drilling program did not intersect kimberlitic rocks, but several mafic to ultramafic plugs explaining the anomalies were observed in the core.

In the second semester, Dios completed a 3 holes helicopter-borne drilling program on its Chibouki project. Ultramafic rocks were intersected, but none of kimberlitic composition. Other targets remain to be test-drilled on the project. Dios initially acquired the Chibouki property because of the favourable chemistry of the kimberlite indicator minerals found in an area located 80 kilometers north-east of Chibougamau, and about 300 km south-southwest of the Renard cluster in the Othish region.

Pontax diamond property - James Bay Region

During the year, Dios pursued its continued diamond exploration on the Pontax property as ten first & second priority geophysical targets were test-drilled for kimberlites, the ultramafic alkaline host rock looked for. Mafic to ultramafic rocks were observed in drill core, but none of kimberlitic composition. Other diamond potential targets remain to be tested on the project. Dios initiated this diamond project with the occurrence of quality kimberlite indicator minerals such as G10 garnet, omphacite, kosmochlor and picroilmenite discovered by Dios in the area. Please see the audited annual financial statements for more information regarding the agreement with Sirios Resources relating to the Pontax property.

33 Carats Diamond Property - Otish Mtns Area – James Bay Region

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. These holes intersected magnetic gabbro and granitic-dioritic gneiss. No kimberlitic material was observed in the holes. Evaluation and reviewing of the remaining diamond targets is planned as well as further drilling.

33 Carats Gold Property - Otish Mtns Area – James Bay Region

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. A total of 153 outcrops (mostly volcanic) were mapped of which 25 were sampled during Dios 2008 summer program on its southern block (33A/08). Moreover, one hundred (100) mineralized boulders in the vicinities (and down-ice) of the EM conductors were sampled. All samples were sent to Val d'Or ALS CHEMEX laboratory and analyzed for gold (AA23) and multi-element package (ME-ICP 41). Along the Eastmain River, several sulfurized (up to 10% pyrite) felsic tuffs are exposed, but none returned anomalous gold values. Nearby sulphides (pyrite and pyrrhotite) in mafic pillows' selvages returned the highest gold assays from outcrops are respectively samples # 856223 (114 ppb Au; 4,3 ppm Ag) and #856226 (151 ppb Au; 0,7 ppm Ag) associated with amphibolitized mafic volcanics containing traces to 3% disseminated pyrite. Till anomalies of 930 ppb Au and 439 ppb Au are located down-ice of these values. Ten (10) samples of chert and three (3) of banded iron formation returned up to 20 ppb Au and 63 ppm Cu, with an average of <5 ppb Au and <20ppm Cu. From these results, the source from the main gold train in the till does not appear associated with the principal electromagnetic conductors, and therefore remains unexplained.

Acquisitions, disposals, write-off and claims renewal analysis

Properties	Acquisitions \$	Claims renewal \$	Options \$	Write-off	Total \$
33 Carats	9,791	20,010	-	-	29,801
Hotish	2,626	7,590	-	-	10,216
Pontax	345	9,955	-	-	10,300
Opinaca-Nord	3,680	4,370	25,000	-	33,050
Upinor	23,690	-	-	-	23,690
UGO	15,985	-	-	-	15,985
Chibouki	-	6,950	-	-	6,950
U2	22,690	-	-	-	22,690
Lac Chabran	13,685	-	-	-	13,685
Laverlochère	-	-	-	(92)	(92)
	92,492	48,875	25,000	(92)	166,275

These amounts represent either stake acquisitions costs or claims renewal costs for the second quarter. The Company always favoured the acquisition of mining properties by staking.

During the second quarter, Dios paid the second cash payment option on the Opinaca Nord property of \$25,000.

Following the positive results obtained from Upinor property, the Company staked two new properties: UGO and Lac Chabran with new claims added on Upinor property.

Summary of planned exploration programs for 2009

PROJECTS	PLANNED WORK	BUDGET \$	FOLLOW-UP WORK
HOTISH	Geological and geophysical compilation, structural interpretation, ground prospecting, drilling	1,500,000	Additional mapping and prospecting, Drilling
UPINOR	Geological compilation and prospecting	50,000	Additional mapping and prospecting, Drilling
PONTAX	Geophysical compilation, and till sampling	100,000	Additional mapping and prospecting, Geophysics
U2	Airborne geophysics, prospecting and mapping	75,000	Additional mapping and prospecting
DIAMOND GENEX	Geophysical compilation, and till sampling	50,000	Additional mapping and prospecting, Geophysics
LAC CHABRAN	Geophysical compilation	3,400	Additional mapping and prospecting, Geophysics
UGO	Geophysical compilation	3,300	Additional mapping and prospecting, Geophysics
PAM	Geophysical compilation	3,300	Additional mapping and prospecting, Geophysics
OPINACA NORD	Mapping and prospecting	50,000	Additional mapping and prospecting
33 CARATS	Geological and geophysical compilation, structural interpretation, ground prospecting	50,000	Additional mapping and prospecting, Drilling
TOTAL 2009		1,885,000	

Summary of exploration work planned in 2008 and Results

PROPERTIES	PLANNED WORKS	BUDGET \$	RESULTS \$
HOTISH	Geological compilation, structural interpretation, prospecting drilling	1-2,000,000	2,117,194
CHIBOUKI	Drilling, till-soil, airborne geophysics	300,000	306,102
33 CARATS	Till-soil analysis, additional prospection and airborne geophysics	275,000	554,391
PONTAX	Airborne geophysics, Till-soil, prospecting, drilling	650,000	674,480
UPINOR	Additional airborne geophysics, prospecting drilling	500,000- 1,000,000	718,613
OPINICA NORD	Airborne geophysics, mapping and prospecting plus till-soil	250,000	195,247

The main differences in the budget are associated with the expansion of 33 Carats drill program (more holes) and the prospecting program for gold on the Eastmain greenstonebelt. For Opinaca Nord, prospecting was limited to the best airborne geophysical targets.

OPERATION RESULTS AND SELECTED ANNUAL INFORMATION

Net loss for the year is \$1,145,368 (\$328,777 for 2007) whereas administration expenses for the year totalled \$788,243 (\$661,039 for 2007).

	As at December 31, 2008 \$	As at December 31, 2007 \$	As at December 31, 2006 \$
Other Income	200,823	273,220	26,773
Net loss	(1,145,368)	(328,777)	(413,048)
Administrative expenses	788,243	661,039	175,250
Net loss per share (basic and diluted)	(0.03)	(0.01)	(0.03)
Total assets	12,929,870	13,930,864	5,313,993

Other Income

2008 compared to 2007

- In 2008, Other income relates to realized interest on investments. Slight decrease in 2008 is due to cancellation of term deposits in order to provide sufficient funds for exploration activities.

2007 compared to 2006

- In 2007, income is provided mainly from interests income. The interests income increased substantially in 2007 in liaison with the private placements closed in 2007.

Net loss and administration expenses

2008 compared to 2007

- Administrative expenses increased in 2008 going from \$661,039 in 2007 to \$788,243 in 2008 due to the following : Increase in publicity and promotion following an investor's relations mandate with MI3 Communication Financière Inc. in autumn 2007 (1 year) and a communication and marketing mandate with Vector and Shift in January 2008 (1 year) in addition to participations in mining conventions. New exploration office in downtown Montreal.
- Significant increase in net loss in 2008 going from \$328,777 in 2007 to \$1,145,368 in 2008. Difference is explained by non cash items expenses: Write-off of a mining property (\$226,702), future income liability of \$278,392 and stock based compensation of \$411,165.

2007 compared to 2006

- The overheads increased appreciably in 2007 from \$175,250 in 2006 to \$661,039 in 2007 for the following reasons: A part of the wages of the president (22 420\$) is now charged to the results. The promotion expenses increased with more participations to specialized investments conferences and a public relation contract granted during the year. The professional fees increased caused by an important increase in audit fees and financial consultants (\$25,000). Dios has a new administrative office in downtown Montreal.

Total assets

2008 compared to 2007

- No share issuance in 2008. Contributed surplus increased by \$411,165 following the grant of stock options in February 2008.
- Significant increase in net exploration expenses (\$2,319,928) following the retraction of term deposits. See "**Summary of exploration expenses**". Therefore, Tax credits increased by \$1,304,254. Write-off of a mining property and related deferred exploration expenses totalling \$226,082.
- Taxes receivable increased due to the high level of exploration activities in the final two quarters of 2008.

2007 compared to 2006

- Important increase in working capital, cash and term deposits:
 - Numerous private placements closed since the beginning of year: \$8,474,790 in 2007 compared to \$1,467,050;
 - Exercised options and warrants: \$543,695 received compared to \$32,387; and
 - High level of tax credits and sales receivables at the year end caused by high exploration activities at the the end of the year.
- In 2007, exploration expenses totalled \$2,751,087 compared to \$1,042,507 in the previous year. See the item "**Summary of exploration activities**".
- Accounts payables are high at the year end caused by high exploration activities at the the end of the year.

On July 20, 2007, the Company redeemed its convertible debenture by issuing 632,381 common shares for a total value of \$218,115 including accrued interest.

SUMMARY OF QUARTERLY RESULTS

(\$ 000 except loss/share)	2008				2007			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Other Income and (expenses)	224	(14)	(61)	(70)	(109)	(73)	(59)	(32)
Net (loss) earnings	(105)	(549)	(292)	(199)	(152)	(205)	(180)	208
Net (loss) earnings per share (basic and diluted)	(0.003)	(0.016)	(0.009)	(0.006)	(0.008)	(0.006)	(0.006)	0.01

Variations in quarterly loss can be explained by the following:

- 2008-Q4** Income tax liability following the accounting of tax credits. Write-off of a mining property and related deferred exploration expenses for \$226,794. See “**FOURTH QUARTER**” analysis below.
- 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** Public 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.
- 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.

FOURTH QUARTER

Highlights of the fourth quarter of 2008 are the following :

- Exploration expenses totalling \$582,167 mainly of the Hotish and Upinor properties;
- Accounting of a tax credit on exploration expenses for 2008 totalling \$2,178,101\$ resulting in a future income tax income of \$220,007 for the quarter; and
- Write-off of a mining property and related exploration expenses totalling \$226,794.

CASH FLOW SITUATION

The working capital decreased by \$2,942,014 as at December 31, 2008 going from \$7,943,001 as at December 31, 2007 to \$5,000,987 as at December 31, 2008. The decrease is mainly due to exploration activities during the year and the administrative expenses. There are no financing during the year.

The cash and term deposits (free cash flow) totalled \$2,178,775 as at December 31, 2008 compared to \$7,250,564 as at December 31, 2007.

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. **Moreover, the current climate of uncertainty requires larger efforts than before to obtain funds from investors.**

As at April 15, 2009, the Company considers the cash on hand sufficient for the known obligations. As at December 31, 2008, the Company did not have any debt or any financial commitments in the upcoming quarters.

FINANCING

The Company issued no common shares during the year.

As at December 31, 2008 :

- 34,333,839 common shares were issued.
- 3,390,000 options were granted (2,934,000 exercisable) and can be exercised in the future at prices between \$ 0.31 to \$ 0.75 between 2009 to 2013. Each option can be exchanged by the holder for one common share of the Company.
- 6,450,183 warrants were issued, entitling their holders to subscribe the same amount of common shares of the Company at prices between \$ 0.80 and \$ 1.15 with an expiration date ranging from March 2009 to May 2009. Each warrant can be exercised by the holder for one common share of the Company.
- 1,290,036 broker's units options were issued entitling their holders to subscribe the same amount of units of the Company at prices between \$ 0.45 and \$ 0.75 with an expiration date ranging from March 2009 to May 2009. Each unit is comprised of one common share and half a warrant. Each warrant is exercisable at a price between \$ 0.60 and \$ 1.15 with an expiration date ranging from March 2008 to May 2009.

Variations in share capital as at April 15, 2009 are the following:

Description	Number of shares	Price \$	Amount \$
As at December 31, 2007	34,333,839		16,146,450
As at December 31, 2008	34,333,839		16,146,450
As at April 15, 2009	34,333,839		16,146,450

Options

Variations in outstanding options as at April 15, 2009 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	(425,000)	0.37
As at December 31, 2008 and April 15, 2009	3,390,000	0.48

Options granted and exercisable as at April 15, 2009

Expiry date	Number of options	Exercisable	Exercise price (\$)
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	42,500	0.38
February 12, 2013	980,000	686,000	0.31
	3,390,000	3,088,500	0.48

The fair value of these options was estimated using the Black Scholes stock option evaluation model with the following assumptions: estimated weighted average duration of 5 years for these options, risk free interest rate of 3.5-4.5%, forecast volatility of 49-113% and no forecast dividend.

Warrants

Variations 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
Expired	(568,750)	0.38
As at December 31, 2008	6,450,183	1.05
Expired	(5,110,933)	1.03
As at April 15, 2009	1,339,250	1.15

Warrants characteristics as at April 15, 2009 are the following:

Number	Exercise price \$	Expiry date
1,339,250	1.15	May 2009

Broker's units 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 a warrant. Each warrant can be exercised like the following:

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.

Broker's units characteristics as at April 15, 2009 are the following:

Date	Number of warrants	Average exercise price \$
As at December 31, 2007	1,290,036	0.66
As at December 31, 2008	1,290,036	0.66
Expired	(1,022,186)	0.65
As at April 15, 2009	267,850	0.70

RELATED PARTY TRANSACTIONS

The Company is related to another company since they have certain directors in common.

During the year, not in the normal course of operations, the Company has paid an amount of \$25,000 to this company in cash related to the Opinaca Nord option (33,333 common shares issued last year for the same property to this company for a value of \$25,000).

As at December 31, 2008, there is a balance of \$125,645 (\$90,543 as at December 31, 2007) receivable from this company. This receivable bears a monthly interest of 1% (none in 2007).

Also, during the year, in the normal course of activities, a company with a common director invoiced the Company \$38,820 (\$32,513 in 2007) for professional fees.

These transactions were measured at the exchange amount that is the amount established and accepted by the parties.

CHANGE IN ACCOUNTING POLICIES

On January 1, 2008, in accordance with the applicable transitional provisions, the Company applied the recommendations of the following new accounting standards issued by the CICA:

The CICA issued Section 1535, "Capital Disclosures". This section effective for the years beginning on or after October 1, 2007 establishes standards for disclosing information about an entity's capital and management of its capital. The information provided by an entity should focus in particular on its objectives, policies and processes for managing capital, and disclose whether the entity has complied with imposed capital requirements and the consequences of non-compliance (Note 12). The new standard has no impact on the Company's financial results.

The CICA published new sections 3862 "Financial Instruments - Disclosure" and 3863 "Financial Instruments - Presentation", which establish standards for the presentation and disclosure of financial instruments and non-financial derivatives. These new standards were effective for fiscal years beginning on or after October 1, 2007. They replace section 3861 "Financial Instruments - Disclosure and Presentation". The new standard has no impact on the Company's financial results.

In June 2007, the CICA modified Section 1400, "General Standards of Financial Statements Presentation", in order to require that management make an assessment of the Company's ability to continue as a going concern over a period which is at least, but is not limited to, twelve months from the balance sheet data. These new requirements are effective for fiscal years beginning on or after January 1, 2008. The new requirements only address disclosures and will have no impact on the Company's financial results.

Future accounting standards

Convergence with International Financial Reporting Standards

In February 2008, Canada's Accounting Standards Board ('AcSB') confirmed January 1, 2011 as the changeover date to move financial reporting for Canadian publicly accountable enterprises to the International Financial Reporting Standards ('IFRS'). The Company will follow the key events timeline proposed by the AcSB to obtain training and thorough knowledge of IFRS, finalize assessment of accounting policies with reference to IFRS and plan convergence to be ready for the changeover planned in 2011.

The Company has begun the planning activities, including the establishment of a steering committee comprised the Finance responsible and an independent member of the audit committee, and is currently progressing through the detailed assessment and design of the overall implementation strategy.

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 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 guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

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 in view of the best interests of the Company and to disclose any interest, which they may have in 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.

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 December 31, 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 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 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, April 15, 2009