



DIOS
EXPLORATION

**DIOS EXPLORATION INC.
ANNUAL MANAGEMENT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023**

This Management Discussion and Analysis dated April 23, 2024 provides an analysis of operations and financial position of Dios Exploration Inc. (the “Company” or “Dios”) for the year ended December 31, 2023. This discussion and analysis of the financial position and results of operation should be read in conjunction with Dios’s audited financial statements for the year ended December 31, 2023 and December 31, 2022. These audited financial statements were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (hereafter “IFRS Accounting Standards”).

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.

ABOUT DIOS

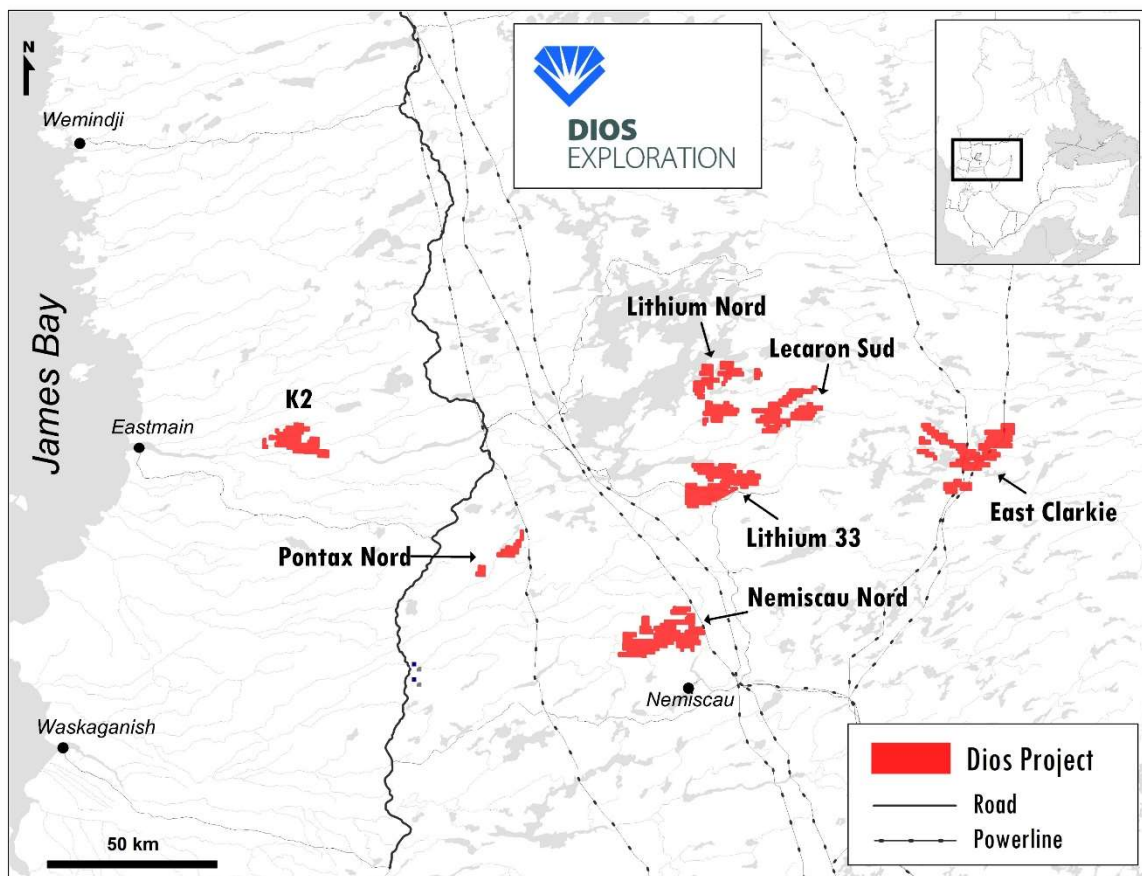
Dios focuses on GOLD-COPPER and LITHIUM exploration in James Bay Eeyou Istchee, Quebec, along a major greenstone belt and geological province contact.

Contiguous to AU33 hosting Dios’ HEBERTO GOLD discovery and several other gold occurrences, large Lithium33 Battery Metal was acquired in 2022 as well as Nemiscau North. Several other significant LITHIUM acquisitions were completed in 2023.

Lithium metal is critical in universal fight against global warming, core component of lithium-ion batteries for powering electric vehicles & large-scale energy storage.

Wholly-owned K2 copper-gold-silver property is adjacent south-west in strike of Azimut’s Elmer gold Patwon discovery property

Dios’ shares are traded on TSX Venture Exchange under DOS symbol and 121,282,066 shares were issued and outstanding at the end of 2023. Additional information may be available through www.sedar.com web site, under the Company’s section “Sedar filing” or at www.diosexplo.com.



RESULTS OF OPERATION

Summary of acquisition activities

During the year ended December 31, 2023, Dios paid \$129,087 for mining rights (claim renewal and acquisitions) compared to \$42,441 for the same period last year.

Mining Right Additions

Properties	\$
Lithium Nord	26,584
Nemiscau Nord	4,696
Pontax nord	1,190
LeCaron Lithium	27,905
Clarkie East	44,934
Claim renewal	23,777
	129,087

Summary of exploration activities

During the year ended December 31, 2023, the Company incurred \$429,400 in exploration and evaluation assets compared to \$1,476,598 for the same period in 2022.

Exploration and evaluation assets analysis

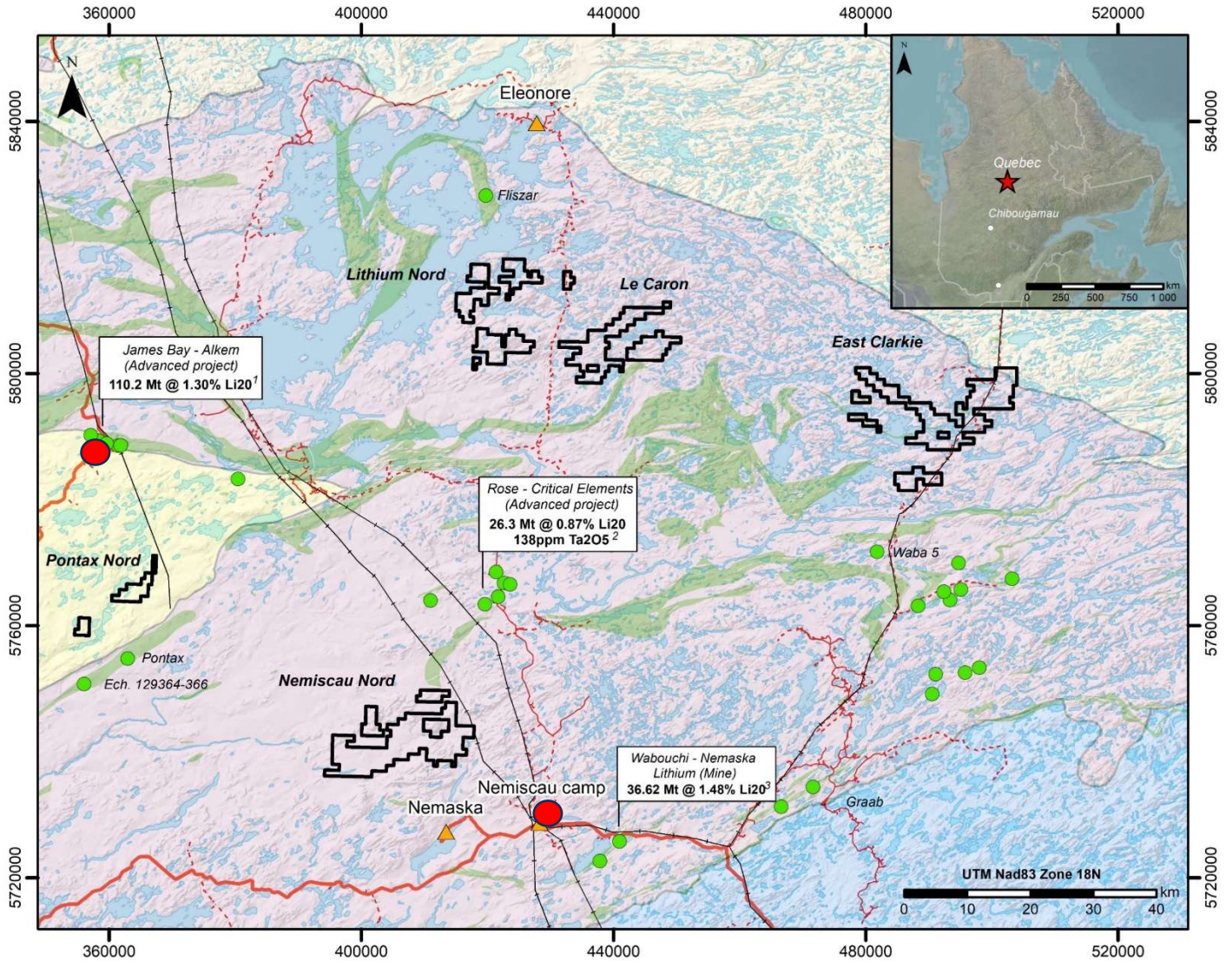
Description	Clarkie Est	Lithium Nord	LeCaron Lithium	Nemiscau Nord	K2	Others	Total
	\$	\$	\$				
Geology	93,307	75,755	59,946	42,694	16,941	12,217	300,860
Transportation, lodging	43,008	20,175	8,961	20,175	1,200	-	93,519
Assays	4,448	1,606	823	1,360	3,225	-	11,462
Office and other	7,153	3,382	4,120	3,382	5,522	-	23,559
	147,916	100,918	73,850	67,611	26,888	12,217	429,400

Geological information presented herein was prepared by Marie-José Girard M.Sc. P.Geo, Qualified Person pursuant to National Instrument 43-101.

DIOS EXPLORATION 2024 PROPOSED BUDGETS

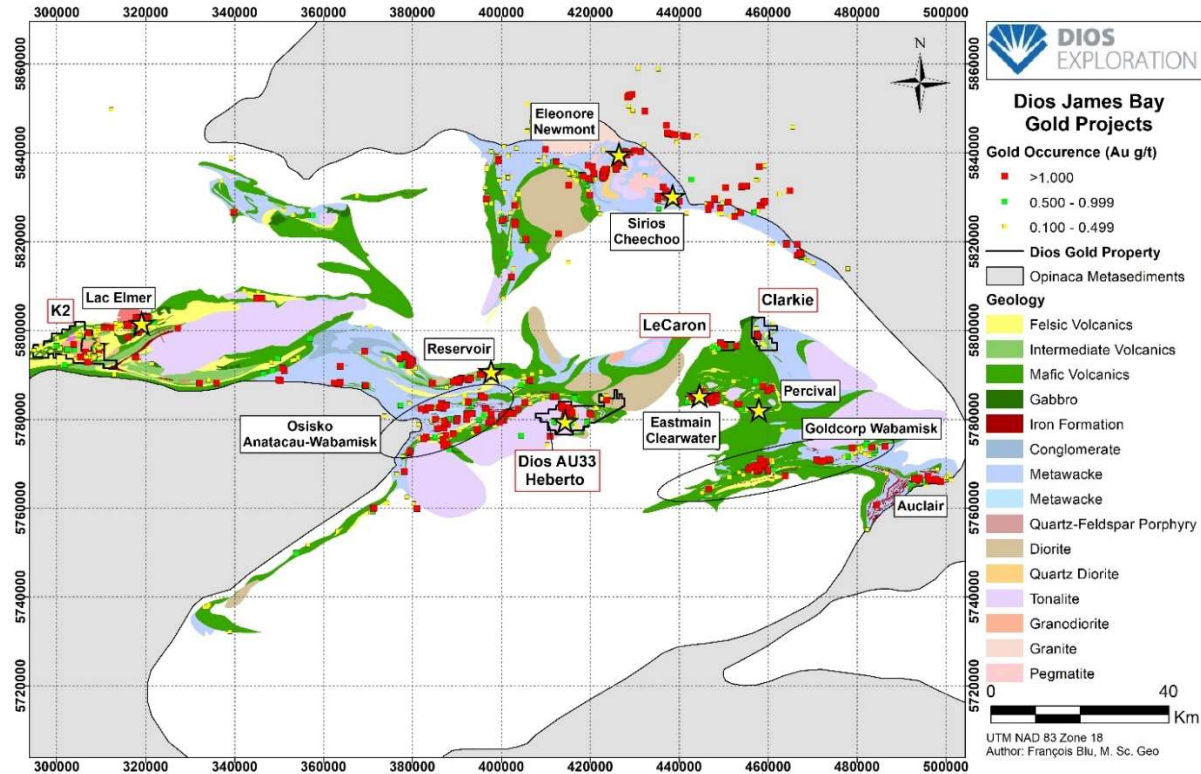
- Multi-property Geological Mapping and sampling for LITHIUM, James Bay, Quebec
- This field program is helicopter-supported. The program design includes target selections, traverse routes and sample grids. (Rock sampling and glacial till sampling)
- Detailed geological mapping and sampling with a focus on defined targets.
 - LeCaron Lithium
 - Lithium Nord
 - Nemiscau Nord
 - Pontax Nord
 - Clarkie Est

Description	\$
Logistics phase	4,935
Field program	76,593
Field report	9,072
Professional services total	90,600
Expenses and rentals	20,826
Externals costs (Transportation and lodging)	152,175
Total	263,601



GOLD EXPLORATION

Gold exploration is also planned to be pursued on Au33-Lithium33 (Heberto northeast extent). Further financings will be needed for such gold exploration.



Dios' gold properties in Lower Eastmain Greenstone Belt: K2, AU33 (Heberto), LeCaron, Clarkie

Hole 19 did hit 3.65 grams gold per tonne over 13 m (71 m-84 m) in a 64 m true thickness interval grading 1.21 g/t gold on HEBERTO.

DD-19 is located 50 m south of DD-1 (2.13 g/t gold/22.9 m), of DD-9 (2 g/t gold/22 m) and of DD-10 (1.8g/t gold/18.45 m). DD- 19 is located 112 m west of DD-1 and 50 m north of DD-06 (1.94 g/t gold/7.75 m).

A deformation zone striking EW-NE was enhanced on the property and should be the focus of future work.

SUMMARY OF PLANNED EXPLORATION PROGRAMS FOR 2023 AND RESULTS

PROJECTS	PLANNED WORK	BUDGET (\$)	RESULTS (\$)
K2	Drilling report	30,000	26,888
Nemiscau Nord	Rock sampling, mapping and prospecting	224,078	67,611
Lithium 33-AU33	Rock sampling, mapping and prospecting	50,513	2,416
Pontax Nord	Rock sampling, mapping and prospecting	44,562	9,801
LeCaron Lithium	Rock sampling, mapping and prospecting	141,910	73,850
Clarkie Est	Rock sampling, mapping and prospecting	173,477	147,916
Lithium Nord	None	-	100,918
TOTAL		664,540	429,400

Differences are explained as follows:

Nemiscau Nord	Impossible access to properties due to forest fires in spring and summer 2023
Lithium 33-AU33	Impossible access to properties due to forest fires in spring and summer 2023
Pontax nord	Impossible access to properties due to forest fires in spring and summer 2023
LeCaron Lithium	Impossible access to properties due to forest fires in spring and summer 2023
Lithium Nord	New property

A mapping and sampling program was undertaken on 4 wholly-owned properties last September: LeCaron, Lithium-Nord, Nemiscau-Nord and East-Clarkie. The focus was on Lithium-bearing pegmatites (LCT type) on selected favourable target-areas. Due to limited time and helicopter and ground accessibility, Dios field program covered less than **12%** of the claims of these 4 projects. Follow-up is planned as soon as possible to cover large areas yet to explore on these lithium potential claims.

OPERATION RESULTS AND SELECTED ANNUAL INFORMATION

Net loss for the year is \$128,814 (net profit of \$210,757 for 2022) whereas operating expenses for the year totalled \$286,528 (\$181,238 for 2022).

	As at December 31, 2023	As at December 31, 2022
	\$	\$
Net profit (loss)	(128,814)	210,757
Operating loss	(286,528)	(181,238)
Reversal of write-down of exploration and evaluation assets (Reversal)	30,000	30,000
Share-based payments included in Expenses	53,734	52,352
Provision for compensation (Provision) (note below)	84,977	-
Expenses without Reversal, share-based payments and Provision	177,817	158 886
Net profit (loss) per share (basic and diluted)	(0.001)	0.002
Total assets	7,303,938	7,526,635

Note: Under a flow-through financing agreement entered with subscribers during 2022, the Company committed to spending \$650,000 in exploration expenses in Canada ("CEE") before December 31, 2023. The Company incurred an amount of \$428,856 on this date. Consequently, a balance of \$221,144 in expenses renounced to investors was not incurred in CEE as of December 31, 2023. The reason for the work not carried out is due to forest fires which made access to the mining sites impossible during the spring-summer 2023 period. At the provincial level a request for an additional twelve months to carry out the missing exploration work was accepted on February 16, 2024, while at the federal level the same request was made but no response to date of the auditors' report. Amended renunciation forms have been filed with the federal tax authorities, which could result in the issuance of new assessment notices for affected subscribers for the 2022 tax year. In this regard, the Company has recorded, as of December 31, 2023, a provision of \$84,977 as a provision for compensation and an expense of the same amount was recognized in the results.

Net profit (loss) and expenses

2023 compared to 2022

- Increase in audit fees in 2023 from \$36,400 to \$43,188.
- Increase in Part XII.6 taxes due to the inability to complete certain exploration costs due to forest fires.
- Deferred income taxes (non-cash item) recovered of \$128,657 in 2023 compared to \$372,715 in 2022.
- Provision for compensation of \$84,977. See Note above.

2022 compared to 2021

- Decrease of stock-based payments (non-cash item) from \$206,826 to \$52,352.
- Deferred income taxes (non-cash item) recovered of \$372,715 in 2022 compared to \$2,285 last year.
- Exploration expenses of \$22,724 on a property to be acquired in 2023.

Total assets

2023 compared to 2022

- Exploration and evaluation assets:
 - Acquisition and claim renewal costs of \$129,087;
 - Exploration expenses of \$429,400;
 - Payment of the \$40,000 loan (Canada Emergency Business Account).

2022 compared to 2021

- Exploration and evaluation assets:
 - Acquisition and claim renewal costs of \$42,441;
 - Exploration expenses of \$1,476,598;
 - Tax credit receivable at the end of 2022 of \$112,784;
- A private placement totaling \$650,000 was closed in December 2022.

SUMMARY OF QUARTERLY RESULTS

	2023				2022			
(\$ 000 except loss/share)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Income	7	8	7	7	8	5	4	2
Net earnings (Net loss)	(122)	24	8	(39)	14	229	(12)	(20)
Net earnings (net loss) per share (basic and diluted)	(0.001)	0.00	0.000	(0.000)	0.000	0.002	(0.000)	(0.000)

Variations in quarterly loss (income) can be explained by the following:

2023-Q4	Deferred income taxes of \$21,118. Stock based payments of \$30,179. Income taxes of section XII.6 and III.14 of \$14,119. Provision for compensation of \$84,977.
2023-Q3	Stock based payments of \$11,083. Deferred income taxes of \$23,873. Income taxes of section XII.6 and III.14 of \$15,630..
2023-Q2	Stock based payments of \$4,968. Deferred income taxes of \$20,315. Reversal of write-down of exploration and evaluation assets of \$30,000.
2023-Q1	Stock based payments of \$7,504. Deferred income taxes of \$22,576. Increase in Professional fees due to the timing of audit fees invoiced.
2022-Q4	Deferred income taxes of \$73,197. Stock based payments of \$14,611. Exploration expenses of \$20 683 on a property to be acquired in 2023.
2022-Q3	Stock based payments of \$7,797. Deferred income taxes of \$247,739.
2022-Q2	Stock based payments of \$10,830. Deferred income taxes of \$21,330 Reversal of write-down of exploration and evaluation assets of \$30,000. Increase in Professional fees due to the timing of audit fees invoiced.
2022-Q1	Stock based payments of \$19,114. Deferred income taxes of \$30,449.

FOURTH QUARTER

Highlights of the fourth quarter of 2023 are as follows:

- Exploration expenses totalling \$70,453.
- Administrative expenses of \$64,945 including \$30,179 in stock-based payments.
- Income interest of \$6,635.
- Income taxes of section XII.6 and III.14 of \$14,119.
- Provision for compensation of \$84,977.

CASH FLOW SITUATION

Working capital decreased by \$603,488 as at December 31, 2023 going from \$791,228 as at December 31, 2022 to \$187,740 as at December 31, 2023, including liabilities of \$66,342 to be erased once a \$221,144 flow-through funding is incurred in 2024. This decrease can be explained by the absence of equity investments in 2023.

Cash and term deposit amounted to \$371,529 as at December 31, 2023 compared to \$941,122 as at December 31, 2022.

The Company is considered to be in the exploration stage, thus is dependent on obtaining regular financings to continue exploration. Despite previous successes in acquiring sufficient financing, there is no guarantee of obtaining any future financings.

As at April 23, 2024, the Company considers it will have to finance itself in 2024 to carry out planned exploration work for gold while having a reasonable working capital. On December 31, 2023, the Company did not have any debts or any financial commitments for upcoming quarters. The product of unspent funding related to flow-through financing as at December 31, 2022 is \$221,144 to be spent before December 31, 2024.

As at December 31, 2023:

- 121,282,066 Common Shares were issued.
- 6,290,000 options were outstanding and 5,300,000 can be exercised at prices ranging between \$0.10 to \$0.12 expiring between May 26, 2025 and July 3, 2028. Each option can be exchanged by its holder thereof for one Common Share of the Company.
- 250,000 warrants were outstanding, entitling their holders thereof to subscribe for the same number of Common Shares of the Company at a price of \$0.10 and expiring August 12, 2026.

Share capital

Variations in share capital as at April 23, 2024 are the following:

Description	Number of shares	Amount \$
As at December 31, 2022	121,207,066	24,774,569
Exercise of options	75,000	11,925
As at December 31, 2023 and April 23, 2024	121,282,066	24,786,494

During the financial year ending December 31, 2023, 75,000 stock options were exercised. An amount of \$7,500 which was received and an amount of \$4,425 representing the fair market value of the options at the time of issuance, were charged to contributed surplus.

Options

Variation in outstanding options as at April 23, 2024 is the following:

	Number	Weighted average exercise price (\$)
As at December 31, 2022	6,110,000	0.11
Exercised	(75,000)	0.10
Expired	(870,000)	0.10
Granted	1,125,000	0.10
As at December 31, 2023	6,290,000	0.11
Canceled	(735,000)	0.10
As at April 23, 2024	5,555,000	0.11

Options granted and exercisable as at April 23, 2024:

Expiry date	Number of options	Exercisable	Exercise price (\$)
May 26, 2025	850,000	850,000	0.10
October 22, 2025	1,675,000	1,675,000	0.12
June 6, 2026	1,030,000	1,030,000	0.10
September 1, 2027	1,030,000	1,030,000	0.10
July 3, 2028	970,000	388,000	0.10
	5,555,000	4,973,000	0.11

An amount of \$53,734 of employee remuneration expense (all of which related to equity-settled share-based payment transactions) were included in profit or loss for the reporting period ended December 31, 2023 (\$52,352 for the reporting period ended December 31, 2022) and credited to Contributed surplus.

Warrants

Variation in outstanding warrants as at April 23, 2024 is the following:

	Number	Weighted average exercise price (\$)
As at December 31, 2022	9,340,000	0.20
Expired	(9,090,000)	0.20
As at December 31, 2023 and April 23, 2024	250,000	0.10

The number of outstanding warrants which could be exercised for an equivalent of common shares is as follows:

Expiration date	Number of warrants	Exercise price (\$)
August 12, 2026	250,000	0.10

The 2023 financial statements of the Company were prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board as described in Note 4 of 2023 financial statements.

CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Significant management judgment

Significant management judgments to be made while implementing accounting methods that are the most significant for the Company are discussed hereafter:

(a) Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exit in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

(b) Operating continuity

Determining whether to continue operating requires management's judgment to be able to raise or find sufficient funds for operating expenses and planned exploration programs, among others, to fulfill requirements for the coming period; such judgments are based on past expertise and other factors, including evaluation of probable future events that could be deemed reasonable in said circumstances.

Estimation uncertainty

(a) Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined.

Determining whether to test for impairment of exploration and evaluation assets requires management's judgment, among others, regarding the following: the period for which the Company has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

There were no write-off of exploration and evaluation asset for the reporting periods. During the year, the company recognized a reversal of an exploration and evaluation asset write-down of \$30,000 relating to the 33 Carat property (\$30,000 for the year ended December 31, 2022).

The remaining properties have not been tested for impairment. The Company can retain properties as it has sufficient financial resources to meet its short-term obligations and exploration works are planned over next

exercises. The rights to prospect for these properties will not expire soon and exploration works has been carried out on these properties over the past three years.

(b) Share-based payments

Estimation of share-based payment costs requires selection of appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants. The model used by the Company is the Black-Scholes valuation model.

(c) Tax credits receivable

The calculation of the Company's refundable tax credit on qualified exploration expenditure incurred and refundable tax credit involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been issued from the relevant taxation authority and a payment has been received. Difference arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credit and refundable tax credit, exploration and evaluation assets, and income tax expense in future periods.

(d) Provision and contingent liabilities

Judgments are made as to whether a past event has led to a liability that should be recognized in the financial statements or disclosed as a contingent liability. Quantifying any such liability and provisions involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, previous experience and the probability of a loss being realized. Several of these factors are source of estimation uncertainty.

Off-balance sheet arrangements

During the year, the Company did not set up any off-balance sheet arrangements.

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 additional 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.

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

MANAGEMENT'S RESPONSIBILITY 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 IFRS. 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.

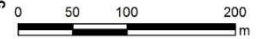
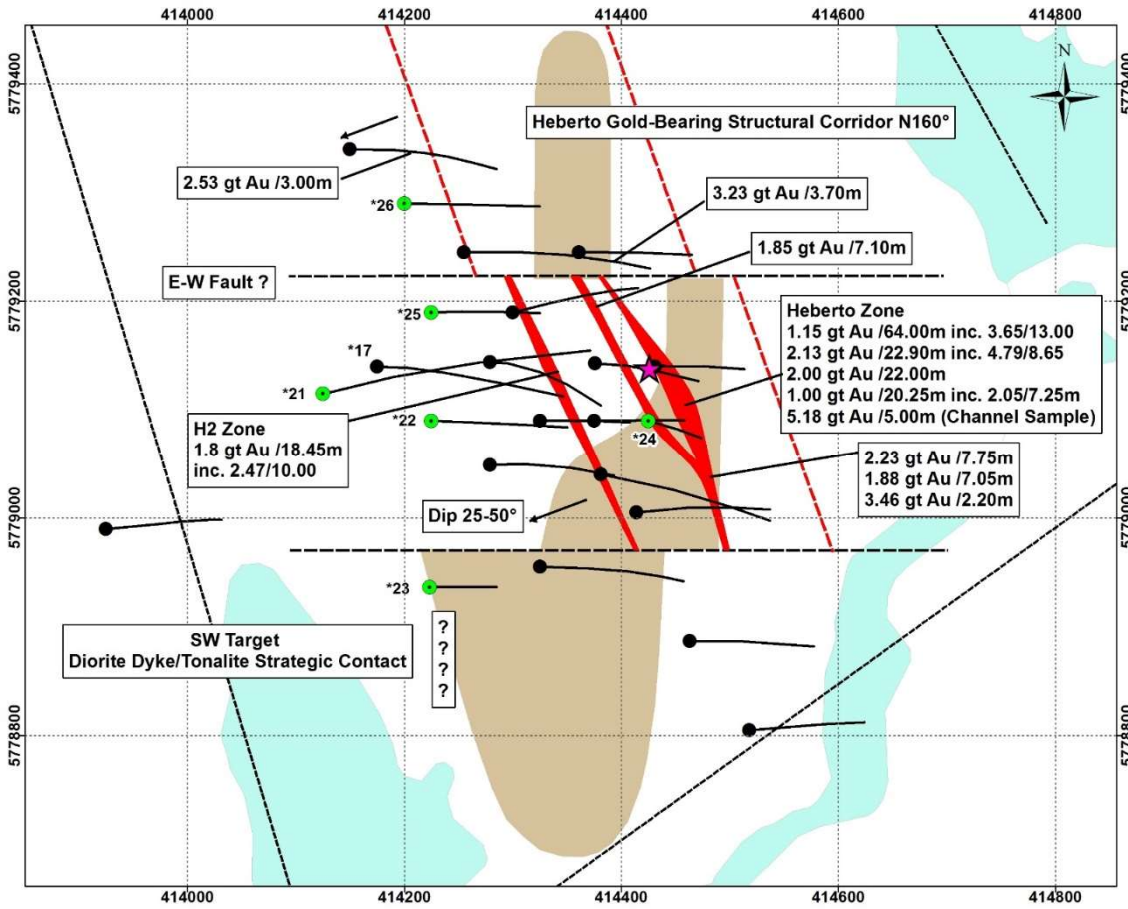
(Signed) Marie-José Girard, P.Geo M.Sc. President

Montreal, April 25, 2024



Dios Heberto Gold Project

- 2017 DDH
- 2015-2016 DDH
- Potassic-Altered Shears
- - - Late E-W Faults ?
- Heberto Dioritic Dyke
- Tonalite-Granodiorite



UTM NAD 83 Zone 18
33C01
Author:
Harold Desbiens, M.Sc. Geo
Date: 28-03-2017