

DIOS EXPLORATION INC.

UNAUDITED INTERIM FINANCIAL STATEMENTS

September 30, 2020

Content

| | |
|--|-------------|
| Interim Statement of Financial Position | 2 |
| Interim Statement of Comprehensive Loss | 3 |
| Interim Statement of Changes in Equity | 4 |
| Interim Statement of Cash Flows | 5 |
| Notes to Interim Financial Statements | 6-12 |

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 2020 \$ | December 31 2019 \$ |
|---|-------|----------------------------|---------------------------|
| ASSETS | | | |
| Current | | | |
| Cash and cash equivalents | | 145 699 | 157 743 |
| Term deposit (0.45% to 1.9%) | | 2 205 286 | - |
| Good and services tax receivable | | 19 198 | 54 270 |
| Advance to an employee without interest | | 2 000 | - |
| Prepaid expenses and deposit | | 3 433 | 675 |
| | | 2 375 616 | 212 688 |
| Non-current | | | |
| Exploration and evaluation assets | 5 | 3 397 839 | 3 042 137 |
| Total assets | | 5 773 455 | 3 254 825 |
| LIABILITIES | | | |
| Current | | | |
| Trade and other payables | | 32 704 | 149 037 |
| Advance of an officer, without interest | | - | 33 401 |
| Other liabilities | | 92 430 | - |
| | | 125 134 | 182 438 |
| Non-current | | | |
| Loan | 6 | 40 000 | - |
| Total liabilities | | 165 134 | 182 438 |
| EQUITY | | | |
| Share capital | 7.1 | 23 353 319 | 20 512 901 |
| Contributed surplus | | 2 850 007 | 2 946 372 |
| Deficit | | (20 595 005) | (20 386 886) |
| Total equity | | 5 608 321 | 3 072 387 |
| Total liabilities and equity | | 5 733 455 | 3 254 825 |

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 12, 2020.

(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 | |
|--|-------|--|-----------------|---|-----------------|
| | | 2020 | 2019 | 2020 | 2019 |
| | | \$ | \$ | \$ | \$ |
| EXPENSES | | | | | |
| Employee benefits expense | 8.1 | 30 136 | 2 070 | 38 096 | 15 447 |
| Consulting fees | | 6 600 | 4 425 | 21 749 | 22 434 |
| Professional fees | | - | - | 27 040 | 27 487 |
| Trustees, registration fees and shareholders relations | | 4 388 | 2 544 | 19 747 | 22 423 |
| Insurance, taxes and permits | | 1 848 | 1 680 | 7 297 | 5 848 |
| Offices expenses | | 1 247 | 1 079 | 6 672 | 5 808 |
| Publicity, travel and promotion | | 122 | 174 | 2 962 | 4 564 |
| Bank charges | | 163 | 130 | 420 | 474 |
| Gain on disposal of Exploration and evaluation assets | 5 | (6 003) | - | (6 003) | - |
| OPERATING LOSS | | 38 501 | 12 102 | 117 980 | 104 485 |
| OTHER REVENUES AND EXPENSES | | | | | |
| Finance income | 9 | 3 818 | 1 541 | 6 560 | 7 402 |
| Finance costs | 9 | - | (25) | - | (397) |
| | | 3 818 | 1 516 | 6 560 | 7 005 |
| LOSS BEFORE INCOME TAXES | | (34 683) | (10 586) | (111 420) | (97 480) |
| Deferred income taxes | | 23 613 | 30 367 | 36 970 | 77 591 |
| NET PROFIT (LOSS) AND COMPREHENSIVE PROFIT (LOSS) | | (11 070) | 19 781 | (74 450) | (19 889) |
| NET PROFIT (LOSS) PER SHARE | | | | | |
| Basic and diluted profit (loss) per share | 10 | (0.001) | 0.001 | (0.001) | (0.001) |

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 | Share capital | | Contributed surplus | Deficit | Total equity |
|-------------------------------|------|------------------|------------|---------------------|--------------|--------------|
| | | Number of shares | \$ | \$ | \$ | \$ |
| 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 | | - | - | - | (19 889) | (19 889) |
| Shares or units issued | | 2 983 846 | 193 950 | - | - | 193 950 |
| Share-based payments | 8.2 | - | - | 9 335 | - | 9 335 |
| Share issuance costs | | - | - | - | (16 751) | (16 751) |
| Balance at September 30, 2019 | | 74 906 606 | 20 512 901 | 2 946 372 | (20 448 258) | 3 011 015 |
| 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 | | - | - | - | (74 450) | (74 450) |
| Issuance of shares | 7.1 | 20 078 236 | 2 054 400 | - | - | 2 054 400 |
| Exercise of warrants | 7.1 | 5 252 224 | 649 628 | (93 934) | - | 555 694 |
| Exercise of options | 7.1 | 970 000 | 136 390 | (39 390) | - | 97 000 |
| Share-based payments | 8.2 | - | - | 36 959 | - | 36 959 |
| Share issuance costs | | - | - | - | (133 669) | (133 669) |
| Balance at September 30, 2020 | | 101 207 066 | 23 353 319 | 2 850 007 | (20 595 005) | 5 608 321 |

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 | 2020 | 2019 |
| | | \$ | \$ |
| OPERATING ACTIVITIES | | | |
| Net loss | | (74 450) | (19 889) |
| Adjustments | | | |
| Share-based payments | | 36 959 | 9 335 |
| Finance income not cashed | | (5 286) | - |
| Gain on disposal of Exploration and evaluation assets | | (6 003) | - |
| Deferred income taxes | | (36 970) | (77 591) |
| Changes in working capital items | 11 | 11 293 | (93 561) |
| Cash flows from operating activities | | (74 457) | (181 706) |
| INVESTING ACTIVITIES | | | |
| Purchase of term deposits | | (2 200 000) | - |
| Payments received on option | | 55 000 | - |
| Addition to exploration and evaluation assets | | (502 012) | (331 129) |
| Cash flows from investing activities | | (2 647 012) | (331 129) |
| FINANCING ACTIVITIES | | | |
| Advance of an officer (reimbursement) | | (33 401) | - |
| Issuance of shares | | 2 803 494 | 193 950 |
| Loan | | 40 000 | - |
| Share issuance costs | | (100 668) | (16 751) |
| Cash flows from financing activities | | 2 709 425 | 177 199 |
| Net change in cash and cash equivalents | | (12 044) | (335 636) |
| Cash and cash equivalents, beginning of period | | 157 743 | 561 183 |
| Cash and cash equivalents, end of period | | 145 699 | 225 547 |
| Supplemental disclosure | | | |
| Interests income cashed (operating activities) | | 1 273 | 7 402 |
| Interest paid (operating activities) | | - | (397) |

Additional information - Cash Flows- note 11

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, 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 September 30, 2020, the Company has a negative cumulated retained deficit of \$20,595,005 (\$20,386,886 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, SUMMARY OF 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 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.

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 nine-month period ended September 30, 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 nine-month period ended September 30, 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 | Payments received on option | September 30, 2020 |
|---------------|--------------------|-----------|--------------------------------|--------------------------------------|
| QUEBEC | \$ | \$ | \$ | \$ |
| K2 | 58 893 | 9 798 | (25 000) | 43 691 |
| 14 Karats | 3 268 | 7 084 | - | 10 352 |
| AU33 | 152 087 | 19 284 | - | 171 371 |
| Clarkie | 24 330 | 2 926 | - | 27 256 |
| Others | 10 841 | 11 396 | (18 303) | 3 934 |
| | 249 419 | 50 488 | (43 303) | 256 604 |
| EXPLORATION | January 1, 2020 | Additions | Payments received on option | Tax credits September 30, 2020 |
| QUEBEC | \$ | \$ | \$ | \$ |
| K2 | 550 440 | 293 872 | - | - |
| 14 Karats | - | 11 876 | - | - |
| AU33 | 1 964 253 | 22 739 | - | - |
| Clarkie | 277 769 | 5 240 | - | - |
| Others | 256 | 20 484 | (5 694) | - |
| | 2 792 718 | 354 211 | (5 694) | - |
| TOTAL | 3 042 137 | 404 699 | (48 997) | - |
| | | | | 3 397 839 |

DIOS EXPLORATION INC.

Notes to Interim Financial Statements

For the nine-month period ended September 30, 2020 (unaudited)

(Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (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. During the period, the Company received an amount of \$25,000 from Sirios which was recorded as a reduction of EXPLORATION AND EVALUATION ASSETS.

On July 1, 2020 (effective date), the Company signed an agreement with a private Australian company ("the buyer") allowing the latter to acquire an interest in the 33Carats property located along the Eastmain River in the Otish Mountains region of Quebec. The buyer can earn a 70% interest in this property over a five-year period with payments of \$220,000, payments of claim renewal costs plus exploration work totaling \$1,400,000. Once the 70% interest is obtained, the buyer can obtain an additional interest of 15% following the preparation by the buyer of a preliminary economic study of the property. The Company can then decide to participate in the joint venture or get a 2 % NSR half of which can be bought for \$1,000,000. During the period, the Company received an amount of \$30,000 from the buyer. An amount of \$23,997 was recorded as a reduction of EXPLORATION AND EVALUATION ASSETS and the balance of \$6,003 was recorded as Gain on disposal of exploration and evaluation assets.

6. LOAN

This loan, repayable at any time, matures on December 31, 2025. It will bear no interest until December 31, 2022, then thereafter until maturity at an annual rate of 5%. In the event that the Company repays 75% of the loan on or before December 31, 2022, the residual portion of the loan (25%) will be written off by the lender.

7. EQUITY

7.1 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.

On April 28, 2020, the Company completed a non-brokered private placement. An amount of \$401,000 was subscribed consisting in 4,010,000 flow-through shares at a price of \$0.10. An amount of \$380,950 was allocated to share capital, while an amount of \$20,050 has been recorded in other liabilities in the statement of financial position. Finder's fees amounted to \$18,000, consisting in the issuance of 211,765 common shares of the Company at a price of \$0.085.

On September 10, 2020, the Company completed a private placement by issuing a total 9,090,000 units at \$0.12 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 \$0.20 during a 36-month period. An amount of \$1,090,800 was recorded to share capital. Issue costs amounted to \$68,241 including finder's fees of \$58,248.

During the nine-month period ended on September 30, 2020, 970,000 options were exercised. An amount of \$97,000 was received and an amount of \$39,380 representing the fair value of the options at the time of the issue were recorded as an increase in share capital.

During the nine-month period ended on September 30, 2020, 5,252,222 warrants were exercised. An amount of \$555,694 was received and an amount of \$93,934, representing the fair value of warrants, were recorded as an increase in share capital.

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the nine-month period ended September 30, 2020 (unaudited)

(Canadian dollars)

7. EQUITY (continued)

7.2 Warrants

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

| | Nine-month period ended September 30, 2020 | | Year ended December 31, 2019 | |
|-----------------------|---|--|------------------------------|--|
| | Number of warrants | Weighted average exercise price \$ | Number of warrants | Weighted average exercise price \$ |
| Balance, at beginning | 5 252 222 | 0.11 | 5 252 222 | 0.11 |
| Issued | 9 090 000 | 0.20 | - | - |
| Exercised | (5 252 222) | 0.11 | - | - |
| Balance, at the end | <u>9 090 000</u> | <u>0.20</u> | <u>5 252 222</u> | <u>0.11</u> |

During the nine-month period ended on September 30, 2020, 5,252,222 warrants were exercised. A total amount of \$ 649,628 was recorded in share capital (an amount of \$ 555,694 which was received and an amount of \$ 93,934 representing the fair market value of the warrants at the time of issuance).

During the nine-month period ended September 30, 2020, 9,090,000 warrants were issued. Each warrant allows its holder to subscribe for one common share of the Company at a price of \$0.20 per share for a period of 36 months.

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

| <u>Expiry date</u> | September 30, 2020 | |
|--------------------|-----------------------|----------------------|
| | Number of warrants | Exercise price \$ |
| September 10, 2023 | 9 090 000 | 0.20 |

8. EMPLOYEE REMUNERATION

8.1 Salaries and employee benefits expense

| | Three-month period ended September 30 | | Nine-month period ended September 30 | |
|---|--|-----------------|---|------------------|
| | 2020 \$ | 2019 \$ | 2020 \$ | 2019 \$ |
| Salaries and benefits | 90 498 | 75 317 | 181 218 | 202 486 |
| Share-based payments | 28 999 | 1 176 | 36 959 | 9 335 |
| | <u>119 497</u> | <u>76 493</u> | <u>218 177</u> | <u>211 821</u> |
| Less: salaries capitalized in Exploration and evaluation assets | <u>(89 361)</u> | <u>(74 423)</u> | <u>(180 081)</u> | <u>(196 374)</u> |
| Salaries and employee benefits expense | <u>30 136</u> | <u>2 070</u> | <u>38 096</u> | <u>15 447</u> |

8.2 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.

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the nine-month period ended September 30, 2020 (unaudited)

(Canadian dollars)

8. EMPLOYEE REMUNERATION (continued)

8.2 Share-based payments (continued)

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:

| | Nine-month period ended September 30, 2020 | | Year ended December 31, 2019 | |
|---------------------------------|---|------------------------------------|------------------------------|------------------------------------|
| | 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 | 995 000 | 0.10 | - | - |
| Expired | - | - | (1 100 000) | 0.15 |
| Exercised | (970 000) | 0.10 | - | - |
| Outstanding as at the end | <u>2 765 000</u> | <u>0.10</u> | <u>2 740 000</u> | <u>0.10</u> |
| Exercisable as at the end | <u>2 018 750</u> | <u>0.10</u> | <u>2 740 000</u> | <u>0.10</u> |

The following table summarizes information about common share purchase options outstanding and exercisable as at September 30, 2020:

| Number of options | | | |
|-------------------|------------------|----------------|---------------|
| ourstanding | exercisable | exercise price | Expiry date |
| 860 000 | 860 000 | 0.10 | Feb. 22, 2021 |
| 910 000 | 910 000 | 0.10 | Feb. 19, 2023 |
| 995 000 | 248 750 | 0.10 | May 26, 2025 |
| <u>2 765 000</u> | <u>2 018 750</u> | | |

On May 27, 2020, the Company granted 995,000 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 \$0.08 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 | \$0.10 |
| Expected dividends yield | 0% |
| Expected volatility | 120% |
| Risk-free interest rate | 0.36% |
| Expected life | 5 years |
| Exercise price at date of grant | \$0.10 |

In total, \$36,959 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, 2020 (\$9,335 for the nine-month period ended September 30, 2019) and credited to Contributed surplus.

9. FINANCE INCOME AND FINANCE COSTS

Finance income may be analyzed as follows for the reporting period:

| | Three-month period ended September 30, | | Nine-month period ended September 30, | |
|---|---|--------------|--|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| Interest income from cash and cash equivalents and term deposit | <u>3 818</u> | <u>1 541</u> | <u>6 560</u> | <u>7 402</u> |

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

| | Three-month period ended September 30, | | Nine-month period ended September 30, | |
|-----------------------------------|---|-----------|--|------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| Interest on Advance of an officer | - | 25 | - | 337 |
| Interest on supplier debt | - | - | - | 60 |
| | <u>-</u> | <u>25</u> | <u>-</u> | <u>397</u> |

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the nine-month period ended September 30, 2020 (unaudited)

(Canadian dollars)

10. 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 7.2 and 8.2.

| | Three-month period ended September 30, | | Nine-month period ended September 30, | |
|--|---|------------|--|------------|
| | 2020 | 2019 | 2020 | 2019 |
| Net profit (loss) | \$(11,070) | \$19,781 | \$(74,450) | \$(19,889) |
| Weighted average number of shares in circulation | 94 159 675 | 74 906 606 | 85 447 275 | 74 578 711 |
| Basic and diluted profit (loss) per share | \$(0.001) | \$0.001 | \$(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.

11. ADDITIONAL INFORMATION – CASH FLOWS

The changes in working capital items are detailed as follows:

| | Nine-month period ended September 30, | |
|----------------------------------|--|----------|
| | 2020 | 2019 |
| | \$ | \$ |
| Good and services tax receivable | 35 072 | (13 672) |
| Prepaid expenses and deposit | (2 758) | (68) |
| Advance to an employee | (2 000) | (700) |
| Trade and other payables | (19 021) | (79 121) |
| | 11 293 | (93 561) |

12. 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, | |
|---|---|--------|--|---------|
| | 2020 | 2019 | 2020 | 2019 |
| Short-term employee benefits | \$ | \$ | \$ | \$ |
| Salaries including bonuses and benefits | 63 750 | 52 885 | 126 250 | 158 269 |
| Professional fees | 6 600 | 4 425 | 21 750 | 22 434 |
| Social security costs | 5 071 | 1 620 | 11 047 | 11 653 |
| Total short-term employee benefits | 75 421 | 58 930 | 159 047 | 192 356 |
| Share-based payments | 27 833 | 1 068 | 51 846 | 8 477 |
| | 103 254 | 59 998 | 210 893 | 200 833 |

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.

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the nine-month period ended September 30, 2020 (unaudited)

(Canadian dollars)

13. 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.

14. 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 quarter 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 September 30, 2020 is \$436,199 and is to be expended before December 31, 2021.

During the quarter period ended June 30, 2020, the Company received \$401,000 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 September 30, 2020 is \$401,000 and is to be expended before December 31, 2021.