

DIOS EXPLORATION INC.

UNAUDITED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2021

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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 2021	December 31 2020
		\$	\$
ASSETS			
Current			
Cash and cash equivalents		249 772	498 416
Term deposits (0.45% to 1.2%, maturing between April and June 2021)		1 108 660	1 433 063
Good and services tax receivable		14 970	117 475
Tax credits receivable		107 578	79 638
Prepaid expenses		7 537	1 417
		1 488 517	2 130 009
Non-current			
Exploration and evaluation assets	5	4 281 696	4 168 645
Total assets		5 770 213	6 298 654
LIABILITIES			
Current			
Trade and other payables		76 928	559 803
Non-current			
Loan	6	40 000	40 000
Total liabilities		116 928	599 803
EQUITY			
Share capital	7.1	23 353 319	23 353 319
Contributed surplus		2 951 596	2 882 986
Deficit		(20 651 630)	(20 537 454)
Total equity		5 653 285	5 698 851
Total liabilities and equity		5 770 213	6 298 654

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 20, 2021

(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	
		2021	2020
		\$	\$
EXPENSES			
Employee benefits expense	8.1	70 469	-
Professional fees		22 880	12 480
Consulting fees		10 825	6 751
Trustees, registration fees and shareholders relations		7 790	8 378
Insurance, taxes and permits		3 875	3 498
Offices expenses		1 566	4 539
Publicity, travel and promotion		3	2 836
Bank charges		97	146
		117 505	38 628
OPERATING LOSS			
OTHER REVENUES AND EXPENSES			
Finance income	9	3 329	753
Finance costs		-	-
		3 329	753
		(114 176)	(37 875)
LOSS BEFORE INCOME TAXES			
Deferred income taxes		-	-
		(114 176)	(37 875)
NET LOSS AND COMPREHENSIVE INCOME			
NET LOSS PER SHARE			
Basic and diluted loss per share	10	(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, 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		6 766 471	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
Balance at January 1, 2021		101 207 066	23 353 319	2 882 986	(20 537 454)	5 698 851
Net loss for the period		-	-	-	(114 176)	(114 176)
Share-based payments	8.1	-	-	68 610	-	68 610
Balance at March 31, 2021		101 207 066	23 353 319	2 951 596	(20 651 630)	5 653 285

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	
		2021	2020
		\$	\$
OPERATING ACTIVITIES			
Net loss		(114 176)	(37 875)
Adjustments			
Share-based payments		68 610	-
Finance income not cashed		(596)	(130)
Changes in working capital items	11	68 414	30 617
Cash flows from operating activities		<u>22 252</u>	<u>(7 388)</u>
INVESTING ACTIVITIES			
Purchase of term deposits		-	(100 000)
Disposal of term deposits		325 000	
Payment received on option		-	25 000
Addition to exploration and evaluation assets		(595 896)	(142 385)
Cash flows from investing activities		<u>(270 896)</u>	<u>(217 385)</u>
FINANCING ACTIVITIES			
Advance of an officer (reimbursement)		-	(33 401)
Issuance of shares by private placement		-	659 000
Share issuance costs		-	(10 424)
Cash flows from financing activities		<u>-</u>	<u>615 175</u>
Net change in cash and cash equivalents		(248 644)	390 402
Cash and cash equivalents, beginning of period		498 416	157 743
Cash and cash equivalents, end of period		249 772	548 145
Supplemental disclosure			
Interest income received (operating activities)		2 732	753
Interest paid (operating activities)		-	-

Additional information - Cash Flows- note 11

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, 2021 (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, 2021, the Company has a cumulated deficit of \$20,651,630 (\$20,537,454 as at December 31, 2020). 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, 2020. 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, meet 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, 2021 (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, 2021. 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, 2021	Additions	Payment received on option	March 31, 2021
QUEBEC	\$	\$	\$	\$
K2	43 691	8 268	-	51 959
AU33	171 371	2 364	-	173 735
Clarkie	27 256	2 652	-	29 908
14 Karats	10 352	624	-	10 976
Others	3 934	-	-	3 934
	256 604	13 908	-	270 512
EXPLORATION	January 1, 2021	Additions	Tax credits	March 31, 2021
QUEBEC	\$	\$	\$	\$
K2	1 617 798	93 620	(20 583)	1 690 835
AU33	1 985 463	-	-	1 985 463
Clarkie	290 180	-	-	290 180
14 Karats	18 600	33 463	(7 357)	44 706
	3 912 041	127 083	(27 940)	4 011 184
TOTAL	4 168 645	140 991	(27 940)	4 281 696

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the three-month period ended March 31, 2021 (unaudited)

(Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

During the quarter ending March 31, 2021, Sirius Resources Inc. abandoned the option on the Solo property (southeast section of the K2 property).

6. LOAN

The Company received a loan of \$ 60,000 under the Canada Emergency Business Account program. If the Company repays an amount of \$ 40,000 of the loan by December 31, 2022, no further amount will be repayable. Otherwise, the balance of the loan will bear interest at the rate of 5% and may be repayable in 36 monthly installments, principal and interest, on the maturity date on December 31, 2025. Since the government assistance of \$ 20,000 is not payable if the Company reimburses the amount of \$ 40,000 by December 31, 2022, this amount was recognized in the results for the year ending December 31, 2020, i.e. at the time of granting as assistance government.

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

7.2 Warrants

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

	Quarter ended March 31, 2021		Year ended December 31, 2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, at beginning	9 090 000	\$ 0.20	5 252 224	\$ 0.11
Issued	-	-	9 090 000	0.20
Exercised	-	-	(5 252 224)	0.11
Balance, at the end	<u>9 090 000</u>	<u>0.20</u>	<u>9 090 000</u>	<u>0.20</u>

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

Expiry date	March 31, 2021	
	Number of warrants	Exercise price \$
September 10, 2023	<u>9 090 000</u>	<u>0.20</u>

8. EMPLOYEE REMUNERATION

8.1 Salaries and employee benefits expense

	Three-month period ended March 31	
	2021	2020
Salaries and benefits	\$ 72 747	\$ 19 210
Share-based payments	<u>68 610</u>	-
	<u>141 357</u>	19 210
Less: salaries capitalized in Exploration and evaluation assets	<u>(70 888)</u>	(19 210)
Salaries and employee benefits expense	<u>70 469</u>	-

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.

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the three-month period ended March 31, 2021 (unaudited)

(Canadian dollars)

8. EMPLOYEE REMUNERATION (continued)

8.2 Share-based payments

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, 2021		Year ended December 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding as at the beginning	4 755 000	0.11	2 740 000	0.10
Granted	-	-	2 985 000	0.11
Exercised	-	-	(970 000)	0.10
Expired	(860 000)	0.10	-	-
Outstanding as at the end	<u>3 895 000</u>	0.11	<u>4 755 000</u>	0.11
Exercisable as at the end	<u>1 954 750</u>	0.11	<u>2 367 000</u>	0.10

The following table summarizes information about common share purchase options outstanding and exercisable as at March 31, 2021

Number of options		exercise price	Expiry date
ourstanding	exercisable		
910 000	910 000	0.10	Feb. 19, 2023
995 000	547 250	0.10	May 26, 2025
1 990 000	497 500	0.12	Oct 22, 2025
<u>3 895 000</u>	<u>1 954 750</u>		

In total, \$68,610 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, 2021 (\$0 for the three-month period ended March 31, 2020) and credited to Contributed surplus.

9. FINANCE INCOME

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

	Three-month period ended March 31,	
	2021	2020
	\$	\$
Interest income from cash and cash equivalents and term deposits	<u>3 329</u>	<u>753</u>

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.

	March 31,	
	2021	2020
Net loss	\$(114,176)	\$(37,875)
Weighted average number of shares in circulation	101 207 066	76 947 059
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.

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the three-month period ended March 31, 2021 (unaudited)

(Canadian dollars)

11. ADDITIONAL INFORMATIONS – CASH FLOWS

The changes in working capital items are detailed as follows:

	Three-month period ended March 31,	
	<u>2021</u>	<u>2020</u>
	\$	\$
Good and services tax receivable	102 505	46 937
Advance to an employee	-	(2 000)
Prepaid expenses and deposit	(6 120)	(5 291)
Trade and other payables	(27 971)	(9 029)
	<u>68 414</u>	<u>30 617</u>

Non-cash transactions of the statement of financial position are detailed as follows :

	<u>2021</u>	<u>2020</u>
	\$	\$
Tax credits receivable applied against exploration and evaluation assets	23 720	-
Trade and other payables related to exploration and evaluation assets	26 711	-

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 March 31,	
	<u>2020</u>	<u>2020</u>
	\$	\$
Short-term employee benefits		
Salaries including bonuses and benefits	50 000	10 000
Consulting fees	10 825	6 751
Social security costs	4 844	955
Total short-term employee benefits	<u>65 669</u>	<u>17 706</u>
Share-based payments	10 758	-
Total remuneration	<u>76 427</u>	<u>17 706</u>

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 7 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.

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the three-month period ended March 31, 2021 (unaudited)

(Canadian dollars)

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 year ended December 31, 2020, the Company received \$1,060,000 following flow-through placements for which the Company renounced 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 these unexpended flow-through financings at December 31, 2020 was \$63,073 and was spent during the quarter ended March 31, 2021.