

**DIOS EXPLORATION INC. - Management's Discussion & Analysis –  
Quarterly Highlights – March 31, 2017**

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**DIOS  
EXPLORATION**

**DIOS EXPLORATION INC.  
Management's Discussion and Analysis  
Quarterly highlights  
For the three-month period ended  
March 31, 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 the factors that affected the Company’s financial operating performance for the three-month period ended March 31, 2017 (“2017-Q1”).

This discussion and analysis should be read in conjunction with:

- The unaudited interim financial statements for 2017-Q1;
- 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](http://www.sedar.com) web site, under the Company’s section “Sedar filing” or at [www.diosexplo.com](http://www.diosexplo.com).

**Nature of activities**

Dios looks for significant gold deposits in southern prospective James Bay Eeyou Istchee, Quebec province, with proprietary data from diamond till sampling along major deep geological structures.

**Investing activities**

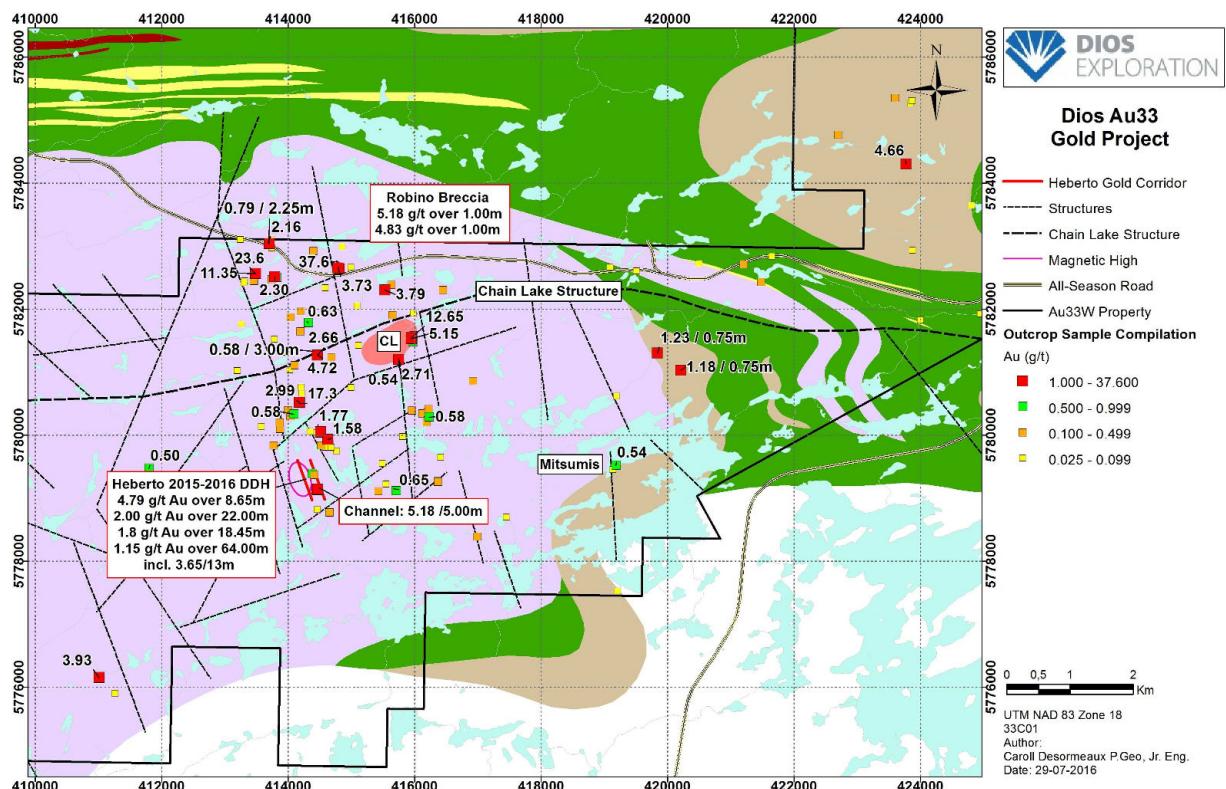
In 2017-Q1, Dios paid \$1,485 for mining rights (claim renewal and acquisitions).

During the three-month period ended March 31, 2017, the Company incurred \$265,204 in exploration expenses compared to \$229 308 for the same period in 2016.

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## Exploration Expense Analysis

Description	AU33West	Solo-K2	Clarkie	Total
	\$	\$	\$	\$
Geology	53,569	11,231	729	65,529
Transportation, Lodging	32,690	-	-	32,690
Drilling and assays	164,520	-	-	164,520
Office and other	2,465	-	-	2,465
	253,244	11,231	729	265,204

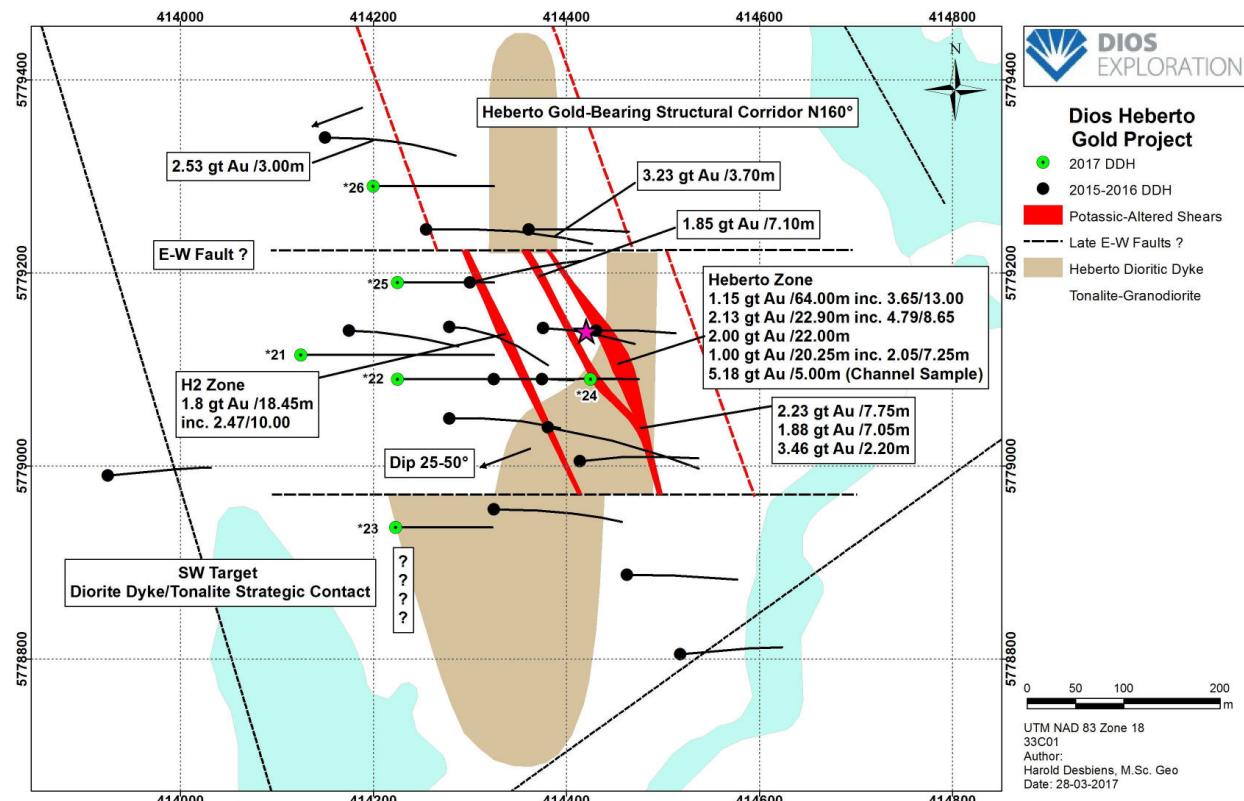


## AU33 Heberto Gold Discovery (*Wholly-owned no royalties*)

The Heberto gold structural system has a 500 m minimum NNW-SSE length, associated with a diorite dyke. The Heberto Zone returned drilling intercepts, with 2.13 g/t Au over 22.9 m (inc. 4.79 / 8.65 m), 2 g/t Au over 22 m, 1.15 g/t Au over 64 m (inc. 3.65 / 13 m), 0.63 g/t Au over 41.50 m (inc. 2.05 / 7.25m), 2.23 g/t Au over 7.75m, 1.88 g/t Au over 7.05 m (inc. 3.93 / 3.35 m) and 1.65 g/t Au over 8.10 m. Sub-parallel potassic-altered structures yielded up to 1.8 g/t Au over 18.45 m (inc. 2.47 /10 m) from the West shear, 3.23 g/t Au over 3.70 m, 3.46 g/t Au over 2.2 m, 0.75 g/t Au over 14.75 m (inc. 2.89 / 3 m) and 2.53 g/t Au over 3 m.

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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 during last quarter and mineralized altered zones were intersected. New results should be released by the end of May, due to major delays at the assay office.



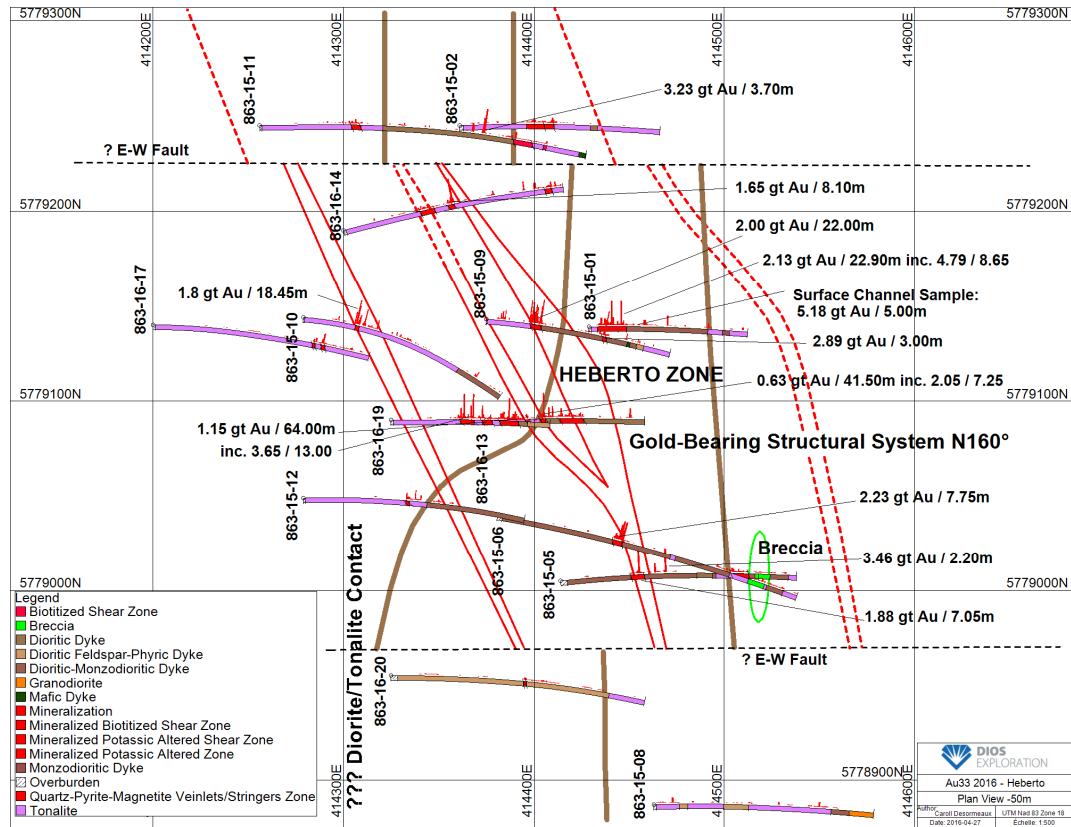
Mineralization consists in traces- 5 % pyrite, traces-1% magnetite and rare chalcopyrite associated with quartz stringers/veins and silica-biotite-microcline +/- carbonate-sericite alteration. Mineralized structures are locally enriched by higher-grade quartz-pyrite±magnetite stringers/veins. Significant 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.

Mineralized quartz-biotite-pyrite±magnetite flat «tension» fractures/veinlets dipping 20-30°west seem to have been developed along N160°potassic-altered shears, especially near the western tonalite/diorite contact. The repetition of similar shallow-dipping mineralized structures is possible at depth.

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## Summer work for Clarkior and K2

Summer field work is in preparation for K2 and Clarkior following positive results.

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### **Overall performance**

Net loss for the quarter is \$47,179 (net loss of \$52,502 for the first quarter 2016) whereas expenses for the quarter totalled \$49,102 (\$72,633 for the first quarter 2016).

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

### **Financial position**

- Working capital decreased by \$309,149 as at March 31, 2017 going from \$1,029,365 as at December 31, 2016 to \$720,216 as at March 31, 2017. The decrease is mainly due to exploration costs, mining right payments and administrative expenses incurred during the period.
- Cash and term deposits totaled \$591,138 as at March 31, 2017 compared to \$849,596 as at December 31, 2016. The Company is considered to be in exploration stage, thus it is dependent on obtaining regular financing in order to pursue exploration. Despite previous success in acquiring sufficient funding, there is no guarantee of obtaining any future financing.
- The product of unspent funding related to flow-through financing totals \$441,645 as at March 31, 2017 to be incurred before December 31, 2017.

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

### **Related party transactions**

Key management personnel of the Company are members of the Board of Directors, as well as the resident, chief financial officer and vice-president, operation. Key management personnel remuneration includes salaries, professional fees and share-based payments. For the 2017-Q1, the compensation is \$73,549 (\$73,793 for the same period last year). An amount of \$57,932 (\$46,925 for the same period last year) was capitalized in Exploration and Evaluation assets.

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## Forward-looking information

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

Montreal, Quebec  
May 25, 2017

