

DIOS EXPLORATION INC.

UNAUDITED INTERIM FINANCIAL STATEMENTS

June 30, 2022

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	6-11

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	June 30 2022	December 31 2021
		\$	\$
ASSETS			
Current			
Cash and cash equivalents		85 909	1 357 993
Term deposit (0.83% to 1.75%) maturing between December 2022 and April 2023		1 174 615	101 361
Good and services tax receivable		8 930	4 389
Tax credits receivable		516 296	516 296
Prepaid expenses		5 652	1 547
		1 791 402	1 981 586
Non-current			
Fixed assets	5	515	657
Exploration and evaluation assets	6	5 140 308	4 949 475
		5 140 823	4 950 132
Total assets		6 932 225	6 931 718
LIABILITIES			
Current			
Trade and other payables		76 188	21 514
Other liabilities		320 937	372 715
		397 125	394 229
Non-current			
Loan guaranteed by the government of Canada	7	40 000	40 000
Total liabilities		437 125	434 229
EQUITY			
Share capital	8.1	24 319 569	24 319 569
Contributed surplus		3 139 756	3 109 812
Deficit		(20 964 225)	(20 931 892)
Total equity		6 495 100	6 497 489
Total liabilities and equity		6 932 225	6 931 718

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 August 18, 2022

(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 June 30		Six-month period ended June 30	
		2022	2021	2022	2021
		\$	\$	\$	\$
EXPENSES					
Professional fees		26 000	9 360	36 400	32 240
Employee benefits expense	9.1	14 480	51 242	35 013	121 711
Trustees, registration fees and shareholders relations		13 720	15 631	21 694	23 421
Consulting fees		10 075	9 478	18 296	20 303
Insurance, taxes and permits		2 238	2 177	5 618	6 052
Offices expenses		1 107	1 120	2 587	2 686
Publicity, travel and promotion		101	24	182	27
Bank charges		65	64	121	161
Amortization of fixed assets		71	60	142	60
Gain on disposal of Exploration and evaluation assets	6	(30 000)	-	(30 000)	-
OPERATING LOSS		37 857	89 156	90 053	206 661
OTHER REVENUES					
Finance income	10	4 157	2 167	5 942	5 496
LOSS BEFORE INCOME TAXES		(33 700)	(86 989)	(84 111)	(201 165)
Deferred income taxes		21 330	-	51 778	-
NET LOSS AND COMPREHENSIVE LOSS		(12 370)	(86 989)	(32 333)	(201 165)
NET LOSS PER SHARE					
Basic and diluted loss per share	11	(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	Share capital		Contributed surplus	Deficit	Total equity
		Number of shares	\$	\$	\$	\$
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		-	-	-	(201 165)	(201 165)
Share-based payments	9.2	-	-	118 481	-	118 481
Balance at June 30, 2021		101 207 066	23 353 319	3 001 467	(20 738 619)	5 616 167
Balance at January 1, 2022		114 707 066	24 319 569	3 109 812	(20 931 892)	6 497 489
Net loss for the period		-	-	-	(32 333)	(32 333)
Share-based payments	9.2	-	-	29 944	-	29 944
Balance at June 30, 2022		114 707 066	24 319 569	3 139 756	(20 964 225)	6 495 100

The accompanying notes are an integral part of the financial statements

DIOS EXPLORATION INC.

Interim Statement of Cash Flows (unaudited)

(Canadian dollars)

	Notes	Six-month period ended June 30	
		2022	2021
		\$	\$
OPERATING ACTIVITIES			
Net loss		(32 333)	(201 165)
Adjustments			
Share-based payments		29 944	118 481
Gain on disposal of Exploration and evaluation assets		(30 000)	-
Financial income received in addition to financial income in the statement of comprehensive loss		-	7 848
Finance income not cashed		(3 580)	-
Amortization of fixed assets		142	60
Deferred income taxes		(51 778)	-
Changes in working capital items	12	48 948	44 619
Cash flows from operating activities		<u>(38 657)</u>	<u>(30 157)</u>
INVESTING ACTIVITIES			
Purchase of term deposits		(1 840 537)	(488 363)
Term deposits' maturity and redemption		770 863	1 425 000
Payment received on option		30 000	-
Addition to fixed assets		-	(859)
Addition to exploration and evaluation assets		(185 748)	(683 507)
Cash flows from investing activities		<u>(1 225 422)</u>	<u>252 271</u>
FINANCING ACTIVITIES			
Advance of an officer (reimbursement)		-	-
Issuance of shares		-	-
Share issuance costs		(8 005)	-
Cash flows from financing activities		<u>(8 005)</u>	<u>-</u>
Net change in cash and cash equivalents		(1 272 084)	222 114
Cash and cash equivalents, beginning of period		1 357 993	498 416
Cash and cash equivalents, end of period		85 909	720 530
Supplemental disclosure			
Interests income cashed (operating activities)		2 362	12 644
Interest paid (operating activities)		-	-

Additional information - Cash Flows- note 12

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

DIOS EXPLORATION INC.

Notes to Interim Financial Statements

For the six-month period ended June 30, 2022 (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 June 30, 2022, the Company has a cumulated deficit of \$20,964,225 (\$20,931,892 as at December 31, 2021). 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, 2021. 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 six-month period ended June 30, 2022 (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 six-month period ended June 30, 2022. 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. FIXED ASSETS

Fixed assets are held at cost less accumulated depreciation and accumulated impairment losses. Cost includes all costs incurred initially to acquire or construct an item of property and equipment, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and costs subsequently to add to or replace part thereof. Depreciation is recognized on a straight-line basis to write down the cost to its estimated residual value, with a constant charge over the useful life of the asset. The periods applicable for Computer equipment is three years.

	Computer equipment \$
Gross carrying amount	
Balance on January 1st, 2022	859
Additions	-
Balance on June 30, 2022	<u>859</u>
Accumulated amortization	
Balance on January 1st, 2022	202
Amortization	142
Balance on June 30, 2022	<u>344</u>
Carrying amount on June 30, 2022	<u><u>515</u></u>

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the six-month period ended June 30, 2022 (unaudited)

(Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

MINING RIGHTS	January 1, 2022	Additions	June 30, 2022
QUEBEC	\$	\$	\$
K2	59 981	160	60 141
AU33	174 342	640	174 982
Clarkie	29 908	-	29 908
Lithium 33	-	15 840	15 840
14 Karats	11 912	1 600	13 512
Autres	4 090	-	4 090
	280 233	18 240	298 473
EXPLORATION	January 1, 2022	Additions	June 30, 2022
QUEBEC	\$	\$	\$
K2	2 353 629	151 897	2 505 526
AU33	1 989 936	8 110	1 998 046
Clarkie	290 180	-	290 180
Lithium 33	-	7 894	7 894
14 Karats	38 497	4 692	43 189
	4 672 242	172 593	4 844 835
TOTAL	4 952 475	190 833	5 143 308

During the six-month period ending June 30, 2022, the Company received an amount of \$30,000 in connection with the option to acquire the 33Carats property. This amount was recognized as a gain on disposal of exploration and evaluation assets.

7. LOAN GUARANTEED BY THE GOVERNMENT OF CANADA

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, 2023, 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 24 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.

8. EQUITY

8.1 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.

8.2 Warrants

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

	Semester ended June 30, 2022		Year ended December 31, 2021	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Balance, at beginning	9 340 000	0.20	9 090 000	0.20
Issued	-	-	250 000	0.10
Balance, at the end	9 340 000	0.20	9 340 000	0.20

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

	June 30, 2022	
Expiry date	Number of warrants	Exercise price \$
September 10, 2023	9 090 000	0.20
August 12, 2026	250 000	0.10
	9 340 000	0.20

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the six-month period ended June 30, 2022 (unaudited)

(Canadian dollars)

9. EMPLOYEE REMUNERATION

9.1 Salaries and employee benefits expense

	Three-month period ended June 30		Six,-month period ended June 30	
	2022	2021	2022	2021
	\$	\$	\$	\$
Salaries and benefits	60 487	72 747	119 138	145 495
Share-based payments	10 830	49 871	29 944	118 481
	71 317	122 618	149 082	263 976
Less: salaries capitalized in Exploration and evaluation assets	(56 837)	(71 376)	(114 069)	(142 265)
Salaries and employee benefits expense	14 480	51 242	35 013	121 711

9.2 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 to 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. The Company's share options are as follows for the reporting periods presented:

	Semester ended June 30, 2022		Year ended December 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding as at the beginning	4 960 000	0.11	4 755 000	0.11
Granted	-	-	1 150 000	0.10
Expired	-	-	(945 000)	0.10
Exercised	-	-	-	-
Outstanding as at the end	4 960 000	0.11	4 960 000	0.11
Exercisable as at the end	4 615 000	0.11	3 962 500	0.10

The following table summarizes information about common share purchase options outstanding and exercisable as at June 30, 2022:

Number of options		exercise price	Expiry date
outstanding	exercisable		
910 000	910 000	0.10	Feb. 19, 2023
975 000	975 000	0.10	May 26, 2025
1 925 000	1 925 000	0.12	Oct. 22, 2025
1 150 000	805 000	0.10	June 6, 2026
4 960 000	4 615 000		

In total, \$29,944 of employee remuneration expense (all of which related to equity-settled share-based payment transactions) were included in profit or loss for the six-month period ended June 30, 2022 (\$118,481 for the six-month period ended June 30, 2021) and credited to Contributed surplus.

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the six-month period ended June 30, 2022 (unaudited)

(Canadian dollars)

10. FINANCE INCOME

Finance income may be analyzed as follows for the reporting periods

	Three-month period ended June 30,		Six-month period ended June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Interest income from cash and cash equivalents and term deposit	4 157	2 167	5 942	5 496

11. 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 8.2 and 9.2.

	Three-month period ended June 30,		Six-month period ended June 30,	
	2022	2021	2022	2021
Net loss	(12 370) \$	\$(86,989)	(32 333)	\$(201,165)
Weighted average number of shares in circulation	114 707 066	101 207 066	114 707 066	101 207 066
Basic and diluted loss per share	\$(0.001)	\$(0.001)	\$(0.001)	\$(0.002)

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

12. ADDITIONAL INFORMATION – CASH FLOWS

The changes in working capital items are detailed as follows:

	Six-month period ended June 30,	
	2022	2021
	\$	\$
Good and services tax receivable	(4 540)	111 973
Prepaid expenses	(4 105)	(3 801)
Trade and other payables	57 593	(63 553)
	48 948	44 619

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

	2022	2021
	\$	\$
Tax credits receivable applied against exploration and evaluation assets	-	61 507
Trade and other payables related to exploration and evaluation assets	16 323	16 000

13. 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 June 30,		Six-month period ended June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Short-term employee benefits				
Salaries including bonuses and benefits	55 000	50 000	108 333	100 000
Professional fees	10 075	9 478	18 296	20 303
Social security costs	5 487	4 844	10 804	9 688
Total short-term employee benefits	70 562	64 322	137 433	129 991
Share-based payments	10 387	47 503	28 779	112 923
	80 949	111 825	166 212	242 914

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the six-month period ended June 30, 2022 (unaudited)

(Canadian dollars)

14. 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 8 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.

15. 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, 2021, the Company received \$1,250,000 following flow-through placements for which the Company renounced tax deductions on December 31, 2021. 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 June 30, 2022 was \$1,069,792 and is to be expended before December 31, 2022.