

# **DIOS EXPLORATION INC.**

## **UNAUDITED INTERIM FINANCIAL STATEMENTS**

**September 30, 2017**

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

Box 114, P.O. NDG, Montreal QC H4A 3P4  
Tel: 514-923-9123  
email: [mjgirard@diosexplo.com](mailto:mjgirard@diosexplo.com)  
web site: [www.diosexplo.com](http://www.diosexplo.com)

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

(Canadian dollars)

|  | Notes | September 30<br>2017<br>\$ | December 31<br>2016<br>\$ |
|--|-------|----------------------------|---------------------------|
| <b>ASSETS</b>  |       |                            |                           |
| <b>Current</b>   |       |                            |                           |
| Cash and cash equivalents                                | 5     | 367 032                    | 475 878                   |
| Term deposits  | 5     | -                          | 373 718                   |
| Listed shares  |       | -                          | 4 466                     |
| Good and services tax receivable                         |       | 13 278                     | 2 678                     |
| Tax credits receivable                                   |       | 23 633                     | 191 463                   |
| Prepaid expenses and deposit                             |       | 6 041                      | -                         |
|  |       | <b>409 984</b>             | 1 048 203                 |
| <b>Non-current</b>                                       |       |                            |                           |
| Exploration and evaluation assets                        | 6     | 3 201 105                  | 2 651 109                 |
| <b>Total assets</b>                                      |       | <b>3 611 089</b>           | 3 699 312                 |
| <b>LIABILITIES</b>                                       |       |                            |                           |
| <b>Current</b>   |       |                            |                           |
| Trade and other payables                                 |       | 19 238                     | 18 838                    |
| Advance from an officer, non interest bearing, on demand |       | 6 260                      | -                         |
| <b>Total liabilities</b>                                 |       | <b>25 498</b>              | 18 838                    |
| <b>EQUITY</b>  |       |                            |                           |
| Share capital  | 7.1   | 19 344 758                 | 19 344 758                |
| Contributed surplus                                      |       | 2 795 107                  | 2 787 331                 |
| Deficit  |       | (18 554 274)               | (18 451 615)              |
| <b>Total equity</b>                                      |       | <b>3 585 591</b>           | 3 680 474                 |
| <b>Total liabilities and equity</b>                      |       | <b>3 611 089</b>           | 3 699 312                 |

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 October 30, 2017

*(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 |                | Nine-month period ended |                  |
|--|-------|--------------------------|----------------|-------------------------|------------------|
|  |       | September 30             |                | September 30            |                  |
|  |       | 2017                     | 2016           | 2017                    | 2016             |
|  |       | \$                       | \$             | \$                      | \$               |
| <b>EXPENSES</b>  |       |                          |                |                         |                  |
| Professional fees                                      |       | 2 080                    | -              | 26 957                  | 24 960           |
| Consulting fees  |       | 6 025                    | 9 000          | 24 250                  | 27 300           |
| Employee benefits expense                              | 8.1   | 4 533                    | 15 152         | 22 606                  | 62 981           |
| Trustees, registration fees and shareholders relations |       | 1 891                    | 2 719          | 19 945                  | 23 920           |
| Insurance, taxes and permits                           |       | 1 752                    | 1 666          | 5 533                   | 6 396            |
| Publicity, travel and promotion                        |       | 65                       | 224            | 2 716                   | 12 309           |
| Offices expenses                                       |       | 1 220                    | 1 873          | 4 241                   | 3 791            |
| Bank charges   |       | 172                      | 175            | 479                     | 832              |
| <b>OPERATING LOSS</b>                                  |       | <b>17 738</b>            | <b>30 809</b>  | <b>106 727</b>          | <b>162 489</b>   |
| <b>OTHER REVENUES AND EXPENSES</b>                     |       |                          |                |                         |                  |
| Finance income   | 9     | 891                      | 29 854         | 4 463                   | 60 005           |
| Finance costs  | 9     | -                        | -              | (395)                   | (1 600)          |
|  |       | <b>891</b>               | <b>29 854</b>  | <b>4 068</b>            | <b>58 405</b>    |
| <b>LOSS BEFORE INCOME TAXES</b>                        |       | <b>(16 847)</b>          | <b>(955)</b>   | <b>(102 659)</b>        | <b>(104 084)</b> |
| Deferred income taxes                                  |       | -                        | -              | -                       | 6 226            |
| <b>NET LOSS AND COMPREHENSIVE LOSS</b>                 |       | <b>(16 847)</b>          | <b>(955)</b>   | <b>(102 659)</b>        | <b>(97 858)</b>  |
| <b>NET LOSS PER SHARE</b>                              |       |                          |                |                         |                  |
| Basic and diluted loss per share                       | 10    | <b>(0.001)</b>           | <b>(0.001)</b> | <b>(0.002)</b>          | <b>(0.002)</b>   |

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   | Deficit      | Total equity |
|-------------------------------|------|---------------------|------------|---------------|--------------|--------------|
|                               |      | Number of<br>shares | \$         | surplus<br>\$ | \$           | \$           |
| Balance at January 1, 2016    |      | 46 217 393          | 18 142 608 | 2 682 744     | (16 949 636) | 3 875 716    |
| Shares or units issued        |      | 8 450 667           | 1 142 150  | 13 300        | -            | 1 155 450    |
| Net loss for the period       |      | -                   | -          | -             | (97 858)     | (97 858)     |
| Exercise of warrants          |      | 500 000             | 60 000     | (10 000)      | -            | 50 000       |
| Share-based payments          | 8.2  | -                   | -          | 55 394        | -            | 55 394       |
| Share issuance costs          |      | -                   | -          | -             | (143 267)    | (143 267)    |
| Issuance of brokers' warrants |      | -                   | -          | 37 500        | -            | 37 500       |
| Balance at September 30, 2016 |      | 55 168 060          | 19 344 758 | 2 778 938     | (17 190 761) | 4 932 935    |
| Balance at January 1, 2017    |      | 55 168 060          | 19 344 758 | 2 787 331     | (18 451 615) | 3 680 474    |
| Net loss for the period       |      | -                   | -          | -             | (102 659)    | (102 659)    |
| Share-based payments          | 8.2  | -                   | -          | 7 776         | -            | 7 776        |
| Balance at September 30, 2017 |      | 55 168 060          | 19 344 758 | 2 795 107     | (18 554 274) | 3 585 591    |

The accompanying notes are an integral part of the financial statements

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

(Canadian dollars)

|   |                  | <b>Nine-month period ended</b> |    |
|---|------------------|--------------------------------|----|
|   |                  | <b>June 30</b>                 |    |
| Notes   | <b>2017</b>      | <b>2016</b>                    |    |
|   | <b>\$</b>        | <b>\$</b>                      |    |
| <b>OPERATING ACTIVITIES</b>                           |                  |                                |    |
| Net loss  | <b>(102 659)</b> | (97 858)                       |    |
| Adjustments   |                  |                                |    |
| Share-based payments                                  | 7 776            | 55 394                         |    |
| Change in fair value of listed shares                 | 395              | (55 814)                       |    |
| Deferred income taxes                                 | -                | (6 226)                        |    |
| Changes in working capital items                      | <b>(9 981)</b>   | (133 480)                      | 11 |
| Cash flows from operating activities                  | <b>(104 469)</b> | (237 984)                      |    |
| <b>INVESTING ACTIVITIES</b>                           |                  |                                |    |
| Disposal of listed shares                             | 4 072            | 51 511                         |    |
| Term Deposits redeemed (purchased)                    | 373 718          | (372 158)                      |    |
| Tax credits received                                  | 166 452          | 142 643                        |    |
| Additions to exploration and evaluation assets        | <b>(548 619)</b> | (501 807)                      |    |
| Cash flows from investing activities                  | <b>(4 377)</b>   | (679 811)                      |    |
| <b>FINANCING ACTIVITIES</b>                           |                  |                                |    |
| Issuance of units and shares by private placement     | -                | 1 205 450                      |    |
| Share issuance costs                                  | -                | (105 767)                      |    |
| Cash flows from financing activities                  | -                | 1 099 683                      |    |
| <b>Net change in cash and cash equivalents</b>        | <b>(108 846)</b> | 181 888                        |    |
| <b>Cash and cash equivalents, beginning of period</b> | <b>475 878</b>   | 306 448                        |    |
| <b>Cash and cash equivalents, end of period</b>       | <b>367 032</b>   | 488 336                        |    |
| <b>Supplemental disclosure</b>                        |                  |                                |    |
| Interests income cashed (operating activities)        | <b>8 181</b>     | 4 192                          |    |
| Interest paid (operating activities)                  | -                | (1 600)                        |    |

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, 2017 (unaudited)**

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(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, 2017, the Company has a negative cumulated retained deficit of \$18,554,274 (\$18,451,615 as at December 31, 2016). 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, 2016. The interim financial statements do not include all of the notes required in annual financial statements.

##### **Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company**

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's financial statements.

##### *IFRS 9 Financial instruments*

In July 2014, the International Accounting Standards Board (IASB) aims to replace IAS 39 Financial Instruments: Recognition and Measurements in its entirety with IFRS 9. IFRS 9 introduces improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. Management does not anticipate any material impact on its financial statements arising from this standard.

#### **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.

# **DIOS EXPLORATION INC.**

## **Notes to Interim Financial Statements**

### **For the nine-month period ended September 30, 2017 (unaudited)**

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(Canadian dollars)

#### **4. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

##### **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.

##### **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, 2017. 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.

**DIOS EXPLORATION INC.**  
**Notes to Interim Financial Statements**  
**For the nine-month period ended September 30, 2017 (unaudited)**

(Canadian dollars)

**5. CASH AND CASH EQUIVALENTS**

|   | <b>September 30,<br/>2017</b> | December 31,<br>2016  |
|---|-------------------------------|-----------------------|
|   | \$                            | \$                    |
| Cash at bank (Bank overdraft) and in hand | <b>(50 560)</b>               | 2 419                 |
| Money market fund                         | <b>417 592</b>                | 473 459               |
|   | <b><u>367 032</u></b>         | <b><u>475 878</u></b> |

As at september 30, 2017, cash and cash equivalents include monetary fund bearing interest at 0.8% (0.8% as at december 31, 2016), cashable anytime without any penalties.

The term deposits shown in the statements of financial position bear interest at the rate of 1.65% to 1.70% and matured on May 25, 2017.

**6. EXPLORATION AND EVALUATION ASSETS**

MINING RIGHTS

|               | January 1,<br>2017 | Additions    | September 30,<br>2017 |
|---------------|--------------------|--------------|-----------------------|
| <b>QUEBEC</b> | <b>\$</b>          | <b>\$</b>    | <b>\$</b>             |
| 33 Carats     | 73 072             | 2 821        | <b>75 893</b>         |
| Solo-K2       | 31 782             | 981          | <b>32 763</b>         |
| AU33 ouest    | 126 782            | -            | <b>126 782</b>        |
| Clarkie       | 16 312             | 891          | <b>17 203</b>         |
| Autres        | 1 817              | 385          | <b>2 202</b>          |
|               | <b>249 765</b>     | <b>5 078</b> | <b>254 843</b>        |

EXPLORATION

|               | January 1,<br>2017 | Additions      | Tax credits<br>corrections | September 30,<br>2017 |
|---------------|--------------------|----------------|----------------------------|-----------------------|
| <b>QUEBEC</b> | <b>\$</b>          | <b>\$</b>      | <b>\$</b>                  | <b>\$</b>             |
| 33 Carats     | 1 574 000          | -              | -                          | <b>1 574 000</b>      |
| Solo-K2       | 135 786            | 122 624        | 330                        | <b>258 740</b>        |
| AU33 ouest    | 634 782            | 375 596        | 799                        | <b>1 011 177</b>      |
| Clarkie       | 56 776             | 45 321         | 248                        | <b>102 345</b>        |
|               | <b>2 401 344</b>   | <b>543 541</b> | <b>1 377</b>               | <b>2 946 262</b>      |
| <b>TOTAL</b>  | <b>2 651 109</b>   | <b>548 619</b> | <b>1 377</b>               | <b>3 201 105</b>      |

**7. EQUITY**

**7.1 Share capital**

The share capital of the Company consists only of fully paid ordinary shares

**Authorized**

Unlimited number of common shares without par value, voting, participating, dividend as declared by the Board of Directors

|   | Number of shares<br>Nine-month period ended |                          |
|---|---|--------------------------|
|   | <b>Sept. 30, 2017</b>                       | Sept. 30, 2016           |
| Shares issued and fully paid                  |   |                          |
| Shares issued and fully paid at the beginning | <b>55 168 060</b>                           | 46 217 393               |
| Exercise of warrants                          |   | 500 000                  |
| Private placement                             | -   | 8 450 667                |
| Total shares issued at the end                | <b><u>55 168 060</u></b>                    | <b><u>55 168 060</u></b> |



**DIOS EXPLORATION INC.**  
**Notes to Interim Financial Statements**  
**For the nine-month period ended September 30, 2017 (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 Sept. 30, 2017 |                                 | Year ended December 31, 2016 |                                 |
|-----------------------|--|---------------------------------|------------------------------|---------------------------------|
|                       | Number of warrants                     | Weighted average exercise price | Number of warrants           | Weighted average exercise price |
|                       |  | \$                              |                              | \$                              |
| Balance, at beginning | 8 470 929                              | 0.15                            | 2 501 428                    | 0.10                            |
| Issued                | -                                      | -                               | 6 469 501                    | 0.17                            |
| Exercised             | -                                      | -                               | (500 000)                    | 0.10                            |
| Balance, at the end   | <u>8 470 929</u>                       | <u>0.15</u>                     | <u>8 470 929</u>             | <u>0.15</u>                     |

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

| Expiry date      | September 30, 2017 |                |
|------------------|--------------------|----------------|
|                  | Number of warrants | Exercise price |
|                  |                    | \$             |
| December 2, 2017 | 2 001 428          | 0.10           |
| May 18, 2018     | 332 500            | 0.20           |
| May 18, 2018     | 280 000            | 0.155          |
| May 20, 2018     | 2 023 667          | 0.20           |
| May 20, 2018     | 3 833 334          | 0.155          |
|                  | <u>8 470 929</u>   | <u>0.15</u>    |

**8. EMPLOYEE REMUNERATION**

**8.1 Salaries and employee benefits expense**

|   | Three-month period ended September 30 |               | Nine-month period ended September 30 |                |
|---|---------------------------------------|---------------|--------------------------------------|----------------|
|   | 2017                                  | 2016          | 2017                                 | 2016           |
|   | \$                                    | \$            | \$                                   | \$             |
| Salaries and benefits   | 74 619                                | 72 992        | 211 038                              | 194 453        |
| Share-based payments  | 941                                   | 13 509        | 7 776                                | 55 394         |
|   | <u>75 560</u>                         | <u>86 501</u> | <u>218 814</u>                       | <u>249 847</u> |
| Less: salaries capitalized in Exploration and evaluation assets | (71 027)                              | (71 349)      | (196 208)                            | (186 866)      |
| Salaries and employee benefits expense                          | <u>4 533</u>                          | <u>15 152</u> | <u>22 606</u>                        | <u>62 981</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.

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:

**DIOS EXPLORATION INC.**  
**Notes to Interim Financial Statements**  
**For the nine-month period ended September 30, 2017 (unaudited)**

(Canadian dollars)

**8. EMPLOYEE REMUNERATION (continued)**

**8.2 Share-based payments (continued)**

|                                 | Nine-month period ended Sept. 30, 2017 |                                 | Year ended December 31, 2016 |                                 |
|---------------------------------|--|---------------------------------|------------------------------|---------------------------------|
|                                 | Number of options                      | Weighted average exercise price | Number of options            | Weighted average exercise price |
| Outstanding as at the beginning | 5 170 000                              | 0.15                            | 5 110 000                    | 0.18                            |
| Granted                         | -                                      | -                               | 980 000                      | 0.10                            |
| Expired                         | (900 000)                              | 0.235                           | (920 000)                    | 0.30                            |
| Canceled                        | (535 000)                              | 0.13                            | -                            | -                               |
| Outstanding as at the end       | <u>3 735 000</u>                       | 0.13                            | <u>5 170 000</u>             | 0.15                            |
| Exercisable as at the end       | <u>3 735 000</u>                       | 0.13                            | <u>4 582 000</u>             | 0.14                            |

The following table summarizes information about common share purchase options outstanding and exercisable as at September 30, 2017

| Number of options |                  | exercise price | Expiry date   |
|-------------------|------------------|----------------|---------------|
| outstanding       | exercisable      |                |               |
| 875 000           | 875 000          | 0.15           | Dec. 12, 2017 |
| 1 100 000         | 1 100 000        | 0.15           | Oct. 1, 2019  |
| 880 000           | 880 000          | 0.10           | July 16, 2020 |
| 880 000           | 880 000          | 0.10           | Feb. 22, 2021 |
| <u>3 735 000</u>  | <u>3 735 000</u> |                |               |

In total, \$7 776 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, 2017 (\$55 394 for the nine-month period ended September 30, 2016) and credited to Contributed surplus.

**9. FINANCE INCOME AND FINANCE COSTS**

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

|  | Nine-month period ended September 30, |        |
|--|---------------------------------------|--------|
|  | 2017                                  | 2016   |
|  | \$                                    | \$     |
| Change in fair value of listed shares          | -                                     | 55 814 |
| Interest income from cash and cash equivalents | <b>4 463</b>                          | 4 191  |
|  | <b>4 463</b>                          | 60 005 |

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

|                                       | Nine-month period ended September 30, |       |
|---------------------------------------|---------------------------------------|-------|
|                                       | 2017                                  | 2016  |
|                                       | \$                                    | \$    |
| Interest on Advance of an officer     | -                                     | 1 600 |
| Change in fair value of listed shares | <b>395</b>                            | -     |
|                                       | <b>395</b>                            | 1 600 |

**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, |            |
|--|--|------------|---------------------------------------|------------|
|  | 2017                                   | 2016       | 2017                                  | 2016       |
| Net loss   | <b>\$(16,847)</b>                      | \$(955)    | <b>\$(102,659)</b>                    | \$(97,858) |
| Weighted average number of shares in circulation | <b>55 168 060</b>                      | 54 847 408 | <b>55 168 060</b>                     | 50 417 318 |
| Basic and diluted loss per share                 | <b>\$(0.001)</b>                       | \$(0.001)  | <b>\$(0.002)</b>                      | \$(0.002)  |

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.**  
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(Canadian dollars)

**11. ADDITIONAL INFORMATIONS – CASH FLOWS**

The changes in working capital items are detailed as follows:

|                                  | Nine-month period<br>ended September 30, |                  |
|----------------------------------|--|------------------|
|                                  | 2017                                     | 2016             |
|                                  | \$                                       | \$               |
| Good and services tax receivable | (10 600)                                 | (9 131)          |
| Prepaid expenses and deposit     | (6 040)                                  | (5 491)          |
| Trade and other payables         | 399                                      | (69 485)         |
| Advance from an officer          | 6 260                                    | (49 373)         |
|                                  | <b>(9 981)</b>                           | <b>(133 480)</b> |

**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<br>ended September 30, |               | Nine-month period<br>ended September 30, |                |
|---|---|---------------|--|----------------|
|   | 2017                                      | 2016          | 2017                                     | 2016           |
|   | \$  | \$            | \$                                       | \$             |
| Short-term employee benefits            |   |               |  |                |
| Salaries including bonuses and benefits | 63 557                                    | 46 958        | 184 099                                  | 128 625        |
| Professional fees                       | 6 025                                     | 9 000         | 24 250                                   | 27 300         |
| Social security costs                   | 1 878                                     | 3 247         | 13 133                                   | 11 979         |
| Total short-term employee benefits      | 71 460                                    | 59 205        | 221 482                                  | 167 904        |
| Share-based payments                    | 920                                       | 11 856        | 7 599                                    | 48 392         |
|   | <b>72 380</b>                             | <b>71 061</b> | <b>229 081</b>                           | <b>216 296</b> |

During the three-month period ended June 30, 2017, a company in which a director is an owner, charged geological fees amounting of \$15,505 recorded in Exploration and evaluation assets.

**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.**  
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(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 reporting period ended December 31, 2016, the Company received \$706,850 following flow-through placements for which the Company renounced tax deductions on December 31, 2016. 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, 2017 is \$163,309 and is to be expended before December 31, 2017.