

DIOS EXPLORATION INC.

UNAUDITED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2023

Content

Interim Statement of Financial Position	2
Interim Statement of Comprehensive Income	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.

P.O. Box 114 station NDG, Montréal 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	March 31 2023	December 31 2022
		\$	\$
ASSETS			
Current			
Cash and cash equivalents		60 623	62 113
Term deposits (1.7% to 4.1%), maturing between May and December 2023)		741 487	879 009
Good and services tax receivable		9 597	90 436
Tax credits receivable		112 784	112 784
Prepaid expenses		8 295	1 623
		932 786	1 145 965
Non-current			
Fixed assets	5	945	1 089
Advances on exploration and evaluation assets		-	22 005
Exploration and evaluation assets	6	6 501 895	6 357 576
		6 502 840	6 380 670
Total assets		7 435 626	7 526 635
LIABILITIES			
Current			
Trade and other payables		75 245	119 737
Loan guaranteed by the Government of Canada	7	40 000	40 000
Other liabilities		172 423	195 000
Total liabilities		287 668	354 737
EQUITY			
Share capital	8.1	24 786 494	24 774 569
Contributed surplus		3 165 243	3 162 164
Deficit		(20 803 779)	(20 764 835)
Total equity		7 147 958	7 171 898
Total liabilities and equity		7 435 626	7 526 635

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 10, 2023

(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	
		2023	2022
		\$	\$
EXPENSES			
Professional fees		31 200	10 400
Trustees, registration fees and shareholders relations		10 356	7 974
Consulting fees		10 276	8 221
Employee benefits expense	9.1	9 493	20 533
Insurance, taxes and permits		4 235	3 380
Offices expenses		3 098	1 480
Publicity, travel and promotion		2	81
Amortization of fixed assets		143	71
Bank charges		165	56
OPERATING LOSS		68 968	52 196
OTHER REVENUES AND EXPENSES			
Finance income	10	7 448	1 785
LOSS BEFORE INCOME TAXES		(61 520)	(50 411)
Deferred income taxes		22 576	30 448
NET LOSS AND COMPREHENSIVE INCOME		(38 944)	(19 963)
NET LOSS PER SHARE			
Basic and diluted loss per share	11	(0.000)	(0.000)

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, 2022		114 707 066	24 319 569	3 109 812	(20 931 892)	6 497 489
Net loss for the period		-	-	-	(19 963)	(19 963)
Share-based payments	9.2	-	-	19 114	-	19 114
Balance at March 31, 2022		<u>114 707 066</u>	<u>24 319 569</u>	<u>3 128 926</u>	<u>(20 951 855)</u>	<u>6 496 640</u>
Balance at January 1, 2023		121 207 066	24 774 569	3 162 164	(20 764 835)	7 171 898
Net loss for the period		-	-	-	(38 944)	(38 944)
Exercise of options	8.1	75 000	11 925	(4 425)	-	7 500
Share-based payments	9.2	-	-	7 504	-	7 504
Balance at March 31, 2023		<u>121 282 066</u>	<u>24 786 494</u>	<u>3 165 243</u>	<u>(20 803 779)</u>	<u>7 147 958</u>

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	
		2023	2022
		\$	\$
OPERATING ACTIVITIES			
Net loss		(38 944)	(19 963)
Adjustments			
Share-based payments		7 504	19 114
Finance income not cashed		(6 211)	(789)
Amortization of fixed assets		143	71
Deferred income taxes		(22 576)	(30 448)
Changes in working capital items	12	100 077	19 598
Cash flows from operating activities		<u>39 993</u>	<u>(12 417)</u>
INVESTING ACTIVITIES			
Purchase of term deposits		-	(1 170 000)
Disposal of term deposits		143 733	-
Repayment of advance on exploration and evaluation assets		22 005	-
Addition to exploration and evaluation assets		(210 021)	(66 302)
Cash flows from investing activities		<u>(44 283)</u>	<u>(1 236 302)</u>
FINANCING ACTIVITIES			
Exercise of options		7 500	-
Share issuance costs		(4 700)	(8 005)
Cash flows from financing activities		<u>2 800</u>	<u>(8 005)</u>
Net change in cash and cash equivalents		(1 490)	(1 256 724)
Cash and cash equivalents, beginning of period		62 113	1 357 993
Cash and cash equivalents, end of period		60 623	101 269
Supplemental disclosure			
Interest income received (operating activities)		1 237	996

Additional information - Cash Flows- note 12

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, 2023 (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, 2023, the Company has a cumulated deficit of \$20,803,779 (\$20,764,835 as at December 31, 2022). 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, 2022. 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, 2023 (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, 2023. 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

	Computer equipment
Gross carrying amount	\$
Balance on January 1st, 2023	1 719
Additions	-
Balance on March 31, 2023	<u>1 719</u>
Accumulated amortization	
Balance on January 1st, 2023	631
Amortization	143
Balance on March 31, 2023	<u>774</u>
Carrying amount on March 31, 2023	<u><u>945</u></u>

All depreciation charges are presented under Amortization of fixed assets.

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the three-month period ended March 31, 2023 (unaudited)

(Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

MINING RIGHTS	January 1,	Additions	March 31,
	2023		2023
QUEBEC	\$	\$	\$
K2	62 061	2 550	64 611
Lithium Nord	-	24 310	24 310
Lithium 33-AU33	193 542	-	193 542
Nemiscau Nord	15 193	3 744	18 937
Pontax Nord	4 368	1 190	5 558
LeCaron Lithium	3 933	10 030	13 963
Clarkie Est	29 908	26 350	56 258
Others	13 669	(25)	13 644
	<u>322 674</u>	<u>68 149</u>	<u>390 823</u>
EXPLORATION	January 1,	Additions	March 31,
	2023		2023
QUEBEC	\$	\$	\$
K2	3 681 435	18 429	3 699 864
Lithium Nord	-	23 894	23 894
Lithium 33-AU33	2 020 451	1 440	2 021 891
Nemiscau Nord	-	11 219	11 219
Pontax Nord	-	2 231	2 231
LeCaron Lithium	-	5 112	5 112
Clarkie Est	290 180	13 845	304 025
14 Karats	42 836	-	42 836
	<u>6 034 902</u>	<u>76 170</u>	<u>6 111 072</u>
TOTAL	<u>6 357 576</u>	<u>144 319</u>	<u>6 501 895</u>

Being adjacent properties, the Company merged on January 1, 2023 the Lithium 33 and AU33 properties to form the Lithium33-AU33 property

7. 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, 2023, no further amount will be repayable. Otherwise, the balance of the loan will bear interest at the rate of 5% and be repayable 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, 2023, this amount was recognized in the results for the year ending December 31, 2020, i.e. at the time of granting as assistance government. The estimated payments to be made over the next years amount to \$40,000 in 2023.

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

During the three-month period ending March 31, 2023, 75,000 stock options were exercised. An amount of \$7,500 which was received and an amount of \$4,425 representing the fair market value of the options at the time of issuance were charged to share capital

8.2 Warrants

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

	Quarter ended March 31, 2023		Year ended December 31, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Balance, at beginning	9 340 000	0.20	9 340 000	0.20
Issued	-	-	-	-
Exercised	-	-	-	-
Balance, at the end	<u>9 340 000</u>	<u>0.20</u>	<u>9 340 000</u>	<u>0.20</u>

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the three-month period ended March 31, 2023 (unaudited)

(Canadian dollars)

8. EQUITY (continued)

8.2 Warrants (continued)

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

<u>Expiry date</u>	March 31, 2023	
	Number of warrants	Exercise price \$
September 10, 2023	9 090 000	0.20
August 12, 2026	250 000	0.10
	<u>9 340 000</u>	<u>0.20</u>

9. EMPLOYEE REMUNERATION

9.1 Salaries and employee benefits expense

	Three-month period ended March 31	
	2023	2022
	\$	\$
Salaries and benefits	60 674	58 651
Share-based payments	7 504	19 114
	<u>68 178</u>	<u>77 765</u>
Less: salaries capitalized in Exploration and evaluation assets	(58 685)	(57 232)
Salaries and employee benefits expense	<u>9 493</u>	<u>20 533</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.

9.2 Share-based payments

The exercise price of each option is determined by the Board of Directors and cannot be less than the market value of the ordinary shares on the day prior the award, and the term of the options cannot exceed five years. The options granted vest in stages over a period of 18 months after the grant date, at the rate of 15% per quarter, with the exception of 10% which may be exercised from the date of the grant. For the options granted to a consultant, it vests in stages over a period of 12 months after the grant, at the rate of 25 % per quarter.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options. The Company's share options are as follows for the reporting periods presented

	Quarter ended March 31, 2023		Year ended December 31, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding as at the beginning	6 110 000	0.11	4 960 000	0.11
Granted	-	-	1 150 000	0.10
Exercised	(75 000)	0.10	-	-
Expired	(835 000)	0.10	-	-
Outstanding as at the end	<u>5 200 000</u>	0.11	<u>6 110 000</u>	0.11
Exercisable as at the end	<u>4 510 000</u>	0.11	<u>5 247 500</u>	0.11

The following table summarizes information about common share purchase options outstanding and exercisable as at March 31, 2023

Number of options		exercise price	Expiry date
ourstanding	exercisable		
975 000	975 000	0.10	May 26, 2025
1 925 000	1 925 000	0.12	Oct 22, 2025
1 150 000	1 150 000	0.10	June 6, 2026
1 150 000	460 000	0.10	Sept. 1, 2027
<u>5 200 000</u>	<u>4 510 000</u>		

In total, \$7,504 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, 2023 (\$19,914 for the three-month period ended March 31, 2022) and credited to Contributed surplus.

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the three-month period ended March 31, 2023 (unaudited)

(Canadian dollars)

10. FINANCE INCOME

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

	Three-month period ended March 31,	
	2023	2022
	\$	\$
	7 448	1 785

Interest income from cash and cash equivalents and term deposits

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.

	March 31,	
	2023	2022
Net loss	\$(38,944)	\$(19,963)
Weighted average number of shares in circulation	121 245 399	114 707 066
Basic and diluted loss per share	\$(0.000)	\$(0.000)

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

12. ADDITIONAL INFORMATIONS – CASH FLOWS

The changes in working capital items are detailed as follows:

	Three-month period ended March 31,	
	2023	2022
	\$	\$
Good and services tax receivable	80 839	(7 511)
Prepaid expenses and deposit	(6 672)	(6 585)
Trade and other payables	25 910	33 694
	100 077	19 598

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

	2023	2022
	\$	\$
Trade and other payables related to exploration and evaluation assets	19 200	48 510

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 March 31,	
	2023	2022
	\$	\$
Short-term employee benefits		
Salaries including bonuses and benefits	55 000	53 333
Consulting fees	10 276	8 221
Social security costs	5 674	5 317
Total short-term employee benefits	70 950	66 871
Share-based payments	7 112	18 392
Total remuneration	78 062	85 263

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the three-month period ended March 31, 2023 (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, 2022, the Company received \$650,000 following flow-through placements for which the Company renounced tax deductions on December 31, 2022. 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 March 31, 2023 was \$573,830 and is to be expended before December 31, 2023.