

DIOS EXPLORATION INC.

UNAUDITED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2020

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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.

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

(Canadian dollars)

	Notes	March 31 2019	December 31 2019
		\$	\$
ASSETS			
Current			
Cash and cash equivalents		548 145	157 743
Term deposits (1.9%)		100 130	-
Good and services tax receivable		7 333	54 270
Advance to an employee		2 000	-
Prepaid expenses and deposit		5 966	675
		663 574	212 688
Non-current			
Exploration and evaluation assets	5	3 040 626	3 042 137
Total assets		3 704 200	3 254 825
LIABILITIES			
Current			
Trade and other payables		21 112	149 037
Advance of an officer, without interest		-	33 401
Other liabilities		109 350	-
Total liabilities		130 462	182 438
EQUITY			
Share capital	6.1	21 077 551	20 512 901
Contributed surplus		2 946 372	2 946 372
Deficit		(20 450 185)	(20 386 886)
Total equity		3 573 738	3 072 387
Total liabilities and equity		3 704 200	3 254 825

The accompanying notes are an integral part of the financial statements

These financial statements were approved and authorized for issue by the Board of Directors on May 1, 2020

(s) Marie-José Girard

Marie-José Girard
 Director

(s) René Lacroix

René Lacroix
 Director

DIOS EXPLORATION INC.
Interim Statement of Comprehensive Income (unaudited)

(Canadian dollars)

	Notes	Three-month period ended	
		March 31	
		2020	2019
		\$	\$
EXPENSES			
Professional fees		12 480	20 800
Trustees, registration fees and shareholders relations		8 378	9 025
Consulting fees		6 751	9 184
Offices expenses		4 539	1 849
Employee benefits expense	7.1	-	7 837
Insurance, taxes and permits		3 498	2 266
Publicity, travel and promotion		2 836	3 865
Bank charges		146	201
OPERATING LOSS		38 628	55 027
OTHER REVENUES AND EXPENSES			
Finance income	8	753	2 688
Finance costs	8	-	(319)
		753	2 369
LOSS BEFORE INCOME TAXES		(37 875)	(52 658)
Deferred income taxes		-	13 482
NET LOSS AND COMPREHENSIVE INCOME		(37 875)	(39 176)
NET LOSS PER SHARE			
Basic and diluted loss per share	9	(0.001)	(0.001)

The accompanying notes are an integral part of the financial statements

DIOS EXPLORATION INC.

Interim Statement of Changes in Equity (unaudited)

(Canadian dollars)

	Note	Share capital		Contributed	Deficit	Total equity
		Number of shares issued	\$	surplus \$	\$	\$
Balance at January 1, 2019		71 922 760	20 318 951	2 937 037	(20 411 618)	2 844 370
Net loss for the period		-	-	-	(39 176)	(39 176)
Issuance of shares		2 983 846	193 950	-	-	193 950
Share issuance costs		-	-	-	(16 751)	(16 751)
Share-based payments	7.2	-	-	5 219	-	5 219
Balance at March 31, 2019		74 906 606	20 512 901	2 942 256	(20 467 545)	2 987 612
Balance at January 1, 2020		74 906 606	20 512 901	2 946 372	(20 386 886)	3 072 387
Net loss for the period		-	-	-	(37 875)	(37 875)
Issuance of shares	6.1	6 766 471	564 650	-	-	564 650
Share issuance costs		-	-	-	(25 424)	(25 424)
Balance at March 31, 2020		81 673 077	21 077 551	2 946 372	(20 450 185)	3 573 738

The accompanying notes are an integral part of the financial statements

DIOS EXPLORATION INC.
Interim Statement of Cash Flows (unaudited)

(Canadian dollars)

	Notes	Three-month period ended	
		March 31	
		2020	2019
		\$	\$
OPERATING ACTIVITIES			
Net loss		(37 875)	(39 176)
Adjustments			
Share-based payments		-	5 219
Finance income not cashed		(130)	(1 888)
Deferred income taxes expenses		-	(13 482)
Changes in working capital items	10	30 617	(89 057)
Cash flows from operating activities		<u>(7 388)</u>	<u>(138 384)</u>
INVESTING ACTIVITIES			
Purchase of term deposits		(100 000)	(450 000)
Payment received on option		25 000	-
Additions to exploration and evaluation assets		(142 385)	(54 792)
Cash flows from investing activities		<u>(217 385)</u>	<u>(504 792)</u>
FINANCING ACTIVITIES			
Advance of an officer (reimbursement)		(33 401)	-
Issuance of shares by private placement		659 000	193 950
Share issuance costs		(10 424)	(16 751)
Cash flows from financing activities		<u>615 175</u>	<u>177 199</u>
Net change in cash and cash equivalents		390 402	(465 977)
Cash and cash equivalents, beginning of period		157 743	561 183
Cash and cash equivalents, end of period		548 145	95 206
Supplemental disclosure			
Interest income received (operating activities)		753	800
Interest paid (operating activities)		-	319

Additional information - Cash Flows- note 10

The accompanying notes are an integral part of the financial statements

DIOS EXPLORATION INC.

Notes to Interim Financial Statements

For the three-month period ended March 31, 2020 (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 March 31, 2020, the Company has a negative cumulated retained deficit of \$20,450,185 (\$20,386,886 as at December 31, 2019). 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, SIGNIFICANT ACCOUNTING POLICIES as described in our financial statements for the year ended December 31, 2019. The interim financial statements do not include all of the notes required in annual financial statements.

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.

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the three-month period ended March 31, 2020 (unaudited)

(Canadian dollars)

4. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

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 recover 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 quarter ended March 31, 2020. No reversal of impairment losses has been recognized for the reporting periods.

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, 2020	Additions	Payment received on option	March 31, 2020
QUEBEC	\$	\$	\$	\$
K2	58 893	250	(25 000)	34 143
AU33	152 087	-	-	152 087
Clarkie	24 330	308	-	24 638
Others	14 109	-	-	14 109
	249 419	558	(25 000)	224 977
EXPLORATION	January 1, 2020	Additions	Tax credits	March 31, 2020
QUEBEC	\$	\$	\$	\$
K2	550 440	11 263	-	561 703
AU33	1 964 253	11 170	-	1 975 423
Clarkie	277 769	498	-	278 267
Others	256	-	-	256
	2 792 718	22 931	-	2 815 649
TOTAL	3 042 137	23 489	(25 000)	3 040 626

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the three-month period ended March 31, 2020 (unaudited)

(Canadian dollars)

5. EXPLORATION AND EVALUATION (continued)

On February 11, 2020, the Company signed an agreement with Sirios Resources Inc. ("Sirios") allowing the latter to acquire an interest in the Solo property (extreme southeast section of the K2 property). Sirios can get a 51% interest in this property over a period of three years with payments of \$125,000 and exploration work totaling \$600,000. Once the 51% participation is obtained, Sirios will have the option of continuing exploration in joint venture with the Company on a 51/49 basis or else starting a second phase allowing it to increase its participation to 90% with payments of \$150,000 and drilling totaling 20,000 meters over a three-year period

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 March 4 and 13, 2020, the Company completed a non-brokered private placement. An amount of \$659,000 was subscribed consisting in 6,590,000 flow-through shares at a price of \$0.10. An amount of \$549,650 was allocated to share capital, while an amount of \$109,350 has been recorded in other liabilities in the statement of financial position. Finder's fees amounted to \$15,000, consisting in the issuance of 176,471 common shares of the Company at a price of \$0.085 for a value of \$15,000.

6.2 Warrants

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

	Quarter ended March 31, 2020		Year ended December 31, 2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Balance, at beginning	5 252 222	0.11	5 252 000	0.11
Issued	-	-	-	-
Exercised	-	-	-	-
Balance, at the end	<u>5 252 222</u>	0.11	<u>5 252 000</u>	0.11

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

Expiry date	March 31, 2020	
	Number of warrants	Exercise price
June 26, 2020	1 400 000	0.11
June 27, 2020	630 000	0,075
June 28, 2020	1 000 000	0,11
June 29, 2020	2 222 222	0,11
	<u>5 252 222</u>	0,11

7. EMPLOYEE REMUNERATION

7.1 Salaries and employee benefits expense

	Three-month period ended March 31	
	2020	2019
	\$	\$
Salaries and benefits	19 210	59 220
Share-based payments	-	5 219
	<u>19 210</u>	<u>64 439</u>
Less: salaries capitalized in Exploration and evaluation assets	(19 210)	(56 602)
Salaries and employee benefits expense	<u>-</u>	<u>7 837</u>

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(Canadian dollars)

7. EMPLOYEE REMUNERATION (continued)

7.2 Share-based payments

The Company has adopted share-based payment plans under which members of the Board of Directors may award options for common shares to directors, officers, employees and consultants. The maximum number of shares issuable under the plans 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, with 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. The Company's share options are as follows for the reporting periods presented

	Quarter ended March 31, 2020		Year ended December 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding as at the beginning	2 740 000	0.10	3 840 000	0.12
Granted	-	-	-	-
Expired	-	-	(1 100 000)	0.15
Canceled	-	-	-	-
Outstanding as at the end	<u>2 740 000</u>	0.10	<u>2 740 000</u>	0.10
Exercisable as at the end	<u>2 740 000</u>	0.10	<u>2 740 000</u>	0.10

The following table summarizes information about common share purchase options outstanding and exercisable as at March 31, 2020

Number of options		exercise price	Expiry date
ourstanding	exercisable		
880 000	880 000	0.10	July 16, 2020
880 000	880 000	0.10	Feb. 22, 2021
980 000	980 000	0.10	Feb. 19, 2023
<u>2 740 000</u>	<u>2 740 000</u>		

In total, \$0 of employee remuneration expense (all of which related to equity-settled share-based payment transactions) were included in profit or loss for the three-month period ended March 31, 2020 (\$5,219 for the three-month period ended March 31, 2019) and credited to Contributed surplus.

8. FINANCE COSTS AND FINANCE INCOME

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

Interest income from cash and cash equivalents

Three-month period ended March 31,	
2020	2019
\$	\$
<u>753</u>	<u>2 688</u>

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

Interest on Advance of an officer
Interest on supplier debt

Three-month period ended March 31,	
2020	2019
\$	\$
-	259
-	60
-	<u>319</u>

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(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.

	March 31,	
	<u>2020</u>	<u>2019</u>
Net loss	\$(37,875)	\$(39,176)
Weighted average number of shares in circulation	76 947 059	73 911 991
Basic and diluted loss per share	\$(0.001)	\$(0.001)

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

10. ADDITIONAL INFORMATIONS – CASH FLOWS

The changes in working capital items are detailed as follows:

	Three-month period ended March 31,	
	<u>2020</u>	<u>2019</u>
	\$	\$
Good and services tax receivable	46 937	(6 022)
Advance to an employee	(2 000)	-
Prepaid expenses and deposit	(5 291)	(3 410)
Trade and other payables	(9 029)	(79 625)
	<u>30 617</u>	<u>(89 057)</u>

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 March 31,	
	<u>2020</u>	<u>2019</u>
	\$	\$
Short-term employee benefits		
Salaries including bonuses and benefits	10 000	52 500
Professional fees	6 751	9 184
Social security costs	955	5 014
Total short-term employee benefits	<u>17 706</u>	<u>66 698</u>
Share-based payments	-	4 739
Total remuneration	<u>17 706</u>	<u>71 437</u>

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the three-month period ended March 31, 2020 (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 year ended December 31, 2019, the Company received \$193,950 following flow-through placements for which the Company renounced tax deductions on December 31, 2019. 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 March 31, 2020 is \$108,478 and is to be expended before December 31, 2020.

During the reporting period ended March 31, 2020, the Company received \$659,000 following flow-through placements for which the Company will renounce tax deductions on December 31, 2020. 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 March 31, 2020 is \$659,000 and is to be expended before December 31, 2021.