

DIOS EXPLORATION INC.

UNAUDITED INTERIM FINANCIAL STATEMENTS

MARCH 31, 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.

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 2024	December 31 2023
		\$	\$
ASSETS			
Current			
Cash and cash equivalents		50 232	60 844
Term deposits 4.5%, retractable maturing July 2024		254 183	310 685
Good and services tax receivable		7 480	11 626
Prepaid expenses		2 293	4 205
		314 188	387 360
Non-current			
Fixed assets	5	372	515
Exploration and evaluation assets	6	6 922 499	6 916 063
		6 922 871	6 916 578
Total assets		7 237 059	7 303 938
LIABILITIES			
Current			
Trade and other payables		30 015	48 301
Provision for compensation	7	84 977	84 977
Other liabilities		64 412	66 342
Total liabilities		179 404	199 620
EQUITY			
Share capital	8.1	24 786 494	24 786 494
Contributed surplus		3 228 805	3 211 473
Deficit		(20 957 644)	(20 893 649)
Total equity		7 057 655	7 104 318
Total liabilities and equity		7 237 059	7 303 938

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 May24, 2024

(s) Marie-José Girard

Marie-José Girard
Director

(s) Normand Payette

Normand Payette
Director

DIOS EXPLORATION INC.

Interim Statement of Comprehensive Income (unaudited)

(Canadian dollars)

	Notes	Three-month period ended	
		March 31	
		2024	2023
		\$	\$
EXPENSES			
Professional fees		31 350	31 200
Employee benefits expense	9.1	17 332	9 493
Consulting fees		8 250	10 276
Trustees, registration fees and shareholders relations		7 498	10 356
Insurance, taxes and permits		2 077	4 235
Income tax of section III.14		1 637	-
Offices expenses		1 136	3 098
Publicity, travel and promotion		-	2
Amortization of fixed assets		143	143
Bank charges		110	165
OPERATING LOSS		69 533	68 968
OTHER REVENUES AND EXPENSES			
Finance income	10	3 607	7 448
LOSS BEFORE INCOME TAXES		(65 926)	(61 520)
Deferred income taxes		1 931	22 576
NET LOSS AND COMPREHENSIVE INCOME		(63 995)	(38 944)
NET LOSS PER SHARE			
Basic and diluted loss per share	11	(0.001)	(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 surplus	Deficit	Total equity
		Number of shares issued	\$	\$	\$	\$
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		121 282 066	24 786 494	3 165 243	(20 803 779)	7 147 958
Balance at January 1, 2024		121 282 066	24 786 494	3 211 473	(20 893 649)	7 104 318
Net loss for the period		-	-	-	(63 995)	(63 995)
Share-based payments	9.2	-	-	17 332	-	17 332
Balance at March 31, 2024		121 282 066	24 786 494	3 228 805	(20 957 644)	7 057 655

The accompanying notes are an integral part of the financial statements

DIOS EXPLORATION INC.

Interim Statement of Cash Flows (unaudited)

(Canadian dollars)

		Three-month period ended	
		March 31	
	Notes	2024	2023
		\$	\$
OPERATING ACTIVITIES			
Net loss		(63 995)	(38 944)
Adjustments			
Share-based payments		17 332	7 504
Finance income not cashed		(2 711)	(6 211)
Amortization of fixed assets		143	143
Deferred income taxes		(1 931)	(22 576)
Changes in working capital items	12	(8 932)	100 077
Cash flows from operating activities		(60 094)	39 993
INVESTING ACTIVITIES			
Disposal of term deposits		59 214	143 733
Repayment of advance on exploration and evaluation assets		-	22 005
Addition to exploration and evaluation assets		(9 732)	(210 021)
Cash flows from investing activities		49 482	(44 283)
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		(10 612)	(1 490)
Cash and cash equivalents, beginning of period		60 844	62 113
Cash and cash equivalents, end of period		50 232	60 623
Supplemental disclosure			
Interest income received (operating activities)		894	1 237

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, 2024 (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, 2024, the Company has a cumulated deficit of \$20,957,644 (\$20,893,649 as at 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 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 three-month period ended March 31, 2024 (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 recovered 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, 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.

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 March 31, 2024	<u>1 719</u>
Accumulated amortization	
Balance on January 1st, 2024	1 204
Amortization	143
Balance on March 31, 2024	<u>1 347</u>
Carrying amount on March 31, 2024	<u><u>372</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, 2024 (unaudited)

(Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

MINING RIGHTS	January 1, 2024	Additions	March 31, 2024
QUEBEC	\$	\$	\$
K2	67 671	-	67 671
Lithium Nord	26 584	-	26 584
Lithium 33-AU33	208 674	-	208 674
Nemiscou Nord	19 890	-	19 890
Pontax Nord	5 558	-	5 558
LeCaron Lithium	33 028	-	33 028
Clarkie Est	76 712	-	76 712
Others	13 644	-	13 644
	451 761	-	451 761
EXPLORATION	January 1, 2024	Additions	March 31, 2024
QUEBEC	\$	\$	\$
K2	3 708 323	1 284	3 709 607
Lithium Nord	100 918	4 856	105 774
Lithium 33-AU33	2 022 867	-	2 022 867
Nemiscou Nord	67 611	-	67 611
Pontax Nord	9 801	-	9 801
LeCaron Lithium	73 850	-	73 850
Clarkie Est	438 096	296	438 392
14 Karats	42 836	-	42 836
	6 464 302	6 436	6 470 738
TOTAL	6 916 063	6 436	6 922 499

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 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, 2024		Year ended December 31, 2023	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise
		\$		\$
Balance, at 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	0.20

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the three-month period ended March 31, 2024 (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, 2024	
	Number of warrants	Exercise price \$
August 12, 2026	250 000	0.10

9. EMPLOYEE REMUNERATION

9.1 Salaries and employee benefits expense

	Three-month period ended March 31	
	2024	2023
	\$	\$
Salaries and benefits	-	60 674
Share-based payments	17 332	7 504
	17 332	68 178
Less: salaries capitalized in Exploration and evaluation assets	-	(58 685)
Salaries and employee benefits expense	17 332	9 493

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, 2024		Year ended December 31, 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding as 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)	0.10	(870 000)	0.10
Outstanding as at the end	5 555 000	0.11	6 290 000	0.11
Exercisable as at the end	4 973 000	0.11	5 300 000	0.11

The following table summarizes information about common share purchase options outstanding and exercisable as at March 31, 2024:

Number of options		exercise price	Expiry date
ourstanding	exercisable		
850 000	850 000	0.10	May 26, 2025
1 675 000	1 675 000	0.12	Oct 22, 2025
1 030 000	1 030 000	0.10	June 6, 2026
1 030 000	1 030 000	0.10	Sept. 1, 2027
970 000	388 000	0.10	July 3, 2028
5 555 000	4 973 000		

In total, \$17,332 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, 2024 (\$7,504 for the three-month period ended March 31, 2023) and credited to Contributed surplus.

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the three-month period ended March 31, 2024 (unaudited)

(Canadian dollars)

10. FINANCE INCOME

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

Three-month period ended March 31,	
2024	2023
\$	\$
3 607	7 448

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,	
	2024	2023
Net loss	\$(63,995)	\$(38,944)
Weighted average number of shares in circulation	121 282 066	121 245 399
Basic and diluted loss per share	\$(0.001)	\$(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 INFORMATION – CASH FLOWS

The changes in working capital items are detailed as follows:

	Three-month period ended March 31,	
	2024	2023
	\$	\$
Good and services tax receivable	4 146	80 839
Prepaid expenses and deposit	1 912	(6 672)
Trade and other payables	(14 990)	25 910
	(8 932)	100 077

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

	2024	2023
	\$	\$
Trade and other payables related to exploration and evaluation assets	4 856	19 200

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,	
	2024	2023
	\$	\$
Short-term employee benefits		
Salaries including bonuses and benefits	-	55 000
Consulting fees	8 250	10 276
Social security costs	-	5 674
Total short-term employee benefits	8 250	70 950
Share-based payments	16 858	7 112
Total remuneration	25 108	78 062

DIOS EXPLORATION INC.
Notes to Interim Financial Statements
For the three-month period ended March 31, 2024 (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 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 10. At the provincial level, the balance of the amount of this flow-through funding not spent as of March 31, 2024 is \$214,708 and this amount must be spent before December 31, 2024.