

DIOS EXPLORATION INC.

UNAUDITED INTERIM FINANCIAL STATEMENTS

September 30, 2018

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The attached interim financial statements have been prepared by Dios Exploration Inc. and its external auditors have not reviewed these unaudited financial statements.

Box 114, P.O. NDG, Montreal QC H4A 3P4
Tel: 514-923-9123
email: mjgirard@diosexplo.com
web site: www.diosexplo.com

DIOS EXPLORATION INC.
Interim Statement of Financial Position (unaudited)

(Canadian dollars)

| | Notes | September 30 2018 | December 31 2017 |
|---|-------|----------------------|---------------------|
| | | \$ | \$ |
| ASSETS | | | |
| Current | | | |
| Cash and cash equivalents | | 143 406 | 376 296 |
| Good and services tax receivable | | 18 435 | 15 163 |
| Tax credits receivable | | 229 597 | - |
| Prepaid expenses and deposit | | 1 988 | 350 |
| | | 393 426 | 391 809 |
| Non-current | | | |
| Exploration and evaluation assets | 5 | 2 225 042 | 1 719 657 |
| Total assets | | 2 618 468 | 2 111 466 |
| LIABILITIES | | | |
| Current | | | |
| Trade and other payables | | 135 163 | 41 584 |
| Advance from an officer, 0 to 2,9%, on demand | | 49 621 | - |
| Other liabilities | | 15 556 | 52 040 |
| Total liabilities | | 200 340 | 93 624 |
| EQUITY | | | |
| Share capital | 6.1 | 19 837 951 | 19 448 838 |
| Contributed surplus | | 2 916 220 | 2 795 107 |
| Deficit | | (20 336 043) | (20 226 103) |
| Total equity | | 2 418 128 | 2 017 842 |
| Total liabilities and equity | | 2 618 468 | 2 111 466 |

The accompanying notes are an integral part of the interim financial statements

These financial statements were approved and authorized for issue by the Board of Directors on November 27, 2018

(s) Marie-José Girard

Marie-José Girard

Director

(s) René Lacroix

René Lacroix

Director

DIOS EXPLORATION INC.

Interim Statement of Comprehensive Loss (unaudited)

(Canadian dollars)

| | Notes | Three-month period ended September 30 | | Nine-month period ended September 30 | |
|--|-------|--|-----------------|---|------------------|
| | | 2018 | 2017 | 2018 | 2017 |
| | | \$ | \$ | \$ | \$ |
| EXPENSES | | | | | |
| Employee benefits expense | 7.1 | 15 760 | 4 533 | 47 265 | 22 606 |
| Consulting fees | | 5 850 | 6 025 | 24 452 | 24 250 |
| Professional fees | | - | 2 080 | 25 407 | 26 957 |
| Trustees, registration fees and shareholders relations | | 2 107 | 1 891 | 23 052 | 19 945 |
| Offices expenses | | 1 657 | 1 220 | 3 986 | 4 241 |
| Insurance, taxes and permits | | 1 871 | 1 752 | 5 808 | 5 533 |
| Publicity, travel and promotion | | 646 | 65 | 6 936 | 2 716 |
| Bank charges | | 178 | 172 | 503 | 479 |
| OPERATING LOSS | | 28 069 | 17 738 | 137 409 | 106 727 |
| OTHER REVENUES AND EXPENSES | | | | | |
| Finance income | 8 | 529 | 891 | 1 589 | 4 463 |
| Finance costs | 8 | (846) | - | (2 982) | (395) |
| | | (317) | 891 | (1 393) | 4 068 |
| LOSS BEFORE INCOME TAXES | | (28 386) | (16 847) | (138 802) | (102 659) |
| Deferred income taxes | | - | - | 52 040 | - |
| NET LOSS AND COMPREHENSIVE LOSS | | (28 386) | (16 847) | (86 762) | (102 659) |
| NET LOSS PER SHARE | | | | | |
| Basic and diluted loss per share | 9 | (0.001) | (0.001) | (0.001) | (0.002) |

The accompanying notes are an integral part of the interim financial statements

DIOS EXPLORATION INC.

Interim Statement of Changes in Equity (unaudited)

(Canadian dollars)

| | Note | Number of shares | Share capital Number of shares to be issued | \$ | Contributed surplus \$ | Deficit \$ | Total equity \$ |
|-------------------------------|------|---------------------|--|------------|------------------------------|---------------|--------------------|
| Balance at January 1, 2017 | | 55 168 060 | - | 19 344 758 | 2 787 331 | (18 451 615) | 3 680 474 |
| Net loss for the period | | - | - | - | - | (102 659) | (102 659) |
| Share-based payments | 7.2 | - | - | - | 7 776 | - | 7 776 |
| Balance at September 30, 2017 | | 55 168 060 | - | 19 344 758 | 2 795 107 | (18 554 274) | 3 585 591 |
| Balance at January 1, 2018 | | 55 168 060 | 1 734 667 | 19 448 838 | 2 795 107 | (20 226 103) | 2 017 842 |
| Net loss for the period | | - | - | - | - | (86 762) | (86 762) |
| Shares or units issued | 6.1 | 7 134 700 | (1 734 667) | 389 113 | 81 335 | - | 470 448 |
| Share-based payments | 7.2 | - | - | - | 39 778 | - | 39 778 |
| Share issuance costs | | - | - | - | - | (23 178) | (23 178) |
| Balance at September 30, 2018 | | 62 302 760 | - | 19 837 951 | 2 916 220 | (20 336 043) | 2 418 128 |

The accompanying notes are an integral part of the financial statements

DIOS EXPLORATION INC.

Interim Statement of Cash Flows (unaudited)

(Canadian dollars)

| | | Nine-month period ended | |
|---|---|-------------------------|------------------|
| | | September 30 | |
| Notes | | 2018 | 2017 |
| | | \$ | \$ |
| OPERATING ACTIVITIES | | | |
| | Net loss | (86 762) | (102 659) |
| | Adjustments | | |
| | Share-based payments | 39 778 | 7 776 |
| | Change in fair value of listed shares | - | 395 |
| | Deferred income taxes | (52 040) | - |
| 10 | Changes in working capital items | 12 065 | (9 981) |
| | Cash flows from operating activities | (86 959) | (104 469) |
| INVESTING ACTIVITIES | | | |
| | Disposal of listed shares | - | 4 072 |
| | Term Deposits redeemed (purchased) | - | 373 718 |
| | Tax credits received | 332 | 166 452 |
| | Additions to exploration and evaluation assets | (609 088) | (548 619) |
| | Cash flows from investing activities | (608 756) | (4 377) |
| FINANCING ACTIVITIES | | | |
| | Issuance of units and shares by private placement | 486 003 | - |
| | Share issuance costs | (23 178) | - |
| | Cash flows from financing activities | 462 825 | - |
| Net change in cash and cash equivalents | | (232 890) | (108 846) |
| Cash and cash equivalents, beginning of period | | 376 296 | 475 878 |
| Cash and cash equivalents, end of period | | 143 406 | 367 032 |
| Supplemental disclosure | | | |
| | Interests income cashed (operating activities) | 1 589 | 8 181 |
| | Interest paid (operating activities) | (2 982) | - |

Additional information - Cash Flows- note 10

The accompanying notes are an integral part of the interim financial statements

DIOS EXPLORATION INC.

Notes to Interim Financial Statements

For the nine-month period ended September 30, 2018 (unaudited)

(Canadian dollars)

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Dios Exploration Inc. (the "Company") is an exploration company with activities in Canada.

2. GOING CONCERN ASSUMPTION

The financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. As at September 30, 2018, the Company has a negative cumulated retained deficit of \$20,336,043 (\$20,226,103 at December 31, 2017). These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

3. SUMMARY OF ACCOUNTING POLICIES

Basis presentation

These interim financial statements of the Company were prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB) under International Accounting Standard (IAS) 34 - Interim Financial Reporting. These interim financial statements were prepared using the same basis of presentation, accounting policies and methods of computations outlined in Note 4, SUMMARY OF ACCOUNTING POLICIES as described in our financial statements for the year ended December 31, 2017. The interim financial statements do not include all of the notes required in annual financial statements.

New standard effective January 1, 2018

IFRS 9 Financial instruments

In July 2014, the International Accounting Standards Board (IASB) aims to replace IAS 39 Financial Instruments: Recognition and Measurements in its entirety with IFRS 9. IFRS 9 introduces improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

Impact of the application of IFRS 9 Financial Instruments

During the period ended September 30, 2018, the Company applied IFRS 9 Financial Instruments and related amendments to affect other IFRS. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The details of these new requirements that are relevant to the Company and their impact on the Company's financial statements are described below

The Company applied IFRS 9 retrospectively in accordance with the transitional provisions set out in the standard and restated its comparative financial statements. For the Company, the initial application date is January 1, 2018. As a result, the Company has applied the requirements of IFRS 9 to financial instruments that have not been derecognized as at January 1, 2018 and has not applied the financial instrument requirements that have already been derecognized as at January 1, 2018. Comparative amounts for financial instruments that have not been derecognized as at January 1, 2018 have been restated where applicable.

Classification and valuation of financial assets

IFRS 9 contains three categories of financial assets: Measured at cost after amortization, at fair value through other comprehensive income and at fair value through profit or loss. The classification of financial assets under IFRS 9 is generally based on the economic model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the following IAS 39 categories: held-to-maturity investments, loans and receivables and available-for-sale financial assets.

DIOS EXPLORATION INC.

Notes to Interim Financial Statements

For the nine-month period ended September 30, 2018 (unaudited)

(Canadian dollars)

3. SUMMARY OF ACCOUNTING POLICIES (continued)

New standard effective January 1, 2018 (continued)

Classification and valuation of financial assets (continued)

Management has reviewed and assessed the Company's existing financial assets as at January 1, 2018 based on the facts and circumstances that existed at that date. Cash classified as loans and receivables continues to be measured at amortized cost in accordance with IFRS 9. The Company has concluded that the application of IFRS 9 did not affect the classification and measurement of cash flows, financial assets of the company.

Classification and valuation of financial liabilities

For financial liabilities, IFRS 9 includes the classification and measurement requirements previously included in IAS 39. The application of IFRS 9 had no impact on the classification and measurement of the Company's financial liabilities.

4. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Significant management judgements

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements.

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 exist 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.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year and to fund planned and contractual exploration programs, involves judgments based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

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 or the cash-generating units must be estimated. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recovered from either future exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available. There were no write-off of exploration and evaluation asset for the nine-month period ended September 30, 2018. No reversal of impairment losses has been recognized for the reporting periods.

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the nine-month period ended September 30, 2018 (unaudited)

(Canadian dollars)

4. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Share-based payments

The estimation of share-based payment costs requires the selection of an 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 granted and the time of exercise of those share options. The model used by the Company is the Black-Scholes valuation model.

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 a notice of assessment has been issued by the relevant taxation authority and 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.

5. EXPLORATION AND EVALUATION ASSETS

MINING RIGHTS

| | January 1, 2018 | Additions | September 30, 2018 |
|---------------|--------------------|-----------|-----------------------|
| QUEBEC | \$ | \$ | \$ |
| 33 Carats | 1 | 6 236 | 6 237 |
| K2 | 36 773 | 10 393 | 47 166 |
| AU33 | 126 782 | 24 243 | 151 025 |
| Clarkie | 17 203 | 7 127 | 24 330 |
| Autres | 2 200 | 5 198 | 7 398 |
| | 182 959 | 53 197 | 236 156 |

EXPLORATION

| | January 1, 2018 | Additions | Tax credits | September 30, 2018 |
|---------------|--------------------|----------------|------------------|-----------------------|
| QUEBEC | \$ | \$ | \$ | \$ |
| K2 | 292 542 | 70 317 | (23 668) | 339 191 |
| AU33 | 1 127 910 | 509 027 | (171 667) | 1 465 270 |
| Clarkie | 116 246 | 102 772 | (34 593) | 184 425 |
| | 1 536 698 | 682 116 | (229 928) | 1 988 886 |
| TOTAL | 1 719 657 | 735 313 | (229 928) | 2 225 042 |

6. EQUITY

6.1 Share capital

The share capital of the Company consists only of ordinary shares created in unlimited number, without par value. All shares are equally admissible to receive dividends and the repayment of capital, and represent one vote each at the shareholders' meeting of the Company.

On February 2, 2018, the Company completed a non-brokered private placement. An amount of \$70,003 was subscribed consisting of 777,811 flow-through shares at a price of \$0.09 per share. An amount of \$54,447 was allocated to share capital and \$15,556 was attributed to other liabilities in the statement of financial position.

On June 26, 27 and 28, 2018, the Company completed a non-brokered private placement with four Quebec venture Capital Funds for gross proceeds of \$416,000 by issuing a total 4,622,222 units at \$0.09 per unit. Each unit comprises one common share of the Company and one warrant. Each warrant entitles its holder thereof to subscribe one common share of the Company at \$0.11 during a 24-month period. An amount of \$81,334 related to warrants was recorded as an increase of contributed surplus while an amount of \$334,666 was recorded to share capital. Issue costs were \$ 14,940.

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the nine-month period ended September 30, 2018 (unaudited)

(Canadian dollars)

6. EQUITY (continued)

6.2 Warrants

Outstanding warrants entitle their holders to subscribe to an equivalent number of ordinary shares, as follows

| | Nine-month period ended September 30, 2018 | | Year ended December 31, 2017 | |
|-----------------------|---|--|------------------------------|--|
| | Number of warrants | Weighted average exercise price \$ | Number of warrants | Weighted average exercise price \$ |
| Balance, at beginning | 6 469 501 | 0.17 | 8 470 929 | 0.15 |
| Issued | 4 622 222 | 0.11 | - | - |
| Expired | (6 469 501) | 0.17 | (2 001 428) | 0.10 |
| Balance, at the end | <u>4 622 222</u> | <u>0.11</u> | <u>6 469 501</u> | <u>0.17</u> |

The number of warrants outstanding exercisable in exchange for an equivalent number of ordinary shares is as follows:

| Expiry date | September 30, 2018 | |
|---------------|-----------------------|----------------------|
| | Number of warrants | Exercise price \$ |
| June 26, 2020 | 1 400 000 | 0.11 |
| June 28, 2020 | 1 000 000 | 0.11 |
| June 29, 2020 | <u>2 222 222</u> | <u>0.11</u> |
| | <u>4 622 222</u> | <u>0.11</u> |

7. EMPLOYEE REMUNERATION

7.1 Salaries and employee benefits expense

| | Three-month period ended September 30 | | Nine-month period ended September 30 | |
|---|--|-----------------|---|------------------|
| | 2018 \$ | 2017 \$ | 2018 \$ | 2017 \$ |
| Salaries and benefits | 72 035 | 74 619 | 190 883 | 211 038 |
| Share-based payments | 12 539 | 941 | 39 778 | 7 776 |
| | <u>84 574</u> | <u>75 560</u> | <u>230 661</u> | <u>218 814</u> |
| Less: salaries capitalized in Exploration and evaluation assets | <u>(68 814)</u> | <u>(71 027)</u> | <u>(183 396)</u> | <u>(196 208)</u> |
| Salaries and employee benefits expense | <u>15 760</u> | <u>4 533</u> | <u>47 265</u> | <u>22 606</u> |

7.2 Share-based payments

The Company has adopted share-based payment plan under which members of the Board of Directors may award options for ordinary shares to directors, officers, employees and consultants. The maximum number of shares issuable under the plan is 6,600,000. The maximum number of common shares which may be reserved for issuance to any one optionee may not exceed 5% of the common shares outstanding at the date of grant.

The exercise price of each option is determined by the Board of Directors and cannot be less than the market value of the ordinary shares on the day prior the award, and the term of the options cannot exceed five years. The options granted vest in stages over a period of 18 months after the grant date, at the rate of 15% per quarter, at the exception of 10%, which may be exercised from the date of the grant. For the options granted to a consultant, it vests in stages over a period of 12 months after the grant, at the rate of 25 % per quarter.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options.

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the nine-month period ended September 30, 2018 (unaudited)

(Canadian dollars)

7. EMPLOYEE REMUNERATION (continued)

7.2 Share-based payments (continued)

The Company's share options are as follows for the reporting periods presented

| | Nine-month period ended September 30, 2018 | | Year ended December 31, 2017 | |
|---------------------------------|---|------------------------------------|------------------------------|------------------------------------|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Outstanding as at the beginning | 2 860 000 | 0.12 | 5 170 000 | 0.15 |
| Granted | 980 000 | 0.10 | - | - |
| Expired | - | - | (1 775 000) | 0.19 |
| Canceled | - | - | (535 000) | 0.14 |
| Outstanding as at the end | <u>3 840 000</u> | <u>0.11</u> | <u>2 860 000</u> | <u>0.12</u> |
| Exercisable as at the end | <u>3 252 000</u> | <u>0.12</u> | <u>2 860 000</u> | <u>0.12</u> |

The following table summarizes information about common share purchase options outstanding and exercisable as at September 30, 2018

| Number of options | | exercise price | Expiry date |
|-------------------|------------------|----------------|---------------|
| ourstanding | exercisable | | |
| 1 100 000 | 1 100 000 | 0.15 | Oct. 1, 2019 |
| 880 000 | 880 000 | 0.10 | July 16, 2020 |
| 880 000 | 880 000 | 0.10 | Feb. 22, 2021 |
| 980 000 | 392 000 | 0.10 | Feb. 19, 2023 |
| <u>3 840 000</u> | <u>3 252 000</u> | | |

On February 19, 2018, the Company granted 980,000 options exercisable at \$0.10 to officers, directors and employees of the Company under its incentive stock option plan. The options have a term of five years and can be exercised gradually over a period of eighteen months.

The weighted fair value of the granted options of \$0.06 per option was determined using the Black-Scholes option pricing model and based on the following weighted average assumptions:

| | |
|---------------------------------|---------|
| Share price at date of grant | \$0.075 |
| Expected dividends yield | 0% |
| Expected volatility | 122% |
| Risk-free interest rate | 2.00% |
| Expected life | 5 years |
| Exercise price at date of grant | \$0.10 |

The underlying expected volatility was determined by reference to historical data of the Company's shares over a period of five years. No special features inherent to the options granted were incorporated into measurement of fair value.

In total, \$39,778 of employee remuneration expense (all of which related to equity-settled share-based payment transactions) were included in profit or loss for the nine-month period ended September 30, 2018 (\$7,776 for the nine-month period ended September 30, 2017) and credited to Contributed surplus.

8. FINANCE INCOME AND FINANCE COSTS

Finance income may be analyzed as follows for the reporting periods presented:

| | Nine-month period ended September 30, | |
|--|--|--------------|
| | 2018 | 2017 |
| | \$ | \$ |
| Interest income from cash and cash equivalents | <u>1 589</u> | <u>4 463</u> |

Finance costs may be analyzed as follows for the reporting periods presented:

| | Nine-month period ended September 30, | |
|---------------------------------------|--|------------|
| | 2018 | 2017 |
| | \$ | \$ |
| Interest on Advance of an officer | <u>2 982</u> | - |
| Change in fair value of listed shares | <u>-</u> | <u>395</u> |
| | <u>2 982</u> | <u>395</u> |

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the nine-month period ended September 30, 2018 (unaudited)

(Canadian dollars)

9. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted loss per share, potential ordinary shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 6.2 and 7.2.

| | Three-month period ended September 30, | | Nine-month period ended September 30, | |
|--|---|------------|--|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| Net loss | \$(28,386) | \$(16,847) | \$(86,762) | \$(102,659) |
| Weighted average number of shares in circulation | 62 302 760 | 55 168 060 | 59 180 900 | 50 168 060 |
| Basic and diluted loss per share | \$(0.001) | \$(0.001) | \$(0.001) | \$(0.002) |

There have been no other transactions involving ordinary shares between the reporting date and the date of authorization of these financial statements.

10. ADDITIONAL INFORMATION – CASH FLOWS

The changes in working capital items are detailed as follows:

| | Nine-month period ended September 30, | |
|----------------------------------|--|----------|
| | 2018 | 2017 |
| Good and services tax receivable | \$ | \$ |
| Prepaid expenses and deposit | (3 272) | (10 600) |
| Trade and other payables | (1 638) | (6 040) |
| Advance from an officer | (32 646) | 399 |
| | 49 621 | 6 260 |
| | 12 065 | (9 981) |

11. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

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 the following expenses:

| | Three-month period ended September 30, | | Nine-month period ended September 30, | |
|---|---|--------|--|---------|
| | 2018 | 2017 | 2018 | 2017 |
| Short-term employee benefits | \$ | \$ | \$ | \$ |
| Salaries including bonuses and benefits | 65 417 | 63 557 | 167 500 | 184 099 |
| Professional fees | 5 850 | 6 025 | 24 452 | 24 250 |
| Social security costs | 2 673 | 1 878 | 12 504 | 13 133 |
| Total short-term employee benefits | 73 940 | 71 460 | 204 456 | 221 482 |
| Share-based payments | 11 387 | 920 | 36 125 | 7 599 |
| | 85 327 | 72 380 | 240 581 | 229 081 |

During the nine-month period ended September 30, 2018, a company in which a director is an owner, charged geological fees amounting of \$31,566 recorded in Exploration and evaluation assets (\$15,505 for the period ended September 30, 2017).

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the nine-month period ended September 30, 2018 (unaudited)

(Canadian dollars)

12. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to increase the value of the assets of the business; and
- to provide an adequate return to the shareholders.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means

The Company monitors capital on the basis of the carrying amount of equity. The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which an amount should be used for exploration work. See all the details in Note 6 and the Statements of Changes in Equity.

The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve

13. CONTINGENCIES AND COMMITMENTS

The Company is partially financed through the issuance of flow-through shares and, according to tax rules regarding this type of financing, the Company is engaged in realizing mining exploration work.

These tax rules also set deadlines for carrying out the exploration work, which must be performed no later than the earlier of the following dates:

- Two years following the flow-through placements;
- One year after the Company has renounced the tax deductions relating to the exploration work.

However, there is no guarantee that the Company's exploration expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

During the reporting period ended December 31, 2017, the Company received \$156,120 following flow-through placements for which the Company renounced tax deductions on December 31, 2017. The management is required to dedicate these funds to the exploration of Canadian mining properties exploration in the period of one year from the date of renouncement, amount that was spent as at September 30, 2018.

During the reporting period ended September 30, 2018, the Company received \$70,003 following flow-through placements for which the Company will renounce tax deductions on December 31, 2018. The management is required to dedicate these funds to the exploration of Canadian mining properties exploration in the period of one year from the date of renouncement. The balance of the amount of this unexpended flow-through financing at September 30, 2018 is \$70,003 and is to be expended before December 31, 2019.