

DIOS EXPLORATION INC.

Annual Financial Statements

DECEMBER 31, 2025 AND 2024

Table of content

Independant Auditor's Report	2-5
Statements of Financial Position	6
Statements of Comprehensive Loss	7
Statements of Changes in Equity	8
Statements of Cash Flows	9
Notes to Financial Statements	10-33

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Independent Auditor's Report

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To the Shareholders of
Dios Exploration Inc.

Opinion

We have audited the financial statements of Dios Exploration Inc. (hereafter "the Corporation"), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive loss, the statements of changes in equity and the statements of cash flows for the years endend December 31, 2025 and 2024, and notes to financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2025 and 2024, and its financial performance and its cash flows in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (hereafter "IFRS Accounting Standards").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 to the financial statements, which indicates the existence of a material uncertainty that may cast significant doubt about the the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the “Material uncertainty related to going concern” section, we have determined that there are no other key audit matter to communicate in our report.

Information other than the financial statements and the auditor’s report thereon

Management is responsible for the other information. The other information comprises the information included in Management’s Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation’s financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Carole Lepage.

Raymond Chabot Grant Thornton LLP ¹

Rouyn-Noranda
April 24, 2025

¹ CPA auditor, public accountancy permit no. A119351

DIOS EXPLORATION INC.

Statements of Financial Position

(in Canadian dollars)

	Notes	December 31, 2025	December 31, 2024
		\$	\$
ASSETS			
Current			
Cash	6	92,237	55,965
Listed shares		150,000	-
Sales tax receivable		601	5,343
Prepaid expenses		-	2,480
		<u>242,838</u>	<u>63,788</u>
Non-current			
Exploration and evaluation assets	7	2,333,744	3,194,716
Total assets		<u><u>2,576,582</u></u>	<u><u>3,258,504</u></u>
LIABILITIES			
Current			
Trade and other payables		6,804	41,275
Provision for compensation	9	97,483	90,419
Total liabilities		<u>104,287</u>	<u>131,694</u>
EQUITY			
Share capital	10.1	24,961,994	24,786,494
Contributed surplus		3,245,470	3,246,082
Deficit		(25,735,169)	(24,905,766)
Total equity		<u>2,472,295</u>	<u>3,126,810</u>
Total liabilities and equity		<u><u>2,576,582</u></u>	<u><u>3,258,504</u></u>

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

These financial statements were approved and authorized by the Board of Directors on April 24, 2026.

DIOS EXPLORATION INC.

Statements of Comprehensive Loss

(in Canadian dollars)

	Notes	Years ended December 31,	
		2025	2024
		\$	\$
EXPENSES			
Professional fees		52,950	51,108
Employee benefits expenses	11.1	9,388	34,609
Trustees, registration fees and shareholder relations		25,328	22,843
Consulting fees		-	14,450
Income taxes of section XII.6 and III.14		-	3,549
Insurances, taxes and permits		1,159	2,678
Office expenses		1,769	2,142
Publicity, travel and promotion		1,200	2,007
Amortization of fixed assets		-	515
Bank charges		533	481
Provision for compensation	9	7,064	5,442
Reversal of a devaluation of exploration and evaluation assets	7	(238,000)	-
Devaluation of exploration and evaluation assets	7	328,287	3,863,899
Write-off of exploration and evaluation assets	7	672,679	84,983
OPERATING LOSS		862,357	4,088,706
OTHER REVENUES			
Financial income	12	34,780	10,247
LOSS BEFORE INCOME TAXES		(827,577)	(4,078,459)
Deferred income taxes	15	-	66,342
NET LOSS AND COMPREHENSIVE LOSS		(827,577)	(4,012,117)
NET LOSS PER SHARE - basic and diluted	14	(0.007)	(0.03)

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

DIOS EXPLORATION INC.

Statements of Changes in Equity

(in Canadian dollars)

	Notes	Share capital		Contributed surplus	Deficit	Total Equity
		Number of shares	\$	\$	\$	\$
As of January 1st, 2024		121,282,066	24,786,494	3,211,473	(20,893,649)	7,104,318
Net loss and comprehensive loss		-	-	-	(4,012,117)	(4,012,117)
Share-based payments	11.2	-	-	34,609	-	34,609
As of December 31, 2024		121,282,066	24,786,494	3,246,082	(24,905,766)	3,126,810
As of January 1st, 2025		121,282,066	24,786,494	3,246,082	(24,905,766)	3,126,810
Net loss and comprehensive loss		-	-	-	(827,577)	(827,577)
Share-based payments	11.2	-	-	9,388	-	9,388
Issuance costs of shares		-	-	-	(1,826)	(1,826)
Issuance of shares	10.1	5,100,000	153,000	-	-	153,000
Exercise of options	10.1	125,000	22,500	(10,000)	-	12,500
As of December 31, 2025		126,507,066	24,961,994	3,245,470	(25,735,169)	2,472,295

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

DIOS EXPLORATION INC.

Statements of Cash Flows

(in Canadian dollars)

	Years ended December 31,	
Notes	2025	2024
	\$	\$
OPERATING ACTIVITIES		
Net loss	(827,577)	(4,012,117)
Adjustments		
Share-based payments	9,388	34,609
Provision for compensation	7,064	5,442
Change in fair value of listed shares	(32,000)	-
Reversal of a devaluation of exploration and evaluation assets	(238,000)	-
Devaluation of exploration and evaluation assets	328,287	3,863,899
Write-off of exploration and evaluation assets	672,679	84,983
Amortization of fixed assets	-	515
Deferred income taxes	-	(66,342)
Change in working capital items	16 (8,089)	(14,113)
Cash flows used in operating activities	(88,248)	(103,124)
INVESTING ACTIVITIES		
Disposal of term deposit	-	310,685
Additions to exploration and evaluation assets	(159,154)	(212,440)
Disposal of exploration and evaluation assets	120,000	-
Cash flows from (used in) investing activities	(39,154)	98,245
FINANCING ACTIVITIES		
Issuance of shares	153,000	-
Exercise of options	12,500	-
Issuance cost of shares	(1,826)	-
Cash flows used from financing activities	163,674	-
NET CHANGE OF CASH	36,272	(4,879)
CASH, BEGINNING	55,965	60,844
CASH, END	92,237	55,965

For additional information on cash flow, see Note 16.

Supplementary information

Interests received related to operating activities	2,780	5,597
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The accompanying notes are an integral part of the financial statements.

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

1. NATURE OF OPERATIONS

Dios Exploration Inc. (the "Company") is a mining 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 or cash flows from its operations. As of December 31, 2025, the Company has a deficit of \$25,735,169 (\$24,905,766 on December 31, 2024). 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. These adjustments could be significant.

3. GENERAL INFORMATION

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (hereinafter "IFRS Accounting Standards").

The Company is incorporated under the Canada Business Corporation Act. The address of the Company's registered office is 2266 Pins Gris, La Conception, Québec, Canada. The Company's shares are listed on the TSX Venture Exchange, under the symbol "DOS".

4. MATERIAL ACCOUNTING POLICIES

4.1 Overall considerations

The accounting policies and measurement bases that have been applied in the preparation of these financial statements are summarized below.

4.2 Functional and presentation currency

These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

4.3 Financial instruments

Initial measurement and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value adjusted for transaction costs, where appropriate.

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

4.3 Financial instruments (cont'd)

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

The classification of financial instruments under IFRS 9 is based on the entity's business model and the characteristics of the contractual cash flows of the financial asset or liability.

Classification and subsequent measurement of financial assets

Financial assets are classified into the following categories:

- at amortized cost;
- at fair value through profit or loss (FVTPL).

All income and expenses relating to financial assets that are recognized in profit or loss are presented within Finance costs or Finance income.

Subsequent measurement of financial assets

At amortized cost

Financial assets are measured at amortized cost if they meet the following conditions:

- they are held according to an economic model whose purpose is to hold financial assets in order to collect the contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that correspond solely to repayments of principal and interest payments on the principal outstanding.

After initial recognition, they are measured at amortized cost using the effective interest rate method. Discounting is omitted if its effect is not significant. Cash is included in this category of financial instruments.

At fair value through profit or loss

Financial assets that are held in a different economic model other than "holding for the purpose of collection" or "holding for the purpose of collection and sale" are classified in the FVTPL category.

This category includes investments in listed shares. The Company accounts for the investment at FVTPL and has not made an irrevocable election to account for its investment in listed shares at fair value through other comprehensive loss (FVOCL).

Assets in this category are measured at fair value and gains or losses are recognized in profit or loss. The fair value of financial assets in this category is determined based on transactions in an active market or by applying a valuation technique when there is no active market.

Depreciation of financial assets

The impairment provisions in IFRS 9 use the expected credit loss model.

The recognition of credit losses should consider a range of information for the assessment of credit risk and the assessment of expected credit losses, including: past events, current circumstances, reasonable and supportable forecasts that affect the expected collectability of future cash flows of the financial instruments.

The estimate of expected credit losses is determined at each reporting date to reflect changes in credit risk since the initial recognition of the related financial asset.

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

4.3 Financial instruments (cont'd)

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include trade and other payables.

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

Interest charges and, where applicable, changes in the fair value of an instrument recognized in net income are presented in financial expenses or in financial income.

4.4 Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the exercise. Diluted loss per share is calculated by adjusting loss attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares which include options and warrants. Dilutive potential ordinary shares shall be deemed to have been converted into ordinary shares at the beginning of the period or, if later, at the date of issue of the potential ordinary shares.

4.5 Tax credits receivable

The Company is entitled to a refundable tax credit on qualified exploration expenses incurred and the refundable tax credit on duties for losses under the Mining Act. These tax credits are recognized as a reduction of the exploration and evaluation expenses incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

4.6 Exploration and evaluation expenditures and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights, expenses related to the exploration and evaluation of mining properties, less refundable tax credits and credits on duties related to these expenses, are capitalized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts (see Note 4.7), the difference is then immediately recognized in profit or loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to fixed assets in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment (see Note 4.7) and any impairment loss is recognized in profit or loss before reclassification.

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

4.6 Exploration and evaluation expenditures and exploration and evaluation assets (cont'd)

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and noncompliance with regulatory requirements.

Disposal of interest in connection with option agreement

On disposal of interest in connection with the option agreement, the Company does not recognize expenses related to the exploration and evaluation performed on the property by the acquirer. In addition, the cash consideration received directly from the acquirer is credited against the costs previously capitalized to the property, and the surplus is recognized as a gain on the disposal of exploration and evaluation assets in profit or loss.

4.7 Impairment of exploration and evaluation assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, individual assets or cash-generating units are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- no further exploration or evaluation expenditures in the area are planned or budgeted;
- no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resources are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment charge is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

4.8 Provisions and contingent liabilities

Provisions are recognized when present obligations as a result of a past events will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditures required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. As of December 31, 2025, a provision for compensation of \$97,483 (\$90,419 in 2024) was recorded. See Note 9.

4.9 Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

However, since the Company is in exploration phase and has no taxable income, tax expense recognized in profit or loss is currently comprised only of deferred tax.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

4.9 Income taxes (cont'd)

Deferred tax assets and liabilities are offset only when the Company has the right and the intentions to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4.10 Equity

Share capital

Share capital represents the amount received on the issue of shares. If shares are issued when options or warrants are exercised, the share capital account also comprises the compensation costs or the fair value of warrants previously recorded as contributed surplus. In addition, if shares were issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they are measured at their fair value according to the quoted price on the day of the conclusion of the agreement.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

Flow-through placements

Issuance of flow-through shares or units represents in substance an issue of common shares, warrants and the sale of the right to tax deductions to the investors. When the flow-through shares or units are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received from flow-through shares or units are allocated between shares, warrants, if applicable and the other liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance then to warrants if applicable based on their fair value at the date of issuance. The fair value of warrants is determined using the Black & Scholes model and the residual proceeds are allocated to the other liabilities. The liability component recorded initially on the issuance of shares is reversed on renouncement of the right to tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in reduction of deferred income tax expense. A deferred tax liability is also recognized for the taxable temporary difference that arises from the difference between the carrying amount eligible expenditures capitalized as an asset and its tax basis.

Other elements of equity

Contributed surplus includes charges related to share options and warrants not exercised. When these options and warrants are exercised, the compensation costs and the corresponding value are transferred to the share capital.

Deficit includes all current and prior period retained profits or losses and issuances costs of equity instruments, net of any underlying tax benefit from these issuance costs.

4.11 Equity-settled share-based payments

The Company operates equity-settled share-based payment plan for its eligible directors, employees and consultants. None of the Company's plans feature any options for a cash settlement.

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

4.11 Equity-settled share-based payments (cont'd)

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and other providing similar services, the Company measured the fair value of the services received by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except equity-settled share-based payments to brokers) are ultimately recognized as an expense in the profit or loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to contributed surplus, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance costs of the equity instruments with a corresponding credit to contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if share options ultimately exercised are different from that estimated on vesting.

4.12 Segmental reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the President and the Board of Directors. The Company has determined that there was only one operating segment being the sector of exploration and evaluation of mineral resources.

4.13 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 18, Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations.

It also requires disclosure of newly defined management-defined performance measures in a single note, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified "roles" of the primary financial statement (PFS) and the notes.

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

4.13 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company (cont'd)

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from "profit or loss" to "operating profit or loss" and removing the optionality around classification of cash flows from dividends and interest.

IFRS 18 and the amendments to the other standards are effective for reporting periods beginning on or after January 1, 2027, with earlier application permitted. IFRS 18 will apply retrospectively with specific transition provisions.

Changes affecting the classification and measurement of financial instruments (Amendment to IFRS 9 and IFRS 7)

In May 2024, the IASB published amendments to IFRS 9 and IFRS 7, entitled Amendments Affecting the Classification and Measurement of Financial Instruments (the "Amendments"). The Amendments include:

- A clarification that a financial liability is derecognised on the settlement date and the introduction of an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date if specific conditions are met. If an entity elects to apply this accounting policy, it must do so for all settlements made through the same electronic payment system.
- Additional guidance on how an entity should assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. This is intended to assist an entity to apply the requirements for assessing contractual cash flow characteristics to financial assets with features linked to environmental, social and governance (ESG) concerns.
- Clarifications on what constitute non-recourse features and what are the characteristics of contractually linked instruments.
- Additional disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income (OCI) and the introduction of disclosure of the contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in basic lending risks and costs.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026 with earlier application permitted. If an entity elects to apply these amendments for an earlier period, it is required to either:

- (a) apply all the amendments at the same time and disclose that fact or
- (b) apply only the amendments to the classification of financial assets for that earlier period and disclose that fact.

The amendments are required to be applied retrospectively, in accordance with IAS 8, with specific exceptions.

The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

5. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from judgments, estimates and assumptions made by management and will seldom equal to the estimated results. Information on judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is presented below.

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

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

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.

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 (see Note 15).

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 subjective process involving judgment and a number of estimates and interpretations in many cases (see Note 4.7).

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit, of 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. For the year ending December 31, 2025, the Company devaluated and wrote-off certain properties (devaluated and wrote-off in 2024).

Other properties have not been tested for impairment as the Company has the ability to retain them since it has sufficient financial resources to meet its shortterm obligations and expenses are scheduled over the next years. The rights to prospect for these properties will not expire in the near future and work has been carried out over the past three years.

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

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

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 shares, 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 (see Note 11.2).

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. Differences 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. See Note 4.5 for more information.

6. CASH

	December 31,	
	2025	2024
Cash	\$ 92,237	\$ 55,965

Cash is comprised of a high interest account which bears interest at a rate of 2.50% (1.05% to 2.65% on December 31, 2024).

7. EXPLORATION AND EVALUATION ASSETS

YEAR 2025

MINING RIGHTS	January 1st, 2025	Additions	Devaluation	Write-off	December 31, 2025
	\$	\$	\$	\$	\$
QUEBEC					
(a) K2	1	3,232	-	(3,233)	-
(b) Lithium Nord	26,584	-	-	(26,584)	-
(c) AU33	190,976	901	-	(18,560)	173,317
(d) Nemiscau Nord	1	-	-	-	1
(e) Pontax Nord	5,558	-	-	(5,558)	-
(f) LeCaron	33,028	-	(6,105)	(26,922)	1
(g) Clarkie Est	76,891	-	(32,002)	(44,888)	1
(h) 33 Carats	132	2,521	-	-	2,653
	333,171	6,654	(38,107)	(125,745)	175,973

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (cont'd)

EXPLORATION EXPENSES

	January 1st, 2025	Additions	Devaluation	Write-off	December 31, 2025
	\$	\$	\$	\$	\$
QUEBEC					
(b) Lithium Nord	162,463	(170)	-	(162,293)	-
(c) AU33	2,035,006	133,510	-	(10,745)	2,157,771
(e) Pontax Nord	49,467	-	-	(49,467)	-
(f) LeCaron	127,724	-	-	(127,724)	-
(g) Clarkie Est	486,885	-	(290,180)	(196,705)	-
	2,861,545	133,340	(290,180)	(546,934)	2,157,771
TOTAL 2025	3,194,716	139,994	(328,287)	(672,679)	2,333,744

YEAR 2024

MINING RIGHT

	January 1st, 2024	Additions	Devaluation	Write-off	December 31, 2024
	\$	\$	\$	\$	\$
QUEBEC					
(a) K2	67,671	4,654	(62,282)	(10,042)	1
(b) Lithium Nord	26,584	-	-	-	26,584
(c) Lithium 33-AU33	208,674	895	-	(18,593)	190,976
(d) Nemiscau Nord	19,890	-	(19,889)	-	1
(e) Pontax Nord	5,558	-	-	-	5,558
(f) LeCaron Lithium	33,028	-	-	-	33,028
(g) Clarkie Est	76,712	179	-	-	76,891
(h) 33 Carats	132	-	-	-	132
(i) 14 Karats	13,512	-	-	(13,512)	-
	451,761	5,728	(82,171)	(42,147)	333,171

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (cont'd)

EXPLORATION EXPENSES

	January 1st, 2024	Additions	Devaluation	Write-off	December 31, 2024
	\$	\$	\$	\$	\$
QUEBEC					
(a) K2	3,708,323	3,087	(3,711,410)	-	-
(b) Lithium Nord	100,918	61,545	-	-	162,463
(c) Lithium 33-AU33	2,022,867	12,139	-	-	2,035,006
(d) Nemiscau Nord	67,611	2,707	(70,318)	-	-
(e) Pontax Nord	9,801	39,666	-	-	49,467
(f) LeCaron Lithium	73,850	53,874	-	-	127,724
(g) Clarkie Est	438,096	48,789	-	-	486,885
(h) 33 Carats	-	-	-	-	-
(i) 14 Karats	42,836	-	-	(42,836)	-
	6,464,302	221,807	(3,781,728)	(42,836)	2,861,545
TOTAL 2024	6,916,063	227,535	(3,863,899)	(84,983)	3,194,716

(a) K2

The K2 property (33C04-05 and 33D08) of 113 mining claims in 2024 covered nearly 70 square km in James Bay in Quebec approximately 50 km west of road km 381 along the Radisson road.

On July 7, 2025, the Company sold the K2 property to Azimut Exploration Inc. for \$238,000, comprised of \$120,000 in cash and 200,000 common shares of the purchasing company, with a fair value of \$0.59 per share. A reversal of devaluation of exploration and evaluation assets of \$238,000 on the property and a write-off of \$3,233 in exploration and evaluation assets were recorded in the statement of comprehensive loss. Dios will retain a 2% net smelter income royalty ("NSR"), of 2% which 1% is redeemable for \$3M.

(b) Lithium Nord

The Lithium Nord property is located between the Eastmain River and the Opinaca reservoir, approximately 15-30 km north of the road from the Eastmain 1 and Eastmain 1-A hydroelectric power station to James Bay in Quebec. It is made up of 149 mining claims (161 on December 31, 2024) covering 78 square km (84 square km on December 31, 2024).

(c) AU33

The AU33 property (Lithium 33-AU33 on December 31, 2024) is located near the Eastmain River, west of the Eastmain-1 hydroelectric power station in James Bay, Quebec.

During the 2025 financial year, the Company relinquished the mining rights relating to the Lithium 33 property. Following this, it consists of 108 mining claims (227 on December 31, 2024) covering 57 square km (121 on December 31, 2024).

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (cont'd)

(d) Nemiscau Nord

The Nemiscau Nord property (32N15-16) is located near the Pontax River, north of the Cree Nation of Nemaska in James Bay, Quebec. It is made up of 13 mining claims (262 on December 31, 2024) covering 7 square km (140 on December 31, 2024).

(e) Pontax Nord

The Pontax Nord property (32N14, 33C02-03) is located north of the Pontax River, south of km 381 in James Bay, Quebec. It is made up of 35 mining claims (40 on December 31, 2024) covering 21 square km.

(f) LeCaron

The LeCaron property (33B05) is located near the Eastmain River, 10-25 km northeast of the Eastmain-1 hydroelectric power station in James Bay, Quebec. It is made up of 174 mining claims covering 82 square km.

(g) Clarkie Est

The Clarkie Est property (33B05-06) of 269 mining claims covers nearly 150 square km and is located near the Eastmain River, northeast of the Eastmain-1 hydroelectric power station in James Bay, Quebec.

(h) 33 Carats

The 33 Carats property is located along the Eastmain River in the Monts Otish region of Quebec and is composed of one block (33A08) totaling 57 mining claims (64 on December 31, 2024) covering 34 square km.

On July 1st, 2020, the Company signed an agreement with Northern Lights Minerals Pty Ltd ("NLM") allowing the latter to acquire an interest in the 33 Carats property. NLM can obtain a 70% interest in this property over a five-year period with payment of \$220,000, payment for mineral claim renewals on the property and exploration work totaling \$1,400,000. Once the 70% interest is obtained, NLM will be able to obtain an additional 15% interest following NLM's preparation of a preliminary economic study of the property. The Company may subsequently choose to participate in the work or exchange its 15% interest in exchange for a 2% NSR royalty, half of which is redeemable for \$1M. Upon signing and for the following periods ended December 31, 2021, 2022 and 2023, the Company received an amount of \$30,000 for a total of \$120,000. On December 2, 2021, Mont Royal Resources Ltd. ("MRR") announced the acquisition of 75% of NLM, including the option to acquire the 33 Carats property. As of December 31, 2024, no amounts have been received in connection with the agreement during the fiscal year and no work is planned on the property by MRR, which terminates the agreement.

(i) 14 Karats

The 14 Karats property is located along the Eastmain River in the Monts Otish region of Quebec and is composed of one block (33A08) totaling 14 mining claims covering 34 square km. During the fiscal year ended December 31, 2024, the Company wrote-off the property. On December 31, 2025, the Company no longer holds any mining rights to this property.

8. AUTHORIZED BANK DEBT

The Company has a credit agreement that is renegotiable annually. Under the agreement, funds are available in the form of a credit card. An amount of \$75,000 is available at a rate of 7.94% (7.94% in 2024).

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

9. 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 on December 31, 2025. 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, on December 31, 2025, a provision of \$97,843 (\$90,419 on December 31, 2024) as a provision for compensation and an expense of \$7,064 (\$5,442 on December 31, 2024) was recognized in the results.

10. EQUITY

10.1 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.

On May 27, 2025, the Company completed the closing of a flow-through private placement. An amount of \$153,000 was subscribed consisting of 5,100,000 flow-through shares at a price of \$0.03. The total amount was allocated to the share capital.

During the exercise ended December 31, 2025, 125,000 stock options were exercised. An amount of \$12,500 in cash which was received and an amount of \$10,000, representing the fair value of the options at the time of issuance, were charged to the share capital.

10.2 Warrants

The outstanding warrants entitle their holders to subscribe for an equivalent number of ordinary shares as follows:

	December 31, 2025		December 31, 2024	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Balance, beginning and end	<u>250,000</u>	0.10	<u>250,000</u>	0.10

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

	December 31, 2025		December 31, 2024	
Expiry date	Number of warrants	Exercise price	Number of warrants	Exercise price
		\$		\$
August 12, 2026	<u>250,000</u>	0.10	<u>250,000</u>	0.10

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

11. EMPLOYEE REMUNERATION

11.1 Employee benefits expenses

	Years ended December 31,	
	2025	2024
	\$	\$
Share-based payments	9,388	34,609
Employee benefits expenses	9,388	34,609

11.2 Share-based payments

The Company has adopted a share-based payment plan under which members of the Board of Directors may award options for ordinary shares to directors, 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 option may not exceed 5% of the common shares outstanding at the date of grant.

The exercise price of each option is determined by the Board of Directors and cannot be less than the market value of the ordinary shares on the day prior to the award, and the term of the options cannot exceed five years. The options vesting period is 18 month, at a rate of 15% per quarter, at the exception of 10% at grant, which may be exercised from the date of the grant. For the options granted to relation consultants, the options 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 in cash.

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

	December 31, 2025		December 31, 2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding, beginning	5,555,000	0.11	6,290,000	0.11
Granted	1,045,000	0.05	-	-
Exercised	(125,000)	0.10	-	-
Expired/cancelled	(3,125,000)	0.11	(735,000)	0.11
Outstanding, end	3,350,000	0.08	5,555,000	0.11
Exercisable, end	2,566,250	0.09	5,409,500	0.11

The stock options were exercised on April 16, 2025 at a price of \$0.10 when the share price on that date was \$0.02.

On September 17, 2025, the Company granted 1,045,000 options under its stock option incentive plan to directors, officers and a consultant, at an exercise price of \$0.05 per share. The options expire five years from the date of grant and can be acquired gradually over a period of eighteen months for directors and officers and gradually over a period of twelve months for the consultant.

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

11.2 Share-based payments (cont'd)

The weighted fair value of the granted options of \$0.01 per option granted for the year ended December 31, 2025 was determined using the Black & Scholes option pricing model and based on the following weighted average assumptions:

	2025
Share price at the date of issuing	\$0.025
Expected dividend yield	0%
Expected weighted volatility	94%
Expected interest rate	2.50%
Expected average life	3 years
Exercise price at the date of grant	\$0.05

The underlying expected volatility was determined by reference to historical data of the Company's shares over a period of five years. No special features inherent to the options granted were incorporated into the measurement of fair value.

The table below summarizes the information related to outstanding share options as of December 31, 2025 and 2024:

	December 31, 2025		December 31, 2024	
	Outstanding options		Outstanding options	
Range of exercise price	Number of options	Weighted average remaining contractual life (years)	Number of options	Weighted average remaining contractual life (years)
From \$0.05 to \$0.10	3,350,000	2.51	5,555,000	1.68

In all, an amount of \$9,388 of employee remuneration expense (all of which related to equity-settled share-based payment transactions) was included in profit or loss for the reporting period ended December 31, 2025 (\$34,608 for the reporting period ended December 31, 2024) and credited to contributed surplus.

12. FINANCE INCOME

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

	Years ended December 31,	
	2025	2024
Interest income from cash	2,780	10,247
Change in fair value of listed shares	32,000	-
	34,780	10,247

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

13. FAIR VALUE MEASUREMENT

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the assets or liabilities.

The fair value of the listed shares was estimated based on the price at the closing date.

Listed shares, valued at fair value, in the statement of financial position as of December 31, 2025, are classified in Level 1.

14. NET 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, dilutive potential ordinary shares such as share options and warrants have not been included as they would have the effect of increasing the loss per share and would be antidilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 10.2 and 11.2.

	Years ended December 31,	
	2025	2024
Net loss	(827,577) \$	(4,012,117) \$
Weighted average number of shares in circulation	124,449,600	121,282,066
Basic and diluted loss per share	(0.007) \$	(0.030) \$

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

15. INCOME TAXES

Relationship between expected tax expense and accounting profit or loss

The relationship between the expected tax expense based on the combined federal and provincial income tax rate in Canada and the reported tax expense in the statement of comprehensive loss can be reconciled as follows:

	2025	2024
	\$	\$
Expected tax recovery calculated using the combined federal and provincial income tax rate in Canada of 26.5% in 2025 and 2024	(219,308)	(1,080,792)
Adjustments for the following items:		
Share-based payments	2,488	9,171
Tax effect of issuance of flow-through shares	35,079	25,432
Recovery of liabilities related to flow-through shares	-	(66,342)
Other non-deductible expenses	2,098	24,377
Temporary difference unrecognized	183,883	1,044,330
Change in non-taxable fair market value	(4,240)	-
Adjustment of deferred taxes from prior years	-	(22,518)
Total deferred tax expense	-	(66,342)

Major components of tax expense

The important components of the tax expense are detailed as follows:

	2025	2024
	\$	\$
Deferred tax expense		
Origination and reversal of temporary differences	(214,722)	(1,047,244)
Tax effect of issuance of flow-through shares	35,079	25,432
Recovery of liabilities related to flow-through shares	-	(66,342)
Temporary difference unrecognized	183,883	1,044,330
Change in non-taxable fair market value	(4,240)	-
Adjustment of deferred taxes from prior years	-	(22,518)
Total deferred tax expense	-	(66,342)

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

15. INCOME TAXES (cont'd)

Deferred tax assets and liabilities and variation of recognized amounts during the period

The following differences between the carrying amounts and tax bases from timing differences and unused tax losses give rise to the following recognized deferred income tax assets and liabilities, and the following unrecognized timing differences and unused tax losses and unused tax credits:

	On January 1st, 2024	Recognized in profit or loss	On December 31, 2024
	\$	\$	\$
Recognized amount			
Exploration and evaluation assets	81	(81)	-
Fixed assets	(81)	81	-
Recognized deferred income tax assets and liabilities	-	-	-
Recovery of liabilities related to flow-through shares		(66,342)	
Change in deferred income tax according to the statement of comprehensive loss		<u>(66,342)</u>	

Deductible temporary differences and unused tax losses not recorded

	December 31, 2025		December 31, 2024	
	Federal	Provincial	Federal	Provincial
	\$	\$	\$	\$
Exploration and evaluation assets	11,476,318	12,010,206	10,845,901	11,379,612
Non-capital losses	3,964,829	3,917,075	3,855,040	3,807,729
Capital losses	100,294	100,294	100,294	100,294
Share issuance costs	10,837	10,837	39,201	39,201
Fixed assets	261	143	261	143
Placement	(16,000)	(16,000)		
	<u>15,536,539</u>	<u>16,022,555</u>	<u>14,840,697</u>	<u>15,326,979</u>

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

15. INCOME TAXES (cont'd)

The Company has non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax assets have been recorded in the statement of financial position, that can be carried over the following years:

	Federal	Provincial
	\$	\$
2026	154,704	134,285
2027	223,465	216,912
2028	360,430	355,498
2029	310,138	307,026
2030	451,164	446,565
2031	409,826	408,612
2032	167,704	166,572
2033	146,574	146,218
2034	112,640	112,306
2035	99,490	98,713
2036	148,935	148,935
2037	139,012	138,739
2038	150,318	149,311
2039	151,390	151,526
2040	140,447	140,964
2041	167,747	167,779
2042	184,348	184,229
2043	283,609	281,213
2044	53,098	52,325
2045	109,790	109,347
	3,964,829	3,917,075

Accumulated capital losses of \$200,588 (\$200,588 in 2024) are available to be applied against future taxable capital gains. These losses may be carried forward indefinitely.

The Company has investment tax credits to receive for an amount of \$771,293 that are not recognized. Those credits can be applied to reduce income tax and expire between 2027 and 2033.

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

16. ADDITIONAL INFORMATION - CASH FLOWS

The changes in working capital items are detailed as follows:

	Years ended December 31,	
	2025	2024
	\$	\$
Sales tax receivable	4,742	6,283
Prepaid expenses	2,480	1,725
Trade and other payables	(15,311)	(22,121)
	(8,089)	(14,113)

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

	2025	2024
	\$	\$
Transfer of exploration and evaluation assets in exchange for shares of listed companies	118,000	-
Trade and other payables relating to exploration and evaluation assets	4,087	23,247

17. RELATED PARTY TRANSACTIONS

The Company's related parties include a related company and key management as described below. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

17.1 Transactions with key management personnel

Key management personnel of the Company are the president, the chief financial officer, the vice president of exploration and directors of the Company. Key management personnel remuneration includes the following expenses:

	Years ended December 31,	
	2025	2024
	\$	\$
Share-based payments	8,954	33,718
Total remuneration	8,954	33,718

No fee was invoiced by a company owned by a director of the Company, relating to the management of the Company's website during the year ended December 31, 2025 (\$158 on December 31, 2024). In addition, the president's company invoiced fees of \$26,995 for exploration work (\$12,900 for the year ended December 31, 2024). The total amounts payable to the president, as of December 31, 2025, are \$0 (\$17,017 for the year ended December 31, 2024).

18. 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 shareholders.

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

18. CAPITAL MANAGEMENT POLICIES AND PROCEDURES (cont'd)

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 flowthrough shares for which an amount should be used for exploration work. See all the details in Notes 10.1 and 20.

The Company finances its exploration and evaluation activities principally by raising additional capital 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.

19. FINANCIAL INSTRUMENT RISKS

The Company is exposed to various risks in relation to financial instruments. The main types of risks the Company is exposed to are market risks, credit risk and liquidity risk.

The Company focuses on actively securing short- to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes.

The most significant financial risks to which the Company is exposed are described below.

19.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to the other price risk.

Other price risk sensitivity

The Company is exposed to fluctuations in the market prices of its listed shares. The fair value of the listed shares represents the maximum exposure to price risk.

If the quoted stock price for these listed shares has changed by $\pm 29\%$ on December 31, 2025, comprehensive revenue and equity would have changed by \$43,966.

19.2 Credit risk

Credit risk is the risk that another party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	December 31,	
	2025	2024
	\$	\$
Cash	92,237	55,965

The credit risk for cash and term deposit is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

19.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and term deposits and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

The following table presents contractual maturities (including interest payments where applicable) of the Company's liabilities:

	December 31,	
	2025	2024
	\$	\$
Within six months		
Trade and other payables	6,609	37,727

The Company considers the cash flows that it expects to derive from financial assets in its assessment and management of liquidity risk, in particular, cash, term deposits, sales tax receivable.

20. 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, 2025, the Company received an amount of \$153,000 from a flow-through placement for which the Company renounced the tax deduction on December 31, 2025. Management is required to fulfill commitments before December 31, 2026. On December 31, 2025, the product of unspent funding is \$24,983.

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 the Company's 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. As of December 31, 2024, the balance is \$0.

21. SUBSEQUENT EVENTS

On January 21, 2026, 125,000 options were granted at a price of \$0.07 per share, for a period of 5 years.

DIOS EXPLORATION INC.

Notes to Financial Statements

As of December 31, 2025 and 2024

(in Canadian dollars)

21. SUBSEQUENTS EVENTS (cont'd)

On April 7 and 17, 2026, the Company completed closings of a flow-through private placement. A total of \$508,000 was subscribed, comprising of 12,700,000 units at a price of 0,04, consisting of one common share and one-half of a warrant. Each warrant entitles its holder to subscribe for one common share at \$0.06 over a twenty-four months period. An amount of \$26,050 was allocated to other liabilities, \$81,200 was allocated to the warrant as contributed surplus, while \$400,750 was allocated to the share capital.

On March 31, 2026, the president granted an interest-free advance to the Company for a total of \$103,000. An amount of \$33,000 was repaid on April 7, 2026. As of the date of this report, the outstanding balance of the advance is \$70,000.