

DIOS EXPLORATION INC.

Unaudited Interim Financial Statements

June 30, 2024

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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)

(in Canadian dollars)

	Notes	June 30, 2024	December 31, 2023
		\$	\$
ASSETS			
Current			
Cash and cash equivalents		50,207	60,844
Term deposits 4.50%, retractable, maturing July 25, 2024		251,426	310,685
Good and services tax receivable		6,828	11,626
Prepaid expenses		1,583	4,205
		<u>310,044</u>	<u>387,360</u>
Non-current			
Fixed assets	5	231	515
Exploration and evaluation assets	6	6,936,756	6,916,063
		<u>6,936,987</u>	<u>6,916,578</u>
Total assets		<u><u>7,247,031</u></u>	<u><u>7,303,938</u></u>
LIABILITIES			
Current			
Trade and other payables		67,697	48,301
Provision for compensation	7	84,977	84,977
Other liabilities		60,135	66,342
Total liabilities		<u>212,809</u>	<u>199,620</u>
EQUITY			
Share capital	8.1	24,786,494	24,786,494
Contributed surplus		3,240,145	3,211,473
Deficit		(20,992,417)	(20,893,649)
Total equity		<u>7,034,222</u>	<u>7,104,318</u>
Total liabilities and equity		<u><u>7,247,031</u></u>	<u><u>7,303,938</u></u>

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 July 30, 2024.

(s) Marie-José Girard

Marie-José Girard, Director

(s) Normand Payette

Normand Payette, Director

DIOS EXPLORATION INC.

Interim Statement of Comprehensive Income (unaudited)

(in Canadian dollars)

	Notes	Three-month period ended		Six-month period ended	
		June 30,		June 30,	
		2024	2023	2024	2023
		\$	\$	\$	\$
EXPENSES					
Professional fees		17,245	11,988	48,595	43,188
Employee benefits expense	9.1	11,340	11,587	28,672	21,080
Trustees, registration fees and shareholders' relations		7,149	10,655	14,647	21,011
Consulting fees		6,200	8,800	14,450	19,076
Income tax of section III.14		1,556	-	3,192	-
Publicity, travel and promotion		687	735	689	738
Office expenses		406	2,493	1,541	5,591
Insurance, taxes and permits		274	2,390	2,351	6,624
Amortization of fixed assets		141	143	284	287
Bank charges		100	130	210	295
Reversal of a devaluation of exploration and evaluation assets		-	(30,000)	-	(30,000)
OPERATIONAL LOSS		45,098	18,921	114,631	87,890
OTHER REVENUES AND EXPENSES					
Finance income	10	6,048	7,032	9,655	14,481
LOSS BEFORE INCOME TAXES		(39,050)	(11,889)	(104,976)	(73,409)
Deferred income taxes		4,277	20,315	6,208	42,891
NET REVENUE (LOSS) AND COMPREHENSIVE REVENUE (LOSS)		(34,773)	8,426	(98,768)	(30,518)
NET REVENUE (LOSS) PER SHARE - basic and diluted					
	11	(0.0003)	0.001	(0.0008)	(0.001)

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

DIOS EXPLORATION INC.

Interim Statement of Changes in Equity (unaudited)

(in Canadian dollars)

	Notes	Share capital		Contributed	Deficit	Total Equity
		Number of shares issued	\$	surplus \$	\$	\$
Balance on January 1st, 2023		121,207,066	24,774,569	3,162,164	(20,764,835)	7,171,898
Net loss for the period		-	-	-	(30,518)	(30,518)
Share-based payments	9.2	-	-	12,472	-	12,472
Exercise of options	8.1	75,000	11,925	(4,425)	-	7,500
Balance on June 30, 2023		121,282,066	24,786,494	3,170,211	(20,795,353)	7,161,352
Balance on January 1st, 2024		121,282,066	24,786,494	3,211,473	(20,893,649)	7,104,318
Net loss for the period		-	-	-	(98,768)	(98,768)
Share-based payments	9.2	-	-	28,672	-	28,672
Balance on June 30, 2024		121,282,066	24,786,494	3,240,145	(20,992,417)	7,034,222

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

DIOS EXPLORATION INC.

Interim Statement of Cash Flows (unaudited)

(in Canadian dollars)

	Notes	Six-month period ended	
		June 30,	
		2024	2023
		\$	\$
OPERATING ACTIVITIES			
Net loss		(98,768)	(30,518)
Adjustments			
Share-based payments		28,672	12,472
Finance income not cashed		(5,291)	(7,680)
Amortization of fixed assets		284	287
Deferred income taxes		(6,208)	(42,891)
Reversal of a devaluation of exploration and evaluation assets		-	(30,000)
Changes in working capital items	12	(12,041)	100,340
Cash flows from operating activities		(93,352)	2,010
INVESTING ACTIVITIES			
Disposal of term deposits		67,327	369,241
Repayment of advance on exploration and evaluation assets		-	22,005
Payment received on option		-	30,000
Tax credit received		-	100,123
Additions to exploration and evaluation assets		15,388	(306,190)
Cash flows from investing activities		82,715	215,179
FINANCING ACTIVITIES			
Exercise of options		-	7,500
Share issuance costs		-	(4,700)
Cash flows from financing activities		-	2,800
NET CHANGE IN CASH AND CASH EQUIVALENTS		(10,637)	219,989
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD		60,844	62,113
CASH AND CASH EQUIVALENTS, END OF THE PERIOD		50,207	282,102

Additional information - Cash Flows - Note 12.

Supplemental disclosure

Interest income received (operating activities)	1,586	6,800
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The accompanying notes are an integral part of the financial statements.

DIOS EXPLORATION INC.

Notes to Interim Financial Statements

For the six-month period ended June 30, 2024 (unaudited)

(in 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 of June 30, 2024, the Company has a cumulated deficit of \$20,992,417 (\$20,893,649 as of December 31, 2023). 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, 2023. 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 judgments

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements.

DIOS EXPLORATION INC.

Notes to Interim Financial Statements

For the six-month period ended June 30, 2024 (unaudited)

(in Canadian dollars)

4. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

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.

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 June 30, 2024. 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.

DIOS EXPLORATION INC.

Notes to Interim Financial Statements

For the six-month period ended June 30, 2024 (unaudited)

(in Canadian dollars)

4. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

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, 2024	1,719
Additions	-
Balance on June 30, 2024	1,719
Accumulated amortization	
Balance on January 1st, 2024	1,204
Amortization	284
Balance on June 30, 2024	1,488
Carrying amount on June 30, 2024	231

All depreciation charges are presented under Amortization of fixed assets.

6. EXPLORATION AND EVALUATION ASSETS

MINING RIGHTS	January 1st, 2024	Additions	June 30, 2024
	\$		\$
QUEBEC			
K2	67,671	-	67,671
Lithium Nord	26,584	-	26,584
Lithium 33-AU33	208,674	-	208,674
Nemiscau Nord	19,890	-	19,890
Pontax Nord	5,558	-	5,558
LeCaron Lithium	33,028	-	33,028
Clarkie Est	76,712	-	76,712
Autres	13,644	-	13,644
	451,761	-	451,761

DIOS EXPLORATION INC.

Notes to Interim Financial Statements

For the six-month period ended June 30, 2024 (unaudited)

(in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (cont'd)

EXPLORATION	January 1st, 2024	Additions	June 30, 2024
	\$	\$	\$
QUEBEC			
K2	3,708,323	1,880	3,710,203
Lithium Nord	100,918	15,835	116,753
Lithium 33-AU33	2,022,867	-	2,022,867
Nemiscau Nord	67,611	930	68,541
Pontax Nord	9,801	-	9,801
LeCaron Lithium	73,850	1,686	75,536
Clarkie Est	438,096	362	438,458
14 Karats	42,836	-	42,836
	<u>6,464,302</u>	<u>20,693</u>	<u>6,484,995</u>
TOTAL	<u>6,916,063</u>	<u>20,693</u>	<u>6,936,756</u>

7. PROVISION FOR COMPENSATION

Under a flow-through financing agreement entered into with subscribers during 2022, the Company committed to spending \$650,000 in exploration expenses in Canada ("CEE") before December 31, 2023. The Company incurred an amount of \$428,856 on this date. Consequently, a balance of \$221,144 in expenses renounced to investors was not incurred in CEE as of December 31, 2023. The reason for the work not carried out is due to forest fires which made access to the mining sites impossible during the spring-summer 2023 period. At the provincial level a request for an additional twelve months to carry out the missing exploration work was accepted on February 16, 2024, while at the federal level the same request was made but no response to date. Amended renunciation forms have been filed with the federal tax authorities, which could result in the issuance of new assessment notices for affected subscribers for the 2022 tax year. In this regard, the Company has recorded, as of December 31, 2023, a provision of \$84,977 as a provision for compensation and an expense of the same amount was recognized in the results.

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 six-month period ended June 30, 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 the share capital.

DIOS EXPLORATION INC.

Notes to Interim Financial Statements

For the six-month period ended June 30, 2024 (unaudited)

(in Canadian dollars)

8.2 Warrants

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

	Six-month period ended June 30, 2024		Year ended December 31, 2023	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Balance at the beginning	250,000	0.10	9,340,000	0.20
Expired	-	-	(9,090,000)	(0.20)
Balance at the end	250,000	0.10	250,000	0.10

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

Expiry date	June 30, 2024	
	Number of warrants	Weighted average exercise price
		\$
August 12, 2026	250,000	0.10

9. EMPLOYEE REMUNERATION

9.1 Salaries and employee benefits expense

	Three-month period ended June 30,		Six-month period ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Salaries and benefits	-	60,674	-	121,348
Share-based payments	11,340	4,968	28,672	12,472
	11,340	65,642	28,672	133,820
Less: salaries capitalized in Exploration and evaluation assets	-	(54,055)	-	(112,740)
Salaries and employee benefits expense	11,340	11,587	28,672	21,080

9.2 Share-based payments

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 plan of 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.

DIOS EXPLORATION INC.

Notes to Interim Financial Statements

For the six-month period ended June 30, 2024 (unaudited)

(in Canadian dollars)

9.2 Share-based payments (cont'd)

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 vest 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:

	Six-month period ended June 30, 2024		Year ended December 31, 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding at the beginning	6,290,000	0.11	6,110,000	0.11
Granted	-	-	1,125,000	0.10
Exercised	-	-	(75,000)	(0.10)
Expired/canceled	(735,000)	(0.11)	(870,000)	(0.10)
Outstanding at the end	<u>5,555,000</u>	0.11	<u>6,290,000</u>	0.11
Exercisable at the end	<u>5,118,500</u>	0.11	<u>5,300,000</u>	0.11

The following table summarizes information about common share purchase options outstanding and exercisable as of June 30, 2024:

Expiry date	June 30, 2024		Exercise price \$
	Outstanding	Exercisable	
May 26, 2025	850,000	850,000	0.10
October 22, 2025	1,675,000	1,675,000	0.12
June 6, 2026	1,030,000	1,030,000	0.10
September 1st, 2027	1,030,000	1,030,000	0.10
July 3, 2028	970,000	533,500	0.10
	<u>5,555,000</u>	<u>5,118,500</u>	

In total, \$28,672 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, 2024 (\$12,472 for the six-month period ended June 30, 2023) and credited to the contributed surplus.

DIOS EXPLORATION INC.

Notes to Interim Financial Statements

For the six-month period ended June 30, 2024 (unaudited)

(in Canadian dollars)

10. FINANCE INCOME

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

	Three-month period ended June 30,		Six-month period ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Interest income from cash and cash equivalents and term deposits	6,048	7,032	9,655	14,481

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,	
	2024	2023	2024	2023
Net revenue (loss)	(34,773) \$	8,426 \$	(98,768) \$	(30,518) \$
Weighted average number of shares in circulation	121,282,066	121,282,066	121,282,066	121,263,834
Basic and diluted revenue (loss) per share	(0.0003) \$	0.001 \$	(0.0008) \$	(0.001) \$

12. ADDITIONAL INFORMATION - CASH FLOWS

The changes in working capital items are detailed as follows:

	Six-month period ended June 30,	
	2024	2023
	\$	\$
Good and services tax receivable	4,798	84,670
Prepaid expenses	2,622	(4,127)
Trade and other payables	(19,461)	19,797
	(12,041)	100,340

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

	Six-month period ended June 30,	
	2024	2023
	\$	\$
Trade and other payables related to exploration and evaluation assets	47,009	23,319

DIOS EXPLORATION INC.

Notes to Interim Financial Statements

For the six-month period ended June 30, 2024 (unaudited)

(in Canadian dollars)

13. RELATED PARTY TRANSACTIONS

13.1 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		Six-month period ended	
	June 30,		June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Short-term employee benefits				
Salaries including bonuses and benefits	-	55,000	-	110,000
Consulting fees	6,200	8,800	14,450	19,076
Social security costs	-	5,674	-	11,348
Total short-term employee benefits	6,200	69,474	14,450	140,424
Share-based payments	7,647	4,709	24,505	11,821
Total remuneration	13,847	74,183	38,955	152,245

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.

DIOS EXPLORATION INC.

Notes to Interim Financial Statements

For the six-month period ended June 30, 2024 (unaudited)

(in Canadian dollars)

15. CONTINGENCIES AND COMMITMENTS (cont'd)

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 an amount of \$650,000 following flow-through investments for which it waived tax deductions on December 31, 2022, for the benefit of investors. Management had to spend these amounts before December 31, 2023. During the spring-summer 2023 period, access to our properties was impossible due to forest fires, which is why as of December 31, 2023 there was still a balance of \$221,144 to spend in relation to these flow-through investments. See Note 7. At the provincial level, the balance of the amount of this flow-through funding not spent as of June 30, 2024 is \$200,451 and this amount must be spent before December 31, 2024.